



ELIAS MOTSOLEDI LOCAL MUNICIPALITY

(Registration number LIM 472)

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

Auditor General South Africa - Auditors

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

General Information

Legal form of entity	Municipality (LIM 472)
Nature of business and principal activities	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

Councillors List

Mayor	Cllr MD Tladi
Chief Whip	Cllr ME Nduli
Speaker	Cllr DM Mashego

Council:

Cllr MD Tladi (Mayor)
Cllr DM Mashego (Speaker)
Cllr ME Nduli (Chief Whip) March 2024 to date
Cllr HJ Makunyane (Chief Whip) November 2021 to February 2024
Cllr GD Matjomane (Exco member)
Cllr JP Kotze (Exco member)
Cllr NJ Ramongana (Exco member)
Cllr MG Phetla (Exco member)
Cllr MP Msiza (Exco member)
Cllr MW Ramphisa (Exco member)
Cllr TA Machipa (Exco member)
Cllr HMC Malapela (Exco member)
Cllr MG Mathabathe (Exco member)
Cllr AL Gulube
Cllr AN Limakwe
Cllr CM Maphopha
Cllr DJ Genedi
Cllr FK Lehungwane
Cllr FS Mohlahlo
Cllr GM Segope
Cllr J Letageng
Cllr J Mahlangu
Cllr JS Mogotlana
Cllr K Mabelane
Cllr KW Tlaka
Cllr LS Komane
Cllr LS Maibelo
Cllr M Mampana
Cllr MA Mafiri
Cllr MC Phokwane
Cllr ME Sithole
Cllr ME Tshehla
Cllr MNS Oosthuizen
Cllr MR Msiza
Cllr MS Mashilo
Cllr MS Mthimunye
Cllr MZ Buta
Cllr NP Mohlala
Cllr NS Makuwa
Cllr P Masimula
Cllr PK Tladi
Cllr PT Koka
Cllr RM Makuwa
Cllr RN Ndlovu
Cllr SB Nkosi
Cllr SC Mmotla
Cllr SD Morare
Cllr SH Mmaboko

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General Information

Cllr SH Radigwana
Cllr SM Malapela
Cllr ST Matsomane
Cllr SZ Ngwenya
Cllr TA Phorothoe
Cllr TC Sithole
Cllr TE Mohlamonyane
Cllr TM Phahlamohlaka
Cllr TP Kgagara
Cllr TS Malau
Cllr TS Thethe
Cllr VM Sithole
Cllr W De beer
Clll S Ratlou

Accounting Officer

Ms. N R Makgata Pr Tech Eng (June 2024 to date)
Mr M W Mohlala (Acting from October 2023 to May 2024)
Mr M M Kgware (July 2023 to September 2023)

Chief Finance Officer (CFO)

Mr K L E Hutamo (February 2024 to date)

Acting CFO

Mr ML Sebelemetja (July 2023 to January 2024)

Business address

2nd Grobler Avenue - Civic Centre
Groblerdal
0470

Postal address

PO Box 48
Groblerdal
0470

Bankers

Nedbank

Auditors

Auditor General South Africa

Grading of the Municipality

Grade 3

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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The reports and statements set out below comprise the annual financial statements presented to the Council and provincial legislature:

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Abbreviations

PPPPFA	Preferential Procurement Policy Framework Act
GRAP	Generally Recognised Accounting Practice
WCA	Workmen's Compensation Act.
PAYE	Pay As You Earn
IAS	International Accounting Standards
INEP	Integrated National Electrification Programme
EPWP	Expanded Public works programme
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSCOA	Municipal Standard Chart Of Accounts
FMG	Finance Management Grant
AGSA	Auditor General South Africa

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Annual Financial Statements for the year ended June 30, 2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 budget and cash flow forecast for the year to June 30, 2025 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

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

The annual financial statements set out on pages 9 to 117, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2024.

Ms. N R Makgata Pr Tech Eng
Accounting officer

Saturday, August 31, 2024

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Audit Committee Report

We are pleased to present our report for the year ended June 30, 2024.

Audit committee members and attendance

The Audit Committee of the Municipality was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003. For 2023/2024 financial year, the Audit Committee comprised of four (04) members appointed for the period of three (03) years with effect from 12 January 2022 to 13 January 2025.

The Audit Committee reported to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, four (4) ordinary and eight (8) special Audit Committee meetings were held.

The Audit Committee consists of the members listed hereunder.

Current Audit Committee members

Mr. TC Modipane (Chairperson)

Ms. MJ Masite

Ms. MJ Mabuza

Mr. MJ Rabalao

Number of meetings attended

4 Normal – 8 Special - 12 Total

4 Normal – 7 Special - 11 Total

4 Normal – 8 Special - 12 Total

4 Normal – 8 Special - 12 Total

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter.

It has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The content and the quality of the yearly management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act have been reviewed by the Audit Committee.

The Audit Committee is satisfied with Management's action to address deficiencies identified.

Evaluation of annual financial statements

The Audit Committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the accounting officer;
- planned to review the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices
- reviewed the municipality's compliance with legal and regulatory provisions;
- planned to review significant adjustments resulting from the audit.
- reviewed the performance of the institution.

The Audit Committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

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Annual Financial Statements for the year ended June 30, 2024

Audit Committee Report

Internal audit

Internal audit engaged and supported management team during the review of performance management information.

The audit committee engaged and supported management team during the review of performance management information.

For the year under review the Internal Audit performed their responsibility in terms of the approved Internal Audit Plan and reported their findings on regular basis to the Audit Committee and management for implementation.

The total number of planned audits as per the 2023/2024 Internal Audit Plan was twenty-eight (28) excluding ADHOC audits. Total of twenty-eight (28) audits were performed and finalized as per the plan. The implementation of the Internal Audit Plan is 100% achieved.

In the quest for maintaining a sound control environment, the Audit Committee continues to build the necessary capacity within the municipality.

Risk management

Every year the Council reviews the critical strategic risks facing the municipality and approves the municipality's risk approach.

The identification and assessment of those risks are informed amongst other things, by and understanding of our operational model including trends and interests of relevant stakeholders. The Audit Committee has overseen the process of developing risk strategy, risk register including mitigating factors for consideration by council.

The risk assessment was conducted quarterly during the year under review. The municipality had a full time Chief Risk Officer during the financial year.

Auditor-General of South Africa

The Audit Committee will meet with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee : TC Modipane CA (SA)

Date: _____

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Officer's Report

The accounting officer submits her report for the year ended June 30, 2024.

1. Review of activities

Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and delivery of municipal services to the community.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and fully elaborated in the Statement of Comparison of Budget and Actual Amounts.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Increased economic hardships negatively affected the municipality cash flow due to decreased debt collection process.

Net surplus of the municipality was R 56,240,786 (2023: surplus R 63,433,578).

2. Going concern

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

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of increased economic challenges.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year which resulted in an adjusting subsequent event.

4. Accounting Officers' interest in contracts

The Accounting Officer does not have any interest in contracts of the Municipality.

5. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year are set out in the notes to the financial statements.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Officer's Report

7. Accounting Officer

The Accounting Officers of the municipality during the financial year and to the date of this report are :

Name	Nationality	Changes
Mr M M Kgware	South African	Resigned Saturday, September 30, 2023
Mr M W Mohlala	South African	Acting from Monday, 02 October 2023, resigned Friday, 31 May 2024
Ms. N R Makgata Pr Tech Eng	South African	Appointed Monday, June 3, 2024

8. Corporate governance

General

The Accounting Officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the ongoing development of best practice.

Councillors

The councillors:

- retains full control over the municipality, its plans and strategy;
- acknowledges their responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- are of a unitary structure comprising;
 - Mayor
 - Speaker
 - Executive committee councillors, and
 - Councillors.

Mayor and Municipal Manager

The roles of the Mayor and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor performs their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit committee

The Audit Committee met during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee.

Internal audit

The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

9. Bankers

The municipality banks primarily with Nedbank.

10. Auditors

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Financial Position

Figures in Rand	Note(s)	2024	2023 Restated
Assets			
Current Assets			
Inventories	9&9.1	31,509,439	26,853,655
Receivables from exchange transactions	10	1,268,163	2,708,428
Receivables from non-exchange transactions	11	9,121,857	2,829,352
VAT receivable	12	19,442,291	20,817,439
Consumer debtors - From Exchange Transactions	13	49,141,707	38,430,225
Consumer debtors - From Non Exchange Transactions	13	82,132,000	72,237,986
Cash and cash equivalents	14	22,673,939	33,092,864
		215,289,396	196,969,949
Non-Current Assets			
Investment property	3	110,603,586	103,830,766
Property Plant and Equipment	4	1,155,424,065	1,136,542,007
Heritage Assets	5	463,363	463,363
Intangible assets	6	-	6,400
Eskom security deposit	8	18,475,124	17,280,638
		1,284,966,138	1,258,123,174
Total Assets		1,500,255,534	1,455,093,123
Liabilities			
Current Liabilities			
Deferred income	17	192,983	192,983
Finance lease obligation	15	6,723,467	9,494,221
Landfill Site Provision	18	9,539,983	9,416,057
Payables from exchange transactions	19	107,278,528	96,704,736
Consumer deposits	21	5,518,249	5,757,651
Employee benefit obligation	7	1,283,000	904,000
Unspent conditional grants and receipts	16	766,308	22,101,166
Provision for Long Service Leave	18	601,000	1,711,000
		131,903,518	146,281,814
Non-Current Liabilities			
Deferred income	17	2,557,017	2,749,999
Finance lease obligation	15	-	7,636,923
Landfill Site Provision	18	84,261,467	78,818,668
Employee benefit obligation	7	27,611,000	23,010,000
Provision for Long Service Leave	18	8,210,000	7,124,000
		122,639,484	119,339,590
Total Liabilities		254,543,002	265,621,404
Net Assets		1,245,712,532	1,189,471,719
Net Assets			
Accumulated surplus		1,245,712,531	1,189,471,719

* See Note 40

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated
Revenue			
Revenue from exchange transactions			
Interest revenue	24	9,856,927	5,641,262
Agency fees	50	6,344,437	6,062,432
Other income	23	880,889	1,246,976
Rental of facilities and equipment	34	1,301,492	950,484
Service charges	22	118,023,138	99,950,430
Total revenue from exchange transactions		136,406,883	113,851,584
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	59,511,400	55,045,560
Interest charged on consumer debtors	24	13,213,939	11,554,498
Transfer revenue			
Government grants & subsidies	27	439,965,427	429,801,182
Public contributions and donations	55	37,567,445	919,900
Fines, Penalties and Forfeits	11	90,046,637	115,439,160
Fair value adjustments - actuarial gains	7&18	-	3,835,329
Investment property fair value adjustment	3	6,772,843	12,947,191
Total revenue from non-exchange transactions		647,077,691	629,542,820
Total revenue		783,484,574	743,394,404
Expenditure			
Fair value adjustments - actuarial losses	7&18	(3,556,124)	-
Bulk purchases	32	(109,782,561)	(93,184,759)
Debt Impairment	31	(92,120,744)	(126,107,702)
Depreciation and amortisation	4&6&54	(61,876,949)	(61,095,686)
Employee related costs	28	(186,537,290)	(170,189,773)
Finance costs	30	(1,766,186)	(4,403,240)
General Expenses	33	(141,477,436)	(126,024,738)
(Impairment loss)/ Reversal of impairments	4&6	(566,223)	(4,656,004)
Lease rentals on operating lease	36	(4,696,579)	(4,853,458)
Loss on disposal of assets	4&6	(1,119,500)	(5,255,645)
Remuneration of councillors	29	(26,661,797)	(26,543,257)
Repairs and maintenance	56	(80,190,949)	(47,151,752)
Transfers and Subsidies	26	(16,891,450)	(10,494,812)
Total expenditure		(727,243,788)	(679,960,826)
Operating surplus		56,240,786	63,433,578
Surplus for the year		56,240,786	63,433,578

* See Note 40

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1,094,615,373	1,094,615,373
Adjustments		
Prior year adjustments 2022	23,400,954	23,400,954
Balance at July 1, 2022 as restated	1,118,017,131	1,118,017,131
Prior year adjustments 2023	8,021,010	8,021,010
Total Prior period errors 2023	8,021,010	8,021,010
Surplus for the year	63,433,578	63,433,578
Total recognised income and expenses for the year	71,454,588	71,454,588
Total changes	71,454,588	71,454,588
Balance at July 1, 2023	1,189,471,745	1,189,471,745
Changes in net assets		
Surplus for the year	56,240,786	56,240,786
Total changes	56,240,786	56,240,786
Balance at June 30, 2024	1,245,712,531	1,245,712,531
Note(s)	40	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Cash flow statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Fines		5,583,588	3,601,536
Sale of goods and services		156,138,098	133,243,534
Grants		418,630,569	445,413,004
Interest income		6,121,139	2,251,709
Other receipts		3,429,663	3,330,798
Agency fees		6,344,437	6,062,432
		<u>596,247,494</u>	<u>593,903,013</u>
Payments			
Employee costs		(207,964,737)	(191,024,916)
Suppliers		(284,253,575)	(271,120,954)
Finance costs		(1,766,186)	(4,403,240)
Transfers and Subsidies		(6,015,901)	(1,098,846)
		<u>(500,000,399)</u>	<u>(467,647,956)</u>
Net cash flows from operating activities	35	<u>96,247,095</u>	<u>126,255,057</u>
Cash flows from investing activities			
Purchase of property plant and equipment	4	(96,258,372)	(104,484,212)
Proceeds from sale of investment property	3	-	1,565,733
Net cash flows from investing activities		<u>(96,258,372)</u>	<u>(102,918,479)</u>
Cash flows from financing activities			
Finance lease payments		(10,407,677)	(4,953,744)
Net increase/(decrease) in cash and cash equivalents		<u>(10,418,953)</u>	<u>18,382,834</u>
Cash and cash equivalents at the beginning of the year		33,092,890	14,710,030
Cash and cash equivalents at the end of the year	14	<u>22,673,937</u>	<u>33,092,864</u>

* See Note 40

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Agency fees	7,176,368	(215,268)	6,961,100	6,344,437	(616,663)	
Interest revenue	2,306,125	6,371,495	8,677,620	9,856,927	1,179,307	1
Other income	2,684,207	-	2,684,207	880,889	(1,803,318)	2
Rental of facilities and equipment	912,800	1,808,472	2,721,272	1,301,492	(1,419,780)	3
Service charges	125,700,693	(180,215)	125,520,478	118,023,138	(7,497,340)	
Total revenue from exchange transactions	138,780,193	7,784,484	146,564,677	136,406,883	(10,157,794)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	63,024,948	(2,998,506)	60,026,442	59,511,400	(515,042)	
Interest charged on consumer debtors	14,686,102	4,273,050	18,959,152	13,213,939	(5,745,213)	4

Transfer revenue

Government grants & subsidies	443,501,000	(3,832,866)	439,668,134	439,965,427	297,293	
Public contributions and donations	-	19,594	19,594	37,567,445	37,547,851	30
Fines, Penalties and Forfeits	100,527,500	7,902,590	108,430,090	90,046,637	(18,383,453)	5
Investment property fair value adjustment	-	-	-	6,772,843	6,772,843	6 and 14

Total revenue from non-exchange transactions

Total revenue from non-exchange transactions	621,739,550	5,363,862	627,103,412	647,077,691	19,974,279	
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Total revenue

Total revenue	760,519,743	13,148,346	773,668,089	783,484,574	9,816,485	
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Expenditure

Administration	-	-	-	(3,556,124)	(3,556,124)	
Bulk purchases	(113,016,641)	5,561,946	(107,454,695)	(109,782,561)	(2,327,866)	
Debt Impairment	(95,606,566)	(23,751,852)	(119,358,418)	(92,120,744)	27,237,674	7
Depreciation and amortisation	(65,401,932)	6,103,590	(59,298,342)	(61,876,949)	(2,578,607)	8
Employee related costs	(194,459,592)	15,764,266	(178,695,326)	(186,537,290)	(7,841,964)	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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						
Finance costs	(931,355)	(611,721)	(1,543,076)	(1,766,186)	(223,110)	9
General Expenses	(114,360,775)	(24,334,643)	(138,695,418)	(141,477,436)	(2,782,018)	
Impairment loss/ Reversal of impairments	-	-	-	(566,223)	(566,223)	15
Lease rentals on operating lease	-	-	-	(4,696,579)	(4,696,579)	10
Profit/(Loss) on disposal of assets	-	(47,983)	(47,983)	(1,119,500)	(1,071,517)	11
Remuneration of councillors	(26,489,568)	(1,516,487)	(28,006,055)	(26,661,797)	1,344,258	
Repairs and maintenance	(40,774,126)	3,330,299	(37,443,827)	(80,190,949)	(42,747,122)	12
Transfers and Subsidies	(3,176,343)	(3,955,045)	(7,131,388)	(16,891,450)	(9,760,062)	13
Total expenditure	(654,216,898)	(23,457,630)	(677,674,528)	(727,243,788)	(49,569,260)	
Surplus/(Deficit)	106,302,845	(10,309,284)	95,993,561	56,240,786	(39,752,775)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	106,302,845	(10,309,284)	95,993,561	56,240,786	(39,752,775)	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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						

