



Draft 2024/2025 Annual Report

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Vision: A developmental people driven organization that serves its people

Mission: To provide essential and sustainable services in an efficient and effective manner

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CHAPTER 1: MAYORS FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

1. Introduction

The Annual report seeks to give performance outcomes for the municipality in the 2024/2025 financial year. The Municipality is required by the Municipal Finance Management Act, 2003 and Circular 63 to compile an Annual report following a prescribed format.

The annual report further outline how the municipality utilized the both infrastructure and operational grants allocated from national revenue fund to effect service delivery to the people. This draft Annual report will be taken through public participation after is tabled to Council, for their further inputs. The final oversight report will therefore be inclusive of the views of the public in relation to the overall performance and the impact on the lives of Molemole residents.

2. Public participation

Section 24 of the Municipal Systems Act, 200 (Act 32 of 2000 states that the planning undertaken by a municipality must be aligned with, and complement the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution. In the year under review the municipality has undertaken the following public outreach programmes to ensure full involvement of communities in the affairs of the Municipality.

PROGRAMMES	2024/2025
-COUNCL Outreaches (Imbizo)	02
-MPAC Public Hearings	4
Annual State of the District/Municipal Addresses	01
Draft IDP and Budget community engagements	04
IDP Representative forums	03

3. Functionality/ of Council and its Committees

All council committees have been fully functional and effective in the year under review. Molemole still prides itself to have committee meetings as planned and all council meetings are able to convene and do their businesses without any interruptions. This is despite the municipal council constituted

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by four Political parties with the ANC still holding the majority. We appreciate the maturity of our elected representatives for putting the interests of the community ahead of any party or individual interests.

4. Financial Viability and Sustainability

The Annual Revenue budgeted for 2024/25 financial year amount to R 355,316,064. The actual annual revenue collected for the period ending 30 June 2025 amounted to 313,181,953 against the 12 months' budget. The municipality has collected 88% of the targeted collected by end of June 2025. On average 100% of all allocated annual budget should be collected by end of June 2025 and a shortfall of 12% was caused by the department of public's suspension of payments to municipalities on unregistered properties. This has obviously affected our projected revenue collection and affecting our own funded infrastructure and operational projects.

The Municipality is however steaming ahead with pursuit of revenue enhancement strategies. In the year under review the municipality managed to open Moletji Licensing station as per our commitment in the previous year. The planned Traffic Management system is also operational now with targeted road campaigns to recover the long outstanding traffic fine bill of over R 5 million. The business registration strategy is underway and was also boosted by the announcement by the President for all Spaza shops to be formally registered in the municipality of their jurisdiction.

We are still well on course to pursuing other strategies for township establishment which have a potential to attract investors for the development of Mogwadi and Morebeng.

As per our commitment for a paradigm shift towards revenue enhancing strategies we are pleased

In addition to the we are still encouraging our residential ratepayers to honour their payment obligations and encourage more to come forward and make arrangements to pay their long outstanding debts. All the above initiatives seek to increase revenue collection for the municipality and ensure long term sustainability for the benefit of Molemole residents.

5. Key service delivery achievements for 2024/2025

The table below outlines key capital projects that were implemented during the 2023/2024 financial year.

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project status quo	Project Start Date	Project End Date
Electrification of 130 households at Diyaweng	Kuhlemcebo Engineers	R2 600 000.00	Ongoing	01 July 2024	31 December 2025
Design and electrification of 50 households at Koekoek A&B		R1 000 000.00	Ongoing	31 December 2025	31 December 2025
Supply, Installation and Management of a STS 6 Compliant Prepayment electricity vending solution	Ontec	As per Approved	100%	01 July 2024	30 June 2025
Electrification of 95 households in Ramatjowe	Ady EM Technical (Pty) Ltd	R1 900 000.00	100%	01 July 2024	30 June 2025

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Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project status quo	Project Start Date	Project End Date
Electrification of 90 Households in Mashaa	Ady EM Technical (Pty) Ltd	R1 800 000.00	100%	01 July 2024	30 June 2025
Electrification of 100 households at Sekhwama village	Risima Project Management	R2 000 000.00	100%	01 July 2024	30 June 2025
Electrification of 90 households at Mashaha Village	Risima Project Management	R1 800 000.00	100%	01 July 2024	30 June 2025
Design and Electrification of 200 households at Mohodi Village	FLJ Electrician	R4 000 000.00	100%	01 July 2024	30 June 2025
Design and Electrification of 135 households at Mangata Village (Phase two)	Jusben Consulting Engineers	R2 648 000.00	100%	01 July 2024	30 June 2025
Electrification of 120 households at Mamotshana Village	NSK Electrical and Construction Managers	R2 400 000.00	Ongoing	01 July 2024	31 December 2025
Electrification of 80 households at Mokgehle Village		R1 600 000.00	Ongoing	01 July 2024	31 December 2025
Planning, Design and Project Management of 6.1 km Sekonye to Springs	Fubu Africa (Pty) Ltd	R480 000.00	Ongoing	12 July 2024	30 June 2027
Project Monitoring Fee		R1 006 093.83			
Project Management And Supervision Of Ramokgopa Landfill site Phase 1 (Multi- Year)	Mamadi And Company Sa(Pty)Ltd	R1 278 306.75	Ongoing	19 July 2024	30 June 2026
Project Monitoring Fee		R4 257 191.20			
PROVISION OF SECURITY SERVICES For A Period Of Thirty Six Months	Pitsi Ya Mma Construction And Security	R 29 539 560.06	Ongoing	01 August 2024	31 July 2027
Appointment of 5x Panel of Service Providers For The Provision of Training and Development Intervention To Molemole Municipality	Ratomac Training Consultants	As per approved rates	Ongoing	28 August 2024	27 August 2026
Appointment of 5x Panel of Service Providers For The Provision of Training and Development Intervention To Molemole Municipality	Lionsden African Business Solution	As per approved rates	Ongoing	28 August 2024	27 August 2026

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Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project status quo	Project Start Date	Project End Date
Appointment of 5x Panel of Service Providers For The Provision of Training and Development Intervention To Molemole Municipality	Nedtex 61	As per approved rates	Ongoing	28 August 2024	27 August 2026
Appointment of 5x Panel of Service Providers For The Provision of Training and Development Intervention To Molemole Municipality	Moset Trading (Pty) Ltd	As per approved rates	Ongoing	28 August 2024	27 August 2026
Appointment of 5x Panel of Service Providers For The Provision of Training and Development Intervention To Molemole Municipality	Regen Institute of Leadership and Management	As per approved rates	Ongoing	28 August 2024	27 August 2026
Leasing Of 7x Photocopier Machines For The Period Of 36 Months	Xlp Document Solutions	R 1,859 256.00	Ongoing	01 October 2024	30 September 2027
Construction Of Ramokgophapha Landfill Site	Sef Mod Projects	R38 474 765.70	Ongoing	23 September 2024	30 June 2026
Procurement Of Geographic Information System	Esri South Africa	R776 675.73	100%	29 October 2024	28 June 2026
Supply And Delivery Of Two Motor Grader To Mogwadi Offices	Tshekise Holdings	R11 536 800.00	100%	11 November 2024	30 June 2025
Coordination Of Investor Conference And Development Of Municipal Investment Package	Sakikubs Trading And Projects	R890 784.20	100%	21 November 2024	30 June 2025
Travel Management Services For A Period Of 36 Months	Reakgona Travel Services	16%	Ongoing	19 November 2024	18 November 2027
Travel Management Services For A Period Of 36 Months	Raytoo (Pty)Ltd	13%	Ongoing	19 November 2024	18 November 2027
Travel Management Services For A Period Of 36 Months	Aschcor Travels (Pty)Ltd	17%	Ongoing	19 November 2024	18 November 2027
Travel Management Services For A Period Of 36 Months	Mosa M	17%	Ongoing	19 November 2024	18 November 2027

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Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project status quo	Project Start Date	Project End Date
Development Of Molemole Roads Master Plan	LPS Consulting	R 1 380 000.00	100%	20 November 2024	30 June 2025
Sekonye to Springs Upgrading of 1.1km Internal Streets from Gravel to Surfacing	Ramsley Contractors	R7 186 384.50	100%	28 November 2024	30 June 2025
Procurement And Installation Of Check Meter And CTVT	Jusben Engineering Services	R 999 999.75	100%	10 December 2024	30 June 2025
Procurement And Installation Of Advanced Metering Infrastructure (AMI)	Pin Africa Consulting Engineers	R 570 960.70	100%	10 December 2024	30 June 2025
Procurement And Installation Of 3x High mast Lights In Mohodi Newstand B, Broekman And Eisleben	Kingki Electrical Contractor	R 2 031 498.00	100%	10 December 2024	30 June 2025
Supply, Delivery, Installation and Support of Full Traffic Management Systems for the period of 36 Months	Truelo Africa Electronics Division	R 4 999 000.00	Ongoing	28 February 2025	27 February 2028
Procurement and Installation of Assets verification for a period of 24 Months	ZA Edge	R 975 248.30	Ongoing	08 February 2025	07 February 2027

SPENDING ON CAPITAL GRANTS

- Spending on our capital grants went very well during the year under review. The Municipality even obtained an accolade for having spent the MIG allocation. This is a welcome motivation as it means the municipality used the funds for the intended purpose, benefiting the residents with much needed infrastructure for developmental purposes.

2020/21 Spending %	2021/2022	2022/2023	2023/2024	2024/2025
99%	99%	99%	100%	98%

- The total expenditure in rand terms for the MIG fund was R 33 775 000. We are continuing with engaging relevant departments to unblock compliance issues relating to Ramokgopa Landfill. We are really concerned that the project has not been moving and this will affect our spending on MIG.

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Spending on funds received from INEP for the year under review is as follows:

2021/22 Spending %	2022/2023	2023/2024	2024/2025
97%	97%	98%	91.6%

- In the year under review the municipality managed to connect about 610 households in six (06) villages. There are about 380 households in four villages which could not be electrified due to delays in obtaining the meters from Eskom. We are however hopeful that the households will soon get energized before the end of the first half of 2025/26 financial year. We appreciate the partnership with Department of Energy to help speed up Rural Electrification programme in our villages.



**Hon. Mayor
Councillor M.E Paya**

Chapter 1

EXECUTIVE SUMMARY

COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

1. Introduction

This Annual report seeks to provide a comprehensive performance report of the municipality against service delivery commitments made in the 2024/2025 financial year. These commitments were outlined at the beginning of the financial year during the state of municipal address by the Mayor, Councillor M.E Paya in his state of the 2024/25 municipal address. The Annual report is the most important instrument through which the municipality accounts to its citizens about the use of financial resources allocated by the national government as well as the income generated from own revenue sources. It is a mechanism through which the municipal Councillors give comprehensive feedback to their constituencies. Lastly, the Annual Report serves as an important instrument that can be used by the municipality and the community to plan ahead for future service delivery interventions.

2. Legislative imperative

Molemole Local Municipality is obligated in terms of section 156 of the Constitution of South Africa, 1996 (Act 108 of 1996, as amended) to carry out the powers and functions as outlined in schedule 2B. These functions include amongst other things: provision of basic services like Water, Electricity, refuse removal and Environmental Management, administration of by-laws for the effective administration of matters within its powers as well as to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions. The Municipality does not have any entity and have worked with both the national and provincial spheres of government to carry out its constitutional mandate.

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines. The purpose of the annual report is to provide a record of the activities for that year, to report on performance against the budget of the municipality for the financial year reported on, and to promote accountability to the municipal stakeholders. According to the MFMA, this Report should include:

- The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA.
- The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above.
- The annual performance report of the Municipality as prepared by the Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- An assessment of the arrears on municipal taxes and service charges.
- An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year.
- Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- Recommendations of the Municipality's Audit Committee.

This Annual report has been compiled in line with the above legislative framework. Stakeholders and residents are encouraged to study this document as it will give them a better understanding of the workings of the municipality.

We are pleased to- report that the Municipality has once again obtained an unqualified Audit opinion on the 2024/2025 Annual Financial statements (AFS) and Annual Performance report (AOPO). This year was even special in that it was for the first time that the municipality compiled the AFS in-house. Our assessment of the findings raised give us much confidence that we will indeed achieve our long-awaited unqualified audit opinion with no material findings in the not-too-distant future. We applaud the work done by management, Officials and Councillors during the audit process.

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3. Summary of non-Financial Performance per Department during 2024/25- FY

No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	Number of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	13	02	07	64%	04	36%
2	Technical Services	25	0	19	76%	06	24%
3	Community Services	08	01	04	57%	04	43%
4	Budget and Treasury	07	0	06	86%	01	14%
5	Municipal Manager's Office	11	0	08	73%	03	27%
6	Corporate Services	10	0	05	50%	05	50%
Total		74	03	49	69%	23	31%

The overall performance on the Annual performance report for 2024/25 has decreased to 69% from the 73% in the 2023/2024 financial year. This is a worrying factor and Management has made a commitment to ensure all targets are achieved as planned as non-achievement simply means service delivery is affected in one form or the other.

We are hopeful that we will soon have the full complement of Senior Management staff as we have managed to cover all the regulatory steps needed to get concurrence from COGHSTA. We are expecting to have four new Senior Managers reporting for duty in the second half of the 2025/2026 financial year. Although we are saddened by the departure of the CFO for greener pastures, we can confirm that we are going to commence with recruitment process and get a replacement within three months' time because we can all agree that the position for Chief Financial Officer is critical for sound financial management in the municipality.

The final draft of this Annual report will be tabled to Council by the Mayor in an official Council meeting and referred to MPAC to conduct oversight processes in line with section 127 of the Municipal Finance Management Act, 2003 (Act 56 of 2003).



Mr. K.E Makgatho
Municipal Manager

Chapter 1

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

a) INTRODUCTION TO BACKGROUND DATA

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighboring Local Municipalities under the district are Blouberg, Lepelle-Nkumpi and Polokwane. Molemole Local Municipality head office is located in Mogwadi, which is 65 kilometers from the North of Polokwane along the R521. The municipality is bordered by:

- Polokwane Local Municipality to the South.
- Blouberg Local Municipality to the Northwest.
- Greater Letaba Local Municipality towards the Southeast; and
- Makhado Local Municipality in the Northern direction

b) Population trends.¹

The population trends across Capricorn District Municipalities from 2011 to 2022 reveal that Molemole Local Municipality experienced minimal growth compared to its neighbouring counterparts. According to Statistics South Africa's Census 2022, Molemole's population reached 127130 from 108,321 in 2011 and 125,328 in 2016. This reflects a significant increase of 15.7% between 2011 and 2016, followed by a sharp slowdown to just 1.4% between 2016 and 2022. The 2016 population spike coincides with the incorporation of two wards from the disestablished Aganang Municipality, expanding Molemole's jurisdiction from 14 to 16 wards following the municipal boundary delimitation by the Demarcation Board. In contrast, Capricorn District Municipality as a whole grew from 1,261,463 to 1,447,103, reflecting a district-wide growth rate of 7.6%. These figures place Molemole's growth well below the district (7.6%), provincial (10.5%), and national (19.8%) averages.

¹ The demographic analysis compared data from Statssa 2011, Statssa Community Survey and Municipal Capacity assessment (2018) from MDB. The MDB report (2018) wafer an assessment of all municipalities to provide services and provides the latest population trends since 2016 Community Survey by Statssa.

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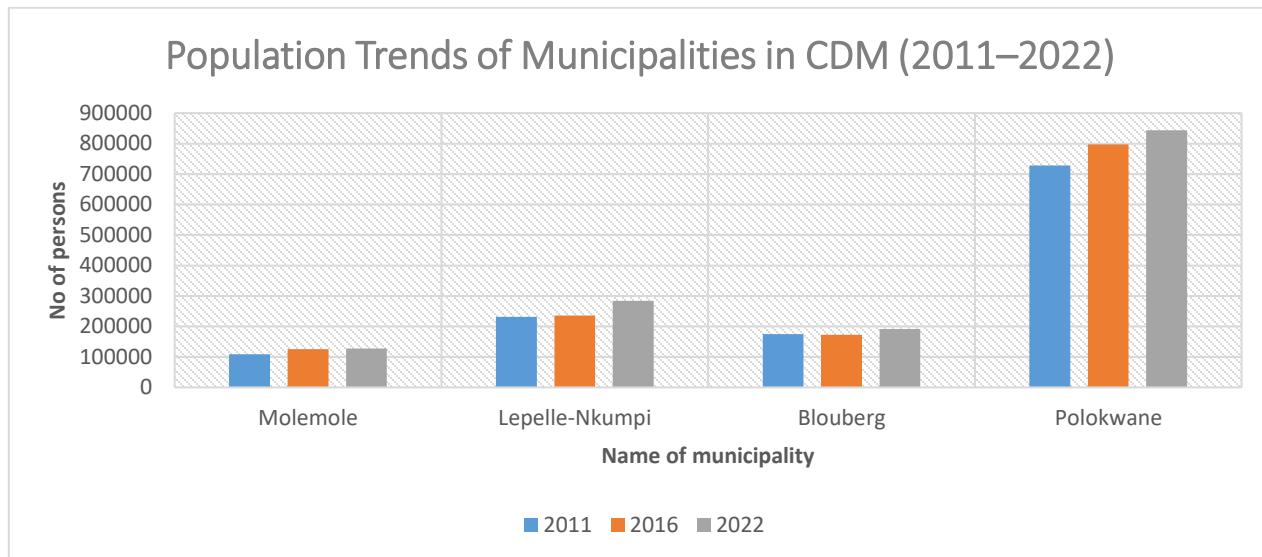


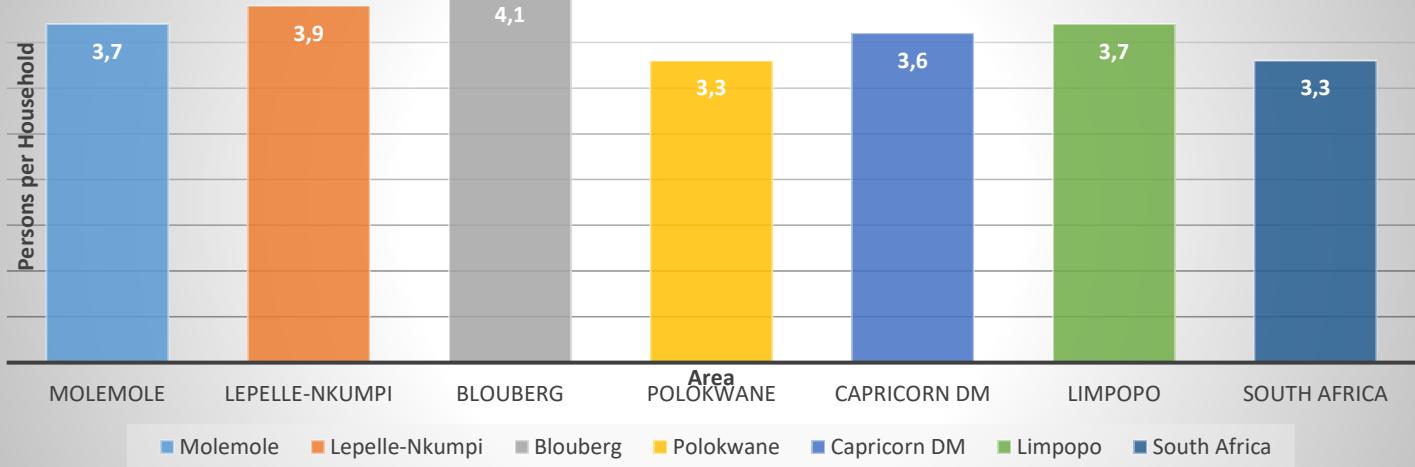
Figure 1: Population trends in Molemole, Lepelle-Nkumpi, Blouberg and Polokwane Local Municipalities between 2011 and 2022.

Household data further supports this trend. Molemole's number of households increased steadily from 34,673 in 2011 to 41,939 in 2022. While this reflects consistent household formation, it also demonstrate the limited population expansion relative to neighboring municipalities such as Lepelle-Nkumpi (from 59,885 to 78,217 households) and Polokwane (from 203,605 to 249,443 households).

Year	Molemole		Lepelle-Nkumpi		Blouberg		Polokwane		Capricorn DM	
No	Population	Households	Population	Households	Population	Households	Population	Households	Population	Households
2011	126506	34 673	231239	59 885	175085	44 673	728633	203 605	126146	342 836
2022	127130	41 939	284404	78 217	192109	57 575	843459	249 443	144710	427 174

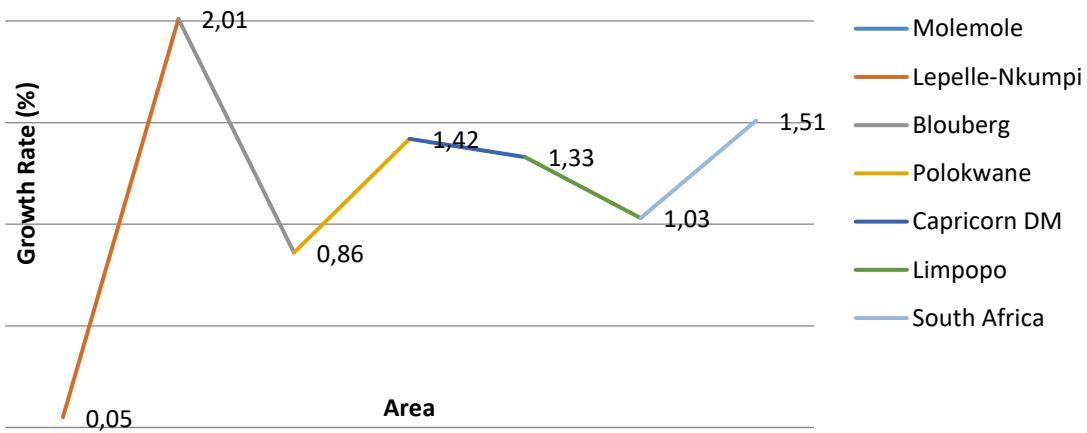
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Average Household Size Comparison



The average annual population growth rate for Molemole Local Municipality between 2011 and 2022 was just 0.05%, significantly lower than that of neighboring municipalities within the district, Lepelle-Nkumpi (2.01%), Blouberg (0.86%), and Polokwane (1.42%). Molemole also lagged behind the broader Capricorn District (1.33%), Limpopo Province (1.03%), and the national average for South Africa (1.51%).

Average Annual Population Growth Rates

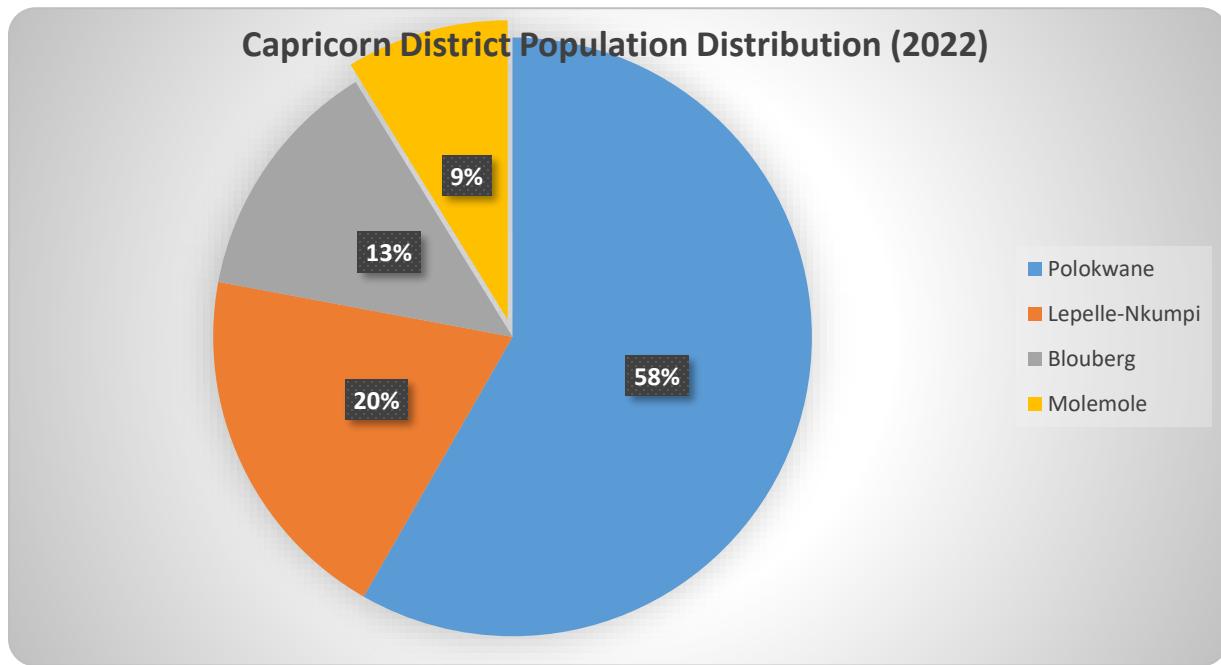


c. Demographics

Molemole Local Municipality accounted for approximately 8.8 per cent of the total population of Capricorn District Municipality in 2022, making it the smallest local municipality within the district in terms of population size. Polokwane Local Municipality dominates the district, accounting for approximately 58 per cent of the total population. Molemole covers an area of approximately 3,521

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km², resulting in a population density of about 36 persons per square kilometre, which is significantly lower than the Capricorn District average of approximately 94 persons per square kilometre, Limpopo Province at 64 persons per square kilometer, and the national average of about 52 persons per square kilometre.



d. LANGUAGE DISTRIBUTION

Molemole Local Municipality has a demographic composition overwhelmingly dominated by Black Africans (98%), followed by White (1%), and small minorities of Indian or Asian (0.3%), Coloured (0.2%), and Other (0.2%) groups. This racial profile aligns closely with the municipality's linguistic landscape, where Sepedi is the most spoken language.

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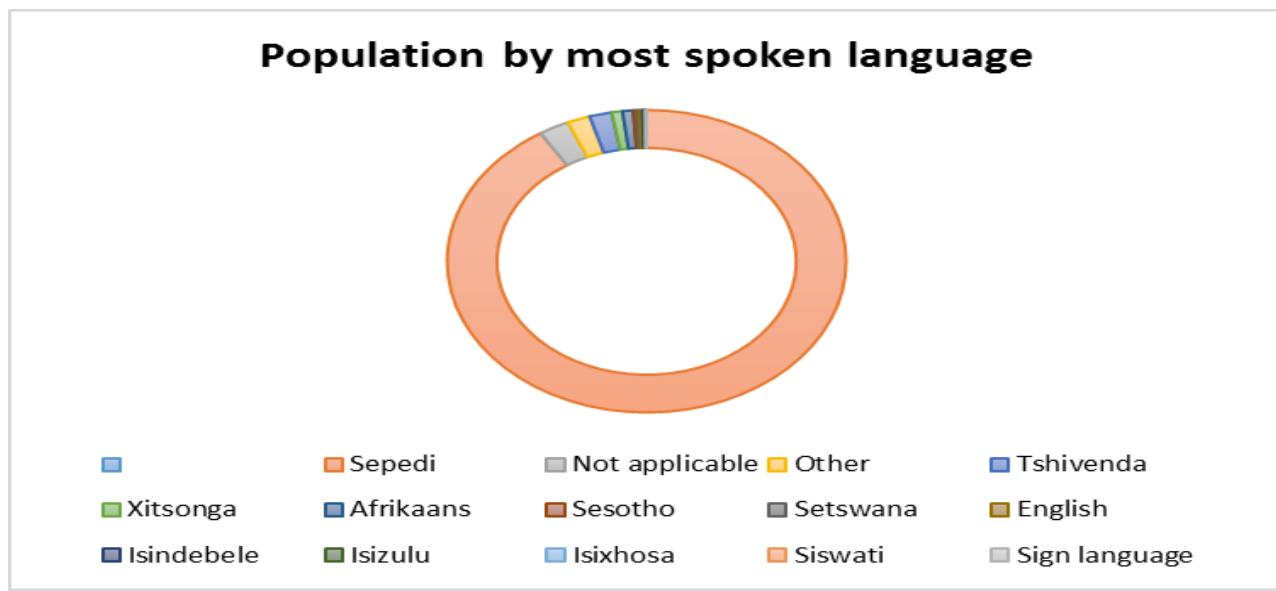
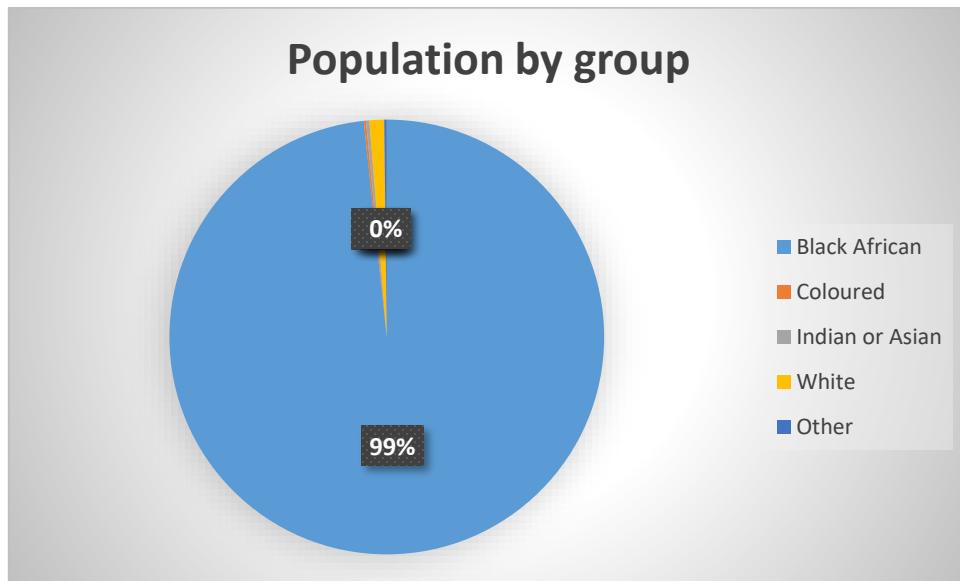


Figure 1.2: Population by most spoken language community survey: 2016 survey

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e. AGE DISTRIBUTION

The age distribution revealed a predominantly youthful population, with 31.6% of residents aged 0–14 years, 59.8% in the 15–64 working-age group, and 8.6% aged 65 and older. Other municipalities within the district municipality demonstrate similar patterns.

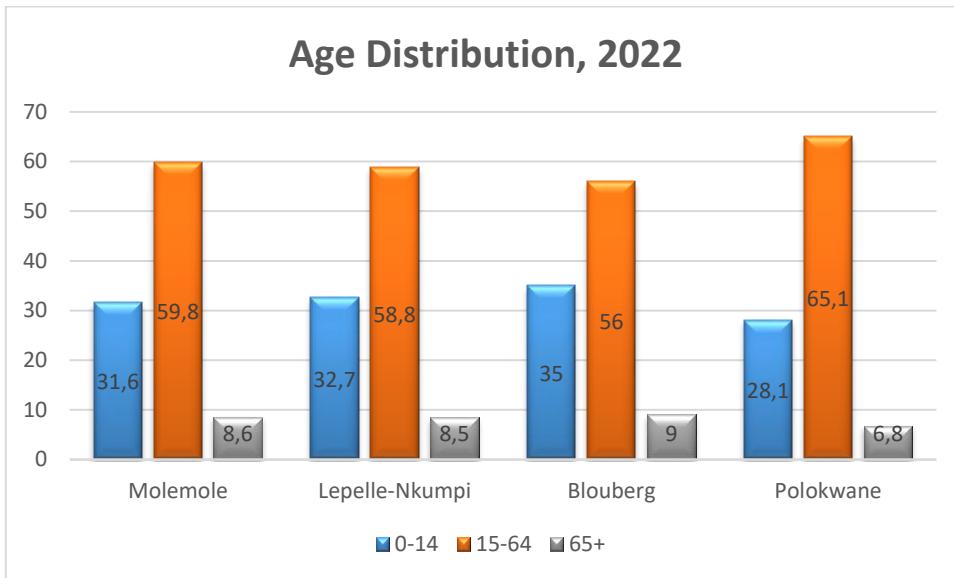


Figure 1.3 depicts age distribution of Molemole population.

It is evident from the figure that 51.4% of the population is of a school going age whilst 27.6% are of general working age. Almost 10 000 (7.9%) of the population are of over the age of 65. The intensity of poverty for the municipality has increased by 0.9 percentage points between 2011 and 2016 from 41.7% (21.4% poverty head count) to 42.6% (21.2% poverty head count). Unemployment and incidents of inequality are some of the causes of poverty. This place a burden on the municipality to divert a chunk of its budget on provision of free basic services.

The composition of the population above can be attributed to the following factors:

- Young adults and young couples are migrating to urban areas.
- Most wealthy people are also migrating to urban areas to access good basic services as compared to services at local municipalities.
- The decline in population size have negative impact on the investment opportunities and thus affects the economic potential of the municipality.
- Youth between the ages of 18 – 35 are also migrating to urban areas in order to access tertiary education and explore employment opportunities.

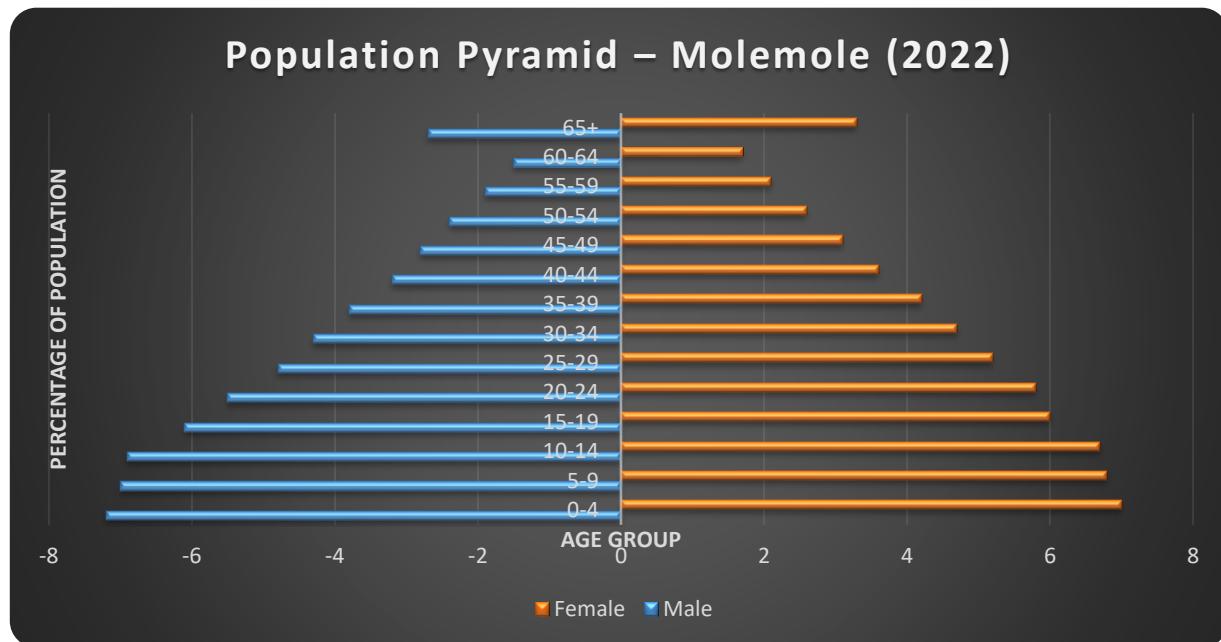
Chapter 1

f. GENDER DISTRIBUTION

The table shows population by gender and wards with 59,161 males (47%) and 67,969 females (53%), showing a slight female majority. The most populous wards are Ward 1 (14,954), Ward 7 (11,136), and Ward 9 (9,949), together accounting for nearly a third of the municipality's population. In contrast, the least populated wards are Ward 14 (4,389), Ward 16 (5,914), and Ward 15 (6,016). Most wards show a balanced gender distribution, though Wards 2, 5, 7, 8, 11, 15, and 16 have a higher proportion of females.

	Male	Percentage	Female	Percentage	Total
Ward 1	7182	6%	7772	6%	14954
Ward 2	3145	2%	3613	3%	6757
Ward 3	3839	3%	4275	3%	8114
Ward 4	3511	3%	4083	3%	7594
Ward 5	3755	3%	4558	4%	8313
Ward 6	3460	3%	3897	3%	7358
Ward 7	5167	4%	5969	5%	11136
Ward 8	4256	3%	4879	4%	9135
Ward 9	4649	4%	5300	4%	9949
Ward 10	3190	3%	3454	3%	6644
Ward 11	2842	2%	3318	3%	6160
Ward 12	3469	3%	4127	3%	7595
Ward 13	3239	3%	3864	3%	7103
Ward 14	2013	2%	2376	2%	4389
Ward 15	2720	2%	3295	3%	6016
Ward 16	2725	2%	3189	3%	5914
Total	59161	47%	67969	53%	127130

Chapter 1



g. EDUCATIONAL PROFILE

The high proportion of people with no schooling for individuals 20 years or older (20.2%) is a very worrying factor as it may lead to an increase in social ills like teenage pregnancy, unemployability, low participation in economic activity, high incidences of substance and alcohol abuse and poor health. It is even more concerning as 95% of those with no schooling are black Africans reflecting past apartheid imbalances. The table below shows that as at 2016 only 53% of individuals 20 years and older have received some form of education from grade 10 up to PHD level. Improved educational levels can have many benefits for the municipality like ability to participate in the government work, understanding of important messages sent by the municipality, understanding health related messages from government and increased chance of getting employed or even starting your own business. Molemole is serviced by 82 schools comprising 51 primary schools, 30 secondary schools and one (1) combined school. There is one satellite FET College in Ramokgopa village.

Molemole has (2) functional community libraries at Mogwadi and Morebeng and six (6) mobile libraries at schools – four in the East (Sefoloko High School, Kgwadu Primary School, Itshumeleng Primary and Rakgasema Pre-School) and two (2) in the west (Seripa High School and Mangwato Primary School). The municipality also has two libraries in the village, Ramatjowe and Matseke libraries but due to staff shortages and limited resources, the libraries are not functional. There is currently construction of a community library at Ramokgopa village. Most of the schools are currently experiencing shortages of both classrooms and educators hence an imbalance in the teacher/learner ratio. There is also a need for refurbishment of some schools as they are in a dilapidated state.

Table 1.2 displays level of education for individuals 20 years and older within Capricorn district jurisdiction:

Chapter 1

Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
Bachelor's degree	972	1188	614	14146	16920
Honours degree/Post-graduate diploma	795	1,235	945	6,528	9503
Master's degree	76	183	34	1474	1767
PHD	65	101	48	706	920
Post-Higher Diploma (Masters)	793	725	400	4378	6296
Higher Diploma	491	1,086	668	6373	8618
Higher/National/Advanced Certificate with Grade 12	578	1696	776	6884	9934
N4/NTC 4/Occupational certificate NQF Level 5	538	729	349	2,606	4222
N5/NTC 5/Occupational certificate NQF Level 5	215	325	203	1,819	2562
N6/NTC 6/Occupational certificate NQF Level 5	302	458	19	3355	4134
NTCIII/N3	204	401	117	2358	3080
NTCII/N2	208	173	93	1,053	1527
NTC I/N1	267	143	17	649	1076
Certificate with no Grade 12/Std 10	43	137	61	439	680
Diploma with Grade 12	914	2,199	634	14,932	18679
Diploma with no Grade 12	145	365	61	1,875	2446
Do not know	748	966	616	7,049	9379
Grade 0	68	146	83	207	504
Grade 10/Std 8/Form 3	6,355	13,537	9,126	41,863	70881
Grade 11/Standard 9/Form 4/NCV Level 3	7,836	14,197	11,010	51,774	84817
Grade 12/Form 5/Matric/NCV Level 4	13,524	32,281	15,235	154,749	215789
No schooling	12,885	19,151	15,838	42,862	90736
Grade 1/Sub A/Class 1	300	743	728	2,222	3993
Grade 2/Sub B/Class 2	404	1,144	983	2,898	5429
Grade 3/Standard 1/ABET 1	804	1,632	1,227	3,896	7559
Grade 4/Standard 2	857	2,105	1,764	5,804	10530
Grade 5/Standard 3/ABET 2	1,302	2,672	2,190	7,520	13684
Grade 6/Standard 4	1,691	2,725	2,508	8,133	15057
Grade 7/Standard 5/ABET 3	2,953	7,375	4,548	12,764	27640
Grade 8/Standard 6/Form 1	2,953	7,375	4,548	22,042	36918
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	4,202	7,635	6,074	23,873	41784
Other	916	688	345	6,282	8231
Unspecified	71	38	236	113	458

Table 1.2: Level of Education in Molemole municipality for Individuals 20 years and older.
Source: Statssa 2016 Community Survey

Chapter 1

- The table below reflect educational levels by population group.

HIGHEST EDUCATIONAL LEVEL	Black African	Coloured	Indian or Asian	White	Other
Gade 0	4030	2	1	16	5
Grade 1 / Sub A	3166	4	-	14	1
Grade 2 / Sub B	3128	1	1	9	1
Grade 3 / Std 1/ABET 1Kha Ri Gude; SANLI	3617	2	2	9	4
Grade 4 / Std 2	3855	1	1	12	9
Grade 5 / Std 3/ABET 2	4112	2	2	21	11
Grade 6 / Std 4	4364	2	5	20	2
Grade 7 / Std 5/ ABET 3	5374	2	4	51	25
Grade 8 / Std 6 / Form 1	7139	15	5	49	22
Grade 9 / Std 7 / Form 2/ ABET 4	6620	7	1	38	16
Grade 10 / Std 8 / Form 3	8286	17	15	117	22
Grade 11 / Std 9 / Form 4	9084	6	6	48	42
Grade 12 / Std 10 / Form 5	10679	7	36	377	26
NTC I / N1/ NIC/ V Level 2	122	-	-	5	5
NTC II / N2/ NIC/ V Level 3	76	-	-	3	-
NTC III /N3/ NIC/ V Level 4	85	-	-	20	1
N4 / NTC 4	73	-	-	6	-
N5 /NTC 5	52	-	-	3	-
N6 / NTC 6	125	-	-	6	1
Certificate with less than Grade 12 / Std 10	74	-	5	-	-
Diploma with less than Grade 12 / Std 10	119	-	1	3	-
Certificate with Grade 12 / Std 10	1014	1	3	24	-
Diploma with Grade 12 / Std 10	1021	-	-	30	-
Higher Diploma	971	2	2	59	-
Post Higher Diploma Masters; Doctoral Diploma	178	-	-	8	-
Bachelor's Degree	530	1	2	38	3
Bachelor's Degree and Post graduate Diploma	276	-	-	13	-
Honours degree	314	-	2	19	-
Higher Degree Masters / PhD	85	-	2	11	3
Other	147	-	3	10	10
No schooling	12290	5	8	36	49
Unspecified	-	-	-	-	-
Not applicable	15541	62	27	135	36

Table 1.3: Level of Education by population group: *Statssa 2016 Community Survey*

Chapter 1

h. EMPLOYMENT PROFILE.

Molemole has significant potential in terms of tourism, due to its rich heritage and cultural resources and its location advantage (the N1 links Molemole to Zimbabwe). It has a railway line and the provincial road that links Zimbabwe is always congested with trucks that transport goods between South Africa and Zimbabwe. The development and packaging of the Tropic of Capricorn, shopping Centres, the Motumo Trading Post, Machaka Game Reserve and other private game reserves have the potential to stimulate the influx of tourists and make Molemole a preferred tourism destination of choice (Statssa, 2011). According to Statssa 2011 census report 57% of the population is economically active. If we extrapolate the percentage to the 2018 population of 126 489 this means just over 72000 individuals are economically active. Job creation and poverty alleviation still remain important challenges to be addressed. Majority of the people are more concentrated in the public sector and agricultural farms, owing to the rural nature of the municipal economic sector. There are limited industrial areas which can be able to absorb the technical skilled employees.

i. Molemole Employment Status

The percentage of economically active population increased significantly from 56.9% (61598) in 2011 to 56.9% (70 833) in 2016 (see **Table 1.5**).

Description	2011	2016	Percentage change
Employed	15225	16,399	7.7%
Unemployed	11344	12,540	10.5%
Economically Active	61598	70833 ²	14.9%
Not Economically Active	46723	55656	19.1%

Table 1.5: Employment Status per sector. Statssa 2011 and 2016

j. Molemole Income distribution levels

As with education levels, income levels are concentrated in the low-income categories and decrease in the high-income brackets. This is an indication of poverty levels or state of communities. Figure 1.5 highlight income disparities across five categories:

Chapter 1

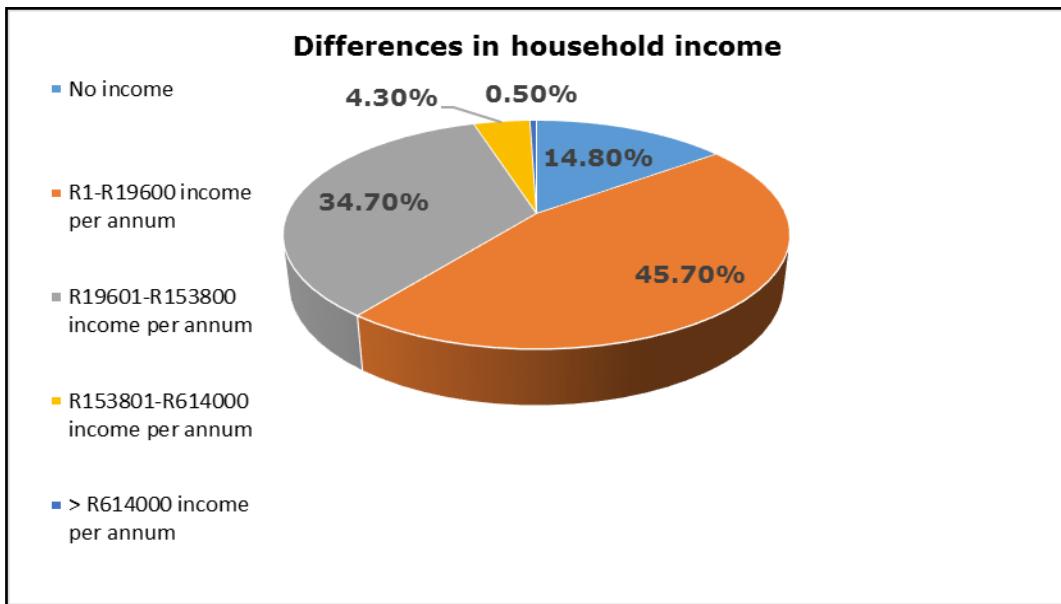
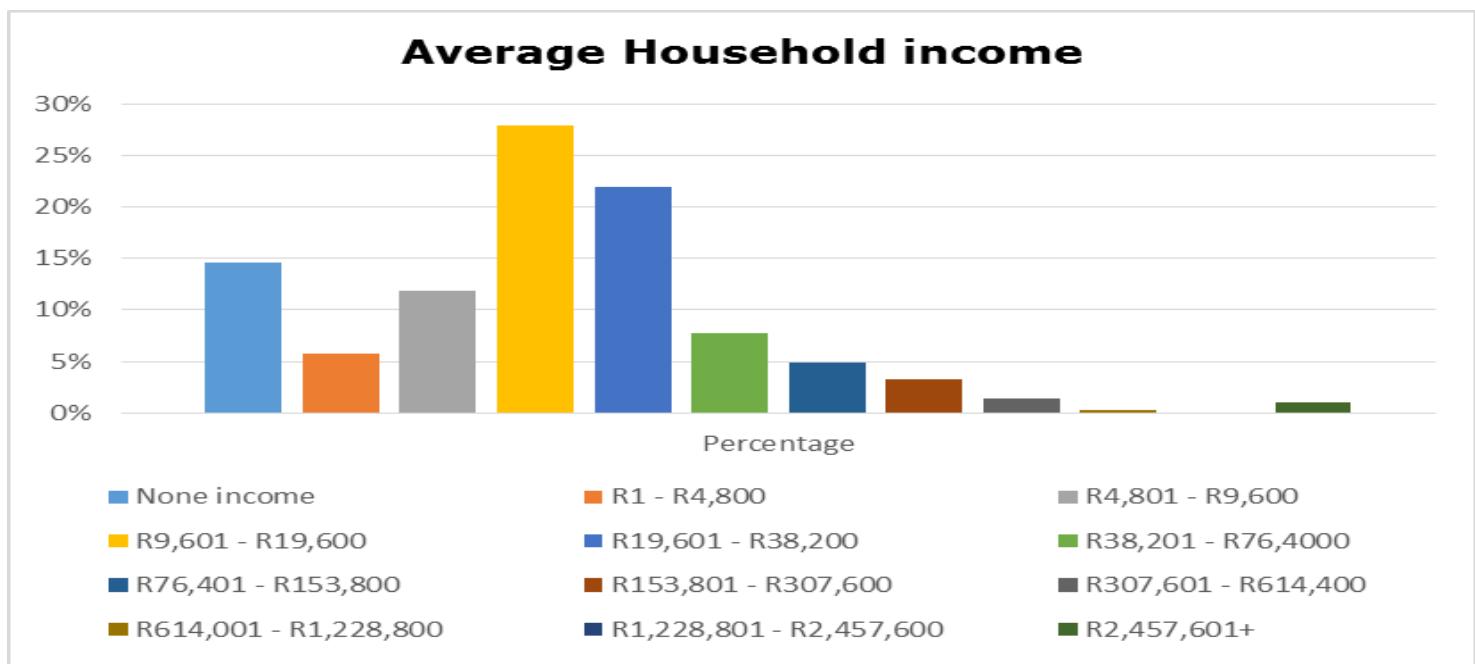


Figure 1.6 Average Income household. Statssa 2011

The above figures show a greater number of people are earning in the R 1 to 19600 income category.



This reflects inequality level which undermine efforts to address poverty levels in the municipality.

The figure below shows the average household income in 2016.

Figure 1.7: Average household income. Statssa 2016 Community Survey

Chapter 1

k. UNEMPLOYMENT RATES.

Statistics SA (2011) reported an unemployment rate of 42.7% of the working age population (between 15 to 64 years old). Although this has reduced to 39.4% in 2016 as per Statssa Community Survey of 2016, the figure is still at an alarming rate. The main concern is the 52% of youth unemployment in the municipality. Something needs to be done like job creation initiatives and promotion of youth entrepreneurship to address this crisis levels.

1.2 SERVICE DELIVERY OVERVIEW

1.2.1 SERVICE DELIVERY INTRODUCTION

A) NORMS AND STANDARDS ON WATER AND SANITATION PROVISION.

Water and sanitation provisions are guided by the Water Services Act (Act no. 108 of 1997) and National Water Act (Act no. 36 of 1998). The act provides for the rights to access to basic water supply and sanitation services, the setting of national standards and norms (relating to amount, quality, distance from point of use, etc.), protection of water resources, the accountability of the Water Services Providers, the monitoring of water supply and sanitation services. Capricorn District Municipality is still the Water Services Authority within Molemole municipality and as a result the service and maintenance of the water projects still lies with the District Municipality.

B) WATER SOURCES

Like other locals in the district the Municipality's source of water is groundwater. The low yields of borehole water are unable to meet the continuous needs of the residents. It is critical that the municipality find alternative sources of water to stem the tide of water shortage in the area. According to Statistics South Africa (2016) the main sources of water in the municipality is as per the table below:

Source of Water	% of the population	Number of Households
Borehole in the yard	14.70%	18,423
Borehole outside the yard	0.60%	693
Flowing water/stream/river	0%	0
Neighbours tap	6.40%	8,067
Other	1.60%	1,977
Piped (tap) water inside the dwelling/house	5.40%	6,720
Piped (tap) water inside yard	47.30%	59,293
Piped water on community stand	14.90%	18,627

Chapter 1

Source of Water	% of the population	Number of Households
Public/communal tap	5.10%	6,388
Rain-water tank in yard	0.20%	234
Spring	0%	0
Water-carrier/tanker	3.90%	4,906
Well	0%	0
		125,328

Source: Statssa: 2016 Community Survey

1.1. FINANCIAL HEALTH OVERVIEW

a) FINANCIAL OVERVIEW

In terms of GRAP, management is required to perform an assessment of the going concern of the Municipality. The going concern assumption is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily expected to continue operating for the foreseeable future, with neither the intention nor the necessity to liquidate or cease operations. Accordingly, the assets and liabilities of Molemole Local Municipality are recorded on the basis that the Municipality will be able to realize its assets and discharge its liabilities in the normal course of business.

Management confirms that no material uncertainties were identified in performing this assessment. The Municipality is currently not facing cash flow challenges. While there is general resistance to payment from some community members, this is being actively addressed through the implementation of a Revenue Enhancement Strategy, credit control procedures alongside ongoing efforts to improve service delivery. These measures ensure that the Municipality remains financially sustainable and able to meet its operational and capital commitments.

THE CURRENT RATIO

The current ratio is a liquidity ratio that measures the municipality's ability to pay its short-term debt. To gauge this ability, the current ratio considers the current total assets of the municipality (both liquid and illiquid) relative to current total liabilities.

NORM

The legislated norm ranges 1.5 to 2:1

The current ratio for the year under review is depicted in the table below:

Chapter 1

2025

Current Asset	141 086 313
Current liability	40 097 132
	3.52
	3.5:1

2024

Current Asset	158 263 896
Current liability	43 910 075
	3.60
	3.6:1

INTERPRETATION OF RESULTS

Both financial years show a strong liquidity position, with current ratios significantly higher than the commonly accepted municipal benchmark of 1.5 to 2.0. This indicates that the municipality has more than sufficient short-term assets to settle its current obligations as they fall due, thus no indication of uncertainties on the liquidity of the municipality.

DISTRIBUTION LOSS

The purpose is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold as a result of losses incurred through theft (illegal connections), non or inaccurate metering or wastage. It is expected that implementation of the free basic service policy is included in the calculation for sale of electricity.

NORM

The Norm is between 7% and 10% and will be superseded by the sector determination.

2025

Number of Electricity Units Purchased and / or Generated	5 909 622.00
Number of Electricity Units Sold	- 5 249 459.00
	660 163.00
Number of Electricity Units Purchased and / or Generated	5 909 622.00
	11%

Chapter 1

2024

Number of Electricity Units Purchased and / or Generated	5 562 775.00
Number of Electricity Units Sold	- 4 953 737.00
	609 038.00
Number of Electricity Units Purchased and / or Generated	5 562 775.00
	11%

INTERPRETATION OF RESULTS

The distribution loss for the 2024/25 financial year is **11%**, consistent with the prior year. Although this figure is slightly above the industry norm of **7% to 10%**, it still reflects substantial progress when compared to the Municipality's performance over the past five years, during which distribution losses consistently exceeded **20%**.

Significant improvements have been achieved through the installation of smart meters, which have contributed to a notable reduction in illegal connections. In addition, starting from the 2024/25 financial year, the Municipality has implemented Advanced Metering Infrastructure (AMI). AMI is an integrated, fixed-network metering system that enables two-way communication between the utility and its customers.

The AMI platform provides comprehensive data, including:

- Tampering alerts
- Interval-based consumption readings
- Power outage notifications
- Electricity supply quality indicators

As a key mitigation measure to further reduce distribution losses within acceptable norms, AMI enables real-time detection and reporting of tampering. Since the system was installed during the year under review, the full impact of its benefits is expected to become more visible in the 2025/26 financial year.

Based on the measures currently in place, the Municipality does not anticipate an increase in distribution losses going forward. Instead, continued improvement is expected as the AMI system becomes fully operational and integrated into network management practices.

