



Greater Tzaneen Municipality  
Audited Annual Financial Statements  
for the year ended 30 June 2023

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## General Information

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### Nature of business and principal activities

Greater Tzaneen Municipality is a local Municipality performing the functions as set out in the constitution (Act no 105 of 1996).

Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.

The main business operations of the Municipality is to engage in local government activities which includes planning and promotion of integrated development planning, economic and environmental development and provision of the following services to the community.

General services: All types of services rendered by a Municipality excluding the provision of housing to the community.

Electricity service: electricity is bought in bulk from ESKOM and distributed to communities.

Waste management services: The collection and disposal of waste.

Water and sewer services: Greater Tzaneen Municipality acts as service provider for Mopani District Municipality with regards to water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

### Jurisdiction within which the Municipality operates

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardtsdal in the South

# Greater Tzaneen Municipality

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## General Information

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### Executive committee

Mayor

Members of the Executive Committee

Councillor G.P. Molapisane  
Councillor G.P. Molapisane (Exco)  
Councillor T.T. Maunatlala (Finance)  
Councillor R. Mabuza (Sports, Recreation, Arts and Culture)  
Councillor M.C Ramothwala (Infrastructure)  
Councillor M.M Mmola (Health, Environment and Social Development)  
Councillor M.S. Raganya (Economic Development, Housing and Spatial Development Plan)  
Councillor M.M. Makwala (Public Transport and Safety and Security)  
Councillor M.R. Shingange (Corporate Governance and Shared Services)  
Councillor R.E. Pohl (Exco)  
Councillor T.C. Letsoalo (Exco)(Until 14 April 2023)  
Councillor D.G. Malemela (Exco) (From 25 April 2023)  
Councillor M.S. Tiba  
Councillor G.M. Malatji

Speaker

Chief Whip

### Other Councillors

Councillor N.G. Maunatlala (MPAC Chairperson)  
Councillor M.E. Manyama  
Councillor H.R. Malatji  
Councillor S.V. Mahlawule  
Councillor M.R. Ngomani  
Councillor P.G. Mametja  
Councillor E.N. Monyela  
Councillor M.F. Maenetja - Makamu  
Councillor M.S Baloyi  
Councillor N.L. Mohale  
Councillor I. Risiva  
Councillor S.E. Ngobeni  
Councillor C. Dreyer  
Councillor C. Stoltz  
Councillor N.L. Masinge  
Councillor N.G. Mukansi  
Councillor S.M. Matiane  
Councillor W.T. Phiri  
Councillor C. Mathevula  
Councillor T.S. Lepulane  
Councillor K. Ndlovu  
Councillor P.M. Mayimele  
Councillor M.B. Mashele  
Councillor T.M. Shihangule  
Councillor G.P. Makhubele  
Councillor G. Nkhwashu  
Councillor W.M. Maake  
Councillor M.E. Mawasha  
Councillor F.C. Mabitsele  
Councillor T. Nkuna  
Councillor S.J. Mokoena  
Councillor M.E. Ralepelle

# Greater Tzaneen Municipality

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## General Information

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	Councillor N.E. Ratopola
<b>Proportional Representative (PR) Councillors</b>	Councillor M.G. Mangena Councillor D.G. Mkhabele Councillor M.C. Morwatshehla Councillor G.E. Ntimbane Councillor S.B. Ramoshaba Councillor T. Ngobeni Councillor J. Mashele Councillor M.M. Kgamedl Councillor P.C. Mabunda Councillor M.L. Ramalepe Councillor S.N. Mohonone Councillor C. Bredenkamp Councillor J.M. Ratopola Councillor S.S. Malatji Councillor E.S. Mathole Councillor N.R. Lefuphana Councillor M.O. Shingange Councillor N.S. Thobejane Councillor C.M. Shokane Councillor A. Moss Councillor S.M. Makgoba Councillor R.R. Shaai Councillor M.D. Sejaphala Councillor C.N. Ramathoka
<b>Grading of local authority</b>	Grade 4: High Capacity
<b>Chief Finance Officer (CFO)</b>	Palesa Makhubela (Until 30 April 2023)
<b>Acting Chief Financial Officer (ACFO)</b>	Arnold Mathebula (From 2 May 2023)
<b>Accounting Officer</b>	Donald Mhangwana
<b>Registered office</b>	38 Agatha Street Civic Center Tzaneen 0850
<b>Business address</b>	38 Agatha Street Civic Center Tzaneen 0850
<b>Postal address</b>	PO Box 24 Tzaneen 0850
<b>Bankers</b>	ABSA

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Website Adress</b>	www.tzaneen.gov.za
<b>Audit Committee</b>	M.P. Ramutsheli (Chairperson) L.P.V. Malumbete-Baloyi J.N. Mpjane K. Mosupa M.W. Khosa
<b>Level of rounding Auditor</b>	Rounding to the nearest Rand Auditor General of South Africa (AGSA) Polokwane Office Telephone number: 015 283 9338
<b>Country of incorporation and domicile</b>	South Africa

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### ABBREVIATIONS

AGSA	Auditor General of South Africa
CIGFARO	Chartered Institute of Government Finance Audit and Risk
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
GTEDA	Greater Tzaneen Economic Development Agency
GTM	Greater Tzaneen Municipality
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INEP	Integrated National Electrification Programme Grant
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MPAC	Municipal Public Accounts Committee
MSCOA	Municipal Standard Chart of Accounts
NERSA	National Energy Regulator of South Africa
PAYE	Pay As You Earn
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SDBIP	Service Delivery Implementation Plan
SETA	Sector Education and Training Authority
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WSA	Water Service Authority
WSP	Water Service Provider

## **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 audited annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the audited annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and is given unrestricted access to all financial records and related data.

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

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

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is 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.

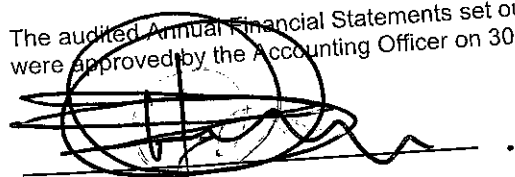
The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of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

The Accounting Officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2024 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 audited financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the Municipality's external auditors are responsible for expressing an opinion on the financial statements.

The audited Annual Financial Statements set out on page 11 - 130, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 November 2023 and were signed by:



**Municipal Manager**



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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The Accounting Officer submits his report for the year ended 30 June 2023.

### 1. Introduction

#### Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipal Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardtsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the Municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

To achieve these goals, Council approved the 2022/2023 Budget on 26 May 2022. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards the Municipality's Electricity Network. The objectives of combatting electricity service interruptions are high on the Municipality's agenda and the short-term objectives are:

- The upgrading of the Municipality's Electricity Network to ensure the provision of an uninterrupted electricity service.
- Data cleaning and improvement of the Municipality's Revenue Collection.
- A strong administration to ensure a stable working environment through which future development can be established.
- The implementation of a revenue enhancement programme in support of revenue generation and the combatting of losses pertaining to electricity.

### 2. Implementation of the Municipal Standard Chart of Accounts (MSCOA)

Towards this end version 6.6 of the mSCOA Chart which is effective from 2022/2023 has been released and implemented by the Municipality.

Greater Tzaneen Municipality has:

- Acquired, upgraded and maintained the hardware, software and licenses required to be mSCOA compliant.
- The Municipality, budget, transact and report directly on all six (6) legislated mSCOA segments.
- Generate Regulated schedules directly from the core Municipal financial system, and
- Compiled the 2022/2023 Annual Financial Statements on version 6.6 of the mSCOA chart to comply with legislative requirements.

### 3. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2023 in accordance with applicable legislation which includes the standards of GRAP.

### 4. Review of operating results

The budget of Greater Tzaneen Municipality for the 2022/2023 financial year has been approved by Council on 26 May 2022 for implementation on 1 July 2022, and the adjusted budgets for the financial year were approved as follows:  
24 February 2023: Adjustment budget

Sustainability the Municipality's finances remains a key priority during the 2022/2023 financial year to ensure that service delivery continues in a sustainable manner and that the strategic objectives of the Municipality were met.

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the Annual Financial Statements.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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### Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 497 559 452 to R 1 577 592 218 while the operating expenditure increased from R 1 426 686 976 to R 1 452 493 560.

The operating revenue is mostly generated from assessment rates, electricity sales and government grants and subsidiaries. Revenue from these items represent the following percentage of the total revenue:

- Assessment rates 8.76%
- Service charges 43.75%
- Government grants and subsidiaries 40.31%

The Municipality's actual operating expenditure amounts to R 1 452 493 560 resulting in a surplus of R 124 840 161.

Employees remuneration as a percentage of the total expenditure, amounts to 23.83% whilst contribution to bad debt impairment provision is 9.17%. Depreciation and amortisation for the year represents 7.72% of the total expenditure. Expenditure on bulk electricity purchases ended on 34.13% of the total expenditure.

The actual expenditure amounts to R 1 452 493 560 compared to the budgeted amount of R 1 432 598 658.

The expenditure amount includes R 346 138 693 for salaries, and R 495 844 915 for the purchase of bulk electricity.

The Municipality reported a net operating surplus of R 124 840 161 for the financial year under review, (2022 R 669 462 328).

The main revenue sources of the Municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies.

Whilst the highest expenditure items are:

- Bulk purchases;
- Employee related costs;
- General Expenditure
- Depreciation and amortisation
- Debt Impairment
- Contracted Services

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors and rates as at 30 June 2023 amounts to R 850 737 880 (2022: R 742 126 170) of which R 481 413 561 (2022: R 373 654 756) were provided for impairment. Debtors to the amount of R - (2022: R22 187 086) have been written off as uncollectable. The total provision for consumer debtors impairment amounts to R 481 413 562 (2022: R 373 654 756).

Unspent conditional grants and receipts decreased from R 13 861 770 in the previous financial year to R 5 333 835 in the current financial year with a 100% spending on the Municipal Infrastructure Grant.

The outstanding loans which have been taken-up to finance capital projects amount to R 128 059 680 (2022: R 141 698 466) and the detail of this amount is contained in Note 14 and Appendix A.

### **5. Electricity losses**

The electricity losses increased from 6.11 % in the previous financial year to 13.74% in the 2022/2023 financial year. This increase in electricity loss is predominantly due to copper losses in the conductor and actual readings billed instead of estimates.

### **6. Accounting officers interest in contracts**

Employees of the Municipality, including the Accounting Officer completed a declaration of interest in contracts and other related transactions to comply with legislative requirements.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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### 7. Corporate Governance

The Accounting Officer is committed to ensure business integrity, transparency and professionalism in all his activities and to comply with the Code of Corporate Practices and conduct laid out in the King Report on Corporate Governance.

### 8. Remuneration

#### 8.1 Employees

Employees are remunerated according to the salary and wage collective agreement dated 15 September 2021 for the period 01 July 2021 to 30 June 2024.

#### 8.2 Councillors

The upper limits of the remuneration of the councillors are determined in terms of government notice issued by the Minister of Co-operative Governance and Traditional Affairs as required by the remunerations of public officers' bearers Act No. 20 of 1998. Our Municipality complies with these legislative requirements.

### 9. Audit and Risk Committee

#### Audit Committee

The members of the audit committee are independent audit committee members which met on a regular basis during the financial year to review matters necessarily to fulfil its role. These members have been appointed by the Municipal Council in terms of section 166 of the Municipal Finance Management Act.

#### Risk Committee

The municipality has established the risk committee to monitor the implementation of risk mitigation strategies employed by municipal departments on a quarterley basis.

### 10. Compliance

#### 10.1 Internal Audit

The Municipality established an internal audit function in terms of section 165 of the Municipal Finance Management Act 2003. The unit reports to the Accounting Officer administratively and functionally to the audit committee.

#### 10.2 Risk management

A risk and compliance management unit has been established in terms of Chapter 8 Section 62, of the Municipal Finance Management Act. The unit reports administratively to the Accounting Officer and functionally to the risk committee.

### 11. Going concern

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

Continued assessments will be performed to ensure that the demands are met without interruptions in service delivery.

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

### 12. Accounting Officer

Accounting Officer  
D Mhangwana

Nationality  
South African

### 13. Auditors

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	4	28 226 155	20 482 215
Operating lease asset	7	965	16 292
Receivables from exchange transactions	8	612 081 404	602 016 789
Receivables from non-exchange transactions	6	145 459 107	141 105 534
Cash and cash equivalents	9	177 311 460	147 461 260
		<b>963 079 091</b>	<b>911 082 090</b>
<b>Non-Current Assets</b>			
Investment property	10	763 790 900	785 120 900
Property, plant and equipment	11	1 647 922 100	1 594 687 272
Intangible assets	12	327 553	683 710
Heritage assets	13	200 958	200 958
Other financial assets	5	43 501 442	40 017 259
		<b>2 455 742 953</b>	<b>2 420 710 099</b>
		<b>3 418 822 044</b>	<b>3 331 792 189</b>
<b>Total Assets</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	14	15 758 160	14 334 194
Finance lease obligation	15	1 915 951	3 002 623
Payables from exchange transactions	16	224 402 923	244 447 722
VAT payable	17	66 215 196	58 064 566
Consumer deposits	18	25 889 607	27 157 197
Employee benefit obligation	21	7 662 000	5 665 000
Unspent conditional grants and receipts	19	5 333 835	13 861 770
Provisions	20	349 781	602 876
		<b>347 527 453</b>	<b>367 135 948</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	14	112 301 520	127 364 272
Finance lease obligation	15	1 006 190	2 306 618
Employee benefit obligation	21	89 549 000	92 065 000
Provisions	20	7 451 053	6 773 684
		<b>210 307 763</b>	<b>228 509 574</b>
		<b>557 835 216</b>	<b>595 645 522</b>
		<b>2 860 986 828</b>	<b>2 736 146 667</b>
<b>Total Liabilities</b>			
<b>Net Assets</b>			
Accumulated surplus		2 860 986 828	2 736 146 667
<b>Total Net Assets</b>		<b>2 860 986 828</b>	<b>2 736 146 667</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	22	690 221 367	656 588 796
Rental of facilities and equipment		1 737 990	1 174 610
Agency services	53	11 575 504	13 009 774
Licences and permits	54	505 524	528 124
Other income	23	22 350 467	26 743 398
Interest revenue	55	50 881 482	31 198 559
<b>Total revenue from exchange transactions</b>		<b>777 272 334</b>	<b>729 243 261</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	138 299 006	138 709 203
<b>Transfer revenue</b>			
Government grants & subsidies	25	635 939 831	605 064 920
Public contributions and donations	26	-	5 463 478
Fines, Penalties and Forfeits	56	26 081 047	19 078 590
<b>Total revenue from non-exchange transactions</b>		<b>800 319 884</b>	<b>768 316 191</b>
<b>Total revenue</b>	27	<b>1 577 592 218</b>	<b>1 497 559 452</b>
<b>Expenditure</b>			
Employee related costs	28	(346 138 693)	(334 111 840)
Remuneration of councillors	29	(27 791 778)	(27 714 998)
Depreciation and amortisation	58	(112 087 966)	(112 289 759)
Impairments of assets	30	(6 761 621)	(1 376 759)
Finance costs	31	(15 677 350)	(23 512 617)
Debt Impairment	59	(133 215 681)	(176 252 493)
Bulk purchases	33	(495 844 915)	(494 833 140)
Contracted services	34	(121 880 443)	(104 491 525)
Transfers and Subsidies	35	(57 872 958)	(37 660 367)
Inventory Consumed	32	(26 401 275)	(20 909 887)
General Expenses	36	(108 820 880)	(93 533 591)
<b>Total expenditure</b>		<b>(1 452 493 560)</b>	<b>(1 426 686 976)</b>
(Loss)/Gain on disposal/Write off of assets	57	(258 497)	(7 584 245)
Fair value adjustments	52	-	606 174 097
<b>Surplus for the year</b>		<b>124 840 161</b>	<b>669 462 328</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2021</b>	<b>2 066 684 339</b>	<b>2 066 684 339</b>
Changes in net assets		
Surplus for the year previously reported	681 730 518	681 730 518
Prior period errors	(12 268 190)	(12 268 190)
Surplus for the year restated*	669 462 328	669 462 328
<b>Balance at 01 July 2022 as restated*</b>	<b>2 736 146 667</b>	<b>2 736 146 667</b>
Changes in net assets		
Surplus for the year	124 840 161	124 840 161
Total changes	124 840 161	124 840 161
<b>Balance at 30 June 2023</b>	<b>2 860 986 828</b>	<b>2 860 986 828</b>
Note(s)		

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rates and Taxes		93 340 190	93 092 948
Sale of goods and services		657 612 841	624 413 478
Grants		651 353 686	632 432 842
Interest income		19 123 799	9 190 351
		<u>1 421 430 516</u>	<u>1 359 129 619</u>
<b>Payments</b>			
Employee costs		(374 449 471)	(356 015 838)
Suppliers		(814 736 651)	(749 672 949)
Finance costs		(15 170 726)	(22 712 675)
		<u>(1 204 356 848)</u>	<u>(1 128 401 462)</u>
<b>Net cash flows from operating activities</b>	37	<b><u>217 073 668</u></b>	<b><u>230 728 157</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(175 964 422)	(176 708 540)
Proceeds from sale of property, plant and equipment	11	4 585 511	-
Proceeds from sale of investment property	10	4 140 000	2 003 122
Purchase of other intangible assets	12	-	(444 404)
Proceeds from sale of other intangible assets	12	32 140	-
Movement of financial assets		(3 484 183)	(1 153 843)
		<u>(170 690 954)</u>	<u>(176 303 665)</u>
<b>Net cash flows from investing activities</b>		<b><u>(170 690 954)</u></b>	<b><u>(176 303 665)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(13 638 786)	(12 337 534)
Finance lease payments		(2 893 730)	584 064
		<u>(16 532 516)</u>	<u>(11 753 470)</u>
<b>Net cash flows from financing activities</b>		<b><u>(16 532 516)</u></b>	<b><u>(11 753 470)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>29 850 198</b>	<b>42 671 022</b>
Cash and cash equivalents at the beginning of the year		147 461 260	104 790 238
<b>Cash and cash equivalents at the end of the year</b>	9	<b>177 311 458</b>	<b>147 461 260</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	737 893 774	14 345 852	752 239 626	690 221 367	(62 018 259)	Note 51
Rental of facilities and equipment	800 000	-	800 000	1 737 990	937 990	Note 51
Interest received- Trading	25 652 121	-	25 652 121	31 757 683	6 105 562	Note 51
Income from agency services	14 664 291	-	14 664 291	11 575 504	(3 088 787)	Note 51
Licences and permits	817 000	-	817 000	505 524	(311 476)	Note 51
Other income	10 651 748	-	10 651 748	22 350 467	11 698 719	Note 51
Interest received - Investment	4 500 000	-	4 500 000	19 123 799	14 623 799	Note 51
<b>Total revenue from exchange transactions</b>	<b>794 978 934</b>	<b>14 345 852</b>	<b>809 324 786</b>	<b>777 272 334</b>	<b>(32 052 452)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	134 837 828	10 500 000	145 337 828	138 299 006	(7 038 822)	
<b>Transfer revenue</b>						
Government grants & subsidies	630 030 000	11 374 000	641 404 000	635 939 831	(5 464 169)	
Fines, penalties and forfeits	28 057 011	-	28 057 011	26 081 047	(1 975 964)	Note 51
<b>Total revenue from non-exchange transactions</b>	<b>792 924 839</b>	<b>21 874 000</b>	<b>814 798 839</b>	<b>800 319 884</b>	<b>(14 478 955)</b>	
<b>Total revenue</b>	<b>1 587 903 773</b>	<b>36 219 852</b>	<b>1 624 123 625</b>	<b>1 577 592 218</b>	<b>(46 531 407)</b>	
<b>Expenditure</b>						
Employee related costs	(367 029 275)	(277 300)	(367 306 575)	(346 138 693)	21 167 882	
Remuneration of councillors	(28 445 008)	-	(28 445 008)	(27 791 778)	653 230	
Depreciation and amortisation	(121 847 579)	19 400	(121 828 179)	(112 087 966)	9 740 213	Note 51
Impairment of assets	-	(1 900 000)	(1 900 000)	(6 761 621)	(4 861 621)	Note 51
Finance costs	(14 057 047)	(2 005 670)	(16 062 717)	(15 677 350)	385 367	
Debt Impairment	(49 600 000)	(22 099 990)	(71 699 990)	(133 215 681)	(61 515 691)	Note 51
Bulk purchases	(465 421 255)	(40 985 464)	(506 406 719)	(495 844 915)	10 561 804	Note 51
Contracted Services	(77 920 401)	47 820	(77 872 581)	(121 880 443)	(44 007 862)	Note 51
Transfers and Subsidies	(45 801 506)	(2 286 300)	(48 087 806)	(57 872 958)	(9 785 152)	Note 51
Inventory consumed	(77 568 118)	3 204 196	(74 363 922)	(26 401 275)	47 962 647	Note 51
General Expenses	(152 591 041)	33 965 880	(118 625 161)	(108 820 880)	9 804 281	Note 51
<b>Total expenditure</b>	<b>(1 400 281 230)</b>	<b>(32 317 428)</b>	<b>(1 432 598 658)</b>	<b>(1 452 493 560)</b>	<b>(19 894 902)</b>	
<b>Operating surplus</b>	<b>187 622 543</b>	<b>3 902 424</b>	<b>191 524 967</b>	<b>125 098 658</b>	<b>(66 426 309)</b>	
(Loss)/Gain on disposal/Write off of assets	-	4 617 651	4 617 651	(258 497)	(4 876 148)	Note 51
<b>Surplus before taxation</b>	<b>187 622 543</b>	<b>8 520 075</b>	<b>196 142 618</b>	<b>124 840 161</b>	<b>(71 302 457)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>187 622 543</b>	<b>8 520 075</b>	<b>196 142 618</b>	<b>124 840 161</b>	<b>(71 302 457)</b>	



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	25 000 000	(4 518 000)	20 482 000	28 226 155	7 744 155	Note 51
Operating lease asset	-	-	-	965	965	Note 51
Receivables from exchange transactions	401 755 258	244 986 112	646 741 370	612 081 404	(34 659 966)	Note 51
Receivables from non-exchange transactions	132 000 000	-	132 000 000	145 459 107	13 459 107	Note 51
Cash and cash equivalents	95 000 000	52 461 260	147 461 260	177 311 460	29 850 200	Note 51
	<b>653 755 258</b>	<b>292 929 372</b>	<b>946 684 630</b>	<b>963 079 091</b>	<b>16 394 461</b>	
<b>Non-Current Assets</b>						
Investment property	189 377 053	595 743 847	785 120 900	763 790 900	(21 330 000)	Note 51
Property, plant and equipment	1 910 192 452	(333 102 048)	1 577 090 404	1 647 922 100	70 831 696	Note 51
Intangible assets	501 000	183 000	684 000	327 553	(356 447)	Note 51
Heritage assets	200 958	-	200 958	200 958	-	
Other financial assets	41 013 650	(1 068 498)	39 945 152	43 501 442	3 556 290	Note 51
	<b>2 141 285 113</b>	<b>261 756 301</b>	<b>2 403 041 414</b>	<b>2 455 742 953</b>	<b>52 701 539</b>	
<b>Total Assets</b>	<b>2 795 040 371</b>	<b>554 685 673</b>	<b>3 349 726 044</b>	<b>3 418 822 044</b>	<b>69 096 000</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	12 951 000	3 338 247	16 289 247	15 758 160	(531 087)	Note 51
Finance lease obligation	-	-	-	1 915 951	1 915 951	Note 51
Payables from exchange transactions	236 803 735	14 956 259	251 759 994	224 402 923	(27 357 071)	Note 51
VAT payable	49 525 503	7 063 638	56 589 141	66 215 196	9 626 055	Note 51
Consumer deposits	28 049 781	(842 802)	27 206 979	25 889 607	(1 317 372)	Note 51
Employee benefit obligation	5 906 000	-	5 906 000	7 662 000	1 756 000	Note 51
Unspent conditional grants and receipts	-	-	-	5 333 835	5 333 835	Note 51
Provisions	970 476	5 297 399	6 267 875	349 781	(5 918 094)	Note 51
	<b>334 206 495</b>	<b>29 812 741</b>	<b>364 019 236</b>	<b>347 527 453</b>	<b>(16 491 783)</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	127 364 269	2 117 727	129 481 996	112 301 520	(17 180 476)	Note 51
Finance lease obligation	2 117 726	-	2 117 726	1 006 190	(1 111 536)	Note 51
Employee benefit obligation	92 214 536	-	92 214 536	89 549 000	(2 665 536)	
Provisions	6 853 255	6 624 149	13 477 404	7 451 053	(6 026 351)	Note 51
	<b>228 549 786</b>	<b>8 741 876</b>	<b>237 291 662</b>	<b>210 307 763</b>	<b>(26 983 899)</b>	
<b>Total Liabilities</b>	<b>562 756 281</b>	<b>38 554 617</b>	<b>601 310 898</b>	<b>557 835 216</b>	<b>(43 475 682)</b>	
<b>Net Assets</b>	<b>2 232 284 090</b>	<b>516 131 056</b>	<b>2 748 415 146</b>	<b>2 860 986 828</b>	<b>112 571 682</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	2 232 284 090	516 131 056	<b>2 748 415 146</b>	2 860 986 828	<b>112 571 682</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Rates and Taxes	124 050 802	4 045 135	<b>128 095 937</b>	93 340 190	<b>(34 755 747)</b>	Note 51
Sale of goods and services	722 110 574	22 160 813	<b>744 271 387</b>	657 612 841	<b>(86 658 546)</b>	Note 51
Grants	630 030 000	8 900 000	<b>638 930 000</b>	651 353 686	<b>12 423 686</b>	Note 51
Interest income	30 152 121	-	<b>30 152 121</b>	19 123 799	<b>(11 028 322)</b>	Note 51
	<b>1 506 343 497</b>	<b>35 105 948</b>	<b>1 541 449 445</b>	<b>1 421 430 516</b>	<b>(120 018 929)</b>	
<b>Payments</b>						
Employee costs	(367 029 275)	(277 300)	<b>(367 306 575)</b>	(374 449 471)	<b>(7 142 896)</b>	Note 51
Suppliers	(874 088 049)	6 637 550	<b>(867 450 499)</b>	(762 643 475)	<b>104 807 024</b>	Note 51
Finance costs	(14 057 048)	-	<b>(14 057 048)</b>	(15 170 726)	<b>(1 113 678)</b>	Note 51
Transfers and Grants	(45 801 506)	(2 406 300)	<b>(48 207 806)</b>	(52 093 176)	<b>(3 885 370)</b>	Note 51
	<b>(1 300 975 878)</b>	<b>3 953 950</b>	<b>(1 297 021 928)</b>	<b>(1 204 356 848)</b>	<b>92 665 080</b>	
<b>Net cash flows from operating activities</b>	<b>205 367 619</b>	<b>39 059 898</b>	<b>244 427 517</b>	<b>217 073 668</b>	<b>(27 353 849)</b>	
<b>Cash flows from investing activities</b>						
Additions property, plant and equipment and intangible assets	(165 145 231)	(23 790 848)	<b>(188 936 079)</b>	(175 964 422)	<b>12 971 657</b>	Note 51
Proceeds on disposal of property, plant and equipment and intangible assets	-	-	-	4 585 511	<b>4 585 511</b>	
Proceeds from sale of Investment Property	2 003 122	(1 068 498)	<b>934 624</b>	4 140 000	<b>3 205 376</b>	Note 51
Proceeds from sale of other intangible assets	-	-	-	32 140	<b>32 140</b>	
Movement in financial assets	(1 081 736)	-	<b>(1 081 736)</b>	(3 484 183)	<b>(2 402 447)</b>	Note 51
<b>Net cash flows from investing activities</b>	<b>(164 223 845)</b>	<b>(24 859 346)</b>	<b>(189 083 191)</b>	<b>(170 690 954)</b>	<b>18 392 237</b>	
<b>Cash flows from financing activities</b>						
Repayment of other financial liabilities	(102 933 004)	90 595 470	<b>(12 337 534)</b>	(13 638 786)	<b>(1 301 252)</b>	Note 51
Finance lease payments	(335 770)	-	<b>(335 770)</b>	(2 893 730)	<b>(2 557 960)</b>	Note 51
<b>Net cash flows from financing activities</b>	<b>(103 268 774)</b>	<b>90 595 470</b>	<b>(12 673 304)</b>	<b>(16 532 516)</b>	<b>(3 859 212)</b>	
Net increase/(decrease) in cash and cash equivalents	(62 125 000)	104 796 022	<b>42 671 022</b>	29 850 198	<b>(12 820 824)</b>	
Cash and cash equivalents at the beginning of the year	157 125 000	(52 334 762)	<b>104 790 238</b>	147 461 260	<b>42 671 022</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>95 000 000</b>	<b>52 461 260</b>	<b>147 461 260</b>	<b>177 311 458</b>	<b>29 850 198</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

Figures in Rand	Note(s)	2023	2022
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### 1. Basis of preparation

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

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

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 audited financial statements, are disclosed below.