Statement of Financial Position

Assets

Current Assets

Cash and cash equivalents	18,804,490	(9,595,433)	9,209,057	22,673,939	13,464,882	16
Consumer debtors	109,569,000	(24,097,488)	85,471,512	131,273,707	45,802,195	19(a) and 17
Inventories	38,570,897	3,320,299	41,891,196	31,509,439	(10,381,757)	18
Receivables from exchange transactions	69,470,000	-	69,470,000	1,268,163	(68,201,837)	19(b)
Receivables from non-exchange transactions	-	-	-	9,121,857	9,121,857	20
VAT receivable	12,050,000	-	12,050,000	19,442,291	7,392,291	29
	248,464,387	(30,372,622)	218,091,765	215,289,396	(2,802,369)	

Non-Current Assets

Investment property	48,032,000	517	48,032,517	110,603,586	62,571,069	22
Property Plant and Equipment	1,310,537,700	15,873,026	1,326,410,726	1,155,424,065	(170,986,661)	
Heritage Assets	463,363	-	463,363	463,363	-	
Intangible assets	606,355	64,725	671,080	-	(671,080)	21
Eskom security deposit	18,498,516	-	18,498,516	18,475,124	(23,392)	
	-	-	-	-	-	
	1,378,137,934	15,938,268	1,394,076,202	1,284,966,138	(109,110,064)	
Total Assets	1,626,602,321	(14,434,354)	1,612,167,967	1,500,255,534	(111,912,433)	

Liabilities

Current Liabilities

Consumer deposits	5,937,241	-	5,937,241	5,518,249	(418,992)	
Deferred income	-	-	-	192,983	192,983	23
Employee benefit obligation	-	-	-	1,283,000	1,283,000	24
Finance lease obligation	7,245,706	2,248,419	9,494,125	6,723,466	(2,770,659)	27
Landfill Rehabilitation Provision	2,749,544	-	2,749,544	9,539,983	6,790,439	25
Payables from exchange transactions	108,288,000	3,654,511	111,942,511	107,278,528	(4,663,983)	

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	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Provision for Long Service Leave	-	-	-	601,000	601,000	26
Unspent conditional grants and receipts	-	-	-	766,308	766,308	28
	124,220,491	5,902,930	130,123,421	131,903,517	1,780,096	
Non-Current Liabilities						
Deferred income	-	-	-	2,557,017	2,557,017	23
Employee benefit obligation	-	-	-	27,611,000	27,611,000	24
Finance lease obligation	5,456,482	2,180,441	7,636,923	-	(7,636,923)	27
Landfill Site Rehabilitation provision	87,414,840	-	87,414,840	84,261,467	(3,153,373)	26
Provision for Long Service Leave	-	-	-	8,210,000	8,210,000	
	92,871,322	2,180,441	95,051,763	122,639,484	27,587,721	
Total Liabilities	217,091,813	8,083,371	225,175,184	254,543,001	29,367,817	
Net Assets	1,409,510,508	(22,517,725)	1,386,992,783	1,245,712,533	(141,280,250)	
Net Assets						
Reserves						
Accumulated surplus	1,409,510,508	(22,517,725)	1,386,992,783	1,245,712,533	(141,280,250)	

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Budget and Actual Amounts variance explanation : Material difference between budget and actual amounts

The comparison of the municipality's financial performance with that budgeted is set out in the statement of comparison of budget and actual amounts.

The budget and accounting basis are the same.

The budget is approved on accrual basis using a classification based on the nature of the transaction. The approved budget covers the period from 01 July 2023 to 30 June 2024. The actual amounts are for the year.

The changes between the approved final budget and adjusted budget are as a consequence of identified overs and unders in the budget performance during mid-year.

Variances of 10% or more are explained as set out below:

1. Interest revenue - exchange transactions

The variance is as a result several investments made by the municipality which exceeded the anticipated investments. Additionally, interest revenue from Eskom security held interest by 2.42% (6.92%-4.5%)

2. Other income

The variance is as a result of overstatement of recoveries budget. Furthermore, there was poor turn up on application for land use and building plan approval which was below the projection.

3. Rental of facilities and equipment

The variance is due to a hike in straight lining amount as compared to prior year.

4. Interest charged on consumer debtors

Underperformance is due to appointed of debt collector for collection of long outstanding debt.

5. Fines, Penalties And Forfeits

Underperformance is due to realisation of immovable speed cameras by offenders.

6. Investment fair value adjustments

National Treasury template does not make provision for this component to be budgeted for.

7. Debt Impairment

Please see explanation 4 and 5.

8. Depreciation and amortisation

"The depreciation expense for the 2024 was lower than the budgeted amount due to two key factors:

1. Revision of Useful Lives: During the year, we conducted a review of the useful lives of our assets. Based on this assessment, the useful lives of certain assets were extended, leading to a lower depreciation expense as the cost of these assets will now be spread over a longer period. This adjustment reflects a more accurate estimate of the assets' remaining service potential, aligning our financial reporting with the actual usage patterns.

2. Asset Write-offs and Disposals: Additionally, the municipality wrote off and disposed of certain assets during the year. These assets were either fully depreciated or no longer in use, resulting in a reduction of the overall depreciation expense

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compared to the budget. The disposal of these assets also contributed to a decrease in the depreciation charge as these assets were no longer part of our fixed asset base."

9. Finance Costs

The variance between the budgeted and actual finance costs for the 2024 year arose primarily due to macroeconomic conditions that did not align with our initial projections. At the time of budgeting, we anticipated a reduction in interest rates based on the assumption that the global and local economies would stabilize post-COVID-19. Our expectation was that the monetary policy would shift towards a more accommodative stance as economic activity resumed, leading to a gradual reduction in interest rates. However, contrary to our expectations, the economic landscape experienced several unforeseen challenges, including persistent inflationary pressures, supply chain disruptions, and geopolitical tensions. These factors contributed to central banks maintaining or even increasing interest rates to curb inflation, contrary to the anticipated decline. As a result, the actual finance costs incurred during the year were higher than budgeted. The prolonged high-interest rate environment directly impacted our borrowing costs, leading to an overspend in this category. We have since adjusted our forecasting models to incorporate more conservative assumptions regarding interest rate movements to mitigate such variances in the future.

10. Lease Rentals On Operating Lease

National Treasury template does not make provision for this component to be budgeted for.

11. Loss on disposal of assets

The variance is due to hike in loss of road furniture e.g road signs

12. Repairs And Maintenance

In the year under review, the municipality experienced several t-switch damages/failures necessitating replacement. Additionally, to improve service delivery the municipality repaired several roads

13. Transfers And Subsidies

The variance is triggered by high rate of registered indigents configuration by Eskom .

14. Fair value adjustments - actuarial losses

National Treasury template does not make provision for this component to be budgeted for.

15. (Impairment loss)/ Reversal of impairments

National Treasury template does not make provision for this component to be budgeted for.

16. Cash and cash equivalent

Positive variance is due to implementation of stringent cost containment measure.

17. Consumer debtors - From Exchange Transactions

National Treasury template does not make provision for consumer debtors exchange transactions component to be budgeted for under receivables from exchange transactions. Please see explanation 20.

18. Inventories

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Management intended to keep fuel at stores during the year under review, however the said plan did not materialise.

19(a). Consumer debtors - From Exchange Transactions

National Treasury template does not make provision for consumer debtors exchange transactions component to be budgeted for under receivables from exchange transactions. Please see explanation 19(b).

19(b). Receivables from exchange transaction

National Treasury template does not make provision for consumer debtors - exchange transactions component to be budgeted for under receivables from exchange transactions.

Adding receivables from both receivables - exchange and consumer debtors - exchange transactions we remain with under-performance variance of 30% that is caused by significant provision for irrecoverable debt traffic fines.

20. Receivables from non-exchange transactions

National Treasury template does not make provision for consumer debtors non-exchange transactions component to be budgeted for under receivables from non-exchange transactions.

Adding receivables from both receivables non-exchange and consumer debtors non-exchange transactions we remain with over-performance variance of 7% which is less than 10%.

21. Intangible assets

The asset is fully amortised

22. Investment property

The variance is due to fair value adjustment and oversight during adjustment budget

23. Deferred income

National Treasury template does not make provision for this component to be budgeted for.

24. Employee benefit obligation

National Treasury template does not make provision for this component to be budgeted for.

25. Landfill Rehabilitation Provisions

The amount of the discounted landfill closure provision of R93,801,451 represents an increase of R5,566,725 over the provision of R88,234,726 in the previous financial statements. Potential contributing factors resulting in variance are Change in CPI change in discount rate, change in unit costs, change in management practices and addition of new landfill

26. Provision for Long Service Leave

National Treasury template does not make provision for this component to be budgeted for.

27. Finance lease obligation

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Annual Financial Statements for the year ended June 30, 2024

Statement of Comparison of Budget and Actual Amounts

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	Approved budget	Adjustments	Final Bu
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Figures in Rand

In the year under review there were no interest rate increases as anticipated based on history resulting in the obligation remaining the same.

28. Unspent conditional grants

National Treasury template does not make provision for this component to be budgeted for.

The variance is due to opening balances for two grants namely Land Affairs Grant and CoGHSTA - Development of Masakaneng

29. VAT receivables

The municipality is experiencing delays in refunds from SARS hence the variance

30. Public contributions and donations

The municipality received donations in kind from the Roads Agency Limpopo in relation to repairs and maintenance of roads that belonged to the municipality for the value of R37,547,850. This donation was not expected at the time of budgeting.

The accounting policies on pages 21 to 51 and the notes on page 52 form an integral part of the annual financial statements.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. In situations where the application of GRAP is not practicable, the International Financial Reporting Standards (IFRS) will apply.

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand. Amounts are rounded to the nearest Rand.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Useful lives and residual values of property plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimation should be based on the expected pattern in which an asset's future economic benefits or service potential are to be consumed by the municipality.

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

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgments 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 is calculated based on the historical collection rate and the risk matrix established by the management.

Allowance for slow moving, damaged and obsolete stock

The Municipality conducts an assessment of the net realizable value of its inventory at each reporting date.

In accordance with this assessment, inventory is written down to the lower of cost or net realizable value. Management relies on estimates of selling prices and direct costs associated with selling for certain inventory items to determine this valuation.

The write-down of inventory is reflected in the Statement of Financial Performance.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Impairment testing

The recoverable amounts of 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 tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

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. Additional information is disclosed in Note 7.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus or 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.

Provision for landfill sites

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

Provision of rehabilitation of landfill site is determined by :

- Calculating the cost of rehabilitation of landfill sites and assessing the useful life of each land fill site as done by an Specialist
- The effect of time value of money is calculated using interest rates (investment rate) linked to the prime rate.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.4 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, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, and the cost or fair value of the investment property can be measured reliably.

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

Where investment property is acquired at no cost or for a nominal cost, 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 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 measure 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 municipality apply 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 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.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or services 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.

1.5 Property Plant and Equipment

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Property Plant and Equipment is initially measured at cost on acquisition date.

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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

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

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

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

Property Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
Land	Indefinite
Buildings	3 - 80 years
Community Assets	2 - 75 years
Computer Equipment	5 - 30 years
Electrical Infrastructure	5 - 50 years
Furniture and Office Equipment	3 - 30 years
Machinery and Equipment	2 - 20 years
Leased assets capitalised	2 - 12 years
Roads Infrastructure	2 - 80 years
Solid Waste Infrastructure	3 - 40 years
Transport Assets	2 - 12 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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 charge for each period is recognised on the straight line basis 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.

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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. These assets are not accounted for as non-current assets held 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.

1.6 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on acquisition.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

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	Useful life
Computer Software	3-5 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

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

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.

An impairment loss of a heritage asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of the heritage asset's net selling price and its value in use.

Value in use of the heritage asset is the present value of the asset's remaining service potential.

Recognition

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

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Initial measurement

Heritage assets are measured at cost on acquisition.

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

Subsequent measurement

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

Impairment

The municipality assess 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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method.

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from the municipality'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, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts.

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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 municipality.

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 municipality.

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

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

Long term advance payments are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that do not meet the definition of financial instruments at amortised cost or financial.

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Classification

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

Class	Category
Eskom security deposit	Financial Asset measured at amortised cost
Investments - Call accounts	Financial Asset measured at amortised cost
Consumer Debtors	Financial Asset measured at amortised cost
VAT	Financial Asset measured at amortised cost
Receivables from exchange transactions	Financial Asset measured at amortised cost

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

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Accruals	Financial liability measured at amortised cost
Finance lease obligation	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 Municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The Municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.

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

Impairment and uncollectibility of financial assets

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

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 effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. 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 effective interest rate.

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

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

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.

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.

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, is recognised in surplus or deficit.

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.

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.

1.9 Statutory receivables

Identification

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

Accrued interest

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

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

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

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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 municipality assess the classification of each element separately.

Finance leases - lessee

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

At the commencement of the lease term, municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used by the municipality in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the municipality's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Subsequently, minimum lease payments are apportioned between the finance charge and the 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 interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for other assets that are owned by the municipality, and the depreciation recognised is calculated in accordance with the depreciation and amortisation policy.

If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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.

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

Operating leases - lessee

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

1.11 Inventories

The municipality recognises Inventories as an asset if, and only if,

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- (b) the cost of the inventories can be measured reliably

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

When the municipality transfer assets from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus or deficit.

For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting in inventory shall be its fair value at the date of change in use.

When inventory is transferred to property, plant, and equipment, the municipality follows a measurement approach based on cost. The closing cost at which inventory is recorded remains the same cost when these items are reclassified as property, plant, and equipment.

1.12 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets as defined above.

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

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

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

Identification

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

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

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

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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 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.

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

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

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

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

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

1.13 Electricity distribution losses

The electricity distribution losses are as a result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non-technical losses, e.g theft and vandalism, as a result the losses are not recoverable.

Cost of units purchased include all costs incurred as a result of buying electricity or that are directly attributable to purchasing electricity.

The rand value of distribution loss is calculated per month using the unit cost of purchasing electricity in that month.

At the end of the year total distribution loss is calculated by adding up distribution losses for the 12 months.

1.14 Employee benefits

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

- a municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

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.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Post-employment benefits: Defined benefit plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost;

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and

1.15 Provisions, Contingent Liabilities and Assets

Provisions

Provisions are recognised when:

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

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

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

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

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when the municipality:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires Judgments. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, the municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Contingent liabilities

On initial recognition, contingent liabilities are recorded as a disclosure only, if the definition of contingent liabilities is fully satisfied. A contingent liability is disclosed unless if the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The municipality shall not recognise a contingent liability.

In the context of the municipality, the definition of a contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

An obligating event is an event that creates a legal or constructive obligation that results in the municipality having no realistic alternative to settling that obligation.

Where the municipality is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability.

The amount recognised as a contingent liability shall be the best estimate of the expenditure required to settle the possible obligation at the reporting date. The best estimate of the expenditure required to settle the contingent matter is the amount that the municipality would rationally pay at the reporting date.

Where an outflow of economic benefits or service potential is probable, the municipality shall disclose a brief description of the nature of the contingent liability at the reporting date, and, where practicable, an estimate of their financial effect, measured using the best estimate including possible obligation towards legal fees

After their initial recognition:

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

contingent liabilities are assessed continually to determine whether an outflow or inflow of resources embodying economic benefits or service potential has become probable.

If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

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Contingent assets

On initial recognition, contingent assets are recorded as a disclosure only, if the definition of contingent assets is fully satisfied. A contingent Asset is disclosed unless if the possibility of an inflow of resources embodying economic benefits or service potential is remote.

The municipality shall not recognise a contingent asset.

A contingent asset is disclosed, where an inflow of economic benefits or service potential is probable.

In the context of the municipality, the definition of a contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

The amount recognised as a contingent asset shall be the best estimate of the revenue that will probably be received if the matter is settled at the reporting date. The best estimate of the revenue required to settle the contingent matter is the amount that the municipality would rationally receive at the reporting date.

Where an inflow of economic benefits or service potential is probable, the municipality shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect, measured using the best estimate including possible obligation towards legal fees that will be recovered if applicable.

After their initial recognition:

Contingent assets are assessed continually to determine whether an inflow of resources embodying economic benefits or service potential has become probable.

If it becomes probable that an inflow of future economic benefits or service potential will be received for an item previously dealt with as a contingent asset, an asset is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognised in financial statements since this may result in the recognition of revenue that may never be realised. However, when the realisation of revenue is virtually certain to the municipality, then the related asset is not a contingent asset and its then recognised as an asset.

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Decommissioning, restoration and similar liability

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.

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Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

- if the adjustment results in an addition to the cost of an asset, the municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.12.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Commitments

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

A commitment arises when a decision is made to incur a liability e.g. purchase order, delivery schedules or contract for construction of Infrastructure assets. A commitment becomes a liability when the intention to agree to an outflow of resources outflow of resources becomes a present obligation.

Notes to the financial statements are disclosed in respect of unrecognised and unspent contractual commitments.

Amounts for commitments are disclosed VAT inclusive in the notes to the financial statements.

The commitments are not recognised as a liability in the statement of financial position but are disclosed in the notes to the financial statements

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 municipality – therefore salary commitments relating to employment contracts commitments are excluded.

Commitments are derecognised upon contract fulfillment, cancellation and when contract amount is fully spent.

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.

