

TSANTSABANE LOCAL MUNICIPALITY



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022**

TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022

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TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022

General information

Legal form	NC085 - Local Municipality. The municipality's operations are governed by the Municipal Finance Management Act 56 of 2003, Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000, and various other acts and regulations.	
Jurisdiction	Tsantsabane Local municipality is located in the north-eastern part of the Northern Cape Province in the ZF Mgcawu District. Cities/Towns: Postmasburg Beeshoek	
Nature of business	Tsantsabane Local Municipality is a South African Category B Local Municipality as defined in the Municipal Structures Act. The municipality performs functions as set out in the Constitution. This means that the Municipality provides services such as electricity, water, sewerage and refuse to the Community.	
Capacity of local authority	Low capacity (grade 2)	
Municipal demarcation code	NC085	
Management structure	The municipality's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.	
Municipal manager	H Mathobela	
Chief Financial Officer	LR Coakley	
Other heads of departments	Director Corporate Services	IC Nkadimang
	Director Technical Services	RV Mlangeni
	Director Community Development	JJ Theys
Registered office	13 Springbok Street Postmasburg 8420 Telephone: 053 313 7300 Website: www.tsantsabane.gov.za	
External auditors	Auditor-General of South Africa Private Bag X5013 Kimberley	

TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022

General information

Principle banker	Standard Bank 32 Main Street Po Box 24 Postmasburg 8420	
Relevant legislation	Municipal Finance Management Act Division of Revenue Act The Income Tax Amendment Act Value Added Tax Amendment Act Municipal Structures Act Municipal Systems Act Municipal Planning and Performance Management Regulations Housing Act Skills Development Levies Amendment Act Employment Equity Act Unemployment Insurance Act Basic Conditions of Employment Act Supply Chain Management Regulations	
Mayor	AH English	Ward 2
Councillors	Lottering MJ	Ward 1
	Devajee R	Ward 3
	Keoremetswe G	Ward 4
	Tonyane G	Ward 5
	Miennies D	Ward 6
	Teise L	Ward 7
	OM Mabilo	Proportional
	HA Beets	Proportional
	AJ Ruiters	Proportional
	M Van Zyl	Proportional
	D Esau	Proportional
	GE Sibiya	Proportional

TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022

Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2022 which are set out on pages 1 to 126, in terms of section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2022 and am satisfied that the municipality can continue in operational existence for the foreseeable future.

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

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

Management has concluded that the financial statements present fairly the municipality's financial position, financial performance and cash flows for the year

The annual financial statements set out on pages 1 to 126, which have been prepared on the going concern basis, were approved by the accounting officer and were signed



H Mathobela
Municipal Manager

31 August 2022

Date

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

		Actual	
	Note	2022	2021
		R	Restated R
ASSETS			
Current Assets		74 790 186	44 965 552
Inventories	2	9 356 266	353 993
Receivables from Exchange Transactions	3	20 314 151	13 691 719
Receivables from Non-exchange Transactions	4	18 628 775	13 352 939
VAT Receivable	5	9 172 417	8 774 149
Cash and Cash Equivalents	6	17 318 576	8 792 752
Non-Current Assets		745 121 478	731 572 153
Property, Plant and Equipment	8	683 399 417	668 097 111
Intangible Assets	9	1 173 374	1 855 877
Investment Property	10	60 154 012	61 224 490
Heritage Assets	11	394 675	394 675
Total Assets		819 911 664	776 537 705
LIABILITIES			
Current Liabilities		410 524 129	351 391 641
Consumer Deposits	12	3 442 739	2 475 829
Employee Benefit Liabilities	13	1 112 000	1 378 000
Payables from Exchange Transactions	14	383 256 525	334 174 103
Unspent Conditional Grants and Receipts	15	13 022 139	3 509 686
Bank Overdraft	6	1 755 474	1 644 554
Current Portion of Long-term Liabilities	16	7 935 251	8 209 469
Non-Current Liabilities		48 917 688	55 689 469
Long-term Liabilities	16	4 571 437	6 759 271
Employee Benefit Liabilities	17	16 089 000	17 147 000
Non-current Provisions	18	28 257 251	31 783 198
Total Liabilities		459 441 817	407 081 111
Total Assets and Liabilities		360 469 847	369 456 595
NET ASSETS		360 469 847	369 456 595
Accumulated Surplus / (Deficit)	19	360 469 847	369 456 595
Total Net Assets		360 469 847	369 456 595

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

		Actual	
	Note	2022	2021
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	20	34 280 453	39 943 930
Fines, Penalties and Forfeits	21	216 300	89 278
Licences and Permits	22	1 030 130	963 766
Transfers and Subsidies	23	83 913 053	76 141 046
Revenue from Exchange Transactions			
Licences and Permits	22	960	-
Service Charges	24	115 646 410	106 444 431
Sales of Goods and Rendering of Services	25	739 512	370 625
Rental from Fixed Assets	26	586 727	479 165
Interest Earned	27	806 306	684 926
Operational Revenue	28	66 545	278 080
Gains on Disposal of Property, Plant and Equipment	39	15 920 302	17 134 700
Total Revenue		253 206 699	242 529 948
EXPENDITURE			
Employee Related Costs	29	75 893 225	81 295 831
Remuneration of Councillors	30	6 029 442	5 708 335
Depreciation and Amortisation	31	33 308 932	33 208 246
Impairment Losses	32	34 406 985	29 544 037
Finance Costs	33	6 462 206	12 683 120
Bulk Purchases	34	48 532 485	41 801 967
Contracted Services	35	22 344 154	22 105 526
Inventory Consumed	36	21 611 816	23 115 215
Operating Leases	37	2 516 555	1 188 112
Operational Costs	38	15 300 982	16 216 272
Loss on Disposal of Property, Plant and Equipment	39	-	5 210 344
Total Expenditure		266 406 782	272 077 006
DEFICIT FOR THE YEAR		(13 200 083)	(29 547 058)
Refer to Budget Statement for explanation of budget variances			

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R
2021		
Balance at 30 June 2020	374 056 211	374 056 211
Correction of Error (Note 40)	24 947 441	24 947 441
Restated Balance	399 003 652	399 003 652
Deficit for the year	(29 547 058)	(29 547 058)
Deficit for the year: Previously Reported	(29 491 561)	(29 491 561)
Correction of Error (Note 40)	(55 497)	(55 497)
Balance at 30 June 2021	369 456 595	369 456 595
2022		
Appropriations in 2022	4 213 336	4 213 336
Surplus/(Deficit) for the year	(13 200 083)	(13 200 083)
Balance at 30 June 2022	360 469 847	360 469 847

TSANTSABANE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

		Actual	
	Note	2022	2021
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		17 550 002	31 635 792
Transfers and Subsidies		87 844 648	70 948 054
External Interest Received		806 306	684 926
Service charges		86 857 063	89 132 838
Other Receipts		3 416 958	4 204 622
Payments			
Employee Related Costs		(79 059 627)	(77 723 421)
Remuneration of Councillors		(6 029 442)	(5 708 335)
External Interest Paid		(3 348 066)	(4 160 044)
Suppliers Paid		(66 983 110)	(80 771 907)
VAT Payable		(398 268)	(6 239 498)
NET CASH FLOWS FROM OPERATING ACTIVITIES	44	<u>40 656 464</u>	<u>22 003 027</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(39 650 732)	(23 768 055)
Purchase of Intangible Assets	9	(13 125)	-
Proceeds on Disposal of Property, Plant and Equipment		18 257 720	7 716 075
Proceeds on Disposal of Investment Property		1 070 478	
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(20 335 659)</u>	<u>(16 051 980)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(11 905 902)	(10 952 857)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(11 905 902)</u>	<u>(10 952 857)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>8 414 903</u>	<u>(5 001 810)</u>
Cash and Cash Equivalents at Beginning of Period		7 148 199	12 150 009
Cash and Cash Equivalents at End of Period	6	15 563 102	7 148 199