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

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

#### 1.1 Presentation currency

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

#### 1.2 Rounding

All figures have been rounded off to the nearest Rand.

#### 1.3 Going concern assumption

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

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

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates. Significant judgements include:

##### Trade receivables and loans and receivables

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

### 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/up is included in the operation surplus/deficit note.

### Fair value estimation

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.

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including estimates, supply demand, together with economic factors such as inflation interest and economic conditions.

### Provisions

Provisions were raised and management determined an estimate based on the information available.

### 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.

Other key assumptions for pension obligations are based on current market conditions.

### 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 that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.5 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.

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.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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

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.

### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the Municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the Municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the Municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

### Derecognition

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.

### 1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the 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.

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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 in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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

Item	Depreciation method	Average useful life in years
Infrastructure	Straight line	10 - 30
• Roads and road furniture		30
• Bridges, Culverts and Gabions		20
• Car Parks		10 - 20
• Airports		20
• Traffic Lights		
• Electricity :		10 - 65
- Transformers, Meters & Reticulation Networks		15 - 40
- Substations & switchgears		10 - 40
- Other Electricity Components		10 - 20
• Water		15 - 30
• Refuse Sites		30
• Buildings		10 - 30
• Security Fencing and Lighting		
Community Assets	Straight line	30
• Parks Improvements		30
• Community Buildings		20
• Recreational facilities		
Other Assets	Straight line	30
• Buildings		20
• Specialist vehicles		5 - 7
• Other vehicles		3 - 10
• Office equipment		3 - 10
• Furniture and fittings		5 - 10
• Bins and containers		5 - 15
• Plant and equipment		5 - 10
• Emergency and Health Equipment		5
• Security Access and Control		

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

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

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

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

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

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.

Assets which the Municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

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

### 1.7 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 entity 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 entity; 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.

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

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

Item	Average useful life
Computer software, other	3-5 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

### Derecognition

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).

### 1.8 Heritage assets

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 entity, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

# Greater Tzaneen Municipality

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## Notes to the Financial Statements: Accounting Policies

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Heritage assets are measured at cost.

### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

### Impairment

The Municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the Municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

### 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).

## 1.9 Financial instruments

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

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

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

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

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

A financial asset is:

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

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

### Classification

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

Class	Category
Consumer Debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and Ccash Equivalents	Financial asset measured at amortised cost
Financial Assets	Financial asset measured at amortised cost
Inventories	Financial asset is measured at lower of cost, or net realisable value

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

The Municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### Subsequent measurement of financial assets and financial liabilities

The Municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### Reclassification

The Municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

### Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The Municipality's expenditure pattern must be structured in line with the available cash resources.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

### 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 entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 asset 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 recognised 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 recognise either 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 recognise 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 continue to recognise the transferred asset in its entirety and recognise 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, and the associated liability nor the revenue, and the associated expenses are offset.

#### Financial liabilities

The Municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

### 1.10 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.

#### 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 Municipality's incremental borrowing rate.

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.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### 1.11 Inventories

Consumable and stands inventories consist of consumables and finished goods. Inventory is measured at lower of cost, or net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of consumable inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow-moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

### 1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

#### Identification

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

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

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

#### Basis for estimates of future cash flows

In measuring value in use the Municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable 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 cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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

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

#### Identification

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

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

#### 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.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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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 oversized or overcapacity asset. Oversized 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.

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

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.14 Employee benefits

##### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a Municipality pays fixed contributions into a separate Municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee services in the current and prior periods.

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

### Defined benefit plans

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

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

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

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

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

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

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

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

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

### 1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity 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.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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

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

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

Provisions are not recognised for future operating deficits.

### 1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.17 Revenue from exchange transactions

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

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

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

### Measurement

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

### Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### Rendering of services

Service charges relating to electricity is based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

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

Service charges relating to solid waste is levied monthly in terms of the approved tariffs.

### 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 entity, and
- The amount of the revenue can be measured reliably.

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

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

### 1.18 Revenue from non-exchange transactions

Revenue from non-exchange transaction refers to transaction where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

#### 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.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### Taxes

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the Municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The Municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

### Transfers

Apart from Services in kind, which are not recognised, the entity 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 entity 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 recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality.

Where the Municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

### 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 entity and the fair value of the assets can be measured reliably.

#### 1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

#### 1.20 Comparative figures

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

#### 1.21 Unauthorised expenditure

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### 1.22 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.24 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The Municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

### 1.25 Budget information

Entity 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 entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget of Greater Tzaneen Municipality for the 2022/2023 financial year has been approved by Council on 26 May 2022 for implementation on 1 July 2022, and the adjusted budgets for the financial year were approved as follows:

- 24 February 2023: Adjustment budget

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

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

Comparative information is not required.

### 1.26 Related parties

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Municipality.

Related parties also include entities that are directly or indirectly controlled by the reporting entity.

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements: Accounting Policies

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### 1.27 Events after reporting date

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

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

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

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

### 1.28 Value Added Tax (VAT)

The Municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

### 1.29 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### 1.30 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. Statutory receivables can arise from both exchange and non-exchange transactions.

#### Initial recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 2. Changes in accounting policies, estimates and errors

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Changes in accounting policies are applied retrospectively except to the extent that it is impractical to determine the specific effects of the change in policy in such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively. Details of changes in estimates are disclosed in the notes to the financial statements.

Correction of errors are applied retrospectively in the period in which the errors has occurred except to the extent that is impractical to determine the period specific effects. In such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable.

The aggregate effect of the changes in accounting policy on the audited annual financial statements for the year ended 30 June 2023 is as follows:

### 3. New standards and interpretations

#### 3.1 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 2023 or later periods:

##### **Guideline: Guideline on Accounting for Landfill Sites**

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2009.

The Municipality expects to adopt the guideline for the first time in the 2098/2099 audited annual financial statements.

The impact of the standard is not material.

##### **GRAP 25 (as revised): Employee Benefits**

###### **Background**

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 3. New standards and interpretations (continued)

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14® ) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

#### Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2099.

The Municipality expects to adopt the revisions for the first time in the 2098/2099 audited annual financial statements.

The impact of the revisions is not material.

#### iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

##### Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14® ) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The effective date of these revisions have not yet been set. 01 April 2099.

The Municipality expects to adopt the revisions for the first time in the 2098/2099 01 April 2099.

The impact of the revisions is not material.

#### iGRAP 21: The Effect of Past Decisions on Materiality

## **Notes to the Audited Annual Financial Statements**

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### **3. New standards and interpretations (continued)**

#### **Background**

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. 01 April 2099.

The Municipality expects to adopt the interpretation for the first time in the 2098/2099 01 April 2099.

The impact of the interpretation is not material.

#### **GRAP 1 (amended): Presentation of Financial Statements**

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

#### **Materiality and aggregation**

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

#### **Statement of financial position and statement of financial performance**

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

#### **Notes structure**

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

#### **Disclosure of accounting policies**

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The Municipality expects to adopt the amendment for the first time in the 2024/2025 audited annual financial statements.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 3. New standards and interpretations (continued)

The impact of the amendment is not material.

#### GRAP 103 (as revised): Heritage Assets

##### Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

##### Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The effective date of the standard is for years beginning on or after 01 April 2009.

The Municipality expects to adopt the standard for the first time in the 2098/2099 audited annual financial statements.

The impact of the standard is not material.

#### Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The Municipality expects to adopt the guideline for the first time in the 2098/2099 audited annual financial statements.

## Notes to the Audited Annual Financial Statements

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### 3. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the entity's audited annual financial statements.

#### **GRAP 104 (as revised): Financial Instruments**

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

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

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the entity's audited annual financial statements.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
<b>4. Inventories</b>		
Stands	3 805 000	3 805 000
Consumables	24 421 155	16 677 215
	<b>28 226 155</b>	<b>20 482 215</b>

The carrying value of inventories is disclosed at lower of cost or net realisable value.

### Stands not yet transferred

Stands to the value of R 1 250 000 (2022: R 1 350 000) have been sold in previous financial periods, however the transfers are still in progress.

Details of stands not yet transferred attached as Appendix G6.

### **Inventory pledged as security**

No inventory was pledged as security for any financial liability.

### **5. Other financial assets**

#### **At amortised cost**

Fixed deposit- listed	43 501 442	40 017 259
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#### **Non-current assets**

At amortised cost	43 501 442	40 017 259
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#### **Council's valuation of listed investments**

Standard Bank	24 214 958	22 352 185
ABSA	19 286 484	17 665 074
	<b>43 501 442</b>	<b>40 017 259</b>

Fair value of investments are at book value as at 30 June 2023.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

A fixed deposit of R 24 214 958 has been made with Standard Bank of South Africa to repay a loan of R 30 000 000 on maturity date.

A fixed deposit was made with ABSA to secure a loan of R 90 million taken up with DBSA. The Municipality established a debt service account of R19 286 484 to cover the debt service repayment obligation, under the agreement for 12 (twelve) months.

### **Loans to staff and the public**

To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

# Greater Tzaneen Municipality

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### 6. Receivables from non-exchange transactions

Fines	1 818 600	3 629 340
VAT - Statutory Receivables	1 847 946	1 553 720
Consumer debtors - Rates	141 792 561	135 922 474
	<b>145 459 107</b>	<b>141 105 534</b>

#### 6.1) Fines

##### Reconciliation of traffic fines

Opening Balance	71 110 760	69 040 850
New fines issued	2 975 800	2 906 100
Less: Fines Reversed	(415 310)	(349 480)
Less: Fines Paid	(421 233)	(486 710)
	73 250 017	71 110 760
Less: Provision for impairment	(71 431 417)	(67 481 420)
<b>Net outstanding fines receivable</b>	<b>1 818 600</b>	<b>3 629 340</b>

##### Reconciliation of provision for impairment of traffic fines

Opening balance	67 481 420	13 808 170
Additionally provided	3 949 997	53 673 250
	<b>71 431 417</b>	<b>67 481 420</b>

#### Pledged as security

No receivables from non-exchanged transactions has been pledged as security for any financial liability.

#### Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non- exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non- payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all traffic fines issued during the current year amounted to R 2 560 490 (2022: R 2 556 620).The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

#### Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The Municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables from non-exchange transactions.

#### 6.2) Reconciliation of consumer debtors - rates

Gross balance - rates	346 381 503	301 422 687
Less: Allowance for impairment	(204 588 942)	(165 500 213)
<b>Net balance</b>	<b>141 792 561</b>	<b>135 922 474</b>

#### Consumer debtors - rates pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

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### Credit quality of consumer debtors - rates

The credit quality of consumer debtors - rates that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

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

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

### Consumer debtors- rates impairment

As of 30 June 2023, Consumer debtors rates of R 204 588 942 (2022: R 165 500 213) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

<b>Reconciliation of allowance for impairment of consumer debtors- rates</b>		
Opening balance	165 500 213	119 272 791
Allowance for impairment	39 088 729	58 398 239
Amount written off as irrecoverable	-	(12 170 817)
<b>Total</b>	<b>204 588 942</b>	<b>165 500 213</b>
<b>6.3) VAT - Statutory Receivables</b>		
VAT Input	10 372 929	13 694 331
VAT Output	(8 524 982)	(12 140 611)
<b>Net balance</b>	<b>1 847 947</b>	<b>1 553 720</b>

VAT receivable from or payable to SARS is not a financial instrument, and should be treated as a statutory receivable or payable. The amount of VAT receivable from or payable to SARS is calculated as the net amount of output VAT collected and input VAT paid: therefore, VAT due to be received from SARS is recognised as a statutory receivable as per GRAP 108

### Statutory Receivables pledged as security

No portion of VAT statutory receivables was pledged as security for any financial liabilities



# Greater Tzaneen Municipality

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### 7. Operating lease asset

Current assets

965

16 292

#### Municipality as lessor: Future minimum lease payments receivable

Less than one year

1 651

29 224

Between one year and five years

8 210

7 508

More than five years

100 165

102 518

**110 026**

**139 250**

Operating leases relate to property owned by the Municipality with lease terms of between one (1) and ninety - nine (99) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

The Municipality has operating lease agreements for the following classes of assets which are only significant collectively.

- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight-line basis over the lease term. The effect of accounting for operating leases on the straight-line basis had the above effect.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements

### 8. Receivables from exchange transactions

Bursary loans

432 512

340 618

Consumer debtors - Electricity

365 694 399

323 886 959

Consumer debtors - Refuse

138 661 978

116 816 524

Trade debtors

433 605 158

397 108 377

**938 394 047**

**838 152 478**

Less: Provision for impairment of receivables

(326 312 643)

(236 135 689)

**612 081 404**

**602 016 789**

#### Reconciliation of provision for impairment of trade and other receivables

Opening Balance

236 135 689

187 495 453

Provision for impairment- other debtors

21 506 880

4 419 818

Amounts written off as irrecoverable

-

(15 540 769)

Provision for impairment- consumer debtors

68 670 074

59 761 187

**326 312 643**

**236 135 689**

#### Impairment Allowance

The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent consumables, rental hawker stalls, private dumping, etc.

# Greater Tzaneen Municipality

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### Credit quality of receivables from exchange transactions for trade and other debtors

Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.

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

### Consumer debtors disclosure

<b>Gross balances</b>	346 381 503	301 422 687
Consumer debtors - Rates	365 694 399	323 886 959
Consumer debtors - Electricity	138 661 978	116 816 524
Consumer debtors - Refuse	<b>850 737 880</b>	<b>742 126 170</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(204 588 942)	(165 500 213)
Consumer debtors - Electricity	(176 975 152)	(133 397 843)
Consumer debtors - Refuse	(99 849 467)	(74 756 700)
	<b>(481 413 561)</b>	<b>(373 654 756)</b>
<b>Net balance</b>		
Consumer debtors - Rates	141 792 561	135 922 474
Consumer debtors - Electricity	188 719 247	190 489 115
Consumer debtors - Refuse	38 812 511	42 059 824
	<b>369 324 319</b>	<b>368 471 413</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	188 719 246	190 489 115
Refuse	38 812 511	42 059 824
	<b>227 531 757</b>	<b>232 548 939</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates (Note 6)	141 792 561	135 922 474
	<b>369 324 318</b>	<b>368 471 413</b>
<b>Net balance</b>		
<b>Rates</b>		
Current (0 -30 days)	17 257 336	12 634 955
31 - 60 days	8 059 225	7 449 827
61 - 90 days	6 671 990	6 166 208
91 - 120 days	6 212 777	5 891 938
121 days and older	308 180 175	269 279 759
	<b>346 381 503</b>	<b>301 422 687</b>

# Greater Tzaneen Municipality

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	2023	2022
<b>Electricity</b>		
Current (0 -30 days)		
31 - 60 days	62 976 738	62 292 801
61 - 90 days	22 263 860	18 798 648
91 - 120 days	13 979 912	12 505 429
121 days and older	11 358 203	13 410 209
	<u>255 115 686</u>	<u>216 879 872</u>
	<b>365 694 399</b>	<b>323 886 959</b>
<b>Refuse</b>		
Current (0 -30 days)		
31 - 60 days	3 707 308	3 257 742
61 - 90 days	2 660 168	2 452 550
91 - 120 days	2 417 656	2 149 719
121 days and older	2 327 631	2 086 512
	<u>127 549 215</u>	<u>106 870 001</u>
	<b>138 661 978</b>	<b>116 816 524</b>
<b>Total</b>	<b>850 737 880</b>	<b>742 126 170</b>
Summary of Debtors by customer classification		
<b>Residential Property</b>		
Current (0 -30 days)		
31 - 60 days	20 387 022	19 770 463
61 - 90 days	12 395 780	11 955 611
91 - 120 days	11 024 587	10 730 707
121 days and older	18 543 884	9 843 884
	<u>349 841 585</u>	<u>346 457 840</u>
	<b>412 192 858</b>	<b>398 758 505</b>
<b>Industrial/commercial</b>		
Current (0 -30 days)		
31 - 60 days	28 069 958	18 011 212
61 - 90 days	25 307 131	9 242 985
91 - 120 days	25 009 030	11 279 550
121 days and older	36 453 575	18 742 706
	<u>264 994 774</u>	<u>248 521 510</u>
	<b>379 834 468</b>	<b>305 797 963</b>
<b>National and provincial government</b>		
Current (0 -30 days)		
31 - 60 days	3 810 679	1 420 652
61 - 90 days	1 059 522	1 197 436
91 - 120 days	1 915 040	1 026 546
121 days and older	1 907 341	735 884
	<u>26 978 015</u>	<u>24 004 081</u>
	<b>35 670 597</b>	<b>28 384 599</b>
<b>Other</b>		
Current (0-30 days)		
31 - 60 days	7 005 742	1 805 742
61 - 90 days	1 287 122	987 122
91 - 120 days	1 425 473	825 473
121 days and older	1 547 445	687 512
	<u>11 774 175</u>	<u>4 879 254</u>
	<b>23 039 957</b>	<b>9 185 103</b>
<b>Total</b>	<b>850 737 880</b>	<b>742 126 170</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### Consumer debtors pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

### Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

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

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

### Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

### Consumer debtors

No security is held for any of the accounts receivable.

### Consumer debtors impaired

As of 30 June 2023, debtors including rates of R 481 413 561 (2022: R 373 654 756) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R - (2022: R 22 187 086) was written off during the year as uncollectable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

### Reconciliation of allowance for impairment of consumer debtors (excluding rates)

Opening balance	208 154 543	158 409 624
Allowance for impairment	68 670 076	59 761 188
Amounts written off as irrecoverable	-	(10 016 269)
<b>Total Consumer Debtors</b>	<b>276 824 619</b>	<b>208 154 543</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	177 311 460	147 461 260
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No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

The balance of unspent conditional grants as per Note 19 can only be used for the purpose as set out in the different grant conditions and is not available to the Municipality to use in its normal business operations.

#### The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Consolidated cash book balance	-	-	-	177 311 460	147 461 260	104 790 238
ABSA Bank - Cheque Account number 404 896 4222	30 234 950	41 562 323	42 288 682	-	-	-
ABSA Bank - Cheque Account number 908 197 4990	1 453 487	884 575	307 787	-	-	-
ABSA Bank - Liquidity plus account 9312433930 (MIG)	36 733 007	38 119 948	1 295 952	-	-	-
ABSA Bank - Liquidity plus account 9312434237 (INEP)	108 890 016	66 894 414	60 897 817	-	-	-
ABSA Bank - Cheque Account - 4051444332	-	-	-	-	-	-
ABSA Bank Cheque Account number 1260850527	-	-	-	-	-	-
<b>Total</b>	<b>177 311 460</b>	<b>147 461 260</b>	<b>104 790 238</b>	<b>177 311 460</b>	<b>147 461 260</b>	<b>104 790 238</b>

An amount of R5 333 835 (2022: R 13 861 770) of the unspent conditional grants is included in cash and cash equivalents.

#### Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the Municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

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**10. Investment property**

	2023		2022	
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
763 790 900	-	763 790 900	785 120 900	-
				785 120 900

Investment property

**Reconciliation of investment property - 2023**

Investment property	Opening balance	Disposals	Total
	785 120 900	(21 330 000)	763 790 900

**Reconciliation of investment property - 2022**

Investment property	Opening balance	Additions	Disposals	Fair value adjustments	Total
	181 586 803	1 100 000	(3 740 000)	606 174 097	785 120 900

**Pledged as security**

No investment properties was pledged as security for liabilities.

The Municipality generated income from rental of investment properties of R 144 832 monthly on average (2022: R97 884).

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 entity.

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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### Details of valuation

The Greater Tzaneen Municipal valuations are based on the valuation roll which is reviewed every five years. The last valuation roll came into effect on 1 July 2017. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations and subdivisions

### 11. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	236 674 823	(89 086 293)	147 588 530	236 674 823	(80 797 097)	155 877 726
Computer equipment	6 115 324	(5 096 639)	1 018 685	5 790 375	(5 276 130)	514 245
Construction work in progress	189 968 124	(304 764)	189 663 360	191 846 982	-	191 846 982
Furniture and office equipment	5 112 382	(3 357 831)	1 754 551	5 173 092	(3 538 748)	1 634 344
Infrastructure	2 642 502 837	(1 496 648 982)	1 145 853 855	2 500 969 661	(1 413 105 094)	1 087 864 567
Land	118 955 743	-	118 955 743	118 955 743	-	118 955 743
Leased assets	20 153 570	(16 852 894)	3 300 676	19 703 754	(14 418 423)	5 285 331
Other assets	38 306 405	(19 116 838)	19 189 567	35 296 444	(17 106 486)	18 189 958
Plant and machinery	16 379 320	(9 118 261)	7 261 059	11 792 239	(8 047 620)	3 744 619
Transport assets	53 500 833	(40 164 759)	13 336 074	50 496 380	(39 722 623)	10 773 757
<b>Total</b>	<b>3 327 669 361</b>	<b>(1 679 747 261)</b>	<b>1 647 922 100</b>	<b>3 176 699 493</b>	<b>(1 582 012 221)</b>	<b>1 594 687 272</b>

# Greater Tzaneen Municipality

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### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Write offs/Disposals	Transfers	Depreciation	Impairment loss	Total
Community	155 877 726	-	-	-	(8 289 196)	-	147 588 530
Computer equipment	514 245	786 327	(4 726)	-	(277 161)	-	1 018 685
Construction work in progress	191 846 982	163 886 599	-	(165 765 457)	-	(304 764)	189 663 360
Furniture and office equipment	1 634 344	550 923	(7 499)	-	(423 217)	-	1 754 551
Infrastructure	1 087 864 567	162 249 296	(3 807 175)	-	(93 995 975)	(6 456 858)	1 145 853 855
Land	118 955 743	-	-	-	-	-	118 955 743
Leased assets	5 285 331	836 349	-	-	(2 821 004)	-	3 300 676
Other assets	18 189 958	3 024 610	(2 862)	-	(2 022 139)	-	19 189 567
Plant and machinery	3 744 619	5 424 817	(370 763)	-	(1 537 614)	-	7 261 059
Transport assets	10 773 757	4 970 945	(10 983)	-	(2 397 645)	-	13 336 074
	<b>1 594 687 272</b>	<b>341 729 866</b>	<b>(4 204 008)</b>	<b>(165 765 457)</b>	<b>(111 763 951)</b>	<b>(6 761 622)</b>	<b>1 647 922 100</b>

### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Write offs	Transferred WIP capitalised	Depreciation	Impairment loss	Total
Community	162 787 742	1 353 324	-	-	(8 263 340)	-	155 877 726
Computer equipment	591 965	216 352	(13 659)	-	(280 413)	-	514 245
Construction work in progress	152 044 490	169 904 763	-	(130 102 271)	-	-	191 846 982
Furniture and office equipment	1 274 873	722 207	(13 879)	-	(348 857)	-	1 634 344
Infrastructure	1 060 459 488	129 398 365	(5 793 525)	-	(94 823 002)	(1 376 759)	1 087 864 567
Land	118 955 743	-	-	-	-	-	118 955 743
Leased assets	4 149 706	4 437 442	(17 509)	-	(3 284 308)	-	5 285 331
Other assets	20 302 448	52 316	(114)	(649 710)	(1 514 982)	-	18 189 958
Plant and machinery	3 617 829	1 375 753	(8 682)	-	(1 240 281)	-	3 744 619
Transport assets	8 726 886	4 363 477	-	-	(2 316 606)	-	10 773 757
	<b>1 532 911 170</b>	<b>311 823 999</b>	<b>(5 847 368)</b>	<b>(130 751 981)</b>	<b>(112 071 789)</b>	<b>(1 376 759)</b>	<b>1 594 687 272</b>

Included in the Infrastructure is an amount for Landfill site with the carrying amount of R3 711 857 (2022: R 3 947 804).