Interest levied on transactions arising from exchange transactions is classified based on the nature of the underlying transaction, i.e. if the underlying transaction is an exchange transaction then any interest levied is also classified as exchange.

Measurement

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

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Interest

Revenue arising from the use by others of municipality assets yielding interest recognised when:

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

Interest revenue from debtors is recognized in surplus or deficit using the prime interest rate plus one method.

1.18 Revenue from non-exchange transactions

Fines are economic benefits or service potential received or receivable by municipality, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Interest levied on transactions arising from non-exchange transactions is classified based on the nature of the underlying transaction, i.e. if the underlying transaction is a non-exchange transaction then any interest levied is also classified as non-exchange.

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

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.

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.

Rates, including collection charges and penalties interest

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

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

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised when it is probable that future economic benefits will flow to the municipality, the costs can be reliably measured and all restrictions have been complied with. Revenue is recognised when fines or summons are issued.

The amount due by a particular offender is specified on the notice, summons or equivalent document. The municipality issuing the traffic fine may indicate that reductions are available, subject to further processes being undertaken.

Fines reductions reduce the asset (receivable) and revenue for the year.

Relevant disclosures should be made on the assumptions used to estimate revenue and any other relevant information.

The municipality is able to reliably measure the fair value of fines issued. The value of the fine that can be imposed on the offender is usually stipulated in legislation, regulation or equivalent, and will vary depending on the nature and severity of the offence. The amount due by a particular offender is usually indicated on the notice, summons or similar document issued. In these instances, the asset (receivable) can be measured reliably.

Impairment on all traffic fines outstanding is calculated on a basis of the average of uncollectable rate over the full period of traffic fines per type of traffic fine.

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.

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Levies/Property rates

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

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 and disclosed in the surplus net of rebates.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Government grants

Government grants are recognised as revenue when:

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

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

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

Conditional grants

Receipts 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. Grants are included in Non exchange transactions revenue.

Unconditional grants.

Receipts from unconditional grants, donations and funding are recognised as revenue, since there are no conditions attached.

Commitments

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

If the municipality enters into any significant contractual commitments that will result in the outflow of financial sources after the balance sheet date, it must be disclosed in the notes to the annual financial statements as a non-adjusting event.

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Commitments include:

- Capital commitments (to acquire PPE and intangible assets)
- Lease commitments
- Other financial commitments

The value of the planned outflow of financial resources shall be disclosed per category of commitments

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Value added tax

VAT is accounted for on an accrual basis and payable on the cash basis.

Donations

Donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Donations are non exchange revenue.

1.19 Materiality

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

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

The municipality does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.20 Investment income

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

1.21 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

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

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

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

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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

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

1.22 Comparative figures

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

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

All expenditure relating to operational unauthorised expenditure is initially recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure relating to capital expenditure is initially recognised as an asset in the statement of financial position in the year the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense or asset, and where council resolves on recovery, it is subsequently accounted for as revenue in the statement of financial performance and debtors in the statement of financial position. When the payment is subsequently received, the payment is receipted against the debtor.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

The unauthorised expenditure note to the financial statements is disclosed excluding VAT.

1.24 Fruitless and wasteful expenditure

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

Expenditure relating to fruitless and wasteful expenditure is initially 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 subsequently recovered, it is accounted for as revenue and debtor in the statement of financial performance and statement of financial position respectively.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

Fruitless and wasteful expenditure note to the financial statements is disclosed excluding VAT

1.25 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) Municipal Finance Management Act (Act No.56 of 2003); or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

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

Irregular expenditure 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 and debtor in the Statement of Financial Performance and Statement of Financial Position respectively.

Irregular expenditure note to the financial statements is disclosed including VAT.

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Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.26 Use of estimates

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

1.27 Accounting Policies, Changes in Accounting Estimates and Errors

Accounting policies are the specific principles, bases, conventions, rules and practices applied by a municipality in preparing and presenting financial statements. A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Prior period errors are omissions from, and misstatements in, the municipality's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Prospective application of a change in an accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are:

- (a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and
- (b) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.

Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

The effect of a change in an accounting estimate shall be recognised prospectively.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.28 Expenditure

The municipality uses the accrual basis of accounting and recognises expenditures when they occur and are recognised in the period to which they relate and not only recognised when cash is paid.

Expenditure is decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

1.29 Segmental reporting

A segment is an activity of a municipality:

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

Two or more segments of a municipality are aggregated into a single segment if aggregation is consistent and the segments have similar economic characteristics, and the segments share a majority of the following:

- (a) the nature of the goods and/or services delivered;
- (b) the type or class of customer or consumer to which goods and services are delivered;
- (c) the methods used to distribute the goods or provide the services; or
- (d) the nature of the regulatory environment that applies to the segment.

The municipality combine segments with similar economic characteristics and share a majority of the aggregation criteria per municipality policy or are individually insignificant and a practical limit has been reached.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.30 Budget information

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements.

The annual budget figures included in the financial statements are for the Municipality and these figures are those approved by the Council at the beginning and during the year.

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

The approved budget covers the fiscal period from beginning of July to end of June.

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

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

Comparative information is not required.

1.31 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be 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.

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

The municipality discloses notes to the annual financial statements particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state
- (c) the amount of the award.

1.32 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.33 Consumer Deposits

Consumer Deposits represents funds received by the municipality as security for payment of consumer accounts. The amount represent the actual cash received and can either be paid back or set off against an consumer account. The gross un-utilised deposit amount is indicated. No interest is paid to the consumers on the deposits held by the municipality.

1.34 Trade payables

A liability is a present obligation of a municipality arising from past events, the settlement of which is expected to result in an outflow from the municipality of resources embodying economic benefits or service potential.

Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist).

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised): Employee Benefits	April 1, 2023	The impact of the is not material.
GRAP 2020: Improvements to the Standards of GRAP 2020	April 1, 2023	The impact of the is not material.

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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2.3 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 July 1, 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 2023 Improvements to the Standards of GRAP 2023	April 1, 2099	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	April 1, 2099	Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets	April 1, 2099	Unlikely there will be a material impact
iGRAP 22 Foreign Currency Transactions and Advance Consideration	April 1, 2025	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unlikely there will be a material impact

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

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3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	110,603,586	-	110,603,586	103,830,766	-	103,830,766

Reconciliation of investment property - June 2024

	Opening balance	Fair value adjustments	Total
Investment property	103,830,766	6,772,820	110,603,586

Reconciliation of investment property - June 2023

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	96,398,574	(2,040,000)	(3,475,000)	12,947,192	103,830,766

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. None of the assets of the Municipality has been pledged as security for any purposes.

The valuation of the Investment properties was performed by an independent valuator, Uniqueco property valuers (Pty) Ltd. Year-on-year increases were calculated based on the average sales data collected for each township within the larger municipal area.

Amounts recognised in surplus or deficit

There were no direct operating expenses and repairs and maintenance for Investment property that generated rental revenue for the 2023 and 2024 financial year

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

4. Property Plant and Equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	173,835,386	-	173,835,386	173,835,386	-	173,835,386
Buildings	133,075,854	(81,083,181)	51,992,673	133,369,569	(77,052,512)	56,317,057
Leased assets capitalised	19,329,969	(6,962,831)	12,367,138	19,329,969	(3,927,399)	15,402,570
Roads Infrastructure	1,140,023,484	(564,465,569)	575,557,915	1,089,263,342	(525,558,248)	563,705,094
Solid Waste Infrastructure	50,795,807	(17,168,845)	33,626,962	56,316,471	(16,443,269)	39,873,202
Electrical Infrastructure	120,011,655	(54,626,514)	65,385,141	119,086,241	(51,138,802)	67,947,439
Community	30,918,689	(16,506,827)	14,411,862	31,029,037	(15,628,344)	15,400,693
Furniture and Office Equipment	16,070,611	(8,108,078)	7,962,533	10,492,087	(7,415,639)	3,076,448
Machinery and Equipment	34,522,559	(19,176,503)	15,346,056	28,782,968	(16,690,178)	12,092,790
Computer Equipment	9,689,845	(5,303,061)	4,386,784	7,754,464	(4,416,735)	3,337,729
Transport Assets	50,802,202	(40,366,208)	10,435,994	50,802,202	(37,642,161)	13,160,041
Capital - Work in Progress	191,930,810	(1,815,189)	190,115,621	174,208,747	(1,815,189)	172,393,558
Total	1,971,006,871	(815,582,806)	1,155,424,065	1,894,270,483	(757,728,476)	1,136,542,007

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

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Reconciliation of property plant and equipment - June 2024

	Opening balance	Additions	Disposals	Transfers	Donations	Changes in Landfill site valuation	Depreciation	Impairment loss	Total
Land	173,835,386	-	-	-	-	-	-	-	173,835,386
Buildings	56,317,057	-	(68,445)	-	-	-	(3,966,218)	(289,721)	51,992,673
Leased assets capitalised	15,402,570	-	-	-	-	-	(3,035,432)	-	12,367,138
Roads Infrastructure	563,705,094	-	(574,556)	52,675,961	-	-	(39,842,074)	(406,510)	575,557,915
Solid Waste Infrastructure	39,873,202	-	(8,369)	-	-	(4,011,066)	(2,226,805)	-	33,626,962
Electrical Infrastructure	67,947,439	853,696	(387,952)	1,397,428	-	-	(4,639,916)	214,446	65,385,141
Community	15,400,693	-	(8,164)	-	-	-	(958,366)	(22,301)	14,411,862
Furniture and Office Equipment	3,076,448	5,661,210	(7,731)	-	-	-	(762,904)	(4,490)	7,962,533
Machinery and Equipment	12,092,790	330,805	(90,826)	5,736,713	-	-	(2,717,795)	(5,631)	15,346,056
Computer Equipment	3,337,729	2,113,254	(34,789)	-	19,595	-	(996,989)	(52,016)	4,386,784
Transport Assets	13,160,041	-	-	-	-	-	(2,724,047)	-	10,435,994
Capital - Work in Progress	172,393,558	86,099,996	-	(68,377,933)	-	-	-	-	190,115,621
	1,136,542,007	95,058,961	(1,180,832)	(8,567,831)	19,595	(4,011,066)	(61,870,546)	(566,223)	1,155,424,065

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property plant and equipment - June 2023

	Opening balance	Additions	Disposals	Transfers	Donations	Changes in Landfill site valuation	Depreciation	Impairment loss	Total
Land	173,835,386	-	-	-	-	-	-	-	173,835,386
Buildings	59,161,250	247,305	(25,084)	1,427,820	-	-	(4,221,548)	(272,686)	56,317,057
Leased assets capitalised	20,327,615	2,744,689	(4,244,953)	-	-	-	(3,424,781)	-	15,402,570
Roads Infrastructure	576,360,472	75,009	(50,686)	25,078,313	-	-	(37,538,346)	(219,668)	563,705,094
Solid Waste Infrastructure	45,734,742	733,810	-	-	-	(4,333,994)	(2,261,356)	-	39,873,202
Electrical Infrastructure	55,149,637	837,452	(164,609)	17,461,921	-	-	(5,336,594)	(368)	67,947,439
Community	15,675,368	506,614	-	249,000	-	-	(1,030,289)	-	15,400,693
Furniture and Office Equipment	2,608,384	1,117,773	(332)	41,288	-	-	(680,986)	(9,679)	3,076,448
Machinery and Equipment	13,239,998	2,166,560	(812,177)	60,123	919,900	-	(2,460,672)	(1,020,942)	12,092,790
Computer Equipment	2,186,042	1,935,546	(18,384)	-	-	-	(724,029)	(41,446)	3,337,729
Transport Assets	17,767,820	78,951	-	-	-	-	(3,410,703)	(1,276,027)	13,160,041
Capital - Work in Progress	128,059,348	96,682,882	-	(50,533,483)	-	-	-	(1,815,189)	172,393,558
	1,110,106,062	107,126,591	(5,316,225)	(6,215,018)	919,900	(4,333,994)	(61,089,304)	(4,656,005)	1,136,542,007

Donations

Computer equipment was received as a donation from provincial government for R19 595

During 2023 financial year, the municipality received a generous donation, the TLB GEHLMODEL GBL-X-900, from the Department of Forestry, Fisheries, and the Environment. This donation falls under the category of Machinery and Equipment and was obtained through a non-exchange transaction. Its value at the time of acquisition was assessed at its fair market value.

No assets have been pledged as security, and there are no restrictions placed upon them

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

Property, plant and equipment in the process of being constructed or developed

Below are halted property, plant and equipment that are taking a significantly longer period of time to complete than expected (**Delayed**).

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for project delay	2024	2023
Electrification of Zenzele	Work in Progress	Yes	Projects implemented on land that is privately owned	1,308,372	1,308,372
Kgaphamadi Bus Road	Work in Progress	No	The project has delays that negatively affected the finalisation of the remaining snaglist on site	43,440,141	
				44,748,513	1,308,372

Below are property, plant and equipment projects that construction is **halted**.

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for halting	2024	2023
Kgaphamadi Bus Road	Work in Progress	No	Classified as halted Project in 2024 Financial year		43,440,141
Groblersdal Landfill site	Work in Progress	No	Designs not complaint with new department of water and Sanitation standards/requirements on Landfill Sites	20,196,075	13,143,210
Upgrading of Bloompoot to Uitspanning Access Road	Work in Progress/Road Infrastructure	No	Completed in 2024 Financial year		38,827,122

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for halting	2024	2023
Upgrading of Tafelkop stadium Access Road	Work in Progress	No	Unforeseen Site conditions- Wetland and Hard rock	47,273,815	39,987,346
				67,469,889	135,397,818

Expenditure incurred to repair and maintain property, plant and equipment

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

Contracted services

38,630,246

26,056,467

Reconciliation of Work-in-Progress

Category	Opening balance	Expenditure	Transfers	Closing balance
Community Assets	1,964,766			1,964,766
Electrical Infrastructure	15,320,377	18,535,410	-15,701,972	18,153,815
Other Assets				
Roads Infrastructure	141,129,204	59,642,721	-52,675,962	148,095,964
Solid Waste Infrastructure	13,979,210	7,921,865		21,901,075
Total	172,393,557	86,099,997	-68,377,934	190,115,619

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. None of the assets of the Municipality has been pledged as security for any purposes.

Certain assets were impaired during the year, based on physical verification that was performed during current year and comparative year.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

5. Heritage Assets

	2024			2023		
	Cost / Valuation	Accumulated Depreciation	Carrying value	Cost / Valuation	Accumulated Depreciation	Carrying value
Heritage Assets	463,363	-	463,363	463,363	-	463,363

Reconciliation of heritage assets - June 2024

	Opening balance	Total
Heritage Assets	463,363	463,363

Reconciliation of heritage assets - June 2023

	Opening balance	Total
Heritage Assets	463,363	463,363

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

6. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,554,591	(1,554,591)	-	1,554,591	(1,548,191)	6,400

Reconciliation of intangible assets - June 2024

	Opening balance	Amortisation	Total
Computer software	6,400	(6,400)	-

Reconciliation of intangible assets - June 2023

	Opening balance	Amortisation	Total
Computer software	12,783	(6,383)	6,400

Other information

The residual value, and the useful life and amortisation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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7. Employee benefit obligations

Defined benefit plan

The municipality provides a Defined Benefit Plan to its employees. A defined contribution plan is a type of retirement plan in which the municipality and employee both make contributions on a monthly basis.

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Members contribute according to sliding tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of either 60% or 70% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependents receive a subsidy of either 60% or 70%. Upon a member's death-in-service, surviving dependents are not allowed to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependents are allowed to continue to receive the same subsidy.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 60% subsidy.

Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

All post-employment subsidies are subject to a maximum subsidy. The maximum for the year ending 30 June 2023 and 2024 is an assumed value of R5,007 and R 5,277 per member per month respectively. The maximum subsidy amount has been assumed to increase in future at 75% of salary inflation.

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

Carrying value

Present value of the Post Employment Medical Health Care obligation -Opening	(23,914,000)	(24,531,000)
Interest charge	(2,930,000)	(2,845,000)
Net actuarial gains or losses recognised	(2,057,808)	3,698,882
Current Service Cost	(991,000)	(1,068,000)
Benefits paid out of the fund	998,808	831,118
	(28,894,000)	(23,914,000)
Non-current liabilities	(27,611,000)	(23,010,000)
Current liabilities	(1,283,000)	(904,000)
	(28,894,000)	(23,914,000)

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

Opening balance	14,781,002	15,398,002
Net expense recognised in the statement of financial performance	4,980,000	(617,000)
	19,761,002	14,781,002

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Net expense recognised in the statement of financial performance		
Current service cost	991,000	1,068,000
Interest cost	2,930,000	2,845,000
Actuarial (gains) losses	2,057,808	(3,698,882)
Paid out to current members	(998,808)	(831,118)
	4,980,000	(617,000)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	2,057,808	(3,698,882)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used: Long service awards	11.13 %	11.20 %
General salary inflation (Long Term)	6.28 %	6.52 %
Nett effective discount rate - Long service awards	4.57 %	4.39 %
Discount rate used: Post employment benefits	12.25 %	12.48 %
Health care inflation rate	7.72 %	8.09 %
Net effective discount rate - Post employment benefits	4.21 %	4.06 %

Other assumptions

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

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost (defined benefit obligation)	4,217,000	3,555,000
Effect on defined benefit obligation	30,774,000	26,595,000

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost (Long service awards)	1,808,000	1,599,000
Effect on Long service awards obligation	8,337,000	9,336,000

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	28,894,000	23,914,000	24,531,000	24,324,000	33,047,000
Experience adjustments on plan liabilities	2,366,000	(450,000)	(957,000)	(2,118,000)	174,000
	2024 R	2023 R	2022 R	2021 R	2020 R
Long service award	8,811,000	8,835,000	8,099,000	7,416,000	6,900,000
Experience adjustments on plan liabilities	71,000	341,553	750,854	774,714	455,307

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

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8. Eskom security deposit

A security deposit is held by Eskom who is the bulk electricity supplier to the municipality. The Municipality occasionally pays additional deposits as required by the supplier. The deposit attracts interest at rates determined by the supplier on an annual basis. The annual interest is accounted for in the additional deposit amounts held and the relevant interest earned amount on the statement of financial performance. The amount equals approximately twice the monthly account and will be held until the service is no longer required.