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R
FINANCIAL POSITION							
Current Assets							
Inventories	20 435 201	-	20 435 201	-	20 435 201	9 356 266	(11 078 935)
Receivables from Exchange Transactions	21 844 814	-	21 844 814	-	21 844 814	20 314 151	(1 530 663)
Receivables from Non-exchange Transactions	5 489 543	-	5 489 543	5 489 543	10 979 086	18 628 775	7 649 689
VAT Receivable	-	-	-	-	-	9 172 417	9 172 417
Cash and Cash Equivalents	17 622 784	-	17 622 784	-	17 622 784	17 318 576	(304 208)
Non-Current Assets							
Property, Plant and Equipment	692 374 672	-	692 374 672	(984 599)	691 390 073	683 399 417	(7 990 656)
Intangible Assets	779 994	-	779 994	-	779 994	1 173 374	393 380
Investment Property	53 949 300	-	53 949 300	-	53 949 300	60 154 012	6 204 712
Heritage Assets	394 675	-	394 675	-	394 675	394 675	0
Total Assets	812 890 983	-	812 890 983	4 504 944	817 395 927	819 911 664	2 515 737
Current Liabilities							
Consumer Deposits	2 507 409	-	2 507 409	-	2 507 409	3 442 739	935 330
Provisions	960 036	-	960 036	-	960 036	1 112 000	151 964
Payables from Exchange Transactions	285 021 653	-	285 021 653	(3 340 000)	281 681 653	383 256 525	101 574 872
Unspent Conditional Grants and Receipts	-	-	-	-	-	13 022 139	13 022 139
Bank Overdraft	-	-	-	-	-	1 755 474	1 755 474
Current Portion of Long-term Liabilities	-	-	-	-	-	7 935 251	7 935 251
Non-Current Liabilities							
Long-term Liabilities	-	-	-	-	-	4 571 437	4 571 437
Employee Benefit Liabilities	-	-	-	-	-	16 089 000	16 089 000
Non-current Provisions	34 553 610	-	34 553 610	-	34 553 610	28 257 251	(6 296 359)
Total Liabilities	323 042 708	-	323 042 708	(3 340 000)	319 702 708	459 441 817	139 739 109
Total Assets and Liabilities	489 848 275	-	489 848 275	7 844 944	497 693 219	360 469 847	(137 223 372)
Net Assets (Equity)							
Accumulated Surplus / (Deficit)	489 848 275	-	489 848 275	7 844 944	497 693 219	360 469 847	(137 223 372)
Total Net Assets	489 848 275	-	489 848 275	7 844 944	497 693 219	360 469 847	(137 223 372)

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE							
Revenue from Non-exchange Transactions							
Property Rates	54 751 746	-	54 751 746	-	54 751 746	34 280 453	(20 471 293)
Fines, Penalties and Forfeits	436 695	-	436 695	(422 399)	14 296	216 300	202 004
Licences and Permits	1 855 452	-	1 855 452	-	1 855 452	1 030 130	(825 322)
Transfers and Subsidies	88 756 000	695 190	89 451 190	(3 288 190)	86 163 000	83 913 053	(2 249 947)
Revenue from Exchange Transactions							
Service Charges	98 402 179	-	98 402 179	15 695 940	114 098 119	115 646 410	1 548 291
Sales of Goods and Rendering of Services	-	-	-	-	-	739 512	739 512
Rental from Fixed Assets	1 000 462	-	1 000 462	(516 942)	483 520	586 727	103 207
Interest, Dividends and Rent on Land Earned	753 238	-	753 238	-	753 238	806 306	53 068
Operational Revenue	803 118	-	803 118	546 009	1 349 127	66 545	(1 282 582)
Gains on Disposal of Property, Plant and Equipment	-	-	-	10 000 000	10 000 000	15 920 302	5 920 302
Total Revenue	246 758 890	695 190	247 454 080	22 014 418	269 468 498	253 206 699	(16 261 799)
Expenditure							
Employee Related Costs	70 897 484	-	70 897 484	-	70 897 484	75 893 225	4 995 741
Remuneration of Councillors	5 870 405	-	5 870 405	-	5 870 405	6 029 442	159 037
Depreciation and Amortisation	24 351 616	-	24 351 616	-	24 351 616	33 308 932	8 957 316
Impairment Losses	12 202 519	-	12 202 519	-	12 202 519	34 406 985	22 204 466
Interest, Dividends and Rent on Land	779 732	-	779 732	2 500 000	3 279 732	6 462 206	3 182 474
Bulk Purchases	36 766 954	-	36 766 954	8 233 046	45 000 000	48 532 485	3 532 485
Contracted Services	18 757 401	(216 684)	18 540 717	1 469 718	20 010 435	22 344 154	2 333 719
Inventory Consumed	23 104 254	(1 671 019)	21 433 235	500 000	21 933 235	21 611 816	(321 419)
Operating Leases		-		-		2 516 555	2 516 555
Operational Costs	15 641 909	1 887 703	17 529 612	7 943 879	25 473 491	15 300 982	(10 172 509)
Loss on Disposal of Property, Plant and Equipment		-	-	-		-	-
Total Expenditure	208 372 274	-	208 372 274	20 646 643	229 018 917	266 406 782	37 387 865
Surplus/(Deficit for the Year)	38 386 616	695 190	39 081 806	1 367 775	40 449 581	(13 200 083)	(53 649 664)

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION							
Finance and Administration	60 000	-	60 000	90 000	150 000	157 043	7 043
Community Services	13 374 600	-	13 374 600	(1 374 600)	12 000 000	-	(12 000 000)
Technical Services	16 897 650	-	16 897 650	-	16 897 650	9 254 756	(7 642 894)
Total Capital Expenditure	30 332 250	-	30 332 250	(1 284 600)	29 047 650	9 411 799	(19 635 851)