The assessment of impairment of assets resulted in an impairment of loss of R 6 761 621 (2022: R1 376 759) (see note 30).



# Greater Tzaneen Municipality

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### Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

### Reconciliation of Construction Work-in-Progress 2023

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	2 377 686	43 377 352				
Infrastructure: Roads	186 315 896	109 638 214		(37 409 755)	-	8 345 283
Community Assets	2 136 272	9 479 729		(128 355 702)	-	167 598 408
Other assets & Buildings	1 017 128	1 391 304		-	(304 764)	11 311 237
	<b>191 846 982</b>	<b>163 886 599</b>		<b>(165 765 457)</b>	<b>(304 764)</b>	<b>189 663 360</b>

### Reconciliation of Construction Work-in-Progress 2022

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	33 175 312	22 204 698				
Infrastructure: Roads	116 878 400	145 833 527		(53 002 324)	-	2 377 686
Community assets	973 650	1 866 538		(76 396 031)	-	186 315 896
Other assets & Buildings	1 017 128	-		(703 916)	-	2 136 272
	<b>152 044 490</b>	<b>169 904 763</b>		<b>(130 102 271)</b>	<b>-</b>	<b>191 846 982</b>

### Slow moving projects:

#### Roads

Construction of Ext 13 street - Turnkey projects

Rehabilitation of Haenertsburg cemetery road

The roads mentioned above are multi-year own funded projects and designs are complete. They could not get budget for implementation in the previous financial year

#### Community

Lenyenye Cemetery

Nkowa-Nkowa Cemetery

Both projects were not budgeted for in 2021/22 and 2022/23 financial year, the project are at 80% complete and executed in phases. Phase 1 & 2 was 100% complete, phase 3 which would be the last phase is scheduled to be prioritized in 2024/25 FY budget.

# Greater Tzaneen Municipality

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### 12. Intangible assets

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	3 503 760	(3 176 207)	327 553	4 406 786	(3 723 076)	683 710

Software, License & Website

### Reconciliation of intangible assets - 2023

	Opening balance	Write Off	Amortisation	Total
	683 710	(32 140)	(324 017)	327 553

Software, License & Website

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
	457 277	444 404	(217 971)	683 710

Software, License & Website

### Pledged as security

No intangible assets have been pledged as security for any liability.

The municipality amortizes all its intangible assets on a straight-line method and none of these are regarded as having an indefinite useful life. The useful lives of intangible assets changed from one to two years on average from previous years.

# Greater Tzaneen Municipality

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### 13. Heritage assets

	2023		2022			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and Council gowns	200 958	-	200 958	200 958	-	200 958

#### Reconciliation of heritage assets 2023

Mayoral Chain and Council Gowns

	Opening balance	Total
	200 958	200 958

#### Reconciliation of heritage assets 2022

Mayoral Chain and Council Gowns

	Opening balance	Total
	200 958	200 958

#### Expenditure incurred to repair and maintain heritage assets

No cost was incurred to repair and maintain the heritage assets during the current financial year (2022 : R- ):

# Greater Tzaneen Municipality

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<b>14. Other financial liabilities</b>		
<b>Designated at fair value</b>		
Loan stock - Standard Bank	30 000 000	30 000 000
<b>At amortised cost</b>		
Accrued interest	695 413	713 098
Annuity loan 1 - DBSA	14 268 637	16 234 406
Annuity loan 2 - ABSA	8 868 055	11 215 329
Annuity loan 3 - DBSA	28 846 084	32 705 483
Annuity loan 4 - DBSA	22 132 867	24 391 102
Annuity loan 5 - DBSA	23 248 624	26 439 048
	<b>98 059 680</b>	<b>111 698 466</b>
<b>Total other financial liabilities</b>	<b>128 059 680</b>	<b>141 698 466</b>
<b>Non-current liabilities</b>		
Loan stock	30 000 000	30 000 000
Annuity loans	82 301 520	97 364 272
	<b>112 301 520</b>	<b>127 364 272</b>
<b>Current liabilities</b>		
At amortised cost	15 758 160	14 334 194
	<b>128 059 680</b>	<b>141 698 466</b>

# Greater Tzaneen Municipality

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### **Annuity loan 1: DBSA**

A loan of R 20 000 000, with a current balance of R 14 268 637 (2022: R 16 234 406) was taken up on 15 August 2019. The loan bears interest at a fixed rate of 10.15% and will be fully redeemed on 30 September 2028.

### **Annuity loan 2: ABSA**

This loan of R25 140 000, with a current balance of R 8 868 055 (2022: R 11 215 329), was taken up on 15 August 2010. The loan bears interest at a fixed rate of 11.66% and will be fully redeemed on 02 June 2026.

### **Annuity loan 3 : DBSA**

A loan of R 40 000 000, with a current balance of R 28 846 084 (2022: R 32 705 483) has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.

### **Annuity loan 4: DBSA**

A loan of R41 000 000, with a current balance of R 22 132 867 (2022: R 24 391 102) was taken up to finance capital projects. This loan bears interest at a fixed rate of 6.75% per annum and will be fully redeemed on 31 October 2030.

### **Annuity loan 5: DBSA**

A loan of R 30 000 000, with a current balance of R 23 248 624 (2022: R 26 439 048) was taken up on 21 December 2020. The loan bears interest on a fixed rate of 10.27% and will be fully redeemed on 30 September 2028.

### **Loan stock: Standard Bank**

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09% per annum and will be redeemed on 16 October 2025.

### **Undrawn borrowings**

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2023.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The Municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

# Greater Tzaneen Municipality

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<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	2 114 991	3 465 751
- in second to fifth year inclusive	1 039 648	2 489 260
	<u>3 154 639</u>	<u>5 955 011</u>
less: future finance charges	(232 499)	(645 770)
<b>Present value of minimum lease payments</b>	<u><b>2 922 140</b></u>	<u><b>5 309 241</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	1 915 951	3 002 623
- in second to fifth year inclusive	1 006 189	2 306 618
	<u><b>2 922 140</b></u>	<u><b>5 309 241</b></u>
<b>Disclosed as follows:</b>		
Non-current liabilities	1 006 189	2 306 618
Current liabilities	1 915 951	3 002 623
	<u><b>2 922 140</b></u>	<u><b>5 309 241</b></u>

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The Municipality did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

### 16. Payables from exchange transactions

13th Cheque	8 327 375	8 173 876
Unknown direct deposits	5 301 729	8 931 882
Retention	30 514 137	25 289 671
Trade Payables	150 965 971	173 991 669
Staff leave	29 293 711	28 060 624
	<u><b>224 402 923</b></u>	<u><b>244 447 722</b></u>

The 2021/2022 comparative amount of R 244.4 Million on payables has been restated from R245.7 Million (see Note 61 ).

#### Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with.

Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms

#### Staff leave

Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

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### Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

### Unknown direct deposits

The origin of the deposits could not be determined at year-end.

### 13th Cheque

A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of it's conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated

### 17. VAT payable

VAT payable - accrual basis

66 215 196	58 064 566
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The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. VAT accrual does not represent amounts to be received or paid, but rather amounts that are associated with transactions that are yet to be declared to SARS. Interest on late payment is charged according to SARS policies.

### 18. Consumer deposits

Electricity

25 889 607	27 157 197
------------	------------

Guarantees held in lieu of electricity deposits

3 025 550	3 025 550
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No guarantees have been accepted after 1 July 2021 resulting in no change to Guarantees held in lieu of electricity deposits.

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Business consumers are allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

# Greater Tzaneen Municipality

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### 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2023	2022
Grants	5 333 835	13 861 770
<b>Movement during the year</b>		
Balance at the beginning of the year	13 861 770	3 502 528
Additions during the year	152 954 073	190 629 067
Income recognition during the year	(136 036 381)	(151 478 012)
Administration fee recognised during the year	(5 236 176)	(4 987 050)
Rollover not applied for VAT	-	(1 547 994)
Rollover not Approved	(18 742 451)	(20 968 938)
	(1 467 000)	(1 287 831)
	<b>5 333 835</b>	<b>13 861 770</b>

The amount of unspent conditional grants and receipts is held in the operating bank account of the Municipality until utilized.

The total grants recognised in the statement of financial performance are disclosed in note 25 .

### 20. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Decrease due to re-measurement	Total
Provision for rehabilitation of landfill site	6 773 684	677 369	-	7 451 053
Provision for performance bonuses	602 876	-	(253 095)	349 781
	<b>7 376 560</b>	<b>677 369</b>	<b>(253 095)</b>	<b>7 800 834</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Decrease due to re-measurement	Total
Provision for rehabilitation of landfill site	6 157 895	615 789	-	6 773 684
Provision for performance bonuses	970 476	-	(367 600)	602 876
	<b>7 128 371</b>	<b>615 789</b>	<b>(367 600)</b>	<b>7 376 560</b>
Non-current liabilities			7 451 053	6 773 684
Current liabilities			349 781	602 876
			<b>7 800 834</b>	<b>7 376 560</b>

#### Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the Municipality's licensing stipulations on the waste landfill site. At its inception the provision had been determined on the basis of independent valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.



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### Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

### 21. Employee benefit obligation

#### Defined benefit plan

The total amount recognised in the statement of financial position is as follows:

#### Carrying value

Defined benefit obligation - long service award

Defined benefit obligation - post retirement medical aid plan

23 628 000 22 764 000

73 583 000 74 966 000

**97 211 000 97 730 000**

#### Non-current employee benefit obligations

Long service awards

Post retirement medical aid

19 273 000 19 943 000

70 276 000 72 122 000

**89 549 000 92 065 000**

#### Current employee benefit obligations

Long service awards

Post retirement medical aid

4 355 000 2 821 000

3 307 000 2 844 000

**7 662 000 5 665 000**

#### Post retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependents who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2023.

#### Plan assets

Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

In service members  
In service non-members  
Continuation members

383 392

243 220

69 63

**695 675**

# Greater Tzaneen Municipality

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The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>	73 583 000	74 966 000
Present value of the defined benefit obligation-wholly unfunded	<u>73 583 000</u>	<u>74 966 000</u>

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

Opening balance	74 966 000	70 019 000
Benefits paid	(2 844 000)	(2 625 000)
Net expense recognised in the statement of financial performance	1 461 000	7 572 000
	<u>73 583 000</u>	<u>74 966 000</u>

Net expense recognised in the statement of financial performance

Current service cost	3 094 000	2 850 000
Interest cost	8 697 000	6 997 000
Actuarial (gains) losses	(10 330 000)	(2 275 000)
	<u>1 461 000</u>	<u>7 572 000</u>

Calculation of actuarial gains and losses

Actuarial (gains) losses	(10 330 000)	(2 275 000)
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### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.47 %	11.82 %
Health care cost inflation rate	8.08 %	8.44 %
Net discount rate	4.06 %	3.12 %
Average retirement rate	62	62
<b>Best estimate of contribution expected to be paid</b>	3 307 000	2 844 000
Expected benefit to be paid		

# Greater Tzaneen Municipality

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### Other assumptions

### Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase		
Effect of aggregate service cost and interest cost	14 736 000	12 536 000
Effect on the defined benefit obligation	88 941 000	91 688 000
Decrease		
Effect of aggregate service cost and interest cost	-	-
Effect on defined benefit obligation	10 688 000	9 035 000
	68 370 000	69 066 000

### Historical analysis

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

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	73 583 000	74 966 000	70 019 000	58 926 000	65 120 960
Surplus/Deficit	(73 583 000)	(74 966 000)	(70 019 000)	(58 926 000)	(65 120 960)

### Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 627 (2022: 613) employees that are entitled to long service leave awards on 30 June 2023. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

The amounts recognised in the statement of financial position are as follows:

### Carrying value

Present value of the defined benefit obligation-wholly unfunded	23 628 000	22 764 000
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	22 764 000	21 900 000
Benefits paid	(2 821 000)	(3 281 000)
Net expense recognised in the statement of financial performance	3 685 000	4 145 000
	<b>23 628 000</b>	<b>22 764 000</b>

Net expense recognised in the statement of financial performance

Current service cost	1 934 000	1 862 000
Interest cost	2 337 000	1 854 000
Actuarial (gains) losses	(586 000)	429 000
	<b>3 685 000</b>	<b>4 145 000</b>

### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(586 000)	429 000
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# Greater Tzaneen Municipality

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### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.15 %	10.93 %
Expected increase in salaries	6.50 %	7.34 %
Net discount rate	4.36 %	3.34 %
Average retirement age	62	62

### Other assumptions

#### Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

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

Increase	5 058 000	4 400 000
Effect of aggregate service cost and interest cost	27 481 000	26 603 000
Effect on the defined contribution obligation	-	-
Decrease	4 452 000	3 839 000
Effect of aggregate service cost and interest cost	24 836 000	23 785 000
Effect on defined benefit obligation	-	-

#### Historical analysis

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

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	23 628 000	22 764 000	21 900 000	17 202 000	16 353 718
Surplus/Deficit	(23 628 000)	(22 764 000)	(21 900 000)	(17 202 000)	(16 353 718)

#### Defined contribution plan

The entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is

60 787 070      59 073 993

The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 60.7 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 60 787 070 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 253 904 (2022: R 521 245) which represents the contributions for councillors.

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### Municipal Employees Pension Fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future.

2 663 882      2 603 663

### Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2023 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

7 486 715      7 495 600

### IMATU Retirement Fund

The above-mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

50 382 569      48 453 485

### Municipal Councillors Pension Fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

## 22. Service charges

Sale of electricity	651 012 942	620 272 025
Solid waste	39 208 425	36 316 771
	<b>690 221 367</b>	<b>656 588 796</b>

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services.

Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

## 23. Other income

Grant admin fees	5 236 176	4 987 050
Cemetary and burial fees	149 465	224 693
Motor vehicle and drivers licence	5 925 548	6 475 010
Indigent charges	-	2 364 258
Other income	10 407 738	11 910 366
Inspection Fees Facilities	631 540	782 021
	<b>22 350 467</b>	<b>26 743 398</b>

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 22, which are billed to or paid for by the users of services as required according to councils approved tariffs.

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### 24. Property rates

#### Rates levied

Residential	71 897 887	69 632 732
Commercial	46 832 765	44 594 654
State	7 372 065	12 224 834
Farms	12 018 624	12 089 613
Other	177 665	167 370
	<b>138 299 006</b>	<b>138 709 203</b>

#### Valuations

	R'000	R'000
Residential	7 144 067	7 471 865
Commercial	3 087 635	3 103 381
State	1 962 143	891 530
Municipal	269 743	281 217
Agriculture	4 664 087	5 051 476
Other	72 951	176 647
	<b>17 200 626</b>	<b>16 976 116</b>

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2017. Extension was granted to extend the current general valuation roll for another 2 years. The new general valuation roll will come into effect on 1 July 2024. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate 1 July plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

### 25. Government grants and subsidies

EPWP	8 065 000	8 463 000
Equitable share	481 161 000	432 618 000
Finance Management Grant	2 000 000	2 000 000
Energy Efficiency and Demand Side Management Grant	4 359 349	-
Municipal Infrastructure Grant	106 749 252	128 487 070
National - Electrification Grant	14 478 904	11 593 361
Transfers and Subsidies Operational Monetary Alloc SETA	383 873	934 581
VAT on Grants	18 742 453	20 968 908
	<b>635 939 831</b>	<b>605 064 920</b>

The Municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services. Conditional grants are for operating and capital expenditure. Other than the amount unspent, the conditions of the grants have been met.

#### Unconditional Grants

##### Equitable share

Current year allocation	481 161 000	432 618 000
Transfer to Revenue	(481 161 000)	(432 618 000)
	<b>-</b>	<b>-</b>

#### No conditions to be met - transferred to liabilities

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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.

In terms of the Constitution, this grant is used to subsidise the provision of basic services.

### Conditional Grants

#### SETA

Balance unspent at beginning of year	816 289	645 803
Current-year receipts	935 073	1 105 067
Conditions met - transferred to revenue	(383 873)	(934 581)
VAT on grant received(own revenue)	(4 558)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>1 362 931</b>	<b>816 289</b>

Conditions still to be met - remain liabilities (see note 19).

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	8 993 820	1 547 853
Current-year receipts	119 004 000	99 741 000
Conditions met - transferred to revenue	(106 850 312)	(128 487 070)
Additional Allocation	-	62 000 000
VAT on grant received (own revenue)	(16 012 388)	(19 273 060)
Administration fee	(5 236 176)	(4 987 050)
Transfers to own revenue	101 056	(1 547 853)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>8 993 820</b>

Conditions still to be met - remain liabilities (see note 19).

Municipal Infrastructure Grant funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

#### Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	4 030 760	1 287 831
Current-year receipts	14 000 000	16 032 169
Conditions met - transferred to revenue	(14 478 904)	(11 593 361)
VAT on grants	(2 084 856)	(1 695 879)
Roll over not approved	(1 467 000)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>4 030 760</b>

Conditions still to be met - remain liabilities (see note 19).

The grant was used for electrification of villages.

#### Cleanest Town

Balance unspent at beginning of year	20 904	20 904
<b>Conditions still to be met - transferred to liabilities</b>	<b>20 904</b>	<b>20 904</b>

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Conditions still to be met - remain liabilities (see note 19).

Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.

### Finance Management Grant

Current-year receipts	2 000 000	2 000 000
Conditions met - transferred to revenue	(2 000 000)	(2 000 000)
<b>No conditions to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

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

### EPWP Grant

Current-year receipts	8 065 000	8 463 000
Conditions met - transferred to revenue	(8 065 000)	(8 463 000)
<b>No conditions to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

The expanded public works programme grant was used to increase labour employment through operational programmes that increase job creation and skills development.

The grant is mainly used for rural waste removal.

### Municipal Disaster Response Grant

Current-year receipts	3 950 000	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>3 950 000</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

### Energy Efficiency and Demand Side Management Grant

Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(4 359 349)	-
Vat on grants	(640 651)	-
<b>No conditions to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

### Changes in level of government grants

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



# Greater Tzaneen Municipality

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### 26. Public contributions and donations

Public contributions and donations

- 5 463 478

2022/2023

Greater Tzaneen Municipality did not receive any donated assets in the 2022/23 financial year

2021/2022

Greater Tzaneen Municipality received a donation of Movable assets from a Road Traffic Management Corporation on the 01st of October 2021. The Movable assets were accounted for, at cost price of R4 363 478, 25.

Greater Tzaneen Municipality also received a donation of Investment properties from Limpopo Tourism Agency on the 01st of April 2022 at the market value of R1 100 000,00 provided by the property valuer.

### 27. Total Revenue

Service charges	690 221 367	656 588 796
Rental of facilities and equipment	1 737 990	1 174 610
Agency services	11 575 504	13 009 774
Licences and permits	505 524	528 124
Other income	22 350 467	26 743 398
Interest revenue	50 881 482	31 198 559
Property rates	138 299 006	138 709 203
Government grants & subsidies	635 939 831	605 064 920
Public contributions and donations	-	5 463 478
Fines, penalties and forfeits	26 081 047	19 078 590
	<b>1 577 592 218</b>	<b>1 497 559 452</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	690 221 367	656 588 796
Rental of facilities and equipment	1 737 990	1 174 610
Agency services	11 575 504	13 009 774
Licences and permits	505 524	528 124
Other income	22 350 467	26 743 398
Interest revenue	50 881 482	31 198 559
	<b>777 272 334</b>	<b>729 243 261</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	138 299 006	138 709 203
<b>Transfer revenue</b>		
Government grants & subsidies	635 939 831	605 064 920
Public contributions and donations	-	5 463 478
Fines, penalties and forfeits	26 081 047	19 078 590
	<b>800 319 884</b>	<b>768 316 191</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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<b>28. Employee related costs</b>		
Basic	202 758 168	213 469 855
Bonus	17 587 296	15 979 685
Medical aid - company contributions	15 840 993	18 156 434
UIF	1 196 055	1 182 653
Leave pay provision charge	16 875 746	7 922 497
Travel allowance	17 178 576	12 467 143
Overtime payments	28 915 438	24 331 017
Housing allowances	1 269 775	1 447 321
Standby allowance	856 339	949 159
Social contributions	43 660 307	38 206 076
	<b>346 138 693</b>	<b>334 111 840</b>

### Municipal Manager and Directors

A salary increase of 1.5% was approved for the Municipal Manager and Directors for 2021/2022. Refer to Gazette no. 47538.

A salary increase of 3% was approved for the Municipal Manager and Directors for the year under review. Refer to Gazette no. 48789.

### Remuneration of Municipal Manager

Annual Remuneration - BS Matlala (Municipal Manager until 20/08/2021)	-	252 497
Annual Remuneration - D Mhangwana	1 234 385	251 756
Car Allowance - BS Matlala (Municipal Manager until 20/08/2021)	-	10 000
Car Allowance - D Mhangwana	266 000	54 000
Contributions to UIF, Medical and Pension Funds - BS Matlala (Municipal Manager until 20/08/2021)	-	40 354
Contributions to UIF, Medical and Pension Funds - D Mhangwana	214 062	48 437
Telephone allowance - BS Matlala (Municipal Manager until 20/08/2021)	-	4 000
Telephone allowance - D Mhangwana	24 000	6 000
Leave pay - BS Matlala (Municipal Manager until 20/08/2021)	-	154 478
	<b>1 738 447</b>	<b>821 522</b>

### Remuneration of Chief Financial Officer

Annual Remuneration	905 290	1 064 838
Car Allowance	271 941	247 000
Contributions to UIF, Medical and Pension Funds	213 151	330 369
Telephone allowance	20 000	24 000
Leave pay	150 683	-
Acting Allowance - AN Mathebula (Acting from 2 May 2023)	18 653	-
	<b>1 579 718</b>	<b>1 666 207</b>

The Chief Financial Officer's contract expired on 30 April 2023 and AN Mathebula was appointed as the Acting Chief Financial Officer from 2 May 2023.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### Director Community Services

Annual Remuneration		
Car Allowance	829 434	1 086 217
Contributions to UIF, Medical and Pension Funds	54 000	72 000
Telephone allowance	200 446	199 077
Acting allowance	18 000	24 000
Leave pay	-	245 115
	120 949	-
	<b>1 222 829</b>	<b>1 626 409</b>

The Director Community Services contract expired on 31 March 2023 and TM Machumele was appointed as the Acting Director Community Services from 01 April 2023.

### Director Engineering Services

Annual Remuneration		
Car Allowance	670 789	1 130 672
Contributions to UIF, Medical and Pension Funds	189 000	324 000
Telephone allowance	20 627	35 360
Leave pay	14 000	24 000
Acting Allowance - HO Tshisevhe (Acting from 1 February 2023)	92 728	-
	56 603	-
	<b>1 043 747</b>	<b>1 514 032</b>

The Director Engineering Services resigned on 31 January 2023 and HO Tshisevhe was appointed as the Acting Director Engineering Services from 1 February 2023.

### Director Planning and Economic Development

Annual Remuneration		
Car Allowance	706 306	1 041 057
Contributions to UIF, Medical and Pension Funds	64 000	96 000
Telephone allowance	143 961	215 941
Acting allowance	16 000	24 000
Leave pay	-	40 243
	120 949	-
	<b>1 051 216</b>	<b>1 417 241</b>

The Director Planning and Economic Development contract expired on 28 February 2023 and F Mthethwa was appointed as the Acting Director Planning and Economic Development from 01 March 2023.

### Director Corporate Services

Annual Remuneration - W Shibamba (until 31/05/2022)		
Annual Remuneration - S Sepeng (from 01/08/2022)	-	915 365
Car Allowance - W Shibamba (until 31/05/2022)	831 759	-
Car allowance - S Sepeng (from 01/08/2022)	-	165 000
Contributions to UIF, Medical and Pension Funds - W Shibamba (until 31/05/2022)	88 000	-
Contributions to UIF, Medical and Pension Funds - S Sepeng (from 01/08/2022)	-	133 948
Telephone allowance - W Shibamba (until 31/05/2022)	166 948	-
Telephone allowance - S Sepeng (from 01/08/2022)	-	22 000
Leave pay - W Shibamba (until 31/05/2022)	22 000	-
Acting Allowance - MW Baloyi (Acting until 07 August 2022)	-	116 776
	7 692	-
	<b>1 116 399</b>	<b>1 353 089</b>

MW Baloyi was appointed as the Acting Director Corporate Services until 07 August 2022. The Director Corporate Services was appointed on 08 August 2022.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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<b>Director Electrical Engineering</b>		
Annual Remuneration - M Lelope (until 31/03/2022)	789 455	-
Annual Remuneration - F Mthethwa (from 01/08/2022)	-	120 000
Car Allowance - M Lelope (until 31/03/2022)	88 000	-
Car Allowance - F Mthethwa (from 01/08/2022)	-	311 971
Contributions to UIF, Medical and Pension Funds - M Lelope (until 31/03/2022)	274 117	-
Contributions to UIF, Medical and Pension Funds - F Mthethwa (from 01/08/2022)	-	18 000
Telephone allowance - M Lelope (until 31/03/2022)	22 000	-
Telephone allowance - F Mthethwa (from 01/08/2022)	-	161 869
Leave pay - M Lelope (until 31/03/2022)	-	-
	<b>1 173 572</b>	<b>1 410 952</b>

A Laubscher was appointed as the Acting Director Electrical Engineering until 07 August 2023. The Director Electrical Engineering was appointed on 08 August 2022.