Eskom Deposits

Security deposit	18,475,124	17,280,638
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9. Inventories

Consumables	19,472,936	14,817,189
Unsold Properties Held for Resale	12,036,503	12,036,466
	31,509,439	26,853,655

9.1 Consumables expenses

Inventories recognised as expenses during the year are included in different expenditure line items in the statement of financial performance as illustrated below.

Statement of Financial Position		
Opening Stock :	14,817,191	9,854,685
Add: Purchases	20,555,147	22,010,106
Less :consumed	(15,615,233)	(17,117,392)
Adjustments:	(284,168)	(504,107)
Closing stock	19,472,937	14,243,292
Statement of Financial Performance		
Materials and Supplies	4,396,244	4,909,320
Repairs and Maintenance	7,975,873	6,676,219
Printing, Publications and books	1,992,825	2,203,657
	14,364,942	13,789,196
Inventories Recognised as an Expense during the year	14,364,942	13,789,196
Inventories Recognised as Non Current Assets during the year	1,250,291	3,328,195
Total inventory consumed	15,615,233	17,117,392

Inventory pledged as security

There is no Inventory pledged as security.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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10. Receivables from exchange transactions

Trade debtors	1,268,163	2,708,428
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11. Receivables from non-exchange transactions

Traffic fines	198,273,422	113,810,372
Less: Provision for irrecoverable debt traffic fines	(189,278,675)	(111,085,316)
Debit orders to be recovered	127,110	104,296
	9,121,857	2,829,352

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	111,085,316	1,142,466
Provision for impairment	78,193,358	112,249,050
Amounts written off as uncollectible	-	(2,306,200)
	189,278,674	111,085,316

As of 30 June 2024, traffic fines debtors of R198 273 422 (2023: R113 810 372) were impaired and provided for.

The amount of the provision was R189 278 675 as at 30 June 2024 (2023: R111 085 316).

Bad debts written off against allowance amounted to R0 as at 30 June 2024 and R2 306 200 in the year 2023.

Fines, Penalties and Forfeits revenue

The breakdown of traffic fine revenues is as follows.

Traffic fines revenue	90,016,375	115,081,135
Other penalties	30,261	358,025
	90,046,636	115,439,160

12. VAT receivable

VAT Accrual	18,125,722	14,180,311
VAT Cash basis	1,316,569	6,637,128
	19,442,291	20,817,439

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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VAT receivable is a statutory receivable per GRAP 108.

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies).

That VAT balance accumulates every time the municipality transact in taxable supplies.

The transaction amount is determined by multiplying the standard-rated supplies by 15% and Zero-rated supplies by 0%.

Statutory receivable are impaired only when SARS reduces an assessment, and the municipality objection is denied by SARS.

There are no VAT balances that are past due as at year end.

The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the net VAT receivable or payable are disclosed.

13. Consumer debtors

Gross balances

Rates	85,451,233	73,977,965
Electricity	18,653,719	15,104,135
Refuse	31,530,075	24,708,555
Interest exchange	14,639,998	12,673,810
Interest non-exchange	61,292,456	52,486,633
VAT	8,257,471	6,676,432
Other	2,728,459	2,392,999
	222,553,411	188,020,529

Less: Allowance for impairment

Rates	(35,724,201)	(29,620,215)
Electricity	(2,297,345)	(2,011,977)
Refuse	(14,474,407)	(11,614,253)
Interest exchange	(6,161,723)	(6,194,736)
Interest non-exchange	(28,887,488)	(24,606,397)
VAT	(2,774,867)	(2,311,840)
Other	(959,673)	(992,900)
	(91,279,704)	(77,352,318)

Net balance

Rates	49,727,032	44,357,750
Electricity	16,356,374	13,092,158
Refuse	17,055,668	13,094,302
Interest exchange	8,478,275	6,479,074
Interest non-exchange	32,404,968	27,880,236
VAT	5,482,604	4,364,592
Other	1,768,786	1,400,099
	131,273,707	110,668,211

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Rates		
Current (0 -30 days)	4,861,233	4,545,331
31 - 60 days	2,567,545	2,834,012
61 - 90 days	2,022,727	2,193,646
91 - 120 days	1,817,579	2,072,849
121 - 365 days	13,865,189	12,423,323
> 365 days	60,316,960	49,908,804
	85,451,233	73,977,965
Electricity		
Current (0 -30 days)	11,820,957	8,976,645
31 - 60 days	1,903,437	1,521,706
61 - 90 days	269,457	456,740
91 - 120 days	201,526	152,407
121 - 365 days	822,583	831,953
> 365 days	3,635,759	3,164,684
	18,653,719	15,104,135
Refuse		
Current (0 -30 days)	1,077,215	798,968
31 - 60 days	778,213	585,849
61 - 90 days	658,398	427,692
91 - 120 days	635,420	403,632
121 - 365 days	4,873,053	2,688,876
> 365 days	23,507,776	19,803,538
	31,530,075	24,708,555
Interest		
Current (0 -30 days)	1,483,220	1,256,642
31 - 60 days	1,479,595	1,228,218
61 - 90 days	1,404,252	1,188,070
91 - 120 days	1,372,383	1,205,792
121 - 365 days	9,992,845	7,530,441
> 365 days	60,200,154	52,751,281
	75,932,449	65,160,444
VAT		
Current (0 -30 days)	1,954,116	1,473,121
31 - 60 days	417,540	321,962
61 - 90 days	147,492	136,785
91 - 120 days	132,466	88,806
121 - 365 days	926,831	548,730
> 365 days	4,679,024	4,107,029
	8,257,469	6,676,433
Other		
Current (0 -30 days)	199,213	91,822
31 - 60 days	61,209	26,527
61 - 90 days	45,606	29,798
91 - 120 days	40,296	50,735
121 - 365 days	696,610	161,397
> 365 days	1,685,525	2,032,720
	2,728,459	2,392,999

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	11,372,677	8,708,675
31 - 60 days	3,944,455	3,085,088
61 - 90 days	2,593,008	2,238,487
91 - 120 days	2,477,530	2,046,589
121 - 365 days	19,146,550	13,387,603
> 365 days	100,650,096	81,316,274
	140,184,316	110,782,716
Less: Allowance for impairment	(59,338,470)	(47,574,419)
	80,845,846	63,208,297
Industrial/ commercial		
Current (0 -30 days)	8,958,164	7,486,597
31 - 60 days	2,919,061	2,688,034
61 - 90 days	1,767,606	1,557,217
91 - 120 days	1,531,441	1,471,774
121 - 365 days	10,860,987	8,951,079
> 365 days	49,524,939	45,300,996
	75,562,198	67,455,697
Less: Allowance for impairment	(29,444,325)	(26,552,085)
	46,117,873	40,903,612
National and provincial government		
Current (0 -30 days)	1,065,111	942,881
31 - 60 days	344,025	740,775
61 - 90 days	187,321	632,651
91 - 120 days	190,703	416,487
121 - 365 days	1,169,578	1,846,039
> 365 days	3,850,159	5,150,786
	6,806,897	9,729,619
Less: Allowance for impairment	(2,496,909)	(3,218,210)
	4,309,988	6,511,409
Total		
Consumers	140,184,318	110,835,212
Commercial / industrial / agricultural	75,562,198	67,455,698
National, Provincial and other government organisations	6,806,895	9,729,619
	222,553,411	188,020,529
Less: Allowance for impairment	(91,279,704)	(77,352,318)
	131,273,707	110,668,211
Reconciliation of allowance for impairment		
Balance at beginning of the year	(77,352,318)	(69,186,088)
Contributions to allowance	(13,927,386)	(13,858,651)
Debt impairment written off against allowance	-	5,692,421
	(91,279,704)	(77,352,318)

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Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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Consumer debtors impaired

As of June 30, 2024, consumer debtors of R 222 553 411 (2023: R 188 020 529) were impaired and provided for.

The amount of the provision was R 91,279,704 as at June 30, 2024 (2023: R (77,352,318)). The basis of the calculation of debt impairment is based on the risk assessment required in terms of GRAP 19.

Debt impairment written off against allowance amounted to R0 as at 30 June 2024 and R5,692,421 as at 30 June 2023.

Consumer debtors breakdown

The carrying amount of consumer debtors consist of the following:

Consumer debtors from non-exchange transactions	82,132,000	72,237,986
Consumer debtors from exchange transactions	49,141,707	38,430,225
Total	131,273,707	110,668,211

Statutory receivables - Property rates

Net property rates	49,727,032	44,357,750
Net interest on property rates	32,404,968	27,880,236
	82,132,000	72,237,986

Property rates is tax levied in terms of Local Government Property Rates Act, Act No. 6 of 2004. The Act empowers the municipality to adopt by-laws to give effect to the implementation of its rates policy i.e., levying of property rates on all rateable property in its area (except as provided otherwise within law).

The municipality recognise statutory receivables using GRAP 23 at their transaction amount per approved tariffs through billing.

The municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

The municipality derecognise a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expire or are waived.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	68,801	68,801
Bank balances	22,605,138	7,564,302
Short-term deposits	-	25,459,761
	22,673,939	33,092,864

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	June 30, 2024	30 June 2023	June 30, 2024	30 June 2023
Nedbank Limited: Cheque Account (Acc no 1137278765)	23,384,905	- 7,478,441	22,605,138	- 7,564,302
Absa (Acc no 2081036577)	-	- 25,459,760	-	- 25,459,760
Total	23,384,905	- 32,938,201	22,605,138	- 33,024,062

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Figures in Rand	2024	2023
15. Finance lease obligation		
Minimum lease payments due		
- within one year	7,103,352	11,025,449
- in second to fifth year inclusive	-	8,030,484
	7,103,352	19,055,933
less: future finance charges	(379,886)	(1,924,789)
Present value of minimum lease payments	6,723,466	17,131,144
 Non-current liabilities	-	7,636,923
Current liabilities	6,723,467	9,494,221
	6,723,467	17,131,144

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets. Refer note 4.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Land Affairs Grant	466,250	466,250
Municipal Infrastructure Grant	297	20,710,297
CoGHSTA - Development of Masakaneng	299,762	299,762
Education Training and Development Practices SETA	-	624,857
	766,309	22,101,166

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 for reconciliation of grants from National/Provincial Government.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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17. Deferred income

Designated at fair value

Deferred income - Long term portion	2,557,017	2,749,999
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At amortised cost

Deferred income - Short term portion	192,983	192,983
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The municipality received R 5 500 000 in advance for the market related lease of a business property. As part of the lease agreement these payments are amortised over 25 years lease term. No escalation is applicable on the lease and the lease payments are amortised utilising the straight line method. The lease amounts to R 192 983 per annum excluding VAT (value added tax). The remaining term is 15 years.

The total obligation as at year end is R2 750 000 (2024) and R2 942 982 (2023)

Non-current liabilities

Deferred income	2,557,017	2,749,999
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Current liabilities

Deferred income	192,983	192,983
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ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	88,234,725	(4,011,066)	-	9,577,791	-	93,801,450
Provision for Long Service Leave	8,835,000	803,000	(3,221,316)	896,000	1,498,316	8,811,000
	97,069,725	(3,208,066)	(3,221,316)	10,473,791	1,498,316	102,612,450

Reconciliation of provisions - 2023

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	84,647,027	(4,333,994)	-	7,921,692	-	88,234,725
Provision for Long Service Leave Bonus	8,099,000	819,000	(811,553)	865,000	(136,447)	8,835,000
	92,746,027	(3,514,994)	(811,553)	8,786,692	(136,447)	97,069,725

Non Current Portion Landfill site provision	84,261,467	78,818,668
Current Portion Landfill site provision	9,539,983	9,416,057
Non-current portion of long service leave provision	8,210,000	7,124,000
Current portion of long service leave provision	601,000	1,711,000
	102,612,450	97,069,725

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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Figures in Rand

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2023

Employee benefit cost provision

An actuarial valuation was performed on the long service bonus awards - current and non current - liability for the purpose of reporting under the statement of Generally Recognised Accounting Practice 25 (GRAP 25) of the Accounting Standards Board (ASB) Directive 5, which is based on the International Accounting Standards 19 (IAS 19) was performed.

In terms of the basic conditions of employment long service accumulated leave must be wholly or partially converted to payment on the date on which the employee qualifies for it or at any stage thereafter subject to budget provisions.

Detailed assumptions are disclosed under note 7

Environmental rehabilitation provision

An actuarial valuation was performed on the environmental rehabilitation - current and non current - liability. The municipality appointed external experts to perform the rehabilitation review and estimation for the 2024 and 2023 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

Key financial assumptions used

Discount Rate Assumption

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability, government bond rates are considered a more appropriate indicator of the risk associated with the municipality.

The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used. For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used. For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used

CPI

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 6.1716%.

Rates and information used:

Net present value calculations based on the Government Bond Yield Rates.

The landfill closure provision is calculated as the net present value of future cash flows.

Assumption	Roosenekal and Dennilton landfills	Groblersdal landfill
CPI	5.17%	5.17%
Discount rate	10.17%	10.42%
Net effective discount rate	5%	5.25%

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Landfill site	Date License Issued	Date of License Expiry	Years valid	Remaining life in yrs on 30 June 2024	Remaining life in yrs on 30 June 2023
Groblersdal	7/4/2011	7/4/2027	16	2.77	3.77
Roosenekal	17/12/2020	16/4/2025	5	0.88	1.88

19. Payables from exchange transactions

Trade payables	40,566,348	34,170,156
Credit balances on receivables	2,799,146	3,579,915
Employee costs accrual	8,287,726	8,575,318
Accrued leave pay	23,627,887	20,962,404
Accrued bonus	9,479,474	8,978,188
Disposal of assets	-	368
Retention Creditors	18,998,678	17,752,110
Unallocated deposits	2,666,903	2,686,277
Other received in advance	852,174	-
Licensing	192	-
	107,278,528	96,704,736

20. Payables from non - exchange transactions

21. Consumer deposits

Electricity	5,518,249	5,757,651
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The electricity deposit relates to the guarantees or amounts paid by consumers on initial connection to municipal services. The deposit will be used to settle the debt in case of disconnection of services or payment default by the customer.

22. Service charges

Sale of electricity	105,796,078	90,413,502
Refuse removal	12,227,060	9,536,928
	118,023,138	99,950,430

23. Other income

Other income	880,889	1,246,976
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Other income comprises of income from different sources as follows: Tender Documents, Plan Printing and Duplicates, Administrative fees, Cemetery and Burial, Clearance Certificates, Insurance Refund, Bad Debts Recovered, General recoveries, Valuation Services, Building Plan Approval, Photocopies and Faxes, Application Fees for Land Usage, Photocopies, Facilities and Advertisements.

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24. Interest revenue

Revenue from exchange transactions

Bank and investments	6,121,139	2,251,709
Interest received on Eskom deposits	1,194,487	744,228
Interest charged on exchange consumer debtors	2,541,301	2,645,325
	9,856,927	5,641,262

Revenue from non-exchange transactions

Interest charged on non-exchange consumer debtors	13,213,939	11,554,498
	23,070,866	17,195,760

25. Property rates

Rates billed

Rates levied	73,943,978	66,302,265
Less: Income forgone (Property rates rebates)	(14,432,578)	(11,256,705)
	59,511,400	55,045,560

Valuations

Residential	3,161,368,100	2,910,664,100
Commercial	1,383,400,602	1,347,450,602
State	651,803,945	861,054,945
Municipal	334,026,954	303,886,954
Small holdings and farms	6,721,505,000	6,675,488,503
Social	61,830,000	62,780,000
	12,313,934,601	12,161,325,104

The municipality implemented the new valuation roll effective on 1 July 2022. Supplementary valuations will be processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

26. Grants and subsidies paid

Other subsidies

Assets transferred to Eskom	9,828,549	8,309,966
Electricity Subsidies	5,755,901	763,345
Bursaries	260,000	335,501
Post Employment Medical Aid Benefits - Interest Charge	1,047,000	1,086,000
	16,891,450	10,494,812

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Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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27. Government grants and subsidies

Operating grants

Equitable share	358,519,000	334,259,479
Expanded Public Works Programme Integrated Grant for Municipalities	2,243,000	1,796,000
Local Government Financial Management Grant	2,850,000	2,850,000
Education Training and Development Practices SETA	968,427	-
	364,580,427	338,905,479

Capital grants

Municipal Infrastructure Grant (MIG)	60,985,000	73,895,703
Integrated National Electrification Programme Grant (INEP)	14,400,000	17,000,000
	75,385,000	90,895,703
	439,965,427	429,801,182

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of the year	20,710,297	60,192
Current-year receipts	60,985,000	94,606,000
Conditions met - transferred to revenue	(60,985,000)	(73,895,703)
Amount transferred to NRF	(20,710,000)	(60,192)
	297	20,710,297

Included in the current year receipts for 2023 is an additional allocation for Municipal Infrastructure Grant of R32 000 000 which was received during March 2023. The additional allocation was not originally gazetted.