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R
CASH FLOW							
Cash Flows from/(used in) Operating Activities							
Property Rates	36 683 670	-	36 683 670	-	36 683 670	17 550 002	(19 133 668)
Transfers and Subsidies	88 716 367	-	88 716 367	-	88 716 367	87 844 648	(871 719)
External Interest and Dividends Received	753 238	-	753 238	-	753 238	806 306	53 068
Service charges	64 689 432	-	64 689 432	-	64 689 432	86 857 063	22 167 631
Other Receipts	4 095 727	-	4 095 727	-	4 095 727	3 416 958	(678 769)
Employee Related Costs	(155 154 393)	-	(155 154 393)	-	(155 154 393)	(79 059 627)	76 094 766
Remuneration of Councillors	-	-	-	-	-	(6 029 442)	(6 029 442)
External Interest and Dividends Paid	(779 732)	-	(779 732)	-	(779 732)	(3 348 066)	(2 568 334)
Suppliers Paid		-		-		(66 983 110)	(66 983 110)
VAT Receivable / Payable		-		-		(398 268)	(398 268)
Cash Flows from/(used in) Investing Activities							
Purchase of Property, Plant and Equipment	(36 355 250)	-	(36 355 250)	-	(36 355 250)	(39 650 732)	(3 295 482)
Purchase of Intangible Assets		-		-		(13 125)	(13 125)
Proceeds on Disposal of Property, Plant and Equipment		-		-		18 257 720	18 257 720
Proceeds on Disposal of Investment Property		-		-		1 070 478	1 070 478
Cash Flows from/(used in) Financing Activities							
Repayment of Borrowings		-		-		(11 905 902)	(11 905 902)
Increase / (Decrease) in consumer deposits	(2 286 871)	-	(2 286 871)	-	(2 286 871)	-	2 286 871
Net increase/(decrease) in cash held	362 188	-	362 188	-	362 188	8 414 903	8 052 715
Cash and Cash Equivalents at the year begin	2 002 500		2 002 500		2 002 500	7 148 199	5 145 699
Cash and Cash Equivalents at the year end	2 364 688	-	2 364 688	-	2 364 688	15 563 102	13 198 414

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2021 and 30 June 2022 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

1.3.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned, and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Impairment of Financial Assets

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

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

1.3.3 Fair Value Estimations

As described in Accounting Policies 5.2 the municipality subsequently measures its Investment Property in terms of the Fair Value Model.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the current valuations, and more specific as follows:

- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

1.3.4 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 2.3, and 4.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

1.3.5 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 6 on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

1.3.6 Water Inventory

The estimation of the Water Inventory in reservoirs is based on actual dip readings, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 9.2.

1.3.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.9 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

TSANTSABANE LOCAL MUNICIPALITY
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1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

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

- Guideline Accounting for Landfill sites
- Guideline The application of Materiality to Financial Statements

Management has considered all of the above-mentioned Guidelines issued but not yet effective and anticipates that the adoption of these guidelines will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

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

The cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and if the cost or fair value of the item can be measured reliably.

2.2 Subsequent Measurement

Plant and Equipment

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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.

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The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Land and Buildings			Infrastructure	
	Land	Indefinite		Roads and Paving	5 - 80
	Buildings	15 - 50		Roads & Paving	10 - 60
				Electricity	10 - 70
				Water	15 - 60
	Other			Community	
	Computer Equipment	3 - 7		Graveyard site	15 - 50
	Furniture and Fittings	7 - 8		Recreational & Sport Facilities	15 - 50
	Motor Vehicles	5 - 6		Landfill sites	10 - 30
	Office Equipment	3 - 7			
	Plant and Machinery	3 - 7			

2.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

2.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.7 Derecognition

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.

3. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

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3.1 Initial Recognition

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

3.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

3.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with GRAP 31 (Intangible Assets). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

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4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software	3 - 7

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the

5. INVESTMENT PROPERTY

5.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a

The Municipality recognises Investment property as an asset when, and only when:

- (a) it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and
- (b) the cost or fair value of the investment property can be measured reliably.

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

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

Where the classification of an investment property is based on management's Judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

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- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

5.2 Subsequent Measurement

Fair Value Model:

Investment Property is measured using the Fair Value Model. Investment Property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset, if necessary. A gain or loss arising from a change in the fair value of Investment Property is included in 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 measurable but expects the fair value to be reliably measurable when construction is completed, it measures that Investment Property at cost until the fair value can be reliably determined or construction has been completed.

5.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when

6. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

6.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

6.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

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7. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

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

7.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

7.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

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7.3 Initial and Subsequent Measurement

7.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

7.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Advance payments (consumer debtors with credit balances) are carried at cost less any accumulated impairment

7.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

7.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

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Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "loss events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

7.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

7.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

8. STATUTORY RECEIVABLES

8.1 Transitional Provisions

GRAP 108 Statutory Receivables became effective on 1 April 2019 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to change their accounting policies in respect of the classification and measurement of statutory receivables for reporting periods beginning on a date within three years following the date of first adoption of GRAP 108. Entities shall comply with the disclosure requirements of GRAP 108 as and when statutory receivables are classified and measured in accordance with the Standard of GRAP.

The municipality is taking advantage of the transitional provisions by not classifying or measuring its Statutory Receivables in accordance with GRAP 108, and, therefore, no disclosures required by GRAP 108 has been made.

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The Statutory Receivables that exists in the municipality's books at year-end are those relating to Property Rates (refer to 10.3.1), Fines (refer to 10.3.2) and VAT receivable.

The municipality is registered with the South African Revenue Service (SARS) for VAT in accordance with Section 15(2) of the Value-added Tax Act (Act No. 89 of 1991). The municipality accounts for VAT on the payment basis.

The municipality intends to fully apply the requirements of GRAP 108 by 30 June 2023.

9. INVENTORIES

9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.2 Subsequent Measurement

9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and

9.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

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The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

9.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a FIFO. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

9.2.4 Other Arrangements

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

10. REVENUE RECOGNITION

10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

10.2 Revenue from Exchange Transactions

10.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

10.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

10.2.4 Finance Income

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

10.2.5 Tariff Charges

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

10.2.6 Sale of Goods (including Houses)

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

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

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10.3 Revenue from Non-exchange Transactions

10.3.1 Rates and Taxes (Statutory Receivable as per Accounting Policy 8)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10.3.2 Fines (Statutory Receivable as per Accounting Policy 8)

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

10.3.3 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

10.3.4 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Unspent conditional grants are financial liabilities that are separately reflected on the statement of financial position. They represent unspent government grants, subsidies and contributions from government organs.

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

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

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Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the statement of

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10.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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 as revenue when the recovery thereof from the responsible councillors or officials became virtually certain.

11. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

11.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

12. EMPLOYEE BENEFIT LIABILITIES

12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

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12.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

12.1.2 Staff Bonuses Accrued

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

12.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57

12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

12.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

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The defined benefit liability is the aggregate of the present value of the defined benefit obligation minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

13. LEASES

13.1 The Municipality as Lessee

13.1.1 Finance Leases

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Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

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

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13.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

13.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a Straight-line Basis over the term of the relevant lease.

14. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

15. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

16. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

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17. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

19. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in note 51 to the Annual Financial Statements.

21. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

22. RELATED PARTIES

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Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

24. SEGMENT REPORTING

A segment is an activity of an entity:

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

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Municipal governance, finance and administration
- The provision of water and infrastructure to ensure delivery of Water.
- The provision of electricity and infrastructure to ensure delivery of Electricity.
- The removal of waste water and sewerage through a Sewerage Network.
- The removal of Solid Waste.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

The Segmental Reporting is disclosed in Note 61 to the Annual Financial Statements.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

25. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the

The approved budget covers the period from 1 July 2021 to 30 June 2022.

26. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Refer to Note 42 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

27. CONSUMER DEPOSITS

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held. Consumer deposits are held in the municipality's primary bank account and available for immediate release.