### 29. Remuneration of councillors

Mayor	962 657	955 982
Other councillor's allowances	19 499 000	19 582 075
Executive Committee allowance	2 146 309	2 131 827
Speaker, Chief Whip and full-time councillors' allowances	5 183 812	5 045 114
	<b>27 791 778</b>	<b>27 714 998</b>

#### Councillors

Remuneration for the mayor, speaker and chief whip are disclosed as follows:

<b>Mayor</b>		-	238 283
Annual remuneration - MG Mangena (Mayor before 01/11/2021 elections)	694 807	-	444 635
Annual remuneration - PG Molapisane	-	-	81 952
Car allowance - MG Mangena (Mayor before 01/11/2021 elections)	225 848	-	148 212
Car allowance - PG Molapisane	-	-	14 527
Cellphone allowance - MG Mangena (Mayor before 01/11/2021 elections)	42 002	-	28 373
Cellphone allowance - PG Molapisane	-	-	-
	<b>962 657</b>	<b>955 982</b>	
<b>Speaker</b>		-	196 687
Annual remuneration - DJ Mmetle (Speaker before 01/11/2021 elections)	555 851	-	355 711
Annual remuneration - MS Tiba	-	-	65 562
Car allowance - DJ Mmetle (Speaker before 01/11/2021 elections)	180 679	-	118 570
Car allowance - MS Tiba	-	-	14 527
Cellphone allowance - DJ Mmetle (Speaker before 01/11/2021 elections)	41 998	-	28 373
Cellphone allowance - MS Tiba	-	-	-
	<b>778 528</b>	<b>779 430</b>	
<b>Chief Whip</b>		-	184 477
Annual remuneration - C Nhemu (Speaker before 01/11/2021 elections)	521 393	-	333 629
Annual remuneration - GM Malatji	-	-	61 492
Car allowance - C Nhemu (Chief Whip before 01/11/2021 elections)	169 415	-	111 210
Car allowance - GM Malatji	-	-	14 527
Cellphone allowance - C Nhemu (Chief Whip before 01/11/2021 elections)	38 440	-	28 373
Cellphone allowance - GM Malatji	-	-	-
	<b>729 248</b>	<b>733 708</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### In-kind benefits

The Mayor, Speaker, Chief Whip and five Councillors are full-time councillors. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one manager, one personal assistant and a gender, youth and disability programme.

### Remuneration of councillors

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 47437.

### Councillors

#### 2023

	Emoluments	Travel	Cellphone Allowance	Total
MR GP Molapisane (Mayor)	690 492	230 164	42 001	962 657
MR GM Malatji (Chief Whip)	518 106	172 702	38 440	729 248
MS MS Tiba (Speaker)	552 398	184 133	41 998	778 529
MS RE Pohl	288 906	96 302	43 870	429 078
MS MM Makwala	288 906	96 302	43 870	429 078
MR TC Letsoalo	240 755	80 252	36 470	357 477
MR DG Malemela	55 462	16 050	1 537	73 049
MR R Mabuza	288 906	96 302	43 870	429 078
MS MM Mmola	288 906	96 302	43 870	429 078
MS MS Raganya	518 106	172 702	44 400	735 208
MR TT Maunatlala	518 106	172 702	43 870	734 678
MR NG Maunatlala	518 106	172 702	44 400	735 208
MS MC Ramothwala	518 106	172 702	42 000	732 808
MR MR Shingange	518 106	172 702	44 400	735 208
MR MG Mangena	218 517	72 839	43 870	335 226
MS MS Baloyi	218 517	72 839	43 009	334 365
MR GP Makhubele	218 517	72 839	41 981	333 337
MR DG Mkhabela	244 315	77 999	43 870	366 184
MR SN Mohonone	218 517	72 839	42 103	333 459
MR NG Mukansi	218 517	72 839	41 985	333 341
MR SE Ngobeni	218 517	72 839	43 870	335 226
MS SB Ramoshaba	218 517	72 839	43 007	334 363
MS JM Ratopola	218 517	72 839	43 870	335 226
MS C Bredekamp	218 517	72 839	43 870	335 226
MS C Dreyer	218 517	72 839	43 870	335 226
MS MM Kgamede	218 517	72 839	43 870	335 226
MR NR Lefuphana	218 517	72 839	43 870	335 226
MR TS Lepulane	218 517	72 839	41 269	332 625
MR WM Maake	218 517	72 839	42 026	333 382
MR FC Mabitsele	218 517	72 839	43 870	335 226
MR PC Mabunda	218 517	72 839	43 870	335 226
MS MF Maenetja - Makamu	218 517	72 839	43 009	334 365
MR SV Mahlawule	218 517	72 839	43 870	335 226
MR SS Malatji	218 517	72 839	42 146	333 502
MR PG Mamejja	218 517	72 839	43 870	335 226
MR ME Manyama	218 517	72 839	43 870	335 226
MR MB Mashele	218 517	72 839	42 211	333 567
MS J Mashele	218 517	72 839	43 870	335 226
	218 517	72 839	43 870	335 226

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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MR NL Masinge	218 517	72 839	42 120	333 476
MR C Mathevula	218 517	72 839	43 983	335 339
MS ES Mathole	218 517	72 839	42 136	333 492
MR ME Mawasha	218 517	72 839	42 289	333 645
MR PM Mayimele	218 517	72 839	43 870	335 226
MR NL Mohale	218 517	72 839	42 148	333 504
MR SJ Mokoena	218 517	72 839	43 870	335 226
MR A Moss	218 517	72 839	43 870	335 226
MR K Ndlovu	218 517	72 839	44 400	335 756
MR T Ngobeni	218 517	72 839	43 870	335 226
MR MR Ngomani	218 517	72 839	43 870	335 226
MR G Nkhwashu	218 517	72 839	41 906	333 262
MR T Nkuna	218 517	72 839	42 026	333 382
MS WT Phiri	218 517	72 839	43 870	335 226
MR ME Ralepelle	218 517	72 839	42 234	333 590
MR ML Ramalepe	218 517	72 839	42 107	333 463
MR CN Ramathoka	218 517	72 839	42 021	333 377
MR NE Ratopola	218 517	72 839	42 119	333 475
MR I Risiva	218 517	72 839	43 870	335 226
MR RR Shaai	218 517	72 839	43 870	335 226
MS MO Shingange	218 517	72 839	43 009	334 365
MS CM Shokane	218 517	72 839	42 246	333 602
MR NS Thobejane	218 517	72 839	41 987	333 343
MR C Stoltz	280 431	93 477	43 870	417 778
Mr GE Ntimbane	280 430	93 476	43 869	417 775
MR TM Shihangule	280 430	93 476	42 200	416 106
MS SM Matiane	280 430	93 476	43 869	417 775
MR EN Monyela	280 430	93 476	43 869	417 775
MR HR Malatji	280 430	93 476	41 945	415 851
MS MC Morwatshehla	280 430	93 476	43 097	417 003
MR SM Makgoba	280 430	93 476	42 099	416 005
MS MD Sejaphala	280 430	93 476	42 115	416 021
	<b>18 623 335</b>	<b>6 201 897</b>	<b>2 966 546</b>	<b>27 791 778</b>

### 2022

Councillors before 01 November 2021 Elections

	Emoluments	Travel	Cellphone- Allowance	Total
MR MG Mangena ( Mayor )	238 283	81 952	14 527	334 762
MS DJ Mmetle ( Speaker )	196 687	65 562	14 527	276 776
MR CS Nhemu ( Chief Whip )	184 477	61 492	14 527	260 496
MS MM Letsoalo	102 868	34 290	14 527	151 685
MS ML Hlangwane	102 868	34 290	14 527	151 685
MR D Malemela	102 868	34 290	14 527	151 685
MR M Prinsloo	102 868	34 290	14 527	151 685
MS MS Tiba	179 673	59 891	14 527	254 091
MR DG Mkhabela	179 673	59 891	14 527	254 091
MR GE Ntimbane	184 477	61 491	14 527	260 495
MR NJ Mbhalati	205 371	68 457	17 000	290 828
MR C Machimana	184 477	61 491	14 527	260 495
MR TT Maunatlala	77 805	25 936	14 527	118 268
MISS MJ Mokgoloboto	77 805	25 936	14 527	118 268
MS SP Masetla	99 850	33 284	14 527	147 661
MS MS Raganya	77 805	25 935	14 527	118 267
MR TL Matita	99 850	33 284	14 527	147 661
MS MF Mbhalati	77 805	25 935	14 527	118 267
MS MM Mohale	77 805	25 935	14 527	118 267
MR NR Rikhotso	77 805	25 935	14 527	118 267
MS NH Zandamela	77 805	25 935	14 527	118 267
MR OK Banyini	77 805	25 935	14 527	118 267

# Greater Tzaneen Municipality

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MR SC Makwala				
MR NA Masila	99 850	33 284	14 527	147 661
MS ML Pudikabekwa	99 850	33 284	14 527	147 661
MR PJ Ramodipa	99 850	33 284	14 527	147 661
MR MA Makwela	99 850	33 284	14 527	147 661
MS RE Pohl	77 805	25 936	14 527	118 268
MR N Nkhwashu	77 805	25 936	14 527	118 268
MR MM Makwala	77 805	25 936	14 527	118 268
MR MC Nkwashu	99 850	33 284	14 527	147 661
MR TH Mushwana	99 850	33 284	14 527	147 661
MS MS Baloyi	77 805	25 936	14 527	118 268
MR J Banyini	77 805	25 936	14 527	118 268
MR PW Cronje	77 805	25 936	14 527	118 268
MS DF Kgafane	77 805	25 936	14 527	118 268
MS MR Kgatla	77 805	25 936	14 527	118 268
MR LK Lepulan	77 805	25 936	14 527	118 268
MR MJ Maake	77 805	25 936	14 527	118 268
MR MH Mafokwane	77 805	25 936	14 527	118 268
MS JT Makhubele	77 805	25 936	14 527	118 268
MR GP Makhubele	77 805	25 936	14 527	118 268
MR GM Malatji	99 850	33 283	14 527	147 660
MR TE Malatji	99 850	33 283	14 527	147 660
MS SM Mapijja	77 805	25 936	14 527	118 268
MS NP Mathebula	77 805	25 936	14 527	118 268
MS MM Thlokwa	77 805	25 936	14 527	118 268
MR NG Maunatlala	77 805	25 936	14 527	118 268
MR TJ MC Clintock	77 805	25 936	14 527	118 268
MR MF Mochabela	77 805	25 936	14 527	118 268
MS FT Mohlaba	77 805	25 936	14 527	118 268
MR SN Mohonone	77 805	25 936	14 527	118 268
MS MC Morwatshehla	77 805	25 936	14 527	118 268
MS TR Mpenyana	77 805	25 936	14 527	118 268
MR NG Mukansi	77 805	25 936	14 527	118 268
MR SE Ngobeni	77 805	25 936	14 527	118 268
MR JL Ngobeni	77 805	25 936	14 527	118 268
MS ET Ngobeni	77 805	25 936	14 527	118 268
MR ME Phakula	77 805	25 936	14 527	118 268
MS SB Ramoshaba	77 805	25 936	14 527	118 268
MS MO Raolane	77 805	25 936	14 527	118 268
MS KI Rapatsa	77 805	25 936	14 527	118 268
MR RS Rapitsi	77 805	25 936	14 527	118 268
MS JM Ratopola	77 805	25 936	14 527	118 268
MS MM Sekhwela	77 805	25 936	14 527	118 268
MS CT Shisinga	77 805	25 936	14 527	118 268
MR O Sithole	77 805	25 936	14 527	118 268
MR PP Machethe	77 805	25 936	14 527	118 268
MR MC Ramathwala	99 208	33 068	14 527	146 803
	77 805	25 936	14 527	118 268
	<b>6 666 391</b>	<b>2 224 698</b>	<b>1 004 836</b>	<b>9 895 925</b>

# Greater Tzaneen Municipality

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Councillors after 01 November 2021 elections	Emoluments	Travel	Cellphone- Allowance	Total
	444 635	148 211	28 373	621 219
MR GP Molapisane (Mayor)	355 711	118 570	28 373	502 654
MS MS Tiba (Speaker)	333 629	111 208	28 373	473 210
MR GM Malatji (Chief Whip)	186 038	62 012	28 373	276 423
MR R Mabuza	182 502	56 834	28 373	267 709
MS RE Pohl	186 038	62 012	28 373	276 423
MS MM Mmola	186 038	62 012	28 373	276 423
MS MM Makwala	186 038	62 012	28 373	276 423
MR TC Letsoalo	333 629	111 207	30 227	475 063
MR MR Shingange	333 629	111 207	28 373	473 209
MS MS Raganya	333 629	111 207	28 373	473 209
MR TT Maunatlala	333 629	111 207	28 373	473 209
MR NG Maunatlala	333 629	111 207	28 373	473 209
MS MC Ramothwala	148 286	46 904	28 373	223 563
MR MG Mangena	145 516	48 504	28 373	222 393
MR DG Mkhabela	140 712	46 904	28 373	215 989
MS SB Ramoshaba	140 712	46 904	28 373	215 989
MS JM Ratopola	140 712	46 904	28 373	215 989
MR SN Mohonone	140 712	46 904	28 373	215 989
MS C Bredenkamp	140 712	46 904	28 373	215 989
MS MM Kgamedi	140 712	46 904	28 373	215 989
MR NR Lefuphana	140 712	46 904	28 373	215 989
MR PC Mabunda	140 712	46 904	28 373	215 989
MR SS Malatji	140 712	46 904	28 373	215 989
MS J Mashele	140 712	46 904	28 373	215 989
MS ES Mathole	140 712	46 904	28 373	215 989
MR A Moss	140 712	46 904	28 373	215 989
MR T Ngobeni	140 712	46 904	28 373	215 989
MR NS Thobejane	140 712	46 904	28 373	215 989
MS MO Shingange	140 712	46 904	28 373	215 989
MS CM Shokane	140 712	46 904	28 373	215 989
MR RR Shaai	140 712	46 904	28 373	215 989
MR ME Mawasha	140 712	46 904	28 373	215 989
MR PM Mayimele	140 712	46 904	28 373	215 989
MR NL Mohale	140 712	46 904	28 373	215 989
MR SJ Mokoena	140 712	46 904	28 373	215 989
MR NE Ratopola	140 712	46 904	28 373	215 989
MR PG Mametja	140 712	46 904	28 373	215 989
MR ME Manyama	140 712	46 904	28 373	215 989
MR MB Mashele	140 712	46 904	28 373	215 989
MR K Ndlovu	140 712	46 904	28 373	215 989
MR GP Makhubele	140 712	46 904	28 373	215 989
MS MS Baloyi	140 712	46 904	28 373	215 989
MR NG Mukansi	140 712	46 904	28 373	215 989
MR SE Ngobeni	140 712	46 904	28 373	215 989
MR MR Ngomani	140 712	46 904	28 373	215 989
MR G Nkhwashu	140 712	46 904	28 373	215 989
MR T Nkuna	140 712	46 904	28 373	215 989
MS WT Phiri	140 712	46 904	28 373	215 989
MR ME Ralepelle	140 712	46 904	28 373	215 989
MS MF Maenetja-Makamu	140 712	46 904	28 373	215 989
MR SV Mahlawule	140 712	46 904	28 373	215 989
MR I Risiva	140 712	46 904	28 373	215 989
MS C Dreyer	140 712	46 904	28 373	215 989
MR WM Maake	140 712	46 904	28 373	215 989
MR FC Mabitsele				



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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MR TS Lepulane	140 712	46 904	28 373	215 989
MR NL Masinge	140 712	46 904	28 373	215 989
MR C Mathevula	140 712	46 904	28 373	215 989
MR ML Ramalepe	140 712	46 904	28 373	215 989
MR CM Ramathoka	140 712	46 904	28 373	215 989
MS MC Morwatshehla	174 583	56 922	28 373	259 878
MS MD Sejaphala	161 005	53 023	25 900	239 928
MR GE Ntimbane	180 549	58 910	28 373	267 832
MR SM Makgoba	161 005	53 023	25 900	239 928
MS SM Matiane	175 745	57 307	28 373	261 425
MR EN Monyela	175 745	57 307	28 373	261 425
MR TM Shihangule	175 745	57 307	28 373	261 425
MR C Stoltz	175 745	57 846	28 373	261 964
MR HR Malatji	175 745	57 306	28 373	261 424
	<b>11 910 483</b>	<b>3 953 945</b>	<b>1 954 645</b>	<b>17 819 073</b>
<b>Total</b>				<b><u>27 714 998</u></b>

### 30. Impairment of assets

#### Impairments

Property, plant and equipment

6 761 621 1 376 759

#### Impairment loss

In terms of GRAP21, "Impairment of non-cash generated assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and assets management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2023. The assessment of impairment of assets has resulted in an impairment loss of R 6 761 621 as a result of significant loss in value of electricity infrastructure assets with a carrying amount of R26 993 652 and Work in Progress with the carrying amount of R 1 219 055 due to physical damage

### 31. Finance costs

Finance leases

Service concession arrangements: Landfill site

Other interest paid

506 629 799 942  
67 737 61 579  
15 102 984 22 651 096  
**15 677 350 23 512 617**

### 32. Inventory consumed

Consumables

Material and supplies

15 352 257 12 565 287  
11 049 018 8 344 600  
**26 401 275 20 909 887**

### 33. Bulk purchases

Electricity - Eskom

495 844 915 494 833 140

Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the Municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### 34. Contracted services

Valuation roll	780 000	758 653
Cleaning Services	15 764 425	16 588 393
EPWP	2 953 552	1 614 770
Information technology	2 901 917	3 269 380
Meter reading	1 285 844	2 285 000
Refuse Removal	17 146 152	14 592 165
Repairs and maintenance	39 135 309	30 411 332
Traffic and security services	26 411 968	20 488 367
Credit control	11 252 906	11 616 506
Council owned land	2 157 358	2 454 613
Town planning	1 062 222	380 849
Aerodrome	984 432	31 497
Employee Wellness	44 358	-
	<b>121 880 443</b>	<b>104 491 525</b>

### 35. Transfer and subsidies

Eskom EBSST	3 831 329	4 118 714
GTEDA	10 251 506	9 857 217
Donation - Investment properties to developer	16 550 000	-
Other grants	18 506 807	13 996 855
SETA (Training)	383 873	934 581
SPCA	100 000	100 000
Solid waste: EPWP	8 059 443	8 463 000
Sport Council	190 000	190 000
	<b>57 872 958</b>	<b>37 660 367</b>

Other grants are summarized as follows:

Finance Management Grant	1 779 120	1 831 859
Integrated National Electrification Programme (INEP)	14 478 904	11 593 361
Mayor Bursary Account	1 046 766	472 500
Mayor Special Account	27 000	99 135
Energy Efficiency and Demand Side Management Grant (Operational)	1 175 017	-
	<b>18 506 807</b>	<b>13 996 855</b>

The mayor's bursary account is in respect of providing bursaries for further tertiary education.

# Greater Tzaneen Municipality

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### 36. General expenses

Advertising		
Auditors remuneration	1 786 759	977 838
Bank charges	7 159 118	6 464 356
Electricity services and commission paid	3 325 511	3 598 747
Entertainment	3 367 123	2 528 615
Remuneration of Ward Committees	515 191	515 144
Insurance	6 422 768	3 460 500
Lease rentals on operating leases	5 907 513	5 137 749
Levies and membership fees	410 700	1 189 985
Municipal services	10 437 331	6 886 788
Other expenses	49 585 427	51 810 917
Postage and courier	15 680 178	7 631 830
Protective clothing	25 433	38 319
Telephone and fax	22 291	8 572
Title deed search fees	580 479	1 816 820
Travel - local	97 728	86 523
	3 497 330	1 380 888
	<b>108 820 880</b>	<b>93 533 591</b>

### Municipal services are summarized as follows

Performance management	1 920 000	904 290
Asset management consultants		
Legal Fees	2 672 363	4 213 605
Audit Committee	25 865 081	17 687 212
SEBATA EMS	884 974	681 316
Financial management support	9 934 064	11 683 243
Tax consultants	540 603	1 373 599
Other	3 190 470	4 143 040
	4 577 872	11 124 612
	<b>49 585 427</b>	<b>51 810 917</b>

### 37. Net cash flow from operating activities

Surplus	124 840 161	669 462 328
<b>Adjustments for:</b>		
Depreciation and amortisation	112 087 966	112 289 760
Loss on sale of assets and liabilities	258 497	7 584 245
Fair value adjustments	-	(606 174 097)
Finance costs - Finance leases	506 629	799 942
Impairment deficit	6 761 621	1 376 759
Debt impairment	133 215 681	176 252 493
Movements in operating lease assets and accruals	15 327	12 952
Movements in retirement benefit assets and liabilities	(519 000)	5 811 000
Movements in provisions	424 274	248 189
Donated Assets non cash	16 550 000	(5 463 478)
<b>Changes in working capital:</b>		
Inventories	(7 743 940)	4 371 212
Receivables from exchange transactions	(100 241 568)	(94 085 712)
Other receivables from non-exchange transactions	(47 392 299)	(49 239 885)
Payables from exchange transactions	(20 044 786)	(10 796 272)
VAT	8 150 630	8 812 063
Unspent conditional grants and receipts	(8 527 935)	10 359 242
Consumer deposits	(1 267 590)	(892 584)
	<b>217 073 668</b>	<b>230 728 157</b>

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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### 38. Auditors' remuneration

Fees- Auditor General of South Africa

7 159 118      6 464 356

### 39. Commitments

#### Authorised expenditure

#### Already contracted for but not provided for

- Property, plant and equipment
- Other financial assets

97 056 497      108 504 226  
122 524 078      57 262 503  
**219 580 575      165 766 729**

#### Total capital commitments

Already contracted for but not provided for

219 580 575      165 766 729

#### Total commitments

#### Total commitments

Authorised expenditure

**219 580 575      165 766 729**

The total commitments represent future expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).

#### The expenditure will be financed by:

Internal advances  
MIG grants  
INEP

124 196 284      56 964 202  
95 384 291      101 249 922  
-      7 552 605  
**219 580 575      165 766 729**

### 40. Contingencies

#### Contingent liabilities

#### Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R111 million (2022 : R108 million). The merits must still be determined and could result in a lesser or greater amount.

#### Malunga Tax Consultants vs Greater Tzaneen Municipality

In 2015 Malunga Tax Consultant sued the Municipality for not honouring payment of services rendered in respect of review and recover of VAT, SDL, UIF and PAYE, the matter is still pending in High Court. The actual amount claimed as per the summons is R 7 602 106 and estimated legal fees for the matter is R 2 700 000 and was an estimation of how much the claim would cost

10 302 106      10 302 106

# Greater Tzaneen Municipality

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<b>Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality</b> The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144.74 which is included in the contingent liability and also the estimated legal fees of R1 100 000 for this matter. The case is completed but pending due to review/appeal by applicant	11 694 144	11 694 144
<b>Letaba Pakkers vs Greater Tzaneen Municipality</b> The Municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen operated by The Municipality, the matter is pending in the Magistrate Court from 2017. The actual amount claimed as per the particulars of claim is R 175 969 and estimated legal fees is R 450 000 as indicated was an estimation of how much the damages would cost	625 969	625 969
<b>C Van Der Merwe vs Greater Tzaneen Municipality</b> Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2021 for this matter includes the actual amount claimed and estimated legal fees for the matter	1 666 511	1 666 511
<b>Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality</b> Hlimbyi is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost.	32 564 330	32 564 330
<b>Maria Malatji vs Greater Tzaneen Municipality</b> In 2015, Ms Maria Malatji sued the municipality for damages to her property as a result of floods. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost. The matter is finalised in High Court	-	1 150 000
<b>Bernado Tounge vs Greater Tzaneen Municipality</b> In 2015, Bernado Tounge sued the Municipality for damages to his property as a result of floods. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost. The matter is finalised in High Court.	-	1 150 000
<b>Makoma Pony Hlokwe vs Greater Tzaneen Municipality</b> Makoma Pony Hlokwe is suing the Municipality for loss of support as a result of the death of her husband whom was an employee of the Municipality. The amount claimed as per the summons is R 3 391 214 and the estimated legal fees amount is R 1 800 000. The matter is finalised in High Court	-	5 191 214
<b>Bravospan 252 CC vs Greater Tzaneen Municipality</b> In 2018, Bravospan sued the Municipality for damages of declaring their contract nul and void in the amount of R 9 624 000 and the estimated legal fees amount is R 700 000. The case is still pending.	10 324 000	10 324 000
<b>Tshepiso Gabriel Maponya / GTM</b> The Municipality advertised the position of Manager : Financial Services and Reporting, shortlisting and interviews were conducted were a suitable candidate was appointed. One of the unsuccessful candidates took the Municipality to Labour Court to review the appointment the institution made. The matter is in Labour Court on review after the unsuccessful candidate lost the case at Arbitration at CCMA level. The case is ongoing in Labour Court from January 2021. Relief claimed, appointment or alternative compensation	900 000	900 000

# Greater Tzaneen Municipality

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### **Mpho Kobela / GTM**

In 2019, the Mpho Kobela sued the Municipality for injuries sustained during Hawkers ejection in the CBD of Tzaneen, where circumstances forced Municipal Law Enforcement Officer to use ammunition to disperse the unsatisfied crowd of people who were refusing to leave the demarcated area for none trading purpose. The amount claimed is R 3 600 000.00 and the estimated legal fees is R 1 000 000.00. The case is still pending in the High Court.

4 600 000      4 600 000

### **Nkuna Traditional Council / GTM x2**

In 2019, the Municipality received an application and action proceedings wherein the Nkuna Traditional Council is claiming ownership of land belonging to the state as their communal land. The Municipality realised that the result of the claim might lead to Council losing the Townships of Nkowankowa, Lenyenye and Letsitele. Land belonging and registered as Council property is claimed by Nkuna Traditional Council as their land. Both matters are still pending in the High Court and the estimated legal fees for this matter is R 1 100 000.00

1 100 000      1 100 000

### **Agri Letaba / GTM**

Agri-Letaba brought an application to Court against the Municipality for an order to compel the Municipality to publish a proclamation with regard to rezoning of Letaba Showground into Agricultural College against the restriction laid out by Mopani Tribunal that the rezoning must not happen before the restrictive conditions are met by Agri-Letaba. Agri-Letaba wants to remove the restrictive conditions and the Municipality wants Agri-Letaba to comply with the restrictions failure of which a counter-claim will be lodged to contest the ownership and registration of the property. The estimated legal fees is R 500 000.00. The matter is finalised in High Court.