REMUNERATION (EMPLOYEE RELATED COSTS AND COUNCILLORS' REMUNERATION) AS % OF TOTAL OPERATING EXPENDITURE

This indicator measures the proportion of the Municipality's operating expenditure that is spent on employee-related costs, including the remuneration of Councillors. It reflects the extent to which the Municipality's operating budget is committed to personnel costs versus other service delivery-related expenditures.

Chapter 1

NORM

The norm range between 25% and 40%

2025

Remuneration (Employee Related Costs and Councillors' Remuneration)	134 091 524
Total Operating Expenditure	308 224 177
	44%

2024

Remuneration (Employee Related Costs and Councillors' Remuneration)	128 668 346
Total Operating Expenditure	277 837 994
	46%

INTERPRETATION OF RESULTS

For the 2024/25 financial year, the remuneration ratio (Employee Related Costs and Councilors' Remuneration as a percentage of Total Operating Expenditure) is **44%**, compared to **46%** in the 2023/24 financial year. Although the current ratio remains above the generally accepted norm of **40%**, the Municipality achieved a notable improvement, reflecting a **2% reduction** year-on-year.

This improvement is primarily due to several mitigation measures implemented by the Municipality. One of the key strategies has been the reassessment of positions vacated due to retirements. Instead of filling these posts, the Municipality redistributed the duties among existing officials, ensuring operational efficiency without creating additional salary obligations.

Furthermore, the Municipality has resolved not to introduce new positions in the 2025/26 financial year, opting to operate within the current organisational structure while ensuring that service delivery is not compromised. In addition to expenditure control measures, the Municipality has adopted a Revenue Enhancement Strategy, which includes identifying new revenue sources. These additional income streams are expected to strengthen the operating budget, thereby improving the ratio by increasing the denominator (total operating expenditure capacity).

With these measures in place, the Municipality anticipates a further reduction in the remuneration ratio toward the 40% norm in the 2025/26 financial year.

Chapter 1

REPAIRS AND MAINTENANCE AS A % OF PROPERTY, PLANTS AND EQUIPMENT AND INVESTMENT PROPERTY (CARRYING VALUE)

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.

NORM

The norm is 8%

2025

Total Repairs and Maintenance Expenditure	14 450 285
Property, Plant and Equipment and Investment Property (Carrying Value)	458 049 184
	3%

2024

Total Repairs and Maintenance Expenditure	14 636 290
Property, Plant and Equipment and Investment Property (Carrying Value)	427 432 509
	3%

INTERPRETATION OF RESULTS

The ratio for the current year ratio is 3% and the prior year it is also 3%, which appears to be below the norm of 8%. The Municipality has come up with strategies such as gradually increasing R&M budget over the medium term for about 1% increase per year to move closer to the 8% norm. The Municipality has adopted a Revenue Enhancement Strategy with new revenue sources. As additional revenue begins to materialize, the Municipality will allocate a portion of increased revenue specifically to R&M.

CURRENT LIABILITIES VS NEXT YEAR'S BUDGETED RESOURCES

To assess whether the municipality will have sufficient financial resources in the next financial year to meet its current short-term obligations.

NORM

The norm is 10%

Chapter 1

2025

Current Liabilities (excluding unspent grants)	38 687 200
Next Year's Budgeted Resources	217 795 780
	18%

2024

Current Liabilities (excluding unspent grants)	43 028 424
Next Year's Budgeted Resources	206 398 130
	21%

INTERPRETATION OF RESULTS

The ratio for the 2024/25 financial year is **18%**, compared to **21%** in the previous year. Although this ratio remains above the norm of 10%, the year-on-year decrease reflects an improvement in liquidity. A declining ratio indicates that fewer of next year's budgeted resources will be required to settle current liabilities, which strengthens the Municipality's short term financial position.

The downward trend demonstrates positive financial management and improved budgeting discipline. Continued focus on cash flow management and controlling expenditure will assist in further reducing the ratio toward the acceptable benchmark through our cost containment measures and revenue enhancement strategies.

Overall, the Municipality's ability to meet its short-term liabilities has improved, and the movement from 21% to 18% is a favourable indicator of strengthening financial sustainability.

DEBTORS' IMPAIRMENT PROVISION VS ACCOUNTS RECEIVABLE

This indicator measures the extent to which the Municipality has made adequate provision for doubtful or uncollectable debts (impairment) relative to the total outstanding accounts receivable. It assesses whether the Municipality's debt impairment policy is sufficient and realistic based on the age, recoverability, and risk profile of debtors.

A sound provision ensures the Municipality does not overstate assets or revenue

NORM

The norm is 10%

Chapter 1

2025

Provision for Impairment	145 290 995
Gross Accounts Receivable	147 510 665
	98%

2024

Provision for Impairment	118 540 170
Gross Accounts Receivable	128 576 098
	92%

INTERPRETATION OF RESULTS

The ratio for the current year exceeds the norm of 10%. The primary driver of this high impairment provision is the substantial balance owed by government departments, particularly the Department of Public Works, which is currently the Municipality's major debtor.

During the year under review, the Department of Public Works imposed a moratorium on payments while undertaking the process of registering all properties under its custodianship. The Department has confirmed that once registrations are finalized, the outstanding rates, none of which have been disputed, will be settled. This commitment provides comfort that a portion of the impaired debt is likely to be recovered in future periods.

The Municipality continues to strengthen its credit control measures to address the rising debt book. A professional debt collector has been appointed to assist in recovering long-outstanding amounts across other debtor categories.

In response to the high dependence on government debtors, the Municipality has proactively implemented a range of **revenue diversification strategies** to strengthen financial sustainability and reduce exposure to slow-paying debtor groups. These initiatives include:

- **Traffic Management System (Implemented in 2024/25)**

The Municipality procured a new Traffic Management System, including a roadblock vehicle and camera infrastructure along the R521 and N1. This system enhances the Municipality's ability to enforce traffic regulations, issue fines, and recover long-outstanding tickets. The initiative is already operational, with significant revenue impact expected from the **2025/26 financial year**.

- **Establishment of the Moletji Licensing Office**

The Municipality has reversed its Moletji office into a fully functional licensing centre to improve accessibility of licensing services. This will generate additional revenue while extending services to more communities.

Chapter 1

• Expansion of Electricity Distribution License

An application was submitted to the National Energy Regulator of South Africa (NERSA) to expand the Municipality's electricity distribution footprint to additional villages electrified through INEP. Approval has already been granted for Diyaweng Village, adding approximately 561 households to the Municipality's customer base. Infrastructure installation is underway, and electricity sales will begin in 2025/26.

• Construction of a New Landfill Site

Phase 1 of the new landfill site is currently under construction and scheduled for completion by the end of the 2025/26 financial year. Once operational, the facility is expected to contribute positively to revenue generation.

• New Township Establishments

Of the three proposed township developments, one consisting of approximately 313 households is at an advanced stage. Stand sales are expected to commence by the end of 2025/26, generating revenue through stand sales, property rates, service charges, and electricity consumption.

Conclusion

Although the impairment provision ratio currently exceeds the norm, it is largely influenced by temporary delays in government payments. The Municipality has taken decisive steps to strengthen collections and diversify revenue sources. These initiatives most of which will start yielding financial benefits from 2025/26 onwards, are expected to significantly improve the Municipality's financial resilience, reduce reliance on government debtors, and stabilise the impairment ratio over the medium term.

ASSET RENEWAL & REHABILITATION VS DEPRECIATION

To assess whether the municipality is reinvesting adequately in renewing aging assets.

Determines whether asset renewal keeps pace with asset consumption (depreciation). Highlights risk of infrastructure backlogs. Promotes long-term asset management.

NORM

Norm is the 100%

2025

Chapter 1

Depreciation	21 693 579
Impairment Renewal and Rehabilitation Expenditure	0
	0%

2024

Depreciation	18 983 402
Impairment Renewal and Rehabilitation Expenditure	0
	0%

INTERPRETATION OF RESULTS

Asset renewal is currently lagging due to budget constraints. However, with the implementation of the Municipality's revenue enhancement initiatives, budget performance is expected to improve over the medium term. As additional revenue streams begin to materialise, the Municipality will be in a position to allocate resources toward the renewal and rehabilitation of assets that require upgrading. These measures will help ensure that critical infrastructure is maintained in a functional condition and that long-term service delivery is not compromised.

ASSET RENEWAL & REHABILITATION VS TOTAL CAPITAL EXPENDITURE

To evaluate the balance between new capital projects and renewal of existing infrastructure. Helps avoid bias toward new projects at the expense of maintaining existing ones. Supports long-term infrastructure resilience. Ensures service sustainability by prioritizing renewal.

NORM

Norm is 40%

2025

Total Capital Expenditure	52 822 623
Renewal and Rehabilitation Expenditure	0
	0%

2024

Total Capital Expenditure	65 334 786
Renewal and Rehabilitation Expenditure	0
	0%

Chapter 1

INTERPRETATION OF RESULTS

Asset renewal is currently lagging due to budget constraints. However, with the implementation of the Municipality's revenue enhancement initiatives, budget performance is expected to improve over the medium term. As additional revenue streams begin to materialise, the Municipality will be in a position to allocate resources toward the renewal and rehabilitation of assets that require upgrading. These measures will help ensure that critical infrastructure is maintained in a functional condition and that long-term service delivery is not compromised.

FORECAST WORKING CAPITAL

The standard formula for working capital is current assets minus current liabilities. A company has negative working capital if its ratio of current assets to liabilities is less than one. Positive working capital indicates that a company can fund its current operations and invest in future activities and growth.

	2025/26	2026/27
Current assets	258 457 458	280 518 267
Current liabilities	56 446 397	57 835 639
Current assets - Current Liabilities	202 011 061	222 682 628

The municipality reflects a positive working capital position, demonstrating its ability to fully fund its current operations while also maintaining sufficient resources to support future activities and growth initiatives. Based on this strong liquidity and operational capacity, there are no material uncertainties that cast doubt on the municipality's ability to continue as a going concern for the foreseeable future.

FINANCIAL POSITION

The Municipality's net assets of **R498,689,327** reflect a positive and solid financial position. The net working capital is healthy, indicating the Municipality's capacity to fund its current operations and meet short-term obligations efficiently. The Municipality has maintained a positive cash flow throughout the past financial year, and it is anticipated that this trend will continue in the forthcoming year. All creditors were settled in accordance with the goods and services received. The Municipality does not have significant long-term borrowings and holds no loans with third parties. There are no unplanned financial commitments, with priority given to projects already rolled over. Furthermore, all projects listed in the commitments register have been adequately provided for in the approved municipal budget.

Chapter 1

CONTINGENT LIABILITIES

As at 30 June 2025, the pending contingent liabilities of the Municipality amounted to **R8,193,893**, representing approximately **1.6% of the Municipality's net assets**. This level of contingent liabilities is not considered a threat to the Municipality's ability to continue as a going concern, even if payment becomes necessary. All pending legal or regulatory proceedings against the Municipality are expected to be resolved, and any amount due will be settled in accordance with applicable laws.

MITIGATING PLANS

For the 2024/25 financial year, the Municipality achieved a collection rate of 37%, amounting to R12,791,598.70. In response, the Municipality has initiated a rigorous debt collection campaign, which includes the implementation of enhanced credit control and debt collection procedures to liquidate outstanding balances and improve overall revenue collection. Additionally, the Municipality has developed and is actively implementing a Revenue Enhancement Strategy as explained above, aimed at identifying and sourcing alternative revenue streams. This strategy is expected to contribute positively to the Municipality's cash flow and reduce reliance on government transfers, thereby supporting financial sustainability.

OTHER

The Municipality has fully complied with all statutory requirements. There are no pending legal or regulatory proceedings that, if successful, could result in claims the Municipality is unlikely to meet. Furthermore, there is no anticipated threat of changes in law, regulations, or government policy that could adversely affect the Municipality's operations or financial position.

CONCLUSION

Based on the analysis of key ratios, net assets, positive working capital, strong liquidity, manageable contingent liabilities, and active revenue enhancement strategies, the Municipality is financially stable and sustainable. There are no material uncertainties that cast doubt on the Municipality's ability to continue as a going concern.

The Municipality has sufficient resources to meet obligations, support ongoing operations, and fund future activities.

Chapter 1

The tables below give overall financial overview for the year under review:

Financial Overview: Year 2024/25			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	253 929 000,00	252 673 000,00	230 590 193,00
Taxes, Levies and tariffs	79 165 221,00	80 538 460,00	49 094 630,00
Other	23 477 843,00	18 453 388,00	33 202 610,00
Sub Total	356 572 064,00	351 664 848,00	312 887 433,00
Less: Expenditure	296 233 062,00	295 073 660,00	309 111 904,00
Net Total*	60 339 002,00	56 591 188,00	3 775 529,00
* Note: surplus/(deficit)			T 1.4.2

- Operating Ratios**

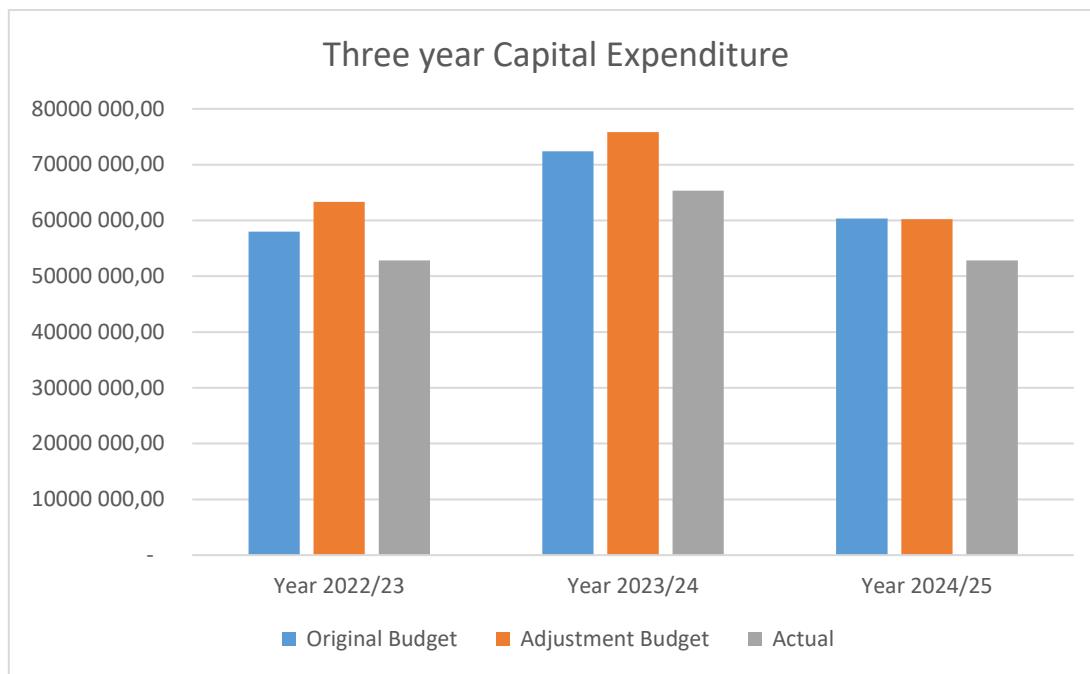
Operating Ratios	
Detail	%
Employee Cost	44
Repairs & Maintenance	3
Finance Charges & Impairment	1
T 1.4.3	

- Three-year Capital expenditure**

Detail	Year 2022/23	Year 2023/24	Year 2024/25
Original Budget	58 022 400,00	72 380 343,00	60 339 002,00
Adjustment Budget	63 330 625,00	75 827 569,00	60 242 404,00
Actual	52 854 649,00	65 334 786,00	52 822 623,00
T 1.4.4			

Chapter 1

See graphical illustration of the three-year capital expenditure below:



1.2. ORGANISATIONAL DEVELOPMENT OVERVIEW

b) ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality developed a Workplace Skills plan (WSP) to guide provision of training to employees and Councillors. One Learnership program for Councillors was coordinated during the year under review, National Certificate in Generic Management (NQF LEVEL 5). Training programs covered for officials included Professional Report and minutes writing training, GRAP (Generally Recognized Accounting Practice), Plant Machine refresher training, Customer care & service delivery training as well as Organizational Design training, and MSCOA which were covered by municipal funding. The following programs were initiatives by SALGA and Coghsta which were targeted to officials: General Internal Audit Software Training (GIAS), Asset Management Training, The use of panel in procurement process training. An annual training report is submitted to LGSETA as part of compliance with legislative requirements. We hope the skills acquired through the training will diligently be applied in their day-to-day activities at work, prepare them for promotional opportunities and help enhance their performance. These interventions will also assist the municipality in its retention and succession planning strategies.

Chapter 1

The following Human Resource Committees have been put in place to assist with HR Governance issues:

Governance Committee	Composition of committee	Number of meetings held
Training Committee	Senior manager Corporate services, CFO, IDP Manager, PMS Manager, HR Manager, HR Officer responsible for Skills development, 5 Labour Representatives	4
Employment Equity committee	Senior manager corporate services, HR Manager, Legal manager, Internal Audit, HR Officer, 2x Labour representatives, 1x Representative for people with disability, and 4 members representing different occupational categories	2
Local Labour Forum	MMC Corporate services, 2x Councilors from Corporate Portfolio Committee, Senior manager Corporate services, HR Manager, HR Officer and 5 Labour Representatives	2
OHSA Committee	OHS Officer, and 8 Safety Representatives from all department and divisions	4

c) INTERNAL EMPLOYEE BURSARY PROGRAMME

- The following table outlines employees who benefitted from Municipal employee bursary scheme in the year under review:

Name of Course	Bursary Holder	Occupation	Name of Institution registered	Progress	Amount paid for 2024/2025
Bachelor of Public Administration	M Mothotse	Cashier Traffic	MANCOSA	Status unknown	R27 489,04
Bachelor in Licensing Administration	Ntjana SK	Enatis Supervisor	LYCYUEM	Completed	Completed
BCOM in Project Management	Selamolela KL	OHS Officer	MANCOSA	Qualification Completed in full	Completed
Bachelor of Public Administration	Matsapola ML	Secretary Technical Services	MANCOSA	In progress (Results submitted)	R62 200.00
Bachelor of Laws	Mahlake MV	Manager HR	STADIO	In progress (Results submitted)	R23 540.00

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Name of Course	Bursary Holder	Occupation	Name of Institution registered	Progress	Amount paid for 2024/2025
Bachelor of Commerce in HR Management	Sathekge PJ	Admin Assistant	MANCOSA	In progress (Results submitted)	R32 200.00
Bachelor of Commerce in HR Management	Tsiri MG	HR Officer	Regent Business School	Completed awaits graduations	completed
Advanced Diploma in Traffic and Policing	Mashiane MF	Examiner	LYCEUM	Completed	Completed
Bachelor of Business Administration	Mohale MC	Secretary LED&P	MANCOSA	Status unknown	R14,380.00
Diploma in Public Administration	Malatjie MR	Traffic & Licensing Clerk	LYCEUM	In progress	R18 516.00
Bcom in Public Administration	Semenye SJ	Committee Officer	MANCOSA	Status unknown	R 27 489.04
BA Government Administration Development	Sebola SO	Plant Machine Operator	UNISA	Completed	completed
Diploma in Real Estate	Matotoka MC	Assistant Accountant	Cape Peninsula University of technology	Qualification Completed	Completed
Bachelor of Commerce in HR Management	Rathete M	Assistant Special Focus	Richfield College	Qualification Completed	Completed
Master's in business administration (MBA)	Zulu KCW	Chief Financial Officer	MANCOSA	Qualification Completed	Completed
Advanced Diploma Accounting	Phala K	Accountant Budget	TUT	Qualification Completed	Completed
Postgraduate Diploma in Business Management	Wiso MP	Manager Budget	MANCOSA	Qualification Completed	Completed
Post Graduate Diploma in IT Management	Manyelo MF	ICT Manager	MANCOSA	Qualification Completed	Completed

d) INTERNSHIPS AND LEARNERSHIP

A total number of eleven (11) internships and two (02) learnerships programs were coordinated during the 2024/25 financial year capacitating 20 unemployed learners and were placed under Budget and treasury, corporate services, MM's Office and Local Economic Development and Planning. The municipality has also created six (6) opportunities for unemployed experiential training for students who need practical experience to qualify for their full qualifications. During the year under review the municipality has given opportunities for learners in the areas of General Administration (2), Electrical Engineering (2) and Human Resource Management (2).

1.6 AUDITOR GENERAL REPORT 2024/2025

1.6.1 EXPLANATION TO CLARIFY MATTERS OF EMPHASIS IN THE 2023/2024 AUDIT PROCESS

a) Significant uncertainty

Chapter 1

With reference to note 69 to the financial statements, the municipality has contingent liabilities amounting to R8 193 893.

b) Material impairments

As disclosed in note 40 to the financial statements, material impairment of R27 311 793 was incurred because of doubtful debts.

c) Material losses – electricity

10. As disclosed in note 68 to the financial statements, material electricity losses of R2 185 474 (2024: R1 622 003) was incurred, which represents 14% (2024: 11%) of total electricity purchased.

d) COMMENT ON THE OVERALL PERFORMANCE OF FINANCIAL SERVICES

The Auditor General has concluded that the financial statements for the 2024/2025 financial year presented fairly, in all material respects, the financial position of the municipality, and its financial performance and cash flows in accordance with the standards of Generally Recognized Accounting Practice, the MFMA 56 of (2003) as well as Division of Revenue Act 5 (2023). A special thanks to Management, Councillors, employees and all stakeholders who played a role during the audit. The achievement of the opinion is a team effort and confirms the consistency of sound financial management in the municipality.

1.7 STATUTORY ANNUAL REPORT PROCESS

Molemole municipality has prepared the 2024/2025 Annual Report in line with a prescribed plan as per MFMA and Circular 63 of 2012. The first draft of the report is presented to Chief Audit Executive and CoGHSTA for review and ultimately submitted to Audit committee for 2nd review. The final draft will be tabled in an open Council and referred to MPAC to consult the public across all Wards on the performance of the municipality in the 2023/2024 financial year. Furthermore, the tabled draft Annual report will then be submitted to the office of Auditor General in line with subsection 127 (5) (b) of the Municipal Finance Management Act.

The Statutory process plan for the 2024/2025 Annual Report process is depicted in the table below:

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	Finalise 4 th quarter Report for previous financial year	
4	Submit draft annual report (Annual Financial Statements and Annual Performance Report) to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	

Chapter 1

No.	Activity	Timeframe
9	Municipality submits draft Annual Report including Annual financial statements and Annual performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
14	Audited Annual Report is made public and representation is invited	February
15	Oversight Committee assesses Annual Report	February - March
16	Council adopts Oversight report	March
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	April
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April

Table 1.10: Annual report process plan

1.8 COMMENT ON THE ANNUAL REPORT PROCESS

The municipality will be implementing the above process plan to ensure a credible and compliant final Annual report. The report is developed internally through the office of the Manager: Executive Support in the office of the Municipal Manager.

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

a) INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality has the following governance structures to oversee its administrative functions: Audit Committee, Risk Management Committee, Senior Management and Extended Management Committee. All the governance committees are functional and are able to hold meetings as scheduled. Subcommittees have also been established in various areas to assist high order committees to advance internal control systems. During the year under review the municipality had subcommittees for the following areas: Health and Safety, Local Labour forum, Information and Communication systems, employment equity and *Batho Pele*. The municipal council has established its political governance structures to play oversight role on Management administration. These structures are discussed in the following section.

2.1 POLITICAL GOVERNANCE

a) INTRODUCTION TO POLITICAL GOVERNANCE

The Municipal Council, its committees, i.e. Portfolio committees, Sect, Ethics Committee, Executive Committee as well as Municipal Public Accounts Committee (MPAC) are functional and held their meetings in line with council approved corporate calendar. Council has also established the Women cause as per the guidelines of Salga and comprises of all Women councillors. Its main function is to advance the interests of women within various social walks of life. Councillor Kgopane has been appointed as the current chairperson of the women caucus and the Speaker plays political oversight over the caucus. The main challenge of the caucus is lack of budget allocation to can run its annual activities.

The portfolio committees held monthly meetings to consider issues within their key performance areas, e.g. Corporate Services, Technical services, Finance, Local Economic and Development as well as Community related issues. Generally, Portfolio committees consider reports of management and submit them for consideration by the Executive Committee for further adjudication. Ward Committees plays role of being local foot soldiers and advice Ward Councillors on service delivery issues affecting their villages within wards.

The Municipal Public Accounts committee played a critical oversight over Administrative activities. This involved project visits and monitoring and investigating matters referred to it by Council. In the year under review the MPAC has conducted project visits and monitoring as per table below:

Quarter	Number of projects visited	Projects visited and Wards
01	03	Morebeng Landfill sites, (ward 01) Morebeng Tennis Court (ward 01) Ramokgopa Stadium (Ward 04)
02	2	Ramokgopa Landfill site (ward 02) Sekonye Internal Street (Ward 05 and 06)
03	04	Culvert Bridge (Ward 02) Culvert Bridge (Ward 3) Ramokgopa Stadium (Ward 04) Fatima re-graveling (Ward 11)
04	04	Fatima Strom-water and Culvert Bridge (Ward 11) Internal Street Upgrading from surface to Tar-road (Ward 06) Maupye Internal Street (Ward 11)

b) Composition of Municipal Council

Total number of Council seats are 32 and compromises of the following political parties:

Political party	Total Seats
African National Congress	22
Economic Freedom fighters	06
Democratic Alliance	01
CICAF	02
Civic warriors	01
Total	32

Table 1.9: Council composition

f) POLITICAL DECISION-TAKING.

All Council resolutions are signed by Speaker of Council and Management is expected to implement them. Council meetings for the year under review have progressed well without any incidents that threaten to disrupt the sittings. Resolutions on municipal performance are referred to the Municipal Public Accounts Committee for review and quality assurance to ensure the community is getting value for money on service delivery projects and to also check compliance to relevant legislative framework.

The political executive structure of the municipality is depicted below:



Cllr. M. E Paya
Hon. Mayor



Cllr. D. Matlou
Council Speaker



Cllr. M. E Rathaha
Whip of Council



Cllr. B.M Hlapa
Portfolio Chairperson:
Finance



Cllr. N.F Rampyapedi
Portfolio Chairperson:
Technical Services



Cllr. M.L Moabelo
Portfolio Chairperson:
Corporate Services

2.2 ADMINISTRATIVE GOVERNANCE

a) INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Other administrative subcommittees that assist Management in executing its functions are: Batho Pele committee, OHSA committee, Local Labour forum, Bid committees (Specification, Evaluation and Adjudication), Employment Equity committee and Training committee. The functionality of the above committees is key for the smooth functioning of the municipal administration.

HOW THE MUNICIPAL MANAGER AND SENIOR MANAGERS WORK TOGETHER COOPERATIVELY IN THEIR THEMATIC AND SERVICE GROUP ROLES TO MAKE THE GREATEST IMPACT ON SERVICE DELIVERY

All Senior Managers account to the Municipal Manager as head of administration. This is done through Management committee, comprising of Executive Management as well as Extended Management committee meetings. Management committee meetings are held in line with the approved corporate calendar. Decisions of management inform the agenda for the relevant portfolio committee meetings. The Senior Managers are responsible for communicating with their respective departments through middle Managers and ensure that matters discussed at Senior Management level are cascaded down for effective execution of the targets set-out for each department per the IDP with respective middle managers. Decisions approved by Council are binding and become obligatory for management to implement them. Departmental Managers hold general staff meetings to cascade management decisions to all levels of employees and for implementation.

b) TOP ADMINISTRATIVE STRUCTURE

DESIGNATION	INITIALS AND SURNAME	Key Performance Areas
Municipal Manager	Mr. K.E Makgatho)	Oversee overall administration of the municipality, interact with Mayor and Council committees, Implement Council resolutions and other Governance committees, Performance Management and Monitoring, Legal services, Enforce Internal Control systems, Risk Management, Implementation of IGR initiatives and Oversee functions of all municipal departments. N.B the contract for the Municipality came to an end by end of February 2022. Mr. Makgatho was appointed as Municipal Manager from 1 st January 2023.

DESIGNATION	INITIALS AND SURNAME	Key Performance Areas
Chief Financial Officer	Ms. K. Zulu	Budget and Reporting, Revenue Management, Expenditure Management and Supply chain management
Senior Manager: Corporate Services	Vacant (Recruitment is underway)	Administration and Auxiliary services, Human Resources management and labour relations, Information and Communication Technology and Council Support services. N.B. Mr. Makgatho was appointed as Municipal Manager from January 2023 for a five year period.
Senior Manager: Technical Services	Vacant (Recruitment is underway)	Implementation of Service delivery projects/programmes, Electrical and Maintenance services, Oversee management of Municipal Infrastructure Grant (MIG), Provision and maintenance of water and sanitation services N.B. Contract for Mr. Wasilota came to an end from 1 st April 2023.
Senior Manager: Community Services	Vacant (Recruitment is underway)	Maintenance of social and public amenities, Implementation of EPWP programmes, Environmental management, Traffic and Law enforcement.
Senior Manager: LED&P	Ms. T.C.F Mahatlani	Local economic development, Town and Regional planning services

Senior Management Team



Ms. K.W Zulu
Chief Financial Officer



Mr. K.E MAKGATHO
Municipal Manager



Ms. TCF Mahatlani
LED & P

Vacant Senior Manager:
Technical Services

Vacant
Community Services

VACANT
Corporate Services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

a) NATIONAL, PROVINCIAL AND DISTRICT INTERGOVERNMENTAL STRUCTURES

The Municipality is participating in various intergovernmental structures across the province and the district. Specifically, the municipality ta

Intergovernmental Structure	Sphere of Government
Speakers' forum	District
Salga Working groups	Provincial
Chief whips forum	District
Salga MM's forum	Provincial
District MM's forum	District
MPAC forums	District & Provincial forums
District Mayors Forum	District
Premier's IGR	Provincial
Human Settlement forum	Provincial
Disaster forums	District
Library forum	District and Provincial
Sport forums	District and Provincial
IDP Representative forum	Local
IDP Management forum	District
Mscoa forum	District, Provincial and National
CFOs forum	District and Provincial
Service Complaints forum	District and Provincial
Inter-Sectoral Steering Committee	Local, District and Provincial
EPWP Environmental forum	District and Provincial
EPWP Infrastructural forum	District and Provincial
Premier's Youth forum	Provincial
Technical IGR forum (Electricity)	District
Municipal and Eskom engagement meeting	Local
District water and sanitation forum	District
MIG forum	District and Provincial
Local Aids Council	District and Provincial
Waste management officer forum	Provincial and Provincial
Internal Audit forum	District
Internal Audit and Risk forum	Provincial
Transport forum	District
Batho Pele forum	District
Gender forum	District
Older Persons forum	District and Provincial
LED forum	Provincial
Limpopo Tourism forum	Provincial
Local Committee	Local
LED forum	Local

b) RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Municipality does not have any entity.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**a) OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The continued success of a municipality is largely determined, on the accountability of all key role players and stakeholders in the local governance process. The municipality public accountability is premised on the vision and mission that puts people at the forefront in all the developmental agenda. The IDP process plan is a tool used to involve the communities to undertake all the stages of IDP development. Public participation for this Annual report is conducted to ensure the public is given an opportunity to comment on the Annual report as required by applicable legislation. The Municipality also meet key stakeholders like Magoshi, sector departments and Councillors through IDP Rep forum as part of consultation for IDP review process.

2.4 PUBLIC MEETINGS**a) Communication, Participation and Forums**

Public engagements with communities is an important activity for the municipality as it is provided for in Chapter 7 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as amended. The Municipality has engaged the public through the following forums in the year under review:

Public participation event	Purpose of the event	Number of events held
Mayoral Imbizo	Mid-year and Annual service delivery report	02
16 days of Activism for no violence against women and children	Annual awareness campaigns in support of national campaign against GBV	01
Annual Youth dialogue	To find practical ways to empower youth through job creation and entrepreneurship	02
LED forum	Support for Local Economic Development	04
IDP Rep forums	Meeting of local, district and provincial stakeholders on IDP	03
MPAC public hearings	To obtain public views on draft Annual report	02
IDP Consultative process	Presentation of draft IDP to the public for inputs and comments	04

b) Ward Committees

Ward Committees are a structure of Council established in line with section 80 of the Municipal Structures Act, 1998 (Act 117 of 1998). They play an important role of serving as an important link

between the community and the municipality. The term of all the Ward Committees came to an end following the end of the term for the previous Council in November 2021. The current Ward Committees are functional and hold meetings in line with the schedules. Appendix E outlines the number of meetings held by Ward Committees during the year under review.

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?	Yes

COMPONENT D: CORPORATE GOVERNANCE

a) OVERVIEW OF CORPORATE GOVERNANCE

Molemole municipality consists of nine service points for the residents in both Mogwadi, Morebeng and Moletji Ga Phaudi, two Driver's License and Testing centers (DLTC). The municipal head office is located in Mogwadi where the Political Management team and three full-time Councillors are based. There is also Technical Office and Library services in Mogwadi and Morebeng. There are two satellite offices located in Morebeng and Moletji (Ga-Phaudi village). We are grateful for the department of Transport for having approved the upgrading of Phaudi Satellite Office to DLTC. The center started operating in May of 2025 and will be formally launched in the 2nd quarter of 2025/2026 financial year.

The Municipality has established the following governance structures to ensure sound corporate governance and compliance to relevant legislation in the municipality: Audit committee, Risk

management committee, ICT Steering Committee, Financial Misconduct Committee, Training Committee, Employment Equity Committee and OHS committee.

2.6 RISK MANAGEMENT

The Risk Management Committee held 4 meetings in the year under review which were held on a quarterly basis to report on mitigation of identified risks. The Risk Management Committee reports in every Audit committee meeting through the chairperson. Two Risk Management Assessments were made for Strategic and Operations Risk register. In the year under review 16 Strategic Risks were identified as well as 28 Operational risks identified. At end of the financial year the overall strategic risks resolved were at 81% (13) while 86% (24) operational risks were also resolved.

The Risk Management unit has successfully implemented 100% of activities that were planned in the approved Risk Management Implementation Plan for the 2024/2025 financial year.

The table below outlines the outcome of Strategic and operational risk mitigation per department in the 2024/2025 financial year:

a) Executive summary of outcome of Strategic Risk register

Department	Number of risks identified	Results of follow up		Progress percentage
		👍	👎	
1. Budget & Treasury	3	3	0	100%
2. Corporate Services	1	1	0	100%
3. Municipal Manager	3	2	1	67%
4. Technical Services	4	4	0	100%
5. LED & P	3	2	1	67%
6. Community Services	2	1	1	50%
	16	13	3	81%

b) Executive summary of outcome of Operational Risk Register

Department	Number of risks identified	Results of follow up		Progress percentage
				
1. Budget & Treasury	7	7	0	100%
2. Technical Services	2	2	0	100%
3. Corporate Services	7	6	1	86%
4. Municipal Manager's	2	1	1	50%
5. Community Services	4	3	1	75%
6. IT	2	2	0	75%
7 LED & P	4	3	1	75%
	28	24	04	86%

2.7 ANTI-CORRUPTION AND FRAUD

Legally, fraud is defined as the unlawful making of a misrepresentation with the intention to defraud, that causes prejudice or potential prejudice to another. The municipality has put internal control systems in place to ensure early detection of fraudulent activities. We acknowledge fraud and corruption rob our people of the quality of services they deserve. The Risk Unit compiles compliance registers on a quarterly basis focusing on budgeting, Human resources, asset management, Expenditure management and supply chain management. The municipality is doing well regarding compliance to relevant legislation, and no acts of non-compliance were identified during the year.

All Senior Managers and Councillors as well as employees have completed Declaration of Interest forms on an annual basis with Senior Managers required to submit two declarations, at the beginning of the year and after Mid-year review.

a) Internal Audit

The Internal Audit unit report administratively to the Municipal Manager and functionally to the Audit Committee. The unit is responsible to assist the municipality to meet their objectives and to discharge their responsibilities by providing an independent appraisal of the adequacy and effectiveness of the controls developed by management. The Council has approved the position for Senior Internal Auditor which will be filled up in the 2025/2026 financial year. This will bring the total number of staff to five, including Intern. The addition of Senior Internal Auditor will be very handy as the municipality is now compiling Annual Financial Statements in-house and will need capacity in the Internal audit to help with reviews thereof. Furthermore, the Municipality is fully

implementing Individual Performance Management across all levels of employees, and this require a capacity to help with the review to ensure value for money as and when performance rewards are paid.

The unit is responsible for coordinating Audit Steering committee meetings as well as Audit Committee meetings in line with approved schedule of meetings.

In the year under review there four Steering Committee meetings coordinated to monitor and follow up on addressing internal audit findings, AGSA findings for 2023/2024 financial year as well as implementation of audit committee resolutions taken during the year. An additional three (3) Steering committee meetings were coordinated during the regulatory audit with Auditor-General South Africa.

Ten (10) Audit committee meetings were coordinated during the year under review which included six (6) special meetings held during regulatory audit as well as to consider urgent matters.

During the 2024/2025 financial year the Internal Audit unit has reviewed the following strategic documents:

- 2024/2025 Annual Financial Statements
- 2024/2025 Annual Performance Report
- 2024/2025 Annual Report
- 2024/2025 Quarterly SDBIP Performance reports
- 2024/2025 Mid-year SDBIP Performance reports

2.8 SUPPLY CHAIN MANAGEMENT

2.8.1 OVERVIEW SUPPLY CHAIN MANAGEMENT (SCM)

Section 217(1) of the Constitution of South Africa requires that every organ of the state and all public institutions and related structures shall contract for goods and services in accordance with a system which is Fair, Equitable, Transparent, Competitive and Cost effective. The Municipality is guided by these principles all the supply chain processes to avoid costly litigation.

The Municipality has developed Supply chain policy which is in line with constitutional principles, the MFMA as well as Municipal Supply chain regulations. We continue to use the SCM to advance local economic development through proper implementation of the SCM policy.

SCM UNIT

The SCM unit is part of the Budget and Treasury Department, led by the SCM Manager who reports directly to the Chief Financial Officer.

The SCM Unit consists of the following positions: Procurement Officer, Bid Officer and SCM Manager. The Chief Financial Officer remains the ultimate Head of the department.

2.8.2 BID COMMITTEES

Bid Committees are appointed by the Municipal Manager at the beginning of every financial year. All members of bid committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing by each appointed member who have to sign off the appointment. The Municipal Manager reserves the right to appoint terminate membership in the Bid Specification and Bid Evaluation committee. The Bid Adjudication Committee comprises of Senior Management team and is chaired by the Chief Financial Officer. The Municipality has coordinated 01 training programmes for the Bid Committees to ensure they are kept abreast of latest changes in legislations and to learn best practices from other institutions. Each Bid Committee has got an SCM Official who serve as the resource person for the committee and to also advice on compliance issues during the sessions.

The Bid Committees were constituted as follows during the 2024/2025 financial year:

a. Composition of Bid Specification Committee Members

Names	Official Position Held	Responsibility
Ms Wiso P	Manager: Budget and Reporting	Chairperson
Ms Seema L.	Bid Officer	SCM Official
Mr Mashotja M.F	Manager: Town Planning and Regional	Member
Mr. Seanego C.H	Manager: Social Services	Member
Ms. Khoza K	Manager: Administration	Member

b. Composition of Evaluation Committee Members

Names	Official Position Held	Responsibility
Mr. N Modisha	Manager: Executive Support	Chairperson
Ms A. Kwakwa	Procurement Officer	SCM Official
Ms. M. Mogakane	Manager: PMS	Member
Mr. V Mabasa	Technician Roads	Member
Mr. Malola M	Manager: Asset Management	Member

c. Composition of Bid adjudication Committee Members

The Bid Adjudication committee is composed of All Senior Managers except the Municipal Manager who will be receiving recommendations for tender awards. All bids are adjudicated by this committee and make recommendations to the Municipal Manager after having checked all compliance issues.

2.8.3 Tender Adverts and Awards

Tenders are advertised on a municipal website, and Tender documents are uploaded and downloadable on a municipal website. A total of 20 tenders were awarded during the 2024/25 financial year at a total value of **R 136 058 657, 14**. One tender was awarded and rejected by the bidder due to insufficient time given to complete the project. The affected tender is from the department of Local Economic Development and Planning for Development of Spatial Development Framework.

The table below outlines the quarterly procurement spent for RFQs and tenders in the year under review:

Qtr.	RFQ	Tender	Totals
1st Q	8 249 400,13	71 631 888,51	79 881 288,64
2nd Q	11 489 083,05	25 373 102,88	36 862 185,93
	9 306 153,61		
3rd Q		5 974 255,00	15 280 408,61
4th Q	9 410 354,90	33 079 410,75	42 489 765,65
Totals	38 454 991,69	136 058 657,14	174 513 648,83

The Municipal procurement spent for local; district and national suppliers is tabulated below:

2024/2025 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% of Local	% of District Suppliers	% outside district
1 st	79 881 288,64	27 958 451,02	35	60	5
2 nd	36 862 185,93	10 690 033,92	29	63	8
3 rd	15 280 408,61	2 444 865,38	16	40	44
4 th	42 489 765,65	35 691 403,15	84	14	2
Total	174 513 648,83	76 784 753,47	44%	41%	15%

2.9 BY-LAWS

a) Introduction to By-laws

The municipality uses by-laws to maintain law and order within the municipality and to ensure health and safety of all citizens and visitors to the municipality. The municipality work with Capricorn District Municipality to enforce by-laws relating to water and sanitation, air pollution and all by-laws relevant to the district.

Molemole Municipality has gazetted the following by-laws:

- ADVERTISING SIGNS AND HOARDING, 2009
- BUILDING REGULATIONS, 2009
- CEMETERIES AND CREMATORIA, 2009
- CIVIC SYMBOLS, HONOURS AND RELATED MATTERS, 2009
- CONTROL OF ANIMALS, 2009
- HAIR SALON, 2009
- INDIGENT, 2009
- LAND USE APPLICATION, 2009
- LIQUEFIED PETROLEUM GAS, 2009

- MUNICIPAL PROPERTY RATES, 2015
- SAND HAVERSTING, 2009
- SPATIAL PLANNING AND LAND USE MANAGEMENT, 2022
- TOURISM, 2009
- WASTE, 2009
- CEMETERY, 2008 (Aganang)
- CREDIT CONTROL AND DEBT COLLECTION, 2008 (Aganang)
- LAND USE APPLICATION, 2008 (Aganang)
- PROPERTY RATES, 2008 (Aganang)
- REFUSE REMOVAL, 2008 (Aganang)
- TARIFFS / RATES, 2008 (Aganang)

b) COMMENT ON BY-LAWS:

The Local Economic division has developed draft by-laws for street trading and Business Registration which were approved by Council and gone through public participation. These by-laws will be gazetted in the next financial year.

2.10 WEBSITES

a) COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

Molemole municipality conforms to section 21 of the Municipal Systems Act, 2000 (Act 32 of 2000 as amended) and section 75 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), whose main objective it is to notify the community about municipal events or any statutory matters which are of public interest. The Municipality used the website to publicize monthly, Mid-year and Annual financial reports, public notices, Invitations to Municipal Outreach programmes, Service delivery reports, tender adverts, tender awards and opening registers, Top news affecting the municipality. We have now also use Whatsapp and Facebook to publicize these information due to its speed of reaching the public and the interactive nature of the channels. Since we employed the Communications Officer all our communication channels have been updated with latest information and reports for public consumption.

Municipal website: content and currency of material		
Documents published on the municipality's /entity's website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	Annually after approval by Council
All current budget related policies	Yes	1 July 2024
The previous annual report (2023/24)	Yes	31 March 2025
The annual report for 2024/25 published / to be published	Yes	To be published
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	30 July 2024
All service delivery agreements (2024/25)	N/A	
IDP 2024/2025	Yes	02 May 2024
All long term borrowing contracts (2024/25)	N/A	

Municipal website: content and currency of material		
Documents published on the municipality's /entity's website	Yes/No	Publishing date
All supply chain management contracts above a prescribed value (give value)	Yes	As and when required
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)	Yes	Annually
Contracts agreed in 2024/2025 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
PPP agreements referred to in section 120	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during (2024/25)	Yes	After approval by Council

b) Communication with Internal stakeholders

We value communication with our employees as it helps to inform them about activities of the Municipality. We believe that an informed staff help to clarify the community about the work of the municipality. An informed staff is a motivated one because they will own up to the operations of the municipality and continue to improve our service offerings to the communities we serve. The Municipality communicate the work the municipality through SMS, WhatsApp groups, emails and through sharing of reports. The Communications Unit is currently occupied by two officials: Communications Officer and one Intern who make sure the municipal brand is always alive in people's memory. We are also thankful for the more than 600 Facebook followers. Since the launch of WhatsApp channel was created, the municipality has managed to register 333 followers, and we are still hopeful that the number will increase going forward.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality uses the following channels to afford the community to report on service delivery complaints and suggestions: -

- Presidential and premier hotlines
- Suggestions boxes
- Suggestion books.
- Through our social media, i.e. Facebook and Twitter.
- Community Protests

Municipal Outreach programmes

The Municipality has seen a decrease of reported complaint cases from seventeen (17) in the 2022/23 financial year to thirteen (13) in the 2023/2024 financial year. We are pleased to report that eleven (11) cases have been resolved and two (02) pending. The table below outlines cases per department and their status.

Division	Total cases received	Total cases resolved	Total outstanding cases
Budget & Treasury	01	01	0
LEDP	01	0	01
Technical department	10	09	01
Corporate Service	01	01	0
TOTAL CASES	13	11	02%

CHALLENGES ON COMPLAINTS MANAGEMENT

There are generally no challenges experienced about the complaints management system. We however urge community members to first engage with their respective Ward Councillors on service delivery issues before reporting them in the Premier and presidential hotlines. Community members can also visit our offices to report their complaints for us to speedily resolve them. This, however, does not discourage members of the community from reporting complaints and comments on the Premier and Presidential hotlines.

2.12 Municipal Oversight Committees

Molemole Municipality takes issues of accountability very seriously hence the Council has established various committees to help in monitoring management activities. It is believed that continuous monitoring will help the municipality to account to the public on the use of the resources to provide services to the people. The following oversight committees have been established and performed their functions during the 2024/2025 financial year:

Committee	Members
Municipal Public Accounts Committees	Chairperson-Rathete P.T, Modiba M.G, Nong M.C, Machaka C.M, Matjee M.C, Ramarutha E.M, Kubyana M.KJ and Sekgota N.J
Municipal Audit Committee	Mrs F. Mudau (Chairperson), FL Ndou (member), MD Mogano (member), MJ Kgopa (member)
Risk Management Committee	Mr. F. Ndou, Senior Managers, Risk Officer

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

COMPONENT A: BASIC SERVICES

a) INTRODUCTION TO BASIC SERVICES

Section 152 (1) (b) of the constitution of South Africa, 1996 (Act 108 of 1996), as amended obligates Molemole municipality to provide sustainable services to communities. Provision of basic services is the main constitutional mandate assigned to a local municipality. The basic services in the context of Molemole municipality include water, sanitation, electricity, waste management, free basic services to support the indigents. Provision of water remain the most critical basic service that a municipality can give to the communities.

3.1. WATER PROVISION

The overall responsibility to supply water is with the Capricorn district municipality, which is the water service Authority. The responsibility to provide a consistent supply of water is both in Mogwadi and Morebeng as well as in all the villages. Capricorn district has the responsibility to maintain the water infrastructure in all the areas of Molemole Municipality. However, the municipality, as the water services provider contribute through personnel to assist with delivery of water through water tankers and for routine maintenance of water and sanitation infrastructure. There are about seven water tankers assigned to the municipality and four of them are working. Three of the tankers are booked in for repairs. The municipality is interacting with the district to ensure all allocated Water tankers are in good working order as the need for consistent supply of water to the community cannot be compromised. The Municipality is currently in discussions with the district on who should take responsibility for personnel costs relating to the district function.

Financial Performance Year 2024/25: Water Services					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	709 102	71 949	71 949	134 982	47%
Expenditure:					
Employees	6 319 658	6 802 359	6 802 359	7 121 976	4%
Repairs and Maintenance					0%
Other	- 561 175	142 538	142 538	95 396	-49%
Total Operational Expenditure	5 758 483	6 944 897	6 944 897	7 217 373	4%
Net Operational Expenditure	5 049 381	6 872 948	6 872 948	7 082 390	3%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.1.8

a) COMMENT ON WATER SERVICES PERFORMANCE OVERALL

The main challenge faced by communities is the continuous vandalism and theft of water infrastructure. This affect the ability of the municipality to provide a consistent supply of drinkable water to our communities. We call on the communities to report these incidents to the law enforcement authorities so that culprits can be brought to book.

3.2 WASTE WATER (SANITATION) PROVISION

a) INTRODUCTION TO SANITATION PROVISION

Sanitation, or wastewater services is also a function of the Capricorn District Municipality. It remains the responsibility of the district to provide sanitation facilities to the residents of Mogwadi, Morebeng as well as in all the villages of the municipality. Mogwadi and Morebeng have flush toilet systems while the other villages are using Pit latrines either provided by the district or the families are able to build one for themselves. Municipality continues to work with the district to provide Sanitation to the deserving family and help with identification of beneficiaries through the Ward Councillors. In the previous year the district has allocated 315 toilets to the rural communities. However, in the year under review there was no allocation for the municipality.

b) COMMENT ON SANITATION SERVICES PERFORMANCE

Our engagement with the district will continue to ensure we cover as many deserving households as possible to reduce the sanitation backlog as identified by Statssa during the 2016 household survey.

MOLEMOLE BACKLOGS (SANITATION) AS AT END OF FINANCIAL YEAR:

Number of Households	Number of Households with sanitation provision	% of Households with sanitation provision	Number of Households with a sanitation need	% of Households with a sanitation need
33 794	8 449	25%	25 346	75%

The table below outlines financial performance for Sanitation services in the year under review:

Financial Performance Year 2024/25: Sanitation Services					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1161128	884853	884853	0	
Expenditure:					
Employees	315337	131763	131763	134733	2%
Repairs and Maintenance					0%
Other	1953	1832	1832	0	
Total Operational Expenditure	317290	133595	133595	134733	1%
Net Operational Expenditure	-843838	-751258	-751258	134733	658%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

3.3 ELECTRICITY

a) INTRODUCTION TO ELECTRICITY

Molemole municipality continued with rural electrification programme in the 2024/2025 financial year with about 1029 households benefiting from our electrification programme in the year under review. This is more than the 929 households that benefited from same programme in the 2023/2024 financial year. Overall, a total of 10 villages benefited compared to six villages in the previous year. This electrification programme will continue in the 2025/2026 financial year, benefiting even more households. We are fulfilling our commitment to work with Eskom in reducing the electricity backlog, giving our people dignity and a chance of economic development in our communities. We appreciate Eskom for electrifying a total of 307 households in Maphosa village in the year under review taking the total households to 1397. Design and pre-engineering were done in three villages (Molotone, Letheba and Bouwlast) and it is hopeful that the municipality will get funding to electrify them in the coming financial years. We remain grateful to the department of Electrify for them to continue their financial support through Integrated Electrification programme (INEP)

We are still in constant engagement with all relevant stakeholders to resolve ownership issues for Fatima extension and for us to energize the area as we have long installed electricity infrastructure there and only waiting for a go ahead to switch on. It is in our best interest as a municipality to resolve the issue as it will not only ensure the residents get electricity, but they will also get other basic services like water and sanitation infrastructure as well as proper road maintenance.

We are further pleased to report that our programme of installing high mast lights every year is well underway with three more villages benefiting in the year under review. The high mast lights have been installed in Masedi (Ward 2), Broekman (Ward 14) and Mohodi New stand B (Ward 12) and we can report that Masedi is energized and we are confident that the other two will be energized by the end of 2025/2026 financial year. Due to financial constraints and the maintenance costs that come with High mast lights the municipality is considering the solar powered high mast lights in the 2025/2026 financial year.

The following table outlines the outcome of electrification programme in the 2024/2025 financial year:

Project Name/Village name	Ward number	Budget (R'000)	Number of connections	Status
Electrification of households in Koekoek	14	1 000 000	50	Project cancelled due to unavailability of funds to upgrade the line
Electrification of households in Diyaweng	3	2 600 000	130	Project not completed, rolled over
Electrification of households in Makgato	5	1 800 000	90	Completed
Electrification of households in Mamotshana	5	2 400 000	120	Project not completed, rolled over
Electrification of households in Mohodi New Stand D	13	4 000 000	200	Completed
Electrification of households in Mokgehle	14	1 600 000	80	Project not completed, rolled over
Electrification of households in Mashaha	3	1 800 000	90	Completed
Electrification of households in Sekhwama	9	2 000 000	100	Completed
Electrification of households in Ramatjowe	7	1 900 000	95	Completed
Electrification of households in Mangata	8	2 628 000	135	Completed
Design/Pre engineering of Molotone	3	58 000		Completed
Design/Pre engineering of Letheba	8	73 000		Completed
Design/Pre engineering of Boulast	14	51 000		Completed
Procurement and installation of High mast Lights	2,12.14	3 000 000		Completed
Procurement and installation of AMI systems	1 & 10	573 000		Completed
Procurement and installation of Check meter and CTVT	10	1 000 000		Completed

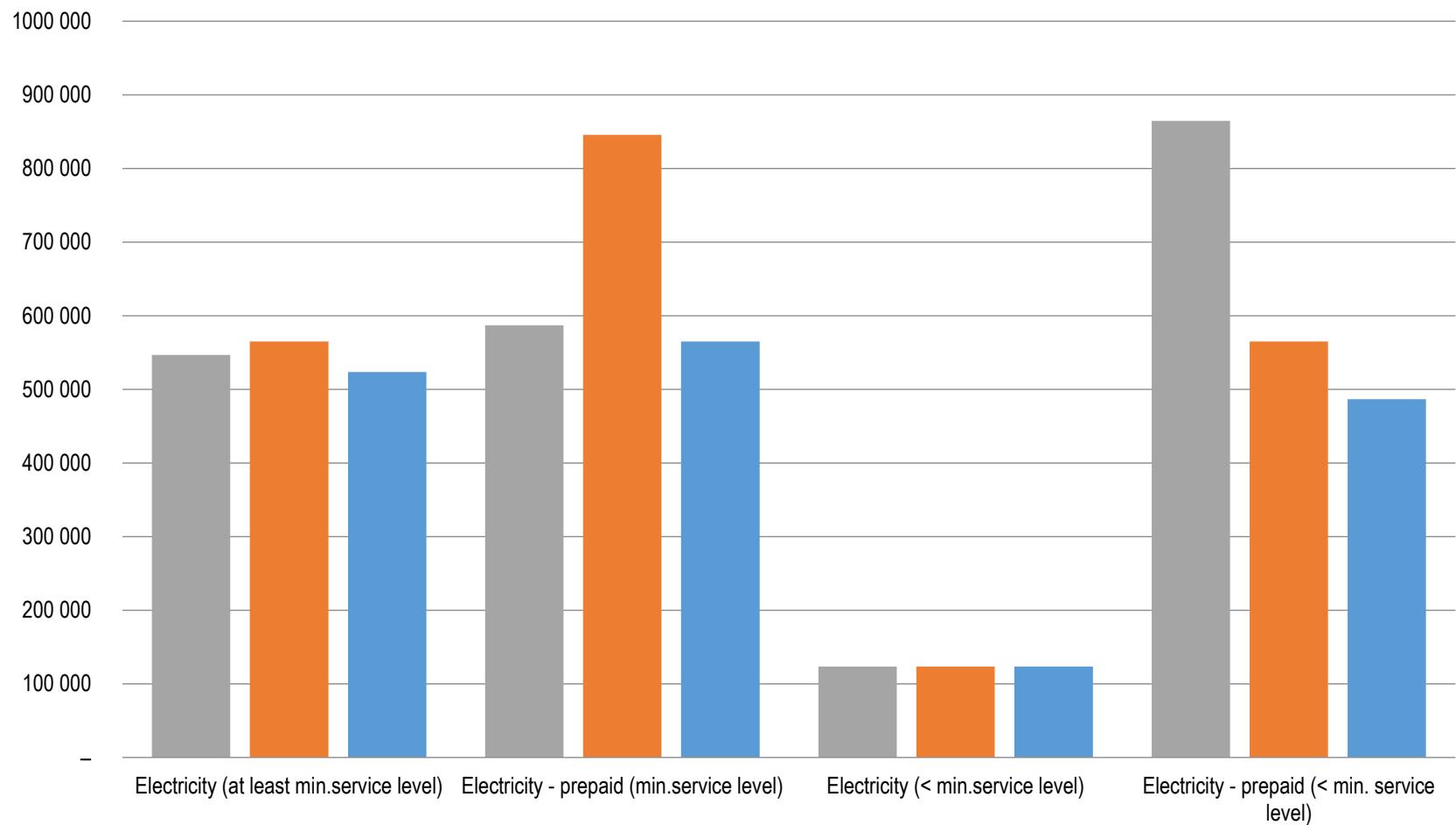
DISTRIBUTION LOSSES

Although the electricity distribution loss in the year under review is still the same 11% recorded in the 2023/2024 financial year, we still feel we can still bring it down to below the 10% regulated threshold going forward. We have managed to install CTVT and Advanced Maintenance Infrastructure (AMI) in the year under review to deal with this persistent concern. The AMI will help us to detect illegal connections on the system in both Mogwadi and Morebeng and block the culprits until punitive measures are taken against them. We cannot afford to lose money to illegal connections because that robs the community of Molemole with funds that can help to accelerate basic services. One advantage of AMI is that it can disconnect culprits automatically and help us to monitor electricity usage by each household connected to the grid. The CTVT, which was installed in Mogwadi will help us to monitor Eskom billing to ensure we are charged for the correct units advanced to us. These are ways to try to reduce distribution losses and we will continue to monitor their impact in the 2025/2026 financial year.