Classification in terms of GRAP 104: Financial liability at fair value

Financial Liabilities measured at fair value

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

28. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations not yet effective or relevant

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 1 July 2022 or later periods but are not relevant to its operations:

<i>Standard/ Interpretation:</i>	<i>Effective date: Years beginning on or after</i>	<i>Expected impact:</i>
Guideline on Accounting for Landfill Sites	No effective date as yet	Unlikely there will be a material impact
GRAP 25 (as revised): Employee Benefits	No effective date as yet	Unlikely there will be a material impact
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction.	No effective date as yet	Unlikely there will be a material impact
Guideline on the Application of Materiality to Financial Statements	No effective date as yet	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	No effective date as yet	Unlikely there will be a material impact
iGRAP 21: The effect of Past Decisions on Materiality	No effective date as yet	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	No effective date as yet	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	No effective date as yet	Unlikely there will be a material impact

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

Tsantsabane Local Municipality (the municipality) is a local government institution in Postmasburg, and is located within the north-eastern part of the Northern Cape Province, and is one of five local municipalities under the jurisdiction of the ZF Mgcawu District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2022	2021
	R	R
Consumables	525 976	242 833
Property Stock	8 750 000	-
Water	80 291	111 160
Total Inventories	9 356 266	353 993

The cost of water for the year amounted to R9.19 (2021: R9.91) per kilolitre.

Consumables per stock take	525 976	306 338
Less provision for obsolete stock		(63 506)
	525 976	242 832

Reconciliation of Opening and Closing balances:

Consumables:

	2022	2021
	R	R
Opening balance	242 833	287 047
Add: Purchases	1 597 415	164 520
Less Obsolete stock & stock issued	(1 314 272)	(208 734)
Obsolete stock/Inventory write down	-	(63 506)
Stock issued (expense for the year)	(1 314 272)	(145 229)
Closing balance	525 976	242 833

No Inventories have been pledged as collateral for Liabilities of the municipality.

Reconciliation of Opening and Closing balances:

Water:

	2022	2021
	R	R
Opening balance	111 160	102 345
Add: Purchases	19 974 029	21 040 854
Less Obsolete stock & stock issued	(20 004 898)	(21 032 039)
Inventory write down: Abnormal wastage	(6 026 203)	(7 222 935)
Stock issued (expense for the year)	(13 978 695)	(13 809 104)
Closing balance	80 291	111 160

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Service Debtors:	281 704 241	262 547 155	19 157 086
Electricity	13 265 359	4 994 352	8 271 007
Refuse	65 486 855	62 818 538	2 668 317
Sewerage	109 842 111	104 463 287	5 378 824
Other Service Charges	(849 581)	-	(849 581)
Water	93 959 497	90 270 978	3 688 519
Other Receivables	5 866 544	4 681 703	1 184 841
Property Rental Debtors	5 320 970	4 681 703	639 267
Other Debtors: Control accounts	545 574	-	545 574
Control Clearing and Interface accounts	(27 776)	-	(27 776)
Total Receivables from Exchange Transactions	287 543 010	267 228 858	20 314 151
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Service Debtors:	252 899 425	240 235 549	12 663 876
Electricity	7 400 087	4 405 534	2 994 553
Refuse	60 529 320	58 960 848	1 568 472
Sewerage	99 922 948	95 899 674	4 023 274
Water	85 047 070	80 969 492	4 077 577
Other Receivables	5 854 237	4 826 394	1 027 843
Property Rental Debtors	5 308 663	4 826 394	482 269
Other Debtors: Control accounts	545 574	-	545 574
Total Receivables from Exchange Transactions	258 753 662	245 061 943	13 691 719

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2022

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	3 161 049	912 618	835 798	8 246 110	13 155 575
Less: Provision for Impairment	927 708	371 332	340 076	3 355 236	4 994 352
Net Balances	2 233 341	541 285	495 723	4 890 874	8 161 223
Refuse:					
Gross Balances	1 392 634	1 917 570	908 154	61 256 601	65 474 960
Less: Provision for Impairment	1 336 133	1 839 772	871 309	58 771 325	62 818 538
Net Balances	56 501	77 799	36 845	2 485 277	2 656 422
Sewerage:					
Gross Balances	3 961 732	1 574 841	1 502 937	102 795 300	109 834 811
Less: Provision for Impairment	3 767 982	1 497 823	1 429 435	97 768 046	104 463 287
Net Balances	193 750	77 018	73 502	5 027 253	5 371 524
Property Rental:					
Gross Balances	129 487	43 966	68 130	5 172 327	5 413 910
Less: Provision for Impairment	111 975	38 020	58 916	4 472 793	4 681 704
Net Balances	17 513	5 946	9 214	699 534	732 207
Water:					
Gross Balances	4 672 109	1 513 124	1 181 623	86 329 538	93 696 395
Less: Provision for Impairment	4 218 799	1 462 608	1 142 174	83 447 397	90 270 978
Net Balances	453 310	50 516	39 449	2 882 141	3 425 416
Other: Control accounts					
Gross Balances	545 574	-	-	-	545 574
Less: Provision for Impairment	-	-	-	-	-
Net Balances	545 574	-	-	-	545 574

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

As at 30 June Receivables of R20 864 591 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current 0 - 30 days	Past Due			Total Past Due
		31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	13 834 811	5 962 120	4 496 642	263 799 875	288 093 449
Less: Provision for Impairment	10 362 597	5 209 555	3 841 909	247 814 796	267 228 858
Net Balances	3 472 214	752 565	654 733	15 985 079	20 864 591

As at 30 June 2021

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	1 042 617	347 121	365 138	5 645 210	7 400 087
Less: Provision for Impairment	564 509	209 722	220 608	3 410 696	4 405 535
Net Balances	478 109	137 399	144 531	2 234 514	2 994 553

Refuse:

Gross Balances	1 476 368	1 361 144	1 273 230	56 418 579	60 529 320
Less: Provision for Impairment	1 438 112	1 325 873	1 240 237	54 956 627	58 960 848
Net Balances	38 257	35 271	32 993	1 461 952	1 568 472

Sewerage:

Gross Balances	2 439 002	2 249 989	2 081 299	93 152 658	99 922 948
Less: Provision for Impairment	2 340 799	2 159 396	1 997 498	89 401 982	95 899 674
Net Balances	98 203	90 593	83 801	3 750 677	4 023 274

Property Rental:

Gross Balances	78 871	39 393	42 156	5 148 243	5 308 663
Less: Provision for Impairment	71 706	35 814	38 327	4 680 547	4 826 394
Net Balances	7 165	3 579	3 830	467 695	482 269

Water:

Gross Balances	1 900 371	1 093 333	859 860	81 193 505	85 047 070
Less: Provision for Impairment	1 814 981	1 044 206	821 223	77 289 081	80 969 492
Net Balances	85 390	49 127	38 636	3 904 424	4 077 578

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Other: Control accounts

Gross Balances	545 574	-	-	-	545 574
Less: Provision for Impairment	-	-	-	-	-
Net Balances	545 574	-	-	-	545 574

As at 30 June Receivables of R13 691 719 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total Past Due
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	7 482 804	5 090 979	4 621 683	241 558 196	258 753 662
Less: Provision for Impairment	6 230 106	4 775 011	4 317 892	229 738 933	245 061 942
Net Balances	1 252 698	315 969	303 791	11 819 262	13 691 719

3.2 Summary of Service Debtors by Customer Classification

	Household & Other R	Industrial/ & Commercial R	National and Provincial Government R	Total R
As at 30 June 2022				
0 - 30 days	9 752 386	2 061 284	1 299 841	13 113 511