-      500 000

### **GTM / Josephine Maake**

The Municipality suspended Josephine Maake as testing officer after her arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. She was later dismissed after a fair disciplinary hearing. She then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in her favour of her reinstatement and payment of outstanding salaries due. The employee claim reinstatement to the Municipality as Traffic Officer. Ongoing in the Labour Court from October 2019.

900 000      900 000

### **Stanley Malatji / GTM**

The Municipality suspended Stanley Malatji as testing officer after his arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. He was later dismissed after a fair disciplinary hearing. He then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in the favour of the Municipality. The employee claim reinstatement to the Municipality as Traffic Testing Officer. Ongoing in the Labour court from March 2020.

900 000      900 000

### **Manoko & SAMWU / GTM**

The Municipality dismissed Mr Manoko for the theft of copper wires. The matter went through Arbitration and the arbitrator upheld the dismissal from the disciplinary hearing. Mr Manoko approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of his dismissal from the Municipality. (Ongoing in Labour Court from October 2020). Employees seek reinstatement to work.

800 000      800 000

### **TP Shiluvane / Councillors, Mayor and Municipal Manager**

The applicant is suing the Municipality for vicarious liability because of members of Council who Hosi N'wamitwa alleged that they have insulted her and suing them for damages. Hosi N'wamitwa filed papers alleging vicarious liability on the basis that the individuals are Councillors as such the Municipality must compensate her for the sum of R 1 500 000 million for defamation of character and her good image. The case has been pending in the High Court from July 2021.

1 500 000      1 500 000

# Greater Tzaneen Municipality

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### GTM//GTM Managers

On or about 23 December 2008, the Municipal Council passed a resolution to the effect that all managers who were on fixed term contracts should be transmitted to permanent dispensations and that their salaries be adjusted accordingly to accommodate the new changes. The transformation from the fixed term contracts to permanent dispensation has created salary disparities situation within the Municipality between the Managers who were employed before the transmission and managers who were employed after the transmission. The amount of the claim cannot be determined at this stage. The matter has been finalised.

### SAMWU: OBO: SAMWU Members//GTM

The Municipality dismissed Five Samwu members for the theft of copper wire at the electrical workshop belonging to Electrical Department. The matter went through normal disciplinary hearing, Conciliation, Arbitration, and the arbitrator upheld the dismissal from the disciplinary hearing conducted by the Municipality. Samwu approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of the dismissal of their members from the Municipality. The matter is pending in Labour Court.

1 500 000 1 500 000

### Mapheto Business Enterprise//GTM

The Greater Tzaneen Municipality had a lengthy litigation, the applicant over the termination of its physical security contract from 2014 until May 2017 where the Municipality decided to reinstate the service provider to continue with services after amicable settlement of the issue. At the end of the contract as agreed in line with settlement of the issue. At the end of the contract as agreed in line with the settlement agreement, the service provider applied to court on the basis that the municipality did not pay him in line with the PSIRA Rates as applied in the security industry. The Municipality adjusted the PSIRA the PSIRA Rates in line with the court order however the service provider was not satisfied about the adjustments and decided to contest the dissatisfaction in court where a claim of R12 Million was lodged against the Municipality for not complying with the PSIRA rates as alleged by the service provider. The matter is still at pleading stage. Summons were issued and served to GTM. We served our Plea and we are waiting process by Plaintiff. The matter is ongoing and pending in high court since January 2022

12 727 225 12 727 225

### Desco green energy vs Greater Tzaneen Municipality

The Service Provider submitted an unsolicited bid to the Municipality to construct the Green Energy Solar Plant within the jurisdiction of the Municipality. The Service Provider is suing the Municipality an amount of R7 726 363.63 for failure of the Municipal Manager to accept their unsolicited bid as they allege on their particulars of claim. The matter is still pending.

7 726 364 7 726 364

### GTM/Phadim padima Group

The Municipality is involved in land dispute of illegal acquisition of Municipal land by a private developer without authorisation by the Municipality. The Municipality entered into land availability agreement between 2007 and 2009 with Phadima Phadima Group Holdings. Three written agreements regarding the development of an immovable property known as Avis Park Extension 53, Tzaneen("The Property") were concluded to implement development for residential area purposes. The process of developing the area did not proceed because of breach of contract by the developer, who did not have the financial means to carry out the project, despite promising the Council based on the concluded agreements that the development will be done within a period of (60) Months. The Municipality instituted motion proceedings in court to recover the properties valued at an amount of over R50 million to recover the land from the private developer which was transferred illegally without resolution by Council and without any sale amount paid by the developer which was agreed to be R11 500 000 in 2007. The case is still pending in High Court from December 2022 .

11 500 000 -

111 330 649 107 821 863

# Greater Tzaneen Municipality

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### Contingent assets

#### Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 2 682 026 (2022: R 95 351). The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the Municipality for inspection.

#### 41. Related parties

Relationships/Management	
Municipal Manager	D Mhangwana
Chief Financial Officer	MP Makhubela (until 30 April 2023)
Chief Financial Officer	AN Mathebula (acting from 02 May 2023)
Director Community services	HA Nkuna (until 31 March 2023)
Director Community Services	TM Machumele (acting from 01 April 2023)
Director Community Services	C Ntimbani (appointed by council on 29 June 2023)
Director Engineering Services	CW Molokomme (until 31 January 2023)
Director Engineering Services	HO Tshisevhe (acting from 01 February 2023)
Director Engineering Services	HO Tshisevhe (appointed by council on 29 June 2023)
Director Corporate Services	MW Baloyi (acting until 07 August 2022)
Director Corporate Services	S Sepeng (from 08 August 2022)
Director Electrical Engineering	A Laubscher (acting until 07 August 2022)
Director Electrical Engineering	F Mthethwa (from 08 August 2022)
Director Planning and Economic Development	B Mathebula (until 28 February 2022)
Director Planning and Economic Development	F Mthethwa (acting from 01 March 2023)
Director Planning and Economic Development	B Mathebula (appointed by council on 29 June 2023)
Councillors	Refer to Note 29 for list of councillors

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality.

No business transactions took place between the Municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the Municipality.

#### Loans granted to related parties

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004.

#### GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

The value of the grant paid over to GTEDA during the year under review amounts to R10 251 506 (2022: R 9 857 217), excluding VAT.

#### Section 57 Managers and Councillors

Refer to note 28 for detail of remuneration paid to Section 57 Managers and to note 29 for remuneration paid to Councillors.



# Greater Tzaneen Municipality

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### Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of employee	Capacity	Successful Tenderer	Amount is in Service
X Sibisi	Compliance Officer	Rivisi Electrical	9 039 369
NHM Maake	Manager Human Resources	Whitehall Trading	1 690 769
NMH Maake	Manager Human Resources	Unista	2 005 350
NHM. Maake	Manager Human Resources	Boabab Promotions	72 130
SD Maake	Vehicle Insp & Testing Officer	DTM Consulting	510 983
S Mokone	Building Inspector	Masingita informatics	51 000
C Dreyer	Councillor	Bulletin (Far North)	3 308
TT Shingwenyani	Machine Operator	Madumelani	387 086
ML Rabothata	Senior Accountant	Petroda Energy	357 920
NL Rabothata	Expenditure & Principal Clerk		
Z Ramothwala	SCM Manager	Modjadji & Raphesu Attorney	515 059
			<b>14 632 974</b>

# Greater Tzaneen Municipality

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### 42. Risk management

#### Financial risk management

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Municipality's operations. This note presents information about the Municipality's exposure to each of the above risks and processes for measuring and managing risks. Quantitative disclosures are included in these financial statements.

#### Liquidity risk

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

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 Municipality's policy on counterparty credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

The table below analyses the entity's 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 2023.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	15 758 160	112 301 520	128 059 680
Finance lease obligation	1 915 951	1 006 190	2 922 141
Payables from exchange transactions	224 402 923	-	224 402 923
	<u>242 077 034</u>	<u>113 307 710</u>	<u>355 384 744</u>

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	14 334 194	127 364 272	141 698 466
Finance lease obligation	3 002 623	2 306 618	5 309 241
Trade and other payables	244 447 722	-	244 447 722
	<u>261 784 539</u>	<u>129 670 890</u>	<u>391 455 429</u>

#### Credit risk

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

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

Potential concentrations of credit rate risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the Municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

# Greater Tzaneen Municipality

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Credit risk pertaining to trade and other debtors is considered to be moderate due to 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.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest 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.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

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 is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

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

Financial instrument	2023	2022
Receivables from exchange transactions	612 081 404	602 016 789
Receivables from non-exchange transactions	143 611 161	139 551 814
Cash and cash equivalents	177 311 460	147 461 260
Other financial assets	43 501 442	40 017 259
Inventories	28 226 155	20 482 215
<b>Total</b>	<b>1 004 731 622</b>	<b>949 529 337</b>

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

### Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

### Interest rate risk

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

The Municipality is exposed to interest rate risk on its investments and long-term borrowings.

A sensitivity analysis is done by the Municipality on a continuous basis to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the Municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest-bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings at fixed rates expose the Municipality to fair value interest rate risk.

### Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the Municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the Municipality's business, changes in the market prices will have a material impact on the trading results of the Municipality.

# Greater Tzaneen Municipality

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Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the Municipality exposure to market risks on the manner which it manages and measures the risk.

### 43. Going concern

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

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

### 44. Unauthorised expenditure

Opening balance as previously reported	108 057 626	15 083 719
Add: Expenditure identified - current	19 894 903	92 973 907
Unauthorised expenditure written off (2020/2021)	(15 083 719)	-
Unauthorised expenditure written off (2021/2022)	(92 973 907)	-
<b>Unauthorised Expenditure awaiting write off/further investigation</b>	<b>19 894 903</b>	<b>108 057 626</b>

The unauthorised expenditure was mainly caused by the calculation of the Provision for Debt Impairment, which is a Non-Cash Item

### 45. Fruitless and wasteful expenditure

Opening balance as previously reported	26 540 858	18 846 469
Add: Expenditure identified - current	13 329 202	15 558 964
Fruitless and Wasteful expenditure written off (2018/2019)	-	(9 816)
Fruitless and Wasteful expenditure written off (2019/2020)	-	(3 641 273)
Fruitless and Wasteful expenditure written off (2020/2021)	-	(4 213 486)
Fruitless and Wasteful expenditure written off (2021/2022)	(1 859)	-
<b>Fruitless and wasteful expenditure awaiting write off / further investigation</b>	<b>39 868 201</b>	<b>26 540 858</b>

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the Municipality for inspection.

### 46. Irregular expenditure

Opening balance as previously reported	89 729 005	117 409 198
Add: Irregular Expenditure - current	114 605 224	61 450 511
Irregular Expenditure written off (2018/2019)	-	(19 073 995)
Irregular Expenditure written off (2019/2020)	-	(43 023 774)
Irregular Expenditure written off (2020/2021)	-	(27 032 935)
Irregular Expenditure written off (2021/2022)	(17 289 639)	-
<b>Irregular expenditure awaiting write off / further investigation</b>	<b>187 044 590</b>	<b>89 729 005</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023 2022

### Analysis of expenditure awaiting write off per age classification

Current year	114 605 224	61 450 511
Prior years	72 439 366	28 278 494
	<u>187 044 590</u>	<u>89 729 005</u>

Council and management are taking appropriate steps into analysing consequences of the above expenditure.

A detailed list of irregular expenditure is available at the Municipality for inspection.

The irregular expenditure has been tabled to Council and was investigated by a committee of Council.

### 47. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to SALGA

Current year subscription / fee	3 952 984	3 524 624
Amount paid - current year	(3 952 984)	(3 524 624)
	<u>-</u>	<u>-</u>

#### Skills Development Levy

Current year subscription/fee	3 659 685	3 453 962
Amount paid - current year	(3 659 685)	(3 453 962)
	<u>-</u>	<u>-</u>

#### Audit fees

Current year subscription / fee	7 159 118	6 464 356
Amount paid - current year	(7 159 118)	(6 464 356)
	<u>-</u>	<u>-</u>

#### PAYE and UIF

Current year subscription / fee	77 376 412	73 542 612
Amount paid - current year	(77 376 412)	(73 542 612)
	<u>-</u>	<u>-</u>

#### Pension and Medical Aid Deductions

Current year subscription / fee	93 135 357	86 215 098
Amount paid - current year	(93 135 357)	(86 215 098)
	<u>-</u>	<u>-</u>

#### Bargaining Council Levy

Current year subscription/fee	170 500	164 637
Amount paid - current year	(170 500)	(164 637)
	<u>-</u>	<u>-</u>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
<b>VAT</b>		
VAT Statutory Receivables - payment basis	(1 847 948)	(1 553 720)
VAT payable - accrual basis	66 215 096	58 064 566
	<b>64 367 148</b>	<b>56 510 846</b>

Vat Input and Output accruals are shown in Note 17 and Input and Output statutory receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the year.

### Councillors

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor MS Tiba	579	1 382	1 961
Councillor RR Shaai	3 597	38 303	41 900
Councillor I Risiva	3 966	1 061	5 027
Councillor C Mathevula	3 963	52 352	56 315
Councillor C Bredenkamp	36	4 640	4 676
	<b>12 141</b>	<b>97 738</b>	<b>109 879</b>

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor C Bredenkamp	108	4 208	4 316
Councillor C Mathevula	3 233	39 419	42 652
Councillor RR Shai	3 617	25 187	28 804
	<b>6 958</b>	<b>68 814</b>	<b>75 772</b>

### 48. 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 by the Accounting Officer and noted by Council. The expenses incurred have been approved.

### 49. Deviation from supply chain management regulations

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

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

The awards listed below have been approved by the Accounting Officer and noted by Council.

**The classification of deviations:**  
Emergencies on service delivery

3 920 352	4 442 738
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All deviations considered by the Accounting Officer are processed in terms of the Supply Chain Management Regulations and the Supply Chain Management Policy. This process entails being assessed by the supply chain management bid adjudication committee in terms of the stipulated criteria of emergency procurements or circumstances where it is impractical or impossible to follow the official procedures.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

Deviation listing is available.

### 50. Distribution losses

Units purchased (kWh)	326 404 795	366 333 127
Units lost during distribution (kWh)	44 846 391	22 392 705
Percentage lost during distribution	13.74 %	6.11 %
Rand Value	68 080 234	30 132 964

#### Electricity losses:

The electricity distribution losses for the current year are 13.74% (2022: 6.11%). These losses are predominantly due to copper losses in the conductor and actual readings billed instead of estimates. The allowable loss factor as per NERSA cost of supply framework is defined as 10% of total anticipated purchases and tolerable range for energy losses is 5-12%.

The Municipality has engaged in a two-year investigation project to address the distribution losses. The project includes the upgrading of infrastructure and the implementation of a revenue enhancement programme in support of revenue losses/generation pertaining to electricity.

### 51. Budget differences

#### Material differences between budget and actual amounts

#### Statement of Financial Performance

#### Revenue

##### Service charges (-8.24%)

The reduction on service charges is due to lower than anticipated revenue billed for Electricity services. Variance is (2023: R (62 018 259) ) and (2022: R( 48 939 815)).

##### Rental of Facilities and equipment (117.25%)

More income received than anticipated from the Municipal property rental of Halls, Stadiums and other community assets

##### Interest received - outstanding receivables ( 23.80%)

More Interest received than anticipated due to interest from billing of customers accounts due to late payment of consumer accounts.

##### Income from agency services (-21.06%)

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. Variance is (2023:R (3 088 787)) and (2022: R (9 654 517)).

##### Licenses and permits (-38.12%)

Lower than expected revenue from the issuing of licences and permits on building plans and registration approval, clearance certificates issued and town planning application fees. Variance is (2023:R (311 476)) and (2022:R (388 876)).

##### Other income (109.83%)

High income received in Administrative Handling fees item, 48% of the Total other Income was generated from Handling fees.Variance is (2023: R 11 698 719) and (2022 :R 20 096 051).

##### Interest Revenue ( 324.97%)

The increase is as a result of interest of short -term investment and surplus amount on Bank Account during the year. Variance (2023: R 14 623 799) and (2022: R5 133 133)

##### Property rates (-4.84%)

The lower than expected revenue from Property rates is due to the inclusion of property rates from new developments and supplementary valuation roll which should have been finalized. Variance is (2023:R (7 038 822)) and (2022: R1 209 203).

##### Fines, penalties and forfeits (-7.04%)

The decrease is due to lesser issued fines, penalties and forfeits, which indicates that people were partially complying with law and regulations.Variance is (2023:R(1 975 964)) and (2022: R (19 422 547)).

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### Expenditure

#### **Employee costs ((5.76)%)**

The underspending is due to Vacant positions not filled in immediately during the year. Variance (2023: R 21 167 882 ) and (2022: R28 711 099)

#### **Depreciation and amortisation (-8.00%)**

The depreciation and amortisation reduced due to review useful life of assets and prior period correction. Variance is (2023:R9 740 213) and (2022: R22 584 157 ).

#### **Remuneration of Councillors ((2.30)%)**

The reduction on variance was due to the late receipt of the government gazette from Coghsta. Variance (2023: R653,230) and (2022: R690,900)

#### **Impairment of assets (255.87%)**

Impairment was as a result of physical damaged of electrical infrastructure assets. Variance is (2023:R(4 861 621) ) and (2022: R(1 376 759) ).

#### **Finance costs ( 2.40)%**

The decrease is due to over budgeting of interest on overdue accounts.. Variance is (2023: R 385 367 ) and (2022: R(5 107 057)

#### **Debt impairment (85.80%)**

The variance is due to expected decrease in consumer debtors and other, as per debtors book during the budget process. Variance is (2023: R (61 515 691)) and (2022: (R136 562 185)).

#### **Contracted services ( 56.51)%**

The high spending is due to additional figures for repairs and maintenance budget reallocation . Variance is 2023 ((44 007 862)) and 2022 (R(36 397 797)).

#### **Transfers and subsidies paid (20.35%)**

The high spending is due to donation of land made by the Municipality to the Developer. Variance (2023: R (9 785 152)) and (2022: R4 370 546)

#### **Inventory consumed ((64.50)%)**

Reduced due to reclassification to Contracted services. Variance is (2023: R47 962 647 ) and (2022: R49 441 079) )

#### **General expenses (-8.26%)**

Low spending as a result of Cost containment measures implemented on Subsistence & Travelling and Entertainment allowance. Variance is (2023: R 9 804 281) (2022: R29 487 030)

#### **(Gain)/Loss on disposal of assets (105.60%)**

The loss is due to Assets written-off on PPE and sale of investment property.

#### **Bulk purchases ((2.09)%)**

The increase in actual expenditure for bulk purchase is due to unexpected Tariff hike gazzatted by NERSA. Variance (2023: R 10 561 804) and (2022: R(48 814 920))

### **Statement of Financial Position**

#### **Current assets**

##### **Inventory (37.81%)**

The variance is due to surplus in inventory reconciliation after stock taking done.Variance is (2023: R7 744 155) and (2022: R (4 517 785)).

##### **Operating lease asset (100.00%)**

The reduction is due to expired contract and late renewal on servitudes. Variance is (2023: R965) and (2022: (R (138 469)).



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

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### **Receivables from non-exchange transactions (10.20%)**

The larger portion of the actual under Receivables from Exchange is due to an decrease in the consumer debtor's accounts as compared to the budget. Variance is (2023: R13 459 107) and (2022: R 7 551 808).

### **Receivables from exchange transactions (-5.36%)**

The decrease in variance was due to adjustment budget increase. Variance is (2023: R(34 659 966) ) and (2022: R213 821 526).

### **Cash and cash equivalents (20.24%)**

The municipality closed with a positive bank balance of R177,311,460 during the year Variance is (2023: R29 850 200) and (2022: (R 113 461 260)).

### **Non-current assets**

#### **Investment property (-2.72%)**

Reduction was as a result of donation of investment property amounting to R16.5 million and sale of investment property amounting to R4.7 million. Variance is R(21 330 000) (2022: R 595 743 847).

#### **Property, plant and equipment (4.49%)**

PPE declined due to write-off on assets that were not budgeted for and also due to review of useful life. Variance is 2023 R70 831 696 (2022:R(103 131 794)).

#### **Intangible assets (-52.11%)**

low actual carrying amount due to delay for intangible assests procurement. The current service provider issued legal litigation .Variance is (2023: R (356 447)) and (2022: (R182 710 ).

#### **Other financial assets (8.90%)**

The increase is due to high investment market rates as compared to previous financial year. Variance is (2023: R3 556 290) and (2022: R(1 068 498)).

### **Current Liabilities**

#### **Other financial liabilities (current) (-3.26%)**

The increase is due to under budgeting of loan that was taken in prior year. Variance is (2023:R(531 087)) and (2022: R 4 033 194).

#### **Finance lease obligation (100.00%)**

The variance increase was due to late appointment for service provider on the lease of laptop and desktop and the budget was not allocated for.Variance is (2023: R 1 915 951) and (2022: R (1 331 850)).

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### **Payables from exchange transactions (-10.87%)**

The reduction in variance indicates that budgeted payables transaction were accounted for. Retention amount to R30million and Payable R151million for current year. Variance is (2023: R (27 357 071)) and (2022: (R (55 580 804))).

### **VAT Payable (17.01%)**

The outstanding balance represents an amount owed to SARS not paid at year end. Variance is (2023: R9 626 055) and (2022: R 18 544 175).

### **Unspent conditional grants and receipts (100.00%)**

The unspent conditional grants is higher than anticipated due to the outstanding balance of R3.9 million on Disaster Response Grant and R1.3 million for SETA. Variance is (2023: R5 333 835) and (2022: R 13 861 770).

### **Employee benefit obligations (29.73%)**

The amount relates to figures received from actuaries on retirement benefits obligation Variance is (2023: R 1 756 000) and (2022: R5 665 000 -)

### **Provisions ((94.42)%)**

The decrease is due to provision for Landfill site site rehabilitation used for waste disposal. Variance is (2023:R (5 918 094)) and (2022: R (367 600)).

### **Consumer deposits ( (4.84)%)**

The lesser figure represents a decline in number of Household and Business electricity accounts due to termination of services Variance is 2023: (R (1 317 372)) and 2022: (R (842 803))

### **Non-current liabilities**

#### **Other financial liabilities ((13.27)%)**

The loan was taken for 28 years with DBSA prior year but the budget implication was not recognised Variance is (2023:R(17 180 476)) and (2022: R(8 249 729)).

#### **Finance lease obligation (-52.49%)**

The reduction was due to late appointment of service provider to lease cellphones for Municipal officials Variance is (2023: R(1 111 536)) and (2022: R( 6 833 274)).

#### **Provisions ((44.71)%)**

The increase in variance is due to budget adjustment of R6.2 million in the current year and R970 476 in the prior year Variance is (2023: (R (6 026 351)) and (2022: R(85 440 852)).

#### **Employee benefit obligation ( (2.89)%)**

The increase is due to valuation for post-retirement medical aid plan and long service award Variance is (2023: R (2 665 536)) and (2022: R 11 620 432)

### **Statement of Cash Flows**

#### **Interest income (-36.58%)**

The variance is due to low collection of interest for consumer accounts than anticipated. Variance is (2023: R (11 028 322)) and ( 2022 : R (23 306 867)).

#### **Rates and Taxes (-27.13%)**

Reduction in income due to low collection on the billed property rates

#### **Grants (1.94%)**

Understatement of budget in relation to grants.

#### **Sale of Goods and Services (-11.64%)**

Reduction in income due to low collection on the billed consumer debtors

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### Finance costs (7.92%)

High cost due to interest payments for loans and late payment on outstanding Invoices. Variance is (2023: R(1 113 678)) (2022: R(5 969 008)).

### Suppliers (-12.08%)

Low spending due to late appointment of service provider

### Additions to property, plant and equipment (-6.87%)

The decrease is due to the late appointment of service providers

### Proceeds from sale of property, plant and equipment (100%)

Income was generated due to disposal of Assets that had no budget allocation

### Proceeds from sale of investment property (-342.96%)

High variance due to none budgeting for the sale of Investment Property.

### Proceeds from sale of other intangible assets(100%)

High variance due to none budgeting for the sale of Intangible assets

### Movement in financial asset (222.09%)

The high income is due to interest on market rate for investment which was unexpected .Variance is (2023: R(2 402 447)) and (2022: (R (20 099 410) ).

### Repayment of other financial liabilities (10.55%)

The increase is due to under budgeting of loan that was taken in prior year. Variance is (2023: R(1 301 252)) and (2022: R(2 339 387)).

### Finance lease payments (761.82%)

The variance on the payment was due to understatement of the lease of office computers budget..Variance is (2023: R(-2 557 960) and (2022: (R(1 342 257)) ).

## 52. Fair value adjustments

Investment property (Fair value model)	-	606 174 097
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GRAP 16 Paragraph 38 states:

"This Standard requires all entities to determine the fair value of investment property, for the purpose of either measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). An entity is encouraged, but not required, to determine the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued." The Municipality made use of an independent valuer for the revaluation of investment property for the 2021/2022 Financial Year and the value of the investment properties will remain unchanged in the 2022-23 financial year.

## 53. Agency services

Mopani district and department of transport	11 575 504	13 009 774
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## 54. Licences and permits

Trading	504 271	526 350
Road and Transport	1 253	1 774
	<u>505 524</u>	<u>528 124</u>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 55. Interest revenue

<b>Interest revenue</b>		
Interest received - investment	19 123 799	9 190 351
Interest received - trading	31 757 683	22 008 208
	<b>50 881 482</b>	<b>31 198 559</b>

The amount of R7 394 853 (2022: R 2 529 850) is included in investment arising from fixed deposit transactions, while the balance of R11 728 946 (2022: R 6 660 501 ) arises from interest received on the Municipalities current bank account.