Below is a table showing financial performance for the 2024/25 under Electricity services:

Details	Financial Performance Year 2024/25: Electricity Services					R'000
	2023/24	2024/25				
		Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	29241035	35541448	34285448	29076344		-22%
Expenditure:						
Employees	4747137	5517734	5517734	5202458		-6%
Repairs and Maintenance	20472870	6056000	6056000	4664806		-30%
Other	18605402	44170710	44170710	38484978		-15%
Total Operational Expenditure	43825409	55744444	55744444	48352242		-15%
Net Operational Expenditure	14584374	20202996	21458996	19275898		-5%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.6.1

Electricity



- The table below outline capital project implemented in the 2024/25 financial year:

Capital Expenditure Year 2024/25: Electricity Services						
Capital Projects	2024/2025					R' 000
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	1000000	1000000	869565	-15%		
CT/VT METERING UNIT	1000000	1000000	869565	-15%		
SUPPLY; DELIVERY;INST HIGH MAST LIGHTS	2031498	2031498	1766520	-15%		
EQUIPMENT - ASSETS	0	0	55814	100%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.3.8</i>	

Cost to municipality on provision of Free basic Services, which include electricity only as the municipality is not responsible for provision of water and sanitation services:

Financial Performance Year 2024/25: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 2023/24		Year 2024/25		
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water					
Waste Water (Sanitation)					
Electricity	3090219	3750945	3750945	3656512	-3%
Waste Management (Solid Waste)					
Total	3090219	3750945	3750945	3656512	-3%
				<i>T 3.6.4</i>	

3.4 WASTE MANAGEMENT

a) INTRODUCTION TO WASTE MANAGEMENT

The constitution of the republic of South African requires local government to promote health and safety of the communities and waste collection is one key activity that aims to realize this constitutional imperative. The Municipality has extended waste collection to rural villages in addition to the normal refuse removal in Mogwadi and Morebeng, our only two townships where the municipality is billing ratepayers. The extension of waste collection in rural villages is a recognition that the promotion of health and safety of citizens is applicable in all areas, more so that we have witnessed significant economic improvements in our villages, such that more waste is generated and can lead to health hazards if left unattended.

The Ramokgopa Landfill site project is under construction, and we are looking forward to its completion in two years' time for us to start using it and relieve Morebeng one which is currently strained considering the extension to more villages as reported above. Ramokgopa Landfill site is one of the projects earmarked as an alternative revenue source for the municipality, hence we appreciate the assistance from LEDET, water and sanitation as well as Municipal Infrastructure Grant for the support on this project.

We are currently having two Skips bins and two Compactor Truck to help us with waste collection in the year under review. We, however, need to make budgetary provisions for another Skip Truck to support our rollout of waste collection to more villages. Furthermore, budget allocations in the next financial year will be made available for procurement of more skip bins to put in these villages. We will also appeal to our departments and private sector to assist us with procurement of Skip trucks to increase resources for our waste collection. The Waste Management By-Laws have been developed and adopted by council which regulate the affairs of waste management and services within the jurisdiction of Molemole. The table below outlines solid waste service delivery levels in the year under review:

- The table below outlines solid waste service delivery levels in the year under review:

SOLID WASTE SERVICE DELIVERY LEVELS		
Description	2023/24 Actual No	2024/25 Actual No
Solid waste removal: (minimum level)		
<i>Removed at least three times a week</i>	2664	2664
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No. of rubbish disposal sites	2	2
<i>Total number of households</i>	2664	2664

T 3.4.2

- The employee statistics for waste management services are tabled below:

Employees: Solid Waste Management Services					
Level	2023/24	2024/25			
	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
4-6	08	13	11	02	15.3%
7-9	03	05	05	0	0%
10-12	01	01	01	0	0%
13-15	01	01	01	0	0%
16-18	01	01	01	0	0%
19-20	0	0	0	0	0%
Total	14	21	19	02	

T3.4.5

A table below presents the financial performance for Solid Waste Management Services:

Financial Performance Year 2024/25: Solid Waste Management Services						R'000
Details	Year 2023/24	Year 2024/25				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	3417799	6532299	6532299	1736644	-276%	
Expenditure:						
Employees	7816105	8044962	8044962	7762009	-4%	
Repairs and Maintenance					0%	
Other	1747634	3231958	3238250	2411843	-34%	
Total Operational Expenditure	9563739	11276920	11283212	10173852	-11%	
Net Operational Expenditure	3933473	4744621	4750913	3933473	-21%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.4.7

The total capital expenditure for waste management services is as follows:

Capital Projects	Year 2024/25					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0			
				0%	0	
				0%	0	
				0%	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.4.9

3.5 HOUSING

Molemole is not a housing implementation agency but depends on COGHSTA for provision of RDP houses. In the year under review the municipality was allocated 125 units for distribution to qualifying beneficiaries. The Municipality worked with Ward Councillors to identify beneficiaries, and it was allocated as follows:

Wards	Number of Beneficiaries
04 and 07	20 (10 per Ward)
01, 10 and 13	27 (09 per ward)
02, 03, 05, 06, 08, 09, 11, 12, 15 & 16	70 (07 per ward)
14	08
Total allocation	125

We appreciate the support of traditional authorities for allowing us to use their space for this project. As at the end of the financial year the municipality was awaiting COGHSTA to hand over the contractor for the construction of the allocated units.

a) HOUSING CHALLENGES.

As at the end of the financial year the municipality was awaiting COGHSTA to hand over the contractor for the construction of the allocated units. There is still a backlog for those qualifying to get the RDP houses which need to be addressed. We shall continue our engagement with COGHSTA to speed the process of increasing the allocation for the municipality.

Employees: Housing Services						
Job Level	2023/24		2024/25			Vacancies (as a % of total posts)
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	No.	
	No.	No.	No.	No.	%	
0 – 3	0	0	0	0	0	0%
4 – 6	0	0	0	0	0	0%
7 – 9	0	0	0	0	0	0%
10 – 12	0	0	0	0	0	0%
13 – 15	0	0	0	0	0	0%
16 – 18	01	01	01	0	0	0%
19 – 20	0	0	0	0	0	0%
Total	01	01	01	0	0	0%
<i>T 3.5.4</i>						

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The Free Basic Services Unit has rolled out much needed free basic services to indigent households in this financial year with great impact on free water, sewerage, sanitation and electricity. The municipality has reviewed the indigent register to ensure correct beneficiaries are catered for in the year under review. A total of 1 918 households received free basic services in 2024/2025 financial year. These is an increase of 12

households compared to the 1906 beneficiaries for 2023/2024 financial year. This is in line with the Free Basic Services Policy which is reviewed annually by Council to cater for changes in economic dynamics of communities. The Municipality continues to encourage those qualifying for these free basic services to submit their applications in all Municipal service points of Mogwadi, Moletji and Morebeng municipal office.

The coverage of free basic services by Molemole Municipality is illustrated below:

Village/Town	2023/2024 beneficiaries	2024/2025 Beneficiaries
Mogwadi	80	91
Morebeng	10	10
Eskom Beneficiaries	1816	1817

- Furthermore, table T 3.6.3 below outlines number of households benefiting from free basic services in the year under review:

Free Basic Services To Low Income Households										
Financial Year	Total	Number of households								
		Households earning less than R3,950 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year 2022/23	4,961	4,961	4,961	100%	4,961	100%	4,961	100%	4,961	100%
Year 2023/24	1,906	1,906	1,906	100%	1,906	100%	1,906	100%	1,906	100%
Year 2024/25	1,918	1,918	1,918	100%	1,918	100%	1,918	100%	1,918	100%

T 3.6.3

- Financial performance for free basic services in the year under review is depicted in the table below:

Financial Performance Year 2024/25: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 2023/24	Year 2024/25			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water					
Waste Water (Sanitation)					
Electricity	3090219	3750945	3750945	3656512	-3%
Waste Management (Solid Waste)					
Total	3090219	3750945	3750945	3656512	-3%
<i>T 3.6.4</i>					

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

a) INTRODUCTION TO ROADS

Molemole municipality relies mostly on the Municipal Infrastructure Grant (MIG) to implement road infrastructure projects to reduce the road infrastructure backlog and repair municipal roads infrastructure affected by disasters within our communities. MIG allocation in the 2024/2025 financial year was R 40 820 000 compared to R 45,181 000 in the 2023/24 financial year. This represents a decrease of 9.65 % (or R 4,361 000). Five percent (or R 2,041,000) of the allocation went to cover PMU overheads (career development programs and office equipment). The funding was used to implement the following road infrastructure projects:

Tarred Road Infrastructure					
Year	Total tarred roads	New tar roads	Kilometers		
			Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2020/21	52.1	4.2	0	0	0
2021/22	56.3	4.3	0	0	0
2022/23	61.7	5.4	0	0	0
2023/24	68.5	6.7	0	0	0
2024/25	69.9	1.4	0	0	0

T 3.7.3

ROAD INFRASTRUCTURE PROJECTS IN 2024/2025

Item	Project Name	Ward(s) benefitted	Contract Amount	Expenditure	% Construction
1	Mogwadi upgrading of internal streets-0.3km	10	R 2 174 978,37	R 2 174 978,37	100%
2	Sekonye to Springs upgrading of internal streets-1.1km	6	R 10 000 00,00	R 10 000 00,00	100%
3	Upgrading of Ramokgopa Landfill Site Cell 1	2	R 26 604 020,63	R 26 604 020,63	100%

Gravel Road Infrastructure

Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers	
				Gravel roads graded/maintained	
2020/21	591.9	0	4.2	623	
2021/22	587.6	0	4.3	623	
2022/23	582.2	0	5.4	603	
2023/24	582.2	0	6.7	603	
2024/25	582.2	0	1.4	600	

T 3.7.2

- Road Maintenance and construction costs

Cost of Construction/Maintenance

Year	Storm water Measures		
	New	Upgraded	Re-worked
2020/21	0	0	500
2021/22	0	0	1000
2022/23	3000	1500	500
2023/24	4500	17556	500
2024/25	500	300	0

T 3.9.3

Job Level	Employees: Road Services					
	2023/2024		2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	%
No.	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0	0
4 - 6	0	4	0	0	0	0
7 - 9	2	2	2	0	0	0
10 - 12	8	2	8	0	0	0
13 - 15	3	0	3	0	0	0
16 - 18	0	1	0	0	0	0
19 - 20	0		0	0	0	0%
Total	13	4	13	0	0	0%
						T3.7.7

- Below is a financial performance for road services during the 2024/2025 financial year:

Financial Performance Year 2024/25: Road Services					
Details	Year 2023/24	Year 2024/25			
		Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	45145880	40820000	40820000	39472412	-3%
Expenditure:					
Employees	5897276	9292048	9392048	8882822	-5%
Repairs and Maintenance	5373183	6480000	6480000	6236593	-4%
Other	23421548	7308884	7208884	4848820	-51%
Total Operational Expenditure	29318824	23080932	23080932	13731642	-68%
Net Operational Expenditure	-15827056	-17739068	-17739068	-25740771	31%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

- Below is a Capital expenditure for road services during the 2024/2025 financial year:

Capital Projects	Year 2024/25					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	50779000	48811000	42596110	-19%		
PROCUREMENT OF GRADERS	12000000	10032000	10032000	-20%		
MOGWADI INTERNAL STREET SPRINGS TO SEKONYE INTERNAL STREETS	3326182	2174980	1891286	-76%		
CONSTRUCTION OF LANDFILL SITE	10000000	10000000	7540949	-33%		
	25452818	26604020	23131875	-10%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.7.9

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

a) INTRODUCTION TO TRANSPORT

Public transport forms a key part in the socio-economic development of our municipality. It also assists in providing communities with access to opportunities outside the local community. This is important to our Municipality as there are no opportunities for sustainable employment in most villages. The communities are mostly dependent on public transport to reach health care facilities, schools and other social facilities. The Limpopo's road network within the District consists of National, Provincial and District roads. The national roads are managed by SANRAL, Provincial and District road network is managed by Road Agency Limpopo and the Provincial Department of Public Works, Roads and Infrastructure. The municipality has Law Enforcement Officers and through concerted law enforcement and educational campaigns, we strive for the reduction of fatal crashes on our municipal roads, especially along the N1 from Polokwane to Musina.

The municipality operates three Driver's License and Testing Centers operating in Mogwadi, Morebeng and the recently opened Moletji DLTC. We are grateful for the provincial department of Transport with the support and guidance to finally have a compliant DLTC to serve the people of Ward 10 to 16.

For the year under review the three Centers have performed as follows for 2024/2025:

DLTC	Total Driver's Licenses	Total Learner's License	Total Vehicle Registrations
Mogwadi	2822	3252	266
Morebeng	2719	1902	314
Moletji	-	10	12

We are pleased to report that the department of Transport in Limpopo has approved for the development of Molemole Integrated Transport Plan which is currently under way. We are hopeful that completed the Integrated Transport Plan (ITP) will go a long way towards contributing to local economic development within the municipality. The implementation of ITP will also give rise to establishment of Molemole Transport which is a requirement as per National Transport Land Act.

3.9 WASTE WATER (STORMWATER DRAINAGE)

During the year under review maintenance of storm water infrastructure was done as per the table below:

Storm water Infrastructure				Kilometers
	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Storm water measures maintained
2019/20	145	20	3	110
2020/21	165	20	5	130
2021/22	185	20	10	150
2022/23	205	20	25	160
2023/24	225	20	35	180
2024/25	225	0	5	110
				T 3.9.2

The table below depicts the cost of construction over five years:

Year	Cost of Construction/Maintenance			R' 000	
	Storm water Measures				
	New	Upgraded	Re-worked		
2020/21	3000	2000	550		
2021/22	3500	2500	600		
2022/23	3000	2000	300		
2023/24	3000	2000	300		
2024/25	500	500	900		
				T 3.9.3	

Employees under Storm water services as at 30th June 2025

Job Level	Employees: Storm water Services					
	2023/24		2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	%
	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0	0
4 - 6	0	1	0	0	0	0
7 - 9	1	1	1	0	0	0
10 - 12	2	1	2	0	0	0
13 - 15	1	0	1	0	0	0
16 - 18	0	0	0	0	0	0
19 - 20	0	1	0	0	0	0
20-21	0	0	0	0	0	0
21-22	0	0	0	0	0	0
22-23	0	0	0	0	0	0
Total	4	4	4	0	0	0
		.				73.9.6

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

a) INTRODUCTION TO PLANNING

The municipality's planning strategy is to promote Spatial Transformation and development through the implementation of the Integrated Development Planning and Land Use Management Systems. The regional and local context analysis of Molemole has revealed a Municipality that is characterized by a fragmented spatial structure comprising of small, low density, spatially segregated settlements with limited economic and social opportunities which have created unviable and unsustainable settlements. Molemole Municipality is a rural municipality characterized by sparsely populated areas in which people predominately practice both subsistence and commercial farming, villages or informal settlements as well as small towns. The municipality comprises of 3 types of Land Tenure Systems Namely Private, Municipal and Traditional Authority. The municipality settlement hierarchy is characterized by first order (Hamlets), second order (Villages) and third order (Small towns) settlement patterns.

The Municipality's Spatial Development Framework (SDF) remains in place and was last approved in 2018. During the year under review, funds were allocated to initiate the compilation of a new SDF in line with the prescripts of the Spatial Planning and Land Use Management Act (SPLUMA). However, the project could not be implemented due to a non-responsive bid. The Municipality acknowledges the strategic importance of the SDF and has prioritised its review and compilation in the upcoming financial years.

During the year under review the Municipality has implemented the following projects as part of the Municipal Development programme:

- Surveying of existing settlements in Morebeng town.
- Coordination of four Spatial Planning Workshops across the municipality.
- Completion of a Geo-technical study at Ramokgopa village.
- Procurement of a Geographic Information System (GIS) to enhance spatial data management.
- Facilitation of the Molemole Municipal Planning Tribunal meeting to adjudicate Category 1 land development applications.

The Municipality, as part of its Revenue Enhancement Strategy, has prioritized the expansion of growth points, beginning with the Mogwadi node. In this regard, the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) has procured

professional services for the township establishment of Mogwadi Harmony Park, comprising 313 mixed-use sites (residential, business, educational, institutional, and public open space).

• Applications for Land Use Development						
Detail	Formalizations of Townships		Rezoning		Building plans	
	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Planning application received	0	1	40	198	14	23
Determination made in year of receipt	0	1	10	43	5	3
Determination made in following year	0	0	0	155	0	20
Applications withdrawn	0	0	2	0	0	1
Applications outstanding at year end	0	0	30	155	9	23

Employees: Planning Services						
Job Level	2023/2024		2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.		No.	%	
0 - 3	0	0	0		0%	
4 - 6	0	0	0	0	0%	
7 - 9	0	0	0	0	0%	
10 - 12	2	2	3	0	0%	
13 - 15	0	0	0	0	0%	
16 - 18	1	1	1	0	0%	
19 - 20	0	0	0	0	0%	
Total	3	3	3	0	0%	
						T 3.10.4

- Below is a table detailing financial performance for the planning services in the 2024/25 financial year:

Details	Year 2024/25: Planning Services					R'000
	Year 2023/24	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	88 163	28453	28453		464 679	94%
Expenditure:						
Employees	2 232 370	2191646	2191646		2 103 459	-4%
Repairs and Maintenance	0	0	0		0	
Other	4087540	5760832	5760832		3763254	-53%
Total Operational Expenditure	6 319 910	7952478	7952478		5 866 713	-36%
Net Operational Expenditure	6231746	7924025	7924025			
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.10.5

- Capital Expenditure for planning services:

Capital Expenditure 2023/24: Planning Services					R' 000
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
None					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.10.6</i>

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

a) INTRODUCTION TO ECONOMIC DEVELOPMENT

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.

Pillars of Molemole LED Framework:

- Strategy 1: Build a diverse & innovation driven local economy
- Strategy 2: Develop learning and skilful economy
- Strategy 3: Develop inclusive economies
- Strategy 4: Enterprise development and support
- Strategy 5: Strengthen Economic Governance and Infrastructure
- Strategy 6: Strengthen Local Innovation Systems

We are mindful of the fact that local government is not directly responsible for creating jobs, but rather to create an enabling environment for jobs. Molemole Local Municipality's LED strategy will develop a clear vision and strategic agenda for economic development. The overall goal of the strategy is to unlock economic development opportunities in the municipal area through the involvement and collaboration of all stakeholders.

The municipality is predominantly rural and as a result agriculture is the dominant economic activity, with a lot of potential for tourism, which has not been optimally explored. Most commercial farmers in the area produce potatoes and tomatoes to local and international market and also provide permanent and periodic employment opportunities to local communities.

The Municipal Local Economic Strategy was due for review and the municipality made budget allocation for that review. Unfortunately, the municipality could not get responsive bids during the tender process. Another budget allocation will be made in the 2026/2027 financial year.

Local Economic development is main driver of the Municipal revenue enhancement strategy. In the year under review the municipality has successfully coordinated an investment conference wherein leaders in various industries converged to present their opportunities. We are currently interacting with some of the organizations with a view to enter into a memorandum of understanding to bring investment in the municipality. We are grateful for support provided by National Treasury and Provincial LEDET on issues of private public partnerships. Funds will be made available in the 2025/2026 financial year to conduct feasibility studies and appoint Transactional advisors who will give technical advice on Public private Partnerships.

Our Annual career expo was also a huge success as we partnered with Ramokgopa FET to bring our Learners under one roof and get career advice and opportunities from institutions of learning, Small Business Development, and other stakeholders. Furthermore, we held four LED stakeholder forums to bring representatives from various sectors to deliberate on issues of local economic development within our municipality.

Job Creation through EPWP and CWP

The following villages and Wards benefited from the CWP programme in the 2024/2025 financial year:

Ward 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15 and 16: Nthabiseng, Morebeng, Capricorn Park, Deelkraal, Mokganya and Ga- Chewe, Eisleben, Ga Mmasa, Ga Sebone, Ga- Makgato, Masedi, Ga- Phasha, Greenside, Vuka, Molotone, Sephala, Madiehe, Maila Makwetja, Mashaha Ramokgopa, Makgato, Lebowa, Mashabe, morelele, Maphosa, Sekonye, mamolamodi, Ga-Podu, Dikgading, mphakane, Springs, Matseke, Sekhokho, Sefene, Ramatjowe, Seumone, Sekakene, Mangata, Polatla, Sione, Ribane, Dikgolaneng, Matswaing, Sekhokho, Dipateng, Nyakelang, RDP, Sekwama, Mogwadi, Makgalong, Marowe, Sekakene, Mankwe Park, Fatima, Newstand B, Mohodi, Maponto, Kofifi, Madikana, New Stand, Maupye, Koekoek, Rheiland, Brayland, Bouwlast, Schoonveldt, Brussels, Mokgehle, Kanana, Mohlajeng and Ga-Mabitsela.

Job creation through EPWP projects		
Details	Jobs created through EPWP (Infrastructure & Environment) projects No.	Jobs created through CWP projects No.
2019/20	67	38
2020/21	89	52
2021/2022	60	250
2022/2023	60	252
2023/2024	60	252
2024/2025	57	166
		3.11.6

Employees: Local Economic Development Services					
Job Level	2023/24		2024/25		
	Employees No.	Posts No.	Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	1	2	2	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
20 - 21	0	0	0	0	
Total	3	2	3	3	0%
					T 3.10.6

Financial Performance Year 2024/25: Local Economic Development Services						
Details	Year 2023/24					R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
	0	2752016	2752016	94836	-2802%	
Expenditure:						
Employees	4204317	4770578	4770578	4662564	-2%	
Repairs and Maintenance	0	0	0	0	0%	
Other	140008	249736	249736	205977	-21%	
Total Operational Expenditure	4344324	5020314	5020314	4868540	-3%	
Net Operational Expenditure						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						<i>T 3.11.9</i>

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

a) LIBRARIES

We continued with our partnership with the department of Sport, Arts and Culture in the 2024/2025 financial year. The department is assisting the municipality with infrastructure, Office equipment, staff to assist our current Librarians as well as books to ensure our libraries have up to date books for the public. A Library is a crucial resource for Learners from our local and surrounding schools and helps to promote a culture of reading for both kids and adults. The Municipality is actively involved in the running of two of our three Libraries: Mogwadi and Morebeng, while the Ramokgopa library is fully operated by the department. For extension of services to schools, there are seven mobile libraries at Rakgasema Pre-School in Eisleben, Kgwadu Primary School in Sekonye, Itshomeleng Primary School in Nthabiseng, Sefoloko High School in Mokomene, Mangwato Primary School in Mohodi and Seripa High School in Brussels.

In the year under review the municipality coordinated four Library Outreach Programmes in various villages and eight (8) Mobile library visits as we continue to bring reading material closer to the communities. The municipality only has two permanent staff members, i.e. Senior Librarian based in Mogwadi Library and Librarian who is based in Morebeng Library. The table below outlines the staff complement at various levels:

Job Level	Employees: Libraries, Archives, Museums, Galleries, Community facilities, Other				
	2023/24	2024/25			
	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10-12	01	01	01	0	0%
13-15	01	01	01	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	0	02	02	0	0%

T3.12.4

Below is a financial performance for Library, Archives, Museums, galleries, Community Facilities:

Financial Performance Year 2024/25: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Details	Year 2023/24	Year 2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10096369	30685379	30685379	8503613	-261%
Expenditure:					
Employees	31831009	33613006	33613006	34198576	2%
Repairs and Maintenance	1302471	1170289	1170289	926810	-26%
Other	-5164418	8744142	8744142	6384211	-37%
Total Operational Expenditure	27969062	43527437	43527437	41509597	-5%
Net Operational Expenditure	17872693	12842058	12842058	33005984	61%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.12.5

Capital Expenditure for Libraries, Archives, Museums, Galleries and Community facilities:

Capital Expenditure Year 2024/25: Libraries; Archives; Museums; Galleries; Community Facilities; Other					R' 000
Capital Projects	Year 2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5000000	4885814	2976569	-68%	
TRAFFIC FINES MANAGEMENT SYSTEM	5000000	4885814	2976569	-68%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.12.6</i>

3.13 CEMETORIES AND CREMATORIUMS

a) CEMETERIES

Molemole Local municipality is responsible for the maintenance and upkeep of the Mogwadi cemeteries because this is the area where the municipality is able to levy rates for burial purposes. The Morebeng burial site is under the custodianship of the community and therefore the municipality is no longer responsible for preparation during bereavement. The EPWP personnel has been assigned for the cleaning and maintenance of Mogwadi cemetery. The Municipality further deploy CWP personnel to clean burial sites at various villages as and when it is requested to do so.

b) SERVICE STATISTICS FOR CEMETORIES

Only eleven (11) burials were approved in the year under review.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

a) INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

The Municipality continued with special focus activities to cater for special interest groups and to protect the vulnerable among our communities. This is part of our aim to be the voiceless and to ensure interests of the vulnerable are catered for and to also spread awareness among communities to treat them like ordinary human beings. The Municipality has a special focus unit which deals with support programmes and activities for people with disabilities, HIV/AIDS, the older people, women and children as well as the youth. The Municipality can confirm that forums have been established for HIV/AIDS, People Living with Disabilities and Older people. All these forums are functional and hold their usual quarterly activities. We continue to appreciate the assistance provided by Capricorn district Municipality as well as Premier's office to capacitate our staff on conducting awareness on special focus activities. We further acknowledge that the Special focus unit still need additional personnel to beef up the current two officials. The following activities were coordinated in the year under review:

b) CHALLENGES OF SOCIAL PROGRAMMES FUNCTION

Although the municipality is of the firm belief that more resources need to be channeled towards supporting special focus programmes and awareness sessions, we are pleased that there was an overall increase of budget allocation in 2024/2025 compared to 2023/2024 financial year. We still believe society must join hands to support the vulnerable within our societies. We are calling on sector departments and private sector to support these special interest groups through job opportunities and support for entrepreneurship. shaping the social fabric of society. We call on more participation of sector departments at a local level to ensure the vulnerable within our society are given an opportunity to enjoy their lives to the fullest, without being made to feel that they are subhuman.

c) SERVICE STATISTICS FOR CHILD CARE AND SOCIAL PROGRAMMES

Local Aids Council: Four Local Aids Council meetings were coordinated in the 2024/2025 financial year at a total cost of R 387,701. The allocated budget was more than the previous year of R 185 000 which further shows our commitment to support initiatives aimed at supporting people living with HIV/AIDS. The allocated budget further assisted us to coordinate Ward Aids council meetings, Technical Committee meetings and Monitoring and Evaluation committee sessions. We appreciate the support of our sister departments and district municipality.

Older Persons forum: Three Older persons support programmes were coordinated at an overall cost of R 112 000 compared to R 55 000 in 2023/2024 financial year. This included coordinated Golden games which encourage our older generation to participate in sporting activities and to compete with other municipalities. Their participation in these games will hopefully contribute to improvement of their health and to prolong their lifespan. We call on societies to take care of the older generation instead of abusing them as this is a societal and not a municipal issue.

Disability forum: A total of R 112 550 was used in the year under review to coordinate programmes for people living with disabilities. This is an improvement in funding from the previous R 57 365.00 for 2023/2024 financial year.

Women and Children: Three support programmes were organized at a total cost of R 339 876 compared to R 238 975 in the 2023/2024 financial year. The expenditure was incurred on organized the Annual women's day celebration, 16 days' campaign for No violence against women and children as well as Children's IDP public participation event to give them an opportunity to make inputs into the municipal planning documents.

Youth Support activities: Two youth support programmes were coordinated in the 2024/25 financial year to focus on youth dialogue to empower the youth through job creation and entrepreneurship. The total cost of the coordinating youth programmes for the year under review was R 209 800 compared to R 138 521 in the 2023/2024 financial year.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

a) INTRODUCTION TO POLLUTION CONTROL

The district is the competent authority on air quality. The municipality provides a facilitation and coordination role on initiatives conducted within the municipal jurisdiction. The District has just finalized the air quality management plan (AQMP) in February 2023 which focus on the following aspects:

- Health impacts of key atmospheric pollutants
- Meteorological review
- Ambient air quality control and management
- Source identification and emission quantification
- Air quality management
- Emission reduction strategies and implementation
- Capacity Building and training.

The municipality will provide a supporting role during the implementation of the above within our area. The AQMP plan will guide the current state of air quality in an area, how it is changing over time and what can be done to ensure clean air is achieved and maintained.

COMPONENT F: HEALTH

3.17 CLINICS

The function is a key competency for the Department of Health. The municipality only plays a coordinating role by referring any community requests to the department of health. All requests raised during Mayoral Imbizos are accordingly forwarded and follow ups are made to give feedback to the community.

3.18 AMBULANCE SERVICES

The function is a key competency for the Department of Social development. The municipality only plays a coordinating role

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

The function is a key competency for the Capricorn District Municipality. The municipality only plays a coordinating role

COMPONENT G: SECURITY AND SAFETY

The Community Safety Forum (CSF) in Molemole local municipality was established during 2022/23 financial year by the MEC of the department of Safety, Security and Liaison, the structure is still existing, and members were inaugurated on June 2022 and will serve for a period of five (5) years. The main aim of the CSF is to empower the community of Molemole on issues related to safety and security at their local areas. Molemole municipality has nine (9) CSF members, who at first were working voluntarily without being paid. Currently the municipality managed to accommodate them in the Extended Public Works Programme (EPWP) budget.

3.20 POLICE

The function is a key competency for the South African Police Services (SAPS)

3.21 FIRE

The function is a key competency for the Capricorn District Municipality.

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The functions are a key competency for the South African Police Services (SAPS) and Capricorn District Municipality.

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

a) INTRODUCTION TO SPORTS AND RECREATION

Sports and Recreation are key competencies of the Department of Sports, Arts and Culture. The municipality coordinates programmes from the department and Capricorn District Municipality. Municipal Council approved budget for the renovation of the Ramokgopa stadium in the 2023/24 financial year. It is expected that the stadium will be handed over to the municipality by the end of 2nd quarter of the same financial year.

The municipality is still continuing to assist with grading of soccer fields in the villages to create a platform for the youth to engage in sports and recreational activities. The municipality has participated in all district and provincial games and gave support to local participants through transportation.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24 EXECUTIVE AND COUNCIL

a) INTRODUCTION TO CORPORATE POLICY OFFICES

The functions in this category are distributed amongst different Directorates within the Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for the specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, Executive Committee and the Office of the Speaker and Chief Whip.

b) THE EXECUTIVE AND COUNCIL

The municipal council consists of thirty-two (32) Councillors composed of five political parties, the ANC, the EFF, the Democratic Alliance, CICAF and CIVIC WARRIORS. Molemole municipality has constituted an Executive Committee led by the Mayor, Councillor Paya M.E. Corporate Services department is responsible for providing general administrative support to the office of the Speaker and Chief Whip whilst office of the MM is responsible for providing administrative support to office of the Mayor. The executive committee meet prior to all Council meetings

to consider matters referred to it by various Portfolio committees. The Executive committee recommend to Council on all matters affecting the Municipality.

Financial Performance Year 2023/24: The Executive and Council					
Details	Year 2023/24	Year 2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	13823244	15654015	15654015	14840210	-5%
Repairs and Maintenance	0	0	0	0	
Other	28901618	35994811	35994811	31109756	-16%
Total Operational Expenditure	42724863	51648826	51648826	45949967	-12%
Net Operational Expenditure	42724863	51648826	51648826	45949967	-12%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.24.5</i>					

3.25 FINANCIAL SERVICES

Details of the types of accounts raised and recovered	Debt Recovery								R' 000	
	Year (2023-2024)			Year (2024-2025)			Year (2025-2026)			
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %		
Property Rates	28 791 691,91	13 520 142,99	46,96	35 935 934,17	7 792 164,73	21,68	13 887 143,63	100,00		
Electricity	34 891,42	87 969,14	252,12	- 5 593,76	88 499,09	- 1 582,10	-	100,00		
Water	906 530,00	138 599,91	252,12	22 944,89	230 566,82	1 004,87	-	100,00		
Sanitation	959 492,50	238 323,74	24,84	183,00	360 617,58	- 197 058,79	1 191,80	100,00		
Refuse	3 004 224,38	313 543,70	10,44	4 355 727,58	486 766,08	11,18	609 937,70	100,00		
Other	6 469 743,53	9 880 737,02	23,45	- 8 653 709,94	3 832 984,36	- 44,29	990 971,96	100,00		

Financial Performance Year 2024/25: Financial Services						R'000
Details	Year 2023/24	Year 2024/25				Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	223389228	245019743	245019743	234446354	-5%	
Expenditure:						
Employees	18271166	19987397	19987397	19826989	-1%	
Repairs and Maintenance	0	0	0	0		
Other	33023679	17720044	17720044	16992912	-4%	
Total Operational Expenditure	51294845	37707441	37707441	36819902	-2%	
Net Operational Expenditure	172094382	-207312302	-207312302	-197626452	-5%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.25.5

Employees: Financial Services						
Job Level	2023/24		2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	6	8	7	1	12.5%	
10 - 12	03	03	03	0	0	0%
13 - 15	04	04	04	0	0	0%
16 - 18	13	15	15	0	0	0%
19 - 20	0	0	0	0	0	0%

Employees: Financial Services						
Job Level	2023/24	2024/25				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
Total	02	19	17	02	1%	
						T 3.25.4

Capital Expenditure Year 2024/25: Financial Services					
R' 000					
Capital Projects	Year 2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.25.6

3.26 HUMAN RESOURCE SERVICES

3.26.1 INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources management and development is critical in building stability in a municipality and ensure that the municipality is appropriately resourced and capacitated with suitably qualified staff to fulfil its constitutional mandate. The Human Resource Unit is responsible to facilitate recruitment, selection, appointment, induction, training, promotion/transfers, labour relations and compensation of employees and political leadership. The unit reports directly to the Senior Manager: Corporate Services and consists of the following staff complements: Manager: Human Resources, HR Officer, OHS Officer and Assistant HR Officer. There were two Interns responsible to provide administrative support to the unit and also as part of giving graduates an opportunity to prepare for the demands of the job market. Over and above the

intern the unit managed to place one Experiential Learner as a means to provide them with an opportunity to do practical work in order to qualify for their respective qualifications.

The HR Unit also recruits experiential learners for other municipal departments as a way to support skills development and practical work experience for graduates. The HR unit ensures a smooth operation by devising relevant HR policies which are in line with legislation for, among others, the following areas: time and attendance management, Overtime, Training and development, Employee bursary, Health and Safety. It does this through various Human Resource Committees as outlined in section 1.4 above.

3.26.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

It is the municipality's responsibility to create a conducive environment for all to work in and provide a healthy and safe work environment to its employees. The municipality support initiatives that bring about wellness programs as they help employees to be in a good state of mind and ultimately remain productive in their respective work activities. The municipality strives to facilitate referrals to the professionals within its limited resources to support those who need the employee assistance and wellness programs. The municipality is, however, unable to fund employee sport activities due to cost containment measures put in place. Employees are, however, given time off every Wednesday afternoon to participate in various sporting codes.

OHS Officer has the responsibility to conduct inspections together with Occupational Health and Safety Committee members in order to monitor all our buildings and identify substandard areas and ensure compliance with applicable legislation. In the year under review the OHS committee conducted workplace inspections in all municipal buildings and compiled reports on the state of compliance to safety standards. The recommendations are submitted to Management to correct non-compliance or health hazards on some of the buildings.

3.26.3 Individual Performance Management

Individual Performance management is conducted in line with Municipal Staff regulations as well as the Council approved Individual and organizational Performance Management policy. The Individual performance management is under the stewardship of PMS Unit reporting to Manager: Executive Support in the office of the Municipal Manager. The policy provide guidelines for managing individual performance for both Senior Managers and Employees below Senior Managers.

2023/2024 ANNUAL ASSESSMENT

The Municipality has successfully conducted the 2023/2024 Annual Assessments during the 2024/2025 financial year. It is a normal practice for the municipality to conduct the assessment for the previous year in the subsequent year. According to the policy only Annual Assessments are used to determine the performance rewards for the qualifying employees. A total of one hundred and sixty-two (161) employees signed and submitted their performance agreements at the beginning of the 2023/2024 financial year and two employees did not sign their agreements. The total employees who have submitted their Annual Performance Assessments for the financial year under review was One hundred and forty-four (147). Nine eligible employees did not submit their performance assessments for the year under review (16 in 2022/23). A further six (06) employees were not eligible for Assessments as their performance period was less than twelve (12) months for the year under review. Section 3.7.5.2 and 3.7.6 of the approved PMS policy provides that a performance reward maybe awarded to an employee who has served a full twelve (12) period on 30. June of each financial year. The PMS office reviewed all the submitted assessment scoresheets against the supporting POEs as per the performance agreements signed between the Superior and Subordinates.

The departmental moderation committees were convened by each Heads of Departments to consider the assessments for the respective scoresheets as required by clause 3.7.2 of the approved Individual and Organizational PMS policy. All the moderated assessments scoresheets referred to Internal Audit for auditing which also included the perusal and verification of the supporting documentation.

The Municipal Moderation Committee convened to consider departmental moderation reports and below is summary of the outcome:

- There were 112 employees who obtained a score of more than 100%
- There was a total of 33 employees who obtained a score of 100% and less
- A total of six employees were not eligible as they were not available for a full twelve-month period in the year under review in line with the policy. A total of nine (09) employees were eligible but could not participate in the assessment despite signing performance agreements.
- All qualifying employees were paid their performance bonus for 2023/2024 financial year.

Although we are pleased with the uptake of employees (93%) we are concerned about the 6% which still did not submit, some of which are recurrent as well as those who submit late. It is worrying that we still have employees who decided not to participate in performance management of the institution. Supervisors, Divisional Managers and HODs need to individually account for those employees who did not subject themselves to performance management as they have the responsibility to ensure all their subordinates participate as per the

approved policy. Continuous awareness is necessary to conscientize employees and their supervisors about how to score employee performance, especially on competencies.

2024/2025 MID-YEAR ASSESSMENT

The mid-year assessments for 2024/2025 were conducted as provided for in the approved PMS policy. The main purpose of conducting mid-year assessments is to review performance of each employee against the targets set at the beginning of the financial year. The outcome of the Mid-year assessment assists us in reviewing the performance agreements for each employee to be in line with operational realities of the municipality. The Mid-year assessment is done after the mid-year review of revenue and expenditure and provides insight into the revision of the performance targets for the final half of the financial year.

PERSONNEL PROVISIONING

- **Recruitment and retention of employees** – A total 20 vacant and funded new positions were filled in the 2024/25 financial year. The recruitment per department was as follows:

Department	Total new recruits
LED & P	03
Technical Services	0
Community Services	05
Budget and Treasury	07
Municipal Manager	03
Corporate Services	02
Total	20

EMPLOYMENT EQUITY ALL EMPLOYEES	
Female	84(44%)
Male	98(56%)
Grand Total	182

-
- **Gender representation** in respect of departments is outlined hereunder:

Department	Female	Male	Total
Community Services	26 (42%)	39 (58%)	65
Corporate Services	24 (73%)	06 (27%)	30
Local Economic Development & Planning	4 (57%)	2 (43%)	6
Budget and reporting	15 (56%)	12 (44%)	27
Technical Services	5 (12%)	35 (88%)	40
Municipal Manager's office	9 (69%)	4 (31%)	14
Grand Total	84 (46%)	98 (55%)	182

- **Disability** profile for the whole organization is represented hereunder.

Number of total employees = 182
 Number of people with disability = 3
 Percentage = 1.6% (Unchanged compared to previous financial year)

- **Equity Status** at managerial level as at end 2024/2025 Financial year.

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
15-17	11	0	0	0	7	0	0	0	18
Percentage	67%	0	0	0	33%	0	0	0	100%

- **Occupational Health and Safety** – Occupational Health and Safety committee is established and fully functional. OHS meeting were held in the 2024/25 financial year to address OHSA related issues in the workplace.
- **Human Resources Development** – The municipality continue to offer funding to employees to further their studies as part of support for career development. In the 2024/25 financial year the municipality has approved new bursaries for three (3) more employees at various levels to further their studies. Other employees were continuing with their studies from previous financial year. The total number of employees benefiting from the bursary stood at five (5) at a total cost of R249 997.00 compared to R 494 405 in the 2023/2024 financial year. This is a decrease of 20.7% percent.

- Workplace Skills Plan (WSP) and the Annual Training Report (ATR) were developed and submitted to the Local Government SETA by the 30th of April 2025. The municipality has complied with the WSP by running interventions that were identified during the WSP compilation. For the year under review the municipality has spent significantly well on the annual budget on implementation of the Workplace skills plan.
- **Leave Management** - The electronic leave management is now fully in place and all employees have been capacitated to use the system. The online system makes it easy to manage leave accurately. The Human resource division is conducting leave audits on a quarterly basis. Total Annual leave days taken for the year under review was 3280 and total sick leave days taken was 3680
- **Labour Relations** – The Municipality facilitated Local Labour forum meetings during the 2024/25 financial year though members' attendance was a challenge. This signals a good working relationship between Management and labour unions, hence there was no form of labour unrest during the year under review. During the year under review four employees were subjected to a disciplinary process. Out of the four, the disciplinary process for the three officials is still continuing with one concluded. There was no matter which was escalated to the Bargaining Council.

Employees: Human Resource Services						
Job Level	2023/24		2024/25			Vacancies (as a % of total posts)
	Employees	Posts	Employees	Vacancies (fulltime equivalents)		
	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	1	1	1	0	0	0%
10 - 12	3	3	3	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	1	1	1	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	5	5	5	0	0	0%
						T3.26.4

- COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL**

The Human Resource division has successfully managed to execute their functions diligently in all aspects and managed to carry their mandate for 2024/25.

Employees: Human Resource Services						
Job Level	2023/24		2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	1	1	1	0	0	0%
10 - 12	3	3	3	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	1	1	1	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	5	5	5	0	0	0%
						T3.26.4

- COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL**

The Human Resource division has successfully managed to execute their functions diligently in all aspects and managed to carry their mandate for 2023/24. A total of 19 employed learners and 20 unemployed learners have benefited from the Learnership programs that were conducted during the year under review and have graduated during the ceremony organised and arranged by the service provider and LGSETA. See the table below for information.

Financial Performance Year 2024/25: Human Resource Services					
R'000					
Details	Year 2024/25	Year 2025/26			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	350410	768223	768223	201122	-282%
Expenditure:					
Employees	3310150	3507552	3507552	3275068	-7%
Repairs and Maintenance		0	0		0%
Other	3254281	3748660	3748660	3365997	-11%
Total Operational Expenditure	6564431	7256212	7256212	6641065	-9%
Net Operational Expenditure	6214021	6487989	6487989	6439944	-1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.26.5</i>					

Capital Expenditure Year 2024/25: Human Resource Services					
R' 000					
Capital Projects	Year 2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.26.6</i>

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The municipality has procured 08 laptops, 10 bag packs, 01 firewall, 3 portable external hard drives. A high speed Wi-Fi connectivity has been installed at Moletjie office, Morebeng Office, Sekgosese DLTC, Head Office and Mogwadi Traffic station. All ICT system licenses have been renewed. ICT Steering Committee meetings were conducted in line with the ICT Terms of reference. The process of fully migrating to MSCOA is well underway. The project of converting Moletjie office into Licensing Station has been completed. 16 computers for writing learners licenses were installed together with a network infrastructure for E-natis system.

There are five main municipal offices that require constant monitoring and support by the ICT division. Currently there are only three officials, the ICT Manager and 2 X Desktop Technicians who are responsible for providing support in all the service sites. We are pleased to report that plans to recruit an additional Technician has made a positive impact in the unit by reducing the workload.

The ICT unit manages a total of seven (07) physical Servers and ten (10) Virtual servers. A total of 220 users has been given access to emails and internet services. All satellite offices use wireless network connections to connect to the head office. Telkom's old network infrastructure was decommissioned in Morebeng, and this has affected the branch office's network connectivity to the head office. The Municipality is happy with the level of professionalism displayed by the various service providers appointed to provide ICT services. The municipality has entered into service level agreements with the following service providers for the provision of various ICT Services:

Name of service provider	Services offered
SITA	Server support and Maintenance, website support and maintenance and WAN support and maintenance
Business connection	Financial System
Telkom SA SOC	VOIP telephone system
Payday	Payroll system
CCG Systems	Performance Management System
XLP	Photocopier Machines
Batsibi Technologies	Implementation of Disaster Recovery Plan
Emalangeni Technologies	Supply and Maintenance of Wi-Fi connectivity

a) THE OVERALL PERFORMANCE OF ICT SERVICES

There were persistent downtimes about internet connection which also affected emails in our service points, particularly Morebeng offices. The SITA contract has been renewed for a further three years and will expire on 30 June 2026. We are hopeful that this challenge will be resolved once and for all. The downtime on the internet also affected the functionality of our systems, which can have a negative impact on the generation of compliance reports for the municipality. The Municipality has employed an additional Desktop Technician to beef up the ICT Unit and we are grateful to report that having an additional pair of hands has gone a long way in boosting efficiency in the unit. ICT is an

important enabler in every organization, and we are very grateful that ICT is available on site during Audit process to resolve any system challenges as well as helping finalizing reports and printing final documents for submission to not only AGSA, but to various stakeholders.

EMPLOYEES: ICT SERVICES					
Job Level	2023/24	2024/25			
	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
07-09	0	0	0	0	0
10-12	2	2	2	2	100%
13-15	0	0	0	0	0
16-18	1	1	1	0	100%
19-20	0	1	1	0	0
Total	2	3	3	0	

Financial performance for ICT Services in the year under review:

Financial Performance Year 2024/25: ICT Services						R'000
Details	Year 2023/24	Year 2024/25				Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue		0	0			
Expenditure:			0			
Employees	2463355	2745040	2745040	2877503	5%	
Repairs and Maintenance	2742012	3438785	3438785	2969331	-16%	
Other	1780426	5841413	5841413	4877255	-20%	
Total Operational Expenditure	6985793	12025238	12025238	10724089	-12%	
Net Operational Expenditure	6985793	12025238	12025238	10724089	-12%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.27.5

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal services and Risk Management services falls under Municipal Manager's office whilst Procurement services are under the jurisdiction of Budget and Treasury department.

LEGAL SERVICES

As reported in the previous financial year the municipality had six panel of Legal Practitioners representing the municipality and the three-year contract is set to lapse by end of September 2025. The Municipality managed to recruit one independent member of Audit committee who specialized in Legal services. This is an important step as it helps us to reduce the current number of cases, but to ensure we take correct decisions that will not subject us to further litigations. The independent member helped the municipality to establish Financial Misconduct Board as well as to compile the Terms of Reference which guide the functionality of the board. The Financial Misconduct Board is responsible for investigating financial misconduct cases including irregular, fruitless and wasteful expenditure.

The municipality had a total of 04 contingent liability cases which are still pending as the municipality is defending those cases. The total value of contingent liability cases is R 8,193,893.45. The Municipality is of the strong view that we will successfully defend the cases hence we have assigned our legal practitioners to represent us.