Past Due:

31 - 60 Days	3 687 841	676 372	612 772	4 976 986
61 - 90 Days	3 421 159	488 471	587 012	4 496 642
+ 90 Days	247 760 143	8 202 357	7 837 376	263 799 875
Sub-total	264 621 529	11 428 484	10 337 002	286 387 015
Less: Provision for Impairment	258 083 992	9 071 185	73 681	267 228 858
Total Trade Receivables by Customer Classification	6 537 537	2 357 300	10 263 321	19 158 157

	Household & Other R	Industrial/ & Commercial R	National and Provincial Government R	Total R
As at 30 June 2021				
<u>Current:</u>				
0 - 30 days	5 722 145	1 091 717	123 367	6 937 230
<u>Past Due:</u>				
31 - 60 Days	4 295 310	699 417	96 252	5 090 979
61 - 90 Days	4 040 505	495 400	85 778	4 621 683
+ 90 Days	228 358 203	8 009 526	5 190 467	241 558 196
Sub-total	242 416 163	10 296 060	5 495 864	258 208 088
Less: Provision for Impairment	236 742 478	8 319 464	-	245 061 942
Total Trade Receivables by Customer Classification	5 673 685	1 976 596	5 495 864	13 146 145

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
3.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	245 061 943	227 023 805
Impairment Losses recognised	22 166 916	18 038 137
Balance at end of year	267 228 858	245 061 943

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

	2022 R	2021 R
3.4 Ageing of impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 Days	10 362 597	6 230 106
<u>Past Due:</u>		
31 - 60 Days	5 209 555	4 775 011
61 - 90 Days	3 841 909	4 317 892
+ 90 Days	247 814 796	229 738 933
Total	267 228 858	245 061 942

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Property Rates	85 367 747	68 963 971	16 403 776
Fines	735 008	577 144	157 864
Deposits Held and Payments made in advance	2 067 135	-	2 067 135
Total Receivables from Non-exchange Transactions	88 169 890	69 541 115	18 628 775

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Property Rates	68 637 295	57 413 658	11 223 638
Fines	676 672	482 716	193 956
Deposits Held and Payments made in advance	1 935 345	-	1 935 345
Total Receivables from Non-exchange Transactions	<u>71 249 313</u>	<u>57 896 374</u>	<u>13 352 939</u>

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratios of Other Debtors were also taken into account for fair value determination.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	3 504 664	3 635 238	1 645 445	76 582 400	85 367 747
Less: Provision for Impairment	3 000 569	3 112 361	1 408 771	61 442 270	68 963 972
Net Balances	504 095	522 876	236 673	15 140 130	16 403 775
Deposits Held:					
Gross Balances	-	-	-	1 266 577	1 266 577
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	1 266 577	1 266 577
Fines:					
Gross Balances	735 008	-	-	-	735 008
Less: Provision for Impairment	577 144	-	-	-	577 144
Net Balances	157 864	-	-	-	157 864

As at 30 June Receivables of R17 828 216 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	4 239 672	3 635 238	1 645 445	77 848 977	87 369 331
Less: Provision for Impairment	3 577 712	3 112 361	1 408 771	61 442 270	69 541 116
Net Balances	661 960	522 876	236 673	16 406 707	17 828 216

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	2 168 446	1 584 701	1 434 907	63 449 241	68 637 295
Less: Provision for Impairment	1 325 987	1 419 107	1 284 966	53 383 595	57 413 656
Net Balances	842 458	165 594	149 941	10 065 646	11 223 639
Fines:					
Gross Balances	676 672	-	-	-	676 672
Less: Provision for Impairment	482 716	-	-	-	482 716
Net Balances	193 956	-	-	-	193 956
Deposits Held:					
Gross Balances	-	-	-	1 935 345	1 935 345
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	1 935 345	1 935 345

As at 30 June Receivables of R13 352 941 were past due but not impaired. The age analysis

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	2 845 118	1 584 701	1 434 907	65 384 586	71 249 313
Less: Provision for Impairment	1 808 704	1 419 107	1 284 966	53 383 595	57 896 372
Net Balances	1 036 414	165 594	149 941	12 000 991	13 352 941

4.2 Summary of Assessment Rates Debtors by Customer Classification

	Household & Other R	Industrial/ & Commercial R	National and Provincial Government R	Total R
As at 30 June 2022				
<u>Current:</u>				
0 - 30 days	2 425 256	2 376 022	590 015	5 391 292
<u>Past Due:</u>				
31 - 60 Days	1 104 592	349 506	294 512	1 748 609
61 - 90 Days	1 063 912	287 021	294 512	1 645 445
+ 90 Days	36 622 844	31 176 410	3 965 307	71 764 561
Sub-total	41 216 603	34 188 959	5 144 345	80 549 908
Less: Provision for Impairment	35 837 576	33 126 395	-	68 963 972
Total Rates Debtors by Customer Classification	5 379 027	1 062 564	5 144 345	11 585 936

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Household & Other R	Industrial/ & Commercial R	National and Provincial Government R	Total R
As at 30 June 2021				
<u>Current:</u>				
0 - 30 days	1 552 060	590 664	25 722	2 168 446
<u>Past Due:</u>				
31 - 60 Days	1 269 501	307 448	7 753	1 584 701
61 - 90 Days	1 211 218	215 937	7 753	1 434 907
+ 90 Days	28 471 819	30 304 006	4 673 416	63 449 241
Sub-total	32 504 597	31 418 054	4 714 644	68 637 295
Less: Provision for Impairment	30 788 819	26 624 839	-	57 413 658
Total Rates Debtors by Customer Classification	1 715 778	4 793 215	4 714 644	11 223 637

	2022 R	2021 R
4.3 Reconciliation of Provision for Impairment		
Balance at beginning of year	57 896 374	47 344 376
Impairment Losses recognised	11 644 741	10 551 999
	-	-
Balance at end of year	69 541 115	57 896 374

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. VAT RECEIVABLE

VAT Receivable is the Net Receivable from all VAT Control Accounts and must agree to the VAT201 Return.

Vat Receivable.	<u>9 172 417</u>	<u>8 774 149</u>
-----------------	-------------------------	-------------------------

VAT Payable is the Net Payable from all VAT Control Accounts and agree to the VAT201

The municipality accounts for VAT on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. CASH AND CASH EQUIVALENTS

	2022 R	2021 R
Current Investments	17 314 925	8 418 539
Bank Accounts	-	372 207
Cash on hand	3 651	2 006
Total Bank, Cash and Cash Equivalents	<u>17 318 576</u>	<u>8 792 752</u>
Bank Overdraft	(1 755 474)	(1 644 553)
Net Bank, Cash and Cash Equivalents	<u>15 563 102</u>	<u>7 148 199</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	17 314 925	8 418 539
Total Current Investment Deposits	<u>17 314 925</u>	<u>8 418 539</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest at rates varying from 2.5% to 3.45% (2020/21: 2.75% to 5.2%)

Fixed Deposits are investments with a maturity periods 30 to 365 days and earn interest at rates varying from 0.5% to 4.85% (2020/21: 6.5% to 6.8%)