Conditions still to be met - remain liabilities (see note 16).

Financial Management Grant (FMG)

Current-year receipts	2,850,000	2,850,000
Conditions met - transferred to revenue	(2,850,000)	(2,850,000)
	-	-

Land Affairs Grant

Balance unspent at beginning of the year	466,250	466,250
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Conditions still to be met - remain liabilities (see note 16).

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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Figures in Rand	2024	2023
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INEP-Integrated national Electrification Programme Grant

Balance unspent at beginning of the year	-	5,396,674
Current-year receipts	14,400,000	17,000,000
Conditions met - transferred to revenue	(14,400,000)	(17,000,000)
Amount transferred to NRF	-	(5,396,674)
	-	-

Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)

Current-year receipts	2,243,000	1,796,000
Conditions met - transferred to revenue	(2,243,000)	(1,796,000)
	-	-

Education Training and Development Practices SETA

Balance unspent at beginning of the year	(624,858)	(266,852)
Current-year receipts	(343,569)	(358,006)
Conditions met - transferred to revenue	968,427	-
	-	(624,858)

Conditions still to be met - remain liabilities (see note 16).

COGHSTA - Development of Masakaneng

Balance unspent at beginning of the year	299,762	299,762
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Conditions still to be met - remain liabilities (see note 16).

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
28. Employee related costs		
Acting allowances	1,028,930	1,112,892
Bargaining Council	48,795	44,032
Basic salary	115,033,721	107,496,118
Bonus	8,980,233	8,490,487
Car allowance and travel	17,178,156	15,557,229
Cellphone and uniform allowances	2,218,200	1,986,900
Contribution to provision for Leave and bonus pay	4,881,474	1,376,263
Defined contribution plans	21,452,006	19,902,915
Housing benefits and allowances	283,666	254,965
Medical aid - company contributions	6,975,629	6,016,672
Overtime payments	1,661,801	1,390,702
Post Employment Medical Aid Benefits and Long Service Leave - Current Service Charge	1,794,001	1,887,000
Post Employment Medical Aid Benefits and Long Service Leave - Interest Charge	2,779,000	2,624,000
SDL	1,450,693	1,320,270
UIF	770,985	729,328
	186,537,290	170,189,773

Included in the above balances is (unless stated otherwise) the remuneration for the following s57 municipal employees:

Remuneration of CFO

Acting allowance (M L Sebelemetja - Oct 2023 to June 2024)	5,811
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Remuneration of executive directors

Remuneration of former Municipal Manager - M M Kgware

Annual Remuneration	312,551	1,193,246
Car and other allowances	27,000	108,000
Contributions to Medical and Pension Funds	36,521	132,389
Contribution to UIF and SDL	3,603	13,510
Annual Bonus	48,350	77,971
Contribution to Bargaining Council	34	130
Cellphone and other allowance	7,500	36,632
	435,559	1,561,878

Remuneration of Municipal Manager - N R Makgata

Annual Remuneration	79,145	-
Car and other allowances	13,239	-
Contributions to Medical and Pension Funds	9,628	-
Contribution to UIF and SDL	1,047	-
Contribution to Bargaining Council	11	-
Cellphone and other allowance	2,500	-
	105,570	-

Remuneration of Directors Director Planning and Development - B Sethojoa

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Figures in Rand	2024	2023
Annual Remuneration	312,205	-
Car Allowance	95,597	-
Contributions to Medical and Pension Funds	65,166	-
Contribution to UIF and SDL	5,233	-
Contribution to Bargaining Council	68	-
Acting allowance (B Sethojoa - July 2022 to June 2023)	26,110	78,288
Cellphone allowance	13,800	-
	518,179	78,288

Remuneration of CFO - K L E Hutamo

Annual Remuneration	298,217	-
Car Allowance	65,389	-
Contributions to Medical and Pension Funds	29,453	-
Contribution to UIF and SDL	4,342	-
Contribution to Bargaining Council	57	-
Cellphone allowance	11,500	-
	408,958	-

Remuneration of Director of Community Services - M Mohlala

Annual Remuneration	730,980	531,082
Car Allowance	122,529	87,567
Acting Allowances (Municipal manager)	120,673	6,658
Cellphone and other allowance	27,600	20,700
Contribution to UIF and SDL	12,259	7,912
Contribution to Bargaining Council	136	97
Contributions to Medical and Pension Funds	102,455	69,014
Annual Bonus	55,326	13,513
	1,171,958	736,543

Director of Infrastructure Services - M Malungana

Annual Remuneration	508,017	59,780
Car Allowance	120,000	15,000
Annual Bonus	38,723	-
Cellphone allowance	18,400	-
Contributions to UIF and SDL	7,731	895
Contribution to Bargaining Council	90	11
	692,961	75,686

Remuneration of Acting Directors Community Services

Acting Allowance (M Mokhulwane) (1 July 2022 to 30 Septeber 2022)	-	17,801
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Remuneration of Director of Corporate Services - N Matumane

Annual Remuneration	-	296,830
Car Allowance	-	44,747
Cellphone and other allowance	-	6,900
Contribution to Bargaining Council	-	32
Contribution to UIF and SDL	-	3,449
	-	351,958

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Figures in Rand	2024	2023
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Remuneration of Acting Director Infrastructure

Acting Allowance (J Malaka) (July 2022 - May 2023)	-	24,874
Acting Allowance (J Malaka) (March 2024 - June 2024)	3,667	-
	3,667	24,874

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Figures in Rand	2024	2023
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Remuneration of Acting Director of Corporate Services

Acting Allowance (J Maboja) (July 2022- June 2023)	-	39,506
Acting Allowance (J Maboja) (July 2023- September 2023 and January 2024 to June 2024)	10,467	-
Acting Allowance (S Mahlangu) (Oct 2023- Dec 2023)	3,486	-
	13,953	39,506

29. Remuneration of councillors

Mayor	1,010,207	1,001,864
Speaker	782,724	811,884
Executive Committee Councillors	3,057,722	3,157,297
Ordinary Councillors	21,291,391	20,798,670
Chief Whip	519,753	773,542
	26,661,795	26,543,257

In-kind benefits

The Mayor, Speaker, Chief Whip and four full time Exco councillors (MMC Finance, MMC Infrastructure, MMC Corporate services and MMC Development planning) are provided with an office and administrative support at the cost of the Council

It is certified in the accounting officer's report that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The additional disclosures as required by the Municipal Finance Management Act of 2003 as part of the MFMA disclosure note 53

Remuneration of Mayor

Car Allowance	238,913	256,129
Annual Remuneration	623,251	602,909
Contributions to Medical and Pension Funds	92,917	91,814
SDL	8,122	7,607
Cellphone and other	47,004	43,404
	1,010,207	1,001,863

Remuneration of Speaker

Car Allowance	191,508	193,035
Annual Remuneration	458,279	497,433
Contributions to Medical and Pension Funds	82,305	71,877
SDL	6,279	6,136
Cellphone and other	44,352	43,404
	782,723	811,885

Remuneration of Executive Committee

Annual bonus	60,000	60,000
Car Allowance	743,844	762,856
Annual Remuneration	1,757,221	1,834,126
Contributions to Medical and Pension Funds	250,713	245,223
SDL	25,984	24,464
Cellphone and other	219,960	230,628
	3,057,722	3,157,297

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Figures in Rand	2024	2023
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Remuneration of Chief Whip

Car Allowance	126,222	191,433
Annual Remuneration	311,625	467,438
Contributions to Medical and Pension Funds	46,321	65,444
Cellphone and other	31,336	43,404
SDL	4,248	5,822
	519,752	773,541

Remuneration of Ordinary Councillors

Annual bonus	-	2,500
Car Allowance	4,830,562	4,839,471
Annual Remuneration	11,989,112	11,789,985
Contributions to Medical and Pension Funds	1,776,930	1,668,776
Cellphone and other	2,519,288	2,339,604
SDL	175,499	158,335
	21,291,391	20,798,671

30. Finance costs

Finance leases	1,756,946	4,332,117
Late payment of creditors	9,240	71,123
	1,766,186	4,403,240

Total Lease interest expense for 2024 financial year and 2023 financial year are calculated using the effective interest rate linked to prime.

31. Debt impairment

Contributions to debt impairment consumers	13,927,386	13,858,652
Contributions to debt impairment traffic fines	78,193,358	112,249,050
	92,120,744	126,107,702

32. Bulk purchases

Electricity	109,782,561	93,184,759
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Figures in Rand	2024	2023
33. General expenses		
Administration and management fees	4,566,358	3,713,232
Advertising	424,492	297,570
Assets expensed	122,714	70,558
Audit Committee	1,922,291	986,220
Auditors remuneration	5,714,033	6,210,132
Bank charges	558,165	545,393
Bursaries	868,934	636,301
Community services - developmental and outreach programmes	282,802	307,432
Conferences and seminars	6,880,251	6,562,217
Consulting and professional fees	17,309,385	14,336,449
Fuel and oil	10,830,652	11,393,386
Discount Allowed	3,754,589	109,280
Electricity Water and Refuse - Municipal Consumption	14,524,755	10,090,964
Entertainment	11,194	11,409
IT expenses	9,725,891	8,934,994
Insurance	2,760,153	4,969,416
Landfill site - interest landfill rehabilitation provision	9,577,791	7,921,692
Motor vehicle expenses	1,000,402	978,763
Operation of landfill site	1,889,565	2,468,261
Postage and courier	59,110	30,192
Printing and stationery	7,678,330	6,168,761
Remuneration to Ward Committees	5,545,485	5,461,500
Security (Guarding of municipal property)	18,995,197	19,998,628
Staff welfare	2,162,573	2,172,780
Subscriptions and membership fees	2,185,401	2,029,649
Telephone and fax	3,044,967	2,979,167
Town planning - Valuation costs	730,750	1,879,202
Travel and Subsistence reimbursement	4,160,733	2,909,560
Uniforms	4,190,473	1,851,630
	141,477,436	126,024,738

34. Operating lease Income

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	95,019	203,341
- in second to fifth year inclusive	102,480	210,940
	197,499	414,281

Revenue for the year included Rental income from facilities and equipment 1,301,491 950 485

Minimum lease payments due were erroneously disclosed as R387,972 instead of R203,341 for within one year, R947,737 instead of R210,940 for second to five year and R1,736,842 instead of zero for later than 5 years.

The error is confined to this disclosure only statement of financial position and statement of financial performance were accurately presented.

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35. Cash generated from operations		
Surplus/(deficit)	56,240,786	63,433,578
Adjustments for:		
Depreciation and amortisation	61,876,949	61,095,686
Donations received	(19,595)	(919,900)
Landfill site - additional interest landfill rehabilitation provision	9,577,791	7,921,692
Loss/(Gain) on sale of assets	1,119,500	3,689,544
Fair value adjustments - actuarial gains and losses	3,556,124	(3,835,329)
Fines withdrawn/reduced	2,773,775	1,619,565
Assets expensed/Transferred assets	9,828,549	3,061,722
Impairment fixed assets	566,223	4,656,004
Debt impairment	92,120,744	126,107,702
Discount allowed	3,754,589	109,280
Movements in retirement benefit assets and liabilities	(998,808)	(831,118)
Movements in provision for long service awards	(3,221,316)	(811,553)
Eskom interest	(1,194,487)	(744,228)
Deferred Income movement	(192,983)	(192,985)
Post Employment Medical Aid Benefits and Long Service Leave interest	2,841,001	2,973,000
Employee costs contribution to provision for Leave and bonus pay	4,881,473	1,376,264
Post Employment Medical Aid Benefits and Long Service Leave current service cost	2,779,000	2,624,000
Fair Value Adjustments	(6,772,843)	(12,947,191)
Changes in working capital:		
Inventories	(4,655,784)	(4,388,608)
Receivables from exchange transactions	1,440,265	1,326,321
Consumer debtors	(38,287,426)	(28,104,968)
Receivables from non-exchange transactions	(87,236,824)	(113,458,788)
Payables from exchange transactions	5,692,318	3,204,145
VAT	1,375,148	(6,417,738)
Payables from non - exchange transactions	-	(499,189)
Unspent conditional grants and receipts	(21,334,858)	15,611,822
Consumer deposits	(239,402)	136,161
Debit orders to be recovered	(22,814)	460,166
	96,247,095	126,255,057

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
36. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	109,311,618	5,380,314
Total capital commitments		
Already contracted for but not provided for	109,311,618	5,380,314
Total commitments		
Total commitments		
Authorised capital expenditure	109,311,618	5,380,314
This committed expenditure relates to property, plant and equipment and will be financed by available grants, retained surpluses, existing cash resources and funds internally generated. The commitments disclosed amounts are VAT inclusive.		
Finance leases - as lessee (expense)		
Finance lease payments represent rentals payable by the municipality for its fleet. These rentals are negotiated for a three year term. No contingent rent is payable.		
Minimum lease payments due		
- within one year	7,103,352	11,025,449
- in second to fifth year inclusive	-	8,030,484
	7,103,352	19,055,933
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1,469,850	4,126,798
- in second to fifth year inclusive	182,609	1,652,458
	1,652,459	5,779,256

Operating lease payments represent rentals payable by the municipality for leased assets used in the day to day operations of the municipality. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.

Operating lease expense of R4,696,579 has been included in expenditure for the year ended 30 June 2024 (year ended 30 June 2023: R4,853,458)

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37. Contingent Liabilities

Litigation is in the process against the municipality relating to disputes with stakeholders.

The estimate of the contingent liability is +/- R4,686,644 (June 2024); +/- R 7,719,318 (June 2023)

The litigation matters for the year under review are detailed below as follows:

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Liability	None	Elias Motsoaledi Local Municipality // Mohlala Leonox	Description: High Court matter. the plaintiff is suing the municipality for contravening its own Bylaws	Matter pending: The Applicant is delaying the process, we stayed the matter and we will await the applicant to move the matter and respond accordingly.	550,000	550,000
Liability	None	Masutha//E mlm	Ms Masutha is alleging that she was unfairly discriminated against due to the fact that her position was a T16 yet she was not remunerated as such.	We received email from the applicant that she will not proceed with the matter. Matter finalised.	-	1,586,577
Liability	None	Peri Formwork Scaffolding And Engineering (Pty) Ltd // Elias Motsoaledi Local Municipality Eli1/0016/Ys	The Plaintiff claims an amount of R1 133 352.46 against the Municipality and one of its Contractors, jointly and severally.	The plaintiff refused to send us notice of withdrawal, they indicated that they do not want to miss the opportunity to join the Municipality at the later stage. The Municipality stayed the matter and awaits the Plaintiff to act.	1,133,352	1,333,352

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Liability	SETSOA LO MAH UBE ATT ORNEYS	Maboe Rachidi //Elias Motsoaledi Local Municipality // C Coetzee / Melinda Marshall	Rachidi is suing the Municipality for unlawful arrest under Case Number: MRCC 104/2011. The Plaintiff Mr. Maboe Rachidi is suing the municipality and two traffic officers in their personal capacity for damages he suffered as a result of an alleged assault. He is alleging that he was assaulted by two traffic officials who were on duty on the date in question. The matter went on trial which was partly heard.	The matter was postponed sine die (without date). We are still awaiting judgment from Court, Magistrate that was allocated the matter is on retirement and we await the Court to re-appoint Magistrate for finalisation of the matter. The plaintiff is also not pursuing the matter, the municipality stayed the matter and awaits the Plaintiff to pursue it.	450,000	450,000
Liability	MPOYAN A LEDW ABA INC	Mohlangane K.J // Emlm	The plaintiff alleges that he fell on a ditch pit and sustain a fracture on his right hand and abrasions on the said hand. He is claiming an amount of R150 000.00 for damages.	Matter finalised		310,000
Liability	None	Mphela Attorneys// Emlm Case 374/2020	The Plaintiff alleges that the Municipality owes them the legal fees of the matter they worked for on behalf of the Municipality in January 2013.	Matter pending. Took matter to cancel to resolve for settlement, council resolved that we should negotiate, we are still in the process to negotiate without incurring any Legal Fees for the municipality. The Plaintiff still delaying process.	33,483	33,483

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Liability	None	Mphela Attorneys// Emlm Case 384/2020	The Plaintiff alleges that the Municipality owes them the legal fees of the matter they worked for on behalf of the Municipality in September 2013.	Matter pending. Took matter to cancel to resolve for settlement, council resolved that we should negotiate, we are still in the process to negotiate without incurring any Legal Fees for the municipality. The Plaintiff still delaying process.	39,809	39,809
Liability	MPOYAN A LEDWABA INC	Masakwame Trading// Emlm	The Plaintiff claims that the Municipality appointed them on the tender and could not resume work and the tender was advertised and someone else was appointed.	Matter pending. Awaiting trial date from the Registrar of the court.	2,200,000	2,200,000
Liability	SETSOA LO MAHUBE ATTORNEYS	Emlm// Mtn	The Municipality issued and served Application to the Respondent on the 12 August 2022. Cause of action: MTN is suing the Municipality for an amount of R866 097.00 for service they claim they rendered to the Councillors. Several letters of demands were forwarded to the Municipality and there were disputed. The Municipality attempted to settle the matter but without going to the court but MTN was not cooperating. An application to compel MTN to reconcile their account in order to clear the debt against the Municipality was made	Court order granted in favour of the municipality, matter finalised	-	1,216,097

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Liability	MPHOKE MAGANE P.K INC	M MABHENA /EMLM	The municipality got served with summons from the Mphela & Associates Attorneys on behalf of Maria Mabhena (Applicant) on the 22 December 2023. Cause of ActionThe Applicant alleges that on the 26 January 2021 while at the Municipality (licensing department) she fell off a chair and sustained lumbar spine injuries. As a result of the incident the applicant suffered general damages, hospital medical expenses and future medical expenses amounting to R80 000.00Due to Auditor General 's audit finding COMAF 16 OF 2023 that paying excessive fees for legal representation when the claim is too less has an element of constituting Fruitless and wasteful expenditure, the matter was referred to Council to approve the possibility of settling the matter out of court to curb legal cost not on principalities. Council rejected the option to settle matter, the reason was that it will set a wrong precedence to the public (people will just come and make small claims against the Municipality)	Matter defended, filed notice of intention to defend.	280,000	-
					4,686,644	7,719,318

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Contingent assets

Litigation is in progress in favour of the municipality relating to disputes with employees and members of the public. The municipality is likely to receive an amount of +/- R 850,000 (June 2024); +/- R 3,468,186 (June 2023). According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

Some of the comparative amounts/cases were restated.