Furthermore, the municipality has only one case instituted under contingent Asset which relates to claiming back the land in Mogwadi for construction of shopping complex. The initial agreement of sale was for the buyer to construct the shopping complex, and the municipality is claiming back the land since the buyer is unable to construct as per agreement. The total value of the land as at 30th June 2025 stood at R 1 270 078.88

RISK MANAGEMENT

Risk Management service is led by one Risk Officer which falls under the office of the Municipal Manager, reporting to the Manager: Executive Support. The unit plays a critical role of security management and insurance administration as well as providing risk management services in all municipal outreach events, serving as Safety Officer. The Municipality has appointed an Independent Chairperson for Risk Management Committee during the financial year to run over a three-year period. More details relating to Risk Management outlined in section 2.6

COMPONENT J: MISCELLANEOUS

- None.**

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2024/2025

1.1 REVENUE

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
R thousands								%		
Exchange Revenue										
Service charges - Electricity	10,277,583	12,940,096	12,940,096	12,003,878	12,940,096	-936,218	93	-7	Implementation of credit control by disconnecting customers who are currently owing the municipality for more than 90 days' lead to the usage of electricity to drop. Through this mechanism, the Municipality is able to manage an increased debt for other Municipal services.	None

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YT D %	YTD variance	Reasons for Variance	Remedial Action
Service charges - Waste management	2,993,588	5,444,399	5,444,399	1,297,723	5,444,399	- 4,146,676	24	- 76	Budgeted amount took into consideration the prospective sale of stands which did not materialize in the year under review.	None
Sale of Goods and Rendering of Services	60,449	810,558	736,692	16,893,850	736,692	16,157,158	2,293	2,193	Reclassification of INEP as per circular 16 of Mscoa	None
Agency services	709,102	2,956,802	956,802	206,931	956,802	- 749,871	22	- 78	Dis-continued of water billing by Capricorn district Municipality in Mogwadi and Morebeng lead to the reduction of the total water billed on monthly basis. Negative actual amount is due to erroneous journals processed and are currently being corrected.	
Interest earned from Receivables	899,627	1,784,190	1,784,190	693,047	1,784,190	- 1,091,143	39	- 61	Implementation of Credit Control and debt collection Council resolution regarding the amount committed by customers to be paid on monthly basis lead to the interest amount	

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
									to less from month to month. This resolution offered an incentive of waiving interest once a customer has entered into an arrangement for an old debt.	
Interest from Current and Non-Current Assets	12,651,194	14,991,280	16,991,280	13,918,818	16,991,280	-3,072,462	82	-18	The municipality anticipated to collect more money from government properties, which will enable the municipality to invest more cash available, However due to halting of payments from the departments, less cash was available for investment.	None
Rental from Fixed Assets	223,210	240,000	240,000	231,134	240,000	-8,866	96	-4	No Material Variance	None
Licence and permits	4,855,114	22,814,940	21,188,179	4,672,719	21,188,179	-16,515,460	22	-78	The delay in the opening of the new traffic management office led to the revenue predicted not being fully realized.	None

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
Operational Revenue	397,578	768,614	768,614	1,195,946	768,614	427,332	156	56	The municipality initially budget as per estimates from previous financial year on revenue from Skills development levy. The training provided in the 2024/25 financial year was less than the 23/24 financial year, which resulted in the under collection of revenue.	None
Non-Exchange Revenue										
Property rates	28,784,932	34,686,195	36,686,195	29,864,221	36,686,195	-6,821,974	81	-19	Corrections done on the general valuation roll through the implementation of the supplementary valuation roll lead to the decrease on the actual billing compared to the initial budgeted amount.	None
Fines, penalties and forfeits	370,778	3,651,216	3,651,216	879,113	3,651,216	-2,772,103	24	-76	The municipality anticipated the implementation of the Traffic management system at the beginning of the financial year and the	None

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
									delay on the implementation lead to the revenue not to be realised on time.	
Transfers and subsidies - Operational	222,032,094	215,150,000	213,894,000	193,141,466	213,894,000	- 20,752,534	90	- 10	Reclassification of INEP allocation to construction contract as per Mscoa circular 16.	None
Transfers and subsidies - capital	44,801,688	38,779,000	38,779,000	37,448,727	38,779,000	- 1,330,273	97	- 3	No material variance	None
Interest	1,142,945	1,495,401	1,495,401	734,380	1,495,401	- 761,021	49	- 51	Implementation of Credit Control and debt collection Council resolution regarding the amount committed by customers to be paid on monthly basis lead to the interest amount to less from month to month. This resolution offered an incentive of waiving interest once a customer has entered into an arrangement for an old debt.	None
Total Revenue	330,199,883	356,512,691	355,316,064	313,181,953	355,316,064	- 42,374,111	88	- 12		

1.2 OPERATING EXPENDITURE

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
R thousands								%		
Expenditure By Type										
Employee related costs	113,533,194	121,490,855	119,539,413	119,905,939	119,539,413	366,526	100	0	No material variance	None
Remuneration of Councillors	13,823,244	17,285,429	16,335,429	14,185,585	16,335,429	- 2,149,844	87	- 13	The budget is inclusive of councilor's upper limits increases which has not yet been gazette at year end.	An Accrual will be raised should the gazette be published before AFS are submitted for audit.
Bulk purchases - electricity	14,156,808	14,458,633	16,458,633	16,015,294	16,458,633	- 443,339	97	- 3	No material variance	None
Debt impairment	-	2,558,671	2,558,671	27,242,561	2,558,671	24,683,890	1,065	965	Non-payment of government debt due to the halting of payments as they are awaiting for the registration to be finalised.	None

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
Depreciation and amortisation	19,794,574	21,070,202	21,070,202	24,411,645	24,411,645	-	116	-	The municipality encountered system error while closing the financial system for the quarter, which omitted the depreciation run for the quarter.	Depreciation will be adjusted during the preparation of Annual Financial Statement
Interest	2,070,009	1,847,762	2,347,762	2,953,813	2,347,762	606,051	126	26	The budget is inclusive of interest for landfill which the assumptions are done at the end of the financial year. The amount indicated as year to date expenditure only reflects the interest charged on fleet cards.	No adjustment needed
Contracted services	57,356,991	72,795,399	73,879,700	62,549,022	62,567,022	-18,000	85	-0	The municipality realised savings on some of the projects and there is also four electricity projects that were rolled over which significantly contributed to the underspending.	None

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
Irrecoverable debts written off	18,329,380	524,500	524,500	247,790	524,500	- 276,710	47	- 53	Budget assumptions were made based on the previous year discounts provided for ratepayers that had entered into payment arrangement, However in the current year under review there was less customers who made arrangements as compared to the prior year.	None
Operational costs	34,459,462	44,201,611	41,829,350	38,816,122	41,829,350	- 3,013,228	93	- 7	The municipality realised savings on some of the projects that is affected by cost containment policy.	None
Losses on Disposal of Assets	509,955	-	530,000	1,886,603	530,000	1,356,603	356	256	Council Resolution to write-off capital assets were recommended to council at the year-end (June) when asset verification was completed. The loss on write-off will be updated during the preparation of	Actual auction to take be held on the 31st of July 2025 and the journal will be processed during the AFS preparation

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance	Remedial Action
									Annual Financial Statement	
Total Expenditure	274,033,617	296,233,062	295,073,660	308,214,374	287,102,425	21,111,949	104	7		

1.3 CAPITAL EXPENDITURE

Description	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Year TD actual	Year TD budget	YTD variance	YTD %	YTD variance	Reasons for Variance
R thousands									
Capital Expenditure	65,334,785	60,339,000	60,242,404	52,822,637	60,242,404	- 7,419,767	88	- 12	The amount budgeted is inclusive of Vat portion
<hr/>									
Total Municipal Budget	339,368,402	356,572,062	355,316,064	361,037,011	347,344,829	13,692,182	102	4	

1.4 COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS

Details	Sum of 0-30 days	Sum of 31-60 days	Sum of 61-90 days	Sum of 90 + Days	Sum of Total Debt	Sum of Total Debt VAT	Sum of Total Service Debt
Electricity	26,898.67	13,446.82	13,977.54	3,438,536.65	3,273,908.35	218,951.33	3,492,859.68
Other service charges	7,506.83	3,758.29	3,760.50	1,031,368.83	985,374.97	61,019.48	1,046,394.45
Rates : Agricultural properties	505.92	252.96	252.96	17,100,543.04	17,101,554.88	-	17,101,554.88
Rates : Business and commercial	441,428.95	201,791.60	200,620.50	10,600,176.90	11,444,017.95	-	11,444,017.95
Rates : Farm properties	-	-	-	1,942.78	1,942.78	-	1,942.78
Rates : national government	8,580.22	4,527.26	7,933.55	74,360,703.18	74,381,744.21	-	74,381,744.21
Rates : Public service infrastructure	8,795.98	4,397.68	4,397.68	119,161.44	136,752.78	-	136,752.78
Rates : Residential development	720,933.72	344,003.67	354,034.57	14,737,721.21	16,156,693.17	-	16,156,693.17
Rates : Residential Vacant land	66,074.63	31,612.49	31,231.78	865,847.36	994,766.26	-	994,766.26
Waste	277,477.04	132,082.31	140,609.68	22,203,768.91	20,072,343.71	2,681,594.23	22,753,937.94
Waste water	48,990.92	25,046.51	27,758.17	5,177,572.18	4,766,394.28	512,973.50	5,279,367.78
Water	22,514.75	24,826.79	14,199.48	7,670,190.89	6,912,059.11	819,672.80	7,731,731.91
Grand Total	1,629,707.63	785,746.38	798,776.41	157,307,533.37	156,227,552.45	4,294,211.34	160,521,763.79

2. NON-FINANCIAL SERVICE DELIVERY PERFORMANCE

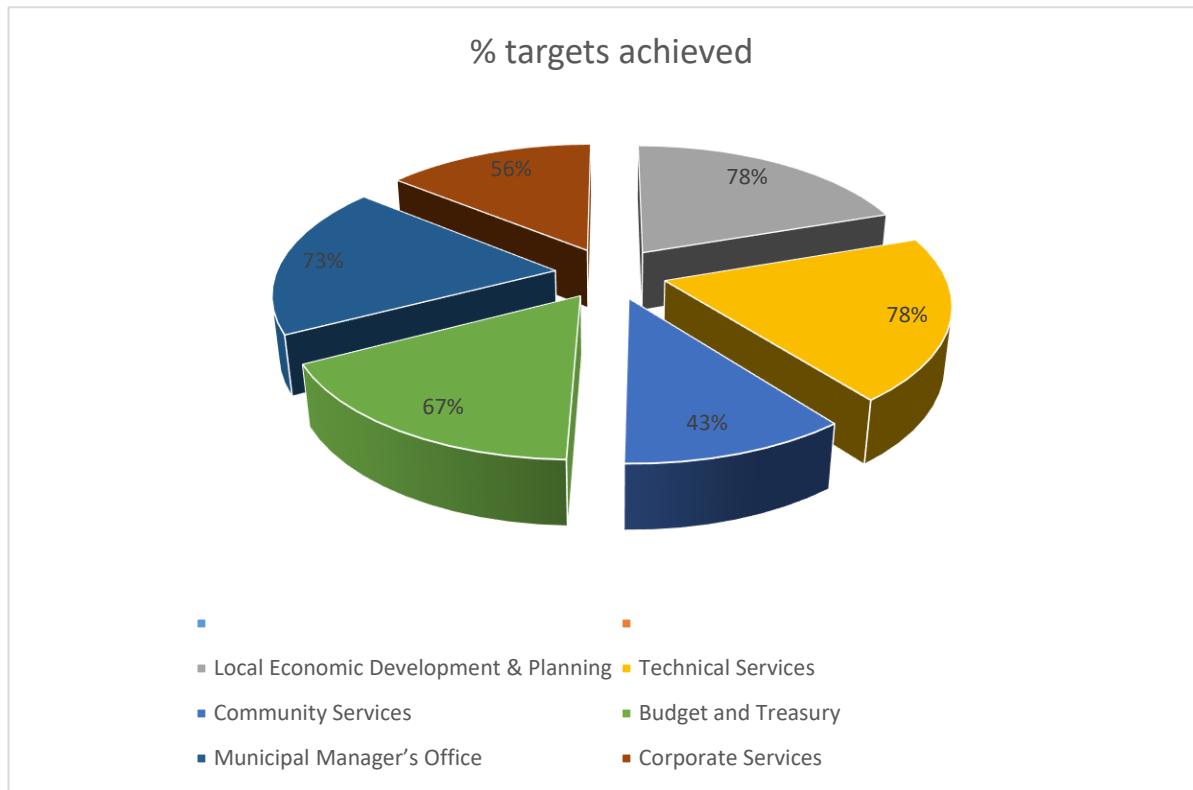
2.1 *SUMMARY OF NON-FINANCIAL PERFORMANCE PER DEPARTMENT DURING 2024/2025 FY*

No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	Number of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	13	02	07	64%	04	36%
2	Technical Services	25	0	19	76%	06	24%
3	Community Services	08	01	04	57%	04	43%
4	Budget and Treasury	07	0	06	86%	01	14%
5	Municipal Manager's Office	11	0	08	73%	03	27%
6	Corporate Services	10	0	05	50%	05	50%
Total		74	03	49	69%	23	31%

2.2 SUMMARY OF NON-FINANCIAL PERFORMANCE PER DEPARTMENT DURING 2023/2024 FY

No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	Number of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	13	2	10	91%	01	9%
2	Technical Services	26	0	22	85%	04	15%
3	Community Services	10	02	04	50%	04	50%
4	Budget and Treasury	07	0	05	71%	02	29%
5	Municipal Manager's Office	11	0	03	73%	05	27%
6	Corporate Services	12	01	05	45%	06	55%
Total		79	5	49	66%	22	34%

2.3 CHART: PERCENTAGE OF TARGETS ACHIEVED: 2024/2025



3. SUMMARY OF NON-PERFORMANCE OF SET TARGETS AND MEASURES TO IMPROVE PERFORMANCE: 2024/2025

DESCRIPTION OF TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
Spatial Rationale and Local Economic Development		
1 SDF not Developed	Appointment rescinded due to budget constraints	SDF to be developed in 2026/27
17% (1 of 6) Internal audit queries addressed	5x findings on land use not resolved	Outstanding findings to be resolved in 2025/2025 financial year
67% (2 of 3) Risk Register implemented	LED Strategy not reviewed due to budget constraints	LED Strategy to be reviewed in 2026/27 financial year
0% (0 of 6) of Audit Committee resolutions resolved	AC resolutions on IDP content not implemented	Outstanding AC resolutions to be implemented in 2025/26
TECHNICAL SERVICES		
0 households not electrified at Koekoek	The Village feeder line require upgrade to three phase line	Three phase feeder line to be upgraded in the 2026/27 financial year
120 Households provided with Infrastructure but not Energized and 10 households provided with Infrastructure	Awaiting Installation of Bulk point and delivery of meters for installation	Bulk point and meters to be installed in 2 nd quarter of 2025/26
80 Households provided with infrastructure but not energized and 40 households provided with infrastructure	Awaiting delivery of meters for installation	Meters to be installed in 2 nd quarter of 2025/26
62 Households provided with infrastructure but not energized and 18 households provided with infrastructure	Awaiting delivery of meters for installation	Meters to be installed in 2 nd quarter of 2025/26

DESCRIPTION OF TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
33% (2 of 6) Internal Audit Queries addressed	3 findings relating to electrical services not addressed	Outstanding findings to be resolved in 2025/26
67% (2 of 3) of Audit Committee resolutions implemented	1 resolution not implemented due to time constraint	To be implemented in 2026/27 FY
COMMUNITY SERVICES		
Morebeng Tennis court not renovated	Insufficient funds to complete full Scope	To be implemented in the 2025/26 Financial year
0% (0 of 2) Internal Audit Queries addressed	Inability to maintain community amenities due to Budget constraints	Budget allocation to be made in 2025/2026 financial year
50% (1 of 2) Risk Register implemented	1 outstanding risk on extension of waste collection to rural villages not resolved	Engagement with traditional authorities to levy for waste collection in rural areas
BUDGET AND TREASURY		
63% (49 of 78) Internal audit findings addressed	Findings for Asset, Revenue and SCM not addressed	Outstanding findings to be resolved in 2025/2026 Financial year
OFFICE OF MUNICIPAL MANAGER		
53% (20 of 38) Internal Audit Queries addressed	18 findings on PMS and Legal services outstanding	Outstanding findings to be resolved in 2025/26 financial year
67% (2 of 3) of risks identified in the Risk register implemented	Risk on putting Popia disclaimer notices not implemented	Disclaimer notices on emails to be available in 2 nd quarter of 2025/26
46% (11 of 24) of Audit Committee resolutions implemented	13 resolutions outstanding	Resolutions to be addressed by 2nd quarter of 2025/26
CORPORATE SERVICES		
2 Councillor Training Programmes coordinated	Insufficient Budget	To be continued in the 2025/26 financial year
3 Employee Training programmes coordinated	Training report not submitted	To be corrected in the 1 st quarter 2025/26 FY
79% (46 Of 58) Internal Audit Queries addressed	12 findings not resolved	Outstanding to be resolved in the 1 st quarter of 2025/2026

DESCRIPTION OF TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
97% (29 of 30) of Council resolutions implemented	Resolution on recruitment of Senior Managers not implemented	The recruitment process will be finalized by 2nd quarter 2025/26
33% (2 of 6) of Audit Committee resolutions implemented	4 resolutions not resolved	Outstanding

4. ORGANIZATIONAL PERFORMANCE AGAINST PLANNED TARGETS AS PER THE 2024/2025 SDBIP

The Municipal Scorecard capture the strategic performance of each Department against the Service Delivery and Budget Implementation Plan. The scorecard consists of objectives, indicators and targets derived from the approved SDBIP. The department scorecard also considers the mid-year review which affected the budget and related Key Performance Indicators. The performance scorecard also give performance for the previous financial year (2023/2024) for comparative analysis.

Annual Outcome Legend	
	Over achievement
	Achieved
	Not Achieved
	Targets Discontinued/Not verifiable

Below is a detailed report for the 2024/2025 performance:

4.1 SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT

Key Performance Area (KPA) 1 & 3:			SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Implement a differentiated approach to municipal financing, Planning and support Improving access to basic services Implementation of the community works programme Actions supportive of human settlement outcome										
Key Organizational Strategic Objective			To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
LED&P-001-2024/25	Number of Geo Tech studies conducted	Conducting Geo Tech Study	New Indicator	1x Geotech study conducted	None	None	1x Geotech study conducted		None	None	R 295 000	R 294 860.14	Advert, Specification, Appointment letter/ SLA, Approved Geo tech study report, Council resolution
LED&P-002-2024/25	Number of Spatial Development Frameworks developed	Development of Spatial Development Framework (SDF)	New Indicator	1 SDF Developed	None	None	SDF not Developed		Appointment rescinded due to budget constraints	SDF to be developed in 2026/27	R 1 000 000	R 0	Advert, Specification, SLA, Appointment letter, SDF document, Council resolution
LED&P-003-2024/25	Number of existing settlements	Surveying of existing settlements	0 Existing settlements	1 Existing Settlement	None	None	1 Existing Settlement		None	None	R 300 000	R 295 000.00	Advert, Specification, Appointment letter, Survey

Key Performance Area (KPA) 1 & 3:			SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Implement a differentiated approach to municipal financing, Planning and support Improving access to basic services Implementation of the community works programme Actions supportive of human settlement outcome										
Key Organizational Strategic Objective			To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
	surveyed		surveyed	Surveyed			Surveyed						report, Cadastral map
LED&P-004-2024/25	Number of Geographical Information Systems procured	Procurement of Geographical Information System (GIS)	New Indicator	1 Geographical information system (GIS) Procured	None	None	1 Geographical information system (GIS) Procured		None	None	R 777 000.00	R 595 370.22	Specification, Advertisement, Appointment letter, SLA, Delivery note
LED&P-005-2024/25	Number of youth in agriculture mentorship programmes coordinated	Coordination of Youth in Agriculture mentorship programme coordinated	New Indicator	1x Youth in Agriculture Mentorship programme coordinated	None	None	1x Youth in Agriculture Mentorship programme coordinated		None	None	300 000	R 295 000.00	Specification, Advertisement, Appointment letter/ SLA, Mentorship reports

Key Performance Area (KPA) 1 & 3:			SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Implement a differentiated approach to municipal financing, Planning and support Improving access to basic services Implementation of the community works programme Actions supportive of human settlement outcome										
Key Organizational Strategic Objective			To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
LED&P-006-2024/25	Number of Municipal career expos coordinated	Coordination of Municipal Career Expo	New indicator	1x Municipal Career Expo coordinated	None	None	1x Municipal Career expo coordinated		None	None-	R 297 576.00	R 297 576.00	Approved Concept document, Approved Specification, appointment letter/SLA, Career Expo report
LED&P-008-2024/25	Number of investor conferences coordinated	Coordination of investor conference	1x Investor conference coordinated	1x Investor conference coordinated	None	1 Investor conference coordinated	1 Investor conference coordinated		None	None	R 981 354	R 890 784.20	Approved Specification, Advert, Appointment letter, SLA, Close up report
LED&P-009-2024/25	Number of LED Strategies reviewed	Review of Municipal LED Strategy	New Indicator	1x LED strategy reviewed	No Target (Target Discontinued)	None	No LED Strategy reviewed		Target discontinued due to budget constraints	To be reviewed in 2026/27 financial year	R 0	R 0	Approved Specification, Advert, Appointment letter, Approved reviewed LED

Key Performance Area (KPA) 1 & 3:			SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Implement a differentiated approach to municipal financing, Planning and support Improving access to basic services Implementation of the community works programme Actions supportive of human settlement outcome										
Key Organizational Strategic Objective			To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
													Strategy, SLA
LED&P-OP-001 2024 /25	Percentage of internal audit queries addressed	Implementation of Internal Audit Action Plan	33% (1 of 3) Internal Audit Queries addressed	100% Internal Audit Queries addressed	None	33% (1 of 3) Internal Audit Queries addressed	17% (1 of 6) Internal audit queries addressed	:(	5x findings on land use not resolved	Outstanding findings to be resolved in 2025/2025 financial year	Opex	Opex	Updated Internal Audit action plan
LED&P-OP-002-2024 /25	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	100% (2 of 2) AG Action plan implemented	100% AG Action plan implemented	None	100% (2 of 2) AG Action plan implemented	None	:(	No AG queries raised	None	Opex	Opex	Updated AG Action plan
LED&P-OP-003-2024 /25	Percentage of risk register implemented	Implementation of Risk register	100% (3 of 3) Risk Register	100% Risk Register implemented	None	100% (3 of 3) Risk Register implemented	67% (2 of 3) Risk Register implemented	:(	LED Strategy not reviewed due to budget	LED Strategy to be reviewed in 2026/2	Opex	Opex	Updated Strategic risk register

Key Performance Area (KPA) 1 & 3:			SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Implement a differentiated approach to municipal financing, Planning and support Improving access to basic services Implementation of the community works programme Actions supportive of human settlement outcome										
Key Organizational Strategic Objective			To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
		implemented							constraints	7 financial year			
LED&P-OP-004-2024/25	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (4 of 4) of Council resolutions implemented	100% of Council resolutions implemented	None	100% (4 of 4) of Council resolutions implemented	100% (9 of 9) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register
LED&P-OP-005 2024/25	Percentage of Audit Committee (AC) resolutions implemented	Implementation of Audit Committee resolutions	100% (10 of 10) of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	100% (10 of 10) of Audit Committee resolutions implemented	0% (0 of 6) of Audit Committee resolutions resolved		AC resolutions on IDP content not implemented	Outstanding AC resolutions to be implemented in 2025/26	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: LED & Planning		
😊	Number of targets achieved	07
😢	Number of Targets Not achieved	04
😐	Targets Discontinued/Not verifiable	02
Total Number of KPIs		13

4.2 TECHNICAL SERVICES

Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
TECH - 001-2024 /25	Number of road kilometers upgraded from Gravel to Surface	Upgrading of 300 meters Mogwadi Internal Street upgraded from Gravel to Surface	2.8 km of Mogwadi Internal Street upgraded	300 meters of Mogwadi Internal Streets upgraded	None	2.8 km of Mogwadi internal streets upgraded	300 meters of Mogwadi Internal Streets upgraded		None	None	R 2 174 980.00	R 1 891 285.55	Monthly Progress Reports and Completion certificate
TECH - 002-2024 /25	Number of road kilometers upgraded from Gravel to Surface	Upgrading of Sekonye to Springs Internal Street from Gravel to Surface	New Indicator	6.1 KM designed and 1.1 kilometers of Sekonye to Springs internal streets upgraded from gravel to surface	None	None	6.1 KM designed and 1.1 kilometers of Sekonye to Springs internal streets upgraded from gravel to surface		None	None	R 10 000 000	R 7 540 949.48	Approved Specification, Advertisement, Appointment letter, SLA, Monthly Progress reports, Completion certificate
TECH - 003-	Number of graders	Procurement of graders	New Indicator	2x Graders Procured	None	None	2x Graders procured		None	None	R 11 536 800,00	R 10 032 000.00	Approved Specification,

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
2024/25	procured												Appointment letter, SLA, Delivery Note	
004-2024/25	Number of high mast lights procured and installed	Procurement and Installation of High mast Lights	New Indicator	Procurement, Delivery and installation of 3 high mast lights	None	None	3 High mast lights procured, delivered and installed		None	None	R 2 031 498.00	R 1 766 520.00	Approved Specification, Advert, Appointment letter, SLA, Monthly Progress reports, Final completion certificate	
TECH - 005-2024/25	Number of households electrified	Electrification of households at Koekoek	New Indicator	50 households electrified in Koekoek village	None	None	No households electrified at Koekoek		The Village feeder line to be upgraded to three phase line	Three phase feeder line to be upgraded in the 2026/27 financial year	R 1 000 000	R 0	Tender Advert, Approved specification, Appointment letter and signed SLA, Completion Certificates	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
TECH - 008-2024 /25	Number of households electrified	Electrification of households at Diwaweng	New Indicator	130 households electrified in Diwaweng village	120 households electrified and 10 households provided with Infrastructure	None	120 Households provided with Infrastructure but not Energized and 10 households provided with Infrastructure in Diwaweng village		Awaiting installation of Bulk point and delivery of meters for installation	Bulk point and meters to be installed in 2 nd quarter of 2025/26	R 2 600 000	R 2 068 283.40	Tender advert, Approved Specification, Appointment letter and signed SLA, Completion Certificates	
TECH - 009-2024 /25	Number of households electrified	Electrification of households at Mamotshana	80 households electrified	120 households electrified in Mamotshana village	80 households electrified and 40 households provided with	electrification for 80 households at Ga-Mamotshana village	80 Households provided with infrastructure but not energized and 40		Awaiting delivery of meters for installation	Meters to be installed in 2 nd quarter of 2025/26	R 2 400 000	R 1 389 303.20	Tender advert, Approved Specification, Appointment letter and signed SLA,	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
				Infrastructure in Mamotshana		households provided with infrastructure in Mamotshana							Completion Certificates	
TECH - 010-2024/25	Number of households electrified	Electrification of households at Makgato village	New Indicator	90 households electrified in Makgato village	67 households electrified and 23 provided with infrastructure in Makgato	None	67 households electrified and 23 provided with infrastructure in Makgato		None	None	R 1 800 000	R 1 565 217.39	Tender advert, Approved Specification, Appointment letter and signed SLA, Completion Certificates	
TECH - 011-2024/25	Number of households electrified	Electrification of households at Mohodi New stand D village	New Indicator	200 households electrified at Mohodi Newstand D village	None	None	200 households electrified in Mohodi		None	None	R 4 000 000	R 3 478 260.87	Tender advert, Approved Specification, Appointment letter and signed SLA,	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
														Completion Certificates
TECH - 012-2024/25	Number of households electrified	Electrification of households at Mokgehle village	New Indicator	80 households electrified at Mokgehle village	62 households electrified and 18 households provided with infrastructure in Mokgehle	None	62 Households provided with infrastructure but not energized and 18 households provided with infrastructure in Mokgehle		Awaiting delivery of meters for installation	Meters to be installed in 2 nd quarter of 2025/26	R 1 600 000	R 1 198 002.58	Tender advert, Approved Specification, Appointment letter and signed SLA, Completion Certificates	
TECH - 013-2024/25	Number of households electrified	Electrification of households at Mashaa Village	New Indicator	90 households electrified at Mashaa village	55 households electrified and 35 households	None	55 households electrified and 35 households		None	None	R 1 800 000	R 1 565 217.39	Tender advert, Approved Specification, Appointment letter	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
														and signed SLA, Completion Certificates
	Number of households electrified	Electrification of households at Sekhwarema Village	1 design/Pre-engineering of electrification for 86 households at Sekhwarema village	100 households electrified at Sekhwama village	55 households electrified and 45 households provided with infrastructure in Sekhwama	1 design/Pre-engineering of electrification for 86 households at Sekhwama village	55 households electrified and 45 households provided with infrastructure in Sekhwama		None	None	R 2 000 000	R 1 739 130.43	Tender advert, Approved Specification, Appointment letter and signed SLA, Completion certificates	
TECH - 015-2024/25	Number of households electrified	Electrification of households at Ramatjowwe Village	New Indicator	95 households electrified at Ramatjowwe village	76 households electrified and 19 households provided	None	76 households electrified and 19 households provided		None	None	R 1 900 000	R 1 652 173.91	Tender advert, Approved Specification, Appointment letter and signed SLA,	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
					with infrastructure in Ramatjowe		infrastructure in Ramatjowe						Completion Certificate	
TECH - 016-2024/25	Number of households electrified	Electrification of households at Mangata Village (phase 2)	120 households electrified at Mangata	135 households electrified at Mangata village (phase 2)	80 households electrified and 55 households provided with infrastructure in Mangata	Electrication of 56 households electrified and 64 households provided with infrastructure in Mangata	80 households electrified and 55 households provided with infrastructure in Mangata		None	None	R 2 648 000	R 2 301 739.13	Tender advert, Approved Specification, Appointment letter and signed SLA, Completion Certificate	
TECH - 017-2024/25	Number of Designs for Electrification project developed	Design of Electrication Project at Molotone Village	New Indicator	1 design of electrification for Molotone village	None	None	1 design of electrication for Molotone village		None	None	R 58 000	R 50 434.78	Tender advert, Approved Specification, Appointment letter and signed SLA,	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
														Approved designs
TECH - 018-2024/25	Number of Designs for Electrification project developed	Design of Electrification Project at Letheba Village	New Indicator	1 design of electrification for Letheba village	None	None	1 design of electrification for Letheba village		None	None	R 73 000	R 63 478.26	Tender advert, Approved Specification, Appointment letter and signed SLA, Approved designs	
TECH - 019-2024/25	Number of Designs for Electrification project developed	Design of Electrification Project at Boulast Village	New Indicator	1 design of electrification for Boulast village	None	None	1 design of electrification for Boulast village		None	None	R 51 000	R 44 347.826	Tender advert, Approved Specification, Appointment letter, signed SLA and Approved designs	
TECH - 020-	Number of Advance	Procurement and Installation	New Indicator	1x AMI System Procured	None	None	1x AMI system procured		None	None	R 573 000	R 496 487.57	Approved Specification, Tender	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
2024 /25	Delivery of Metering Infrastructure (AMI) systems procured and installed	on of AMI systems		and Installed			and installed						advert, SLA, Final Completion certificate	
TECH - 021-2024 /25	Number of check meter and CTVT procured and installed	Procurement and installation of check meter and CTVT	New Indicator	1x check meter and 1x CTVT Procured and Installed	None	None	1xcheck meter and 1x CTVT Procured and Installed		None	None	R 1 000 000	R 869 ,565.00	Approved Specification, Tender advert, SLA, Final Completion certificate	
TECH - 022-2024 /25	Number of compliant Landfill sites constructed	Construction of compliant Ramokgopa Landfill site Phase 1	New Indicator	Construction of Access Control facilities, Weigh bridge, Access roads, Storm	None	None	Construction of Access Control facilities, Weigh bridge, Access roads, Storm		None	None	26 604 020.00	R 23 131 875.13	Approved Specification, tender advert, appointment letter, monthly progress reports, SLA, Final	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
			water, Water and Electrical Services, Recycling Area and other related infrastructure			water, Water and Electrical Services, Recycling Area and other related infrastructure							completion certificate	
TECH OP-001-2024/25	Percent age of internal audit queries addressed	Implementation of Internal Audit action plan	0% (0 of 1) Internal Audit Queries addressed	100% Internal Audit Queries addressed	None	0% (0 of 1) Internal Audit Queries addressed	33% (2 of 6) Internal Audit Queries addressed		3 findings relating to electrical services not addressed	Outstanding findings to be resolved in 2025/26	Opex	Opex	Updated Internal Audit action plan	
TECH OP-002-2024/25	Percent age of AG Action Plan	Implementation of AG Action Plan	83% (5 of 6) AG Action plan implemented	100% AG Action plan implemented	None	83% (5 of 6) AG Action plan implemented	100% (6 of 6) AG action plan implemented		None	None	Opex	Opex	Updated AG Action plan	

Key performance area (KPA) 2:			Basic service delivery											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:			Improving access to basic services											
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
	implemented													
TECH OP-003-2024/25	Percentage of risk register implemented	Implementation of Risk register	67% (2 of 3)	100% Risk Register implemented	None	67% (2 of 3)	100% (4 of 4)		None	None	Opex	Opex	Updated Strategic risk register	
TECH OP-004-2024/25	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (2 of 2) of Council resolutions implemented	100% of Council resolutions implemented	None	100% (2 of 2) of Council resolutions implemented	100% (3 of 3) Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register	
TECH OP-005-2024/25	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	67% (2 of 3) of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	67% (2 of 3) of Audit Committee resolutions implemented	67% (2 of 3) of Audit Committee resolutions implemented		1 resolution not implemented due to time constraint	To be implemented in 2026/27 FY	Opex	Opex	Updated Audit Committee resolution register	

Summary of performance: Basic Service Delivery		
	Number of targets achieved	19
	Number of Targets Not achieved	06
	Targets Discontinued/Not verifiable	0
Total Number of KPIs		25

4.3 COMMUNITY SERVICES

Key performance area (KPA) 2:			Basic service delivery										
-Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To promote social cohesion										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
COMM-002-2024/2025	Number of tennis courts renovated	Renovation of Moreben g tennis court	New indicator	1x tennis court renovated in Moreben g	None	None	Moreben g Tennis court not renovated		Insufficient funds to complete full Scope	To be implemented in the 2025/26 Financial year	R 200 000	R 0	Advertisement, Purchase Order, Completion Report
COMM-003-2024/2025	Number of Towns beautified	Beautification of Towns	New Indicator	1x Town beautified	None	None	1x Town beautified		None	None	R 200 000	R 192 400.00	Advertisement, Purchase Order, Completion certificate

Key performance area (KPA) 2:			Basic service delivery										
-Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To promote social cohesion										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
COMM-004-2024/2025	Number of Traffic fines Management systems procured	Procurement of Traffic Fines Management system	New Indicator	1x Traffic Fine Management system procured	None	None	1x Traffic Management system procured		None	None	R 5 000 000	R 2 976 569.26	Approved Specification, SLA, Appointment letter, delivery note,
COMM-OP-001-2024/2025	Percentage of internal audit queries addressed	Implementation of Internal Audit Action Plan	No Internal Audit Queries Raised	100% Internal Audit Queries addressed	None	No Internal Audit Queries Raised	0% (0 of 1) Internal Audit Queries addressed		Inability to maintain community amenities due to Budget constraints	Budget allocation to be made in 2025/2026 financial year	Opex	Opex	Updated Internal Audit action plan
COMM-OP-002-2024/2025	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	No AG Findings raised	100% AG Action plan implemented	None	No AG Findings raised	100% (1 of 1) AG action implemented		None	None	Opex	Opex	Updated AG Action plan
COMM-OP-003-2024/2025	Percentage of risk register implemented	Implementation of Risk register	50% (2 of 4) Risk Register	100% Risk Register implemented	None	50% (2 of 4) Risk Register implemented	50% (1 of 2) Risk Register implemented		1 outstanding risk on extension of waste collection to	Engagement with traditional authorities to levy for waste	Opex	Opex	Updated Strategic risk register

Key performance area (KPA) 2:			Basic service delivery										
-Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To promote social cohesion										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
			implemented						rural villages not resolved	collection in rural areas			
COMM-OP-004-2024/5	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (1 of 1) of Council resolutions implemented	100% of Council resolutions implemented	None	100% (1 of 1) of Council resolutions implemented	100% (1 of 1) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register
COMM-OP-005-2024/5	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	0% (0 of 1) of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	0% (0 of 1) of Audit Committee resolutions implemented	None		No Audit committee resolutions raised	None	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Basic Service Delivery: Community Services		
	Number of targets achieved	04
	Number of Targets Not achieved	03
	Targets Discontinued/Not verifiable	01
Total Number of KPIs		08

4.4 BUDGET AND TREASURY DEPARTMENT

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2023/24 Annual Target	2023/24 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
BNT-001-2024/25	Number of Asset Verification systems procured and Installed	Procurement and Installation of the Asset Verification System	New Indicator	1 Asset Verification System procured and Installed	None	None	1 Asset Verification System procured and Installed		None	None	R 800 000	R 726,960.04	Approved Specification, Advert, Appointment letter, Installation Certificate
BNT-002-2024/25	Number of Annual Financial Statements	Compilation of Annual Financial Statements	1x 2022/2023 Annual Financial	1x 2023/2024 Annual Financial	None	1x 2022/2023 Annual Financial	1x 2023/2024 Annual Financial		None	None	R 1 200 000	R 726 225.00	Signed Annual Financial Statements, Acknowledgement letter

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2023/24 Annual Target	2023/24 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
	nts (AFS) compiled	Statements	al Statements compiled	I Stateme nts compil ed		Stateme nts compiled	Stateme nts compiled						
BNT OP-001-2024/25	Percentage of internal audit queries addressed	Implementation of Internal Audit action plan	100% Internal Audit Queries addressed	100% Internal Audit Queries address ed	None	0% (0 of 4) Internal Audit Queries addressed	64% (49 of 76) Internal Audit Queries addressed		Findings for Asset, Revenue and SCM not addressed	Outstanding findings to be resolved in 2025/2026 Financial year	Opex	Opex	Updated Internal Audit action plan
BNT OP-002-2024/25	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	97% AG Action plan implemented	100% AG Action plan implemented	None	100% (19 of 19) AG Action plan implemented	100% (16 of 16) AG Action plan implemented		None	None	Opex	Opex	Update AG Action plan
BNT OP-003-2024/25	Percentage of risk register implemented	Implementation of Risk register	100% Risk Register implemented	100% Risk Register implemented	None	80% (4 of 5) of risks identified in the Risk register implemented	100% (3 OF 3) Risk Register implemented		None	None	Opex	Opex	Updated Strategic risk register

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2023/24 Annual Target	2023/24 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
BNT OP-004-2024/25	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% of Council resolutions implemented	100% of Council resolutions implemented	None	100 % (20 of 20) of Council resolutions implemented	100 % (13 of 13) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register
BNT OP-005-2024/25	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	100% of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	100% (11 of 11) of Audit Committee resolutions implemented	100% (11 of 11) of Audit Committee resolutions implemented		None	None	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Financial Viability		
	Number of targets achieved	06
	Number of Targets Not achieved	01
	Targets Discontinued/Not verifiable	0
Total Number of KPIs		07

4.5 MUNICIPAL MANAGER'S OFFICE

Key Performance Area (KPA)5			GOOD GOVERNANCE & PUBLIC PARTICIPATION											
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System											
Outputs :			Deepen democracy through a refined ward committee model Administrative and financial capability											
Key Strategic Organizational Objectives			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.											
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024/25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification	
MM-001-2024/25	Percentage of Events Management equipment procured	Procurement of Events Management Equipment	100% of Events Management Equipment procured	100% of Events Management Equipment procured	None	100% of Events Management Equipment procured	100% (14 Of 14) Branding Equipment procured	100% (21 of 21) of Events Management Equipment procured		None	None	147,826.09	147,826.09	Advert, Order, Delivery Note

Key Performance Area (KPA)5			GOOD GOVERNANCE & PUBLIC PARTICIPATION										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			Deepen democracy through a refined ward committee model Administrative and financial capability										
Key Strategic Organizational Objectives			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-002-2024/25	Number of youth support programmes coordinated	Coordination of Youth Support Programmes	2 Youth programmes coordinated	2 Youth Support programmes coordinated	None	2 Youth Support programmes coordinated	2 Youth Support programmes coordinated		None	None	R 209,800	R 209,800	Attendance register, Invitation Report Concept document
MM-003-2024/25	Number of women and children programmes coordinated	Coordination of Women and Children programmes	3 women and children programmes coordinated	3 women and children programmes coordinated	None	3 women and children programmes coordinated	3 women and children programmes coordinated		None	None	R 339,876	R 339,876	Attendance register, Invitation Report Concept document
MM-004-2024/25	Number of disability programmes coordinated	Coordination of Disability programmes	3 disability programmes coordinated	3 disability programmes coordinated	None	3 disability programmes coordinated	3 disability programmes coordinated		No Target	None	R 114,550.80	R 114,550.80	Attendance register, Invitation, Report Concept document

Key Performance Area (KPA)5			GOOD GOVERNANCE & PUBLIC PARTICIPATION										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			Deepen democracy through a refined ward committee model Administrative and financial capability										
Key Strategic Organizational Objectives			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-005-2024/25	Number of older persons programmes coordinated	Coordination of Older persons Support programmes	3 older persons programmes coordinated	3 older persons programmes coordinated	None	3 older persons programmes coordinated	3 older persons programmes coordinated		None	None	R 112,557.00	R 112,557.00	Attendance register, Invitation Report Concept document
MM-006-2024/25	Number of Local AIDS Council meetings coordinated	Coordination of Local AIDS Council meetings	04 Local AIDS Council meetings coordinated	4 Local AIDS Council meetings coordinated	None	4 Local AIDS Council meetings coordinated	4 Local AIDS Council meetings coordinated		None	None	R 387,701.00	R 387,701.00	Attendance register, Minutes
MMOP-001-2024/25	Percentage of internal audit queries addressed	Implementation of Internal Audit queries addressed	57% (4 of 7) Internal Audit Queries addressed	100% Internal Audit Queries addressed	None	57% (4 of 7) Internal Audit Queries addressed	51% (20 of 39) Internal Audit Queries addressed		18 findings on PMS and Legal services outstanding	Outstanding findings to be resolved in 2025/26 financial year	Opex	Opex	Updated Internal Audit queries report

Key Performance Area (KPA)5			GOOD GOVERNANCE & PUBLIC PARTICIPATION										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			Deepen democracy through a refined ward committee model Administrative and financial capability										
Key Strategic Organizational Objectives			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MMOP-002-2024/25	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	100% AG Action plan implemented	100% AG Action plan implemented	None	100% (1 of 1) AG Action plan implemented	100% (1 of 1) AG Action plan implemented		None	None	Opex	Opex	Updated AG Audit action plan
MMOP-003-2024/25	Percentage of risk register implemented	Implementation of Risk register	100% Risk Register implemented	100% Risk Register implemented	None	100% (2 of 2) of risks identified in the Risk register implemented	67% (2 of 3) of risks identified in the Risk register implemented		Risk on putting Popia disclaimer notices not implemented	Disclaimer notices on emails to be available in 2 nd quarter of 2025/26	Opex	Opex	Updated Strategic risk register
MMOP-004-2024/25	Percentage of Council resolutions implemented	Implementation of Council resolutions	92% (11 of 12) Council resolutions implemented	100% of Council resolutions implemented	None	92% (11 of 12) Council resolutions implemented	100% (18 of 18) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register

Key Performance Area (KPA)5			GOOD GOVERNANCE & PUBLIC PARTICIPATION										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs :			Deepen democracy through a refined ward committee model Administrative and financial capability										
Key Strategic Organizational Objectives			To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MMOP-0005-2024/25	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions implemented	85% (33 of 39) of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	85% (33 of 39) of Audit Committee resolutions implemented	46% (11 of 24) of Audit Committee resolutions implemented		13 resolutions outstanding	Resolutions to be addressed by 2nd quarter of 2025/26	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Municipal Manager		
	Number of targets achieved	08
	Number of Targets Not achieved	03
	Targets Discontinued/Not verifiable	0
Total Number of KPIs		11

4.6 CORPORATE SERVICES

Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2024/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
CORP - 001-2024 /25	Percentage of required office furniture items procured	Procurement of Office Furniture	100% furniture items procured	100% of required furniture items procured	None	100% (36 of 36) of office furniture items procured	100% (43 of 43) of office furniture items procured		None	None	R 337,678.48	R 337,678.48	Advertisement, Purchase Order, Delivery Note
CORP - 002-2024 /2025	Number of municipal buildings deployed with Security personnel	Provision of Security services	Provision of 24/7 security services in 23 municipal buildings	Provision of 24/7 security services in 23 municipal buildings	None	24/7 Security provided in 18 Municipal buildings	24/7 Security provided in 18 Municipal buildings		None	None	R 9,429,616.45	R 9,429,616.45	Monthly Security reports
CORP - 003-	Percentage of required ICT	Procurement of	100% of required ICT equipm	100% of required ICT	None	100% of (85 of 85) required	100% (22 of 22) of required		None	None	R 2 100 000	R 584,770	Approved Specification, Advertise

Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
2024 /25	equipment procured	required ICT equipment	ent procured	equipment procured		ICT equipment procured	ICT equipment procured						ment, appointment letter, delivery notes
CORP - 004-2024 /2025	Number of Councillor Training Programmes coordinated	Training of Councilors	4x Councillor Training programmes coordinated	3 Councillor Training Programmes coordinated	None	1 Councillor Training Programmes coordinated	2 Councillor Training Programmes coordinated	?	Insufficient Budget	To be continued in the 2025/26 financial year	R 314,700.00	R 311 418,00	Training Report, Attendance Register
CORP - 005-2024 /2025	Number of Employee training programme coordinated	Training of Employees	3 Employees Training programmes coordinated	3 Employee Training programmes coordinated	None	3 Employees Training programmes coordinated	3 Employees Training programmes coordinated	?	Training report not submitted	To be corrected in the 1 st quarter 2025/26 FY	R 314 700	R 314 700	Training Report, Attendance Register
CORP OP-001-	Percentage of internal audit	Implementation	100% Internal Audit	100% Internal Audit	None	74% (20 Of 27) Internal	78% (46 Of 59) Internal	?	12 findings	Outstanding to be resolved	Opex	Opex	Updated Internal audit

Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
2024 /25	queries addressed	ion of Internal Audit queries addressed	Queries addressed	Queries addressed		Audit Queries addressed	Audit Queries addressed		not resolved	in the 1 st quarter of 2025/2026			queries report
CORP OP-002-2024 /25	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	N/A (0 of 0 AG Action plan implemented	100% AG Action plan implemented	None	N/A (0 of 0 AG Action plan implemented	100% (1 of 1) AG Action plan implemented	😊	None	None	Opex	Opex	Updated AG Action Plan
CORP OP-003-2024 /25	Percentage of risk register implemented	Implementation of Risk register	50% (1 of 2) Risk Register implemented	100% Risk Register implemented	None	50% (1 of 2) Risk Register implemented	100% (1 of 1) Risk Register implemented	😊	None	None	Opex	Opex	Risk register
CORP OP-004-2024 /25	Percentage of Council resolutions implemented	Implementation of Council	96% (23 of 24) of Council	100% of Council resolutions	None	96% (23 of 24) of Council	97% (29 of 30) of Council resolutions	😢	Resolution on recruitment of Senior	The recruitment process will be	Opex	Opex	Updated Council Resolution register

Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2024/25 Annual Target	2024 /25 Revised Annual Target	2023/24 Actual Achievement	2024/25 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
		resolution	resolutions	implemented		resolutions	implemented		Managers not implemented	finalized by 2nd quarter 2025/26			
CORP OP-005-2024/25	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions implemented	80% (4 of 5) of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	80% (4 of 5) of Audit Committee resolutions implemented	33% (2 of 6) of Audit Committee resolutions implemented		4 resolutions not resolved	Outstanding	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Municipal Transformation And Organizational Development

	Number of targets achieved	05
	Number of Targets Not achieved	05
	Targets Discontinued/Not verifiable	00
Total Number of KPIs		10

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Skills Development Act and Municipal Systems Act require employers to supply employees with the necessary training in order to develop its human resource capacity. With the requirements of the Skills Development Act and Municipal Systems Act as motive the Human Resource unit, under Corporate Services will ensure policies and procedures are effective and efficient to always ensure a productive workforce. We strive to ensure a smooth succession planning by creating an organizational structure that ensure there is always someone to perform the task in the event of illness, resignation and absenteeism for whatever reason of another employee.

Training is implemented in line with the Workplace Skills Plan and closely monitored by the duly constituted Municipal Training committee. The municipality continues to appropriate the budget for a continuous human capital investment through training and development as well as support through employee wellness programmes. We believe this is the only way for continued functionality and sustainability of the municipality

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2023/24		2024/25		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
Budget & Treasury	24	29	26	0	10%
Municipal Manager's Office	26	22	12	0	15%
Technical services	15	35	40	01	10%
Local Economic Development and Planning	5	8	6	01	15%
Community & Social Services	35	59	66	4	15%

Employees					
Description	2023/24	2024/25			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Corporate Services	34	40	32	3	10%
Totals	164	193	182	09	100%

T 4.1.1

Vacancy rate: 2024/25			
Designations	Total Approved Posts	Vacancies (fulltime equivalent)	Vacancies (as a percentage of total posts in each category)
Municipal Manager	12	1	8%
CFO	1	0	0%
Other S57 (excl. Finance)	4	3	75%
Managers (Excl. Finance)	16	0	0%
Managers: Finance	6	0	0%
Supervisors/Specialized skills	10	0	0%

T 4.1.2

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

a. Introduction to Managing Municipal Workforce

- The municipality has developed Human resource management and Labour relations policies that aid management of employees to ensure acceptable behaviour and practice by all employees. Policies are reviewed on an annual basis to cater for the changes in the management of human resources, legislative framework and overall trends in the labour market.
- Advertisements, recruitment, selection, promotions and transfers all form part of staff provisioning policy. Management, Line Managers, Human Resources, Council and Trade Unions are involved in the entire policy development process and the policy endeavors to enable such role-players to perform their allocated responsibilities as effectively and efficiently as possible.

Turnover Rate as at 30 June 2025			
Details	Total appointments as of beginning of financial year	Terminations during the Financial year	Turnover rate
2020/21	179	13	7%
2022/23	187	9	4.8%
2023/24	188	7	3.2%
2024/2025	187	9	4.8%

T4.1.3

4.2 HR POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	Leave policy	100%	Yes	May 2024
	Time and Attendance policy	100%	Yes	May 2024
	Transfer and Placement policy	100%	Yes	May 2024
	Medical incapacity policy	100%	Yes	May 2024
	Car Allowances	100%	Yes	May 2024
	Cell phone Allowance	100%	yes	May 2024
	Health and Safety	100%	yes	May 2024
	Employee Bursary	100%	yes	May 2024
	Overtime policy	100%	yes	May 2024
	Staff Provisioning and Recruitment policy	100%	yes	May 2024
	Standby policy	100%	yes	May 2024
	Laptop policy	100%	yes	May 2024
	Travel and subsistence policy	100%	yes	May 2024
	Sexual Harassment	100%	yes	May 2024
	HIV and Aids	100%	yes	May 2024
	Employee assistance program	100%	yes	May 2024
	Employee Relations	100%	yes	May 2024
	Employment Equity	100%	yes	May 2024
	Dress code	100%	yes	May 2024
	Code of conduct	100%	yes	May 2024
	Absenteeism and attendance	100%	yes	May 2024
	Emergency and evacuation	100%	yes	May 2024
	Training and development	100%	yes	May 2024

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	Covid-19 Danger Allowance	100%	yes	May 2024
	Municipal wide danger allowance	100%	yes	May 2024
	Staff Retention	100%	yes	May 2024
	Bereavement policy	100%	yes	May 2024

T 4.2.1

4.3 INJURY ON DUTY

Number and Cost of Injuries on Duty 2024/25					
Type of Injury	Injury leave taken (days)	Employees using injury leave No.	Proportion of employees using sick leave (%)	Average injury leave per employee (days)	Total estimated cost (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
Total	0	0	0	0	0

T4.3.1

Number of Sick leave (excluding Injury on duty) as at 30 June 2025						
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
General Assistants/Cleaning staff	100	0%	40	100	3.24	
Officers/ Technicians	55	0%	25	52	1.84	
Superintendents'/Accountant/ Management Rep	85	0%	15	12	2.28	
Managers	50	0%	10	18	1.30	
MM and S57	80	0%	3	5	2.11	
Total	370	0%	90	187	10.76	
						<i>T 4.3.2</i>

Number and Period of Suspensions as at 30 June 2025				
Position	Nature of alleged Misconduct	Date of Suspension	Status of Case	Date Finalized
O5 Officials	Misconduct	November 2023 and February, March, April 2024 respectively	Disciplinary process in progress	O2 finalized in February and 30 July 2024. Three cases are in progress

PERFORMANCE REWARDS

The municipality has budgeted a maximum of 1.5% of the overall salary bill for payment of performance rewards in the 2023/2024 financial year. The 1.5% is in line with the Government gazette on staff regulations as well as the approved Performance Management policy and is applicable to employees below section 56 Managers. Furthermore, the municipality has budgeted a maximum of 14% of the total remuneration

package for Senior Managers for performance rewards. The total amount of performance reward payable to all employees who obtained a score of 101% or more is R 439,078.11 (compared to R 434,237.24 paid for 2022/2023). The total approved performance bonus budget for 2023/2024 financial year is R1, 330,534.00 and will be sufficient to cover the estimated cost of R 439,078.11. the Municipality has therefore successfully paid performance bonuses to all qualifying employees for 2023/2024 financial year. There were however no Senior Managers who qualified for performance bonuses in the year under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

a. Introduction

Section 68 (1) of The Local Government: Municipal Systems Act No. 32 of 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act. The table below outlines the training interventions during the year under review.

4.4 SKILLS DEVELOPMENT AND TRAINING

Management Level	Gender	Employees at post at 30 June 2025	SKILLS MATRIX												
			Number of skilled employees required and actual as at 30 June 2025			Learnership			Skills Programmes Short Courses			Other forms of training			Total
			No.	Actual 24/25	Target 24/25	Actual 24/25	Actual 24/25	Target 24/25	Actual 24/25	Actual 24/25	Target 24/25	Actual 24/25	Actual 24/25	Target 24/25	Actual 24/25
Councillors	Male	17	3	3	3	0	0	0	17	17	17	17	17	17	17
	Female	15	02	02	02	0	0	0	15	15	15	15	15	15	15
MM and S57	Male	01	0	0	0	1	1	1	1	1	0	1	1	1	1
	Female	02	0	0	0	2	2	2	2	2	1	2	2	2	2
Managers	Male	12	0	0	0	12	12	9	12	6	3	12	12	9	9
	Female	6	0	0	0	6	6	6	6	3	3	6	6	6	6
Technicians	Male	3	0	0	0	0	0	0	0	3	0	0	0	0	3

SKILLS MATRIX															
Management Level	Gender	Employees at post at 30 June 2025	Number of skilled employees required and actual as at 30 June 2025												
			Learnership			Skills Programmes Short Courses			Other forms of training			Total			
		No.	Actual 24/25	Target 24/25	Actual 24/25	Actual 24/25	Target 24/25	Actual 24/25	Actual 24/25	Target 24/25	Actual 24/25	Actual 24/25	Target 24/25	Actual 24/25	
Professionals	Female	1	0	0	0	0	0	0	0	1	0	0	0	0	1
	Male	18	0	0	0	0	0	0	18	5	5	0	0	0	5
	Female	5	0	0	0	0	0	0	5	5	5	0	0	0	5
Totals		80	05	05	05	21	21	18	76	58	49	53	53	64	
T4.5.1															

• Skills Development Expenditure

N.B. Training is derived from one vote which serves as a pool for all employees

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R
MM & S57	Male	0	R 300 000	R 300 000 budgeted for and LGSETA Discretionary funding
	Female	0		
Managers	Male			
	Female	0		
Plant and Machine Operators	Male	0		
	Female	0		
Technicians	Male	1		
	Female	0		
Sales & Services Workers	Male	0		
	Female	3		
Officers	Male	2		

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R
Clerks	Female	4		
	Male	0		
	Female	0		
General Assistants	Male	3		
	Female	6		
Totals				
%				0
T4.5.3				

Financial Competency Development: Progress report						
Description	A Total no of officials employed by municipality Regulation 14 (4) (a) & (c)	B Total no of officials employed by municipal entity Regulation 14 (4) (a) & (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A & B Regulation 14 (4) (a) & (d)	Consolidated: Total no of officials whose performance agreements is in line with Regulation 14 (4) (f)	Consolidated: Total no of officials that meet prescribed competency levels Regulation 14 (4) (e)
Finance Officials	7	0	7	7	0	0
Accounting Officer	1	0	1	1	1	1
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	2	0	2	2	2	2
Any Finance officials	2	0	2	2	0	0
Head of Supply chain units	1	0	1	1	0	2
Total	4	0	14	4	4	6

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
MM & S57	Male	0
	Female	0
Managers	Male	0
	Female	0
Officers and Supervisors	Male	0
	Female	0
Clerical	Male	0
	Female	0
General Assistants/Cleaners	Male	0
	Female	0
Total		0

T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	None	None	None	None

T 4.6.4

DISCLOSURES OF FINANCIAL INTERESTS:

See Appendix J below.

CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 INTRODUCTION TO FINANCIAL STATEMENTS

The 2024/2025 Annual Financial Statements were for the first time in the history of Molemole prepared in-house without the use of consultants. We are pleased to report that the Municipality maintained the unqualified audit option with even fewer exceptions than the previous financial year. We are now steaming ahead with preparation of Annual Financial in- house and have beefed up the Finance department with a Manager: Reporting, who will specifically focus on preparation of AFS from Statements quarterly basis to mid-year and thereafter Annual.

The Municipality has fulfilled its responsibility for the preparation of the financial statements in accordance with Generally Recognised Accounting Practice and the MFMA and DORA, that the financial statements were fairly presented in accordance with all the required legislations. All known instances of non-compliance or suspected non-compliance with legislation, which the municipality was aware of were considered during the preparation of the annual financial statements and brought to the attention of the auditor. The identity of all related parties, the related party relationships and transactions has been appropriately accounted for and disclosed in accordance with the requirements of GRAP.

All known actual or possible litigation and claims were accounted for and disclosed in accordance with GRAP. All events after the date of the financial statements and for which GRAP requires adjustment or disclosure have been adjusted or disclosed. The going concern assumption was appropriately applied in the preparation of the financial statements and there were no significant uncertainties identified by Auditor General which can impact the municipality's ability to continue as a going concern.

c) Reconciliation of A1 Budget Summary

Description R thousands	Year 2024/25										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9	10	11
<u>Financial Performance</u>											
Property rates	34 686	2 000	36 686	–	–	36 686	29 864		6 822	81	86
Service charges	18 384	–	18 384	–	–	18 384	13 302		5 083	72	72
Investment revenue	14 991	2 000	16 991	–	–	16 991	13 919		3 072	82	93
Transfers recognised - operational	215 150	(1 256)	213 894	–	–	213 894	193 141		20 753	90	90
Other own revenue	34 581	(4 000)	30 581	–	–	30 581	25 653		4 928	84	74
Total Revenue (excluding capital transfers and contributions)	317 793	(1 256)	316 537	–	–	316 537	275 878	–	40 659	87	
Employee costs	121 491	(1 951)	119 539	–	–	119 539	119 906	(367)	(367)	100	
Remuneration of councillors	17 285	(950)	16 335	–	–	16 335	14 186	–	2 150	87	82
Debt impairment	2 559	–	2 559	–	–	2 559	27 252	(24 694)	(24 694)	–	1 065

Description R thousands	Year 2024/25										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9	10	11
Depreciation & asset impairment	21 070	-	21 070			21 070	24 412	-	(3 341)	116	116
Finance charges	1 848	500	2 348	-	-	2 348	2 936	-	(588)	125	159
Materials and bulk purchases	14 459	2 000	16 459	-	-	16 459	16 015	-	443	97	111
Transfers and grants	-	-	-	-	-	-	-	-	-		
Other expenditure	117 522	(758)	116 764	-	-	116 764	104 845	-	11 918	90	89
Total Expenditure	296 233	(1 159)	295 074	-	-	295 074	309 552	(25 060)	(14 478)	105	104
Transfers recognised - capital	21 560	(97)	21 463	-	-	21 463	(33 673)	25 060	55 137	(157)	
Contributions recognised - capital & contributed assets	38 779	-	38 779	-		38 779	37 449	-	1 330	97	97
Surplus/(Deficit) after capital transfers & contributions											

Description R thousands	Year 2024/25										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Share of surplus/ (deficit) of associate Surplus/(Deficit) for the year	1	2	3	4	5	6	7	8	9	10	11
	-	-	-	-	-	-	-	-	0	-	6
	60 339	(97)	60 242	-	-	60 242	3 775	(25 060)	56 467	6	
<u>Capital expenditure & funds sources</u>											
Capital expenditure											
Transfers recognised - capital	38 779	-	38 779	-		38 779	37 449		1 330	97	97
Public contributions & donations			-			-	-		-	-	-
Borrowing	-		-			-	-		-	-	-
Internally generated funds	21 560	(97)	21 463	-		21 463	15 374		6 090	72	71
Total sources of capital funds	60 339	(97)	60 242	-	-	60 242	52 823	-	7 420	88	88
<u>Cash flows</u>											
Net cash from (used) operating	73 085	(49 778)	23 307	-		23 307	45 127		(21 820)	194	62

Description R thousands	Year 2024/25										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9	10	11
Net cash from (used) investing	(60 339)	97	(60 242)	–		(60 242)	(52 823)		(7 420)	88	88
Net cash from (used) financing	–	–	–			–			–	#DIV/0!	#DIV/0!
Net increase/(decrease) in cash and cash equivalents	12 746	(49 682)	(36 935)	–	–	(36 935)	(7 696)	–	(29 239)	21	(60)
Cash/cash equivalents at the beginning of the year	124 012	37 329	161 341			161 341	140 341		21 000	87	113
Cash/cash equivalents at the year end	136 759	(12 353)	124 406	–	–	124 406	132 645	–	(8 239)	107	97

T 5.1.1

d) FINANCIAL PERFORMANCE: OPERATING SERVICES

Description	Year 2023/24	Year 2024/25			Year 2024/25 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>						
Water	–	–	–	–	0,00%	0,00%
Waste Water (Sanitation)	–	–	–	–	0,00%	0,00%
Electricity	43 825	55 744	55 744	48 352	-15,29%	-15,29%
Waste Management	9 564	11 277	11 283	10 174	-10,84%	-10,90%
Housing	–	–	–	–	0,00%	0,00%
Component A: sub-total	53 389	67 021	67 028	58 526	-14,52%	-14,53%
Waste Water (Stormwater Drainage)		–	–		0,00%	0,00%
Roads	29 319	23 081	23 081	13 732	-68,09%	-68,09%
Transport	–	–	–	–	0,00%	0,00%
Component B: sub-total	29 319	23 081	23 081	13 732	-68,09%	-68,09%
Planning						
Local Economic Development						
Component B: sub-total	–	–	–	–	–	–
Planning (Strategic & Regulatory)	6 320	7 952	7 952	5 867	0,00%	0,00%
Local Economic Development	4 344	5 020	5 020	4 869	0,00%	0,00%

Description	Year 2023/24	Year 2024/25			Year 2024/25 Variance	
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget
Component C: sub-total	10 664	12 973	12 973	10 735	0,00%	0,00%
Community & Social Services	27 969	43 527	43 527	41 510	-4,86%	-4,86%
Environmental Protection		-	-		0,00%	0,00%
Health		-	-		0,00%	0,00%
Security and Safety		-	-		0,00%	0,00%
Sport and Recreation		-	-		0,00%	0,00%
Corporate Policy Offices and Other	122 963	149 631	147 935	182 723	18,11%	19,04%
Component D: sub-total	150 932	193 158	191 462	224 232	13,86%	14,61%
Total Expenditure	244 304	296 233	294 544	307 225	3,58%	4,13%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.					T 5.1.2	

6. COMMENT ON FINANCIAL PERFORMANCE

THE LIQUIDITY RATIOS FOR 2024/25 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 3.3:1
- Acid test ratio = 3.3:1
- Net Assets/Working Capital = 498 757 158

The municipal ratios indicate clearly that the financial capacity of the municipality is stable. The municipality will be in a position to operate in the coming financial year and meet all its financial obligations.