### 56. Fines, Penalties and Forfeits

Revenue for traffic fines issued	2 560 490	2 556 620
Fines: Library books	1 053	2 617
Deposits Forfeits	18 314	-
Retentions Forfeits	115 500	-
Unclaimed Money Forfeits	3 241 883	-
Fines, Penalties and Forfeits: Property rates	20 143 807	16 519 353
	<b>26 081 047</b>	<b>19 078 590</b>

### 57. (Loss) / gain on disposal/ write off of assets

Property, plant and equipment	381 503	(5 847 367)
Investment property	(640 000)	(1 736 878)
	<b>(258 497)</b>	<b>(7 584 245)</b>

### 58. Depreciation and amortisation

Property, plant and equipment	111 763 951	112 071 789
Intangible assets	324 015	217 970
	<b>112 087 966</b>	<b>112 289 759</b>

### 59. Debt impairment movements

Receivables from exchange transactions	90 176 955	64 181 004
Receivables from non-exchange transactions	43 038 726	112 071 489
	<b>133 215 681</b>	<b>176 252 493</b>

### 60. Change in estimate

The municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets' remaining useful lives changes; Infrastructure assets useful life changed to ten (10) years on average, Movable assets changed from two (2) to three (3) years on average, Leased assets changed to (2) year on average, The effect of the change in accounting estimates has resulted in a decrease in depreciation and amortisation amounting to R 7 613 138.87 for the current period. The effect on future periods will increase the depreciation and amortisation by R 7 613 138.87

The change in estimate affected the following classes of assets:

- Infrastructure assets
- Movable assets
- Leased assets

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors

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 the prior-period adjustments.

#### Prior period correction of errors

##### Statement of Financial Position 2022

##### Payables from Exchange Transactions

R 1 227 474

2022/06/30 - Decrease in Payables from Exchange Transactions (Bonus) due to MDM Provision incorrectly included under GTM. R9 099.24

2022/06/30 - Increase in Payables from Exchange Transactions - due to Salary Backpay accounted for in incorrect Financial Year. -R 277 291.63

2022/06/30 - Decrease in Payables from Exchange Transactions - due to overpayment of leave backpay accounted for in incorrect Financial Year. R 10 067.47

2022/06/30 - Decrease in Payables from Exchange Transactions due to incorrect inclusion on Payables R 641 972.03

2022/06/30 - Decrease in Payables from Exchange Transactions due to Invoice duplicated on system R 1 273 175.77

2022/06/30 - Increase in Payables from Exchange Transactions due to transaction that should have been included on Payables -R 182 582.28

2022/06/30 - Increase in Payables from exchange as a result of cut off of Eskom invoices accounted for in the incorrect financial year - R246 970.26

##### Receivables from Exchange Transactions

R (13 559 989)

2022/06/30 - Decrease in Receivables from Exchange Transactions due to Interest on Water incorrectly accounted for. - R14 035 999

2022/06/30 - Decrease in Receivables from Exchange Transactions due to MDM Provision incorrectly included under GTM. - R9 099.24

2022/06/30 - Increase in Receivable from exchange transactions due to interest accrued on bank not raised in prior year R 485 110.83

##### PPE

R 660 507

2022/06/30 - Decrease in Depreciation for other assets due to Depreciation of other assets de-recognised R 32 485,5

2022/06/30 - Increase in Acc Dep for Movable assets due to Furniture depreciation not recognised -R1 418,76

2022/06/30 - Increase in Acc Dep for Movable assets due to Computer depreciation not recognised -R12 177,26

2022/06/30 - Increase in Acc Dep Lease due leased laptops previously not recognised -R 169 169,81

2022/06/30 - Increase in Cost of furniture assets due to furniture previously not recognised R24 074,93

2022/06/30 - Increase in Cost of computer assets due to computer previously not recognised R80 338,59

2022/06/30 - Increase in Cost of Leased assets due to leased laptops previously not recognised R 671 076,26

2022/06/30 - Increase in Work in Progress due to incomplete projects previously recognized R649 710

2022/06/30 - Decrease in Cost of Other assets due to incomplete projects previously recognized -R649 710

2022/06/30 - Decrease in Acc Dep Other assets due incomplete projects previously recognised R35 298,48

##### Receivables from non-Exchange Transactions

R1 553 720

2022/06/30 - Increase in Receivable from non-exchange transactions due to incorrect application of GRAP 104 for VAT statutory receivables R 1 553 720

##### Other Financial Assets

R72 107

2022/06/30 - Increase in Other Financial Assets due to interest accrued on investment not raised in prior year R 72 107.06

##### Finance lease obligation (non-current)

R (188 892)

2022/06/30 - Increase in Finance Lease Non-Liabilities due to leased assets previously not recognised - R 671 076,26

2022/06/30 - Decrease in Finance Lease Non-Liabilities due to transfer to current liabilities R 334 472,81

2022/06/30 - Decrease in Finance Lease Non-Liabilities due to payments allocation R 147 711,56

##### Finance lease obligation (current)

R (334 473)

2022/06/30 - Increase in Finance Lease Current liabilities due to current portion - R 334 472,81

##### VAT Payable

R (1 698 644)

2022/06/30 - Increase in VAT Payable due to Invoice duplicated on system -R 144 925

2022/06/30 - Increase in VAT Payable due to incorrect application of GRAP 104 for VAT statutory receivables - R 1 553 720

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

#### Statement of Financial Performance 2022

##### General Expenses

R (1 088 011)

2022/06/30 - Decrease in General Expenses due to Invoice duplicated on system -R 1 090 940.67

2022/06/30 - Increase in General Expenses due to Invoice duplicated on system R 2 929.82

##### Inventory Consumed

R (398 064)

2022/06/30 - Decrease in Inventory Consumed due to Recognition of Furniture and Computer equipment previously not accounted for - R 104 416

2022/06/30 - Decrease in Inventory Consumed due to Invoice duplicated on system -R 293 648.77

##### Employee Costs

R (267 225)

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Chief Financial Officer R 38 319.39

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Corporate Services Director R 35 712.45

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Electrical Engineering Director R 31 314.06

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Engineering Services Director R 50 672.25

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Community Services Director R 46 716.97

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Municipal Manager R 27 839.53

2022/06/30 - Increase in Employee Related Costs - Basic salary due to Salary Backpay accounted for in incorrect Financial Year. Planning and Economic Development Director R 46 716.97

2022/06/30 - Decrease in Employee Related Costs - Leave pay due to overpayment of leave backpay accounted for in incorrect Financial Year. Corporate Services Director - R 2 385.73

2022/06/30 - Decrease in Employee Related Costs - Leave pay due to overpayment of leave backpay accounted for in incorrect Financial Year. Electrical Engineering Director - R 3 716.64

2022/06/30 - Decrease in Employee Related Costs - Leave pay due to overpayment of leave backpay accounted for in incorrect Financial Year. Municipal Manager - R 3 965.10

##### Interest Revenue

R (13 478 781)

2022/06/30 - Decrease in Interest Revenue due to Interest on Water incorrectly included under Interest Service Charges . - R14 035 999

2022/06/30 - Increase in Interest revenue due to interest accrued on bank not raised in prior year R 485 110.83

2022/06/30 - Increase in Other Financial Assets due to interest accrued on investment not raised in prior year R 72 107.06

##### Other Income

R 174 772

2022/06/30 - An increase in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year R 174 771.54

##### Contracted Services

R (199 557)

2022/06/30 - Decrease in Contracted services due to Recognition of Furniture and Computer equipment previously not accounted for -R 168 347

2022/06/30 - Decrease in Contracted Services due to Invoice duplicated on system -R 31 210

##### Depreciation

R 114 982

2022/06/30 - Decrease in Depreciation for other assets due to Depreciation of other assets de-recognised -R 32 485,5

2022/06/30 - Decrease in Depreciation for other assets due to Depreciation of other assets de-recognised -R35 298,48

2022/06/30 - Increase in Depreciation for Movable assets due to Furniture depreciation not recognised R1 418,76

2022/06/30 - Increase in Depreciation for Movable assets due to Computer depreciation not recognised R12 177,26

2022/06/30 - Increase in Depreciation Lease due leased laptops previously not recognised R 169 169,81

##### Finance Costs

R 20 636

2022/06/30 - Increase in Finance cost previously not recognised R 20 635,96

##### Bulk Purchases

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 61. Prior period errors (continued)

R 246 970

2022/06/30 -Increase in bulk purchases as a result of cut off of Eskom invoices incorrectly accounted for in the incorrect financial year R 246 970.26

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 61. Prior period errors (continued)

Statement of Financial Position	2022 Previously reported	Adjustment of errors	2022 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	20 482 215	-	20 482 215
Operating lease asset	16 292	-	16 292
Receivables from exchange transactions	615 576 778	(13 559 989)	602 016 789
Receivables from non-exchange transactions	139 551 814	1 553 720	141 105 534
Cash and cash equivalents	147 461 260	-	147 461 260
<b>Non - Current Assets</b>			
Investment property	785 120 900	-	785 120 900
Property, plant and equipment	1 594 026 765	660 507	1 594 687 272
Intangible assets	683 710	-	683 710
Heritage assets	200 958	-	200 958
Other Financial assets	39 945 152	72 107	40 017 259
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	(14 334 194)	-	(14 334 194)
Finance lease obligation	(2 668 150)	(334 473)	(3 002 623)
Payables from exchange transactions	(245 675 196)	1 227 474	(244 447 722)
VAT Payable	(56 365 922)	(1 698 644)	(58 064 566)
Consumer deposits	(27 157 197)	-	(27 157 197)
Employee benefit obligation	(5 665 000)	-	(5 665 000)
Unspent conditional grants and receipts	(13 861 770)	-	(13 861 770)
Provisions	(602 876)	-	(602 876)
<b>Non-Current Liabilities</b>			
Other financial liabilities	(127 364 272)	-	(127 364 272)
Finance lease obligation	(2 117 726)	(188 892)	(2 306 618)
Employee benefit obligation	(92 065 000)	-	(92 065 000)
Provisions	(6 773 684)	-	(6 773 684)
<b>Accumulated surplus</b>	<b>2 748 414 857</b>	<b>(12 268 190)</b>	<b>2 736 146 667</b>



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 61. Prior period errors (continued)

Statement of Financial Performance	2022 Previously reported	Adjustment of errors	2022 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	656 588 796	-	656 588 796
Rental of facilities and equipment	1 174 610	-	1 174 610
Interest Revenue	44 677 340	(13 478 781)	31 198 559
Agency services	13 009 774	-	13 009 774
Licenses and permits	528 124	-	528 124
Other income	26 568 626	174 772	26 743 398
<b>Taxation revenue</b>			
Property rates	138 709 203	-	138 709 203
<b>Transfer revenue</b>			
Government grants & subsidies	605 064 920	-	605 064 920
Public contributions and donations	5 463 478	-	5 463 478
Fines, Penalties and Forfeits	19 078 590	-	19 078 590
<b>Expenditure</b>			
Employee related cost	(333 844 615)	(267 225)	(334 111 840)
Remuneration of councillors	(27 714 998)	-	(27 714 998)
Depreciation and amortisation	(112 174 777)	(114 982)	(112 289 759)
Impairment of assets	(1 376 759)	-	(1 376 759)
Finance costs	(23 491 981)	(20 636)	(23 512 617)
Debt impairment	(176 252 493)	-	(176 252 493)
Bulk purchases	(494 586 170)	(246 970)	(494 833 140)
Contracted services	(104 691 082)	199 557	(104 491 525)
Transfers and subsidies	(37 660 367)	-	(37 660 367)
General expenses	(94 621 602)	1 088 011	(93 533 591)
(Loss)/Gain on disposal/Write off of assets	(7 584 245)	-	(7 584 245)
Inventory consumed	(21 307 951)	398 064	(20 909 887)
Fair value adjustments	606 174 097	-	606 174 097
<b>Surplus/(loss) for the year</b>	<b>681 730 518</b>	<b>(12 268 190)</b>	<b>669 462 328</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

	2022 Previously reported	Adjustment of errors	2022 Restated
<b>Irregular expenditure</b>			
Opening balance	117 409 198	-	117 409 198
Irregular expenditure current year	61 462 750	(12 239)	61 450 511
Irregular Expenditure written off (18/19)	(18 690 650)	(383 345)	(19 073 995)
Irregular Expenditure written off (19/20)	(43 023 774)	-	(43 023 774)
Irregular Expenditure written off (20/21)	(27 032 935)	-	(27 032 935)
<b>Irregular expenditure awaiting further investigation/write off</b>	<b>90 124 589</b>	<b>(395 584)</b>	<b>89 729 005</b>

### Fruitless and Wasteful Expenditure

	2022 Previously Reported	Adjustment of errors	2022 Restated
Opening balance	18 846 469	-	18 846 469
Fruitless and wasteful expenditure current year	15 558 964	-	15 558 964
Fruitless and wasteful Expenditure written off (18/19)	-	(9 816)	(9 816)
Fruitless and wasteful Expenditure written off (19/20)	(3 712 025)	70 752	(3 641 273)
Fruitless and wasteful Expenditure written off (20/21)	(4 213 486)	-	(4 213 486)
<b>Fruitless expenditure awaiting further investigation/write off</b>	<b>26 479 922</b>	<b>60 936</b>	<b>26 540 858</b>

### Finance Lease Obligation (Prior Period Corrections)

	2022 Previously Reported	Adjustments of errors	2022 Restated
Within one year	3 104 186	361 565	3 465 751
In second to fifth year	2 296 043	193 217	2 489 260
	5 400 229	554 782	5 955 011
Less:future finance charges	(614 353)	(31 417)	(645 770)
<b>Present value of minimum lease payments</b>	<b>4 785 876</b>	<b>523 365</b>	<b>5 309 241</b>

### Municipality Acting as an Agent (Prior Period Corrections)

	2022 Previously Reported	Adjustments of errors	2022 Restated
Receivables	348 431 278	(14 045 098)	334 386 180
Mopani District Municipality	348 431 278	(14 045 098)	334 386 180

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 61. Prior period errors (continued) Commitments

#### Authorised Expenditure

	2022 Previously Reported	Adjustments of errors	2022 Restated
Already contracted for but not provided for Property, Plant and Equipment	100 720 936	7 783 290	108 504 226
Other Financial Assets	120 766 002	(63 503 499)	57 262 503
	<u>221 486 938</u>	<u>(55 720 209)</u>	<u>165 766 729</u>

#### Total Capital Commitments

Already Contracted for but not provided for	<u>221 486 938</u>	<u>(55 720 209)</u>	<u>165 766 729</u>
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#### Total Commitments

Authorised Capital Expenditure	<b>221 486 938</b>	<b>(55 720 209)</b>	<b>165 766 729</b>
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The expenditure will be financed by:

Internal Advances	125 557 037	(68 592 835)	56 964 202
MIG Grants	94 720 423	6 529 499	101 249 922
INEP	1 209 478	6 343 127	7 552 605
	<u>221 486 938</u>	<u>(55 720 209)</u>	<u>165 766 729</u>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 62. Municipality acting as an agent

#### Agency fees received

Mopani District Municipality	1 654 806	1 756 937
Department of Transport	9 920 698	11 252 837
	<b>11 575 504</b>	<b>13 009 774</b>

#### Receivables

Mopani District Municipality	365 879 523	334 386 180
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#### Payables

Department of Transport	3 540 822	3 147 087
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### Mopani District Municipality

Greater Tzaneen Municipality is the water and sewer service provider is responsible for the management of the water and sewer service system in accordance with the business plan and approved budget so that it is operational and efficient, which includes but not limited to leakage control and repairs automation and replacement of certain parts, equipment's and machinery.

The Municipality is the WSP and is providing water service to the consumers within the water service area in accordance with the Cooperative Governance Agreement entered into between the WSP and WSA on 1 July 2022.

### Department of Transport

Greater Tzaneen Municipality shall be obligated to perform motor vehicle and licensing functions and shall be responsible for, in terms of applicable national and provincial road traffic legislation, and the agreement between the Municipality and the Department of Transport.

The agreement shall commence on the 1st day of April 2021 and shall be in force and valid for a period of three years.

### 63. Events after the reporting date

The following events and transactions occurred subsequent to 30 June 2023.

#### **Countour Technologies//GTM**

Contour took the municipality to court challenging the appointment of Cigicell. The case is ongoing in High Court from 25 July 2023.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 64. Segment information

#### General information

#### Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: trading services, community and public safety services and economic environmental services. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### 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

Segment 1

Segment 2

Segment 3

#### Services

Trading Services

Community and public safety services

Economic environmental services

#### Segment surplus or deficit, assets and liabilities

2023

	Trading services	Community and public safety	Economic environmental services	Total
<b>Revenue</b>				
Revenue from exchange transactions	(385 272 885)	(23 040)	(343 946)	(385 639 871)
Revenue from non- exchange transactions	(31 095 760)	(1 253)	(22 319)	(31 119 332)
<b>Total segment revenue</b>	<b>(416 368 645)</b>	<b>(24 293)</b>	<b>(366 265)</b>	<b>(416 759 203)</b>
<b>Entity's revenue</b>				<b>1 577 592 218</b>
<b>Expenditure</b>				
Salaries and wages	107 190 276	10 597 708	17 107 626	134 895 610
Other expenses	144 165 851	1 045 948	12 911 492	158 123 291
Bulk purchases	496 406 540	-	-	496 406 540
Depreciation and amortisation	89 414 634	889 890	258 753	90 563 277
<b>Total segment expenditure</b>	<b>837 177 301</b>	<b>12 533 546</b>	<b>30 277 871</b>	<b>879 988 718</b>
<b>Total segmental surplus/(deficit)</b>				<b>(463 229 515)</b>
<b>Assets</b>				
Non-current assets	24 903 162	-	3 072 973	27 976 135
<b>Total assets as per Statement of financial Position</b>				<b>3 418 822 044</b>
<b>Liabilities</b>				
Current liabilities	4 718 941	388 946 806	28 709 040	422 374 787
<b>Total liabilities as per Statement of financial Position</b>				<b>557 835 216</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2022

	Trading services	Community and public safety	Economic environmental services	Total
<b>Revenue</b>				
Revenue from non-exchange transactions	(27 215 718)	(2 930)	-	(27 218 648)
Revenue from exchange transactions	(361 847 937)	(140 357)	(258 475)	(362 246 769)
<b>Total segment revenue</b>	<b>(389 063 655)</b>	<b>(143 287)</b>	<b>(258 475)</b>	<b>(389 465 417)</b>
<b>Entity's revenue</b>				<b>1 497 559 452</b>
<b>Expenditure</b>				
Salaries and wages	97 314 281	11 162 389	17 934 203	126 410 873
Other expenses	87 764 947	1 045 564	11 450 275	100 260 786
Bulk purchases	504 752 779	-	-	504 752 779
Depreciation and amortisation	90 721 919	137 516	279 897	91 139 332
<b>Total segment expenditure</b>	<b>780 553 926</b>	<b>12 345 469</b>	<b>29 664 375</b>	<b>822 563 770</b>
<b>Total segmental surplus/(deficit)</b>				<b>(433 098 353)</b>
<b>Assets</b>				
Current assets	-	639 760	(11 493 545)	(10 853 785)
Non-current assets	142 189 878	-	188 326	142 378 204
<b>Total segment assets</b>	<b>142 189 878</b>	<b>639 760</b>	<b>(11 305 219)</b>	<b>131 524 419</b>
<b>Total assets as per Statement of financial Position</b>				<b>3 331 792 189</b>
<b>Liabilities</b>				
Current liabilities	(2 610 421)	321 025 056	2 722 529	321 137 164
<b>Total liabilities as per Statement of financial Position</b>				<b>595 645 522</b>

**Schedule of external loans for the year ended 30 June 2023**

	Balance at 30 June 2022	Received during the period	Redeemed written off during the period	Balance at 30 June 2023
	Rand	Rand	Rand	Rand
<b>Loan Stock</b>				
STANDARD BANK	30 000 000	-	-	30 000 000
<b>Annuity loans</b>	<b>30 000 000</b>	<b>-</b>	<b>-</b>	<b>30 000 000</b>
DBSA	26 439 048	-	3 190 427	23 248 621
DBSA	24 391 102	-	2 258 234	22 132 868
ABSA	11 215 329	-	2 347 274	8 868 055
DBSA	32 705 483	-	3 859 399	28 846 084
DBSA	16 234 406	-	1 965 769	14 268 637
ACCRUED INTEREST	713 098	-	17 683	695 415
<b>Total external loans</b>	<b>111 698 466</b>	<b>-</b>	<b>13 638 786</b>	<b>98 059 680</b>
<b>Loan Stock</b>				
Loan Stock	30 000 000	-	-	30 000 000
Annuity loans	111 698 466	-	13 638 786	98 059 680
	<b>141 698 466</b>	<b>-</b>	<b>13 638 786</b>	<b>128 059 680</b>

**Greater Tzaneen Municipality  
Appendix B**

**Analysis of property, plant and equipment for the year ended 30 June 2023  
Accumulated depreciation  
Cost/Revaluation**

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land</b>	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
<b>Land</b>	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
<b>Infrastructure</b>														
Roads	1 276 019 628	100 969 684	-	-	-	-	1 376 989 312	(805 452 103)	-	-	(45 219 389)	-	(850 671 492)	526 317 820
Storm water	190 010 362	27 386 017	-	-	-	-	217 396 379	(67 606 055)	-	-	(7 575 123)	-	(75 181 178)	142 215 201
Electricity	980 883 753	33 893 806	(20 716 118)	-	-	-	994 061 241	(517 520 536)	16 908 943	-	(39 434 855)	(6 456 858)	(946 503 306)	447 557 935
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(22 526 398)	-	-	(1 766 609)	-	(24 293 007)	29 762 897
	2 500 969 647	162 249 307	(20 716 118)	-	-	-	2 642 502 836	(1 413 105 092)	16 908 943	-	(93 985 976)	(6 456 858)	(1 496 648 983)	1 145 853 853
<b>Community Assets</b>														
Airports	18 685 376	-	-	-	-	-	18 685 376	(10 902 273)	-	-	(532 480)	-	(11 434 753)	7 250 623
Parks & Gardens	9 278 136	-	-	-	-	-	9 278 136	(2 278 416)	-	-	(33 580)	-	(2 311 996)	6 966 140
Community halls	24 658 671	-	-	-	-	-	24 658 671	(8 444 138)	-	-	(822 357)	-	(9 286 495)	15 390 176
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(567 913)	-	-	(156 464)	-	(724 377)	1 944 608
Municipal offices	19 790 051	-	-	-	-	-	19 790 051	(11 034 627)	-	-	(290 449)	-	(11 325 076)	8 464 975
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 112 280)	-	-	(20 173)	-	(1 132 453)	6 410 435
Museums	126 711 933	-	-	-	-	-	1 307 643	(296 514)	-	-	(3 715)	-	(300 229)	1 007 414
Recreational facilities	22 709 138	-	-	-	-	-	126 711 933	(40 067 752)	-	-	(5 341 775)	-	(45 409 527)	81 302 406
Taxi ranks	3 324 000	-	-	-	-	-	22 709 138	(6 093 185)	-	-	(1 088 203)	-	(7 181 388)	15 527 750
Cemeteries	236 674 821	-	-	-	-	-	3 324 000	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	3 324 000
	236 674 821	-	-	-	-	-	236 674 821	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	147 588 527



**Greater Tzaneen Municipality  
Appendix B**

**Analysis of property, plant and equipment for the year ended 30 June 2023  
Cost/Revaluation  
Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Construction Work in Progress</b>														
Work in progress	191 846 980	163 886 599	-	(165 765 457)	-	-	189 968 122	-	-	-	-	(304 764)	(304 764)	189 663 358
	191 846 980	163 886 599	-	(165 765 457)	-	-	189 968 122	-	-	-	-	(304 764)	(304 764)	189 663 358
<b>Computer equipment</b>														
Furniture & Office equipment	5 790 376	786 327	(461 379)	-	-	-	6 115 324	(5 276 130)	456 653	-	(277 162)	-	(5 096 639)	1 018 685
Machinery and equipment	5 173 003	550 923	(611 634)	-	-	-	5 112 292	(3 538 747)	604 135	-	(423 218)	-	(3 357 830)	1 754 462
Transport assets	11 792 240	5 424 817	(837 735)	-	-	-	16 379 322	(8 047 620)	466 972	-	(1 537 612)	-	(9 118 260)	7 261 062
Leased assets	50 486 380	4 970 945	(1 966 492)	-	-	-	53 500 833	(39 722 623)	1 955 509	-	(2 397 645)	-	(40 164 759)	13 336 074
	19 703 754	836 349	(386 533)	-	-	-	20 153 570	(14 418 423)	386 533	-	(2 821 004)	-	(16 852 894)	3 300 676
	19 703 754	836 349	(386 533)	-	-	-	20 153 570	(14 418 423)	386 533	-	(2 821 004)	-	(16 852 894)	3 300 676
<b>Other assets</b>														
Land & Buildings	31 966 467	-	-	-	-	-	31 966 467	(14 903 507)	-	-	(1 085 390)	-	(15 988 897)	15 977 570
Health equipment	170 812	-	-	-	-	-	170 812	(169 514)	-	-	(627)	-	(170 141)	671
Security measures	2 181 574	2 454 348	(5 802)	-	-	-	4 630 120	(1 063 100)	2 985	-	(843 742)	-	(1 903 857)	2 726 263
Weapons	105 048	-	-	-	-	-	105 048	(101 287)	-	-	(1 866)	-	(103 153)	1 895
Minor assets	872 543	12 383	(8 846)	-	-	-	876 080	(869 079)	8 801	-	(12 366)	-	(872 644)	3 436
Storage	-	557 878	-	-	-	-	557 878	-	-	-	(78 147)	-	(78 147)	479 731
	35 296 444	3 024 609	(14 648)	-	-	-	38 306 405	(17 106 487)	11 786	-	(2 022 138)	-	(19 116 839)	19 189 566
	35 296 444	3 024 609	(14 648)	-	-	-	38 306 405	(17 106 487)	11 786	-	(2 022 138)	-	(19 116 839)	19 189 566

**Greater Tzaneen Municipality  
Appendix B**

**Analysis of property, plant and equipment for the year ended 30 June 2023  
Accumulated depreciation  
Cost/Revaluation**