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Asset	MASONDO KHUMALO INC	Emlm//Breed & J Oosthuizen Eli1/0009/Ys	The Municipality seeks to evict the lessee from the farm as the lease agreement expired and the lessee continues to use the farm without paying any rental. The Municipality also has a claim against the Lessees for outstanding rental in the amount of R1 018 186.39, the claim is also referred to debt collection for collection.	Lessee evicted. The matter is finalised	-	1,218,186
Asset	MPHOKE MAGANE P.K INC	Emlm// Jq Family Trust	The Municipality filed an application to compel the Respondent to comply with the Municipal By-Law.	Matter finalised. The Master of High Court issued bill of cost.	-	500,000
Asset	MOLOKO PHOOKO ATTORNEYS	Emlm/ Mepf	The Municipality filed an application to compel the Respondent to remove an erected fence on the pedestrian walk way, this makes it difficult for the pedestrian to walk through.	Matter is set down for hearing on 16 September 2024	500,000	500,000
Asset	DIKGATI MPHAHLE	Emlm//Dikledi Masha And Others	The Municipality filed an urgent application to compel the Respondents to remove erected fence and walls on the pipe lines, this makes it difficult for the Municipality to install pipes.	Matter finalised.	-	400,000

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Asset	MPOYAN A LEDWABA INC	Emlm//Joseph Nkoagatse	The Municipality filed an application to compel the Respondent to remove the animals he is grazing on the municipal farm	The Sheriff had a challenge with serving summons to the Respondent, the Municipality conduct the inspection on the farm during February 2024, the respondent was found and he alleged that he was given permission to occupy by the Department of land and Rural Development. We await to meet with his legal representative in order to provide us with documentation relating to the allegation.	200,000	500,000
Asset	MPOYAN A LEDWABA INC	EMLM/ Maphochsgrone and Vlaklaagte Illegal dwellers	The Municipality appointed attorneys to obtain an eviction order against the Maphochsgronde and Vlaklaagte Illegal dwellers.	Planning department of the municipality is in the process of organising the meeting with Nkangala District to sort out the issue of demarcation challenges. Matter stayed pending finalisation of the challenges.	100,000	350,000

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2024	Estimated claim 2023
Asset	MPOYAN A LEDWABA INC	Mohlala and Others vs EMLM and others	The Office of the Municipal Manager received a letter from Bolshevik Party informing the municipality that Mr. Mohlala is expelled from the party and further requesting the Municipality to declare a vacancy. The Municipality declared a vacancy and Mr. Mohlala filed application disputing the dismissal and requesting reinstatement. The Municipality successfully defended the matter and costs were granted in favour of the Municipality, the Applicant is to pay costs.	We await the taxed bill of cost to determine the value. Bill of taxation is lying in the office of the master for inspection.	50,000	-
					850,000	3,468,186

38. Related parties

Relationships
All Councillors

Refer to note 53 and 29 . Public Office Holders
Remuneration

Accounting Officer
s57 municipal employees

Refer to accounting officers' report
Refer to note 28

Nature of related party transactions:

Remuneration of Councilors and Employee costs paid to permanent and acting section 57 managers during the year.

Related party transactions

Employee costs transactions

Councillors - Councillor remuneration	29	26,661,797	26,543,257
Section 57 Acting Managers remuneration	28	170,215	160,569
Section 57 Managers remuneration	28	3,186,401	2,770,524

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

In terms of SCM regulation 45 – The notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state
- (c) the amount of the award.

The following is a list as recorded for the 2024 and 2023 financial years.

Number	Company information			Person in employ of state			Financial Year	
	Service Provider	Director of the company	Description of service rendered	Department	Employee	Capacity	2024	2023
1	Makgonatsohle Trading Enterprise	Gift Nkabang Mawela	Repairs and maintenance of municipl fleet	Gauteng Department of Education	Masehoane Mildred Mawela (Teacher)	Wife	1,159,610	1,359,831
2	Sejagobe Engineers	Sejagobe Daniel Masekela	Infrastructure consulting services	Gauteng Department of Public Works	Kgadi Ledile Mamakoa (Candidate Engineering Technician)	Wife	1,046,493	1,038,276
3	Dzangi Consulting Services	Aluwani Lorraine Mathavhathe	Supply and delivery of ashphalt	Department of Human Settlement	Gumani Joseph Mathavhathe (Financial Planner)	Husband	1,328,252	1,177,383
4	Mogalemole Consulting Engineer	Njipa Herman Mankga	Infrastructure consulting services	Road Agency Limpopo	Paulina Mankga (Project Manager)	Wife	466,267	431,668

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Number	Company information			Person in employ of state			Financial Year	
5	Nedbank	Stanley Subramoney	Provision of banking services	Department of Education	Venisha Subramoney (Teacher - Department of Education)	Wife	5,727,760	5,472,572
6	Just breeze	Christopher Ntladi	Refuse removal services	Department of Health	Matshidiso Ntladi (Dentist - Department of Health)	Wife		2,869,913
7	Dolmen Engineers	Moeketso Phynus Sematla	Infrastructure consulting services	Limpopo Department of Health	Thully Monicah Sematla (EMS/Pramedic)	Wife		1,530,911
8	NSK Electrical and Construction	Sibusisiwe Cute Zombe	Infrastructure consulting services	Department of Education	Steve Zviyedzo Zombe (Teacher)	Husband		845,754
9	F-Tech Services	Martin Mufanebadza	Electrification project implementation	SAPS	Tselahale Faith Mufanebadza (Aministrative Clerk)	Wife	3,087,307	8,819,396
10	Nkanivo Development Consulting	Samuel Chauke	Town planning subdivision services	Department of Home Affairs	Azwidali Elelwani Chauke (Administrative Officer)	Wife	621,565	478,261
11	Sekhukhune Times	Peter Thapelo Motseo	Advertisement for vacant positions	Limpopo Department of Education	Cordeliah Nkisi Mabelane (Teacher)	Wife		26,021
12	Mashigwana Projects	Amos Kgotlelelo Mashigwana	Kitchen renovation	Gauteng Department of Education	Johanna Letta Mashigwana (Teacher)	Wife		183,000

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Number	Company information			Person in employ of state			Financial Year	
13	Vision Print	Spumedo Mberundo Mokgabudi	Printing services	Limpopo Department of Education	Johanna Mmanoko Mokgabudi (Teacher)	Wife	3,047,276	
14	Matimusaki Enterprise	Mokolotedi Verity Mathebane	Catering service and tent provision	Gauteng: Social Development	Famanda Eric Mathebane (Child and youth Care Worker)	Husband	29,250	
15	Spectrum Utility Management	Nakedi Mathews Phosa	Provision of prepaid electricity vending service	National: International Relations and Cooperation	Yvonne Nkwenkwezi Phosa (Ambassador to Cuba)	Wife	1,115,794	
Total Award Amount							17,629,574	24,232,986

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40. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

1.A reclassification of R7,111,796 was made from Payables from exchange transactions: Trade payables to Payables from exchange transactions: Employee costs accrual. This reclassification aims to enhance the fair presentation of the financial statements. It is important to note that the reclassification did not alter the total balance of trade payables.

2.The remuneration for councillors was adjusted upwards to align with the newly established upper limits, which had been set to reflect current standards. As a result of this adjustment, councillors were entitled to back pay, leading to a retrospective payment that covered the difference between their previously received remuneration and the revised upper limits.

3.The employee-related costs for the period include a back pay adjustment for the former Municipal Manager (MM). Initially, the MM had applied for a waiver on his salary, as he was positioned at an entry-level pay grade at the time. After a thorough review, the waiver was approved, and the MM was subsequently granted back pay, retroactively effective from the year 2023, to account for the approved salary waiver.

4.Inventory: During the period, it was discovered that kiosks had been mistakenly reclassified as Property, Plant, and Equipment (PPE). Upon further investigation, it was determined that these kiosks had not been installed as originally thought. Consequently, they were correctly reclassified back to inventory, ensuring accurate representation of the asset's status.

5.Transfers and Subsidies: In the prior year, there was an error in reporting asset transfers to Eskom, resulting in the understatement of these transfers. This error has been identified and rectified to ensure that the financial statements accurately reflect the asset transfers.

6.Property, Plant, and Equipment:

Solid Waste Infrastructure: A cost adjustment was necessary for the landfill sites. In the prior year, changes to the landfill provision were incorrectly adjusted to the surplus instead of being capitalized to the landfill asset. This error was corrected by capitalizing the change to the landfill asset, ensuring accurate accounting.

Electrical Infrastructure: The value of this infrastructure was reduced due to the reclassification of kiosks from PPE back to inventory, as they were not installed and should not have been categorized under electrical infrastructure.

Furniture and Office Equipment: Additions in this category were erroneously miscalculated in the previous year. The error has been identified and corrected to reflect the true value of the additions.

Work in Progress: The balance under this category was overstated due to the inclusion of a completed project that should have been transferred out of this category. This overstatement has now been rectified.

Additionally, the "Loss on disposal of assets" control account was corrected to ensure that the profit or loss on the disposal of assets is fairly presented in the financial statements. This correction addressed a misclassification error, which had an impact of a R368 loss.

Effect of the above errors are as follows:

Buildings: R836,656
Solid Waste Infrastructure: R29,277,078
Electrical Infrastructure: -R543,806
Furniture and Office Equipment: R144,076
Capital - Work in Progress: -R6,323,494
Total for Property, Plant, and Equipment: R23,456,861

The prior period error relates to newly discovered assets that were previously omitted from the asset register. To correct this, these assets were incorporated into the asset register, and the prior year's financial statements were restated to reflect the accurate values. This adjustment ensures the completeness and accuracy of the asset register and aligns the financial statements with the corrected data. this resulted in increase in cost of R992 876 and increase in depreciation of R92 448. of the 992 876 addition, R527 037 Newly identified assets represent a gain to the municipality and are therefore adjusted under the gains and losses section in the financial statements. and the R465 840 This addition was previously expensed under repairs and maintenance in the 2022 financial year; therefore, it has been adjusted against the accumulated surplus in the

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comparative 2023 year.

The effect on carrying amount is as follows:

Computer Equipment	3,568.50
Electrical Infrastructure	788,357.86
Furniture and Office Equipment	37,388.53
Machinery and Equipment	12,389.76
Roads Infrastructure	58,723.48

7. The 2023 irregular expenditure amounts were restated to incorporate Nedfleet transactions identified as a prior period error. This adjustment led to an addition of R700,952 to the 2023 expenditure and an accumulative amount of R4,872,866 for the years preceding 2023.

(The correction number is indicated in brackets next to the item adjusted. Brackets on amounts is for Credit adjustment and no brackets for Debit adjustment)

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Reclassification	Restated
Payables from exchange transactions:		(41,281,952)	-	7,111,796	(34,170,156)
Trade payables (1)					
Payables from exchange transactions:		-	(1,463,890)	(7,111,796)	(8,575,318)
Employee costs accrual. (1) + (3) + (2)					
Inventories (4)		26,279,757	573,898	-	26,853,655
Property Plant and Equipment (6)		1,112,251,071	24,290,936	-	1,136,542,007
Accumulated surplus (2) + (3) + (5) + (6)		(1,166,070,765)	(31,421,964)	-	(1,189,471,719)
		(68,821,889)	(8,021,020)	-	(68,821,531)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Depreciation and amortisation (6)		(59,259,773)	(1,835,913)	(61,095,686)
Employee related costs (3)		(169,884,018)	(305,755)	(170,189,773)
Remuneration of councillors (2)		(25,385,490)	(1,157,767)	(26,543,257)
Transfers and Subsidies (5)		(5,246,568)	(5,248,244)	(10,494,812)
Loss on disposal of assets (6)		(5,782,314)	526,669	(5,255,645)
Surplus for the year		(265,558,163)	(8,021,010)	(273,579,173)

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41. Change in estimate

Property Plant and Equipment

During the fiscal year, management reassessed the estimated useful life of assets, resulting in a revision of our accounting estimate. This revision had the effect of reducing depreciation expenses..

The effect of this revision has decreased the depreciation expense and accumulated depreciation by R1 009 408 for the current and future periods. The effect per category is as follows:

Category	Old Estimate	New Estimate	Change of Estimate
Community Assets	1,057,761	958,367	-99,395
Computer Equipment	1,033,369	995,205	-38,164
Electrical Infrastructure	5,816,370	4,588,572	-1,227,798
Furniture and Office Equipment	856,040	727,916	-128,124
Machinery and Equipment	2,859,286	2,711,600	-147,685
Other Assets	3,978,797	3,607,231	-371,565
Roads Infrastructure	39,984,716	39,826,347	-158,369
Solid Waste Infrastructure	835,441	2,226,808	1,391,367
Transport Assets	2,953,723	2,724,047	-229,676
Total	62,410,932	61,401,524	-1,009,408

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42. Risk management

Capital risk management

The municipality's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality as disclosed in the cash and cash equivalents note, 14.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. 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. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The municipality analyses its financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. All items of financial liabilities are less than one year from settlement.

Interest rate risk

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

The municipality have insignificant interest risk exposure in the form of finance costs from finance lease obligation, however the fluctuation in interest rates will not hinder any of the municipality operations.

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Credit risk

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.

Receivables and consumer debtors comprise a widespread customer base and amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously. The municipality establishes an allowance for doubtful debts that represents its estimate of anticipated losses in respect of receivables. Payments of accounts of consumer debtors who are unable to pay are negotiated in line with the credit control policy and terms of payments are agreed upon with the consumer.

Cash and cash equivalent - The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider that to be any significant exposure to credit risk.

Financial instruments exposed to credit risk at year end were as follows positive for assets and negative for Liabilities:

Financial instrument	2024	2023
Receivables - From Exchange Transactions	1,268,163	2,708,428
Receivables - From Non Exchange Transactions	9,121,857	2,829,352
Consumer Debtors - From Exchange Transactions	49,141,707	38,430,225
Consumer Debtors - From Non Exchange Transactions	82,132,000	72,237,986
Deposit (Security held in advance)	18,475,124	17,280,638
Payables from exchange transactions	(107,278,528)	(96,704,736)
Consumer deposits.	(5,518,249)	(5,757,651)
Finance lease obligation	(6,723,467)	(17,131,145)
Cash and cash equivalent	22,673,939	33,092,864

The above financial instruments are measured at amortised cost.

Other risks

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of of general economic hardships.

43. Going concern

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

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of general economic hardships.

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44. Events after the reporting date

Adjusting events:

1. The case Mohlangane K.J. vs Elias Motsoaledi Local Municipality involved a claim where the plaintiff alleged that he fell into a ditch and sustained a fracture to his right hand and abrasions. The plaintiff sought damages amounting to R150,000. This matter was finalized after the reporting date but before the financial statements were authorized for issue. Consequently, the estimate for this claim, initially included in the financial statements for the 2024 financial year, has been adjusted and removed from the Annual Financial Statements.

2. After the reporting date but before the financial statements were authorized for issue, an error was identified in the disclosed useful lives of assets within the accounting policy. Council subsequently approved a correction to align the policy with the useful lives applied in the Fixed Asset Register (FAR). The financial statements have been adjusted to reflect this correction. This correction constitutes an adjusting event as it provides additional evidence of conditions that existed at the reporting date. The financial statements accounting policy disclosure have been updated to reflect the corrected useful lives of assets, ensuring fair presentation of financial Statements.