5.2 GRANTS PERFORMANCE

Description	R' 000					
	2023/24	2024/25			2024/25 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	180 744	191 817	191 817	191 756		
Equitable share	178 108	187 593	187 593	187 594	(0)	(0)
Municipal Systems Improvement	-	-	-	-	-	-
Department of Water Affairs	-	-	-	-	-	-
Levy replacement	-	-	-	-	-	-
Financial Management Grant	2 292	2 200	2 200	2 139	3	
Municipal Infrastructure Grant	344	2 024	2 024	2 024	-	-
Provincial Government:	1 217	1 386	1 386	1 385	0	0

Description	R' 000					
	2023/24	2024/25			2024/25 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Health subsidy	-	-	-	-		
Housing	-	-	-	-		
Ambulance subsidy	-	-	-	-		
Sports and Recreation	-	-	-	-		
Expanded Public Works Programme	217	1 386	1 386	385	0	0
District Municipality:	-	-	-	-		
CDM	-	-	-	-		
Other grant providers:	-	-	-	-		
<i>[insert description]</i>						
Total Operating Transfers and Grants	181	193	193	193	0	0
	961	203	203	141		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.					T 5.2.1	

7. COMMENT ON OPERATING TRANSFERS AND GRANTS:

The financial Management grant got allocation of R 2 200 000 at the beginning of the 2024/25 financial year. The municipality used this money to recruit Finance Interns, to also fund their training on Municipal Finance Management Programme (MFMP) and training for all finance officials and to pay for IT backup system. The total amount spent was R2 138 642 or 97 percent. The remaining unspent amount of R 61 358 was returned to National Revenue Fund.

Total MIG allocation for the year under review was R 40 820 000 and the overall expenditure as at 30th June 2025 was R 37 448 726 which is 92% of the allocation. The remaining unspent amount of R 1 347 588 was returned to National Revenue Fund. Total INEP allocation for the year under review was R 20 674 000.00 including VAT and the overall expenditure as at 30th June 2025 was R 19 427 927.59 inclusive of VAT and retention which is 94% of the allocation. The remaining amount of R 1 034 175 exclusive of VAT was returned to the National Revenue Fund.

8. GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)

- The municipality did not receive any grants other than the one from DORA.

5.3 ASSET MANAGEMENT

a) INTRODUCTION TO ASSET MANAGEMENT

The Municipality is pleased to report that in the 2024/2025 financial year there were no material findings relating to Asset Management. This is quite encouraging considering that there were serious findings raised by the Auditor-General in the 2023/2024 financial year. This is all thanks to the intervention by Finance department led by the CFO for creating a new position for Manager: Asset which was filled well on time to ensure the new Manager start to work on reviewing and modernizing Asset Management in the Municipality. Prior this the Asset Management was a subunit of Supply chain Management Unit which was Managed by Supply chain Manager.

Furthermore, the municipality procured an asset management solution to assist the asset division with asset verification. The solution collects information such as but not limited to GPS coordinates, asset custodians, asset locations, conditions assessment information amongst other capabilities. Through this solution the division has successfully conducted two asset verifications to check the status of the assets and to help the Accounting Officer in determining which assets are obsolete for the purpose of disposing them. The Municipality has also compiled a Fixed Asset register for auditing by the Auditor-General of South Africa.

Recruitment process for Accountant Assets could not be finalized, and we are planning to fill the position by the end of 2025/2026 financial year. It should be appreciated that the more service delivery projects implemented, the more Assets we will have to record in the Asset

register, and this would indeed require sufficient staff complement to ensure we maintain our credible Asset register. The total Asset value for the Municipality in the 2024/2025 financial year was R458, 764, 387 which is an increase of 8.9% from the Asset value of R 421, 457 913 reported in the 2023/2024 financial year.

The following table outline the treatment of the six largest assets acquired in the year under review:

TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2024/25	
	Asset 1
Name	Sekhonye Internal Street (Access to Main Road)
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers and Technical Manager
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 7,540,949.48 Excl. VAT
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	Upgrading of roads and storm water infrastructure for effective access to communities
Policies in Place to Manage Asset	Yes
Asset 2	
Name	Upgrading Mogwadi Internal Streets
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 1,891,285.55
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	Upgrading of roads and storm water infrastructure for effective access to communities

TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2024/25	
Policies in Place to Manage Asset	Yes
Asset 3	
Name	Procurement of two Graders
Description	Procurement of graders to assist the technical department roads and storm-water division with gravel roads maintenance.
Asset Type	Infrastructure Asset (Storm-water Control)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 10,032,000.00 Excl. VAT
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	The municipality is predominantly rural jurisdiction and has a significant backlog of unpaved roads and these graders will assist with the maintenance.
Policies in Place to Manage Asset	Yes
Asset 4	
Name	Supply, Installation and Commissioning of 3 High Mast lights
Description	Supply, Installation and Commissioning of 3 High Mast lights in Mohodi, Broekman and Botlokwa
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 1,766,520
Capital Implications	Yes
Future Purpose of Asset	Provision of Electricity
Describe key Issues	Ensuring communities have sufficient lighting.
Policies in Place to Manage Asset	Yes
Asset 5	

TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2024/25	
Name	Supply, Installation and Commissioning of CT/VT metering unit
Description	Supply, Installation and Commissioning of CT/VT metering unit in Mogwadi
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 869,565.00
Capital Implications	Yes
Future Purpose of Asset	The asset fully implemented and fully functional.
Describe key Issues	The metering unit will assist the electrical division in ensuring that the municipality pays for the correct bulk purchases from Eskom and reduces electricity losses.
Policies in Place to Manage Asset	Yes
Asset 6	
Name	Procurement on Traffic Management System
Description	Procurement on Traffic Management System
Asset Type	Movable Asset
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 2,976,596
Capital Implications	Yes
Future Purpose of Asset	Asset will improve revenue collection
Describe key Issues	The system will assist with the collection of traffic infringements issued to motorists through road blocks, the traffic van integrates with the financial system to ensure accuracy of infringement notices amongst other capabilities.
Policies in Place to Manage Asset	Yes

Below is a report on capital expenditure of the 5 largest projects

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 24/25			Variance: Current Year 24/25	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
SEKHONYE INTERNAL STREET (ACCESS TO MAIN ROAD)	10,000,000	10,000,000	7,540,949	0%	-24%
UPGRADING MOGWADI INTERNAL STREETS	3,326,182	2,174, 980	1,891, 285	-34%	-13%
PROCUREMENT OF TWO GRADERS	12,000,000	10,032,000	10,032,000	-16%	0%
PROCUREMENT ON TRAFFIC MANAGEMENT SYSTEM	5,000,000	4,885,814	3,911,270	-2%	-29%
SUPPLY, INSTALLATION AND COMMISSIONING OF 3 HIGH MAST LIGHTS	3,000,000	2,031,498	1,766,520	-32%	-13%
T 5.7.1					

b) REPAIR AND MAINTENANCE EXPENDITURE FOR 2024/2025 FINANCIAL YEAR

R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	15 610 550,00	15 610 550,00	14 450 285,00	7
				T 5.3.4

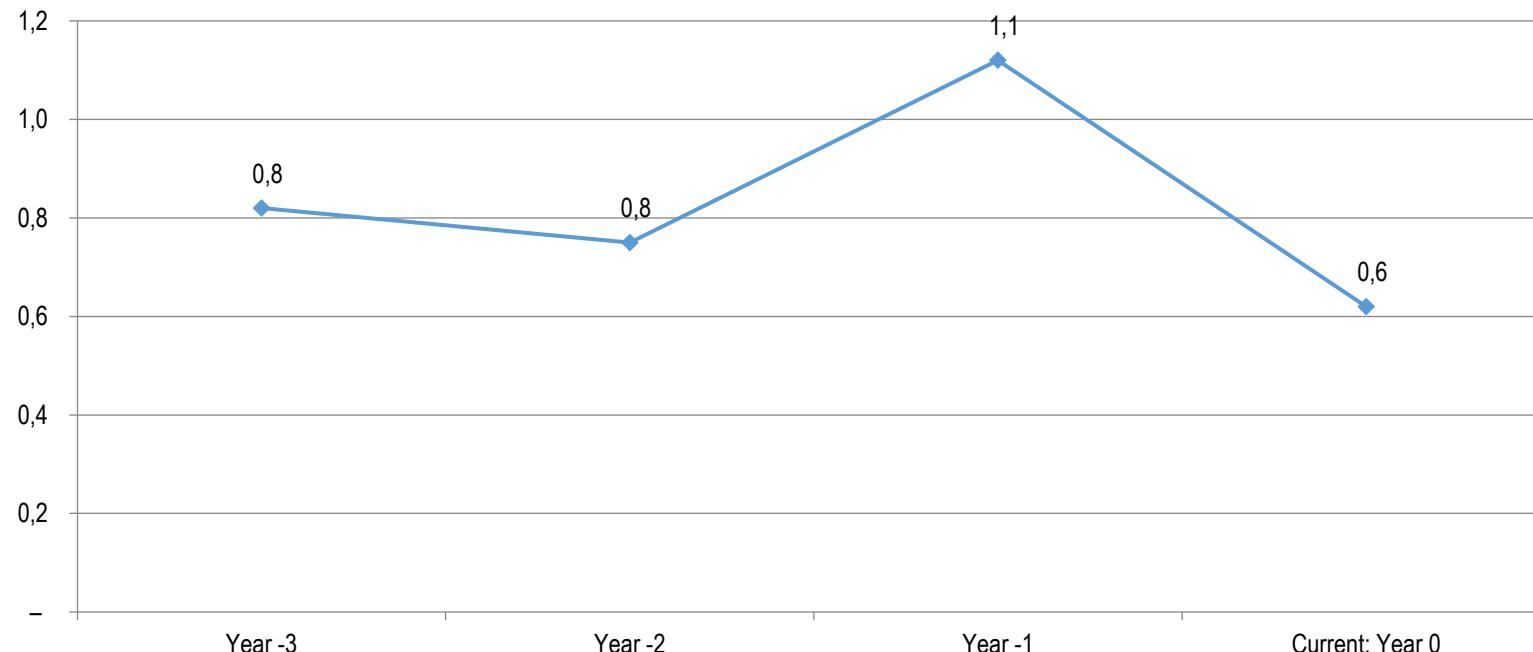
c) COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

During the year under review the municipality had budget allocation of R 15,610,550.00 for repair and maintenance of municipal assets. The total expenditure Repair and Maintenance for 2024/25 was R 14 450 285. The proportion of Repair and Maintenance to the budget stood at 3%, which is below the required 8% as per circular 71. The municipality will work hard to ensure there is improvement in the coming financial years to ensure all procured assets are able to be maintained to extract the expected service delivery benefits from such assets.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Financial ratios for the 2024/25 as described under financial overview above are graphically illustrated hereunder:

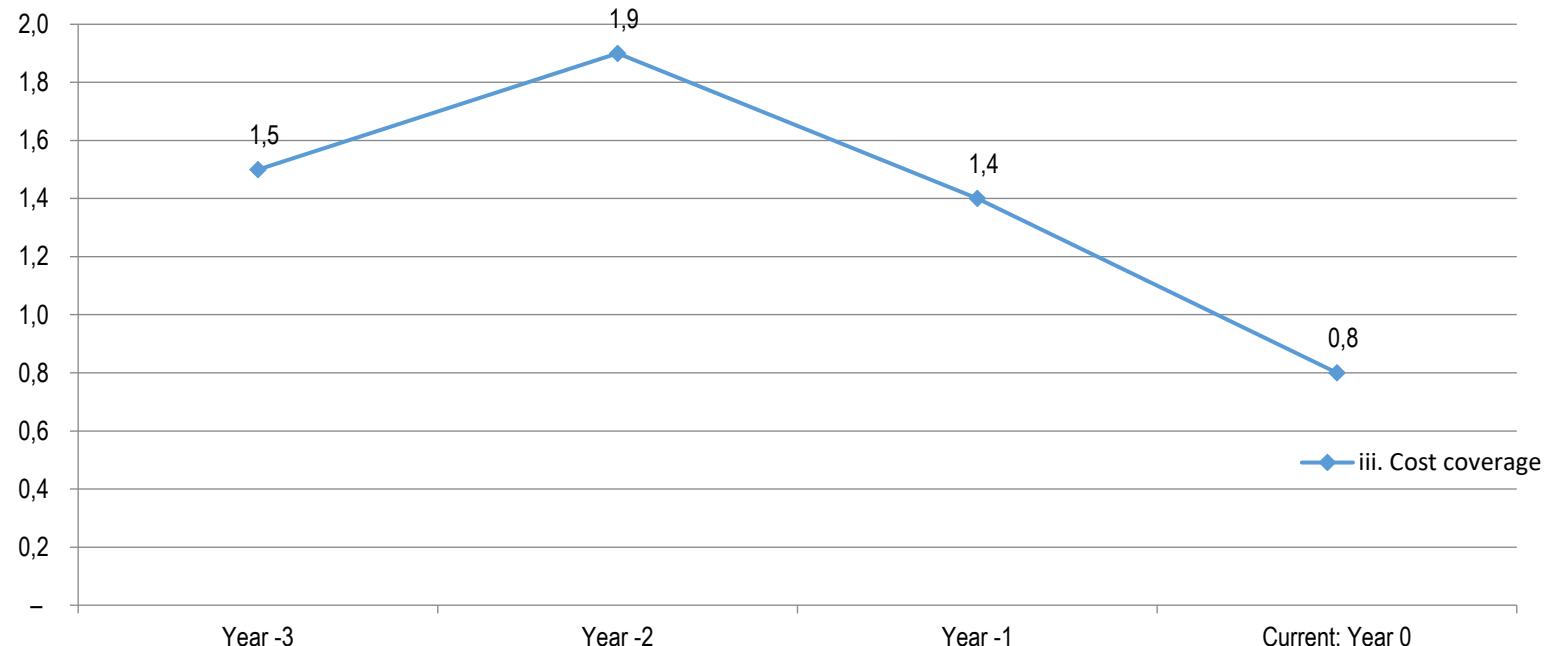
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

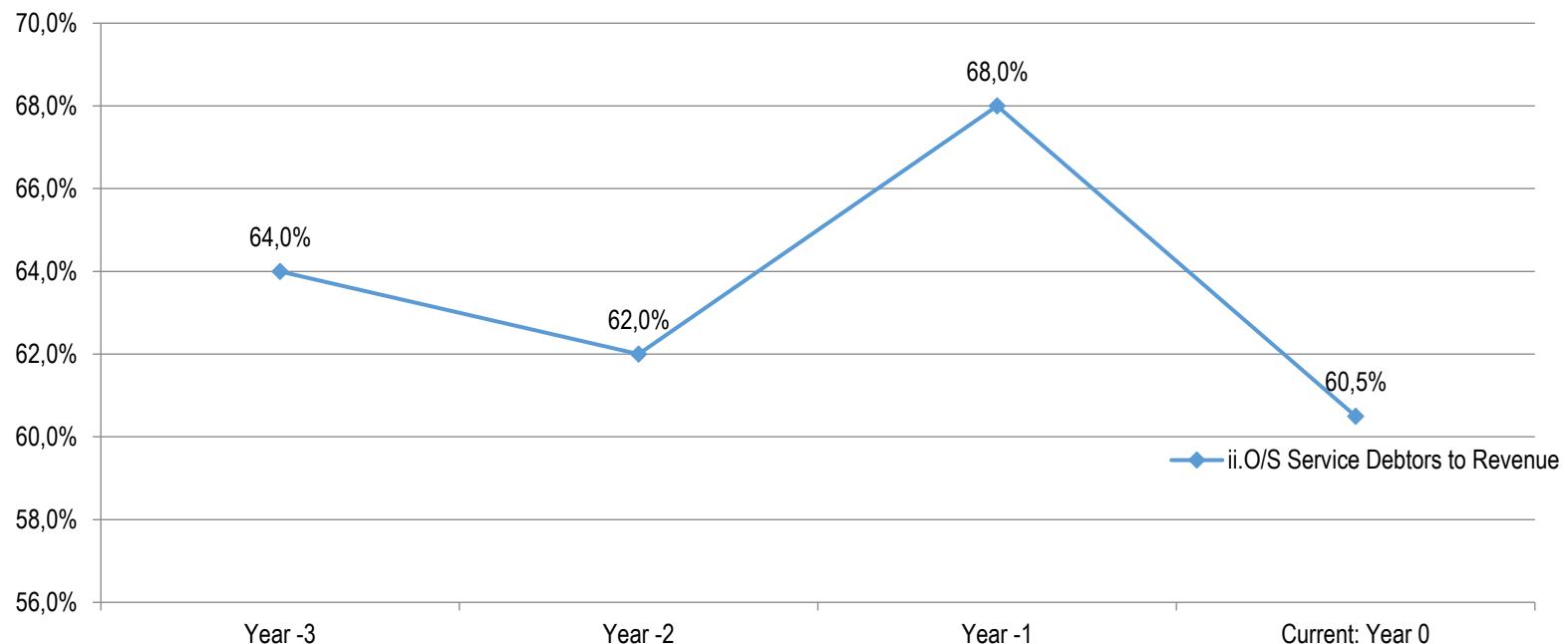
Cost Coverage



Cost Coverage— It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

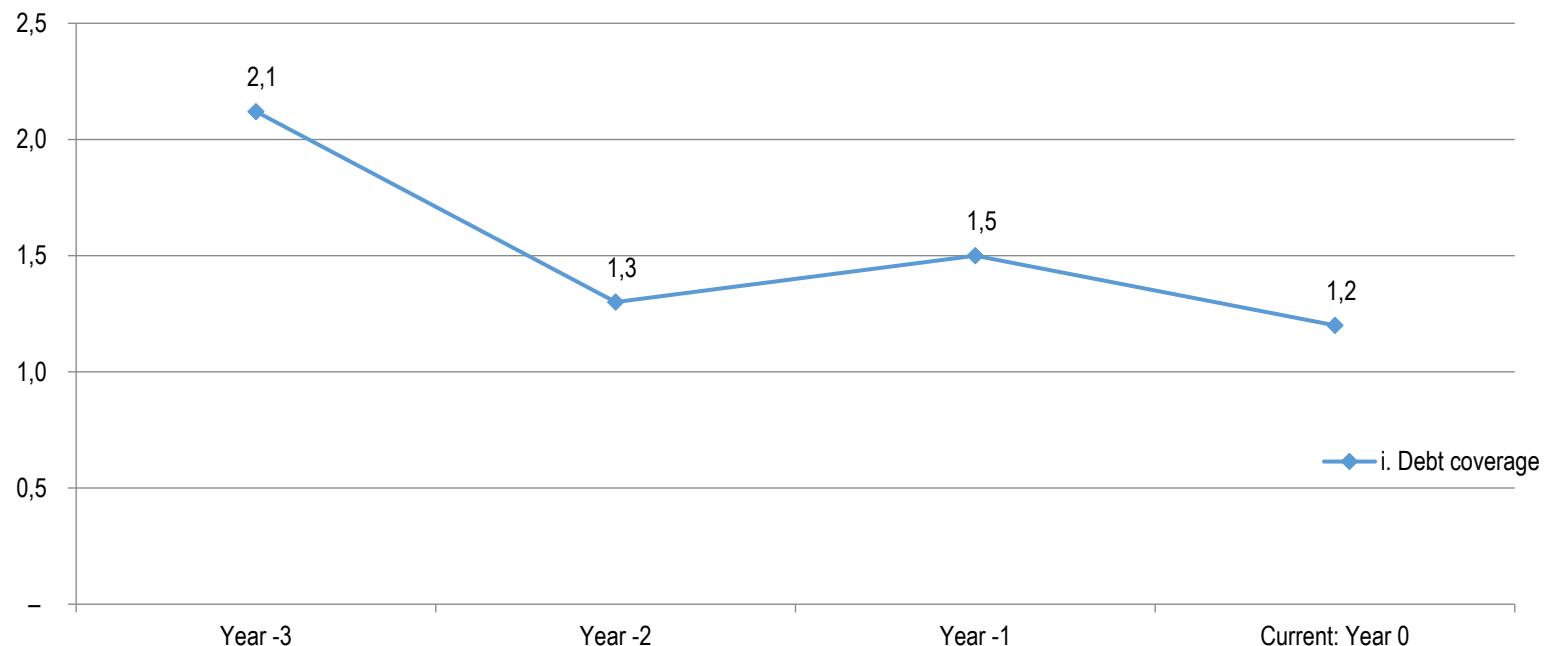
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

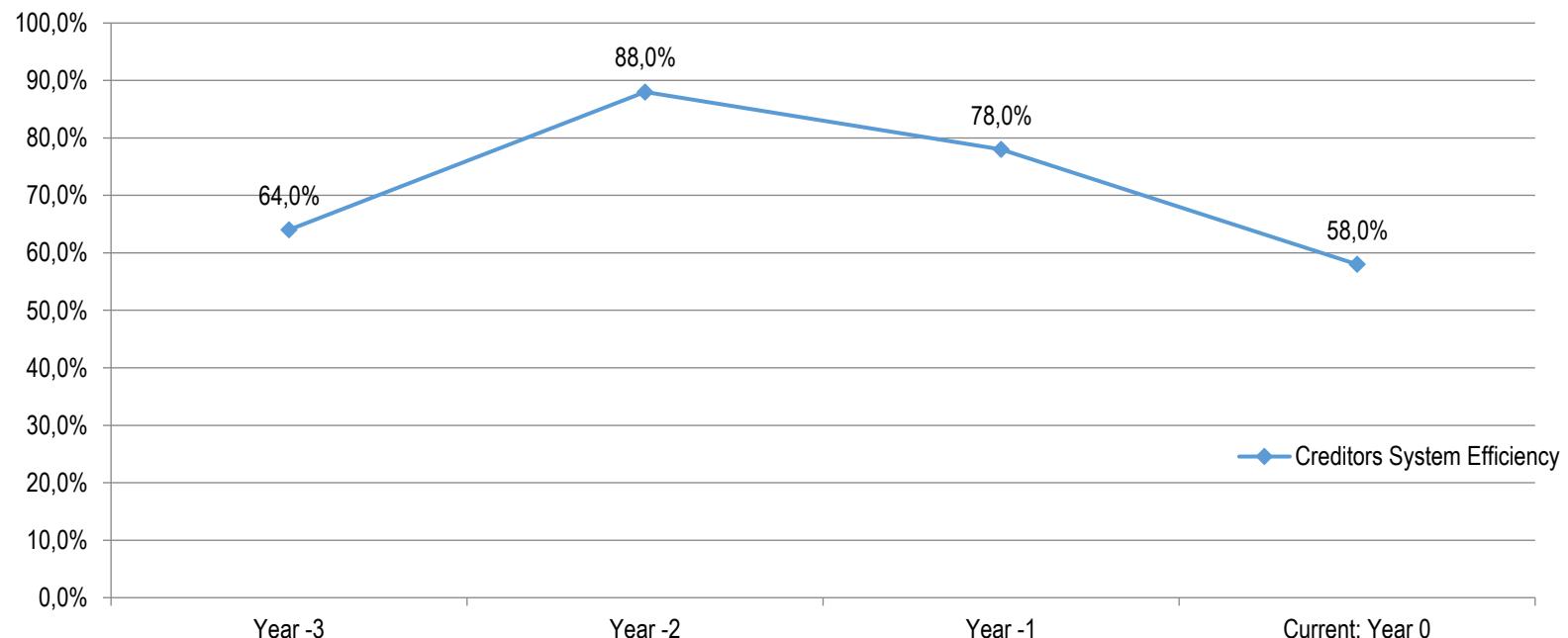
Debt Coverage



Debt Coverage— The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

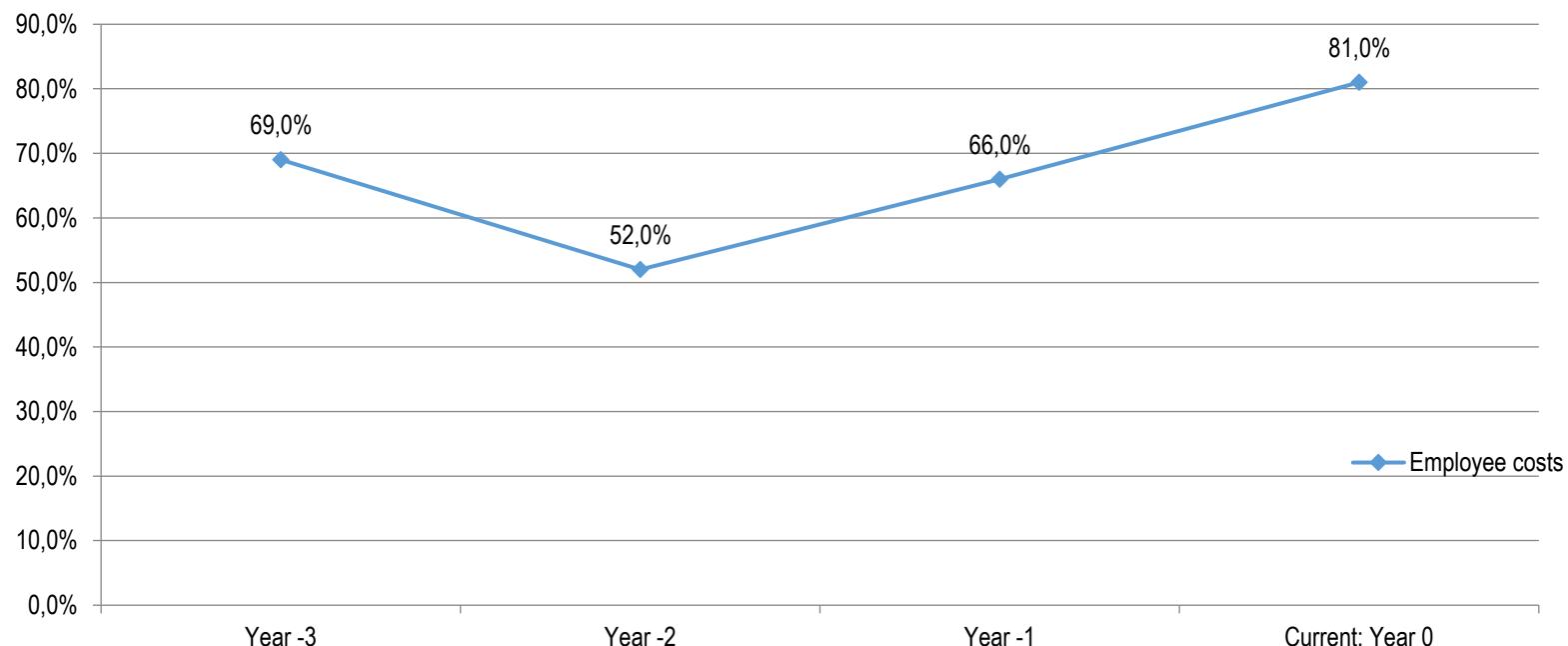
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

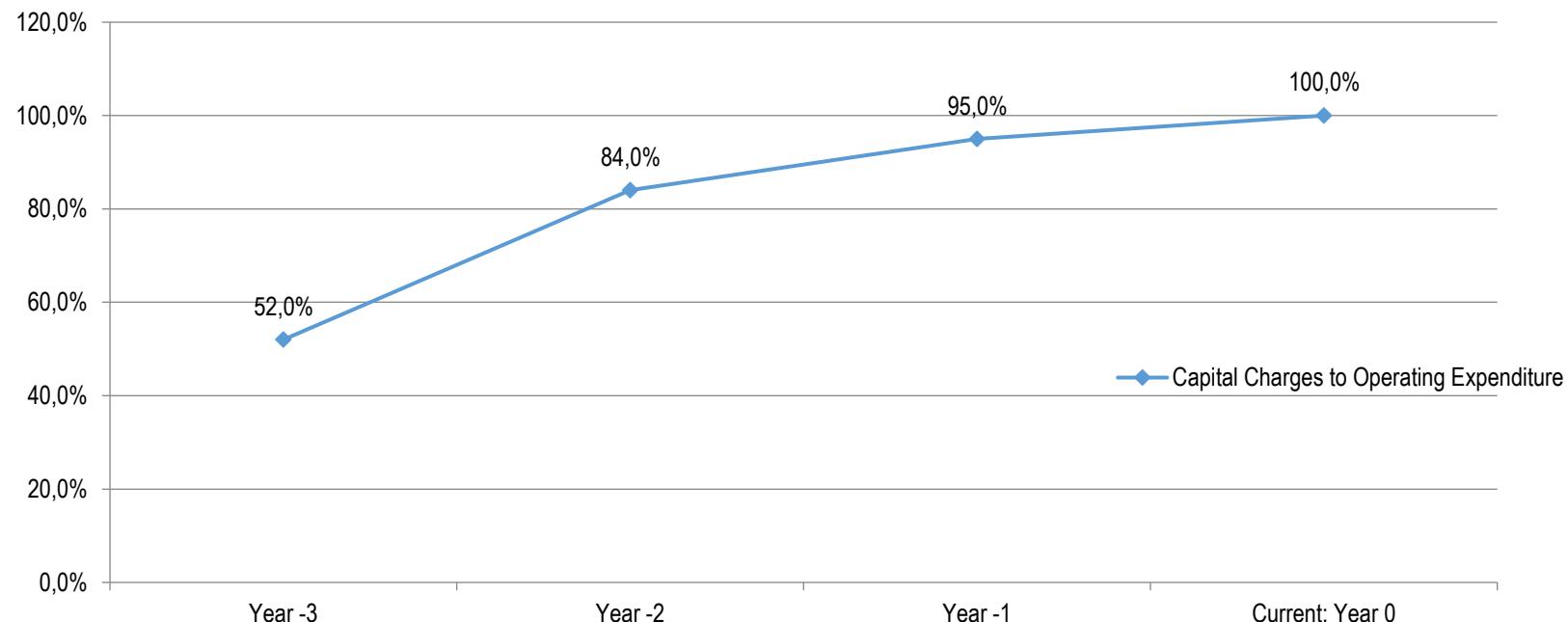
Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

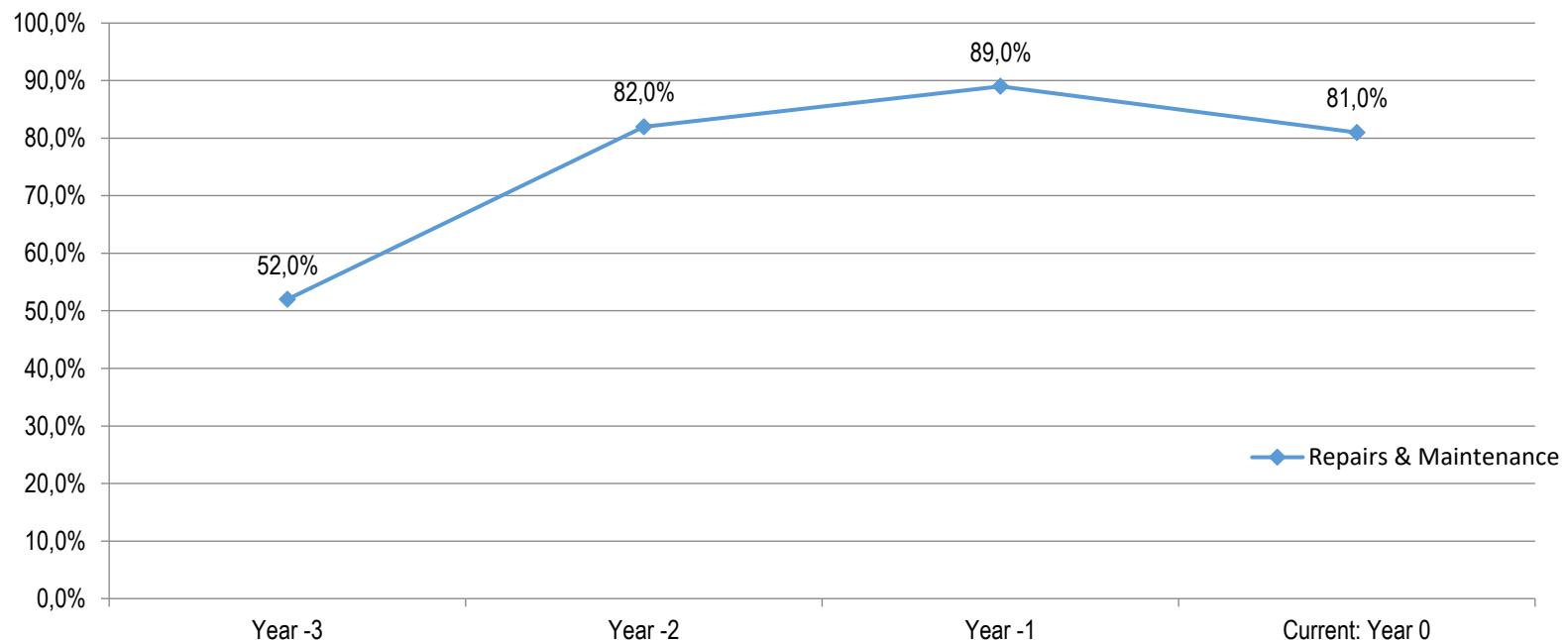
Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

COMMENT ON FINANCIAL RATIOS:

The ratio 4:1 is above the norm which means that the municipality will be able to pay its short-term obligations with the available current assets. When comparing the current year ratio to the prior year it is stable, thus no indication of uncertainties on the liquidity of the municipality.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

a) INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have lasting value over many years. Molemole municipality fund Capital projects via grants and funds generated from own user fees. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2023/24 to Year 2024/25							
Details		Year 2023/24	Year 2024/25				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	0,00%	0,00%
	Public contributions and donations	0	0	0	0	0,00%	0,00%
	Grants and subsidies	34516616	50779000	48811000	42596110,16	-3,88%	-16,11%
	Other	30818177	9560002	11431404	10226512,84	19,58%	6,97%
Total		65334793	60339002	60242404	52822623	-0,16%	-12,46%
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	52,8%	84,2%	81,0%	80,6%	2420,9%	129,4%
	Other	47,2%	15,8%	19,0%	19,4%	-12227,5%	-56,0%
Capital expenditure							
	Water and sanitation					0,00%	
	Electricity	8766417	3031498	3031498	2691899	0,00%	-11,20%
	Housing					0,00%	0,00%
	Roads and storm water	34516616	50779000	48811000	42596110	-3,88%	-16,11%
	Other	22051760	6528504	8399906	7534613	28,67%	15,41%
Total		65334793	60339002	60242404	52822623	24,79%	-11,91%

Capital Expenditure - Funding Sources: Year 2023/24 to Year 2024/25							R' 000
Details	Year 2023/24	Year 2024/25					Actual to OB Variance (%)
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)		
Percentage of expenditure							
Water and sanitation	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	13,4%	5,0%	5,0%	5,1%	0,0%	94,1%	
	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	52,8%	84,2%	81,0%	80,6%	-15,6%	135,3%	
	33,8%	10,8%	13,9%	14,3%	115,6%	-129,4%	
							T 5.6.1

Below is a report on capital expenditure of the 5 largest projects

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

a) INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has a favorable bank balance of R 140 341 016 (compared to R 112 262 025 in 2023/24) at year end as per table.

5.9 CASH FLOW

Description	2022/23	R'000			
		Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	42,678	71,710	61,340	35,482	
Government - operating	176,587	183,701	223,188	199,379	
Government - capital	40,347	58,548	44,845	66,022	
Interest	8,168	9,600	10,100	12,651	
Dividends					
Payments					
Suppliers and employees	(210,802)	(234,742)	(247,304)	(218,051)	
Finance charges	-	-	2,010	(2,070)	
Transfers and Grants	-	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	56,976	88,817	94,179	93,413	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	

Description	2022/23	R'000		
		Audited Outcome	Original Budget	Adjusted Budget
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Purchase of intangibles	–	–	–	–
Payments				
Capital assets	(49,993)	(72,380)	(79,805)	(65,335)
NET CASH FROM/USED) INVESTING ACTIVITIES	(49,993)	(72,380)	(79,805)	(65,335)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	–			
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	–		–	–
NET CASH FROM/USED) FINANCING ACTIVITIES	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	6,983	16,436	14,374	28,078
Cash/cash equivalents at the year begin:	105,279	118,872	112,262	112,262
Cash/cash equivalents at the year-end:	112,262	135,308	126,636	140,340

Description	2022/23	Current: 2023/24			R'000
		Audited Outcome	Original Budget	Adjusted Budget	Actual
<i>Source: MBRR A7</i>					<i>T 5.9.1</i>

Municipal investments

INTRODUCTION TO INVESTMENTS

Municipal Decisions on Investments are guided by the Council approved Investment policy as well as the Municipal Finance Management Act, 2003 (Act 56 of 2003) and the National Treasury, in Government Gazette No. 27431, published Municipal Investment Regulations. Below is comparative statistical report for the year under review:

Description	2023/2024	2024/2025
Bank balances	R 7 615 375	R 16 619 132
Short / long -term Investment	R 132 725 641	R 116 034 917
TOTAL	R 140 341 016	R 132 645 049

- The table below gives a detailed overview of investments during the 2024/25 financial year.

Investment type	Municipal and Entity Investments			R' 000
	Year 2022/23	Year 2023/24	Year 2024/25	
	Actual	Actual	Actual	
Municipality				
Securities - National Government				
Listed Corporate Bonds				
Deposits - Bank	108 207 304,00	132 725 641,00	116 034 917,00	

Municipal and Entity Investments			
Investment type	R' 000		
	Year 2022/23	Year 2023/24	Year 2024/25
	Actual	Actual	Actual
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	108207304	132725641	116034917
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	108207304	132725641	116034917

Municipal and Entity Investments			
Investment type	R' 000		
	Year 2022/23	Year 2023/24	Year 2024/25
	Actual	Actual	Actual
T 5.10.4			

a. PARTNERSHIPS

The municipality did not have any official partnerships

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 GRAP COMPLIANCE

GRAP is an acronym for Generally Recognized Accounting Practice, and it provides the rules for which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable the National Treasury to assess the pace of progress and to consider the implications if not adhered to. Molemole Municipality followed the directives issued by the Accounting Standards Board in compiling the 2024/2025 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are following GRAP

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

Financial year	2023/24
Municipality name	Molemole
Audit opinion	Unqualified
Reporting period	Jun-2024

- **A SUMMARY OF AUDIT FINDINGS FOR THE 2023/24 FINANCIAL YEAR IS TABLED BELOW**

Auditor-General Report on Financial Performance 2023/2024	
Audit Report status*:	Unqualified
Non-Compliance Issues The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of cash flow statement and segment information identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Remedial Action Taken Timely preparation of the Annual Financial Statement process plan. Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.
Asset Management	An internal control system has been developed to ensure that all assets in the assets register are easily identifiable.

Auditor-General Report on Financial Performance 2023/2024	
An effective internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA	
Expenditure management Reasonable steps were not taken to prevent unauthorised expenditure amounting to R10 714 900, as disclosed in note 62 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by debt impairment and changes to the long service award policy. The non-compliance could have been prevented if adequate controls and processes were implemented to prevent it..	Preparation of accurate and complete financial statement that are supported and evidenced by reliable information
Note: * The report's 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)	
T6.1.1	
Auditor-General Report on Service Delivery Performance 2023/24	
Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
KPA 2: Basic service delivery No material findings on the usefulness and reliability of the reported performance information for the following development priority:	Unqualified with no material findings
KPA 1: Spatial planning and rational The performance management system and related controls were not maintained as it did not describe how the performance measurement, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).	Unqualified

Auditor-General Report on Financial Performance 2023/2024**COMMENTS ON AUDITOR-GENERAL'S OPINION 2023/24**

As at 30 June 2024 the municipality has resolved 100% of audit findings raised by Auditor-General as well as 62% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year. The total number of findings for the year under review were nineteen (19).

COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2023/2024)

6.2 AUDITOR GENERAL REPORT YEAR 2023/2024

Financial year	2023/24
Municipality name	Molemole
Audit opinion	Unqualified
Reporting period	Jun-2024

- A SUMMARY OF AUDIT FINDINGS FOR THE 2024/25 FINANCIAL YEAR IS TABLED BELOW

Auditor-General Report on Financial Performance 2024/2025	
Audit Report status*:	Unqualified with findings
Non-Compliance Issues The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion..	Remedial Action Taken Timely preparation of the Annual Financial Statement process plan. Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.
Expenditure management	Preparation of accurate and complete financial statement that are supported and evidenced by reliable information

Auditor-General Report on Financial Performance 2024/2025	
Reasonable steps were not taken to prevent unauthorised expenditure amounting to R30 334 440, as disclosed in note 63 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Majority of the unauthorised expenditure was caused by provision for debt impairment. The non-compliance could have been prevented if adequate controls and processes were implemented to prevent it.	
Note: * The report's 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)	
T6.1.1	
Auditor-General Report on Service Delivery Performance 2024/25	
Audit Report status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
There were material findings on the usefulness and reliability of the reported performance information for the following development priority:	Timely preparation and thorough review of the annual performance report ensure that it contains of accurate, correct, and reliable information.
KPA 2: Basic service delivery	
COMMENTS ON AUDITOR-GENERAL'S OPINION 2024/25	
As at 30 June 2025 the municipality has resolved 100% of audit findings raised by Auditor-General as well as 69% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year. The total number of findings for the year under review were nineteen (19) which is an improvement on the twenty four (24) from the previous financial year..	

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " 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.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	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.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	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.
Basic municipal service	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.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	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.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation

GLOSSARY

Outcomes	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".
Outputs	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.
Performance Indicator	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 which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	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.
Performance Targets:	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.
Service Delivery Budget Implementation Plan	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.
Vote:	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. Section 1 of the MFMA defines a "vote" as: a) <i>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> b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

A1:F13 Councilors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage of Council Meetings Attendance	Percentage Apologies for non-attendance
					%
1. Masilo Edward Paya	FT	Mayor	ANC	100%	N/A
2. Matlou Dikeledi	FT	Speaker	ANC	100%	N/A
3. Emmanuel Masilo Rathaha	PT	Chief Whip	ANC	100%	N/A
4 Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL COMMITTEE	ANC	90%	10%
5. Moabelo Letta Moloko	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
6. Hlapa Boitumelo Moyahabo	PT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
7. Motolla Matome Oscar	PT	Ward Councillor MAYORAL COMMITTEE	EFF	80%	20%
8. Mafona Shobane Wilson	PT	PR Councillor	CICAF	80%	20%
9. Rahlana Mokgadi Elizabeth	PT	PR Councillor	ANC	100%	N/A
10.Cllr Motlalamobe Thato.	PT	PR Councillor	ANC	90%	10%
11. Rathete Tshepiso Paul	PT	Ward Councillor	ANC	100%	N/A
12. Moloko Calvin Matjee	PT	PR Councillor	DA	80%	20%
13.Kgopane Thabitha Olga	PT	Ward Councillor	ANC	100%	N/A
14. Letlalo Selina Matlou	PT	Ward Councillor	ANC	100%	N/A
15. Nakana Sewatlalene Robert	PT	PR Councillor	ANC	100%	N/A
16.Ngobene Mashilo Simon	PT	Ward Councillor	ANC	100%	N/A
17. Nong Molema Corncious	PT	Ward Councilor	ANC	100%	N/A
18. Poopedi Mohlala Joyce	PT	PR Councillor	EFF	100%	N/A
19.Ramarutha Maropene Evans	PT	Ward Councillor	CICAF	100%	N/A
20.Mapholletja Tshimanki Marcus	PT	PR Councilor	EFF	60%	40%
21.Modiba Godfrey Molema	PT	Ward Councillor	ANC	90%	10%
22. Ramusi Moshaba Victor	PT	Ward Councillor	ANC	90%	10%

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage of Council Meetings Attendance	Percentage Apologies for non-attendance
					%
23. Sekgota Ntata Jeffrey	PT	PR Councillor	EFF	80%	20%
24. Selabe Machale Martha	PT	PR Councillor	EFF	80%	20%
25 Senamolela Mohlatlego Yvonne	PT	PR Councillor	EFF	80%	20%
26. Kubjana Jonathana Mokete	PT	PR Councillor	CIVIC WARRIORS	80%	20%
27. Phuti Standford Masoga	PT	Ward Councillor	ANC	70%	30%
28. Malebana Tlou Granny	PT	PR Councillor	ANC	100%	N/A
29. Chepape Sedupe Portia	PT	Ward Councillor	ANC	100%	N/A
30. Machaka sina Matsheba	PT	Ward Councillor	ANC	100%	N/A
31. Mabitsela Ramaru Isaac	PT	Ward Councillor	ANC	100%	N/A
32. Machete Matlala Elizabeth	PT	Ward Councillor	ANC	100%	N/A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

MUNICIPAL COMMITTEES	NAMES AND INITIALS OF CHAIRPERSON	PURPOSE OF COMMITTEE
Executive Committee	Paya M.E	Recommend to the municipal council strategies, programmes and services to address priority needs
Finance department	Hlapa B.M	Provides political oversight over Financial management for sound financial sustainability
Technical department	Rampyapedi N.F	Provides political oversight over the Basic Services & Infrastructure development
Community department	Motolla M.O	Provides political oversight over the Basic Services & Public and Social Amenities
Corporate services	Moabelo M.L	Provides political oversight over Municipal Transformation & Organizational Development
Local economic development & planning	Mafona S.W	Provides political oversight over the Spatial Rationale & Local Economic Development

Committees (other than Mayoral / Executive Committee) and Purposes of Committees				
Municipal Committees	Members	No. of meetings attended	No of meetings not attended	Purpose of Committee
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TOTAL MEETINGS HELD: 11	Rathete P.T	11	0	To perform an oversight function on behalf of the Council over the executive functionaries of the Council
	Modiba M.G	11	0	
	Nong M.C	11	0	
	Nakana S.R	07	04	
	Machaka C.M	11	0	
	Matjee M.C	05	06	
	Ramarutha E.M	11	0	
	Kubyana M.J	04	07	
	Sekgota N.J	11	0	
AUDIT & PERFORMANCE COMMITTEE TOTAL MEETINGS HELD: 10	1. Ms FJ Mudau	10	0	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 3.2.1/10/2023 dated 06 October 2023
	2. Mr MD Mogano	10	0	
	3. Mr MJ Kgopa	09	1	
	4. LT Nevondwe	3	0	
	5. KS Masemola	2	1	
ETHICS & INTEGRITY COMMITTEE TOTAL MEETINGS HELD: 04	Cllr Nakana S.R	04	04	Enforcement of Councillor code of conduct
	Cllr Modiba G.M	04	04	
	Cllr Nong M.C	04	04	
	Cllr Kgopane T.O	04	04	
	Cllr Selabe M	01	03	
RISK MANAGEMENT COMMITTEE TOTAL MEETINGS HELD: 04	Chairperson: F Ndou	05	05	Appointed by the Accounting Officer / Authority to review the Institution's system of risk management
	Senior Managers And Risk Officer Chief Audit Executive	05	05	
ICT STEERING COMMITTEE TOTAL MEETINGS HELD: 04	Makgatho K.E	04	02	To ensure the application, management and review of the ICT systems are consistent with the goals and objectives of the municipality
	Manyelo M.F	04	04	
	Wiso P	04	02	
	Moloto J : CAE	04	04	
	Ralephenya T	04	04	
	Mashatola D	04	02	
	Bernady J (SITA)	04	01	
	Mamabolo H (CDM)	04	0	
	Mabuela MF	04	03	
	Zulu K	04	02	
	Mahatlani T	04	03	
	Wasilota Y	04	04	

Committees (other than Mayoral / Executive Committee) and Purposes of Committees				
Municipal Committees	Members	No. of meetings attended	No of meetings not attended	Purpose of Committee
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TOTAL MEETINGS HELD: 04	Rathete P.T	04	0	To perform an oversight function on behalf of the Council over the executive functionaries of the Council
	Modiba M.G	04	0	
	Nong M.C	03	01	
	Machaka C.M	04	0	
	Matjee M.C	02	02	
	Ramarutha E.M	02	02	
	Kubyana M.J	03	01	
	Sekgota N.J	02	02	
AUDIT & PERFORMANCE AUDIT COMMITTEE TOTAL MEETINGS HELD: 07	1. Ms FJ Mudau	11	0	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 3.2.1/10/2023 dated 06 October 2023
	2. Mr MD Mogano	7	04	
	3. Mr MJ Kgopa	11	0	
	4. Mr FL Ndou	11	0	
ETHICS & INTEGRITY COMMITTEE TOTAL MEETINGS HELD:04	Cllr Nakana S.R	04	0	Enforcement of Councillor code of conduct
	Cllr Modiba G.M	04	0	
	Cllr Nong M.C	02	02	
	Cllr Kgopane T.O	03	01	
	Cllr Matjee C.M	0	04	
	Cllr Kubyana M.J	0	04	
	Cllr Ramarutha E	0	04	
	Cllr Sekgota N.J	03	01	
RISK MANAGEMENT COMMITTEE TOTAL MEETINGS HELD:04	Cllr Machaka S.M	04	0	Appointed by the Accounting Officer / Authority to review the Institution's system of risk management
	Chairperson: Mathibela K	01	04	
	Senior Managers And Risk Officer Chief Audit Executive	04	04	
ICT STEERING COMMITTEE TOTAL MEETINGS HELD:04	Makgatho K.E	04	02	To ensure the application, management and review of the ICT systems are consistent with the goals and objectives of the municipality
	Manyelo M.F	04	04	
	Wiso P	04	02	
	Moloto J : CAE	04	04	
	Ralephenya T	04	04	
	Mashatola D	04	02	
	Bernady J (SITA)	04	01	
	Mamabolo H (CDM)	04	0	
	Mabuela MF	04	03	
	Zulu K	04	02	
	Mahatlani T	04	03	
	Wasilota Y	04	04	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure		
Directorate	Director/Senior Manager	Remarks
Municipal Manager's Office	Mr. K.E Makgatho	Incumbent served for the full financial year
Budget and Treasury	Ms K Zulu	Incumbent served for the full financial year
Corporate Services	Vacant	Recruitment process underway
Community Services	Vacant	Recruitment process underway
Technical Services	Vacant	Recruitment process underway
LED and Planning	Ms. T.C.F Mahatlani	Incumbent served for the full financial year

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The municipality does not have an entity and as a result some functions are performed by the Capricorn district municipality. The table below outlines functions performed by the municipality.

Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
Air Pollution	NO	N/A
Building Regulations	YES	N/A
Child Care facilities	NO	N/A
Electricity and gas reticulation	YES	N/A
Firefighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal Health Services	NO	N/A
Municipal Public Transport	NO	N/A
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	YES	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	NO	N/A
Storm water management systems in built up areas	NO	N/A
Trading regulations	YES	N/A
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	YES	N/A
<i>Continued next page</i>		N/A
Beaches and amusement facilities	NO	N/A
Billboards and the display of advertisements in public places	YES	N/A

Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Cemeteries, funeral parlours and crematoria	YES	N/A
Cleansing	NO	N/A
Control of public nuisance	NO	N/A
Control of undertakings that sell liquor to the public	NO	N/A
Facilities for the accommodation, care and burial of animals	NO	N/A
Fencing and fences	NO	N/A
Licensing of dogs	NO	N/A
Licensing and control of undertakings that sell food to the public	NO	N/A
Local amenities	NO	N/A
Local sport facilities	NO	N/A
Markets	NO	N/A
Municipal abattoirs	NO	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	NO	N/A
Noise pollution	YES	N/A
Pounds	NO	N/A
Public places	YES	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	YES	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A

APPENDIX E – WARD REPORTING

WARD COMMITTEE FUNCTIONALITY 2024/2025					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speaker's office on time	Quarterly public ward meetings held during the year
1.	Cllr Rathete T	YES	12 meetings held	12 reports submitted	04
	Sebone M				
	Nakana MA				
	Serakwana NC				
	Sedima MA				
	Chabalala JM				
	Ramaila KS				
	Baloyi MS				
	Lebepe MJ				
	Manaka TS				
2.	Mutsusi TS				
	Cllr Rampyapedi N	Yes	12 meetings held	12 reports submitted	07 ward public meetings held
	Monyeseale MC				
	Ramaphakela SM				
	Mapokgole JM				
	Phalakatshela LE				
	Monyepao MP				
	Ramotlou MA				
	Sediela ML				
	Hamise MM				
3.	Hamese MC				
	Makganyoha MS				
	Cllr Chepape S	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mukwevho MD				
	Saasa KC				
	Modiba MC				
	Makaepaa AM				
	Lekgetha S A				
	Mamotheti DR				
	Ramaboea MO				
4.	Ramokgopa MP				
	Cllr Rathaha M	Yes	12 meetings held	12 reports submitted	11 ward public meetings held
	Mmantji MM				
	Seshibedi KJ				
	Masilompana MY				
	Mokgawa MJ				
	Lefofane MM				
	Ngaka MD				
	Phooko MM				
	Ratema MJ				
	Phosa P P				

WARD COMMITTEE FUNCTIONALITY 2024/2025					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speaker's office on time	Quarterly public ward meetings held during the year
	Leshabana MS				
5.	Cllr Ramarutha M	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mailula KP				
	Mohale M				
	Matlala BM				
	Mohale DA				
	Mogale MM				
	Phosa SE				
	Thepa MC				
	Matlala MY				
	Chohledi MJ				
6.	Cllr. Machaka S	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Pheena MP				
	Maleka QM				
	Makwala MH				
	Monchela MD				
	Rapholo MJ				
	Rapholo IM				
	Mokgokong RL				
	Sekgota RS				
7.	Cllr Machethe M	Yes	12 meetings held	12 reports submitted	1ward public meetings held
	Baloyi MH				
	Raphadu DM				
	Ramakgolo MS				
	Rachekhu MC				
	Ramonenyiwa MM				
	Sebone TB				
	Phooko MB				
	Ramalatswa LM				
	Kgopane LN				
8.	Cllr Ramusi M	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mokgawa ML				
	Ramahlelo MJ				
	Matsapola KS				
	Matjutla MI				
	Matsapola TG				
	Makwela SM				
	Maake MN				
	Rapudi MM				
	Thobakgale TG				
9.	Sebola MJ				
	Cllr Modiba M	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Motlalamobi T				
	Ramadisa IC				

WARD COMMITTEE FUNCTIONALITY 2024/2025					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speaker's office on time	Quarterly public ward meetings held during the year
10.	Makgobatlou DSP	Yes	12 meetings held	12 reports submitted	12 ward public meetings held
	Pheeha MN				
	Pheeha MH				
	Ramanala MC				
	Ramapuputla SS				
	Masipa ME				
	Machaka MD				
	Kganakga TH				
11.	Cllr Moabelo M	Yes	12 meetings held	12 reports submitted	06 ward public meetings held
	Ramachela MM				
	Morokolo SC				
	Morifi LC				
	Manthose MJ				
	Machabaphala MS				
	Sebone NJ				
	Phukubye MC				
	Masalesa MP				
	Tsoke SM				
12.	Cllr Ngobene M	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mashapa SM				
	Ntlatla MS				
	Mothemela MJ				
	Moningi SE				
	Matjea MJ				
	Kobe MS				
	Mabala MJ				
	Chuene SM				
	Manthata MV				
	Masubelele PM				
	Cllr Letlalo M				
13.	Maluleke CM	Yes	12 meetings held	12 reports submitted	11 ward public meetings held
	Morat				
	Molele SC				
	Mokgota MB				
	Mohlabeng TA				
	Sebola N				
	Mokwena MA				
	Manthata JS				
	Molemisi KM				
	Manetshe MP				

WARD COMMITTEE FUNCTIONALITY 2024/2025					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speaker's office on time	Quarterly public ward meetings held during the year
	Matjee TC				
	Matlhadisa SJ				
	Raphiri MJ				
	Manokwana NC				
	Mokgomme MW				
	Masasane MA				
	Makobela MC				
14.	Cllr Mabitsela R	Yes	12 meetings held	12 reports submitted	6 ward public meetings held
	Tau MS				
	Ramaphala MR				
	Matsapola MP				
	Maphoto KP				
	Seliti MN				
	Mailula MR				
	Thupana PJ				
	Mathopa ME				
	Kgatla MR				
	Dipela MJ				
15.	Cllr Masoga P	Yes	12 meetings held	12 reports submitted	10 ward public meetings held
	Moitsi ME				
	Matsebane TT				
	Maupye KP				
	Mashishi TL				
	Mabitsela MO				
	Nkoana MS				
	Lamola LS				
	Sebata MM				
	Mothapo MF				
	Buthane MS				
16.	Cllr Nong M	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Mabetsa NR				
	Tsiri RD				
	Hlakola TP				
	Maboya KJ				
	Machabaphala JM				
	Moholola MA				
	Nkoana DB				
	Machaba MM				
	Mamabolo DM				

APPENDIX F – WARD SERVICE DELIVERY INFORMATION

Project Name	Ward Number	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date
Electrification of 130 households at Diyaweng	Ward 03	R2 600 000.00	Not Achieved	Ongoing	None	None	01 July 2024	31 December 2025
Design and electrification of 50 households at Koekoek A&B	Ward 11	R1 000 000.00 0	Not Achieved	Ongoing	The Village feeder line not three phase line	2026/27 financial year	31 December 2025	31 December 2025
Supply, Installation and Management of a STS 6 Compliant Prepayment electricity vending solution	Ward 01 and 10	As per Approved	Achieved	100%	None	None	01 July 2024	30 June 2025
Electrification of 95 households in Ramatjowe	Ward 07	R1 900 000.00	Achieved	100%	None	None	01 July 2024	30 June 2025
Electrification of 90 Households in Mashaa	Ward 04	R1 800 000.00	Achieved	100%	None	None	01 July 2024	30 June 2025
Electrification of 100 households at Sekhwama village	Ward 07	R2 000 000.00	Achieved	100%	None	None	01 July 2024	30 June 2025
Design and Electrification of 200 households at Mohodi Village	Ward 11	R4 000 000.00	Achieved	100%	None	None	01 July 2024	30 June 2025
Design and Electrification of 135 households at Mangata Village (Phase two)	Ward 08	R2 648 000.00	Achieved	100%	None	None	01 July 2024	30 June 2025
Electrification of 120 households at Mamotshana Village	Ward 03	R2 400 000.00	Term Project	Ongoing	None	None	01 July 2024	31 December 2025
Electrification of 80 households at Mokgehle Village	Ward 14	R1 600 000.00	Term Project	Ongoing	None	None	01 July 2024	31 December 2025

Project Name	Ward Number	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date
Planning, Design and Project Management of 6.1 km Sekonye to Springs	Ward 05 and 06	R480 000.00	Term Project	Ongoing	None	None	12 July 2024	30 June 2027
Construction Of Ramokgophapha Landfill Site	Ward 02	R38 474 765.70	Term Project	Ongoing	None	None	23 September 2024	30 June 2026
Procurement Of Geographic Information System	Municipal Wide	R776 675.73	Achieved	100%	None	None	29 October 2024	28 June 2026
Supply And Delivery Of Two Motor Grader To Mogwadi Offices	Municipal Wide	R11 536 800.00	Achieved	100%	None	None	11 November 2024	30 June 2025
Coordination Of Investor Conference And Development Of Municipal Investment Package	Municipal Wide	R890 784.20	Achieved	100%	None	None	21 November 2024	30 June 2025
Development Of Molemole Roads Master Plan	Municipal Wide	R 1 380 000.00	Achieved	100%	None	None	20 November 2024	30 June 2025
Procurement And Installation Of Check Meter And CTVT	Ward 01 and 10	R 999 999.75	Achieved	100%	None	None	10 December 2024	30 June 2025
Procurement And Installation Of Advanced Metering Infrastructure (AMI)	Ward 01 and 10	R 570 960.70	Achieved	100%	None	None	10 December 2024	30 June 2025
Procurement And Installation Of 3x High mast Lights In Mohodi Newstand B, Broekman And Eisleben	Wards 11, 13 and 14	R 2 031 498.00	Achieved	100%	None	None	10 December 2024	30 June 2025
Supply, Delivery, Installation and Support of Full Traffic Management Systems for the period of 36 Months	Municipal Wide	R 4 999 000.00	Achieved	Ongoing	None	None	28 February 2025	27 February 2028

Project Name	Ward Number	Total Project value	Project status quo	Project End Date
Electrification of 130 households at Diyaweng	Ward 03	R2 600 000.00	Ongoing	31 December 2025
Design and electrification of 50 households at Koekoek A&B	Ward 11	R1 000 000.0	Ongoing	31 December 2025
		0		
Supply, Installation and Management of a STS 6 Compliant Prepayment electricity vending solution	Ward 01 and 10	As per Approved	100%	30 June 2025
Electrification of 95 households in Ramatjowe	Ward 07	R1 900 000.00	100%	30 June 2025
Electrification of 90 Households in Mashaa	Ward 04	R1 800 000.00	100%	30 June 2025
Electrification of 100 households at Sekhwama village	Ward 07	R2 000 000.00	100%	30 June 2025
Design and Electrification of 200 households at Mohodi Village	Ward 11	R4 000 000.00	100%	30 June 2025
Design and Electrification of 135 households at Mangata Village (Phase two)	Ward 08	R2 648 000.00	100%	30 June 2025
Electrification of 120 households at Mamotshana Village	Ward 03	R2 400 000.00	Ongoing	31 December 2025
Electrification of 80 households at Mokgehle Village	Ward 14	R1 600 000.00	Ongoing	31 December 2025
Planning, Design and Project Management of 6.1 km Sekonye to Springs	Ward 05 and 06	R480 000.00	Ongoing	30 June 2027
Construction Of Ramokgopa Landfill Site	Ward 02	R38 474 765.70	Ongoing	30 June 2026
Procurement Of Geographic Information System	Municipal Wide	R776 675.73	100%	28 June 2026
Supply And Delivery Of Two Motor Grader To Mogwadi Offices	Municipal Wide	R11 536 800.00	100%	30 June 2025
Coordination Of Investor Conference And Development Of Municipal Investment Package	Municipal Wide	R890 784.20	100%	30 June 2025
Development Of Molemole Roads Master Plan	Municipal Wide	R 1 380 000.00	100%	30 June 2025
Procurement And Installation Of Check Meter And CTVT	Ward 01 and 10	R 999 999.75	100%	30 June 2025
Procurement And Installation Of Advanced Metering Infrastructure (AMI)	Ward 01 and 10	R 570 960.70	100%	30 June 2025
Procurement And Installation Of 3x High mast Lights In Mohodi Newstand B, Broekman And Eisleben	Wards 11, 13 and 14	R 2 031 498.00	100%	30 June 2025

Project Name	Ward Number	Total Project value	Project status quo	Project End Date
Supply, Delivery, Installation and Support of Full Traffic Management Systems for the period of 36 Months	Municipal Wide	R 4 999 000.00	Ongoing	27 February 2028

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2024/25

1. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

2. Audit Committee members and attendance

The Audit Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. In the year under review there were Ten (10) Audit Committee meetings held. The table below illustrates the number of meetings attended by members of the Audit Committee during the 2024/2025 financial year.

Surname and Initial	Ordinary meeting	Special meetings	Total
1. Ms FJ Mudau	4	6	10
2. Mr MD Mogano	4	6	10
3. Mr MJ Kgopa	3	6	09
4. Mr LT Nevondwe	1	2	3
5. Mr KS Masemola	1	1	2

3. The Effectiveness of Internal Control

Internal control environment system has improved significantly. However, there were several deficiencies in the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General.

4. In-Year Management and Monthly/Quarterly Report

The municipality does have an effective monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA).

5. Performance Management

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and capacitating the Performance Management Unit.

6. Risk Management

The AC is of the opinion that municipality's risk management appears to be effective for the better of the year in material respect, and the municipality did implement a comprehensive risk management strategy and related policies. Management has sound and effective approach that has been followed in developing strategic risk management plans and there is a sense of appreciation of

the impact of the municipality's risk management framework on the control environment. However, there is a room for improvement in so far as implementation of hotline as part of fraud prevention strategy.

7. Compliance with laws and regulations

Compliance management system appears to be working considering no material incidents of non-compliance were reported by Internal Audit.

8. Internal Audit

The AC is satisfied with the effectiveness of Internal Audit and commend Management and Council for capacitating this unit. However, there is a need to fast-track the implementation of Combined Assurance Model.

9. Progress in implementation of Internal Audit and AGSA findings from prior year

The AGSA recommendations were fully implemented, whereas the internal audit recommendations were not completely implemented by management at the time of this report.

10. Implementations of Audit Committee Recommendations by management

A material number of Audit Committee recommendations to management were implemented which is commendable.

11. Draft Annual Financial Statements and Annual Performance Report

Audit Committee reviewed the draft unaudited 2024/25 Annual Financial Statements and 2024/25 draft Annual Performance report before submission to AGSA for audit and concur with the submission subject to all the inputs being factor in by management.

12. Conclusion

The Audit Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements reported above. We would also like to thank the Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.



FJ Mudau
Chairperson of the Audit Committee
Molemole Local Municipality
August 2025

AUDIT COMMITTEE SCHEDULE OF RESOLUTIONS 2024/25

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 14 DECEMBER 2020						
Training for teammate to be prioritized in January 2021	Training for teammate to be prioritized in January 2021	Senior Manager Corporate Services	Aug-21	To prioritize the procurement of the new software system in the 2026/27 financial year, progress will be monitored at the ICT steering committee meetings, which will report to the Audit Committee quarterly.	Completed	
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 22 FEBRUARY 2022						
4. ICT Report	The column for progress should be added onto the resolution register	Senior Manager Corporate Services	Apr-22	The column for tracking the progress on the resolutions has been added.	Completed	
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 27 JULY 2022						
Risk Management	Conduct the POPIA awareness/training in the upcoming quarter	Risk Officer	Oct-22	An awareness campaign on POPIA was conducted for management and Councillors.	Completed	
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 24 APRIL 2023						
Project status report	The level of involvement between the municipality and Eskom on the energization of the high mast lights must be reflect in the project report	Acting Senior Technical Services		The project risk report does not to address the communication level between Eskom and the municipality.	In - Progress	July 2026
MINUTES OF THE ORDINARY COMMITTEE MEETING 25 JULY 2024						
Quarterly progress report	Discussion to be held regarding the testing of the disaster recovery plan	CAE	Immediately	The discussion has been held with the ICT office	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Risk Management	All IT issues should be included in the risk report.	Risk Officer	Immediately		In progress	July 2026
Executive Summary of ICT Steering Committee Minutes	The ICT reports should include performance of the SLA, the status of the ICT report in terms of resolving the risks on the ICT register and maintaining continuity of the disaster recovery.	Senior Manager: Corporate Services	Immediately	ICT report has been updated with the status of the performance of the SLA, ICT risk register and continuity of disaster recovery	Completed	
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 25 October 2024						
Quarterly Financial Performance Report	The municipality to have acceleration plan to increase spending on capital expenditure.	CFO		Acceleration plan to be developed	Completed	
Follow up and closure on/off outstanding matters	The CFO to share the INEP circular with the Audit Committee.	CFO		The circular was shared with the AC members	Completed	
Operational risk register	The municipality to mitigate 50% of the risks at the end of the first quarter.	Acting Chairperson RM		The progress on implementation of risk mitigation measures for the 2nd Quarter on Operational Risk Register were as follows: • 71% Risk mitigations were implemented • 29% Risk mitigations are in progress	Completed	
Operational risk register	The Chairperson of the Audit Committee to engage with Municipal manager in terms of progress of appointing the Chairperson of RMC	Chairperson Audit Committee		The position of risk management chairperson has advertised	Completed	
Operational risk register	The Risk Officer to engage with the Municipal Manager regarding appointing him as the information officer.	Risk Officer		Engagement on the appointment of the information officer still underway	In progress	
Operational risk register	In the next meeting, the Acting chairperson of Risk Management	Acting Chairperson RM		The opinion was provided on how to	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	Committee should provide opinion on how to manage risk management culture within the municipality.			manage risk management culture within the municipality		
Quarterly ICT Governance Report	The ICT Governance report for Q1 is to be presented in the next meeting.	Acting Senior Manager Corporate Services	Immediately	The ICT governance report Q1 was submitted and presented during the third quarter meeting.	Completed	
Project status report	The municipality prioritize committee meetings for finalizing the tender appointments.	Senior Manager Technical Services	Immediately	All tender processes were finalized and the service providers were appointed.	Completed	
MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 27 JANUARY 2025						
Significant litigation matter report	The Legal Services Manager to present written reports in the next meeting.	Legal Services: Manager	Apr-25	The legal services reports has been included in the agenda	completed	
Strategic Risk register	Management to commence with the new risk registers for the 2025/26 financial year.	Risk Officer	Immediately	Risk assessment was performed during the third quarter	completed	
Project status report	The plan to be developed in order to assist the improvement of performance in the Technical Services department.	Senior Manager Technical Services	Immediately	Acceleration has been developed and implemented	Completed	
Performance Information Audit	A meeting is to be arranged with all the Senior Managers to come up with strategies to achieve 90% of the performance in quarter 3.	Manager: Executive Support	Immediately	To arrange meeting with departments	completed	
Status of the IDP	Management should ensure that during the adoption of the IDP, all the strategy documents should be captured in the IDP	Senior Manager LED&P	Immediately	The IDP will be updated accordingly	In progress	
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 26 FEBRUARY 2025						
2024/25 Adjustment budget and	AFS process plan to be discussed in the next meeting.	CFO	Apr-25	AFS process plan has been included in the agenda	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Reviewed Procurement plan						
2024/25 Adjustment budget and Reviewed Procurement plan	A separate action plan developed to clean the asset register will be shared with the Audit Committee.	CFO	Apr-25	The Action plan has been included in the agenda	Completed	
2023/24 AG Action Plan	The municipality should get an independent reviewer of the final set of the AFS to assist in the new standards and application of the additional legislation and accounting related issues.	CFO	Immediately	The advert for independent reviewer is out and closing on the 30th of July 2025. Attached see the advert.	Completed	
2023/24 AG Action Plan	The AG Action Plan will be presented by the CFO, while Internal Audit will provide independent assurance on the implementation and effectiveness of the action plan.	CFO	Apr-25	The CFO will present progress in the AG Action Plan at the next meeting.	Completed	
2023/24 AG Action Plan	The commitment letter will be shared with the Audit Committee members	CFO	Immediately	The Commitment letter shared with the Audit Committee members	Completed	
SPECIAL AUDIT COMMITTEE MEETING HELD ON THE 26 MARCH 2025						
Draft Annual Budget 2025/26	The summary of the Draft budget of the municipality should indicate that circular 130 was taken into consideration.	CFO	Immediately	The summary of the budget was revised to include that circular 130 was considered for the preparation of the budget. Refer to the attached summary.	Completed	
Draft Annual Budget 2025/26	On the draft budget, there should be an indication of the policies amended and reasons for the amendment in case there are no policies amended there should also be a paragraph to highlight that most of the policies are still in line with all the prescripts	CFO	Immediately	The summary of the budget was revised to include the policy amendments. Refer to the attached summary.	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Draft Annual Budget 2025/26	The municipality should develop a long-term strategy to indicate the timeframe of when the municipality is planning to align the Draft budget with the key ratios and norms.	CFO	Immediately	The municipality has developed a revenue enhancement strategy to improve the capacity of the budget. This will assist to ensure that there is enough budget to align to the key ratios and norms.	Completed	
Draft Annual Budget 2025/26	The Draft budget should also cover the budgeted collection rate.	CFO	Immediately	The budget covered the collection rate of the cashflow statements predictions.	Completed	
Draft Annual Budget 2025/26	The comparative amounts should be depicted in the report to make it easier for the readers of the report to track the decline or regression of certain items such as interest to be earned from investment.	CFO	Immediately	The summary of the budget have indicated the comparative amounts. Refer to the attached executive summary.	Completed	
Draft Municipal Tariff Structure	The municipality to benchmark with other local municipalities in relation to tariffs and new regulations.	CFO	Immediately	The tariffs cost of study was performed and approved by Nersa. This study considers the tariffs based on municipal environment. See the attached Nersa approval.	Completed	
Draft Annual Budget 2025/26	The summary of the Draft budget of the municipality should indicate that circular 130 was taken into consideration.	CFO	Immediately	The summary of the budget was revised to include that circular 130 was considered for the preparation of the budget. Refer to the attached summary.	Completed	
Draft IDP	On 2.2.1.3 Of Land Claims within the municipality, the table does not show movements, comparative figures should be included, in case	Senior Manager LED&P	Immediately	2025/26 IDP will be updated	In Progress	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	there were no movements, it should be stated that were no movements on the issue of land claims.					
Draft IDP	On 1.6.6 Target dates should be included as some of the dates still refers to the previous years.	Senior Manager LED&P	Immediately	2025/26 IDP will be updated	In Progress	
Draft IDP	The municipality should also include a part in the IDP where it indicates that investor conferences were held to attract more investors.	Senior Manager LED&P	Immediately	2025/26 IDP will be updated	In Progress	
Draft IDP	On 1.2.2 There should be an addition to indicate that there is a review of the white paper that is underway and it will be taken into consideration after review has been concluded by CoGHSTA.	Senior Manager LED&P	Immediately	2025/26 IDP will be updated	In Progress	
Draft Annual Budget 2025/26	10% of the MIG should be budgeted for repairs and maintenance.	PMU	Immediately	The business plan had already been committed for the 2025/26 financial year, however it can be considered for the next financial after consultations with MISA.	In Progress	May 2026
Draft SDBIP	All the KPI's under Budget and Treasury Office should consider compliance with circular 88.	Manager: Executive Support	Immediately	To be included in the performance agreement	In progress	July 2025
Draft SDBIP	The KPI for Asset Management to be allocated to all the municipal departments.	Manager: Executive Support	Immediately	To be included in the performance agreement	In progress	July 2025
SPECIAL AUDIT COMMITTEE MEETING HELD ON THE 22 MARCH 2025						
Asset management Action Plan	The GRAP checklist should be presented to the Audit Committee	CFO	May-25	Grap checklist included in the pack	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Internal Audit-Quarterly Progress Report	The Revenue Management Audit report to be reported in the next Special Audit Committee meeting	CAE	May-25	Revenue management report included in the pack	Completed	
Report on Outstanding Audit Findings	The progress in terms of resolving findings on contract management will be presented in next Audit Committee.	Manager: Executive Support	May-25	The finding has been included in the follow up and the actions will be monitored on quarterly basis	Completed	
Litigation Matters Report	A meeting will be scheduled with the Audit Committee member: Legal Expert, the report for that meeting containing advices and recommendations will be presented in the next meeting.	Legal Manager	May-25	The meeting will be coordinated in the first quarter 2025/26	In Progress	July 2025
Litigation Matters Report	It was agreed that the Legal Service Steering be established and the report of the meeting be presented to the Audit Committee on quarterly basis.	Legal Manager	Immediately	The engagement on the formulation of the Committee are still underway	In Progress	July 2025
Quarterly ICT Governance Report	In the next AC meeting, Proper recommendation in terms of the vulnerability assessment should be presented.	Acting Senior Manager Corporate Services	Immediately	Vulnerability Assessment to be included in the ICT governance report	In Progress	July 2025
Quarterly ICT Governance Report	The ICT Governance report should also cover the allocated budget relating to ICT equipment, the spending so far and the remaining budget indicating if it will be sufficient to cover all the activities.	Acting Senior Manager Corporate Services	Immediately	The ICT governance report will include allocated budget relating to ICT equipment	In Progress	July 2025
Draft IDP	The IDP checklist should be developed and implemented.	Senior Manager LED&P	Immediately	IDP checklist not developed	In progress	July 2025
SPECIAL AUDIT COMMITTEE MEETING HELD ON THE JUNE 2025						
Risk register	Project risk register should be included in the AC agenda on a quarterly basis.	Risk Officer	Immediately	Risk register presented in both risk and Audit Committee meetings	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Internal audit plan	Hours on the internal audit plan must be recalculated	CAE	Immediately	Internal audit plan has been updated	Completed	
Internal Audit Training Schedule	include training in data analytics	CAE	30-Sep-25	Other training was identified and updated on the plan	Completed	
Risk register	The standalone ICT risk register, OHS risk register, should be included in the AC agenda on a quarterly basis.	Acting Senior Manager Corporate Services	Immediately	ICT and OHS risk registers will be submitted to Audit Committee quarterly	In progress	

EVALUATION OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The audit committee is reviewed on an annual basis through a questionnaire sent to PMT and members of Exco as well as the Municipal Manager. This provides important feedback for the committee to improve its oversight and continue to highlight crucial areas that need attention of Management and Council. The Council of Molemole is satisfied with the oversight work performed by the Audit Committee and is confident that the municipality will improve performance and ensure compliance with applicable legislation. The Audit Committee is the driving force towards our goal of achieving a clean audit during this council term.

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long term contracts (20 Largest Contracts Entered into during 2024/25)					
Name of Service Provider	Description of Service rendered	Start Date	Expiry date of Contract	Project Manager	Contract Amount
None					

The Municipality does not have any Public Private Partnership

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

N/A - The Municipality does not have an entity.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS: SENIOR MANAGERS

No	Surnames	Full names	Designation	Declaration Form	Declaration Date
1	Makgatho	Kgabo Emmanuel	Municipal Manager	Yes	01/07/2024
2	Zulu	Khanyisile Wendy	CFO	Yes	01/07/2024
3	Mahatlani	Tiyani Florence	Senior Manager: LED & P	Yes	01/07/2024

N.B. The positions for Senior Manager Technical services, Community Services and Corporate Services have been vacant during the year under review.

Recruitment process has been initiated and was not finalized during the year under review.

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	Year 2023/24	Current: Year 2024/25			Year 0 Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget
Vote 01 - Corporate Services						
01.1 - Corporate Services Admin	0	0	0	0	-	-
01.2 - Human Resources	479 330	768 223	768 223	201 122	567 101	567 101
01.3 - Information Technology Services	0	0	0	0	-	-
01.4 - Council Support	0	0	0	0	-	-
01.5 - Local Economic Development	0	0	0	0	-	-
01.6 - Municipal Planning Idp	40 312	28 453	28 453	464 679	(436 226)	(436 226)
01.7 - Town & Regional Planning	16 182	2 752 016	2 752 016	94 836	2 657 180	2 657 180
01.8 - Led Administration	0	0	0	0	-	-
Vote 02 - Municipal Manager					-	-
02.1 - Municipal Manager Admin	0	0	0	0	-	-
02.2 - Legal Services	0	0	0	0	-	-
02.3 - Political Office Beares	0	0	0	0	-	-
02.4 - Pms	0	0	0	0	-	-
02.5 - Internal Audit	0	0	0	0	-	-
Vote 03 - Mayors Office					-	-
03.1 - Mayors Office Admin	0	0	0	0	-	-
03.2 - Office Of The Speaker	0	0	0	0	-	-

APPENDICES

Vote Description	Year 2023/24	Current: Year 2024/25			Year 0 Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget
03.3 - Office Of The Chief Whip	0	0	0	0	0	-
03.4 - Exco Members	0	0	0	0	0	-
03.5 - Council General Administration	0	0	0	0	0	-
Vote 04 - Budget And Treasury						-
04.1 - Budget And Treasury Admin	212 784 766	245 019 743	245 019 743	234 446 354	10 573 389	10 573 389
04.2 - Chief Financial Officer Admin	0	0	0	0	-	-
04.3 - Budget & Reporting	0	0	0	0	-	-
04.4 - Budget & Reporting	0	0	0	0	-	-
04.5 - Revenue Management	0	0	0	0	-	-
04.6 - Supply Chain Management	0	0	0	0	-	-
04.7 - Expenditure	0	0	0	0	-	-
Vote 05 - Community Services						-
05.1 - Community Services Admin	11 535 886	30 685 379	30 685 379	8 503 613	22 181 766	22 181 766
05.2 - Libraries	0	0	0	0	-	-
05.3 - Sports Recreation & Social Amenities	0	0	0	0	-	-
05.4 - Traffic Service	0	0	0	0	-	-
05.5 - Traffic Service	0	0	0	0	-	-
05.6 - Parks; Cemeteries	0	0	0	0	-	-
05.7 - Refuse	0	0	0	0	-	-
05.8 - Taxi Ranks	0	0	0	0	-	-

APPENDICES

Vote Description	Year 2023/24	Current: Year 2024/25			Year 0 Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget
Vote 06 - Technical Services						-
06.1 - Mpac	0	0	0	0		-
06.2 - Technical Services Admin	0	0	0	0		-
06.3 - Techn Serv-Roads: Admin	0	0	0	0		-
06.4 - Techn Serv-Stormwater: Admin	0	0	0	0		-
06.5 - Project Management Unit	45 145 880	40 820 000	40 820 000	39 472 412	1 347 588	1 347 588
06.6 - Electrical & Machinery	31 889 083	35 541 448	34 285 448	29 076 344	6 465 104	5 209 104
06.7 - Water	270 070	71 949	71 949	134 982	(63 033)	(63 033)
06.8 - Sanitation	439 787	884 853	884 853	0	884 853	884 853
Total Revenue by Vote	302 601	356 572	355 316	312 394	44	42
					177 722	921 722
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						TK.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Year 2023/24	Year 2024/25			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	28 785	34 686	36 686	29 864	4 821 974	6 821 974
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - electricity revenue	10 278	12 940	12 940	12 004	936 218	218
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	2 994	5 444	5 444	1 298	4 146 676	676
Service Charges - other					-	-
Rentals of facilities and equipment	264	240	-	231	8 866	(231 134)
Interest earned - external investments	12 651	14 991	16 991	13 919	1 072 462	3 072 462
Interest earned - outstanding debtors	2 043	3 280	3 280	1 427	1 852 164	1 852 164
Dividends received	-	-	-	-	-	-
Fines	371	3 651	3 651	733	2 917 941	2 917 941
Licences and permits	4 855	22 815	21 188	4 501	18 313 559	16 686 798
Agency services	709	2 957	957	207	2 749 871	749 871
Transfers recognised - operational	222 032	215 150	213 894	193 141	22 008 534	20 752 534
Other revenue	1 401	1 639	1 505	18 112	(16 473 907)	(16 607 146)
Gains on disposal of PPE	-	-	-	-	-	-
Actuarial gains	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	286 381	317 793	316 537	275 439	42 354 358	41 098 358
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.					TK.2	

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
National Government:						
<i>Expanded Public Works Programme Integrated Grant</i>	1 386 000	1 386 000	1 385 014	986	986	Waste & environmental Management
<i>Local Government Financial Management Grant</i>	2 200 000	2 200 000	2 138 642	61 358	61 358	Interns Salaries: , Training and education , minimum competency and software licenses
<i>Municipal Disaster Relief Grant</i>	-	-	-	-	-	
Provincial Government:				-	-	
<i>MSIG</i>	-	-	-	-	-	
District Municipality:				-	-	
Community and Social Services				-	-	
Total	3 586 000	3 586 000	3 523 656	62 344	62 344	
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						TL

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27
Capital expenditure by Asset Class							
Infrastructure - Total	62 975	53 810	51 842	45 288	46 188	63 618	77 414
Infrastructure: Road transport - Total	59 646	50 779	48 811	42 596	42 388	63 409	65 348
Roads, Pavements & Bridges	59 645	50 779 000	48 811 000	42 596 110	42 388 000	63 409 430	65 347 905
Storm water							
Infrastructure: Electricity - Total	3 330	3 031	3 031	2 692	3 800	209	12 066
Generation							
Transmission & Reticulation	3 329 856	3 031 498	3 031 498	2 691 899	3 800 000	209 000	12 065 918
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management							
Transportation							

APPENDICES

Capital Expenditure - New Assets Programme*

R '000

Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27
Gas							
Other							
Community - Total	-	5 000	4 886	2 977	13 759	13 333	6 447
Parks & gardens	0	0	0	0	0	0	0
Sportsfields & stadia							
Swimming pools							
Community halls					0	-	
Libraries							
Recreational facilities	0	0	0	0	0		
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	0	5 000 000	4 885 814	2 976 569	13 758 800	13 332 946	6 447 080
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							

APPENDICES

Capital Expenditure - New Assets Programme*

R '000

Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27	FY 2027/28
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
-							
Other assets	2 359	1 529	3 514	4 558	4 300	941	964
General vehicles	0	0	0	0	0	0	0
Specialised vehicles							
Plant & equipment	0	0	0		0	0	0
Computers - hardware/equipment	2 359 440	1 000 000	2 100 000	3 973 274	600 000	627 000	642 675
Furniture and other office equipment	0	528 502	1 414 092	584 770	3 700 000	313 500	321 338
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
-							
Agricultural assets	-	-		-	-	-	-
<i>List sub-class</i>							
-							
-							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
-							
-							
Intangibles	-	-	-	-	-	-	-

APPENDICES

Capital Expenditure - New Assets Programme*

R '000

Description	Year 2023/24	Year 2024/25			Planned Capital expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27	FY 2027/28
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on new assets	65 335	60 339	60 242	52 823	64 247	77 892	84 825	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							<i>TM.1</i>	

Capital Expenditure - Upgrade/Renewal Programme*

R '000

Description	Year 2017/18	Year 2018/19			Planned Capital expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
Capital expenditure by Asset Class								
Infrastructure - Total	-	-	-	-	-	-	-	
Infrastructure: Road transport - Total	-	-	-	-				
Roads, Pavements & Bridges	0	0	0	0	0			
Storm water								
Infrastructure: Electricity - Total	-	-	-	-	-	-	-	
Generation								

APPENDICES

Capital Expenditure - New Assets Programme*

R '000

Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27
Transmission & Reticulation	0	0	0	0	0	0	0
Street Lighting							
Infrastructure: Water - Total	-	-		-		-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-		-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-		-	-
Waste Management							
Transportation							
Gas							
Other							
Community	-	-	-	-		-	-
Parks & gardens							
Sportsfields & stadia	0	0	0	0			
Swimming pools							
Community halls							
Libraries							
Recreational facilities			0	0	0		
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							

APPENDICES

Capital Expenditure - New Assets Programme*

R '000

Description	Year 2023/24	Year 2024/25			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27
Museums & Art Galleries							
Cemeteries		0				0	
Social rental housing							
Other							
Heritage assets	-	-	-	-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment	0	0	0	0			
Computers - hardware/equipment	0						
Furniture and other office equipment			0	0			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings		0					
Other Land							

APPENDICES

Capital Expenditure - New Assets Programme*

R '000

Description	Year 2023/24	Year 2024/25			Planned Capital expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2025/26	FY 2026/27	FY 2027/28
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-		-	-	-
<i>List sub-class</i>								
Biological assets	-	-		-		-	-	-
<i>List sub-class</i>								
Intangibles	-	-	-	-		-	-	-
Computers - software & programming	0		0	0	0			
Other (<i>list sub-class</i>)								
Total Capital Expenditure on renewal of existing assets	-	-	-	-		-	-	-
Specialised vehicles	-	-		-		-	-	-
Refuse								
Fire								
Conservancy								
Ambulances								

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2024/25

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Electricity					
CT/VT METERING UNIT	1000000	1000000	869565	-15%	-15%
SUPPLY;DELIVERY;INST HIGH MAST LIGHTS	2031498	2031498	1766520	-15%	-15%
EQUIPMENT - ASSETS	0	0	55814	100%	100%
Stormwater /Roads					
PROCUREMENT OF GRADERS	12000000	10032000	10032000	0%	-20%
MOGWADI INTERNAL STREET	3326182	2174980	1891286	-15%	-76%
SPRINGS TO SEKONYE INTERNAL STREETS	10000000	10000000	7540949	-33%	-33%
CONSTRUCTION OF LANDFILL SITE	25452818	26604020	23131875	-15%	-10%
ICT					
ICT Equipments	1 000 000,00	2 100 000,00	584 770,00	-259%	-71%
<i>T N</i>					

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2024/25

Project Name	Ward Number	Total Project value	Project status quo	Project End Date
Electrification of 130 households at Diyaweng	Ward 03	R2 600 000.00	Ongoing	31 December 2025
Design and electrification of 50 households at Koekoek A&B	Ward 11	R1 000 000.0	Ongoing	31 December 2025
		0		
Supply, Installation and Management of a STS 6 Compliant Prepayment electricity vending solution	Ward 01 and 10	As per Approved	100%	30 June 2025
Electrification of 95 households in Ramatjowe	Ward 07	R1 900 000.00	100%	30 June 2025
Electrification of 90 Households in Mashaa	Ward 04	R1 800 000.00	100%	30 June 2025
Electrification of 100 households at Sekhwama village	Ward 07	R2 000 000.00	100%	30 June 2025
Design and Electrification of 200 households at Mohodi Village	Ward 11	R4 000 000.00	100%	30 June 2025
Design and Electrification of 135 households at Mangata Village (Phase two)	Ward 08	R2 648 000.00	100%	30 June 2025
Electrification of 120 households at Mamotshana Village	Ward 03	R2 400 000.00	Ongoing	31 December 2025
Electrification of 80 households at Mokgehle Village	Ward 14	R1 600 000.00	Ongoing	31 December 2025
Planning, Design and Project Management of 6.1 km Sekonye to Springs	Ward 05 and 06	R480 000.00	Ongoing	30 June 2027
Construction Of Ramokgopa Landfill Site	Ward 02	R38 474 765.70	Ongoing	30 June 2026
Procurement Of Geographic Information System	Municipal Wide	R776 675.73	100%	28 June 2026
Supply And Delivery Of Two Motor Grader To Mogwadi Offices	Municipal Wide	R11 536 800.00	100%	30 June 2025
Coordination Of Investor Conference And Development Of Municipal Investment Package	Municipal Wide	R890 784.20	100%	30 June 2025
Development Of Molemole Roads Master Plan	Municipal Wide	R 1 380 000.00	100%	30 June 2025
Procurement And Installation Of Check Meter And CTVT	Ward 01 and 10	R 999 999.75	100%	30 June 2025

APPENDICES

Project Name	Ward Number	Total Project value	Project status quo	Project End Date
Procurement And Installation Of Advanced Metering Infrastructure (AMI)	Ward 01 and 10	R 570 960.70	100%	30 June 2025
Procurement And Installation Of 3x High mast Lights In Mohodi Newstand B, Broekman And Eisleben	Wards 11, 13 and 14	R 2 031 498.00	100%	30 June 2025
Supply, Delivery, Installation and Support of Full Traffic Management Systems for the period of 36 Months	Municipal Wide	R 4 999 000.00	Ongoing	27 February 2028

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

N/A. The responsibility for maintenance of school infrastructure and clinics is at the Department of Education and Health

APPENDICES

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Ward 10 and 14	The communities in these wards depend on Senwabarwana to access primary health care services	Travelling long distances to access primary health care may lead to unnecessary loss of lives.
Housing:		
All Wards	Inadequate allocation of Low Cost Housing. Delays in construction of approved RDP houses	Inadequate housing to community. Lack of dignity especially for households where the breadwinner is a social grant beneficiary. The Annual Allocation of housing units by COGHSTA: Limpopo is not sufficient to address the backlog
Licensing and Testing Centre:		
	None	The municipality is operating two Driver's License and Testing Centers
Reservoirs		
All wards	Persistent breakdowns of water infrastructure	Inconsistent supply of water
Schools (Primary and High):		
All Wards	There are insufficient schools to cater for the needs of the municipal population	Compromise of safety of learners as they travel long distances.
	Poor maintenance of school infrastructure	Affect the quality of learning in schools
	Lack of sanitation facilities in schools	Affect the quality of learning in schools
Sports Fields:		
Ward 14	No sports and recreation facilities in the ward	Increase in crime and social ills as the youth don't have an opportunity to participate in sports activities

T Q

APPENDICES

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

The municipality didn't have any overdraft facility during the year under review. The Municipality did not take any loans during the year under review. The municipality is operating with a positive balance hence it was able to honour all its financial obligations in the year under review

APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

Twelve Section 71 reports were compiled and submitted to Provincial Treasury and Council on time.

All Section 71 budget statements were publicized in the municipal website after approval by the Accounting Officer.

There were no Section 71 reports that were not submitted on time during the year under review.

APPENDICES

APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

N/A

APPENDICES

VOLUME II: 2024/2025 ANNUAL FINANCIAL STATEMENTS



Molemole Municipality
(Registration number
LIM353)

Financial statements
for the year ended
30 June 2025

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

General Information

Nature of business and principal activities

Performing the functions as set out in the Constitution (Act no 105 of 1996). The provision of services (electricity and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Mayoral committee

Executive Mayor	Cllr ME Paya
Speaker	Cllr D Matlou
Whip of Council	Cllr EM Rathaha
MPAC chairperson	Cllr PT Rathete
Ethics chairperson	Cllr SR Nakana
Exco members	Cllr ML Moabelo

Cllr NF Rampyapedi Cllr SW Mafona

Cllr MO Motolla Cllr BM Hlapa

Councillors Cllr MC Matjee

Cllr T Motlalamobi Cllr PS Masoga Cllr ME Ramarutha Cllr MS Machaka

Cllr MY Senamolela Cllr NG Sekgota Cllr TM Mapholletja Cllr MJ Poopedi Cllr

MM Selabe

Cllr MV Ramusi Cllr MC Nong Cllr MS Ngobene Cllr SP Chepape

Cllr TG Malebanna Cllr RI Mabitsela Cllr ME Rahlana Cllr TO Kgopane Cllr MS

Letlalo

Cllr ME Machethe Cllr GM Modiba Cllr MJ Kubyana

Grading of local authority

Level 3 Local Municipality

Accounting Officer

Mr KE Makgatho

Chief Financial Officer (CFO)

Ms Khanyisile Zulu

Business address

303 Church Street

Mogwadi 0715

Postal address

Private Bag X44

Mogwadi 0715

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

General Information

Bankers	Nedbank Limited
Auditors	Auditor General (South Africa) (AGSA)
Website address	www.molemole.gov.za
Email address	info@molemole.gov.za
Audit committee Chairperson	Ms FJ Mudau (October 2023 - current)
Audit Committee Members	Mr KG Masemola (March 2025 - current)
Mr MD Mogano (October 2023 - current)	Mr MJ Kgopa (October 2023 - current)
Mr FL Ndou (October 2023 - March 2025)	Mr LT Nevondwe (March 2025 - current)
Risk Committee Members	Mr FL Ndou (April 2025 - current)

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

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The reports and statements set out below comprise the financial statements presented to the municipal council:

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Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

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Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
GIAS	General International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CRR	Capital Replacement Reserve
MTREF	Medium Term Revenue and Expenditure Framework
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
INEP	Integrated National Electrification Programme
MDRG	Municipal Disaster Relief Grant
DORA	Division of Revenue Act
SALGA	South African Local Government Association
COGHSTA	Cooperative Governance Human Settlements and Traditional Affairs
LG SETA	Local Government Service Sector Education and Training Authority
CIGFARO	Chartered Institute of Government Finance and Risk Officers
ASB	Accounting Standard Board
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act

Molemole Local Municipality

(Registration number LIM353)

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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements have been prepared in accordance with Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The accounting officer acknowledges that he 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 accounting officer 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 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, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 7 to 113, 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:



Accounting Officer:
K.E Makgatho

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 448 670 492 and that the municipality's total assets exceed total liabilities by R 498 757 156.

The 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 following factors support going concern assumption:

There is no intention to cease operation and municipal budget for MTREF period support this. The municipality has a healthy solvency and liquidity ratio.

The municipality continue to achieve net surplus for 2024 and 2025 financial year.

There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

2. Subsequent events

The accounting officer is aware of any matter or circumstance arising since the end of the financial year.

During the year under review, the Municipal Council resolved (prior to 30 June 2025) to dispose of a non-current asset with a carrying amount of R1 544 046. The asset met the criteria for classification as held for sale in accordance with GRAP 100 as at 30 June 2025.

Subsequent to year-end, but before the date of submission of the financial statements for audit, the asset was sold on 30 July 2025 for R2 314 088, resulting in a gain on disposal of R770 042. As this sale confirms conditions that existed at year-end, it is considered an adjusting event in terms of GRAP 14 (Events After the Reporting Date), and the gain has been recognized in the 2025 reporting period.

3. Accounting policies

The financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

	Note(s)	2025 R	2024 Restated* R
Assets			
Current Assets			
Inventories	8	362 728	156 004
Receivables from exchange transactions	9&10	3 143 067	2 396 395
Receivables from non-exchange transactions	11	5 208 598	10 559 584
Cash and cash equivalents	14	132 645 049	140 341 016
VAT receivable	12	2 060 038	11 091 928
VAT input accrual	12	2 160 771	1 333 377
		145 580 251	165 878 304
Non-Current Assets			
Investment property	3	1 534 542	1 459 246
Property, plant and equipment	4	456 514 642	425 973 263
Intangible assets	5	300 703	564 131
Heritage assets	6	414 500	408 500
		458 764 387	428 405 140
Total Assets		604 344 638	594 283 444
Liabilities			
Current Liabilities			
Payables from exchange transactions	20	25 662 142	30 545 747
Consumer deposits	21	507 776	509 126
Unspent conditional grants and receipts	16	1 409 932	881 651
Other liability	18	28 303	56 894
Non-current employee benefits	19	11 558 957	11 587 550
Construction contract revenue and payable	34	1 034 175	329 107
VAT output accrual	13	4 281 962	8 267 234
		44 483 247	52 177 309
Non-Current Liabilities			
Non-current employee benefits	7	16 424 999	13 114 999
Provisions	17	44 679 234	36 360 798
		61 104 233	49 475 797
Total Liabilities		105 587 480	101 653 106
Net Assets		498 757 158	492 630 338
Revaluation reserve	15	50 086 664	47 735 370
Accumulated surplus		448 670 492	444 894 961
Total Net Assets		498 757 156	492 630 331

* See Note 59 & 60

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

		2025	2024
	Note(s)	R	Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	13 301 601	13 054 305
Rental of facilities and equipment	24	231 134	263 522
Interest income - debtors	33	693 047	899 627
Commission received	28	206 931	204 363
Licences and permits	26	4 501 381	4 855 114
Other income	29	1 218 602	1 400 649
Interest income - investment	30	13 918 818	12 651 194
Construction contracts	34	16 893 850	16 338 719
Total revenue from exchange transactions		50 965 364	49 667 493
Revenue from non-exchange transactions			
Property rates	31	29 864 221	28 276 060
Interest income - debtors	27	734 380	1 142 945
Fines, penalties and forfeits	25	733 275	370 778
Transfer revenue			
Government grants & subsidies	32	230 590 193	248 044 255
Total revenue from non-exchange transactions		261 922 069	277 834 038
Total revenue	22	312 887 433	327 501 531
Expenditure			
Employee related costs	35	(119 905 939)	(114 475 823)
Remuneration of councillors	36	(14 185 585)	(14 192 523)
Depreciation and amortisation	37	(21 848 710)	(19 152 509)
Impairment loss	38	(2 562 935)	(1 224 800)
Finance costs	39	(2 935 813)	(2 920 009)
Debt Impairment	40	(27 252 364)	(17 819 929)
Bad debts written off	41	(247 790)	(78 304)
Bulk purchases	42	(16 015 294)	(14 156 808)
Contracted services	43	(63 454 749)	(58 795 898)
Loss on assets written off / disposal	44	(1 886 603)	(509 955)
General Expenses	45	(38 816 122)	(34 511 436)
Total expenditure		(309 111 904)	(277 837 994)
Surplus for the year		3 775 529	49 663 537

* See Note 59 & 60

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

	Revaluation reserve R	Accumulated surplus / deficit R	Total net assets R
Balance at 01 July 2023	47 733 865	395 231 424	442 965 289
Changes in net assets			
Fair value gains, net of tax: Land and buildings	1 505	-	1 505
Net income (losses) recognised directly in net assets	1 505	-	1 505
Surplus for the year	-	49 663 537	49 663 537
Total recognised income and expenses for the year	1 505	49 663 537	49 665 042
Total changes	1 505	49 663 537	49 665 042
Restated* Balance at 01 July 2024	47 735 370	444 894 963	492 630 333
Changes in net assets			
Fair value gains, net of tax: Land and buildings	2 351 294	-	2 351 294
Net income (losses) recognised directly in net assets	2 351 294	-	2 351 294
Surplus for the year	-	3 775 529	3 775 529
Total recognised income and expenses for the year	2 351 294	3 775 529	6 126 823
Total changes	2 351 294	3 775 529	6 126 823
Balance at 30 June 2025	50 086 664	448 670 492	498 757 156

Note(s)

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* See Note 59 & 60

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Cash Flow Statement

	Note(s)	2025 R	2024 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services	51	47 796 676	51 856 943
Grants	52	231 118 474	244 163 386
Interest income	30	13 918 818	12 651 194
VAT	55	4 219 226	4 959 915
		<u>297 053 194</u>	<u>313 631 438</u>
Payments			
Employee costs	53	(134 091 524)	(128 668 346)
Suppliers	54	(114 899 198)	(88 629 313)
Finance costs	39	(2 935 813)	(2 920 009)
		<u>(251 926 535)</u>	<u>(220 217 668)</u>
Net cash flows from operating activities	50	<u>45 126 659</u>	<u>93 413 770</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	<u>(52 822 623)</u>	<u>(65 334 793)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(7 695 964)</u>	<u>28 078 977</u>
Cash and cash equivalents at the beginning of the year		140 341 016	112 262 026
Cash and cash equivalents at the end of the year	14	<u>132 645 052</u>	<u>140 341 003</u>

The accounting policies on pages 19 to 45 and the notes on pages 46 to 113 form an integral part of the financial statements.

* See Note 59 & 60

Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
R	R	R	R	R	R	R
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Service charges	18 384 495	-	18 384 495	13 301 601	(5 082 894)	(4%) - 49
Construction contracts	-	-	-	16 893 850	16 893 850	100% - 49
Rental of facilities and equipment	299 373	(299 373)	-	231 134	231 134	100% - 49
Interest received - debtors	1 784 190	-	1 784 190	693 047	(1 091 143)	(61%) - 49
Commission received	2 956 802	(2 000 000)	956 802	206 931	(749 871)	(122%) - 49
Licences and permits	22 814 940	(1 626 761)	21 188 179	4 501 381	(16 686 798)	(78%) - 49
Other income	1 579 172	(73 866)	1 505 306	1 218 602	(286 704)	(55%) - 49
Interest received - investment	14 991 280	2 000 000	16 991 280	13 918 818	(3 072 462)	(18%) - 49
Total revenue from exchange transactions	62 810 252	(2 000 000)	60 810 252	50 965 364	(9 844 888)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	34 686 195	2 000 000	36 686 195	29 864 221	(6 821 974)	(19%) - 49
Fines, penalties and forfeits	3 651 216	(3 651 216)	-	733 275	733 275	
Interest received - debtors	1 495 401	-	1 495 401	734 380	(761 021)	(51%) - 49
Transfer revenue						
Government grants & subsidies	253 929 000	(1 256 000)	252 673 000	230 590 193	(22 082 807)	(9%) - 49
Total revenue from non-exchange transactions	293 761 812	(2 907 216)	290 854 596	261 922 069	(28 932 527)	
Total revenue	356 572 064	(4 907 216)	351 664 848	312 887 433	(38 777 415)	
Expenditure						
Employee related costs	(121 490 855)	1 951 442	(119 539 413)	(119 905 939)	(366 526)	(4%) - 49
Remuneration of councillors	(17 285 429)	950 000	(16 335 429)	(14 185 585)	2 149 844	(13%) - 49
Depreciation and amortisation	(21 070 202)	-	(21 070 202)	(21 848 710)	(778 508)	(22%) - 49
Impairment loss/ Reversal of impairments	-	-	-	(2 562 935)	(2 562 935)	100% - 49
Finance cost	(1 847 762)	(500 000)	(2 347 762)	(2 935 813)	(588 051)	25% - 49
Debt Impairment	(2 558 671)	-	(2 558 671)	(27 252 364)	(24 693 693)	945% - 49
Bad debts written off	(524 500)	-	(524 500)	(247 790)	276 710	58% - 49
Bulk purchases	(14 458 633)	(2 000 000)	(16 458 633)	(16 015 294)	443 339	(3%) - 49
Contracted Services	(72 795 399)	(1 084 301)	(73 879 700)	(63 454 749)	10 424 951	(16%) - 49
General Expenses	(44 201 611)	2 372 261	(41 829 350)	(38 816 122)	3 013 228	(10%) - 49
Total expenditure	(296 233 062)	1 689 402	(294 543 660)	(307 225 301)	(12 681 641)	
Operating surplus	60 339 002	(3 217 814)	57 121 188	5 662 132	(51 459 056)	
Loss on disposal of assets and liabilities	-	(530 000)	(530 000)	(1 886 603)	(1 356 603)	
Surplus before taxation	60 339 002	(3 217 814)	57 121 188	3 775 529	(53 345 659)	

Molemole Local Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved	Adjustments	Final Budget	Actual amounts	Difference	Reference
	budget			on comparable basis	between final budget and actual	
	R	R	R	R	R	R
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	60 339 002	(3 217 814)	57 121 188	3 775 529	(53 345 659)	
Statement of Financial Position						
Assets						
Current Assets	258 457 460	(85 938 379)	172 519 081	145 436 102	(27 082 979)	
Non-Current Assets	392 512 503	67 724 166	460 236 669	458 764 387	(1 472 282)	
Total Assets	650 969 963	(18 214 213)	632 755 750	604 200 489	(28 555 261)	
Liabilities						
Current Liabilities	56 446 397	(39 029 222)	17 417 175	44 483 247	27 066 072	
Non-Current Liabilities	38 551 453	20 191 889	58 743 342	61 104 233	2 360 891	
Total Liabilities	94 997 850	(18 837 333)	76 160 517	105 587 480	29 426 963	
Net Assets	555 972 113	623 120	556 595 233	498 613 009	(57 982 224)	
Reserves						
Revaluation reserve	51 008 496	(775 580)	50 232 916	50 086 664	(146 252)	49
Accumulated surplus	504 963 617	1 398 700	506 362 317	448 670 493	(57 691 824)	49
Total Net Assets	555 972 113	623 120	556 595 233	498 757 154	(57 838 079)	
Cash Flow Statement						
Net cash flows from operating activities	73 085 415	(49 778 417)	23 306 998	45 126 657	21 819 659	
Net cash flows from investing activities	(60 339 000)	96 596	(60 242 404)	(52 822 623)	7 419 781	
Net increase/(decrease) in cash and cash equivalents	12 746 415	(49 681 821)	(36 935 406)	(7 695 966)	29 239 440	49
Cash and cash equivalents at the beginning of the year	124 012 379	37 328 707	161 341 086	140 341 085	(21 000 001)	49
Cash and cash equivalents at the end of the year	136 758 794	(12 353 114)	124 405 680	132 645 119	8 239 439	

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Appropriation Statement

Original budget	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	adjustments (i.t.o. s28 and s31 of the MFMA)	adjustments budget	funds (i.t.o. s31 of the MFMA)	(i.t.o. council approved policy)		outcome	expenditure		outcome as % of final budget	outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R
2025										
Financial Performance										
Property rates Service charges	34 686 195	2 000 000	36 686 195	-	36 686 195	29 864 221	(6 821 974)	81 %	86 %	
Investment revenue	18 384 495	-	18 384 495	-	18 384 495	13 301 601	(5 082 894)	72 %	72 %	
Transfers recognised - operational	14 991 280	2 000 000	16 991 280	-	16 991 280	13 918 818	(3 072 462)	82 %	93 %	
Other own revenue	215 150 000	(1 256 000)	213 894 000	-	213 894 000	193 141 466	(20 752 534)	90 %	90 %	
	34 581 094	(4 000 000)	30 581 094	-	30 581 094	25 652 683	(4 928 411)	84 %	74 %	
Total revenue (excluding capital transfers and contributions)	317 793 064	(1 256 000)	316 537 064	-	316 537 064	275 878 789	(40 658 275)	87 %	87 %	
Employee costs	(121 490 855)	1 951 442	(119 539 413)-	-	(119 539 413)	(119 905 939)	(366 526)	-	100 %	99 %
Remuneration of councillors	(17 285 429)	950 000	(16 335 429)-	-	(16 335 429)	(14 185 585)	-	2 149 844	87 %	82 %
Depreciation and asset impairment	(21 070 202)	-	(21 070 202)	-	(21 070 202)	(24 411 645)	(3 341 443)	-	116 %	116 %
Finance charges	(1 847 762)	(500 000)	(2 347 762)-	-	(2 347 762)	(2 935 813)	(585 978)	-	125 %	159 %
Bulk purchases	(14 458 633)	(2 000 000)	(16 458 633)-	-	(16 458 633)	(16 015 294)	-	443 339	97 %	111 %
Debt impairment	(2 558 671)	-	(2 558 671)-	-	(2 558 671)	(27 252 364)	(24 693 693)	-	1 065 %	1 065 %
Other expenditure	(117 521 510)	757 960	(116 763 550)-	-	(116 763 550)	(104 845 347)	-	11 918 203	90 %	89 %
Total expenditure	(296 233 062)	1 159 402	(295 073 660)-	-	(295 073 660)	(309 551 987)	(28 987 640)	14 511 386	105 %	104 %
Surplus/(Deficit)	21 560 002	(96 598)	21 463 404	-	21 463 404	(33 673 198)	(26 146 889)	(157)%	(156)%	

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Financial Statements for the year ended 30 June 2025

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	38 779 000		- 38 779 000		-	38 779 000	37 448 727		(1 330 273)	97 %	97 %
Surplus (Deficit) after capital transfers and contributions	60 339 002	(96 598)	60 242 404		-	60 242 404	3 775 529		(56 466 875)	6 %	6 %
Surplus/(Deficit) for the year	60 339 002	(96 598)	60 242 404		-	60 242 404	3 775 529		(56 466 875)	6 %	6 %
Capital expenditure and funds sources	60 339 002	(96 598)	60 242 404		-	60 242 404	3 775 529		(56 466 875)	6 %	6 %
Total capital expenditure	60 339 000	(60 435 596)	(96 596)		-	(96 596)	52 822 626		52 919 222 (54 684)%		88 %
Financial position											
Total non current assets	639 925 413	(611 493 846)	28 431 567		-	28 431 567	604 344 638		575 913 071	2 126 %	94 %
Community wealth/Equity	639 925 413	(611 493 847)	28 431 566		-	28 431 566	604 344 637		575 913 071	2 126 %	94 %

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Financial Statements for the year ended 30 June 2025

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating Net cash from (used) investing	73 085 415		- 73 085 415		-	73 085 415	45 126 659		(27 958 756)	62 %	62 %
	(60 339 000)		- (60 339 000)		-	(60 339 000)	(52 822 623)		7 516 377	88 %	88 %
Net increase/(decrease) in cash and cash equivalents	12 746 415		- 12 746 415		-	12 746 415	(7 695 964)		(20 442 379)	(60)%	(60)%
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	140 341 016		140 341 016	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	12 746 415		- 12 746 415		-	12 746 415	132 645 052		(119 898 637)	1 041 %	1 041 %

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Appropriation Statement

	Reported Expenditure	Balance to be Restated		
	authorised in terms of section 32 of MFMA	recovered	audited	outcome
	R	R	R	R
2024				
Financial Performance				
Property rates Service charges Investment revenue				
Transfers recognised - operational Other own revenue				
Total revenue (excluding capital transfers and contributions)				261 108 794
Employee costs	-	-	-	(114 475 823)
Remuneration of councillors	-	-	-	(14 192 523)
Depreciation and asset impairment	-	-	-	(20 377 309)
Finance charges	-	-	-	(2 920 009)
Inventory consumed and bulk purchases	-	-	-	(14 156 808)
Other expenditure	-	-	-	(93 895 593)
Total expenditure				(260 018 065)
Surplus/(Deficit)				1 090 729
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				66 021 959
Surplus (Deficit) after capital transfers and contributions				67 112 688
Surplus/(Deficit) for the year				67 112 688
Capital expenditure and funds sources				
Total capital expenditure				65 334 786

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Appropriation Statement

					Reported Expenditure		Balance to be Restated		
						authorised in terms of section 32 of MFMA	recovered	audited	outcome
					R	R	R	R	v
unauthorised expenditure									
Financial position									
Total non current assets	639 925 413	(611 493 846)	28 431 567	-	28 431 567	604 344 638	575 913 071	2 126 %	94 %
Community wealth/Equity	639 925 413	(611 493 847)	28 431 566	-	28 431 566	604 344 637	575 913 071	2 126 %	94 %
Cash flows									
Net cash from (used) operating Net cash from (used) investing								93 413 770 (65 334 793)	
Net increase/(decrease) in cash and cash equivalents								28 078 977	
Cash and cash equivalents at the beginning of the year								112 262 026	
Cash and cash equivalents at year end								140 341 003	

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The 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 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.