Standard Bank: Call account - Acc nr 54 852 911 6 - 011	7 906 308	8 550
Standard Bank: Call Deposit - Acc nr 54 852 911 6 - 014	704 324	1 848
First National Bank: Fixed deposit (6 months) - Acc nr 62798446160	3 588	4 039
ABSA: Fixed Deposit (365 days) - Acc nr 20 7031 7223	8 342 963	8 244 673
Standard Bank: Call account - Acc nr 048459976 - 005	185 085	-
Standard Bank: Call account - Acc nr 048459976 - 003	90 403	77 880
Standard Bank: Call Deposit - Acc nr 048459976 - 004	82 256	81 549
Total Deposits attributable to Commitments of the Municipality	<u>17 314 926</u>	<u>8 418 539</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		(0)
Deposits attributable to Unspent Conditional Grants	8 786 879	173 866
Deposits attributable to Payables	185 085	-
Deposits pledged as guarantees for ESKOM	8 342 963	8 244 673
Total Deposits attributable to Commitments of the Municipality	17 314 926	8 418 539

	2022	2021
	R	R
6.2 Bank Accounts		
Cash in Bank	(110 921)	372 207
Bank Overdraft	(1 644 553)	(1 644 553)
Total Bank Accounts	(1 755 474)	(1 272 347)

The Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank - Postmasburg Branch - Primary Account: 21-3000-0021

Cash book balance at beginning of year	372 207	25 302
Cash book balance at end of year	(110 921)	372 207

Bank statement balance at beginning of year	372 207	25 302
Bank statement balance at end of year	127 465	372 207

Standard Bank - Postmasburg Branch - Primary Account: 040552861

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Standard Bank - Postmasburg Branch - Primary Account: 230035868

Cash book balance at beginning of year	(1 646 553)	(3 142 305)
Cash book balance at end of year	(1 644 553)	(1 646 553)

Bank statement balance at beginning of year	1 318 918	1 275 252
Bank statement balance at end of year	1 080 532	1 318 918

Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

Cash Floats and Advances	3 651	2 006
Total Cash on hand in Cash Floats, Advances and Equivalents	3 651	2 006

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. OPERATING LEASE RECEIVABLES	2022 R	2021 R
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:		
Balance at beginning of year	-	10 213
Operating Lease - Straight lining	-	38 878
Operating Lease Revenue effected	-	(49 091)
Total Operating Lease Receivables	<u>-</u>	<u>-</u>

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to two properties owned by the municipality with lease terms of 5 and 10 years (2020/21: 5 and 10 years), with an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period. Both leases came to an end during the previous financial year.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	-	-
2 to 5 years	-	-
More than 5 years	-	-
Total Operating Lease Arrangements	<u>-</u>	<u>-</u>

Operating leases also relate to property leases for municipal houses. The lessee does not have an option to purchase the leased asset at the expiry of the lease period. These rentals are classified as contingent rentals due to uncertain lease periods which are on a month to month basis. The operating lease payments are therefore not subject to straight-lining and it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP13:

Up to 1 year
2 to 5 years
More than 5 years

The following restrictions have been imposed by the municipality in terms of the lease

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2022

Reconciliation of Carrying Value

Description	Community Assets	Infra-structure	Buildings	Land	Landfill sites	Other Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2021	12 469 450	547 400 351	50 890 507	40 710 704	5 945 279	10 680 820	668 097 111
Cost	24 878 508	809 516 087	95 885 354	40 710 704	29 010 100	36 449 268	1 036 450 021
Accumulated Impairment Losses	(162 381)	(4 241 557)	(808 475)	-	-	(1 717 140)	(6 929 553)
Accumulated Depreciation:	(12 246 677)	(257 874 179)	(44 186 372)	-	(23 064 821)	(24 051 308)	(361 423 356)
Acquisition of Assets							
- Cost	-	9 254 756		41 420 533		157 043	50 832 332
Depreciation:	(1 026 820)	(24 973 111)	(2 904 912)		(967 003)	(2 741 253)	(32 613 099)
Carrying value of Disposals:	(15 818)	(2 321 600)	-	-	-	-	(2 337 418)
- Cost	(126 547)	(7 377 264)	(6 974)				(7 510 786)
- Accumulated Depreciation	110 729	5 055 665	6 974				5 173 368
Impairment Losses	15 818	(595 329)	-	-	-		(579 510)
Carrying values at 30 June 2022	11 442 630	528 765 068	47 985 596	82 131 237	4 978 276	8 096 611	683 399 417
Cost	24 751 961	811 393 579	95 878 380	82 131 237	29 010 100	36 606 311	1 079 771 567
Accumulated Impairment Losses	(146 563)	(4 836 886)	(808 475)	-	-	(1 717 140)	(7 509 063)
Accumulated Depreciation:	(13 162 768)	(277 791 625)	(47 084 309)	-	(24 031 824)	(26 792 561)	(388 863 087)

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2021

Reconciliation of Carrying Value

Description	Community Assets	Infra-structure	Buildings	Land	Landfill sites	Other Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2020	13 496 456	541 321 377	53 795 419	46 659 706	6 912 282	8 722 314	670 907 554
Cost	24 878 508	778 588 155	95 885 354	46 659 706	29 010 100	33 424 103	1 008 445 926
Accumulated Impairment Losses	(162 381)	(4 241 557)	(808 475)	-	-	(1 900 140)	(7 112 554)
Accumulated Depreciation:	(11 219 671)	(233 025 220)	(41 281 460)	-	(22 097 818)	(22 801 649)	(330 425 818)
Acquisition of Assets							
- Cost	-	31 516 229	-	-	-	4 757 882	36 274 111
Depreciation:	(1 027 006)	(25 128 446)	(2 904 912)	-	(967 003)	(2 905 460)	(32 932 827)
Carrying value of Disposals:	-	(308 809)	-	(5 949 002)	-	(26 608)	(6 284 419)
- Cost	-	(588 297)	-	(5 949 002)	-	(1 946 658)	(8 483 957)
- Accumulated Impairment Losses	-	-	-	-	-	183 001	183 001
- Accumulated Depreciation	-	279 488	-	-	-	1 737 050	2 016 537
Transfers						132 691	132 691
- Cost	-	-	-	-	-	213 941	213 941
- Accumulated Depreciation	-	-	-	-	-	(81 249)	(81 249)
Impairment Losses	-	-	-	-	-	-	-
Carrying values at 30 June 2021	12 469 450	547 400 351	50 890 507	40 710 704	5 945 279	10 680 820	668 097 111
Cost	24 878 508	809 516 087	95 885 354	40 710 704	29 010 100	36 449 268	1 036 450 021
Accumulated Impairment Losses	(162 381)	(4 241 557)	(808 475)	-	-	(1 717 140)	(6 929 553)
Accumulated Depreciation:	(12 246 677)	(257 874 179)	(44 186 372)	-	(23 064 821)	(24 051 308)	(361 423 356)

Acquisition of Property, Plant and Equipment include Assets to the amount of R4 851 892 (2021: R1 748 179) donated to the municipality as indicated below (Refer to Note 52):