Non Adjusting event:

1. On July 8, 2024, the High Court ruled in Afriforum v NERSA and Others (2024) that all municipalities must use a cost-of-supply (COS) study to set electricity tariffs. This ruling, effective from the 2024/25 financial year, impacts Elias Motsoaledi Local Municipality's future tariff-setting process but does not require adjustments to the 2023/24 financial statements.

Management is assessing the operational and financial implications of implementing COS-based tariffs, which may affect revenue from the 2024/25 year onward. Compliance steps are underway to meet the June 30, 2025, deadline for COS alignment as directed by the court..

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45. Unauthorised expenditure

Opening balance	48,008,203	50,771,459
Written off: 2019/20 - Resolution: MPAC 23/24-02	(5,943,450)	-
Written off: 2021/22 - Resolution: MPAC 23/24-01	(40,945,924)	(2,763,256)
	1,118,829	48,008,203

The status for 2023 is: Investigations complete.

46. Fruitless and wasteful expenditure

Opening balance	6,520,110	6,754,172
Incurred during the year	245,169	1,682,543
Recovered during the year - 2023/24	(213,266)	-
Recovered during the year - 2022/23	(35,556)	(1,190,520)
Recovered during the year 2021/22	(512,080)	(362,867)
Recovered during the year 2020/21	(747,853)	-
Written off: 2021/22 - Resolution: MPAC 23/24-01	-	(363,218)
Written off- 2017/18 - Resolution: MPAC 24/25-01	(421,359)	-
Written off- 2020/21 - Resolution: MPAC 23/24-09	(1,318,818)	-
Written off- 2019/20- Resolution: MPAC 23/24-02	(57,578)	-
Written off- 2022/23 - Resolution: MPAC 24/25-01	(491,999)	-
	2,966,770	6,520,110

Fruitless and wasteful expenditure resulted from unauthorised debit orders, late payments of invoices, double payments,

The status for 2024 is: Investigations not yet conducted.

The status for 2023 is: Investigations complete.

Details of fruitless and wasteful expenditure

Unauthorised debit orders	235,927	550,948
Over payment	-	1,060,473
Late payment	9,240	71,123
	245,167	1,682,544

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47. Irregular expenditure

Opening balance	391,111,887	391,290,335
Add: Irregular Expenditure - current year	46,404,045	76,560,763
Written off: 2017/18 - Resolution: MPAC 24/25-01	(64,024,772)	-
Written off: 2019/20 - Resolution: MPAC 23/24-02	(43,269,721)	-
Written off: 2022/23 - Resolution: MPAC 24/25-03	(75,859,810)	-
Written off: 2021/22 - Resolution: MPAC 23/24-01	-	(76,739,211)
Written off: 2020/21 - Resolution: MPAC 23/24-09	(88,986,307)	-
	165,375,322	391,111,887

Reason for irregular	Jun-24	Jun-23
Bidder did not meet minimum requirements	52,716	190,057
Incorrect allocation of functionality points	9,568,187	38,597,323
Technical expert not part of BAC	528,473	7,894,160
Failure to address subcontracting	34,524,185	23,496,978
Bids were not evaluated in accordance with the bid specification	-	290,384
Procurement conducted without a competitive bid	1,194,278	700,953
Non-compliance with minimum requirements threshold for local content	536,207	5,390,908
Total	46,404,046	76,560,763

The 2023 irregular expenditure amounts were restated to incorporate Nedfleet transactions identified as a prior period error. This adjustment led to an addition of R700,952 to the 2023 expenditure and an accumulative amount of R4,872,866 for the years preceding 2023.

The status for 2024 is: Investigations not yet conducted.

The status for 2023 is: Investigations complete.

Amount disclosed are inclusive of VAT in terms of MFMA circular 68.

48. Additional disclosure in terms of Municipal Finance Management Act

Electricity distribution losses

Losses incurred - units	11,134,928	8,712,898
% loss incurred	19.000 %	15.000 %
Purchased units	(58,430,729)	(57,850,100)
Sold units	47,295,801	49,137,202
	-	-
Losses incurred - Rand value	20,929,386	13,957,494
% Losses loss incurred	19.000 %	15.000 %
Purchased units Rand value	(109,782,561)	(93,185,314)
Sold units Rand value	88,853,175	79,227,820
	-	-

The losses mentioned above stem from both technical factors inherent to electricity and its distribution network, such as network status, condition, and age, as well as external factors like weather conditions and system load. In addition to these technical losses, non-technical factors like theft and vandalism also contribute to these losses, which unfortunately are not recoverable.

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SALGA Fees

Current year subscription / fee	2,145,350	2,025,935
Amount paid - current year	(1,597,592)	(1,493,405)
Amount accrued to creditors	(547,758)	(532,530)
	-	-

PAYE, SDL and UIF

Current year subscription / fee	39,708,466	28,216,568
Amount paid - current year	(36,940,754)	(25,749,503)
Amount accrued to creditors	(2,767,712)	(2,467,065)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	30,664,137	26,506,511
Amount paid - current year	(25,861,906)	(21,704,280)
Amount paid - previous years	(4,802,231)	(4,802,231)
	-	-

VAT

VAT receivable	19,442,291	20,817,439
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VAT output payables and VAT input receivables are shown in note 12.

All VAT returns have been submitted by the due date throughout the year. The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.

There is no VAT paid to SARS also no VAT payable to SARS.

Councillors arrears

The following councillors had arrear accounts outstanding for more than 90 days as at 30 June 2024:

Name	Description	Amount
MNS Oosthuizen	Rates	75,879

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Non-compliance with MFMA

Section 65(2)(e) of the MFMA:

The municipality did not fully comply with the requirement to pay all accounts within 30 days of receipt of the invoice due to administrative delays.

Section 122(1)(a) and (b) of the MFMA:

The municipality's Annual Financial Statements were not entirely fairly presented in all respects.

Municipal Supply Chain Management Regulations 28(1):

The Bid Evaluation Committee did not conduct a fair evaluation for some of the awards made during the year.

Performance Management Regulation 7(1):

The municipality did not fully comply with the prescribed performance management requirements.

Audit Fees

Audit fees are listed below.

There is no outstanding amount to Auditors as at 30 June 2024

R411 120 is outstanding to Auditors as at 30 June 2023.

Audit fees	5,714,033	6,210,132
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49. Deferred income

Operating lease payments received in advance	2,750,000	2,942,982
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Operating lease payment received in advance have been utilized in accordance with the Municipal Finance Management Act. Sufficient resources are set aside to ensure that the liability can be serviced in the future.

50. Accounting by principals and agents

1. Municipality as Agent

(a) Description of the Arrangement

The municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance as Licences and permits.

The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The retained amount is recorded as revenue in **Agency fees** in the Statement of Financial Performance.

(b) Resources Held on Behalf of the Principal

The municipality does not hold assets on behalf of the Provincial Department.

(c) Revenue Recognised

The municipality retained R 6,344,437 as agency income in 2024 (R6,062,432 in 2023).

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(d) Liabilities Incurred

Liabilities incurred on behalf of the principal were R192 at 30 June 2024 (R6 at 30 June 2023).

(e) Revenue and Expenses Relating to Third-Party Transactions

Total revenue collected on behalf of the principal: R26,463,707.97

No expenses were incurred on behalf of the principal.

(f) Payables Reconciliation

Opening Payables (1 July 2023): -R6.

Revenue collected during the year: -R 26,463,707.97

Cash remitted to the Department during the year: R 19 544 408

Agency fees recognised (inc VAT): 6,919,106.65

Closing Payables (30 June 2024): R192

(g) Significant Terms and Conditions

Revenue-sharing arrangement: 20% retained by the municipality and 80% remitted to the Department.

There were no changes in the arrangement in the current year under review

(h) Significant risks together with benefits

Benefit: Efficient collection of licensing fees on behalf of the Provincial Department of Transport results in more cash inflows for the municipality.

Risks: Late remittance or reporting discrepancies, mitigated by regular reconciliations and adherence to agreed terms.

Other than above there are no significant risks associated with the relationship.

(l) Termination Cost Implications

Termination of the **Principal-Agent Agreement** with the Department of Transport would result in:

-Revenue Loss: Loss of future licensing revenue

-Operational Disruptions: Staff redeployment or layoffs and service delivery adjustments.

-Alternative Systems: Costs to establish new systems or services to replace lost revenue.

-Administrative Costs: Legal and reconciliation costs, including settling outstanding payables.

-Reputational Risks: Reduced public access to licensing services and potential damage to the municipality's reputation.

2. Municipality as Principal

(a) Description of the Arrangement

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Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

Spectrum is responsible for providing at least two vending points per area, maintaining a dedicated vending account, and delivering ongoing system support.

(b) Resources Under Custodianship of Agents

Spectrum collected prepaid electricity revenue of R 11,468,774 on behalf of the municipality during the reporting period.

(c) Fee Paid to Agents

Commission paid to Spectrum was R715,356 in 2024 (R458,473 in 2023).

Total license fees of R410 628 (excluding VAT) were also paid.

(d) Significant Terms and Conditions

Scope of Services: Spectrum Utility Management is responsible for installing, operating, and maintaining a prepaid electricity vending system, with a requirement to provide at least two vending points per area.

Fees and Payments: The municipality pays a 4.5% transaction fee, a monthly license fee of **R34,219 (excluding VAT)**

Maintenance and Support: Spectrum ensures system maintenance, technical support, and compliance with NERSA-approved tariffs.

Termination: Termination provisions include rights for Spectrum to suspend access for non-payment and arbitration under South African law for disputes.

(e) Termination Implications

Terminating the arrangement with Spectrum would require the municipality to develop an alternative vending system or appoint new service provider.

Costs include:

Development of new software.

Procurement of new vending hardware.

Training of staff and vendors.

revenue opportunity cost as a result of the disruption in service

(f) Significant risks together with benefits

Benefit: Broaden community access to prepaid electricity through a vendor system.

Risks: System downtime or vendor non-performance, addressed through SLA terms on performance. Additional text

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51. 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 accounting officer and includes a note to the annual financial statements.

There was no procurement that deviated from the provisions of paragraph 12(1)(d)(i) as stated above during the year.

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52. Segment reporting

General information

Identification of segments

The municipality is organised and reports to management on the basis of major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. some segments were 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.

Aggregated segments

The municipality operates throughout the LIM 472 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout LIM 472 were sufficiently similar to warrant aggregation.

The following segments were aggregated:

1	Core Function:Roads
2	Core Function:Solid Waste Removal
3	Electricity:Electricity - 601
4	Pollution Control:Pollution Control - 505
5	Project Management Unit:PMU - 603
6	Roads:Roads - 600
7	Solid Waste Removal:Solid Waste Removal - 500
8	Cemeteries Funeral Parlours and Crematoriums:Cemeteries - 501
9	Community Parks (including Nurseries):Parks - 502
10	Core Function:Police Forces Traffic and Street Parking Control
11	Libraries and Archives:Libraries - 504
12	Police Forces Traffic and Street Parking Control: Police Forces Traffic - 507
13	Road and Traffic Regulation:Traffic Regulation - 508
14	Sports Grounds and Stadiums:Sports Grounds and Stadiums - 506
15	Asset Management:Asset Management - 301
16	Core Function:Finance
17	Municipal Manager Town Secretary and Chief Executive:Municipal Manager - 200
18	Finance:Default
19	Finance:Finance - 300
20	Fleet Management:Fleet Management - 602
21	Human Resources:Human Resources - 400
22	Information Technology:Information Technology - 401
23	Property Services:Property Services - 402
24	Mayor and Council:Chief Whip 6.1
25	Mayor and Council:Council General - 101
26	Mayor and Council:Executive committee 6.1
27	Mayor and Council:Mayor - 100
28	Mayor and Council:Speaker - 102

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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	Nature of Goods and/or services
Finance	Finance, human resource and IT services to facilitate service delivery
Community services	Police, parks and libraries
Basic services	Basic services, roads, sewage, refuse, electricity
Executive & Council	Community outreach

There are no non reportable segments.

The following information will enable users of financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

Below are the reconciliation's of the amounts in the statement of financial position and performance for reportable segments to the amounts in the municipality's statement of financial position and performance for **2024 financial year**.

	Basic Services	Community Services	Executive and Council	Finance	Total
Statement of Financial Performance					
Revenue	187,378,603	283,537,250	42,863,583	269,705,136	783,484,573
Revenue from exchange transactions					
Revenue from exchange transactions	121,758,926	8,138,483	-	6,509,474	136,406,882
Agency fees	-	6,344,437	-	-	6,344,437
Interest revenue	3,735,788	-	-	6,121,139	9,856,927
Other Income	-	492,554	-	388,335	880,889
Rental Of Facilities And Equipment	-	1,301,492	-	-	1,301,492
Service Charges	118,023,138	-	-	-	118,023,138
Revenue from non-exchange transactions	65,619,678	275,398,768	42,863,583	263,195,662	647,077,690
Taxation revenue	-	-	-	72,725,339	72,725,339
Interest charged on consumer debtors	-	-	-	13,213,939	13,213,939
Property Rates	-	-	-	59,511,401	59,511,401
Transfer revenue	65,619,678	275,398,768	42,863,583	190,470,323	574,352,351
Fines, Penalties And Forfeits	5,740	90,040,897	-	-	90,046,636
Government Grants & Subsidies	65,613,938	147,790,426	42,863,583	183,697,480	439,965,427
Investment property fair value adjustment	-	-	-	6,772,843	6,772,843
Public contributions and donations	-	37,567,445	-	-	37,567,445
Expenditure	- 245,830,244	- 229,993,168	- 45,643,832	- 205,776,540	- 727,243,784
(Impairment loss)/ Reversal of impairments	- 224,607	- 430,096	-	88,480	566,223
Bulk Purchases	- 109,782,561	-	-	-	109,782,561
Debt Impairment	- 7,823,400	- 78,193,358	-	6,103,986	92,120,744
Depreciation and amortisation	- 12,113,652	- 43,113,796	-	6,649,501	61,876,949
Employee Related Costs	- 22,549,629	- 76,632,898	3,600,117	83,754,641	186,537,285
Fair value adjustments - actuarial losses	-	-	-	3,556,124	3,556,124
Finance Costs	-	-	-	1,766,186	1,766,186
General expenses	- 28,685,049	- 9,427,127	14,875,374	88,489,883	141,477,432
Lease Rentals On Operating Lease	-	1,300,493	-	3,396,086	4,696,579
Loss on disposal of assets	- 507,440	- 627,809	-	15,748	1,119,501
Remuneration Of Councillors	-	-	26,661,797	-	26,661,797
Repairs And Maintenance	- 53,771,001	- 20,267,590	246,544	5,905,817	80,190,952
Transfers And Subsidies	- 10,372,905	-	260,000	6,258,545	16,891,450
Total	- 58,451,641	53,544,083	- 2,780,249	63,928,596	56,240,788

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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	Basic Services	Community Services	Executive and Council	Finance	Grand Total
Statement of Financial Position					
Assets	241,221,830	1,148,540,187	38,718,688	71,774,842	1,500,255,547
Current Assets	99,634,864	135,702,224	38,717,644	58,765,339	215,289,393
Cash and cash equivalents	74,934,143	52,677,686	27,032,191	131,970,081	22,673,939
Consumer debtors - From Exchange Transactions	22,619,704	10,737,785	8,642,620	7,141,598	49,141,706
Consumer debtors - From Non Exchange Transactions	1,401,857	-	51,112	80,679,031	82,132,000
Inventories	- 7,632,680	- 3,272,940	600,040	43,015,099	31,509,439
Receivables from exchange transactions	48,247	-	211,881	1,008,035	1,268,162
Receivables from non-exchange transactions	-	8,994,748	-	127,110	9,121,858
VAT receivable	8,263,593	66,564,945	3,379,881	58,766,130	19,442,289
Non-Current Assets	141,586,966	1,012,837,963	1,044	130,540,181	1,284,966,153
Eskom security deposit	18,475,124	-	-	-	18,475,124
Heritage assets	-	463,463	-	100	463,363
Intangible assets	-	12,783	-	12,783	0
Investment property	-	103,885,755	-	6,717,832	110,603,587
Property Plant and Equipment	123,111,842	908,501,527	1,044	123,809,666	1,155,424,079
Liabilities	101,347,598	16,658,891		136,536,516	254,543,006
Current Liabilities	17,086,131	16,851,873		97,965,517	131,903,521
Consumer deposits	5,583,115	1,439	-	66,303	5,518,251
Deferred income	-	-	-	192,983	192,983
Employee benefit obligation	-	-	-	1,283,000	1,283,000
Finance Lease Obligation	-	-	-	6,723,466	6,723,466
Landfill Site Provision	9,539,983	-	-	-	9,539,983
Payables from exchange transactions	1,963,034	16,084,124	-	89,231,371	107,278,528
Provision for Long Service Leave	-	-	-	601,000	601,000
Unspent conditional grants and receipts	-	766,310	-	-	766,310
Non - Current Liabilities	84,261,467	192,982	-	38,570,999	122,639,485
Deferred income	-	192,982	-	2,749,999	2,557,018
Employee benefit obligation	-	-	-	27,611,000	27,611,000
Finance Lease Obligation	-	-	-	-	-
Landfill Site Provision	84,261,467	-	-	-	84,261,467
Provision for Long Service Leave	-	-	-	8,210,000	8,210,000
Net Assets	139,874,232	1,131,881,295	38,718,688	64,761,674	1,245,712,541