	Opening Balance Rand	Additions Rand	Disposals/Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>	118 955 743	162 249 307	(20 716 118)	-	-	-	118 955 743	1 413 105 092	16 908 943	-	(93 995 976)	(6 456 858)	1 496 648 983	1 118 955 743
Land	2 500 969 647	191 846 821	-	-	-	-	2 642 502 836	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	1 145 853 853
Infrastructure	191 846 821	163 886 599	(481 379)	(165 765 457)	-	-	189 968 422	(5 276 130)	456 653	-	(277 162)	(304 764)	(5 096 639)	189 663 358
Community Assets	5 790 376	786 327	(611 634)	-	-	-	6 115 324	(3 538 747)	604 135	-	(423 218)	-	(3 357 830)	1 754 462
Construction Work in Progress	5 173 003	550 923	(837 735)	-	-	-	5 112 292	(8 047 620)	466 972	-	(1 537 612)	-	(40 164 759)	7 261 062
Computer equipment	11 792 240	5 424 817	(1 966 492)	-	-	-	16 379 322	(39 722 623)	1 955 509	-	(2 821 004)	-	(16 852 894)	13 336 074
Furniture and office equipment	50 496 380	4 970 945	(386 533)	-	-	-	53 500 833	(14 418 423)	386 533	-	(2 022 138)	-	(19 116 839)	3 300 676
Machinery and plant	19 703 754	836 349	(14 648)	-	-	-	20 153 570	(17 106 487)	11 786	-	(111 763 951)	(6 761 622)	1 679 747 262	19 189 566
Transport assets	35 296 444	3 024 609	-	-	-	-	38 306 405	(3 723 076)	20 790 531	-	-	-	(3 176 207)	200 958
Leased assets	3 176 699 388	341 729 876	(24 994 539)	(165 765 457)	-	-	3 327 669 268	1 582 012 220	870 886	-	(324 017)	-	(3 176 207)	327 553
Other assets	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	(324 017)	-	(3 176 207)	327 553
<b>Intangible assets</b>	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
Computer- software	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
<b>Investment properties</b>	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
Investment property	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
<b>Heritage assets</b>	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
<b>Total</b>	118 955 743	162 249 307	(20 716 118)	-	-	-	118 955 743	1 413 105 092	16 908 943	-	(93 995 976)	(6 456 858)	1 496 648 983	1 118 955 743
Land	2 500 969 647	191 846 821	-	-	-	-	2 642 502 836	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	1 145 853 853
Infrastructure	191 846 821	163 886 599	(481 379)	(165 765 457)	-	-	189 968 422	(5 276 130)	456 653	-	(277 162)	(304 764)	(5 096 639)	189 663 358
Community Assets	5 790 376	786 327	(611 634)	-	-	-	6 115 324	(3 538 747)	604 135	-	(423 218)	-	(3 357 830)	1 754 462
Construction Work in Progress	5 173 003	550 923	(837 735)	-	-	-	5 112 292	(8 047 620)	466 972	-	(1 537 612)	-	(40 164 759)	7 261 062
Computer equipment	11 792 240	5 424 817	(1 966 492)	-	-	-	16 379 322	(39 722 623)	1 955 509	-	(2 821 004)	-	(16 852 894)	13 336 074
Furniture and office equipment	50 496 380	4 970 945	(386 533)	-	-	-	53 500 833	(14 418 423)	386 533	-	(2 022 138)	-	(19 116 839)	3 300 676
Machinery and plant	19 703 754	836 349	(14 648)	-	-	-	20 153 570	(17 106 487)	11 786	-	-	-	(3 176 207)	19 189 566
Transport assets	35 296 444	3 024 609	-	-	-	-	38 306 405	(3 723 076)	20 790 531	-	-	-	(3 176 207)	200 958
Leased assets	3 176 699 388	341 729 876	(24 994 539)	(165 765 457)	-	-	3 327 669 268	1 582 012 220	870 886	-	-	-	(3 176 207)	327 553
Other assets	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	(324 017)	-	(3 176 207)	327 553
<b>Intangible assets</b>	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
Computer- software	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
<b>Investment properties</b>	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
Investment property	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
<b>Heritage assets</b>	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
<b>Total</b>	118 955 743	162 249 307	(20 716 118)	-	-	-	118 955 743	1 413 105 092	16 908 943	-	(93 995 976)	(6 456 858)	1 496 648 983	1 118 955 743
Land	2 500 969 647	191 846 821	-	-	-	-	2 642 502 836	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	1 145 853 853
Infrastructure	191 846 821	163 886 599	(481 379)	(165 765 457)	-	-	189 968 422	(5 276 130)	456 653	-	(277 162)	(304 764)	(5 096 639)	189 663 358
Community Assets	5 790 376	786 327	(611 634)	-	-	-	6 115 324	(3 538 747)	604 135	-	(423 218)	-	(3 357 830)	1 754 462
Construction Work in Progress	5 173 003	550 923	(837 735)	-	-	-	5 112 292	(8 047 620)	466 972	-	(1 537 612)	-	(40 164 759)	7 261 062
Computer equipment	11 792 240	5 424 817	(1 966 492)	-	-	-	16 379 322	(39 722 623)	1 955 509	-	(2 821 004)	-	(16 852 894)	13 336 074
Furniture and office equipment	50 496 380	4 970 945	(386 533)	-	-	-	53 500 833	(14 418 423)	386 533	-	(2 022 138)	-	(19 116 839)	3 300 676
Machinery and plant	19 703 754	836 349	(14 648)	-	-	-	20 153 570	(17 106 487)	11 786	-	-	-	(3 176 207)	19 189 566
Transport assets	35 296 444	3 024 609	-	-	-	-	38 306 405	(3 723 076)	20 790 531	-	-	-	(3 176 207)	200 958
Leased assets	3 176 699 388	341 729 876	(24 994 539)	(165 765 457)	-	-	3 327 669 268	1 582 012 220	870 886	-	-	-	(3 176 207)	327 553
Other assets	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	(324 017)	-	(3 176 207)	327 553
<b>Intangible assets</b>	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
Computer- software	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
<b>Investment properties</b>	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
Investment property	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
<b>Heritage assets</b>	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
<b>Total</b>	118 955 743	162 249 307	(20 716 118)	-	-	-	118 955 743	1 413 105 092	16 908 943	-	(93 995 976)	(6 456 858)	1 496 648 983	1 118 955 743
Land	2 500 969 647	191 846 821	-	-	-	-	2 642 502 836	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	1 145 853 853
Infrastructure	191 846 821	163 886 599	(481 379)	(165 765 457)	-	-	189 968 422	(5 276 130)	456 653	-	(277 162)	(304 764)	(5 096 639)	189 663 358
Community Assets	5 790 376	786 327	(611 634)	-	-	-	6 115 324	(3 538 747)	604 135	-	(423 218)	-	(3 357 830)	1 754 462
Construction Work in Progress	5 173 003	550 923	(837 735)	-	-	-	5 112 292	(8 047 620)	466 972	-	(1 537 612)	-	(40 164 759)	7 261 062
Computer equipment	11 792 240	5 424 817	(1 966 492)	-	-	-	16 379 322	(39 722 623)	1 955 509	-	(2 821 004)	-	(16 852 894)	13 336 074
Furniture and office equipment	50 496 380	4 970 945	(386 533)	-	-	-	53 500 833	(14 418 423)	386 533	-	(2 022 138)	-	(19 116 839)	3 300 676
Machinery and plant	19 703 754	836 349	(14 648)	-	-	-	20 153 570	(17 106 487)	11 786	-	-	-	(3 176 207)	19 189 566
Transport assets	35 296 444	3 024 609	-	-	-	-	38 306 405	(3 723 076)	20 790 531	-	-	-	(3 176 207)	200 958
Leased assets	3 176 699 388	341 729 876	(24 994 539)	(165 765 457)	-	-	3 327 669 268	1 582 012 220	870 886	-	-	-	(3 176 207)	327 553
Other assets	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	(324 017)	-	(3 176 207)	327 553
<b>Intangible assets</b>	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
Computer- software	4 406 786	-	(903 026)	-	-	-	3 503 760	(3 723 076)	870 886	-	-	-	-	763 790 900
<b>Investment properties</b>	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
Investment property	785 120 900	-	(21 330 000)	-	-	-	763 790 900	-	-	-	-	-	-	763 790 900
<b>Heritage assets</b>	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
<b>Total</b>	118 955 743	162 249 307	(20 716 118)	-	-	-	118 955 743	1 413 105 092	16 908 943	-	(93 995 976)	(6 456 858)	1 496 648 983	1 118 955 743
Land	2 500 969 647	191 846 821	-	-	-	-	2 642 502 836	(80 797 098)	-	-	(8 289 196)	-	(89 086 294)	1 145 853 853
Infrastructure	191 846 821	163 886 599	(481 379)	(165 765 457)	-	-	189 968 422	(5 276 130)	456 653	-	(277 162)	(304 764)	(5 096 639)	189 663 358
Community Assets	5 790 376	786 327	(611 634)	-	-									

Greater Tzaneen Municipality  
Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2022  
Cost/Revaluation  
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wrt to Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wrt to Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
<b>Infrastructure</b>														
Roads	1 222 674 619	53 440 018	(95 009)	-	-	-	1 276 019 628	(761 665 853)	21 913	-	(43 808 163)	-	(805 452 103)	470 567 525
Storm water	167 030 217	22 980 145	-	-	-	-	190 010 362	(59 900 972)	-	-	(7 705 083)	-	(67 606 055)	122 404 307
Electricity	951 856 317	52 978 191	(23 750 755)	-	-	-	980 883 753	(492 630 956)	18 030 326	-	(41 543 147)	(1 376 759)	(517 520 536)	463 363 217
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(20 759 789)	-	-	(1 766 609)	-	(22 526 398)	31 529 506
<b>Community Assets</b>														
2 395 417 057	129 398 354	(23 845 764)	-	-	-	-	2 500 969 647	(1 334 957 570)	18 052 239	-	(94 823 002)	(1 376 759)	(1 413 105 092)	1 087 864 555
Airports	18 685 376	-	-	-	-	-	18 685 376	(10 369 793)	-	-	(532 480)	-	(10 902 273)	7 783 103
Parks & Gardens	9 278 136	-	-	-	-	-	9 278 136	(2 244 836)	-	-	(33 880)	-	(2 278 416)	6 999 720
Community halls	24 656 671	-	-	-	-	-	24 656 671	(7 621 781)	-	-	(822 357)	-	(8 444 138)	16 212 533
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(411 449)	-	-	(156 464)	-	(567 913)	2 101 072
Municipal offices	18 436 725	1 353 326	-	-	-	-	19 790 051	(10 770 034)	-	-	(264 593)	-	(11 034 627)	8 755 424
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 092 107)	-	-	(20 173)	-	(1 112 280)	6 430 608
Museums	1 307 643	-	-	-	-	-	1 307 643	(292 799)	-	-	(3 715)	-	(40 067 752)	1 011 129
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(34 725 977)	-	-	(5 341 775)	-	(6 093 185)	16 615 953
Taxi Ranks	22 709 138	-	-	-	-	-	22 709 138	(5 004 982)	-	-	(1 088 203)	-	-	16 615 953
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
235 321 495	1 353 326	-	-	-	-	-	236 674 821	(72 533 758)	-	-	(8 263 340)	-	(80 797 098)	155 877 723

**Greater Tzaneen Municipality  
Appendix B**

**Analysis of property, plant and equipment for the year ended 30 June 2022  
Accumulated depreciation  
Cost/Revaluation**

	Opening Balance	Additions	Disposals/Wri	Revaluations	Prior period errors	Closing Balance	Opening Balance	Disposals/Wri	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	te Offs	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Construction Work in Progress</b>													
	152 044 489	169 904 762	-	(130 102 271)	-	191 846 980	191 846 980	-	-	-	-	-	191 846 980
<b>Work in progress</b>													
	152 044 489	169 904 762	-	(130 102 271)	-	191 846 980	191 846 980	-	-	-	-	-	191 846 980
<b>Computer Equipment</b>													
	5 785 375	216 352	(211 352)	-	-	5 790 375	(5 193 410)	197 693	-	(280 413)	-	(5 276 130)	514 245
<b>Furniture &amp; Office Equipment</b>													
	4 549 232	722 207	(98 345)	-	-	5 173 094	(3 274 356)	84 466	-	(348 857)	-	(3 538 747)	1 634 347
<b>Machinery and Equipment</b>													
	10 570 799	1 375 781	(154 340)	-	-	11 792 240	(6 952 997)	145 658	-	(1 240 281)	-	(8 047 620)	3 744 620
<b>Transport assets</b>													
	48 132 902	4 363 478	-	-	-	50 496 380	(37 406 017)	-	-	(2 316 806)	-	(14 418 422)	5 285 331
<b>Leased assets</b>													
	20 089 972	4 437 442	(4 823 661)	-	-	19 703 753	(15 940 266)	4 806 152	-	(3 284 308)	-	(14 418 422)	5 285 331
<b>Leased assets</b>													
	20 089 972	4 437 442	(4 823 661)	-	-	19 703 753	(15 940 266)	4 806 152	-	(3 284 308)	-	(14 418 422)	5 285 331
<b>Other assets</b>													
	32 616 177	-	-	(649 710)	-	31 966 467	(13 853 416)	-	-	(1 050 091)	-	(14 903 507)	17 062 960
<b>Buildings</b>													
	170 812	18 000	-	-	-	170 812	(168 816)	-	-	(698)	-	(169 514)	1 296
<b>Health equipment</b>													
	2 163 574	-	-	-	-	2 163 574	(635 154)	-	-	(427 946)	-	(1 063 100)	1 118 474
<b>Security measures</b>													
	105 048	34 313	-	-	-	105 048	(99 318)	-	-	(1 969)	-	(101 287)	3 761
<b>Weapons</b>													
	863 565	-	-	-	-	863 565	(860 023)	25 222	-	(34 278)	-	(869 079)	3 464
<b>Minor assets</b>													
	35 919 176	52 313	(25 335)	(649 710)	-	35 296 444	(15 616 727)	25 222	-	(1 514 982)	-	(17 106 487)	18 189 957

**Greater Tzaneen Municipality  
Appendix B**

**Analysis of property, plant and equipment for the year ended 30 June 2022  
Accumulated depreciation  
Cost/Revaluation**

	Opening Balance Rand	Additions Rand	Disposals/Wri to Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri to Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
Infrastructure	2 395 417 057	129 398 354	(23 845 764)	-	-	-	2 500 969 647	1 334 957 570	16 052 239	-	(94 823 002)	(1 376 759)	(1 413 105 092)	1 087 864 555
Community Assets	235 321 495	1 353 326	-	-	-	-	236 674 821	(72 533 758)	-	-	(8 263 340)	-	(80 797 098)	155 877 723
Construction Work in Progress	152 044 489	169 904 762	-	(130 102 271)	-	-	191 846 980	-	-	-	-	-	-	191 846 980
Computer Equipment	5 785 375	216 352	(211 352)	(98 345)	-	-	5 790 375	(5 193 410)	197 693	-	(280 413)	-	(5 276 130)	514 245
Furniture and Office Equipment	4 549 232	722 207	-	-	-	-	5 173 094	(3 274 356)	84 466	-	(348 857)	-	(3 538 747)	1 634 347
Machinery and Plant	10 570 799	1 375 781	(154 340)	-	-	-	11 792 240	(6 952 997)	145 658	-	(1 240 281)	-	(8 047 620)	3 744 620
Transport Assets	46 132 902	4 363 478	(4 823 661)	-	-	-	50 496 380	(37 406 017)	4 806 152	-	(2 316 606)	-	(39 722 623)	10 773 757
Leased Assets	20 089 972	4 437 442	(4 823 661)	-	-	-	19 703 753	(15 940 266)	25 222	-	(3 284 308)	-	(14 418 422)	5 285 331
Other Assets	35 919 176	52 313	(25 335)	(649 710)	-	-	35 296 444	(15 616 727)	-	-	(1 514 982)	-	(17 106 487)	18 189 957
	<b>3 024 786 240</b>	<b>311 824 015</b>	<b>(29 158 797)</b>	<b>(130 751 981)</b>	<b>-</b>	<b>-</b>	<b>3 176 699 477</b>	<b>1 491 875 101</b>	<b>23 311 430</b>	<b>-</b>	<b>(112 071 789)</b>	<b>(1 376 759)</b>	<b>(1 582 012 219)</b>	<b>1 594 687 258</b>
<b>Intangible assets</b>														
Computer- Software	3 962 382	444 404	-	-	-	-	4 406 786	(3 505 105)	-	-	-	-	-	883 710
	<b>3 962 382</b>	<b>444 404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 406 786</b>	<b>(3 505 105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 723 076)</b>	<b>683 710</b>
<b>Heritage assets</b>														
Mayors chain & Council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	<b>200 958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200 958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 723 076)</b>	<b>683 710</b>
<b>Investment properties</b>														
Investment property	181 586 803	1 100 000	-	(3 740 000)	606 174 097	-	785 120 900	-	-	-	-	-	-	785 120 900
	<b>181 586 803</b>	<b>1 100 000</b>	<b>-</b>	<b>(3 740 000)</b>	<b>606 174 097</b>	<b>-</b>	<b>785 120 900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>785 120 900</b>
<b>Land and buildings</b>														
Infrastructure	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
Community Assets	2 395 417 057	129 398 354	(23 845 764)	-	-	-	2 500 969 647	1 334 957 570	18 052 239	-	(94 823 002)	(1 376 759)	(1 413 105 092)	1 087 864 555
Construction Work in Progress	235 321 495	1 353 326	-	-	-	-	236 674 821	(72 533 758)	-	-	(8 263 340)	-	(80 797 098)	155 877 723
Computer equipment	152 044 489	169 904 762	-	(130 102 271)	-	-	191 846 980	-	-	-	-	-	-	191 846 980
Furniture and office equipment	5 785 375	216 352	(211 352)	(98 345)	-	-	5 790 375	(5 193 410)	197 693	-	(280 413)	-	(5 276 130)	514 245
Machinery and plant	4 549 232	722 207	-	-	-	-	5 173 094	(3 274 356)	84 466	-	(348 857)	-	(3 538 747)	1 634 347
Transport assets	10 570 799	1 375 781	(154 340)	-	-	-	11 792 240	(6 952 997)	145 658	-	(1 240 281)	-	(8 047 620)	3 744 620
Leased assets	20 089 972	4 363 478	(4 823 661)	-	-	-	50 496 380	(37 406 017)	4 806 152	-	(2 316 606)	-	(39 722 623)	10 773 757
Other assets	35 919 176	52 313	(25 335)	(649 710)	-	-	35 296 444	(15 616 727)	25 222	-	(3 284 308)	-	(14 418 422)	5 285 331
Investment property	181 586 803	1 100 000	(3 740 000)	-	606 174 097	-	785 120 900	(3 505 105)	-	-	(1 514 982)	-	(17 106 487)	18 189 957
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	<b>3 210 536 383</b>	<b>313 368 419</b>	<b>(32 898 797)</b>	<b>(130 751 981)</b>	<b>606 174 097</b>	<b>-</b>	<b>3 966 428 121</b>	<b>(1 495 380 206)</b>	<b>23 311 430</b>	<b>-</b>	<b>(112 289 760)</b>	<b>(1 376 759)</b>	<b>(1 585 735 295)</b>	<b>2 380 692 826</b>

**Greater Tzaneen Municipality  
Appendix C**

**Segmental analysis of property, plant and equipment for the year ended 30 June 2023  
Accumulated Depreciation**

**Cost/Revaluation**

	Opening Balance		Additions		Write Offs		Transfers		Revaluations		Other changes, movements		Closing Balance		Opening Balance		Write Offs		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Municipality	2 721 694	121 548 322	825 488	416 377	(63 451)	(183 196)	-	-	-	-	-	-	-	3 483 731	121 781 503	(2 243 230)	(2 088 005)	63 141	125 969	-	-	(242 632)	(264 420)	-	-	(2 422 721)	(2 216 456)	1 061 010	119 565 047
Municipal Manager, Planning and Development/Economic Development/Plan	4 672 373	14 284 818	435 687	1 509 796	(173 387)	(759 774)	-	-	-	-	-	-	-	4 934 673	15 034 840	(3 149 831)	(10 730 065)	165 154	754 927	-	-	(655 138)	(1 919 801)	-	-	(3 639 815)	(11 894 939)	1 294 858	3 139 901
Financial Service	1 780 017 370	253 295 657	2 996 677	(421 610)	(1 983 471)	(128 355 702)	-	-	-	-	-	-	-	1 902 963 987	261 002 437	(943 358 916)	(94 636 940)	1 921 191	421 323	-	-	(57 069 605)	(10 741 824)	(304 764)	(105 262 205)	155 740 232	904 456 657		
Corporate Service	994 932 305	81 356 145	894 050	(21 399 650)	(37 409 755)	-	-	-	-	-	-	-	-	1 017 479 045	989 061	(525 730 196)	(75 034)	17 338 828	-	-	-	(40 866 791)	(13 738)	(6 456 858)	(555 715 019)	(88 772)	900 269		
Engineering Service																													
Community Service																													
Electrical Engineering																													
Mayor's office																													
<b>Total</b>	<b>3 176 699 396</b>	<b>341 729 877</b>	<b>341 729 877</b>	<b>(24 994 539)</b>	<b>(165 765 457)</b>	<b>(165 765 457)</b>	<b>(24 994 539)</b>	<b>(165 765 457)</b>	<b>(24 994 539)</b>	<b>(165 765 457)</b>	<b>(24 994 539)</b>	<b>(165 765 457)</b>	<b>(24 994 539)</b>	<b>3 327 669 277</b>	<b>3 327 669 277</b>	<b>(1 582 012 217)</b>	<b>(1 582 012 217)</b>	<b>20 790 531</b>	<b>20 790 531</b>	<b>(6 761 622)</b>	<b>(6 761 622)</b>	<b>(111 763 949)</b>	<b>(111 763 949)</b>	<b>(6 761 622)</b>	<b>(6 761 622)</b>	<b>1 647 922 020</b>	<b>1 647 922 020</b>	<b>1 647 922 020</b>	<b>1 647 922 020</b>

Greater Tzaneen Municipality  
Appendix D

Segmental Statement of Financial Performance for the year ended 30 June 2023  
Prior Year Current year

Actual Income		Actual Expenditure		Surplus / (Deficit)	
Rand		Rand		Rand	
1 551 161 897	-	29 318 785	(29 318 785)	Executive & Council/Mayor and Council	40 481 788
865 426	1 311 174 064	239 987 833	1 311 174 064	Finance & Admin/Finance	338 709 617
	(475 754 941)	476 620 367	(475 754 941)	Planning and Development/Economic	30 277 871
		2 175 153	(2 175 153)	Development/Plan	
141 278		20 173	121 105	Health/Clinics	
1 956 631		3 159 054	(1 202 423)	Comm. & Social/Libraries and archives	29 156 125
		2 183 477	(2 183 477)	Housing	451 750
229 126		8 123 683	(7 894 557)	Public Safety/Police	45 077 405
44 935 893		50 667 477	(5 731 584)	Sport and Recreation	(42 683 103)
167 135 675		83 091 171	84 044 504	Waste Water Management/Sewerage	(74 807 074)
337 060 653		538 677 078	(201 616 425)	Road Transport/Roads	(32 350 539)
				Electricity /Electricity Distribution	(11 793 040)
<b>2 103 486 579</b>	<b>1 434 024 251</b>	<b>669 462 328</b>			69 438 965
					732 939 174
					53 322 675
					60 533 465
					32 623 687
					89 983 939
					45 077 405
					24 293
					2 394 302
					15 176 865
					273 148
					48 740 425
					122 761 640
					366 970 915
					1 578 397 657
					1 453 557 496
					124 840 161

**Greater Tzaneen Municipality**  
**Appendix E1**  
**Budget Summary (Appropriation statement)**  
**for the year ended 30 June 2023**

**2022/2023**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Variance of Actual Outcome against Adjustments Budget Rand
<b>Financial Performance</b>							
Property rates	134 837 828	10 500 000	145 337 828		145 337 828	138 299 006	(7 038 822)
Service charges	737 893 774	14 345 852	752 239 626		752 239 626	690 221 367	(62 018 259)
Investment Revenue	30 152 121	-	30 152 121		30 152 121	50 881 482	20 729 361
Transfers recognised operational	516 330 000	7 091 651	523 421 651		523 421 651	513 178 191	(10 243 460)
Other own Revenue	54 990 050	-	54 990 050		54 990 050	62 278 365	7 288 315
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 474 203 773</b>	<b>31 937 503</b>	<b>1 506 141 276</b>		<b>1 506 141 276</b>	<b>1 454 858 411</b>	<b>(51 282 865)</b>
<b>Expenditure By Type</b>							
Employee cost	367 029 275	277 300	367 306 575	-	367 306 575	346 138 693	(21 167 882)
Remuneration of councillors	28 445 008	-	28 445 008	-	28 445 008	27 791 778	(653 230)
Debt impairment	49 600 000	-	49 600 000	22 099 990	71 699 990	133 215 681	61 515 691
Depreciation & asset impairment	121 847 579	-	121 847 579	1 880 600	123 728 179	118 849 587	(4 878 592)
Finance charges	14 057 047	-	14 057 047	2 005 670	16 062 717	15 677 352	(385 365)
Materials and bulk purchases	620 909 774	30 522 552	651 432 326	7 210 896	658 643 222	644 410 168	(14 233 054)
Transfers and grants	45 801 506	2 286 300	48 087 806	-	48 087 806	57 875 751	9 787 945
Other Expenses	152 591 041	(768 724)	151 822 317	(33 197 156)	118 625 161	108 820 880	(9 804 281)
<b>Total Expenditure</b>	<b>1 400 281 230</b>	<b>32 317 428</b>	<b>1 432 598 658</b>		<b>1 432 598 658</b>	<b>1 452 779 890</b>	<b>20 181 232</b>
<b>Surplus/(Deficit)</b>	<b>73 922 543</b>	<b>(379 925)</b>	<b>73 542 618</b>		<b>73 542 618</b>	<b>2 078 521</b>	<b>(71 464 097)</b>
Transfers recognised- capital	113 700 000	8 900 000	122 600 000		122 600 000	122 761 640	161 640
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>187 622 543</b>	<b>8 520 075</b>	<b>196 142 618</b>		<b>196 142 618</b>	<b>124 840 161</b>	<b>(71 302 457)</b>
Transfers recognised - capital	113 648 820	8 900 000	122 548 820		122 548 820	122 761 640	212 820
Internally generated funds	50 400 000	12 514 510	62 914 510		62 914 510	53 222 879	(9 691 631)
<b>Total sources of capital funds</b>	<b>164 048 820</b>	<b>21 414 510</b>	<b>185 463 330</b>		<b>185 463 330</b>	<b>175 984 519</b>	<b>(9 478 811)</b>
<b>Financial Position</b>							
Total current assets	653 755 258	292 929 372	946 684 630		946 684 630	963 079 091	16 394 461
Total non current assets	2 141 285 113	278 692 663	2 419 977 776		2 419 977 776	2 455 742 953	35 765 177
Total current liabilities	343 177 476	46 749 103	389 926 579		389 926 579	347 527 453	(42 399 126)
Total non-current liabilities	219 578 805	8 741 876	228 320 681		228 320 681	210 307 763	(18 012 918)
<b>Community wealth/equity</b>	<b>2 232 284 090</b>	<b>516 131 056</b>	<b>2 748 415 146</b>		<b>2 748 415 146</b>	<b>2 860 986 828</b>	<b>112 571 682</b>
<b>Cash Flows</b>							
Net cash from (used) operating	205 367 619	7 249 984	212 617 603		212 617 603	217 073 668	4 456 065
Net cash from (used) investing	(164 223 845)	(24 859 346)	(189 083 191)		(189 083 191)	(170 690 954)	18 392 237
Net cash from (used) financing	(103 268 774)	(41 525 328)	(144 794 102)		(144 794 102)	(16 532 516)	128 261 586
<b>Cash/Cash equivalents at the year end</b>	<b>95 000 000</b>	<b>52 461 260</b>	<b>147 461 260</b>		<b>147 461 260</b>	<b>177 311 458</b>	<b>29 850 199</b>



Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2023 Act. Bal.	Current year 2023 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var
<b>Revenue</b>				
Property rates	138 299 006	145 337 828	(7 038 822)	(4.8) The lower than expected revenue from Property rates is due to the inclusion of property rates from new developments and supplementary valuation roll which should have been finalized. Variance (2023: R7,038,822) and (2022: R1,209,203)
Service charges	690 221 367	752 239 626	(62 018 259)	(8.2) The reduction on service charges is due to lower than anticipated revenue billed for Electricity services. Variance (2023: R62,018,259) and (2022: R48,939,815)
Fines, penalties and forfeits	26 081 047	28 057 011	(1 975 964)	(7.0) The decrease is due to lesser issued fines, penalties and forfeits, which indicates that people were partially complying with law and regulations.
Rental of facilities and equipment	1 737 990	800 000	937 990	117.2 More income received than anticipated from the Municipal property rental of Halls, Stadiums and other community assets
Income from agency services	11 575 504	14 664 291	(3 088 787)	(21.1) The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue.
Licences and permits	505 523	817 000	(311 477)	(38.1) Lower than expected revenue from the issuing of licences and permits on building plans and registration approval, clearance certificates issued and town planning application fees.
Other income	22 350 467	10 651 748	11 698 719	109.8 High income received in Administrative Handling fees item, 48% of the Total other Income was generated from Handling fees.
Government grants and subsidies	635 939 831	641 404 000	(5 464 169)	(0.9)
Interest revenue - external investments	19 123 799	4 500 000	14 623 799	325.0 The increase is as a result of interest of short-term investment and surplus amount on Bank Account during the year.
Interest received - outstanding receivables	31 757 683	25 652 121	6 105 562	23.8 More interest received than anticipated due to interest from billing of customers accounts due to late payment of consumer accounts
	1 577 592 217	1 624 123 625	(46 531 408)	(2.9)
<b>Expenses</b>				
Employee costs	(346 138 690)	(367 306 577)	21 167 887	(5.8) Lower spending due to number of Vacant positions not filled
Remuneration of councillors	(27 791 778)	(28 445 008)	653 230	(2.3) The reduction on variance was due to the late receipt of the government gazette from Coghsta. Variance (2023: R653,230) and (2022: R690,900)
Depreciation and amortisation	(112 087 966)	(121 828 179)	9 740 213	(8.0) The depreciation and amortisation reduced due to review useful life of assets and prior period corrections
Inventory consumed	(26 401 275)	(74 363 922)	47 962 647	(64.5) Reduced due to reclassification of repairs and maintenance budget to Contracted services
Impairment of assets	(6 761 621)	(1 900 000)	(4 861 621)	255.9 Impairment was as a result of physically damaged electrical infrastructure assets
Finance costs	(15 677 352)	(16 062 718)	385 366	(2.4) The decrease is due to over budgeting of interest on overdue accounts. Variance is (2023: R385,366) and (2022: R5,107,057)
Debt Impairment	(133 215 681)	(71 699 990)	(61 515 691)	85.8 The variance is due to expected decrease in consumer debtors and other, as per debtors book during the budget process. Variance (2023: -R61,515,691) and (2022:-R136,562,185)
Bulk purchases	(495 844 915)	(506 406 718)	10 561 803	(2.1) The decrease in actual expenditure for bulk purchase is due to implementation of loadshedding by Eskom, which affected the sales of electricity. Variance (2023: R10,314,834) and (2022: R58,981,529)
Contracted Services	(121 880 443)	(77 872 580)	(44 007 863)	56.5 Low spending due to late appointment of service provider for Municipal Valuation roll
Transfers and subsidies	(57 872 958)	(48 087 806)	(9 785 152)	20.3 The high spending is due to donation of land made by the Municipality to the Developer.
General Expenses	(108 820 880)	(118 625 160)	9 804 280	(8.3) Low spending as a result of Cost containment measures implement Subsistence & Travelling and Entertainment allowance
	(1 452 493 559)	(1 432 598 658)	(19 894 901)	1.4

Greater Tzaneen Municipality  
Appendix E(2)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June  
2023

	Current year 2012 Act. Bal.	Current year 2012 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Other revenue and costs				
Gain or loss on disposal of assets	(258 497)-	4 617 651 -	(4 876 148)-	(105.6) - - - -
Net surplus/ (deficit) for the year	124 840 161	196 142 618	(71 302 457)	(36.4)

Budget Analysis of Capital Expenditure for the year  
ended 30 June 2023

Municipality	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Finance & Admin/Finance	435 687	400 000		(35 687)	
Planning and Development/Economic Development/Plan Housing	-	-	-	-	(9) The Item Project for office furniture was centralized to Budget and Treasury Office to procure furniture for the Municipal Offices
Road transport	4 841 450	4 250 000		(591 450)	
Electricity /Electricity Distribution	150 754 762	154 013 330		3 258 568	(14) Rollover was approved to complete the construction of Civil centre roof. 2 The MIG budget was 100% spent, only some of the internal funding projects were appointed late. Variance (2023: R3,451,292) and (2022: R18,300,647)
	19 932 523	26 800 000		6 867 477	26 INEP Budget was also 100% spent, and the delay was due to late project plan of Service provider
	<b>175 964 422</b>	<b>185 463 330</b>		<b>9 498 908</b>	<b>5</b>

Greater Tzaneen Municipality

Appendix G2

Budgeted Financial Performance (revenue and expenditure by municipal vote)

for the year ended 30 June 2023

2022/2021

2023/2022

	Original Budget (i.l.o. s28 and s31 of the MFMA)	Budget Adjustments (i.l.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.l.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>														
Vote 1 - Municipal Manager Development	1 229 300 125	-	1 229 300 125	-	1 229 300 125	366 265	(1 229 66 140)	22 %	22 %	-				258 475
Vote 2 - Planning & Economic Development	992 890 712	15 117 651	1 008 008 363	1 008 008 363	1 020 495 934	386 431	12 487 571	1 %	51 %	3 %				1 251 380 915
Vote 3 - Financial Services	800 000	-	800 000	103 188 581	903 188 581	64 214 732	(38 973 849)	(38 %)	(38 %)	(38 %)				934 581
Vote 4 - Corporate Services	103 188 581	-	103 188 581	386 249 852	366 970 915		(19 278 937)	(5 %)	(1 %)	(1 %)				61 747 361
Vote 5 - Community Services	369 430 000	16 819 852	386 249 852				(5 037 183)	(4 %)	3 %	3 %				633 560 255
Vote 7 - Electrical Engineering Services	121 293 125	8 900 000	130 193 125				(51 149 056)	(37 %)	(1 %)	(1 %)				155 294 744
Vote 8 - Engineering Services	1 587 903 772	40 837 503	1 628 741 275											2 103 176 331
<b>Total Revenue by Vote</b>														
Vote 1 - Municipal Manager Development	88 707 454	759 744	87 467 198	7 461 720	94 928 918	88 998 570	(4 929 348)	(5 %)	4 %	4 %				95 566 123
Vote 2 - Planning & Economic Development	34 333 500	-	34 333 500	302 455	34 635 955	30 277 871	(4 358 084)	(13 %)	(12 %)	(12 %)				29 711 091
Vote 3 - Financial Services	138 393 828	(4 317 023)	134 076 805	(2 907 425)	131 169 380	223 803 571	92 634 191	71 %	62 %	62 %				218 267 578
Vote 4 - Corporate Services	81 662 038	-	81 662 038	(1 059 235)	80 602 803	64 880 801	(15 722 002)	(20 %)	(21 %)	(21 %)				62 869 618
Vote 5 - Community Services	253 202 211	7 870 000	260 872 211	(22 880 390)	237 991 821	212 748 966	(25 242 855)	(11 %)	(16 %)	(16 %)				229 091 455
Vote 7 - Electrical Engineering Services	643 677 552	20 072 854	663 750 406	21 442 230	685 192 636	732 641 199	(47 448 563)	(7 %)	14 %	14 %				670 348 483
Vote 8 - Engineering Services	162 304 648	8 131 853	170 436 501	(2 359 355)	168 077 146	98 400 080	(69 677 066)	(41 %)	(39 %)	(39 %)				127 869 654
<b>Total Expenditure by Vote</b>														
Vote 1 - Municipal Manager Development	1 400 281 231	32 317 428	1 432 598 659	-	1 432 598 659	1 452 752 058	(20 153 399)	1 %	4 %	4 %				669 462 329
Vote 2 - Planning & Economic Development	187 622 541	8 520 075	196 142 616	-	196 142 616	124 840 161	(71 302 455)	(36 %)	(33 %)	(33 %)				
<b>Surplus/(Deficit) for the year</b>														

Greater Tzaneen Municipality  
Appendix G3

Budgeted Financial Performance (revenue and expenditure)  
for the year ended 30 June 2023

Revenue By Source	2023/2022					2022/2021							
	Original Budget	Budget Adjustments (i.o. s28 and MFMA)	Final adjustments budget	Virement (i.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure in terms of section 32 of MFMA	Expenditure authorised in recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Property rates	134 837 828	10 500 000	145 337 828		145 337 828	138 289 006		(7 038 822)	(5)%	3%			
Service charges - electricity revenue	700 000 000	14 345 852	714 345 852		714 345 852	681 012 942		(63 332 910)	(9)%	(7)%			(138 709 203)
Rental of facilities and equipment	37 883 774	-	37 883 774		37 883 774	39 208 425		1 314 651	3%	3%			(620 272 025)
Interest revenue	800 000	-	800 000		800 000	1 737 990		937 990	117%	117%			(36 316 771)
Fines, penalties and forfeits	4 500 000	-	4 500 000		4 500 000	19 123 799		14 623 799	325%	325%			(1 174 610)
Licences and permits	25 852 121	-	25 852 121		25 852 121	31 757 683		6 105 562	24%	24%			(9 190 351)
Agency services	28 057 011	-	28 057 011		28 057 011	26 081 047		(1 975 964)	(7)%	(7)%			(22 008 208)
Transfers recognised- operational	817 000	-	817 000		817 000	505 523		(311 477)	(38)%	(38)%			(19 078 590)
Other revenue	14 664 291	2 474 000	14 664 291		14 664 291	11 575 504		(3 088 787)	(21)%	(21)%			(528 123)
Gain on disposal/Write off of assets	516 300 000	-	516 300 000		516 300 000	513 178 191		(3 121 809)	(1)%	(1)%			(13 009 774)
Total Revenue (excluding capital transfers and contributions)	1 474 203 773	4 617 651	1 506 141 276		1 506 141 276	1 454 572 080		(51 569 196)	(3)%	(1)%			(26 743 398)
													(606 174 097)
													1 975 246 478

Greater Tzaneen Municipality  
 Appendix G3  
 Budgeted Financial Performance (revenue and expenditure)  
 for the year ended 30 June 2023

2022/2021

Expenditure By Type	Original Budget		Budget Adjustments (i.t.o. s28 and s31 of the MFMA)		Final Budget		Virement (i.t.o. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variation of Actual Outcome against Adjustments Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome					
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand			
Employee related costs	367 029 275	277 300	367 306 575	-	367 306 575	346 138 692	(21 167 883)	(6)%	(2)%	346 138 692	(21 167 883)	(6)%	(2)%	(334 111 840)																
Remuneration of councillors	28 445 008	-	28 445 008	-	28 445 008	27 791 778	(653 230)	(2)%	(2)%	27 791 778	(653 230)	(2)%	(2)%	(176 252 493)																
Debt impairment	49 600 000	-	49 600 000	-	49 600 000	135 215 681	85 615 681	172%	(4)%	135 215 681	85 615 681	172%	(4)%	(113 666 518)																
Depreciation & asset impairment	121 847 579	-	121 847 579	-	121 847 579	118 849 587	(2 997 992)	(2)%	7%	118 849 587	(2 997 992)	(2)%	7%	(494 833 140)																
Finance charges	14 057 047	-	14 057 047	-	14 057 047	15 677 352	1 620 305	11%	(2)%	15 677 352	1 620 305	11%	(2)%	(20 909 887)																
Bulk purchases	465 421 255	21 138 854	486 560 109	-	506 408 719	496 091 885	(10 316 834)	(2)%	(64)%	506 408 719	(10 316 834)	(2)%	(64)%	(37 660 367)																
Inventories Consumed	77 568 118	4 052 203	81 620 321	-	74 363 822	26 401 275	(47 962 847)	(57)%	20%	74 363 822	(47 962 847)	(57)%	20%	(93 533 590)																
Other expenditure	77 820 401	5 331 495	83 251 896	-	77 872 561	48 087 806	(29 794 755)	(35)%	(8)%	77 872 561	(29 794 755)	(35)%	(8)%	(1 584 245)																
Transfers and subsidies	45 801 506	2 286 300	48 087 806	-	48 087 806	108 820 879	60 733 073	126%	(8)%	48 087 806	(60 733 073)	(126)%	(8)%	(1 434 271 220)																
Loss on sale of assets	152 591 041	(768 724)	151 822 317	-	118 625 161	(32 197 156)	(21 495 160)	(14)%	1%	118 625 161	(32 197 156)	(14)%	1%	(540 975 258)																
<b>Total Expenditure</b>	<b>1 400 281 230</b>	<b>32 317 428</b>	<b>1 432 598 658</b>	<b>-</b>	<b>1 432 598 658</b>	<b>1 452 740 530</b>	<b>20 141 872</b>	<b>1%</b>	<b>4%</b>	<b>1 432 598 658</b>	<b>20 141 872</b>	<b>1%</b>	<b>4%</b>	<b>(540 975 258)</b>																
Surplus/(Deficit) after capital transfers & contributions	73 922 543	(379 925)	73 542 618	-	73 542 618	1 831 550	(71 711 068)	(96)%	(96)%	73 542 618	(71 711 068)	(96)%	(96)%	(128 487 070)																
Surplus/(Deficit) after taxation	113 700 000	8 900 000	122 600 000	-	122 600 000	122 761 640	161 640	0%	(36)%	122 600 000	161 640	0%	(36)%	(669 462 328)																
Surplus/(Deficit) attributable to municipality	187 622 543	8 520 075	196 142 618	-	196 142 618	124 593 190	(71 549 428)	(36)%	(36)%	196 142 618	(71 549 428)	(36)%	(36)%	(669 462 328)																
Surplus/(Deficit) for the year	187 622 543	8 520 075	196 142 618	-	196 142 618	124 593 190	(71 549 428)	(36)%	(36)%	196 142 618	(71 549 428)	(36)%	(36)%	(669 462 328)																

Greater Tzaneen Municipality  
Appendix G4

Budgeted Capital Expenditure by vote, function and funding  
for the year ended 30 June 2023

	2023/2022				2022/2021							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MIFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MIFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote Multi-year expenditure	2 000 000	(2 000 000)	-	-	-	-	-	-	-	-	-	-
Single-year expenditure	400 000	-	-	400 000	435 687	-	35 687	DIV/0 % (100)%	-	-	-	-
Vote 2 - Planning & Economic Development	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Electrical Engineering Services	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Engineering Services	27 500 000	(700 000)	-	26 800 000	19 932 523	-	(6 867 477)	DIV/0 % (26)%	-	-	-	2 513 770
Capital single-year expenditure sub-total	134 148 820	24 114 510	-	158 263 330	153 596 212	-	(2 667 118)	(2)%	16 %	-	-	22 953 655
Total	164 048 820	21 414 510	-	185 463 330	175 964 422	-	(9 498 908)	(5)%	7 %	-	-	150 910 029
Total Capital Expenditure - Vote	164 048 820	21 414 510	-	185 463 330	175 964 422	-	(9 498 908)	(5)%	7 %	-	-	176 377 454

**Greater Tzaneen Municipality**  
**Appendix G4**  
**Budgeted Capital Expenditure by vote, function and funding**  
**for the year ended 30 June 2023**

**2022/2021**

**2023/2022**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital Expenditure - Functional</b>														
<b>Governance and administration</b>														
Budget and treasury office	400 000	-	400 000	-	400 000	435 687	35 687	35 687	DIV/0 %	9 %	-	-	-	2 513 770
Corporate services	400 000	-	400 000	-	400 000	435 687	-	-	DIV/0 %	9 %	-	-	-	2 513 770
Community and public safety	240 000	4 010 000	4 250 000	-	4 250 000	4 841 450	591 450	591 450	14 %	1 917 %	-	-	-	1 086 723
Housing	240 000	4 010 000	4 250 000	-	4 250 000	4 841 450	-	-	14 %	1 917 %	-	-	-	1 086 723
Health	135 908 820	18 104 510	154 013 330	-	154 013 330	150 754 762	(3 258 568)	(3 258 568)	(2) %	11 %	-	-	-	149 823 306
Economic and environmental services	2 000 000	(2 000 000)	154 013 330	-	154 013 330	150 754 762	(3 258 568)	(3 258 568)	(2) %	(100) %	-	-	-	149 823 306
Planning and development	133 908 820	20 104 510	154 013 330	-	154 013 330	19 932 523	(6 867 477)	(6 867 477)	(26) %	13 %	-	-	-	22 953 655
Road transport	27 500 000	(700 000)	26 800 000	-	26 800 000	19 932 523	(6 867 477)	(6 867 477)	(26) %	(28) %	-	-	-	22 953 655
Trading services	27 500 000	(700 000)	26 800 000	-	26 800 000	19 932 523	(6 867 477)	(6 867 477)	(26) %	(28) %	-	-	-	22 953 655
Electricity	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Functional	164 048 820	21 414 510	185 463 330	-	185 463 330	175 964 422	(9 498 908)	(9 498 908)	(5) %	7 %	-	-	-	176 377 454
<b>Funded by:</b>														
National Government	113 648 820	-	113 648 820	-	113 648 820	122 548 820	-	-	DIV/0 %	DIV/0 %	-	-	-	136 067 053
Provincial Government	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other transfers and grants	-	8 900 000	8 900 000	-	8 900 000	122 548 820	-	-	DIV/0 %	DIV/0 %	-	-	-	5 893 794
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	34 416 607
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	12 514 510	12 514 510	-	12 514 510	53 415 602	(9 498 908)	(9 498 908)	(15) %	6 %	-	-	-	176 377 454
Internally generated funds	50 400 000	-	50 400 000	-	50 400 000	175 964 422	-	-	(5) %	7 %	-	-	-	-
Total Capital Funding	164 048 820	21 414 510	185 463 330	-	185 463 330	175 964 422	(9 498 908)	(9 498 908)	(5) %	7 %	-	-	-	176 377 454



**Greater Tzaneen Municipality  
Appendix G5  
Budgeted Cash Flows  
for the year ended 30 June 2023**

	2022/2023				2022			
	Original Budget	Budget Adjustments (i.l.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>								
<b>Receipts</b>								
Sale of goods and services	124 050 802	4 045 135	128 095 937	93 340 190	(34 755 747)	73 %	75 %	93 092 948
Grants	722 110 574	22 160 813	744 271 387	657 612 841	(86 658 546)	88 %	91 %	624 413 478
Interest income	630 030 000	8 900 000	638 930 000	651 353 686	12 423 686	102 %	103 %	632 432 842
Employee costs	30 152 121	(277 300)	30 152 121	19 123 799	(11 028 322)	63 %	63 %	9 190 351
Suppliers	(387 029 275)	(277 300)	(387 306 575)	(374 449 471)	(12 857 104)	102 %	102 %	(356 015 636)
Dividends	(874 088 049)	6 637 550	(867 450 499)	(762 643 475)	104 807 024	88 %	87 %	(749 672 949)
Payments								
Finance costs								
Transfer of property, plant and equipment	(14 057 048)	-	(14 057 048)	(15 170 725)	(1 113 677)	DIV/0 %	DIV/0 %	-
Transfers and Grants								
	(45 801 506)	(2 406 300)	(48 207 806)	(52 093 176)	(3 885 370)	108 %	108 %	(22 712 675)
<b>Net cash flow from/used operating activities</b>	<b>205 367 619</b>	<b>39 059 898</b>	<b>244 427 517</b>	<b>217 073 669</b>	<b>(27 353 848)</b>	<b>108 %</b>	<b>114 %</b>	<b>-</b>
<b>Cash flow from investing activities</b>								
<b>Receipts</b>								
Additions to property, plant and equipment	(165 145 231)	(23 790 848)	(188 936 079)	(175 964 422)	12 971 657	83 %	107 %	(176 708 540)
Proceeds on disposal of PPE								
Proceeds from sale of investment property	2 003 122	(1 068 498)	934 624	4 585 511	4 585 511	DIV/0 %	DIV/0 %	-
Purchase of intangible assets				4 140 000	3 205 376	443 %	207 %	2 003 122
Movement in financial assets								
Proceeds from sale of intangible assets	(1 081 736)	-	(1 081 736)	(3 484 183)	(2 402 447)	DIV/0 %	DIV/0 %	(444 404)
Capital assets				32 140	32 140	322 %	322 %	(1 153 843)
Loss on disposal of property, plant and equipment								
Increase in heritage assets								
<b>Net cash flow from/used investing activities</b>	<b>(164 223 845)</b>	<b>(24 859 346)</b>	<b>(189 083 191)</b>	<b>(170 690 954)</b>	<b>18 392 237</b>	<b>90 %</b>	<b>104 %</b>	<b>(176 303 665)</b>
<b>Cash flow from financing activities</b>								
<b>Receipts</b>								
Repayment of other financial liabilities	(102 933 004)	90 595 470	(12 337 534)	(13 638 786)	(1 301 252)	111 %	13 %	(12 337 534)
Finance lease payments	(335 770)	-	(335 770)	(2 893 730)	(2 557 960)	862 %	862 %	584 064
Increase (decrease) in consumer deposits								
Payments								
Repayment of borrowing								
<b>Net cash flow from/used financing activities</b>	<b>(103 268 774)</b>	<b>90 595 470</b>	<b>(12 673 304)</b>	<b>(16 532 516)</b>	<b>(3 859 212)</b>	<b>130 %</b>	<b>16 %</b>	<b>(11 753 470)</b>

Greater Tzaneen Municipality  
 Appendix G5  
 Budgeted Cash Flows  
 for the year ended 30 June 2023

2022

2022/2023

Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFRMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
(62 125 000)	104 796 022	42 671 022	29 850 199	(12 820 823)	70 %	(48)%	42 671 022
157 125 000	(52 334 762)	104 790 238	147 461 259	42 671 021			104 790 238
95 000 000	52 461 260	147 461 260	177 311 458	29 850 198	120 %	187 %	147 461 260

Net increase/(decrease) in cash held  
 Cash/cash equivalents at the year  
 begin:  
 Cash/cash equivalents at the year  
 end:

Greater Tzaneen Municipality  
Appendix G6  
**Stands not yet transferred  
for the year ended 30 June 2023**

Stands not yet transferred

Stands to the value of R 1 250 000 have been sold and are in the progress of being transferred.

Details of stands not yet transferred attached as Appendix 6.

NO	NAME AND SURNAME	ERF NUMBER	LOCATIO N	PURCHASE PRICE	ACCOUNT	2022/2023 MARKET VALUE
1	Alucia Thembile Mkhabele	941	Dan ext 2	50 750	92690	50 000
2	Mhelembe Ojay Shongile	928	Dan ext 2	65 000	92678	50 000
3	Oupa Mbhungela	924	Dan ext 2	55 000	92677	60 000
4	Mashele Petunia Faith	1715-A	Nkowa-A	235 000	92685	30 000
5	Matabyane Thabang	927	Dan ext 2	56 178	92706	50 000
6	Ramolobe Paulina	910	Dan ext 2	55 124	92707	50 000
7	Chauke Xitshembiso	942	Dan ext 2	50 750	92708	50 000
8	Munyai Thanynai Norman	913	Dan ext 2	60 000	92709	50 000
9	Makhanana Mpenyana	908	Dan ext 2	55 000	92710	50 000
10	Senwana Elvis	909	Dan ext 2	55 000	92711	50 000
11	Matshwene Mojela	1675-A	Nkowa-A	225 000	92713	80 000
12	The Curve Behind Trading	1723-A	Nkowa-A	236 000	92714	30 000
13	Mashala Maite Martha	923	Dan ext 2	71 000	92689	60 000
14	Nkasha Zenobia Tsakani	738/27	Nkowa-C	6 854		590 000
						<u>1 250 000</u>