Donor	Description of Project	2022	2021
Assmang Iron Ore (Beeshoek)	Security Installations at Pump Stations (Work-in-Progress)	-	-
Kolomela Mine	Corrective Maintenance Wastewater Treatment Plant	-	-
Kolomela Mine	Upgrading of Infrastructure at Show Grounds	-	-
Kolomela Mine	Repairs to Sewer Pump Stations	-	-
Kolomela Mine	Upgrade Maremane Boreholes	-	-
Kuma Iron Ore	Construction of New Road	-	-
Nashua (Pty) Ltd	Laptops	47 992	-
Assmang Iron Ore (Beeshoek)	Installation of Prepaid Water Meter:	4 803 900	-
Assmang Iron Ore (Beeshoek)	Installation of Solar Lights in Postmasburg	-	1 354 233
Assmang Iron Ore (Beeshoek)	Improving Facilities of Local Libraries	-	393 946
Total for Donated Assets		4 851 892	1 748 179

The **prior year amount** for Property, Plant and Equipment has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
8. PROPERTY, PLANT AND EQUIPMENT (Continued)		
8.1 Assets pledged as security		
The municipality did not pledge any of its assets as security.		
8.2 Work-in-Progress		
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:		
	Included within Infrastructure	Total
Reconciliation of Work-in-Progress 2022		
Opening Balance	36 864 766	36 864 766
Additions/Capital Expenditure	7 030 882	7 030 882
Transferred to Completed Items	(11 913 201)	(11 913 201)
	<u>31 982 447</u>	<u>31 982 447</u>
Reconciliation of Work-in-Progress 2021		
Opening Balance	18 641 072	18 641 072
Additions/Capital Expenditure	18 223 694	18 223 694
Transferred to Completed Items	-	-
	<u>36 864 766</u>	<u>36 864 766</u>

The prior year amount for Work in progress has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

8.3 Delayed Projects

The municipality has projects that are currently experiencing delays or were halted. For each project, the reason for the delay or halting of the project are noted below:

Project Details	Reason
Maremane Water Supply	Delays have been due to the contractor not doing the required pipe testing and final inspection for the snaas.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9. INTANGIBLE ASSETS	2022 R	2021 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	1 173 374	1 855 877
The movement in Intangible Assets is reconciled as follows:		
	Software Purchased	Total
Carrying values at 01 July 2021	1 855 875	1 855 875
Cost	3 931 422	3 931 422
Accumulated Amortisation	(2 075 547)	(2 075 547)
Acquisitions:	13 125	13 125
Purchased	13 125	13 125
Amortisation:	(695 628)	(695 628)
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2022	1 173 372	1 173 372
Cost	3 944 547	3 944 547
Accumulated Amortisation	(2 771 175)	(2 771 175)
	Software Purchased	Total
Carrying values at 01 July 2020	779 994	779 994
Cost	2 581 406	2 581 406
Accumulated Amortisation	(1 801 412)	(1 801 412)
Acquisitions:	1 351 300	1 351 300
Amortisation:	(275 419)	(275 419)
Disposals:	-	-
At Cost	(1 284)	(1 284)
At Accumulated Amortisation	1 284	1 284
Carrying values at 30 June 2021	1 855 875	1 855 875
Cost	3 931 422	3 931 422
Accumulated Amortisation	(2 075 547)	(2 075 547)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

The **prior year amount** for Intangible assets has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10. INVESTMENT PROPERTY	2022 R	2021 R
At Fair Value	<u>60 154 012</u>	<u>61 224 490</u>
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	61 224 490	51 685 691
Fair Value	64 442 000	53 949 300
Accumulated Impairment Losses	(3 217 510)	(2 263 609)
Impairment Losses during the Year	-	(953 901)
Fair Value Adjustments	10 471 522	17 134 700
Disposals during the Year:	(2 792 000)	(6 642 000)
At Fair Value	(2 792 000)	(6 642 000)
	(8 750 000)	-
Transfers to Inventory Land	(8 750 000)	-
Carrying values at 30 June	60 154 012	61 224 490
Fair Value	63 371 522	64 442 000
Accumulated Impairment	(3 217 510)	(3 217 510)

Reason for Impairment

It was noted that Property disclosed as Investment Property was invaded by the community ,management therefore took the decision to impair the portion of the investment property that was invaded as the Municipality no longer has control over this portion of the property .An impairment of R2 263 608.96(2019/2020) ;R 953 901 (2020/2021) has been disclosed, respectively.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

10.1 Investment Property carried at Fair Value

The municipality's Investment Property is valued annually at 30 June at fair value by management using observable market related transactions at arm-length and recent actual available data readily accessible. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties within the municipal boadaries within the current reporting period.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

11. HERITAGE ASSETS

30 June 2022

Reconciliation of Carrying Value

	Sculptures and Monuments	Municipal Jewellery	Total
	R	R	R
Carrying values at 01 July 2021	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-
Acquisitions	-	-	-
Carrying values at 30 June 2022	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-

30 June 2021

Reconciliation of Carrying Value

	Sculptures and Monuments	Municipal Jewellery	Total
	R	R	R
Carrying values at 01 July 2020	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-
Acquisitions	-	-	-
Carrying values at 30 June 2021	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

11.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
12. CONSUMER DEPOSITS		
Water & Electricity	2 491 557	2 437 327
Building Plans	883 688	-
Refuse	44 210	-
Rental Properties	23 284	38 502
Total Consumer Deposits	3 442 739	2 475 829

Other deposits comprise deposits for properties rented out by the municipality.

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

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximates their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

13. EMPLOYEE BENEFIT LIABILITIES

Current Portion of Employee Benefit Liabilities (See Note 17):

Post-retirement Medical Aid Benefits Liability
Long-term Service Liability

1 112 000	1 378 000
760 000	754 000
352 000	624 000
1 112 000	1 378 000

Total Provisions

14. PAYABLES FROM EXCHANGE TRANSACTIONS

Advance Payments - Consumer debtors with credit balances	21 781 466	18 521 442
Bonus	2 194 404	2 098 894
Leave Accrual	6 705 434	8 643 346
Department of Community Safety & Transport Management - Licence fees	22 482 004	19 915 647
Other Payables	14 497 476	18 958 476
- Control, Clearing and Interface Accounts	(127 964)	(508 667)
- Unallocated Deposits	14 625 440	19 467 143
Retentions	3 408 003	3 408 003
Trade Creditors	312 187 740	262 628 295
Total Payables	383 256 526	334 174 103

The **prior year amount** for Payables from Exchange Transactions has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

	2022 R	2021 R
15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
15.1 Conditional Grants from Government	13 022 139	3 509 686
National Government	12 610 419	3 098 363
Private Enterprises	411 721	411 323
Total Conditional Grants and Receipts	13 022 139	3 509 686

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 23 for the reconciliation of Grants from Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

16. LONG-TERM LIABILITIES

Long-Term Liabilities	12 506 688	14 968 741
Finance Lease Liability	12 506 688	14 968 741
Less: Current Portion transferred to Current Liabilities:-	(7 935 251)	(8 209 469)
Finance Lease Liability	(7 935 251)	(8 209 469)
Non-Current Portion of Long-term Liabilities	4 571 437	6 759 271

16.1 Summary of Arrangements

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.2 Obligations under Borrowings

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years (2021: 5 years). The effective interest rate on Finance Leases is between 4% and 35.87% (2021: 5% and 35.87%).