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Below are the reconciliation's of the amounts in the statement of financial position and performance for reportable segments to the amounts in the municipality's statement of financial position and performance for **2023 financial year**

	Basic services	Community services	Executive & Council	Finance	Grand Total
Statement of Financial Performance					
Revenue	411,455,242	38,272,991	43,727,661	249,938,510	743,394,404
Revenue from exchange transactions					
Revenue from exchange transactions	105,503,369	6,096,505	-	2,251,709	113,851,582
Agency fees	-	6,062,432	-	-	6,062,432
Interest revenue	3,389,553	-	-	2,251,709	5,641,262
Other Income	1,212,903	34,073	-	-	1,246,976
Recoveries	-	-	-	-	-
Rental Of Facilities And Equipment	950,484	-	-	-	950,484
Service Charges	99,950,429	-	-	-	99,950,429
Revenue from non-exchange transactions	305,951,873	32,176,486	43,727,661	247,686,801	629,542,822
Taxation revenue	-	-	-	66,600,059	66,600,059
Interest charged on consumer debtors	-	-	-	11,554,498	11,554,498
Property Rates	-	-	-	55,045,561	55,045,561
Transfer revenue	305,951,873	32,176,486	43,727,661	181,086,742	562,942,763
Fair value adjustments - actuarial gains	-	-	-	3,835,329	3,835,329
Fines, Penalties And Forfeits	115,439,161	-	-	-	115,439,161
Government Grants & Subsidies	189,592,812	32,176,486	43,727,661	164,304,223	429,801,182
Investment property fair value adjustment	-	-	-	12,947,191	12,947,191
Public contributions and donations	919,900	-	-	-	919,900
Expenditure	- 425,090,143	- 25,577,182	- 44,610,717	- 184,682,785	- 679,960,827
Expenditure					
(Impairment loss)/ Reversal of impairments	- 4,614,557	-	-	485,591	- 4,128,966
Bulk Purchases	- 93,184,759	-	-	-	- 93,184,759
Debt Impairment	- 120,971,633	-	-	5,136,069	- 126,107,702
Depreciation and amortisation	- 55,420,405	- 1,012,967	-	4,662,314	- 61,095,686
Employee Related Costs	- 68,944,368	- 23,360,907	- 5,432,492	72,452,014	- 170,189,781
Finance Costs	-	-	-	4,403,239	- 4,403,239
General expenses	- 25,917,114	- 353,887	- 11,901,918	87,851,746	- 126,024,664
Lease Rentals On Operating Lease	- 2,101,121	-	-	2,752,337	- 4,853,457
Loss on disposal of assets	- 4,084,496	- 50,686	-	1,647,499	- 5,782,681
Remuneration Of Councillors	-	-	26,543,256	-	26,543,256
Repairs And Maintenance	- 40,778,381	- 798,735	- 397,550	5,177,158	- 47,151,824
Transfers And Subsidies	- 9,073,311	-	335,501	1,086,000	- 10,494,812
Total	- 13,634,901	12,695,809	- 883,056	65,255,725	63,433,577

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	Basic services	Community services	Executive & Council	Finance	Grand Total
Statement of Financial Position					
Assets	1,149,242,163	35,867,080	18,613,361	251,370,521	1,455,093,125
Current Assets	44,755,239	3,263,612	18,612,317	130,338,783	196,969,950
Cash and cash equivalents	-	0	0	33,092,864	33,092,864
Consumer debtors - From Exchange Transactions	22,312,873	-	16,066,673	50,680	38,430,226
Consumer debtors - From Non Exchange Transactions	-	3,263,612	51,112	68,923,262	72,237,986
Inventories	573,899	0	-	26,279,757	26,853,656
Receivables from exchange transactions	608,623	-	211,881	1,887,924	2,708,428
Receivables from non-exchange transactions	2,725,056	-	-	104,296	2,829,352
VAT receivable	18,534,788	-	2,282,651	0	20,817,439
Non-Current Assets	1,104,486,925	32,603,469	1,044	121,031,737	1,258,123,174
Deposit (Security held in advance)	17,280,638	-	-	-	17,280,638
Heritage assets	463,363	-	-	-	463,363
Intangible assets	-	-	-	6,400	6,400
Investment property	103,830,766	-	-	-	103,830,766
Property Plant and Equipment	982,912,157	32,603,469	1,044	121,025,337	1,136,542,007
Liabilities	118,507,755	13,177,478		133,936,173	265,621,406
Current Liabilities	39,689,087	13,177,478		93,415,251	146,281,817
Consumer deposits	5,756,212	1,439	-	-	5,757,651
Deferred income	192,983	-	-	-	192,983
Employee benefit obligation	-	-	-	904,000	904,000
Landfill Site Provision	9,416,057	-	-	-	9,416,057
Payables from exchange transactions	2,848,046	13,176,039	-	80,680,653	96,704,737
Provision for Long Service Leave	-	-	-	1,711,000	1,711,000
Finance Lease Obligation	-	-	-	9,494,221	9,494,221
Unspent conditional grants and receipts	21,475,790	-	-	625,378	22,101,168
Non - Current Liabilities	78,818,668	-	-	40,520,922	119,339,590
Deferred income	-	-	-	2,749,999	2,749,999
Employee benefit obligation	-	-	-	23,010,000	23,010,000
Landfill Site Provision	78,818,668	-	-	-	78,818,668
Finance Lease Obligation	-	-	-	7,636,923	7,636,923
Provision for Long Service Leave	-	-	-	7,124,000	7,124,000
Net Assets	1,030,734,408	22,689,602	18,613,361	117,434,348	1,189,471,718

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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53. Public Office Holders Remuneration

All public officers remuneration as at 30 June 2024

All Office Bearers	Annual Remuneration	Cell phone and Data	Medical aid	Pension Funds	Skills contribution	Travelling and Car Allowance	Grand Total
Crll J Kotze	299,884	47,004	-	-	4,470	99,962	451,320
Crll T Phorothoe	253,119	47,004	-	37,736	3,616	100,137	441,612
Crll T Machipa	475,264	47,004	-	61,867	6,384	199,345	789,864
Crll P Masimula	253,119	47,004	-	37,736	3,620	106,398	447,877
Crll J Mahlangu	253,119	47,004	-	37,736	3,623	107,910	449,392
Crll M Msiza	664,674	94,008	-	99,098	9,160	260,613	1,127,553
Crll H Makunyane	311,625	31,336	-	46,321	4,248	126,222	519,752
Crll M Mashilo	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll W Oosthuizen	226,821	47,004	-	-	3,510	75,607	352,942
Crll V Sithole	204,632	47,004	-	22,189	3,089	80,519	357,433
Crll G Matjomane	417,056	44,352	27,373	62,375	5,973	200,557	757,686
Crll S Ngwenya	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll R Ndlovu	453,725	47,004	-	67,643	6,079	210,176	784,627
Crll T Phahlamohlaka	191,704	47,004	71,177	28,656	3,838	101,826	444,205
Crll M Tladi	623,251	47,004	-	92,917	8,122	238,913	1,010,207
Crll M Ramphisa	260,769	47,004	-	38,877	3,711	104,883	455,244
Crll S Matsomane	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll A Gulube	197,235	47,004	-	29,405	2,934	75,607	352,185
Crll D Mashego	458,279	44,352	13,787	68,519	6,279	191,508	782,724
Crll M Phetla	467,438	47,004	-	69,693	6,222	179,184	769,541
Crll M Mathabathe	260,769	47,004	-	38,877	3,711	103,892	454,253
Crll M Mampana	197,236	47,004	-	29,405	2,936	78,465	355,046
Crll J Letageng	197,236	47,004	-	29,405	2,978	75,607	352,230
Crll S Radigwana	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll T Sithole	253,119	47,004	-	37,736	3,617	101,425	442,901
Crll S Mmaboko	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll P Koka	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll L Maibelo	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll S Malapela	197,236	47,004	-	29,405	2,935	77,061	353,641
Crll H Malapela	260,769	47,004	-	38,877	3,710	104,534	454,894
Crll G Segope	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll M Nduli	324,559	47,004	-	48,452	4,451	125,910	550,376
Crll W De Beer	197,236	47,004	-	29,405	2,978	75,607	352,230
Crll P Tladi	197,236	47,004	-	29,405	2,936	78,880	355,461
Crll M Phokwane	197,236	47,004	-	29,405	2,938	82,550	359,133
Crll K Tlaka	197,236	47,004	-	29,405	2,938	83,537	360,120
Crll N Makuwa	253,119	47,004	-	37,736	3,624	111,462	452,945
Crll M Sithole	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll A Limakwe	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll K Mabelane	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll S Mmotla	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll L Komane	197,236	47,004	-	29,405	2,938	81,416	357,999
Crll T Malau	197,236	47,004	-	29,405	2,938	81,906	358,489
Crll N Mohlala	197,236	47,004	-	29,405	2,938	84,078	360,661
Crll M Tshehla	197,236	47,004	-	29,405	2,934	75,607	352,186
Crll N Ramongana	260,769	47,004	-	38,877	3,722	120,351	470,723
Crll C Maphopha	197,236	47,004	-	29,405	2,935	77,358	353,938
Crll R Makuwa	197,236	47,004	-	29,405	2,935	77,728	354,308
Crll S Nkosi	197,236	47,004	-	29,405	2,940	84,912	361,497
Crll M Mafiri	197,236	47,004	-	29,405	2,935	79,912	356,492
Crll M Buta	253,119	47,004	-	37,736	3,624	110,728	452,211
Crll T Kgagara	197,236	47,004	-	29,405	2,945	92,502	369,092
Crll J Thethe	253,119	47,004	-	37,736	3,622	107,872	449,353

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Crl F Lehungwane	197,236	47,004	-	29,405	2,934	78,119	354,698
Crl T Mathabathe	197,236	47,004	-	29,405	2,934	76,938	353,517
Crl S Morare	197,236	47,004	-	29,405	2,934	76,323	352,902
Crl J Mogotlana	253,119	47,004	-	37,736	3,618	102,337	443,814
Crl M Mthimunya	197,236	47,004	-	29,405	2,934	75,607	352,186
Crl D Genedi	197,236	47,004	-	29,405	2,934	75,607	352,186
Crl M Ranala	226,821	47,004	-	-	3,510	75,607	352,942
Crl S Ratlou	79,716	15,668	-	11,957	1,089	30,558	138,988
Grand Total	15,199,500	2,861,940	112,337	2,136,853	220,131	6,131,047	26,661,808

All public officers remuneration as at 30 June 2023.

All public officers	Annual Remuneration	Cell phone and Data	Medical aid	Pension Funds	Skills contribution	Travelling and Car Allowance	Grand Total
Cllr A Gulube	196,774	43,404	-	28,433	2,667	75,430	346,708
Cllr A Limakwe	196,774	44,604	-	28,433	2,651	75,430	347,892
Cllr C Maphopha	196,774	44,604	-	28,433	2,658	82,532	355,001
Cllr D Genedi	196,774	46,104	-	28,433	2,639	76,070	350,020
Cllr D Mashego	497,433	43,404	-	71,877	6,136	193,035	811,885
Cllr F Lehungwane	196,774	44,604	-	28,433	2,654	79,429	351,894
Cllr G Matjomane	443,947	43,404	25,725	64,066	5,910	209,767	792,819
Cllr G Segope	196,774	44,604	-	28,433	2,652	76,070	348,533
Cllr H Makunyane	466,328	43,404	-	67,413	5,822	191,433	774,400
Cllr HM Malapela	260,159	44,604	-	37,592	3,384	104,302	450,041
Cllr J Kotze	299,183	43,404	-	-	4,138	99,728	446,453
Cllr J Letageng	196,774	44,604	-	28,433	2,696	83,011	355,518
Cllr J Mahlangu	252,527	43,404	-	36,489	3,314	102,741	438,475
Cllr J Mogotlana	252,527	44,604	-	36,489	3,296	98,594	435,510
Cllr J Thethe	252,527	44,604	-	36,489	3,305	109,846	446,771
Cllr K Mabelane	196,774	44,604	-	28,433	2,652	76,276	348,739
Cllr K Tlaka	196,774	44,604	-	28,433	2,657	82,103	354,571
Cllr L Komane	196,774	44,604	-	28,433	2,655	87,331	359,797
Cllr L Maibelo	196,774	44,604	-	28,433	2,651	75,430	347,892
Cllr M Buta	252,527	44,604	-	36,489	3,313	119,975	456,908
Cllr M Mafiri	196,774	44,604	-	28,433	2,652	76,140	348,603
Cllr M Mampana	196,774	44,604	-	28,433	2,651	76,254	348,716
Cllr M Mashilo	196,774	43,404	-	28,433	2,679	81,174	352,464
Cllr M Mathabathe	260,160	44,604	-	37,592	3,382	103,885	449,623
Cllr M Msiza	663,102	88,008	-	95,846	8,449	271,218	1,126,623
Cllr M Mthimunya	196,774	44,604	-	28,433	2,652	76,515	348,978
Cllr M Nduli	252,527	44,604	-	36,489	3,296	100,854	437,770
Cllr M Phetla	466,328	43,404	-	67,413	5,793	183,864	766,802
Cllr M Phokwane	196,774	44,604	-	28,433	2,655	86,964	359,430
Cllr M Ramphisa	260,159	43,404	-	37,592	3,407	110,355	454,917
Cllr M Ranala	226,291	46,704	-	-	3,180	75,430	351,605
Cllr M Sithole	196,774	44,604	-	28,433	2,652	76,667	349,130
Cllr M Tladi	621,794	43,404	-	89,846	7,607	238,354	1,001,005
Cllr M Tshela	196,774	44,604	-	28,433	2,651	75,430	347,892
Cllr N Makuwa	252,527	44,604	-	36,489	3,305	117,626	454,551
Cllr N Mohlala	196,774	44,604	-	28,433	2,655	89,684	362,150
Cllr N Ramongana	260,159	44,604	-	37,592	3,393	113,529	459,277
Cllr P Koka	196,774	44,604	-	28,433	2,651	75,430	347,892
Cllr P Masimula	252,527	43,404	-	36,489	3,320	118,818	454,558
Cllr P Tladi	196,774	44,604	-	28,433	2,656	82,028	354,495
Cllr R Makuwa	196,774	44,604	-	28,433	2,653	77,423	349,887
Cllr R Ndlovu	452,664	43,404	-	65,408	5,639	194,914	762,029
Cllr S Malapela	196,774	44,604	-	28,433	2,654	79,142	351,607
Cllr S Matsomane	199,080	43,404	-	26,127	2,711	75,430	346,752

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

Figures in Rand

Cllr S Mmaboko	196,774	44,604	-	28,433	2,651	75,430	347,892
Cllr S Mmotla	196,774	44,604	-	28,433	2,653	77,592	350,056
Cllr S Morare	196,774	44,604	-	28,433	2,653	77,844	350,308
Cllr S Ngwenya	196,774	43,404	-	28,433	2,669	78,361	349,641
Cllr S Nkosi	196,774	44,604	-	28,433	2,662	96,373	368,846
Cllr S Radigwana	196,774	44,604	-	28,432	2,654	78,867	351,331
Cllr T Kgagara	196,774	44,604	-	28,433	2,659	88,887	361,357
Cllr T Machipa	474,154	43,404	-	59,586	5,970	188,750	771,864
Cllr T Malau	196,774	44,604	-	28,433	2,660	90,806	363,277
Cllr T Mohlamonyani	196,774	44,604	-	28,433	2,654	77,574	350,039
Cllr T Phahlamohlak	202,340	43,404	64,796	27,972	3,527	96,802	438,841
Cllr T Phorothoe	252,527	43,404	-	36,489	3,319	99,866	435,605
Cllr T Sithole	252,527	44,604	-	36,489	3,295	99,144	436,059
Cllr V Sithole	226,291	43,404	-	-	3,229	90,491	363,415
Cllr W De Beer	196,774	44,604	-	28,433	2,694	77,264	349,769
Cllr W Oosthuizen	226,291	43,404	-	-	3,221	75,430	348,346
Grand Total	15,272,148	2,700,444	90,521	2,052,611	202,363	6,225,142	26,543,229

54. Depreciation and amortisation

Property Plant and Equipment	61,870,549	61,089,303
Intangible assets	6,400	6,383
	61,876,949	61,095,686

55. Public contributions and donations

Public contributions	19,595	919,900
Roads Agency Limpopo	37,547,850	-
	37,567,445	919,900

During 2024 year computer equipment was received as a donation from provincial government for R19 595

The municipality received donations in kind from the Roads Agency Limpopo in relation to repairs and maintenance of roads that belonged to the municipality for the value of R37,547,850.

During 2023 financial year, the municipality received a generous donation, the TLB GEHLMODEL GBL-X-900 valued R919,900, from the Department of Forestry, Fisheries, and the Environment. This donation falls under the category of Machinery and Equipment and was obtained through a non-exchange transaction. Its value at the time of acquisition was assessed at its fair market value

56. Repairs and maintenance

Repairs and maintenance	80,190,949	47,151,752
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The municipality received donations in kind from the Roads Agency Limpopo in relation to repairs and maintenance of roads that belonged to the municipality for the value of R37,547,850