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 financial statements, are disclosed below.

These accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

1.2 Presentation currency

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

1.3 Going concern assumption

These 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.

1.4 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Receivables from exchange and non-exchange / held to maturity investments

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality 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 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Inventories

Unsold properties are measured at the fair value on the date when the intention to dispose land has arisen to the inventory from investment property on initial recognition.

Post-retirement benefits

The present value of the post-retirement 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. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence such as non-payment of long outstanding debt amount. The impairment is measured based on the analysis of the current financial year provision balance less the previous financial year balance.

The provision for doubtful debt is being considered for all the debt which has been outstanding for 90 days and more excluding all accounts owned by government institutions.

Payments patterns are being considered for the analysis of the individual rate payer's behaviour at least for a period of six (6) consecutive months in analyzing the probability of recovering the outstanding balance.

Impairment of statutory receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which receivables have defaulted on payments and an assessment of their ability to make payments based on their worthiness. This is performed per identifiable categories across all classes of receivables.

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of financial assets

Management considers all property, plant and equipment to be non-cash generating, except for investment property, which are cash generating.

Management further considers whether indicators of impairment exist. This requires management to exercise judgement as to whether an individual or combination of factors exist which should be taken into consideration in determining whether the recoverable service amount of the asset is lower than its carrying amount.

Accounting policy on impairment of assets and accounting policy subsequent measurement, amortisation and impairment of intangible assets describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality.

Significant estimates and judgements are made relating to impairment testing of property, plant and equipment and intangible assets.

Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges. The estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Residual value

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceeds.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Initial Recognition

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

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

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Investment property (continued)

Subsequent measurement - fair value (Land)

Land is subsequently measured using the fair value model. The municipality revalues the land every four years. Land is not depreciated as it has an indefinite useful life.

These adjustments are not depreciated; as fair value measurement reflects the current market conditions.

Subsequent measurement - cost model (Buildings)

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - buildings	0-30 years

Derecognition/Disposal

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Transfers to or from investment property occur only when there is a change in use. When an owner-occupied property becomes an investment property, it is reclassified and accounted for at fair value at the date of reclassification. The difference between the carrying amount and the fair value is treated in accordance with GRAP 16 and GRAP 17.

1.7 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 municipality; 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, its deemed cost is the carrying amount of the asset(s) given up.

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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 entity 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment are accounted for as 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.

The following accounting procedure will be followed when the land and buildings properties are re-valued at an amount that exceeds the current value carried in the financial statements:

- The accumulated depreciation at the time of revaluation will be set - off against the gross carrying amount of the fixed property.
- The carrying value on the balance sheet will be adjusted to the revalued amount of the fixed property.
- The difference between the original and the re-valued amount will be credited against a future depreciation reserve.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation 'surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulate surplus or deficit when the asset is derecognised.

Subsequent measurement

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

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

Land is not depreciated as it is deemed to have an indefinite useful life but is subsequently measured at fair value, in line with the revaluation model under GRAP 17.

Land is revalued every 4 years and revaluations are performed by independent and qualified Valuers.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalizes the new benefits associated with the asset.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	3-30 years
Community assets	Straight-line	2-30 years
Infrastructure	Straight-line	5-100 years
Moveable assets	Straight-line	3-30 years

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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.

1.8 Intangible assets

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.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

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

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.

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1.8 Intangible assets (continued)

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.

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1.8 Intangible assets (continued)

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-15 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

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Significant Accounting Policies

1.9 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Financial instruments

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

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.

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

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.

Initial recognition and measurement

Financial instruments are measured initially at fair value, except for equity investments 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 not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest. Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Receivables from exchange and non-exchange 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 excludes equity investments for which a fair value is not determinable, which is measured at cost less accumulated impairment losses.

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 calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions 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 assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

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

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Significant Accounting Policies

1.10 Financial instruments (continued)

Fair value estimation

The fair values of quoted investments are 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 include the use of recent arm's length transactions, 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 entity- specific inputs.

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, 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 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.

Receivables from exchange and non-exchange transactions

Receivables are categorised as financial assets: receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Impairment loss

An impairment of receivables is accounted for by reducing the carrying amount of receivables through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality determines impairment of receivables in accordance with the debt write off policy.

Payables from exchange transactions

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

Cash and cash equivalents

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

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

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Significant Accounting Policies

1.10 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting. The

municipality derecognises a financial asset only when:

the contractual rights to the cash flows from the financial asset expire, are settled or waived;

the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity;

derecognise the asset; and

recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred assets are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognized in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either as a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, the associated liability nor the revenue and the associated expenses are offset.

1.11 Leases

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

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

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Significant Accounting Policies

1.11 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Significant Accounting Policies

1.12 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Employee benefits

Identification

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post-Retirement Medical Obligation

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

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

Significant Accounting Policies

1.13 Employee benefits (continued)

Long service awards

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

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

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the relevant employee. Accumulated leave is carried forward and can be used in future periods if the current employee period entitlement is not used in full. An employees accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employees' employment term. Accumulated leave is vesting.

Staff Bonuses Accrued

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

Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

1.14 Provisions and contingencies

Provisions

Provisions are recognised when:

- the municipality 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.

Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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 surplus.

If an entity 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and liability

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 70.

1.15 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.

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

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.

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 variety of methods. Depending on the nature

Surveys of work performed

Services performed to date as a percentage of total services to be performed:

The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total cost of the transaction

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest

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 using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non- exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are measured at the transaction amount and the related asset as statutory receivables if not received in cash. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

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

Unconditional grants

Equitable share allocations are recognised on revenue at the start of the financial year.

Conditional grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract

costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.18 Investment income

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

1.19 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 will be 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. The unauthorised expenditure is disclosed in a note to the Financial Statements.

Significant Accounting Policies

1.20 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 fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. 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.

Fruitless and wasteful expenditure will be de-recognised as soon as the nature of the fruitless and wasteful expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wasteful expenditure is disclosed in a note to the Annual Financial Statements.

1.21 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 as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation as stated in National Treasury circular 68 including:

- (a) Municipal Finance Management Act, Act 56 of 2003, and its regulations;
- (b) Municipal Systems Act, Act 32 of 2000, and its regulations;
- (c) Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
- (d) The municipality's supply chain management policy, and any by-laws giving effect to that policy.

Irregular expenditure that was incurred and identified during the current financial year 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 entity'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. The Irregular expenditure is disclosed in a note to the Annual Financial Statements.

Significant Accounting Policies

1.22 Segment information

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individual significant segments for purposes of reporting in terms of GRAP 18 (segment reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

Governance and administration

Community and public safety Economic and

environmental services Trading services

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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

1.23 Budget information

Municipality 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 economic 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 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.

Explanations for material differences of 5% between the final budget amounts and actual amounts are included in the notes to the financial statements.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.24 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.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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 people 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.

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 financial statements.

1.25 Retirement benefits

The municipality provides retirement benefits for its employees and Councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

1.26 Impairment of cash-generating assets

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.26 Impairment of cash-generating assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.27 Impairment of assets

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.

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.

Identification

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.

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.27 Impairment of assets (continued)

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:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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.

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.

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Significant Accounting Policies

1.27 Impairment of assets (continued)

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.

1.28 Commitments

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

Commitments are not recognised in the statement of Financial Position as a liability but are included in the disclosure notes.

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.

Commitments are disclosed inclusive of Vat.

1.29 Value Added Tax

Vat is accounted for on an accrual basis and registered for on cash basis.

1.30 Distribution losses

Distribution losses are losses that result from differences between purchases and consumption both billed and estimated.

1.31 Commission expense

Commission expense is accounted for on an accrual basis.

1.32 Statutory receivables

Identification

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.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- impairment losses; and
- amounts derecognized.

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Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.33 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

The municipality assess whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding agreement.

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

Recognition

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

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

1.34 Construction contract revenue and payable

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

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

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

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

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

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

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

Significant Accounting Policies

1.34 Construction contract revenue and payable (continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

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

1.35 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.36 VAT output accrual

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the municipality, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.37 Internal reserves

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	To be determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	To be determined	Unlikely there will be a material impact
• GRAP 107 Mergers	To be determined	Unlikely there will be a material impact

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Notes to the Financial Statements

Figures in Rand

3. Investment property

2025 2024

Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated depreciation and accumulated impairment	Carrying value	
Investment property	2 184 600	(650 058)	1 534 542	2 066 000	(606 754)	1 459 246

Reconciliation of investment property - 2025

	Opening balance	Revaluation surplus	Depreciation	Total
Investment property	1 459 246	118 600	(43 304)	1 534 542

A revaluation of land was performed during the year ended 30 June 2025 by an independent professional valuer, registered and in good standing with the SA Council for the Property Valuers Profession (reg no.6446). The valuation was based on market evidence of recent prices of similar properties in similar locations and condition.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in Rand

3. Investment property (continued)

Reconciliation of investment property - 2024

		Opening balance	Depreciation	Total
Investment property		1 502 668	(43 422)	1 459 246

Included in investment property are the following:

2025	Cost	Accumulated depreciation	Revaluation surplus	Total
Land	766 000	-	118 600	884 600
Buildings	1 300 000	(650 058)	-	649 942
	2 066 000	(650 058)	118 600	1 534 542

2024	Cost	Accumulated depreciation	Total
Land	766 000	-	766 000
Buildings	1 300 000	(606 754)	693 246
	2 066 000	(606 754)	1 459 246

Pledged as security

The municipality does not have any investment property pledged as security.

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.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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3. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from investment property	183 076	183 076
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There is no contractual obligations for repairs to the investment property that is leased out.

There are no restrictions on the realisability of investment property or the remittance of revenue.

4. Property, plant and equipment

	2025	2024				
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	42 895 892	-	42 895 892	40 669 198	-	40 669 198
Buildings	48 058 311	(14 695 220)	33 363 091	44 260 637	(13 079 709)	31 180 928
Infrastructure	340 643 295	(76 647 481)	263 995 814	330 326 375	(63 475 204)	266 851 171
Community	66 107 983	(19 740 266)	46 367 717	66 952 183	(14 846 931)	52 105 252
Other property, plant and equipment	63 196 078	(26 307 777)	36 888 301	57 359 456	(29 119 891)	28 239 565
Work in progress	33 668 091	(664 264)	33 003 827	7 577 750	(650 601)	6 927 149
Total	594 569 650	(138 055 008)	456 514 642	547 145 599	(121 172 336)	425 973 263

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	40 669 198	-	-	2 226 694	-	-	-	42 895 892
Buildings	31 180 928	-	-	-	3 797 675	(1 615 512)	-	33 363 091
Infrastructure	266 851 171	12 175 132	(1 151 197)	-	-	(13 778 347)	(100 945)	263 995 814
Community	52 105 252	-	(675 955)	-	-	(2 620 113)	(2 441 467)	46 367 717
Other property, plant and equipment	28 239 565	14 557 150	(2 265 250)	-	-	(3 636 303)	(6 861)	36 888 301
Work in progress	6 927 149	26 090 341	-	-	-	-	(13 663)	33 003 827
	425 973 263	52 822 623	(4 092 402)	2 226 694	3 797 675	(21 650 275)	(2 562 936)	456 514 642

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Land	40 669 198	-	-	-	-	-	40 669 198
Buildings	33 243 527	705 646	-	(1 281 139)	(1 487 106)	-	31 180 928
Infrastructure	216 341 637	62 269 742	-	-	(11 760 208)	-	266 851 171
Community	54 734 262	-	-	-	(2 629 010)	-	52 105 252
Other property, plant and equipment	30 027 935	2 359 440	(509 955)	-	(3 063 656)	(574 199)	28 239 565
Work in progress	7 577 750	-	-	-	-	(650 601)	6 927 149
	382 594 309	65 334 828	(509 955)	(1 281 139)	(18 939 980)	(1 224 800)	425 973 263

In accordance with the requirements of GRAP 21 and GRAP 26, the municipality reviewed the condition of its assets at the reporting date (30 June 2025) to identify any indicators of impairment. A comprehensive asset condition assessment was undertaken by a professional valuer, which highlighted physical deterioration in several asset classes. Where the asset's condition resulted in a significant decline in service potential, the recoverable service amount was determined and compared with the carrying amount. Impairment losses were recognise

A revaluation of land was performed during the year ended 30 June 2025 by an independent professional valuer, registered and in good standing with the SA Council for the Property Valuers Profession (reg no.6446). The valuation was based on market evidence of recent prices of similar properties in similar locations and condition.t

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Notes to the Financial Statements

	2025 R	2024 R
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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

Included within Infrastructure	Total
Opening balance	6 927 148
Additions/capital expenditure	26 090 341
Impairment	(13 663)
	<hr/>
	33 003 826
	<hr/>

Included in work in progress is the following: Electrification of Fatima, Construction of Ramokgopa landfill site phase 1, upgrading of Morebeng landfill site and installation of Wi-Fi.

Included in WIP there is Electrification project of Fatima in Mohodi which the construction has been completed, however it is not yet available for use as Eskom has not yet energized the area. During the 2024/2025 physical asset verification it was noted that 366 households at Fatima Village Phase 1 electrification project, cables had been stolen. The nature of the asset is an Infrastructure asset. An independent valuer was used and the net replacement cost was determined based on an active market.

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	7 577 749	7 577 749
Impairment	(650 601)	(650 601)
	<hr/>	<hr/>
	6 927 148	6 927 148

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

Contracted services	14 450 285	14 636 290
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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.

5. Intangible assets

2025					2024
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 766 115	(2 465 412)	300 703	3 646 149	(3 082 018)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	564 131				

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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5. Intangible assets (continued)

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Total
Computer software, other	564 131	(108 297)	(155 131)	300 703

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	733 235	(169 104)	564 131

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Financial Statements for the year ended 30 June 2025

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	2025 R	2024 R
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6. Heritage assets

Cost / Valuation	2025		2024	
	Accumulated impairment losses	Carrying value Valuation	Cost /	Accumulated impairment losses
	Mayoral chain	414 500	- 414 500	408 500

Reconciliation of heritage assets 2025

	Opening balance	Revaluation increase	Total
Mayoral chain	408 500	6 000	414 500

Reconciliation of heritage assets 2024

	Opening balance	Revaluation increase	Total
Mayoral chain	406 995	1 505	408 500

Restrictions on heritage assets

There is no restrictions on heritage assets.

Pledged as security

The Mayoral chain were not heritage assets pledged as security.

Revaluations

Mayoral chain

The effective date of the revaluation was 2025/06/30. Revaluations were performed by Tsietsei Madonsela of Lute do Property Group, a professional valuer with practice number 6446.

The method used to determine fair value of the Mayoral chain is determined at fair value of 3 financial years (2023-2025) using CPI as the value.

The market condition on 30 June 2025 were fair and undistorted. The CPI accurately reflected the changes in the Mayoral chain's value. No legal issues affecting the chain's value. The valuation excluded vat, transfer fees and extraordinary wear in valuation.

No direct comparable market exists for Mayoral chain. CPI was used to estimate changes relying on historical cost from 2023 and economic adjustment instead of active market prices.

The revaluation surplus relating to the heritage asset is as follows:

Opening balance	408 500	406 995
Revaluation increase	6 000	1 505
Closing balance	414 500	408 500

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	2025 R	2024 R
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7. Non-Current Employee benefits

Post-employment Health Care Benefits

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the Medical Aid funds. The municipality operates an unfunded defined benefit plan for qualifying employees. The projected unit credit method has been used i.e. the defined benefit obligation in respect of eligible employees is accrued over their expected working lifetimes. The average expected remaining working-lifetime of the employees is 16.8 years.

The number of individuals entitled to a post-employment medical aid subsidy at this valuation was as follows according to the information provided:

Number Individuals

In-service members (eligible employees on medical aid)	162	159
In-service non-members (eligible employees w/o medical aid)	13	12
Continuation members (retirees and surviving dependents)	2	2
	<hr/> 177	<hr/> 173

The defined benefit obligation was estimated to be as follows:

Carrying value

In-service members (eligible employees on medical aid)	15 919 000	12 612 000
In-service non-members (eligible employees w/o medical aid)	206 000	155 000
Continuation members (retirees and surviving dependents)	531 000	491 000
	<hr/> 16 656 000	<hr/> 13 258 000
Non-current liabilities	(16 425 000)	(13 115 000)
Current liabilities	(231 000)	(143 000)
	<hr/> (16 656 000)	<hr/> (13 258 000)

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

LA Health; Sizwe-

Hosmed; Samwumed;

and Keyhealth.

The future service cost for the ensuing year is estimated to be R1 026 000 whereas the Interest Cost is estimated to be R1 885 000. The municipality's accrued unfunded liability at 30 June 2025 is estimated at R 16 656 000. The current-service cost for the year ending 30 June 2025 is estimated at R 975 000. It is estimated to be R1 026 000 for the ensuing year.

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Notes to the Financial Statements

	2025 R	2024 R
7. Non-Current Employee benefits (continued)		
The Amounts recognised in the statement of financial position are as follows		
Present value of unfunded obligations	16 656 000	13 258 000
Non-current liabilities	16 425 000	13 115 000
Current liabilities	231 000	143 000
	16 656 000	13 258 000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	13 258 000	11 850 000
Benefits paid	(53 953)	(48 377)
Net expense recognised in the statement of financial performance	3 451 953	1 456 377
	16 656 000	13 258 000
Net expense recognised in the statement of financial performance		
Service Cost		
Current service cost	975 000	911 000
Net Interest expense / revenue		
Interest cost	1 629 000	1 488 000
Remeasurements Actuarial	847 953	(942 623)
(gains) losses	3 451 953	1 456 377
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11,40 %	12,35 %
Health care cost (CPI+1.5%)	7,20 %	7,81 %
Net effective discount rate	3,90 %	4,21 %
Discount rate		
Grap 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment DBO. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 11.4% per annum has been used. The corresponding index-linked yield at this term is 5.2%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.		
The effect of a 1% movement in the assumed rate of health care cost of inflation is as follows:		
	-1% decrease	+1% increase
Effect on the defined benefit obligation	14 735 000	18 299 000
Effect on the aggregate of the interest rate	1 430 000	1 806 000
Effect on the aggregate of the current service cost	835 000	1 095 000
Total liability	16 999 999	21 200 001

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Notes to the Financial Statements

	2025 R	2024 R
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7. Non-Current Employee benefits (continued)

The effect of a 1 year movement in the assumed post-employment mortality is as follows:

	-1 year	+1 year
Effect on the defined benefit obligation	17 033 000	16 270 000
Effect on the aggregate of the interest rate	1 666 000	1 591 000
Effect on the aggregate of the current service cost	994 000	953 000
Total liability	19 692 999	18 814 001

The effect of a 1% movement in the assumed rate if discount rate is as follows:

	-1 % decrease	+1% increase
Effect on the defined benefit obligation	14 344 000	19 548 000
Effect on the aggregate of the interest rate	1 759 000	1 514 000
Effect on the aggregate of the current service cost	1 164 000	824 000
Total liability	17 266 999	21 886 001

The effect of a 1-year movement in the assumed rate of Average retirement age of is as follows:

-1-year decrease

Effect on the defined benefit obligation	18 094 000
Effect on the aggregate of the interest rate	1 783 000
Effect on the aggregate of the current service cost	960 000
Total liability	20 836 999

The effect of a 10% movement in the assumed rate of membership contribution is as follows:

-10% decrease

Effect on the defined benefit obligation	14 578 000
Effect on the aggregate of the interest rate	1 429 000
Effect on the aggregate of the current service cost	855 000
Total liability	16 861 990

Key risks

Actuarial risk: The municipality faces these risk that actuarial assumptions, such as healthcare cost inflation, mortality rates, and retirement ages, may differ from actual outcomes, leading to higher-than-expected obligations.

Health cost inflation risk: The risk that the cost of medical care increases faster than anticipated, which would increase the municipality's liability.

Longevity risk: The risk that retirees live longer than expected, increasing the duration and total cost of medical benefits.

Regulatory risk: Changes in healthcare regulations or government-provided benefits could impact the cost or structure of the municipality's obligation.

Cash flow timing: The timing of cash outflows for post-employment medical benefits is uncertain, as it depends on the longevity of retirees and the timing of medical claims.

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

2025	2024
R	R

7. Non-Current Employee benefits (continued)

Cash flow amounts: The amounts payable under these plans can fluctuate significantly due to factors such as changes in healthcare cost, changes in retiree demographics, and modifications in plan benefits.

8. Inventories

Stationary	100 187	160 493
Opening balance	100 187	160 493
Purchased	2 009 027	1 491 982
Issued	(1 746 488)	(1 552 288)
	362 726	100 187

Smart meters	55 814	-
Opening balance	55 814	-
Purchased	-	165 217
Issued	(55 814)	(109 403)
	-	55 814

Inventory pledged as security

No inventories were pledged as collateral and no inventories were written off during the year.

9. Receivables from exchange transactions

Accrued interest - investment	418 283	330 603
CDM water debtor	-	306 928
Consumer debtors - Electricity	52 559	278 199
Consumer debtors - Refuse	342 391	1 399 720
Consumer debtors - Other device charges	15 746	80 945
Other debtors	2 314 088	-
	3 143 067	2 396 395

Other debtors of R2 314 088 relates to assets auctioned after year end.

CDM water debtor reconciliation

CDM water debtor	-	13 747 602
Less: 70% commission	-	(9 623 321)
Less: impairment	-	(3 743 761)
	-	380 520

No receivables from exchange transactions has been held as collateral.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(24 480 818)	(17 743 965)
Provision for impairment	-	(6 736 853)
	(24 480 818)	(24 480 818)

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Notes to the Financial Statements

	2025 R	2024 R
10. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	120 217 472	101 683 588
Consumer debtors - Electricity	3 492 860	3 495 571
Consumer debtors - Refuse	22 753 938	21 726 730
Consumer debtors - Other service charges	1 046 395	1 017 382
	147 510 665	127 923 271
Less: Allowance for impairment		
Consumer debtors - Rates	(118 408 498)	(94 059 351)
Consumer debtors - Electricity	(3 440 301)	(3 217 372)
Consumer debtors - Refuse	(22 411 547)	(20 327 010)
Consumer debtors - Other service charges	(1 030 649)	(936 437)
	(145 290 995)	(118 540 170)
Net balance		
Consumer debtors - Rates	1 808 974	7 624 237
Consumer debtors - Electricity	52 559	278 199
Consumer debtors - Refuse	342 391	1 399 720
Consumer debtors - Other service charges	15 746	80 945
	2 219 670	9 383 101
Statutory receivables included in consumer debtors above are as follows:		
Statutory receivables	31 404 452	8 133 109
Financial asset receivables included in consumer debtors above	(29 184 782)	1 249 992
Total consumer debtors	2 219 670	9 383 101
Property rates		
Current (0 -30 days)	1 246 319	3 683 099
31 - 60 days	586 586	1 766 060
61 - 90 days	598 471	1 732 266
+90 days	117 786 096	95 011 035
	120 217 472	102 192 460
Electricity		
Current (0 -30 days)	26 899	28 947
31 - 60 days	13 447	14 436
61 - 90 days	13 978	14 408
+90 days	3 438 537	3 437 780
	3 492 861	3 495 571
Refuse		
Current (0 -30 days)	277 477	635 221
31 - 60 days	132 082	312 075
61 - 90 days	140 610	309 944
+90 days	22 203 769	20 827 403
	22 753 938	22 084 643

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
10. Consumer debtors disclosure (continued)		
Other service charges		
Current (0 -30 days)	7 507	17 561
31 - 60 days	3 758	7 021
61 - 90 days	3 761	6 985
+90 days	1 031 369	985 815
	1 046 395	1 017 382
11. Receivables from non-exchange transactions		
Traffic fines	992 418	903 912
Other debtors - third party refunds	1 174 236	762 547
Eskom deposit	1 232 900	1 226 713
Other debtors - under banking	70	42 175
Consumer debtors - property rates	1 808 974	7 624 237
	5 208 598	10 559 584
Statutory Receivables included in receivables from Non - Exchange transactions are as follows:		
Property Rates	1 808 974	7 624 237

Local Government: Municipal Property Rates Act no 6 of 2004 provides the municipality with power to levy rates. Section 2 subsection 1 of the Act states that a metropolitan or local municipality must exercise its power to levy a rate on property subject to : (a) section 229 and any other applicable provision of the Constitution, (b) the provision of this Act and (c) the rates policy it must adopt in terms of section 3. The amounts are being determined through the calculations of the rates amounts by using the council approved tariff rate multiply by the municipal approved general /supplementary valuation roll figures. Interest is being charged at 10% of the outstanding previous billed amount. Statutory receivables impaired is being conducted based on the number of payments made by customer and the long outstanding amounts which are 90 days plus.

Methodology used:

1. Debtors Payments behaviour/patterns. No (0) payment made in the previous six months-100% Provision for outstanding balance which are more than 90 days.
2. Debtors Payments behaviour/patterns. One (1) payment made in the previous six months-98% Provision for outstanding balance which are more than 90 days.
- balance which are more than 90 days.
3. Debtors Payments behaviour/patterns. Two (2) payments made in the previous six months-97% Provision for outstanding balance which are more than 90 days.
4. Debtors Payments behaviour/patterns. Three (3) payments made in the previous six months-96% Provision for outstanding balance which are more than 90 days.
5. Debtors Payments behaviour/patterns. Four (4) payments made in the previous six months-95% Provision for outstanding balance which are more than 90 days.
6. Debtors Payments behaviour/patterns. Five (5) payments made in the previous six months-94% Provision for outstanding

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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11. Receivables from non-exchange transactions (continued)

balance which are more than 90 days.

7. Debtors Payments behaviour/patterns. Six (6) payments made in the previous six months-93% Provision for outstanding balance which are more than 90 days.

8. Debtors Payments behaviour/patterns. Seven (7) payments made in the previous six months-92% Provision for outstanding balance which are more than 90 days.

9. Debtors Payments behaviour/patterns. Eight (8) payments made in the previous six months-91% Provision for outstanding balance which are more than 90 days.

10. Debtors Payments behaviour/patterns. Nine (9) payments made in the previous six months-90% Provision for outstanding balance which are more than 90 days.

11. Debtors Payments behaviour/patterns. Ten (10) and more payments made in the previous six months-89% Provision for outstanding balance which are more than 90 days.

Property Rates reconciliation

2025	2024
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Gross Debtors	Impairment	Net Debtors	Gross Debtors	Impairment	Net Debtors
Agricultural properties	17 101 555	(16 844 219)	257 336	14 908 397	(13 722 687)
Business and commercial	11 444 018	(11 271 814)	172 204	10 094 894	(9 379 969)
Farm properties	1 943	(1 914)	29	1 943	(1 788)
National government	74 381 744	(73 262 484)	1 119 260	58 026 841	(53 515 869)
Public service infrastructure	136 753	(134 695)	2 058	152 011	(139 917)
Residential development	16 156 693	(15 913 575)	243 118	17 800 996	(16 535 737)
Residential Vacant land	994 766	(979 798)	14 968	698 506	(763 384)
Total	120 217 472	(118 408 499)	1 808 973	101 683 588	(94 059 351)
					7 624 237

Property rates ageing - 2025

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	506	253	253	17 100 543	17 101 555
Business and commercial	441 429	201 792	200 621	10 600 177	11 444 019
Farm properties	-	-	-	1 943	1 943
National government	8 580	4 527	7 934	74 360 703	74 381 744
Public service infrastructure	8 796	4 398	4 398	119 161	136 753
Residential development	720 934	344 004	354 035	14 737 721	16 156 694
Residential vacant land	66 075	31 612	31 232	865 847	994 766
Total	1 246 320	586 586	598 473	117 786 095	120 217 474

Property rates ageing - 2024

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	313 715	156 482	156 219	14 281 981	14 908 397
Business and commercial	455 605	206 919	206 335	9 226 035	10 094 894
Farm properties	-	-	-	1 943	1 943
National government	1 940 332	927 214	907 602	54 251 693	58 026 841
Public service infrastructure	8 473	4 236	4 236	135 066	152 011
Residential development	879 372	422 671	417 522	16 081 431	17 800 996
Residential vacant land	85 602	48 538	40 352	524 014	698 506
Total	3 683 099	1 766 060	1 732 266	94 502 163	101 683 588

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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11. Receivables from non-exchange transactions (continued) Property

Rates impairment reconciliation

	2025	2024			
	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment	Opening Balance Impairment	(Provisions)/ Reversal
Agricultural properties	(13 722 687)	(3 121 531)	(16 844 219)	(10 455 217)	(3 267 470)
Business and commercial	(9 379 969)	(1 891 845)	(11 271 814)	(6 357 135)	(3 022 834)
Farm properties	(1 788)	(126)	(1 914)	(1 492)	(296)
National government	(53 515 869)	(19 746 615)	(73 262 484)	-	(53 515 869)
Public service infrastructure	(139 917)	5 222	(134 695)	-	(139 917)
Residential development	(16 535 737)	622 162	(15 913 575)	(10 711 068)	(5 824 669)
Residential Vacant land	(763 384)	(216 414)	(979 798)	(297 755)	(465 629)
Total	(94 059 351)	(24 349 147)	(118 408 499)	(27 822 667)	(66 236 684)
	(94 059 351)	(24 349 147)	(118 408 499)	(27 822 667)	(66 236 684)

Statutory Receivables included in receivables from Non Exchange transactions are as follows

Traffic fines 990 688 903 912

Statutory Receivables included in receivables from Non Exchange transactions are as follows

Traffic Fines 992 418 903 912

Section 3 of National Road Traffic Act 93 of 1996 provide the municipality with an authority to appoint a traffic officer for inspection of Licences, examining of vehicles, examiner for driving Licences. Criminal Procedure Act 51 1977 section 334 states that the Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may by notice in the Gazette declare that any person who by virtue of his office, falls within any category defined in the notice shall within an area specified in the notice ,be a peace officer for the purpose of exercising with reference to any provision of this Act or any offence or any class of offences likewise specified the powers defined in the notice. The municipality appoints traffic officers as per Section 3 of the National Road Traffic Act 93 of 1996 which in turn an inspection of Licences and road laws and regulations will be conducted and any offender will be charged if not incompliant with the legislated laws and regulations and a fine will be determined and realised as revenue /debtor. The impairment is conducted based on historical collections of the outstanding amounts.

Methodology used:

Year one (1) collection percentage Year

two (2) collection percentage Year tree (3)

collection percentage

Collection percentages for the three financial years will be consolidated and divided by three (3) which is the total number of years to obtain a reasonable collection percentage.

The reasonable remaining balance will be multiplied by the total remaining percentage after the consideration/deduction of the aggregated collected rate. (100% less the reasonable collectable calculated percentage) to obtain the total impairment/provision for doubtful debt amount

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Notes to the Financial Statements

	2025 R	2024 R
11. Receivables from non-exchange transactions (continued)		
Traffic fines reconciliation		
Gross balances - Fines	6 707 577	6 026 076
Less: Allowance for impairment		
Traffic Fines Opening Balance	(5 122 165)	(4 517 324)
Traffic fines (Provision) / Reversal	(579 275)	(604 841)
	1 006 137	903 911
12. VAT receivable		
VAT receivable	2 060 038	11 091 928
VAT input accrual	2 160 770	1 333 377

Statutory receivables arise from legislation supporting regulations or similar means and require settlement by another entity or financial asset. The transactions that give rise to the above statutory receivables were in reference to Value Added Tax Act (VAT). The vat receivable amount has been determined as prescribed in the VAT Act, which the current prescribed 15% VAT rate was charged on valuable goods or services and the amount disclosed is the net of VAT receivable.

The VAT input accrual balance is as a result of transactions being accounted for on the accrual basis. These are amounts that will become due to (Output VAT) or from (Input VAT) SARS upon the actual realisation or payment of cash from these transactions.

Reconciliation of VAT receivable

2025	Opening balance	Amounts claimed	Amounts received	Total
South African Revenue Service	<u>4 158 070</u>	<u>16 243 207</u>	<u>(18 341 239)</u>	<u>2 060 038</u>
2024				
South African Revenue Service	Opening balance	Amounts claimed	Amounts received	Total
South African Revenue Service	<u>9 117 983</u>	<u>17 153 133</u>	<u>(15 179 187)</u>	<u>11 091 929</u>

13. VAT output accrual

VAT output accrual	<u>4 281 962</u>	<u>8 267 234</u>
VAT output accrual reconciliation		
VAT output accrual	775 550	5 074 084
Provision for doubtful debt impairment	3 506 412	3 193 150
	4 281 962	8 267 234

Statutory payables arise from legislation supporting regulations or similar means and require settlement by another entity or financial asset. The transactions that give rise to the above statutory receivables were in reference to Value Added Tax Act (VAT). The vat payable amount has been determined as prescribed in the VAT Act, which the current prescribed 15% VAT rate was charged on valuable goods or services and the amount disclosed is the net of VAT payable.

The VAT output balance is as a result of transactions being accounted for on the accrual basis. These are amounts that will become due to (Output VAT) or from (Input VAT) SARS upon the actual realisation or payment of cash from these transactions.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
14. Cash and cash equivalents (continued)		
Bank balances - cash book balance	15 356 950	6 859 123
Short-term deposits	116 034 917	132 725 641
Grants bank account	1 253 182	756 252
	132 645 049	140 341 016

No cash and cash equivalents are held as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances	Cash book balances
---------------------------------	-------------------------	--------------------

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Nedbank primary account - 146 700 0442	15 327 860	6 859 123	905 255	15 356 950	6 859 053	1 145 541
Nedbank grants account - 101 399 4825	1 253 332	756 401	2 909 260	1 253 182	756 322	2 909 180
Nedbank call investment deposit	116 034 918	132 725 640	108 207 304	116 034 918	132 725 641	108 207 304
Total	132 616 110	140 341 164	112 021 819	132 645 050	140 341 016	112 262 025

15. Revaluation reserve

Opening balance	47 735 370	47 733 865
Transfer in during the year	2 351 294	1 505
	50 086 664	47 735 370

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal infrastructure grant	1 347 588	35 120
Finance management grant	61 358	8 410
EPWP	986	2 392
Municipal disaster relief grant	-	835 729
	1 409 932	881 651

Movement during the year

Balance at the beginning of the year	881 651	4 695 020
Movement in government grants and subsidies	528 281	(3 813 369)
	1 409 932	881 651

The unspent grants are cash-backed by short term deposits. The municipality complied with the conditions attached to all grants received to the extent revenue recognised. Please refer to note 32 for more detail on unspent grants.

	2025	2024
	R	R

17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	7 930 999	1 851 000	(1 342 710)	588 919	505 791	9 534 000
Rehabilitation of Landfill Site	28 429 799	2 917 762	-	3 797 672	-	35 145 234
	36 360 798	4 768 762	(1 342 710)	4 386 591	505 791	44 679 235

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 322 925	5 087 000	(1 543 357)	(649 835)	714 267	7 930 999
Rehabilitation of Landfill Site	26 810 415	2 900 523	-	(1 281 139)	-	28 429 799
	31 133 340	7 987 523	(1 543 357)	(1 930 974)	714 267	36 360 798

Non-current liabilities	44 679 234	36 360 798
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Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Rehabilitation of Land-fill Sites

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 35 145 234 :2025 (2024: R 28 429 798) to restore the site at the end of its useful life, estimated to be in the 2044 (Soekmekaar landfill site) and 2045 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

Long Service Awards

The Long Service Awards is a liability in respect of Long service awards to employees. As at year end, 171 employees were eligible for Long Service Awards.

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. These awards are considered defined benefit plans because the municipality's obligation to pay these benefits depends on the length of the service.

The Long service awards are not a funded arrangement i.e. there is no plan asset in place to meet this defined benefit obligation(DBO). The Projected Unit Credit Methods has been used to value the DBO.

Key actuarial assumptions used:

Rate of interest

Discount rate	9,9%	11,13%
CPI inflation rate	3,9%	5,28%
General earnings inflation rate	6,3%	6,28%

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

Present Value of Liability

Present value of unfunded obligations	10 529 000	9 515 000
Net liability / (asset)	10 529 000	9 515 000

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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17. Provisions (continued)

Reconciliation of present value of liability:

Reconciliation of present value of liability

Present value of liability at beginning of the year	9 515 000	5 257 000
Total expenses	-	3 543 733
Current service cost	878 000	481 000
Past service cost	-	4 065 000
Interest cost	973 000	541 000
Benefits paid	(1 342 710)	(1 543 357)
Actuarial losses/gain	505 791	714 267
Present value of liability	10 529 000	9 515 000
Less transfer of current portion	(995 000)	(1 548 000)
Balance at end of year	9 534 000	7 967 000

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

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

Opening balance	9 515 000	5 257 000
Benefits paid	(1 342 791)	(1 543 267)
Net expense recognised in the statement of financial performance	2 356 791	5 801 267
	10 529 000	9 515 000

Net expense recognised in the statement of financial performance

Service cost		
Current service cost	878 000	481 000
Past service cost	-	4 065 000
Net interest expense/revenue		
Interest cost	973 000	541 000
Remeasurements		
Actuarial (gains) losses	505 791	714 267
	2 356 791	5 801 267

The effect of a 2 Years movement in the assumed rate of average retirement is as follows:

The effect of a 1-year movement in the assumed rate of Average retirement age is as follows:

	x 0.5	x 2
Effect on the defined benefit obligation	11 114 000	9 627 000
Effect on the aggregate of the interest rate	1 039 000	872 000
Effect on the aggregate of the current service cost	960 000	756 000
Total Liability	13 113 000	11 255 000

The effect of a 1% movement in the assumed general earnings inflation rate cost of inflation is as follows :

-1% decrease	+1% decrease
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Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025	2024
	R	R
17. Provisions (continued)		
Effect on the defined benefit obligation	9 974 000	11 136 000
Effect on the aggregate of the interest rate	918 000	1 034 000
Effect on the aggregate of the current service cost	821 000	942 000
	11 712 999	13 112 001

A 1% decrease in the general earnings inflation to 4.28% would result in a calculated defined benefit obligation of R9 016 000, representing a R500 000 decrease or a 5% change from the current obligation. Conversely, a 1% increase in the general earnings inflation rate to 6.28% would yield a defined benefit obligation of R10 061 000, reflecting a R546 000 increase or a 5.7% change from the current obligation.

The effect of a 1% movement in the assumed discount rate is as follows:

	-1% decrease	+1% increase
Effect on the defined benefit obligation	11 158 000	9 962 000
Effect on the aggregate of the interest rate	943 000	999 000
Effect on the aggregate of the current service cost	935 000	828 000
	13 035 999	11 789 001

The effect of a 2 Years movement in the assumed rate of average retirement is as follows:

	-2 years decrease	+2 years increase
Effect on the defined benefit obligation	10 095 000	10 925 000
Effect on the aggregate of the interest rate	901 000	1 018 000
Effect on the aggregate of the current service cost	820 000	911 000
	11 815 998	12 854 002

The effect of a 1-year movement in the assumed rate of Average retirement age is as follows:

	X 0.5	X2
Effect on the defined benefit obligation	11 114 000	9 627 000
Effect on the aggregate of the interest rate	1 039 000	872 000
Effect on the aggregate of the current service cost	960 000	756 000
	13 113 000	11 255 000

Key risks

Actuarial risk: The municipality faces these risk that actuarial assumptions, such as healthcare cost inflation, mortality rates, and retirement ages, may differ from actual outcomes, leading to higher-than-expected obligations.

Inflation risk: If the awards are linked to salary levels, there is a risk that inflation could increase the obligation if salaries rise faster than anticipated.

Longevity risk: Although long service awards are typically paid during employment, the risk of employees staying longer than expected (leading to higher obligation) remains.

Regulatory risk and contractual risk: Changes in labour laws or employment contracts could impose additional obligation on the Municipality.

Cash flow timing: Long service award obligations can lead to cash outflows that are difficult to predict. The timing of these outflows depends on when employees reach required service milestones and when the awards are actually paid out.

Cash flow amounts: The amounts payable under long service award plans may fluctuate due to changes in employee demographics, turnover rates and salary increases. Additionally, the obligation may increase if more employees stay longer with company than initially expected.

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
18. Other liability		
Unallocated receipts	27 843	56 623
Salary suspense account	460	271
	<u>28 303</u>	<u>56 894</u>

19. Current employee benefits

The movement in current employee benefits is reconciled as follows:

Current portion of medical aid provision	231 000	143 000
Current portion of long service provision	987 916	1 576 836
Leave provision for the year	10 340 043	9 867 712
	<u>11 558 959</u>	<u>11 587 548</u>

The movement in leave provision is reconciled as follows:

Balance at the beginning of the year	9 867 712	9 816 876
Contribution of current portion	629 126	674 437
Expenditure of the year	(156 795)	(623 601)
	<u>10 340 043</u>	<u>9 867 712</u>

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

20. Payables from exchange transactions

Payables	3 737 216	5 375 147
Amounts received in advance	8 966 803	9 674 736
Retention	8 965 437	11 569 221
Electricity not used	538 585	513 194
CDM creditor	555 266	783 392
Department of transport and community safety	324 430	324 430
Bonus	2 574 405	2 305 627
	<u>25 662 142</u>	<u>30 545 747</u>

The Municipality acts as an agent for Capricorn District Municipality and Department of Transport and Community Safety, please refer to note 42 principals and agents.

21. Consumer deposits

Electricity	<u>507 776</u>	<u>509 126</u>
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Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
22. Revenue		
Service charges	13 301 601	13 054 305
Rental of facilities and equipment	231 134	263 522
Interest received - debtors	693 047	899 627
Commission received	206 931	204 363
Licences and permits	4 501 381	4 855 114
Other income	1 218 602	1 400 649
Interest received - investment	13 918 818	12 651 194
Property rates	29 864 221	28 276 060
Government grants & subsidies	230 590 193	248 044 255
Interest, Dividends and Rent on Land	734 380	1 142 945
Construction contracts	16 893 850	16 338 719
	312 154 158	327 130 753
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	13 301 601	13 054 305
Rental of facilities and equipment	231 134	263 522
Interest received - debtors	693 047	899 627
Commission received	206 931	204 363
Licences and permits	4 501 381	4 855 114
Other income	1 218 602	1 400 649
Interest received - investment	13 918 818	12 651 194
Construction contracts	16 893 850	16 338 719
	50 965 364	49 667 493
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	29 864 221	28 276 060
Interest, Dividends and Rent on Land	734 380	1 142 945
Licences or permits	733 275	370 778
Transfer revenue		
Government grants & subsidies	230 590 193	248 044 255
	261 922 069	277 834 038
23. Service charges		
Sale of electricity	12 003 878	10 418 630
Refuse removal	1 297 723	2 635 675
	13 301 601	13 054 305
24. Rental of facilities and equipment		
Premises		
Cattle grazing	-	40 312
Community assets	231 134	223 210
	231 134	263 522

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
25. Fines, penalties and forfeits		
Other fines, penalties and forfeits	1 810	278
Traffic fines	724 350	370 500
Illegal connection fines	7 115	-
	733 275	370 778
26. Licences and permits (exchange)		
Department of transport and community safety	4 406 545	4 855 114
Trading	94 836	-
	4 501 381	4 855 114
27. Interest from non-exchange receivables		
Interest received - service debtors	734 380	1 142 945
28. Agency services		
Commission received	206 931	204 363
The municipality only recognises 30% of its revenue billed for the year as commission received. The other 70% is being paid against the CDM debtors as per the service level agreement between CDM and the municipality.		
29. Other income		
Building plan approvals	4 042	2 904
Clearance certificates	9 366	13 241
Actuarial gains	-	942 623
Skills development refund	201 122	288 964
Grave fees	17 850	12 710
Library membership fees	265	150
Town planning fees	451 272	31 443
Incidental cash surplus	113 544	108 614
Other income 11	421 141	-
	1 218 602	1 400 649
30. Interest income - investment		
Interest revenue		
Interest received-external investment	13 918 818	12 651 194

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
31. Property rates		
Rates received		
Residential	2 574 598	4 713 138
Commercial	1 279 792	1 250 105
State	21 303 991	19 059 246
Small holdings and farms	4 653 055	3 203 691
Public service infrastructure	52 785	49 880
	29 864 221	28 276 060
Valuations		
Residential	630 154 144	706 331 000
Commercial	183 912 640	207 744 000
State	439 516 000	427 100 000
Municipal	79 931 000	24 905 000
Small holdings and farms	2 218 923 682	2 155 420 800
Public service infrastructure	8 722 000	8 723 000
	3 561 159 466	3 530 223 800

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023 performed by Mod Hope Properties. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
32. Government grants & subsidies		
Operating grants		
Equitable share	187 594 124	178 108 460
Municipal infrastructure grant (MIG)	2 023 686	344 192
Finance management grant (FMG)	2 138 642	2 291 590
Extended public works programme (EPWP)	1 385 014	1 216 608
LGSETA grant	-	61 446
	193 141 466	182 022 296
Capital grants		
Municipal infrastructure grant (MIG)	37 448 727	44 801 688
Municipal disaster relief grant (MDRG)	-	21 220 271
	37 448 727	66 021 959
	230 590 193	248 044 255
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	42 996 069	69 935 795
Unconditional grants received	187 594 124	178 108 460
	230 590 193	248 044 255
Equitable Share		
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
Municipal infrastructure grant (MIG)		
Balance unspent at beginning of year	35 120	5 852
Current-year receipts	40 820 000	45 181 000
Conditions met - transferred to revenue (operational)	(2 023 686)	(344 192)
Conditions met - transferred to revenue (capital)	(37 448 726)	(44 801 688)
Adjustments	(35 120)	(5 852)
	1 347 588	35 120
Conditions still to be met - remain liabilities (see note 16).		
Finance management grant (FMG)		
Balance unspent at beginning of year	8 410	7 764
Current-year receipts	2 200 000	2 300 000
Conditions met - transferred to revenue (operational)	(2 138 642)	(2 291 590)
Adjustments	(8 410)	(7 764)
	61 358	8 410
Conditions still to be met - remain liabilities (see note 16).		
Extended public works programme (EPWP)		
Balance unspent at beginning of year	2 392	11 344
Current-year receipts	1 386 000	1 219 000

Molemole Local Municipality
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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
32. Government grants & subsidies (continued)		
Conditions met - transferred to revenue	(1 385 014)	(1 216 608)
Adjustments	(2 392)	(11 344)
	986	2 392
Conditions still to be met - remain liabilities (see note 16).		
Municipal disaster relief grant (MDRG)		
Balance unspent at beginning of year	835 729	4 500 000
Current-year receipts	-	17 556 000
Conditions met - transferred to revenue	- (835 729)	(21 220 271)
	-	835 729
Conditions still to be met - remain liabilities (see note 16).		
Integrated national electrification programme (INEP)		
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Integrated transport plan		
Balance unspent at beginning of year	-	108 614
Conditions met - transferred to revenue	-	(108 614)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
LGSETA grant		
Balance unspent at beginning of year	-	61 446
Conditions met - transferred to revenue	-	(61 446)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
33. Interest income - debtors		
Service charges	82 625	42 440
Waste management	438 921	424 211
Electricity	171 501	173 924
Interest received - SARS	-	259 052
	693 047	899 627
34. Construction contract revenue and payable		
Contracts in progress at statement of financial position date		

Molemole Local Municipality

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
34. Construction contract revenue and payable (continued)		
Revenue recognised in the period	16 893 850	16 338 719
The municipality determines the contract revenue recognised in the period based on the stage of completion.		
The municipality determines the stage of completion of the contract, by calculating the proportion of the contract cost incurred to date for the work performed to the total contract cost.		
Contracts in progress		
Aggregate amount of costs incurred	15 204 465	14 743 169
Amount of advances received	20 674 000	19 168 000
Amount of retention	1 689 385	1 595 551
Integrated National Electrification Programme (INEP) payable		
Balance unspent at the beginning of the year	329 107	67 500
Current year receipts	17 977 391	16 667 826
Conditions met - transferred to revenue (operational)	(16 893 850)	(16 338 719)
Adjustments	(378 473)	(67 500)
	<u>1 034 175</u>	<u>329 107</u>

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
35. Employee related costs		
Basic	72 839 434	68 052 018
Bonus - 13th Cheque	6 187 334	5 708 829
Medical aid - company contributions	6 303 726	5 854 108
UIF	371 753	378 134
Interns salaries: FMG	408 400	542 014
Leave pay provision charge	629 123	674 437
Defined contribution plans	3 957 742	3 113 265
Travel, motor car, accommodation, subsistence and other allowances	8 809 894	8 436 164
Overtime payments	628 344	726 252
Long-service awards	1 851 000	5 086 910
Acting allowances	438 548	416 715
Housing benefits and allowances	250 448	256 608
Standby allowance	440 511	409 010
Laptop allowance	750 803	541 222
Pension funds - company contributions	13 948 172	12 980 481
Telephone/cellphone allowance	2 066 117	1 276 110
Industrial/bargaining council	24 590	23 546
	119 905 939	114 475 823
Remuneration of municipal manager		
Annual Remuneration	947 332	996 025
Motor car and other allowances	493 427	500 653
Performance Bonuses	78 944	78 944
	1 519 703	1 575 622
The Municipal Manager is appointed on a 5 year fixed contract starting 1 January 2023 to 31 December 2027.		
Remuneration of chief finance officer		
Annual Remuneration	777 808	652 286
Motor car and other allowances	422 415	314 349
Performance Bonuses	64 817	59 246
Acting: Nkalanga	-	15 000
Leave pay	-	131 094
	1 265 040	1 171 975
Remuneration of manager - local economic development		
Annual Remuneration	710 953	729 598
Motor car and other allowances	394 410	354 810
Performance Bonuses	59 246	59 246
	1 164 609	1 143 654
Remuneration of manager - corporate services		
Acting: NJ Modisha	-	45 000
Acting: MF Manyelo	82 500	15 000
	82 500	60 000
Remuneration of manager - community services		

Molemole Local Municipality
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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
35. Employee related costs (continued)		
Annual Remuneration	-	111 416
Motor car and other allowances	-	79 475
Leave pay	-	139 059
Acting: PT Molopa	82 500	52 500
	82 500	382 450
Remuneration of manager - technical services		
Acting: MJ Mabetwa	82 500	67 500
Included in long service awards are:		
Current service cost	878 000	481 000
Interest cost	973 000	541 000
Past service cost	-	4 065 000
	1 851 000	5 087 000
Included in defined benefit contribution plan are:		
Actuarial gain/loss - long service	505 791	714 267
Interest cost	1 629 000	1 488 000
Service cost	975 000	911 000
	3 109 791	3 113 267
36. Remuneration of Councillors		
Executive Mayor	994 994	994 254
Chief Whip	443 653	443 453
Mayoral Committee Members	4 337 026	4 335 626
Speaker	805 397	805 197
Councillors	7 604 515	7 613 993
	14 185 585	14 192 523
37. Depreciation and amortisation		
Property, plant and equipment	21 650 275	18 939 980
Investment property	43 304	43 422
Intangible assets	155 131	169 107
	21 848 710	19 152 509
38. Impairment loss		
Impairments		
Property, plant and equipment	2 562 935	1 224 800
39. Finance costs		
Other - interest cost	2 931 326	2 918 882
Fruitless and wasteful expenditure - interest paid	4 487	1 127
	2 935 813	2 920 009

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
40. Debt impairment		
Traffic fines	560 967	604 841
Provision	26 750 826	17 215 088
	<u>27 311 793</u>	<u>17 819 929</u>
41. Bad debts written off		
Bad debts written off	247 790	78 304
42. Bulk purchases		
Electricity - Eskom	<u>16 015 294</u>	<u>14 156 808</u>
43. Contracted services		
Outsourced Services		
Administrative and Support Staff	14 725 681	13 553 971
Catering Services	311 418	187 195
Consultants and Professional Services		
Business and Advisory	13 150 795	12 329 119
Contractors		
Maintenance - property plant and equipment	14 450 285	14 636 290
Electrical	17 052 111	16 339 687
Employee Wellness	3 764 459	1 749 636
	<u>63 454 749</u>	<u>58 795 898</u>
44. Loss on assets written off / disposal		
Loss on write-off of assets as per council resolution	2 635 433	509 955
Profit on disposal	(770 042)	-
	<u>1 865 391</u>	<u>509 955</u>

Molemole Local Municipality
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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
45. General expenses		
Accommodation and meals	5 586 587	4 565 375
Advertising	699 079	562 828
Advertising: recruitment	201 749	273 101
Auditors remuneration	5 496 526	4 782 074
Bank charges	206 252	189 818
Commission paid	1 126 246	910 260
Cleaning materials	924 110	863 411
Consumables	252 602	241 061
Transport – events	-	391 450
Plant hire	-	29 900
Insurance	1 180 820	808 063
Ward committee expenses	2 230 800	2 266 800
Environmental & waste management	1 766 118	1 417 670
Free basic electricity	3 656 512	3 090 121
Fuel and oil: municipal fleet	2 566 644	3 167 258
Postage and telephone	13 407	5 420
Protective clothing	1 394 422	885 652
Licences – vehicle	206 350	259 883
Internship programme	-	86 173
Membership fees	16 471	17 833
Telephone management	1 072 859	1 107 765
Training SMME	-	197 250
Affiliation & membership fees: SALGA	1 137 238	1 106 691
Subscriptions and system licencing	3 351 794	2 207 666
Training and conferences	1 429 848	1 519 056
Public participation	510 254	398 660
Operating lease expense	619 775	562 515
Tracking device system	89 885	70 523
Consulting and professional fees	1 747 948	1 552 288
Skills development levy	1 036 826	974 871
Servitudes and land surveys	295 000	-
	38 816 122	34 511 436

46. Accounting by principals and agents

Capricorn District Municipality

The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

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Notes to the Financial Statements

	2025 R	2024 R
46. Accounting by principals and agents (continued)		
No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)	-	-
Revenue Recognised as compensation for the transactions carried on behalf of the principal	237 971	709 102
Revenue received or to be received on behalf of the principal	515 730	2 613 406
	753 701	3 322 508
No expenditure paid or incurred on behalf of the principal	-	-
Opening balance	13 747 602	11 917 588
Revenue receivable	515 730	2 613 406
Amounts written off settlements or waivers of amounts due	(459 013)	-
Amounts received	(793 237)	(783 392)
	13 011 082	13 747 602
Payables held on behalf of the principal	-	-
Opening balance	783 392	783 392
Payables current year	555 266	-
Cash paid	(783 392)	-
	555 266	783 392

The amount due to Capricorn District Municipality is included in Note 19 Payables from exchange transactions.

The municipality retaining 30% on the revenue Collected from water Services and Sanitation for the duration of the Contract. 70% of the revenue collected and to be collected from water services and sanitation shall be paid over to the district. (CDM) for the duration of the contract. The rights, duties and obligation of the parties in terms of the agreement are limited to the provision of water and annually services. The scope of the agreement is limited to the water service areas, all the assets regarding the Provision of water are owned and maintained by the district CDM.

Department of Transport and Community Safety

The Municipality is involved in an agency relationship with Department of Transport and community safety for the issuing of licenses.

The Municipality retain 20% Commission on licensing motor vehicles, 100% on: MTN and Temporary/Special Permits, License Number for Motor Vehicle, Roadworthiness Certificate, Driver's License Card, Driving License, Professional Driving Permit, Learner's License, Registration/Licensing of a Vehicle and Duplicate TRN and BRNC and 80% is being transferred to the Department of Road and Transport and community safety on monthly basis. Traffic Fine revenue is control and 100% earned by the municipality.

Revenue recognised as compensation for the transactions carried out on behalf of the principal	4 558 806	4 855 114
Revenue received or to be received on behalf of the principal	6 589 915	6 574 716
	11 148 721	11 429 830
Opening balance	324 430	522 780
Expenses incurred	830 573	324 430
Cash Paid	(324 430)	(522 780)
	830 573	324 430

The amount due to the Department of Transport and Community Safety is included in note 19 payables from exchange transactions.

ONTEC

Molemole Local Municipality
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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025	2024
	R	R
46. Accounting by principals and agents (continued)		
There are no resources under the custodianship of the agent, nor have they been recognised as such. Consequently, there will be no cost implications in the event of termination of the agreement.		

Fees paid as commission to agent	1 082 540	616 668
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The municipality is involved in an agency relationship with ONTEC (Pty)Ltd where the municipality acts as the principal.

Molemole municipality appointed ONTEC (Pty)Ltd for vending of prepaid electricity to its Customers (third party) on its behalf.

ONTEC (Pty)Ltd is entitled to R59 097.35 (incl. Vat) for the collection of revenue through their vending system.

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	2025 R	2024 R
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47. Related parties

Remuneration of management class: Councillors

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47. Related parties (continued)

2025

Name	Basic salary	Allowances	Total
ME Paya (Mayor)	710 993	284 001	994 994
D Matlou (Speaker)	568 795	236 602	805 397
EM Rathaha (Chief Whip)	297 487	146 166	443 653
PT Rathete (MPAC)	522 533	221 181	743 714
SR Nakana (MPAC)	288 754	143 255	432 009
ML Moabelo (Exco)	533 246	224 753	757 999
NF Rampyapedi (Exco)	533 246	224 753	757 999
SW Mafona (Exco)	297 487	146 166	443 653
MO Motolla (Exco)	297 487	146 166	443 653
BM Hlapa (Exco)	533 246	224 753	757 999
MC Matjee	224 996	122 003	346 999
MP Makgato	115	86	201
PS Masoga	224 996	122 002	346 998
ME Ramarutha	224 996	122 002	346 998
MS Machaka	224 996	122 002	346 998
MY Senamolela	224 996	122 002	346 998
NG Sekgota	224 996	122 002	346 998
TM Mapholletja	224 996	122 002	346 998
MJ Poopedi	224 996	122 002	346 998
MM Selabe	224 996	122 002	346 998
MV Ramusi	224 996	122 002	346 998
MC Nong	224 996	122 002	346 998
MS Ngobene	224 996	122 002	346 998
SP Chepape	224 996	122 002	346 998
TG Malebana	224 996	122 002	346 998
ME Rahlana	224 996	122 002	346 998
RI Mabitsela	224 996	122 002	346 998
TO Kgopane	224 996	122 002	346 998
MS Letlalo	224 996	122 002	346 998
ME Machethe	224 996	122 002	346 998
GM Modiba	224 996	122 002	346 998
MJ Kubyana	224 996	122 002	346 998
T Motlalamobi	205 700	111 655	317 355
	9 514 005	4 671 580	14 185 585

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47. Related parties (continued)

2024

Name	Basic salary	Allowances	Total
ME Paya (Mayor)	710 993	283 261	994 254
D Matlou (Speaker)	568 795	236 402	805 197
EM Rathete (Chief Whip)	297 487	145 966	443 453
PT Rathete (MPAC)	522 532	220 983	743 515
SR Nakana (MPAC)	288 754	143 055	431 809
ML Moabelo (Exco)	533 246	224 553	757 799
NF Rampyapedi (Exco)	533 246	224 553	757 799
SW Mafona (Exco)	297 487	145 966	443 453
MO Motolla (Exco)	297 487	145 966	443 453
BM Hlapa (Exco)	533 246	224 553	757 799
MC Matjee	224 996	121 802	346 798
MP Makgato	214 869	116 365	331 234
PS Masoga	224 996	121 802	346 798
ME Ramarutha	224 996	121 802	346 798
MS Machaka	224 996	121 802	346 798
MY Senamolela	224 996	121 802	346 798
NG Sekgota	224 996	121 802	346 798
TM Mapholletja	224 996	121 802	346 798
MJ Poopedi	224 996	121 802	346 798
MM Selabe	224 996	121 802	346 798
MV Ramusi	224 996	121 802	346 798
MC Nong	224 996	121 802	346 798
MS Ngobene	224 996	121 802	346 798
SP Chepape	237 132	109 666	346 798
TG Malebana	224 996	121 802	346 798
ME Rahlana	224 996	121 802	346 798
RI Mabitsela	224 996	121 802	346 798
TO Kgopane	224 996	121 802	346 798
MS Letlalo	224 996	121 802	346 798
ME Machethe	224 996	121 802	346 798
GM Modiba	224 996	121 802	346 798
MJ Kubyana	224 996	121 802	346 798
	9 535 194	4 657 329	14 192 523

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47. Related parties (continued)

Refer to note "Remuneration of councillors"

Management class: Executive management

2025

Name	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Total
Municipal manager	947 332	78 944	493 427	1 519 703
Chief Financial Officer	777 808	64 817	422 415	1 265 040
	1 725 140	143 761	915 842	2 784 743

2024

Name	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Acting allowance	Leave payout	Total
Municipal manager	996 025	78 944	500 653	-	-	1 575 622
Chief Financial Officer	652 286	59 246	314 349	15 000	131 094	1 171 975
	1 648 311	138 190	815 002	15 000	131 094	2 747 597

*Refer to note "Employee related costs"

Management class: Individual executive directors

2025

Basic salary	Bonuses and performance related payments	Motor car and other allowances	Acting allowance	Total

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47. Related parties (continued)

Name

Local economic development	710 953	59 246	394 410	-	1 164 609
Corporate services	-	-	-	82 500	82 500
Community services	-	-	-	82 500	82 500
Technical services	-	-	-	82 500	82 500
	710 953	59 246	394 410	247 500	1 412 109

2024

Name	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Acting allowance	Leave payout	Total
Local economic development	729 598	59 246	354 810	-	-	1 143 654
Corporate services	-	-	-	60 000	-	60 000
Community services	111 416	-	79 475	52 500	139 059	382 450
Technical services	-	-	-	67 500	-	67 500
	841 014	59 246	434 285	180 000	139 059	1 653 604

*Refer to note "Employee related costs"

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers / residents.

48. Budget differences

Budget vs Actual comparison variances explanations above 5% and budget adjustment reasons

Revenue from exchange transactions Service charges

No material variance. Construction contracts

The initial budget was under government grants and subsidies. Reclassification was done from non-exchange transactions to exchange transactions which is guided by the disclosure in terms of MSCOA Circular 16.

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	2025	2024
	R	R

48. Budget differences (continued)

Rental of facilities and equipment

The rental of facilities and equipment is budgeted under other income vote Interest

Income debtors

Implementation of Credit Control and debt collection Council resolution regarding the amount committed by customers to be paid on monthly basis lead to the interest amount to less from month to month. This resolution offered an incentive of waiving interest once a customer has entered into an arrangement for an old debt.

Agency services

Dis-continued of water billing by Capricorn district Municipality in Mogwadi and Morebeng lead to the reduction of the total water billed on monthly basis. Negative actual amount is due to erroneous journals processed and are currently being corrected.

Licences and permits

The delay in the opening of the new traffic management office led to the revenue predicted not being fully realised. Other income

The municipality initially budget as per estimates from previous financial year on revenue from Skills development levy. The training provided in the 2024/25 financial year was less than the 23/24 financial year, which resulted in the under collection of revenue.

Interest received - external investment

The municipality anticipated to collect more money from government properties, which will enable the municipality to invest more cash available. However due to halting of payments from the departments, less cash was available for investment.

Revenue from non-exchange Property

rates

Corrections done on the general valuation roll through the implementation of the supplementary valuation roll lead to the decrease on the actual billing compared to the initial budgeted amount.

Interest received debtors

Implementation of Credit Control and debt collection Council resolution regarding the amount committed by customers to be paid on monthly basis lead to the interest amount to less from month to month. This resolution offered an incentive of waiving interest once a customer has entered into an arrangement for an old debt.

Government grants and subsidies

The budget is inclusive of the construction contract (INEP) which is now reclassified under exchange transactions.

Fines, penalties and forfeits

Upload of the traffic fine issued by traffic officers process has not been fully finalized as the traffic management system was implemented in third quarter and the review of the captured information was finalised in fourth quarter.

Expenditure

Employee related costs

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2025	2024
R	R

48. Budget differences (continued)

No material variance

Remuneration of Councillors

The budget is inclusive of councilor's upper limits increases which has not yet been gazetted at year end. Depreciation and amortisation

Depreciation for the fourth quarter has not been considered. Journals will be processed before finalisation of the AFS. Impairment loss

Recognition of impairment losses on municipal capital assets following a recent assessment which revealed that certain assets no longer met the criteria for full carrying value due to damage, obsolescence, or reduced service potential. These impairments are mainly because the municipality is unable to budget the 8% of total value of property, plant and equipment national treasury requirement due to budget constraints. As a result, the impairment was recorded as an accounting requirement in compliance with GRAP standards, leading to an over-expenditure in the affected votes.

Finance cost

The municipality appointed an expert with regard to revaluation of the rehabilitation costs for the landfill site for the purpose of preparation of the 2024/25 Annual financial statements. As a result, the value of the provision increased in the 2024-25 as compared to the 2023-24 report.

Debt impairment

The unauthorized expenditure is as a result of an increase in debtors, The Municipality have billed the government debtors for 2024/2025 financial year and the municipality have not received payment from government debt. The municipality have received a communication from the government indicating that they have halted all payment processes as they are busy with the verification and registrations of their properties. The municipality is still struggling with the privately owned properties like Farmers who does not pay their accounts.

Bad debts written off

Budget assumptions were made based on the previous year discounts provided for ratepayers that had entered into payment arrangement. However, in the current year under review there was less customers who made arrangements as compared to the prior year.

Budget estimated on previous year discounts provided for ratepayers that had arrangements. Bulk purchases

No material variances. Contracted services

The municipality realised savings on some of the projects and there is also four electricity projects that were rolled over which significantly contributed to the underspending.

General expenditure

The municipality realised savings on some of the projects that is affected by cost containment policy.

49. Segment information

General information

Molemole Local Municipality

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	2025	2024
	R	R

49. Segment information (continued)

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end management monitors the operating results of these segments for the purpose of making decisions about resources allocations and assessment of performance. Revenues and expenditure relating to these business units are allocated at a transactional level. Cost relating to the governance and administration of the municipality are not allocated to these functional segments.

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

The municipality operates in the Limpopo province.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community and public safety public safety	Community and social services, sport and recreation and
Economic and environmental services environmental protection	Planning and development, road transport and
Governance and administration internal audit	Executive and council, finance and administration and
Trading services management and waste management	Energy sources, water management, waste water

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Notes to the Financial Statements

49. Segment information (continued)

Segment surplus or deficit, assets and liabilities 2025

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
Revenue					
Service charges	1 297 723	-	-	12 003 878	13 301 601
Rental of facilities and equipment	231 134	-	-	-	231 134
Construction contracts	-	-	-	16 893 850	16 893 850
Interest income	438 921	-	82 625	171 501	693 047
Commission received	-	-	-	206 931	206 931
Licences and permits	4 406 545	94 836	-	-	4 501 381
Other income	24 548	464 679	729 374	-	1 218 601
Interest income - investments	-	-	13 918 818	-	13 918 818
Property rates	-	-	29 864 221	-	29 864 221
Interest debtors - non-exchange	-	-	734 380	-	734 380
Government grants and subsidies	1 385 014	-	189 732 766	39 472 412	230 590 192
Fines, penalties and forfeits	726 160	-	-	7 115	733 275
Total segment revenue	8 510 045	559 515	235 062 184	68 755 687	312 887 431
Entity's revenue					312 887 431

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	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
49. Segment information (continued)					
Expenditure					
Employee related costs	34 198 576	6 766 022	57 599 348	21 341 990	119 905 936
Remuneration of councillors	-	-	14 185 585	-	14 185 585
Depreciation and amortisation	2 224 537	25 314	2 441 721	17 157 137	21 848 709
Impairment loss	63	-	6 798	2 556 074	2 562 935
Finance cost	-	-	2 935 813	-	2 935 813
Debt impairment	-	-	27 252 364	-	27 252 364
Bad debt written off	-	-	247 789	-	247 789
Bulk purchases	-	-	-	16 015 294	16 015 294
Contracted services	1 233 095	3 955 156	29 323 693	28 942 805	63 454 749
Loss on assets written off / disposal	416 483	56 453	(61 643)	1 475 311	1 886 604
General expenditure	3 726 182	631 640	28 695 186	5 763 112	38 816 120
Total segment expenditure	41 798 936	11 434 585	162 626 654	93 251 723	309 111 898
Total segmental surplus/(deficit)	(33 288 891)	(10 875 070)	72 435 530	(24 496 036)	3 775 533
Assets					
Inventories	-	-	1 085 702	(722 975)	362 727
Receivable from exchange transactions	342 390	-	2 748 116	52 559	3 143 065
Receivable from non-exchange transactions	-	-	5 208 598	-	5 208 598
Vat receivable	(1 305 364)	-	4 111 886	(746 483)	2 060 039
Vat input accrual	(56 796)	-	2 063 468	154 099	2 160 771
Cash and cash equivalent	-	-	132 645 049	-	132 645 049
Property, plant and equipment	66 241 005	(48 919)	66 907 899	323 414 658	456 514 643
Intangible assets	656	(11 187)	296 952	14 285	300 706
Heritage assets	-	-	414 500	-	414 500
Investment property	290 000	(43 422)	1 312 964	(25 000)	1 534 542
Total segment assets	65 511 891	(103 528)	216 795 134	322 141 143	604 344 640
Total assets as per Statement of financial Position					604 344 640

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Notes to the Financial Statements

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
49. Segment information (continued)					
Liabilities					
Payables from exchange transactions	-	-	(25 662 143)	-	(25 662 143)
Consumer deposits	-	-	(501 449)	(6 327)	(507 776)
Unspent conditional grants and receipts	-	-	(2 103 344)	693 412	(1 409 932)
Other liability	-	-	(28 303)	-	(28 303)
Current employee benefits	(3 076 513)	(596 928)	(5 627 941)	(2 257 577)	(11 558 959)
Provisions	(35 145 235)	-	(9 533 999)	-	(44 679 234)
Non current employee benefits	-	-	(16 424 999)	-	(16 424 999)
Construction contracts revenue and payable	-	-	-	(1 034 175)	(1 034 175)
VAT output accrual	-	-	(4 281 962)	-	(4 281 962)
Total segment liabilities	(38 221 748)	(596 928)	(64 164 140)	(2 604 667)	(105 587 483)
Total liabilities as per Statement of financial Position					(105 587 483)

2024

Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total

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Notes to the Financial Statements

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49. Segment information (continued)

Revenue

Service charges	2 635 675	-	-	10 418 630	13 054 305
Rental of facilities and equipment	223 210	40 312	-	-	263 522
Interest income	424 211	-	475 416	-	899 627
Commission received	-	-	-	204 363	204 363
Licences and permits	4 855 114	-	-	-	4 855 114
Other income	19 349	47 588	1 302 087	31 625	1 400 649
Interest income	-	-	12 651 194	-	12 651 194
Property rates	-	-	28 276 060	-	28 276 060
Interest debtors - non-exchange	-	-	1 142 945	-	1 142 945
Government grants and subsidies	1 216 608	-	180 461 496	66 366 151	248 044 255
Construction contracts	-	-	-	16 338 719	16 338 719
Fines, penalties and forfeits	370 778	-	-	-	370 778
Total segment revenue	9 744 945	87 900	224 309 198	93 359 488	327 501 531
Entity's revenue					327 501 531

Expenditure

Employee related costs	31 831 009	6 398 400	56 752 362	19 494 046	114 475 817
Remuneration councillors	-	-	14 192 523	-	14 192 523
Depreciation and amortisation	1 868 563	790 213	2 027 551	14 466 185	19 152 512
Impairment loss	78 704	-	11 632	1 134 464	1 224 800
Finance cost	-	-	2 920 009	-	2 920 009
Debt impairment	-	-	17 819 929	-	17 819 929
Bad debt written off	-	-	-	78 304	78 304
Bulk purchases	-	-	-	14 156 808	14 156 808
Contracted services	1 302 471	2 880 804	28 406 258	26 206 365	58 795 898
Loss on assets written off/disposal	-	-	77 740	432 214	509 954
General expenditure	3 442 790	560 480	24 923 776	5 584 391	34 511 437
Total segment expenditure	38 523 537	10 629 897	147 131 780	81 552 777	277 837 991
Total segmental surplus/(deficit)	(28 778 592)	(10 541 997)	77 177 418	11 806 711	49 663 540

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Notes to the Financial Statements

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	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
49. Segment information (continued)					
Assets					
Inventories	-	-	823 162	(667 160)	156 002
Receivable from exchange transactions	1 399 720	-	206 348	790 327	2 396 395
Receivable from non-exchange transactions	-	-	10 559 583	-	10 559 583
Vat receivable	(921 861)	-	12 586 617	(572 827)	11 091 929
Vat input accrual	(383 503)	-	1 890 535	(173 656)	1 333 376
Cash and cash equivalent	-	-	140 341 015	-	140 341 015
Property, plant and equipment	63 602 949	(216 267)	62 448 302	300 138 273	425 973 257
Intangible assets	5 007	50 517	488 695	19 912	564 131
Heritage assets	-	-	408 500	-	408 500
Investment property	290 000	(43 422)	1 237 668	(25 000)	1 459 246
Total segment assets	63 992 312	(209 172)	230 990 425	299 509 869	594 283 434
Total assets as per Statement of financial Position					594 283 434
Liabilities					
Payables from exchange transactions	-	-	(30 545 747)	-	(30 545 747)
Consumer deposits	-	-	(501 449)	(7 677)	(509 126)
Unspent conditional grants and receipts	-	-	15 524	(897 175)	(881 651)
Other liability	-	-	(56 894)	-	(56 894)
Current employee benefits	(2 839 347)	(614 902)	(6 163 513)	(1 969 786)	(11 587 548)
Vat output accrual	-	-	(8 267 234)	-	(8 267 234)
Provisions	(28 429 799)	-	(7 930 999)	-	(36 360 798)
Non-current employee benefits	-	-	(13 115 000)	-	(13 115 000)
Construction contracts revenue and payable	-	-	-	(329 107)	(329 107)
Total segment liabilities	(31 269 146)	(614 902)	(66 565 312)	(3 203 745)	(101 653 105)
Total liabilities as per Statement of financial Position					(101 653 105)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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	2025 R	2024 R
50. Cash generated from operations		
Surplus	3 775 529	49 663 537
Adjustments for:		
Depreciation and amortisation	21 848 710	19 152 509
Gain on sale of assets and liabilities	1 886 604	509 955
Impairment loss	2 562 929	1 224 800
Movement in current provision and retirement benefits liability	(28 588)	784 674
Movement in non-current provision and retirement benefits liability	7 830 763	7 832 597
Changes in working capital:		
Inventories	(206 724)	4 488
Receivables from exchange transactions	1 567 422	815 874
Receivables from non-exchange transactions	5 350 987	2 133 220
VAT	4 219 224	4 959 913
Unspent conditional grants and receipts	528 281	(3 880 869)
Payables from exchange transactions	(4 883 605)	9 951 160
Consumer deposits	(1 350)	-
Other liability	(28 590)	(67 195)
Construction contract revenue and payable	705 068	329 107
	45 126 659	93 413 770
51. Cash flow statement receipts - sale of goods and services		
Service charges	13 301 601	13 054 305
Construction contracts	16 893 850	16 338 719
Rental of facilities and equipment	231 134	263 522
Interest income - debtors (exchange)	693 047	899 627
Agency fees	206 931	204 363
Licences and permits	4 501 381	4 855 114
Other income	1 218 602	1 400 649
Property rates	29 864 221	28 276 060
Interest income - debtors (non-exchange)	734 380	1 142 945
Fines, penalties and forfeits	733 275	370 778
Debt Impairment	(27 252 364)	(17 819 929)
Bad debts written off	(247 790)	(78 304)
Movement in receivables from exchange transactions	1 567 422	815 874
Movement in receivables from non-exchange	5 350 986	2 133 220
	47 796 676	51 856 943
52. Cash flow statement receipts - Grants		
Government grants and subsidies	230 590 193	248 044 255
Unspent conditional grants and receipts	528 281	(3 880 869)
	231 118 474	244 163 386
53. Cash flow statement payments - employee costs		
Employee related costs	(119 905 939)	(114 475 823)
Remuneration of councillors	(14 185 585)	(14 192 523)
	(134 091 524)	(128 668 346)
54. Cash flow statement payments - suppliers		

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	2025 R	2024 R
54. Cash flow statement payments - suppliers (continued)		
Bulk purchases	(16 015 294)	(14 156 808)
Contracted services	(63 454 749)	(58 795 898)
General expenses	(38 816 122)	(34 511 631)
Movement in inventories	(206 724)	4 488
Movement in payables from exchange transactions	(4 883 605)	9 951 160
Movement in consumer deposits	(1 350)	-
Movement in other liability	(28 591)	(67 195)
Movement in current provisions and employee benefits	(28 593)	784 674
Movement in construction contracts payable	705 068	329 107
Movement in non-current provisions and employee benefit obligation	7 830 762	7 832 596
	(114 899 198)	(88 629 507)
55. Cash flow statement payments - VAT		
VAT receivable	(9 031 890)	1 973 945
VAT input accrual	827 394	1 333 337
VAT output accrual	3 985 272	(8 267 234)
	(4 219 224)	(4 959 952)
56. Financial instruments disclosure		
Categories of financial instruments		
2025		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	3 143 067	3 143 067
Receivables from non-exchange transactions	5 208 598	5 208 598
Cash and cash equivalents	132 645 049	132 645 049
	140 996 714	140 996 714
Financial liabilities		
	At amortised cost	Total
Payables	25 662 142	25 662 142
2024		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	2 396 395	2 396 395
Receivables from non-exchange transactions	10 559 584	10 559 584
Cash and cash equivalents	140 341 016	140 341 016
	153 296 995	153 296 995
Financial liabilities		

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Notes to the Financial Statements

	2025 R	2024 R
56. Financial instruments disclosure (continued)		
Payables	At amortised cost 30 545 747	Total 30 545 747
57. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Roads	5 455 033	1 679 301
• Electricity	20 000	20 000
• Solid waste infrastructure	19 078 704	1 682 876
• Information and communication infrastructure	-	2 075 172
	24 553 737	5 457 349
Total capital commitments		
Already contracted for but not provided for	24 553 737	5 457 349
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating expenditure	8 921 040	5 892 745
Total operational commitments		
Already contracted for but not provided for	8 921 040	5 892 745
Total commitments		
Total commitments		
Authorised capital expenditure	24 553 737	5 457 349
Authorised operational expenditure	8 921 040	5 892 745
	33 474 777	11 350 094
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	619 752	137 295
- in second to fifth year inclusive	774 690	-
	1 394 442	137 295
Operating lease payments represent rentals payable by the municipality for printing machines. Lease period is for a term of three years and there is no escalation annually over the lease term. No contingent rent is payable.		
Rental expenses relating to operating leases		
Minimum lease payments	464 814	137 295
58. Change in estimate		
Property, plant and equipment		

The useful lives of all asset classes were adjusted during 2024/2025 to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of changing the remaining useful life of assets for the Municipality during 2024/2025 is R76,103.97

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Financial Statements for the year ended 30 June 2025

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	2025	2024
	R	R

59. Changes in accounting policy

There are no changes in accounting policy.

60. 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 - 2023

Accumulated Surplus

PPE opening balance adjustment PPE

opening balance restatement

Recognition of take-on assets that were previously not in the FAR

Derecognition of land that does not belong to the municipality Statement of

Financial Position - 2024

Property, Plant and Equipment

De-recognition of Land that is not owned by the municipality as per the deeds search. Recognition of take-on assets that were previously not included in the Fixed Assets Register. Restatement of depreciation in 2023/24 as a result of take-on assets that were not in the register. Landfill Cost

Restatement

Correction of Landfill sites asset cost opening balance as per Landfill Site calculation report.

Restatement of 2023/24 cost of the landfill as per 30 June 2024 landfill site calculation.

Restatement of depreciation in 2023/24 as a result of cost adjustment of Cost of asset.

The circular gives guidance to the allocation on municipalities that does not have licenses to sell electricity but have the capacity to implement the project.

Receivables from non-exchange

Integrated billing for February and April 2025 which was posted against the accumulated surplus vote.

XLP invoice amount was deducted with a credit note from the supplier however the expenditure occurred was not accounted for in the 2023/24 financial year.

Restatement of prior year electricity receipts that was posted in the current financial year. VAT

Receivable

Recognition of VAT receivable for Legal services that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

VAT on XLP invoice amount was deducted with a credit note from the supplier however the expenditure occurred was not accounted for in the 2023/24 financial year.

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
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60. Prior-year adjustments (continued)

VAT on the treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

Recognition of VAT on an invoice for CarTrack that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Payables from Exchange transactions

Recognition of an invoice for Legal services that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Recognition of an invoice for SITA that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Eskom interest that was raised in June of 2024 and subsequently reversed by Eskom in July of 2025.

Recognition of an invoice for CarTrack that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Unspent Conditional grants and receipts

The treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

The circular gives guidance to the allocation on municipalities that does not have licenses to sell electricity but have the capacity to implement the project.

Construction contracts payable

The treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

The circular gives guidance to the allocation on municipalities that does not have licenses to sell electricity but have the capacity to implement the project.

Receivable from exchange

Restatement of CDM impairment for the previous financial year.

Reduction of Revenue billed on accrual basis in relation to CDM Refuse

removal tariff correction in relation from prior year billing. Statement of

Comprehensive Income

Finance Costs

Recognition of landfill provision finance cost expense as per revised 2024/25 financial year landfill restoration cost calculation.

Construction contact and grants and subsidies

The treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

General Expenses

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Notes to the Financial Statements

	2025	2024
	R	R
60. Prior-year adjustments (continued)		
Reversal of Eskom interest that was raised in June of 2024 and subsequently reversed by Eskom in July of 2025.		
Recognition of an invoice for Cartrack that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.		
XLP invoice amount was deducted with a credit note from the supplier however the expenditure occurred was not accounted for in the 2023/24 financial year.		
Contracted Services		
Recognition of an invoice for Legal services that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.		
Recognition of an invoice for SITA that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.		
Service Charges		
Refuse removal tariff correction in relation from prior year billing.		
Restatement of prior year electricity receipts that was posted in the current financial year.		
Depreciation and Amortization		
Restatement of 2023/24 cost of the landfill as per 30 June 2024 landfill site calculation.		
Restatement of depreciation in 2023/24 as a result of cost adjustment of Cost of asset.		
Remuneration of Councillors		
Remuneration was paid November 2024 in respect of remuneration that was due in the 2023/24 financial year that was not accrued.		
Debt Impairment		
Reversal of impairment as a result of CDM new agreement which indicates municipalities are not allowed to disclose debtors.		
Agency Services		
Impairment of commission revenue raised for agency services provided to CDM that was raised as an accrual.		
Statement of financial position 2023		
As previously reported	Correction of error	Restated
Accumulated surplus	386 922 239	8 309 193
Accumulated surplus		
PPE opening balance adjustment	(1 935 004)	
PPE opening balance restatement	(11 495 562)	
Recognition of take-on assets that were previously not in the FAR	3 746 873	
Derecognition of land that does not belong to the municipality	1 374 500	
	(8 309 193)	

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Notes to the Financial Statements

			2025	2024
			R	R
60. Prior-year adjustments (continued)				
2024				
		As previously reported	Correction of error	Re- classification Restated
Receivables from non-exchange	11	10 963 889	(404 307)	10 559 582
VAT receivable	12	6 481 927	-	4 610 001 11 091 928
VAT input accrual	12	-	197 473	1 135 905 1 333 378
VAT output accrual	13	-	(2 521 330)	(5 745 906) (8 267 236)
Receivables from exchange	9	2 827 901	(431 505)	- 2 396 396
Property, plant and equipment	4	419 026 036	6 947 228	- 425 973 264
Payables from exchange transactions	20	28 530 675	2 000 193	15 073 30 545 941
Unspent conditional grants and receipts	16	1 260 124	-	(378 473) 881 651
Construction contracts payable	34	-	(49 366)	378 473 329 107
Other liability	18	71 967	-	(15 073) 56 894
Provisions	17	36 290 024	70 774	- 36 360 798
Accumulated surplus		443 128 814	1 766 153	- 444 894 967
		948 581 357	7 575 313	- 956 156 670
Statement of financial performance				
2024				
		As previously reported	Correction of error	Re- classification Restated
Construction contracts	34	-	(2 450 808)	18 789 527 16 338 719
Commission received	28	709 102	(504 739)	- 204 363
Service charges	23	13 271 171	(216 867)	- 13 054 304
Property rates	31	28 784 932	(508 872)	- 28 276 060
Government grants and subsidies	32	266 833 782	-	(18 789 527) 248 044 255
Contracted services	43	57 356 989	1 438 909	- 58 795 898
Remuneration of councillors	36	13 823 244	369 279	- 14 192 523
Finance cost	39	2 070 009	850 000	- 2 920 009
Debt impairment	40	18 251 076	(431 147)	- 17 819 929
General expenses	45	34 459 461	52 170	- 34 511 631
Depreciation and amortisation	37	19 794 572	582 739	(1 224 800) 19 152 511
Impairment loss	38	-	-	1 224 800 1 224 800
Surplus for the year		455 354 338	(819 336)	- 454 535 002
Cash flow statement				
2024				
		As previously reported	Correction of error	Re- classification Restated
Cash flow from operating activities				
Sale of goods and services	51	35 481 743	(2 414 328)	18 789 527 51 856 942
Grants	52	263 331 386	-	(19 168 000) 244 163 386
Suppliers	54	(87 681 477)	3 633 607	(4 581 439) (88 629 309)
Employee and councillors costs	53	(128 299 067)	(369 279)	- (128 668 346)
Finance cost	39	(2 070 009)	(850 000)	- (2 920 009)
VAT	55	-	-	4 959 912 4 959 912
		80 762 576	-	80 762 576

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	2025	2024
	R	R

60. Prior-year adjustments (continued) Errors

The following prior period errors adjustments occurred:

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
60. Prior-year adjustments (continued)		
Statement of financial position		
Receivables from non-exchange - note 11		
Balance previously reported	10 963 899	
Error on 23/24 billing now corrected	(508 872)	
23/24 XLP expenditure deducted with a credit	(57 637)	
23/24 Ontec correction	78 002	
Raising of Ontec debtor	84 201	
	10 559 593	
Receivables from exchange - note 9&10		
Balance previously reported	2 827 901	
23/24 refuse removal tariff correction	(357 913)	
23/24 CDM impairment adjustment	431 147	
23/24 CDM agency services adjustment	(504 738)	
	2 396 397	
Property, plant and equipment - note 4		
Balance previously reported	419 026 036	
Derecognition of land that does not belong to the municipality	(1 374 500)	
PPE opening balance adjustment	1 935 004	
23/24 PPE depreciation restatement	(224 794)	
Opening balance restatement	11 495 562	
Landfill cost restatement	(779 226)	
Recognition of take-on assets that were previously not in the FAR	(3 746 873)	
Recognition of take-on assets that were previously not in the FAR	(357 945)	
	425 973 264	
Payables from exchange transactions - note 20		
Balance previously reported	28 530 675	
Legal costs not previously accounted for now corrected	1 621 350	
SITA	7 222	
Reversal of Eskom interest	98	
Raising of accrual for Councillors upper limits	369 278	
Recognition of accrual for Cartrack	2 245	
Reclassification of salary control account to payables	15 073	
	30 545 941	
Unspent conditional grants and receipts - note 16		
Balance as previously reported	1 260 124	
INEP reclassification	(378 473)	
	881 651	
Construction contracts revenue and payable - note 35		
Balance previously reported	-	
INEP reclassification to advance payments	378 473	
Correction of INEP Output VAT treatment as per mSCOA circular 16	(49 366)	
	329 107	
Other liability - note 18		

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Notes to the Financial Statements

	2025 R	2024 R
60. Prior-year adjustments (continued)		
Balance previously reported	71 967	
Reclassification of salary control account to payables	(15 073)	
	56 894	
Provisions - note 17		
Balance previously reported	36 290 024	
Landfill cost restatement	(779 226)	
Landfill restoration provision interest charge	850 000	
	36 360 798	
VAT receivable - note 12		
Balance previously reported	6 481 927	
Reclassification	4 610 001	
	11 091 928	
VAT input accrual - note 12		
Balance previously reported	-	-
Legal costs	-	188 721
SITA	-	942
23/24 XLP expenditure deducted with a credit	-	7 517
Recognition of accrual for Cartrack	-	293
Reclassification	-	1 135 904
	1 333 377	
VAT output accrual - note 13		
Balance previously reported	-	-
Correction of INEP Output VAT treatment	-	(2 500 173)
23/24 Ontec correction	-	(10 174)
Ontec debtor	-	(10 983)
Reclassification	-	(5 745 904)
	(8 267 234)	
Accumulated surplus		
Balance previously reported	443 128 814	
INEP reclassification from grants to construction contracts	18 789 527	
INEP reclassification from grants to construction contracts	(18 789 527)	
Correction of INEP Output VAT treatment	(2 450 808)	
Error on 23/24 billing now corrected	(508 872)	
Legal costs	(1 432 629)	
SITA	(6 280)	
Remuneration of Councillors upper limits	(369 279)	
Debt impairment	431 147	
Commission received	(504 739)	
23/24 XLP expenditure deducted with a credit	(50 120)	
Reversal of Eskom interest	98	
Derecognition of land that does not belong to the municipality	(1 374 500)	
23/24 refuse removal tariff correction	(357 913)	
23/24 PPE depreciation restatement	(224 794)	
Recognition of take-on assets that were previously not in the FAR	(357 945)	
PPE opening balance adjustment	1 935 004	
Opening balance restatement	11 495 562	
Recognition of take-on assets that were previously not in the FAR	(3 746 873)	
Landfill restoration provision interest charge	(850 000)	

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025	2024
	R	R
60. Prior-year adjustments (continued)		
Recognition on Cartrack accrual	(1 952)	
23/24 Ontec correction	67 828	
Recognition of Ontec debtor	73 218	
	444 894 967	

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	2025	2024
	R	R
60. Prior-year adjustments (continued)		
Statement of financial performance		
Service charges		
Balance previously reported	13 271 171	
Raising Ontec debtor for 23/24	73 218	
23/24 Ontec correction	67 828	
23/24 refuse removal tariff correction	(357 913)	
	13 054 304	
Construction contracts		
Balance previously reported	-	
INEP reclassification from grants to construction contracts	18 789 527	
Correction of INEP output VAT treatment	(2 450 808)	
	16 338 719	
Prior year correction of INEP transactions from grants and subsidies to sale of goods and services as construction revenue as per Mscoa Circular 16		
Government grants and subsidies		
Balance previously reported	266 833 782	
INEP reclassification from grants to construction contracts	(18 789 527)	
	248 044 255	
Prior year correction of INEP transactions from grants and subsidies to sale of goods and services as construction revenue as per Mscoa Circular 16		
Agency services		
Balance previously reported	709 102	
23/24 CDM impairment adjustment	(504 739)	
	204 363	
Property rates		
Balance previously reported	28 784 932	
Error on 23/24 billing now corrected	(508 872)	
	28 276 060	
Contracted services		
Balance previously reported	57 356 989	
Legal costs not previously accounted for now corrected	1 432 629	
SITA	6 280	
	58 795 898	
Remuneration of councillors		
Balance previously reported	13 823 244	
An amount for remuneration of councillors paid in respect of June 2024 not accrued for now corrected	369 279	
	14 192 523	
Debt impairment		
Balance previously reported	18 251 076	

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025 R	2024 R
60. Prior-year adjustments (continued)		
23/24 CDM impairment adjustment	(431 147)	
	17 819 929	
 Depreciation and amortisation		
Balance previously reported	19 794 572	
Reclassification of impairment loss	(1 224 800)	
23/24 PPE depreciation restatement	224 794	
Recognition of take-on assets that were previously not in the FAR	357 945	
	19 152 511	
 Impairment loss		
Balance previously reported	1 224 800	
Reclassification of impairment loss	1 224 800	
 General expenses		
Balance previously reported	34 459 461	
Reversal of Eskom interest	98	
23/24 XLP expenditure deducted with a credit note	50 120	
Recognition of accrual for Cartrack	1 952	
	34 511 631	
 Finance cost		
Balance previously reported	2 070 009	
Landfill restoration provision interest charge	850 000	
	2 920 009	

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Notes to the Financial Statements

	2025 R	2024 R
60. Prior-year adjustments (continued)		
Cash flows statement		
Sale of goods and services		
Balance previously reported	35 481 743	
Construction contracts	16 338 719	
Property rates	(508 872)	
Debt impairment	(431 147)	
Commission received	(504 739)	
Service charges	(216 867)	
Receivables from exchange	1 293 799	
Receivables from non-exchange	404 307	
	51 856 943	
Grants		
Balance previously reported	263 331 386	
Unspent conditional grants and receipts	(378 473)	
Government grants and subsidies	(18 789 527)	
	244 163 386	
Employee costs		
Balance previously reported	(128 299 067)	
Remuneration of Councillors	(369 278)	
	(128 668 345)	
Suppliers		
Balance previously reported	(87 681 477)	
Contracted services	(1 438 908)	
General expenses	(52 169)	
VAT	(2 636 055)	
Payables from exchange transactions	2 015 266	
Construction contracts revenue and payable	329 106	
Provisions	70 774	
Other liability	(15 073)	
PPE - Other changes, movements	779 226	
	(88 629 310)	
Finance cost		
Balance previously reported	(2 070 009)	
Landfill restoration provision interest charge	(850 000)	
	(2 920 009)	
VAT		
Balance previously reported	-	
Reclassification	4 959 912	
	4 959 912	

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Notes to the Financial Statements

	2025 R	2024 R		
60. Prior-year adjustments (continued)				
Commitments				
Capital Commitments				
Balance previously reported	5 364 754			
A compliant contractual commitment disclosure	92 595			
	5 457 349			
Operational Commitments				
Balance previously reported	4 540 360			
A compliant contractual commitment disclosure	1 352 385			
	5 892 745			
Change in accounting policy				
No change in accounting policies occurred during the year under review.				
61. Risk management				
Financial risk management				
Liquidity risk				
The risk that the municipality may encounter difficulties in raising sufficient funds in meeting its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the municipality's obligations in the needs of its capital and operating expenditure, creditors at large including employees is critical for the municipality to continue as a going concern of which cannot be compromised. The municipality manages liquidity risk through proper management of working capital, capital expenditure and monitoring of actual versus forecast cash flows.				
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.				
The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.				
At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions				
• Outflow	25 662 142		-	-
Other financial liabilities				
• Outflow	280 303		-	-
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions				
• Outflow	30 545 747		-	-
Other financial liabilities				
• Outflow	56 894		-	-

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

	2025	2024
	R	R

61. Risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, receivables from exchange and non-exchange transactions and unpaid conditional grants and subsidies. Receivables are disclosed net after provisions are made for impairment and bad debts. Debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

Balances past due impaired:

Non-exchange receivables	2025 Percentage	2025 Amount	2024 Percentage	2024 Amount
Rates	100 %	120 217 472	100 %	101 683 588
Exchange receivables	2025 Percentage	2025 Amount	2024 Percentage	2024 Amount
Electricity	13 %	3 492 860	13 %	3 495 571
Refuse	83 %	22 753 938	83 %	21 726 730
Other service charges	4 %	1 046 395	4 %	1 017 382
	100 %	27 293 193	100 %	26 239 683

No receivables are pledged as security for financial liabilities.

Due to the short term nature of other receivables the carrying value disclosed in note 10 & 11 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

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

Non-exchange receivables	2025	2025 Amount	2024	2024 Amount
Percentage			Percentage	
Rates	100 %	118 408 499	100 %	94 059 351
Exchange receivables	2025 Percentage	2025 Amount	2024 Percentage	2024 Amount
Electricity	13 %	3 440 301	13 %	3 217 372
Refuse	83 %	22 411 547	83 %	20 327 010
Other service charges	4 %	1 030 649	4 %	936 437
	100 %	26 882 497	100 %	24 480 819

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Notes to the Financial Statements

	2025	2024
	R	R

61. Risk management (continued)

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

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

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

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

Interest rate risk

The municipality is not exposed to interest rate risk as it does not have interest bearing liabilities.

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

62. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 448 670 492 and that the municipality's total assets exceed total liabilities by R 498 757 156.

The 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

following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTERF period is support this.
- The municipality has a healthy solvency and liquidity ratio.
- The municipality continue to achieve net surplus for 2025 and 2024 financial year.
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

63. Events after the reporting date

There are material events after the reporting date which requires disclosures.

During the year under review, the Municipal Council resolved (prior to 30 June 2025) to dispose of a non-current asset with a carrying amount of R1 544 046. The asset met the criteria for classification as held for sale in accordance with GRAP 100 as at 30 June 2025.

Subsequent to year-end, but before the date of submission of the financial statements for audit, the asset was sold on 30 July 2025 for R2 314 088, resulting in a gain on disposal of R770 042. As this sale confirms conditions that existed at year-end, it is considered an adjusting event in terms of GRAP 14 (Events After the Reporting Date), and the gain has been recognized in the 2025 reporting period.

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	2025 R	2024 R
64. Unauthorised expenditure		
Opening balance as previously reported	7 490 494	-
Add: Unauthorised expenditure - current	30 334 440	18 205 394
Less: Amount written off - current	(37 458 408)	(10 714 900)
Closing balance	366 526	7 490 494
Analysed as follows: non-cash		
Employee related cost	366 526	3 490 227
Depreciation and impairment of assets	3 341 443	-
Finance charges	585 978	-
Loss on write-off of property, plant and equipment	1 356 603	-
Provision of impairment	24 683 890	14 341 612
	30 334 440	17 831 839
Analysed as follows: cash		
Bulk purchases	-	373 555
65. Irregular expenditure		
Opening balance as previously reported	-	2 988 978
Add: Irregular expenditure - current Less:	238 500	-(2 988 978)
Amount written off - prior period	-	-
Closing balance	238 500	-
Analysis of balance of irregular expenditure incurred		
The bidder submitted municipal rates of both the director and the company, however the statement of the company did not reflect the ageing	238 500	-
	-	-
The bidder submitted municipal rates of both the director and the company, however the statement of the company did not reflect the ageing which is in contravention of Regulation 28 SCM.		
Amount written-off		
After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 2 988 978 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.		
Invitation to bid did not stipulate minimum threshold for local content (Contravenes with Regulation 8 of PPPA Constitution)	-	2 816 782
The price quoted by service provider are not reasonable (Contravenes with section 217 Of the Constitution)	-	172 196
	-	2 988 978
66. Fruitless and wasteful expenditure		
Add: Fruitless and wasteful expenditure identified - current	4 487	5 707
Less: Amount recovered - current	-	(4 580)
Less: Amount written off - current	(4 487)	(1 127)
Closing balance	-	-

	2025 R	2024 R
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66. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure is presented inclusive of VAT.

Analysis of fruitless and wasteful expenditure incurred

Interest on late payments	4 487	1 478
Renewal of license disk	-	4 229
	4 487	5 707

Amount written-off

Interest on late payments	-	1 127
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67. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 137 238	1 106 691
Amount paid - current year	<u>(1 137 238)</u>	<u>(1 106 691)</u>
	-	-

Audit fees

Opening balance	5 216	-
Current year subscription / fee	6 321 005	5 499 385
Amount paid - current year	<u>(6 321 005)</u>	<u>(5 494 169)</u>
Amount paid - previous years	<u>(5 216)</u>	-
	-	5 216

PAYE and UIF

Current year subscription / fee	23 854 681	21 613 918
Amount paid - current year	<u>(23 854 681)</u>	<u>(21 613 918)</u>
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	20 251 897	18 834 586
Amount paid - current year	<u>(20 251 897)</u>	<u>(18 834 586)</u>
	-	-

VAT

VAT receivable	2 060 038	11 091 928
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All VAT returns have been submitted by the due date throughout the year.

Councilors' arrear consumer accounts

During the year from 1 July 2024 to 30 June 2025, the municipality had no Councillor account in arrears for more than 90 days.

	2025	2024
	R	R

67. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Sole provider	461 878	302 002
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68. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of Molemole Local Municipality:

2025	Employee name	Relationship	Position	Department	Amount
Supplier name Pin Afrika Consulting Engineers	Ntjana Selinah Khutso	Spouse Licensing	Senior	Community Services	600 862
2024	Employee name	Relationship	Position	Department	Amount
Supplier name Sweetsiba Projects	Moyahabo Daniel Lehong	Spouse	General Assistant	Technical Services	6 970

69. Distribution losses

Electricity Distribution Losses (Units)

Units Purchased	5 909 622	5 562 775
Units sold	(5 231 699)	(4 953 737)
	<u>677 923</u>	<u>609 038</u>
Percentage distribution loss	11 %	11 %

Electricity Distribution Losses (Rand)

Purchased	16 015 294	14 156 808
Sold	(13 829 820)	(12 534 806)
	<u>2 185 474</u>	<u>1 622 002</u>
Percentage distribution loss	14 %	11 %

					2025 R	2024 R
70. Contingencies						
Contingent liabilities						
Name of legal representatives	Litigant	Nature of dispute	Status	Progress	Estimated amount 2025	Estimated amount 2024
GSM	Akani				125 211	125 211
Mohlabi Inc. Attorneys on Fund Mohale	Retirement Administrati	Alleged failure on the part of the Municipality to pay an employee pension benefits.	Active	Parties still awaiting for the next court date to adjudicate on the matter.		
Inc.Attorneys 0 15 590 0760	Lephale	Counter claim against action for recovery of land by the Municipality.	Active	Parties still awaiting for the next court date to adjudicate on the matter.	2 500 000	2 500 000
GSM Mohlabi Inc.Attor ney	Investment (PTY) LTD					
Masala Ramabulana		Alleged breach of contract committed against the plaintiff. Alleged breach of	Active	Parties still awaiting a trial date after submission of supporting documents. The municipality has	5 039 537	5 039 537
Maribana Makgoka Attorney s	Exila Travel Agency	contract	Active	written to the complainant to settle the matter out of court. Awaiting for a response from the complainant.	529 145	-
					8 193 893	7 664 748

Contingent assets

Name of legal representatives	Litigant	Nature of dispute	Status	Progress	Estimated amount 2025	Estimated amount 2024
Mohale Inc. Attorneys 01 5 590 0760	Lephale Investment (Pty) Ltd.	Recovery of land that was sold to the defendant for his company to construct a mall at a site that belong to the Municipality.	Active	Parties still awaiting for the next court date to adjudicate on the matter.	1 281 512	1 270 079

REPORT ON THE AUDIT OF THE 2024/25 FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

OPINION

1. I have audited the financial statements of the Molemole Local Municipality set out on pages 07 to 113, which comprise the statement of financial position as at 30 June 2025, the 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 Molemole Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practise (Standards of 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.
7. As disclosed in note 60 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

8. With reference to note 70 to the financial statements, the municipality is the defendant to various claims. The municipality is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.
9. As disclosed in note 40 to the financial statements, material impairment of R27 311 793 was provided for doubtful debts.
10. As disclosed in note 69 to the financial statements, material electricity losses of R2 185 474 (2024: R1 622 002) were incurred, which represents 14% (2024: 11%) of total electricity purchased.

OTHER MATTERS

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.
12. 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.
13. The supplementary information set out on page xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

14. 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.
15. 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 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

16. 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.
17. 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 9 of the annexure to the auditor's report, forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

18. 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 against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

19. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
Spatial rational, local economic development and good governance	[XX]	<ul style="list-style-type: none">• To enhance conditions for economic growth and job creation• To manage and coordinate spatial planning within the municipality
Basic service delivery	[XX]	To provide sustainable basic services and infrastructure development

20. I evaluated the reported performance information for the selected key performance areas 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.

21. 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 for the measures taken to improve performance.

22. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the selected key performance areas.

OTHER MATTERS

24. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

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

26. 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.

SPATIAL RATIONAL, LOCAL ECONOMIC DEVELOPMENT AND GOOD GOVERNANCE

<i>Targets achieved: 87.50%</i>		
<i>Budget spent: 67.54%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of Spatial Development Framework (SDF) developed	1 SDF Developed	SDF not developed

BASIC SERVICE DELIVERY

<i>Targets achieved: 78.26%</i>		
<i>Budget spent: 82.28%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of households electrified at Koekkoek	50	0
Number of households electrified at Diwaneng	120	0

Number of households electrified at Mamotshana	80	0
Number of households electrified at Mokgehle	62	0
Number of tennis courts renovated	1 tennis court renovated in Morebeng	Morebeng tennis court not renovated

MATERIAL MISSTATEMENTS

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

28. 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.

29. 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.

30. 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.

31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE REPORT AND ANNUAL REPORT

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

33. Material misstatements of current assets, non-current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R30 334 440, as disclosed in note 64 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by provision for debt impairment. The non-compliance could have been prevented if adequate controls and processes were implemented to prevent it.

OTHER INFORMATION IN THE ANNUAL REPORT

35. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

36. 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.

37. 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 key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

39. 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.

40. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the unqualified opinion and, and the material findings on compliance with legislation included in this report.

41. Proper record keeping was not implemented to ensure that complete, relevant and accurate information was accessible and available to support financial reporting.

42. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements as numerous material misstatements were identified, which were subsequently correctly adjusted and lead to an unqualified opinion.

43. The council did not adequately exercise oversight responsibility regarding financial reporting, compliance and related internal controls.

44. The municipality's compliance monitoring process has not been effective in the implementation and monitoring of controls to ensure compliance with legislation, contributing to non-compliance findings.
45. Lack of adequate reviews to ensure annual performance plan and annual performance report that are supported by reliable and accurate information.

OTHER REPORTS

46. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
47. The Directorate for Priority Crime Investigation: Serious Corruption Investigation was investigating allegations of fraud and corruption at the municipality on some procurement awards made by the municipality in 2023-24 and 2024-25. The investigation was ongoing at year-end.



Auditing to build public confidence

Polokwane
30 November 2025

Annexure to the auditor's report

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

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 key performance areas and on the municipality's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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 auditor's report. However, future events or conditions may cause the 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.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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.

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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

#	Selected legislation and regulations	Consolidated firm level requirements
1	Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 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), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
2	MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
3	MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
4	MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
5	MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
6	Construction Industry Development Board Act 38 of 2000	Section: 18(1)
7	Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
8	Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
9	Municipal Property Rates Act 6 of 2004	Section: 3(1)

10	Municipal Systems Act 32 of 2000	<p>Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</p> <p>Parent municipality with ME: Sections: 93B(a), 93B(b)</p> <p>Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)</p>
11	MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
12	MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
13	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), 27(4)(a)(i)
14	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
15	MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
16	MSA: Municipal Systems Regulations, 2001	Regulation: 43
17	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
18	Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
19	Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
20	Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)