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2022	2021	2022	2021
	R	R	R	R
Amounts payable under borrowings:				
Within one year	11 651 545	10 877 031	9 227 595	8 209 469
In the second to fifth years, inclusive	3 460 927	7 741 385	3 279 095	6 759 273
Over five years	-	-	-	-
	<u>15 112 472</u>	<u>18 618 416</u>	<u>12 506 689</u>	<u>14 968 741</u>
Less: Future Finance Obligations	(2 605 783)	(3 649 675)		
Present Value of Minimum Lease Obligations	<u>12 506 689</u>	<u>14 968 741</u>	<u>12 506 689</u>	<u>14 968 741</u>
Less: Amounts due for settlement within 12 months (Current Portion)			(9 227 595)	(8 209 469)
Borrowings due for settlement after 12 months (Non-current Portion)			<u>3 279 095</u>	<u>6 759 273</u>

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment
- Vehicles
- Electricity and water meters

Included in these classes are the following significant leases:

(i) Electrical and Water meters			
- Average period outstanding		63 months	63 months
- Average effective interest rate, based on prime		24%	24%
		30% on monthly vending	30% on monthly vending
- Average monthly instalment			
(ii) Vehicles - Sanpaul Trading Enterprise and Labour (Pty) Ltd			
- Instalments are payable monthly in arrears			
- Average period outstanding		36 months	36 months
- Average effective interest rate, based on prime		4.10%	1.42%
- Average monthly instalment		R 231 539.64	R 231 539.64
(ii) Office equipment - Solutions Pro (Pty) Ltd t/a Nashua Vryburg			
- Average period outstanding		36 months	36 months
- Average effective interest rate, based on prime		35.87%	35.87%
- Average monthly instalment		R 114,200.00	R 114,200.00

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.3 Operating Lease: Tsantsabane Local Municipality as Lessee

Operating Leases relate to rental of office space (PMU offices) from Henque 4038 CC T/A PMG Elektries. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period. This rental is classified as a contingent rentals due to an uncertain lease period. The operating lease payments are therefore not subject to straight-lining and it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13:

- no later than one year
- later than one year and not later than five years
- later than five years.

The municipality has operating lease agreements for the following classes of assets:

- Buildings

The following restrictions have been imposed on the Municipality in terms of the lease agreements on Rental of Office Space:

- (i) The building shall remain the property of the lessor.
- (ii) The lessee shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the building.
- (iii) The building shall be returned in good order and condition to the lessor upon termination of the agreement.
- (iv) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

17. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities

Post-retirement Health Care Benefits Liability
Long Service Awards Liability

Less: Current Portion of Employee Benefit Liabilities

Post-retirement Health Care Benefits Liability
Long Service Awards Liability

Non-Current Portion of Employee Benefit Liabilities

17.1 Post-retirement Health Care Benefits Liability

	2022 R	2021 R
	17 201 000	18 525 000
	13 716 000	14 536 000
	3 485 000	3 989 000
	(1 112 000)	(1 378 000)
	(760 000)	(754 000)
	(352 000)	(624 000)
	16 089 000	17 147 000
Opening balance	14 536 000	11 963 000
Interest cost	1 391 000	1 170 000
Current service cost	607 000	438 000
Actual employer benefit payments	(754 000)	(675 000)
Actuarial loss/ (gain) recognised in the year	(2 064 000)	1 640 000
Balance at end of Year	13 716 000	14 536 000
Transfer to Current Provisions	760 000	754 000
Total Post-retirement Health Care Benefits Liability	12 956 000	13 782 000

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<p>The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.</p> <p>The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr. Chanan Weiss, a member of the Actuarial Society of South Africa (ASSA) and managing member of ARCH Actuarial Consulting CC. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.</p> <p>The members of the Post-employment Health Care Benefit Plan are made up as follows:</p>		
In-service Members (Employees)	79	87
Continuation Members (Retirees, widowers and orphans)	17	18
Total Members	96	105
<p>The liability in respect of past service has been estimated as follows:</p>		
In-service Members	6 740 000	6 989 000
Continuation Members	6 976 000	7 547 000
Total Liability	13 716 000	14 536 000
<p>The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:</p> <ul style="list-style-type: none"> - Bonitas - Keyhealth - LA Health - Samwumed <p>The Current-service Cost for the year ending 30 June 2022 is estimated to be R607 000, whereas the cost for the ensuing year is estimated to be R 492 000(30 June 2021: R438 000).</p> <p>The contributions expected to be paid to the plan during the annual period beginning after the reporting date (i.e. for the 2022 financial year):R 754,000.</p>		
The principal assumptions used for the purposes of the actuarial valuations were as		
Discount Rate	11.77%	
Health care cost inflation rate	8.40%	
Net Effective Discount Rate	3.11%	
Mortality Tables	SA 85-90	
Mortality tables post retirement	PA(90) -1 with a 1% mortality improvement p.a. from 2010	
Average retirement age for active employees	62	
Normal retirement age for active employees	65	

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	14 536 000	11 963 000
Interest cost	1 391 000	1 170 000
Current service cost	607 000	438 000
Actual employer benefit payments	(754 000)	(675 000)
Actuarial loss/ (gain) recognised in the year	(2 064 000)	1 640 000
Total Recognised Benefit Liability	<u>13 716 000</u>	<u>14 536 000</u>

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

Present value of fund obligations	13 716 000	14 536 000
Fair value of plan assets	-	-
Total Benefit Liability	<u>13 716 000</u>	<u>14 536 000</u>

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

Current service cost	1 391 000	1 170 000
Interest cost	607 000	438 000
Actuarial losses / (gains)	(2 064 000)	1 640 000
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	<u>(66 000)</u>	<u>3 248 000</u>

The history of present values are as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	13 716 000	14 536 000	11 963 000	11 826 366	10 715 000
Deficit	<u>13 716 000</u>	<u>14 536 000</u>	<u>11 963 000</u>	<u>11 826 366</u>	<u>10 715 000</u>

History of experienced adjustments: Gains and Losses (R millions)

Experienced adjustments are the effects of differences between the previous actuarial assumptions and what has occurred and were provided by the actuaries:

Experienced adjustments:

	2022 R	2021 R	2020 R	2019 R	2018 R
Liabilities: (Gains)/Loss	(1.408)	0.333	1.542	(0.109)	unknown
Assets: Gain/(Loss)	-	-	-	-	-

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	2 170 000	1 763 000
Effect on the defined benefit obligation	14 617 000	15 694 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	1 778 000	1 419 000
Effect on the defined benefit obligation	12 583 000	13 129 000

The effect of a 20% adjustments of mortality rates, is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	1 878 000	1 514 000
Effect on the defined benefit obligation	12 857 000	13 618 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	2 143 000	1 723 000
Effect on the defined benefit obligation	14 770 000	15 666 000

Refer to Note 46, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

17.2 Long Service Awards Liability

Opening Balance	3 989 000	3 628 000
Interest cost	331 000	256 000
Current service cost	347 000	381 000
Actual employer benefit payments	(624 000)	(249 000)
Actuarial loss/ (gain) recognised in the year	(558 000)	(27 000)
Balance at end of Year	3 485 000	3 989 000
Transfer to Current Provisions	352 000	624 000
Total Long Service Awards Liability	3 133 000	3 365 000

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Leave Award (working days) is received after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr. Chanan Weiss, a member of the Actuarial Society of South Africa (ASSA) and managing member of ARCH Actuarial Consulting CC. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

At year end, 206 (2021: 226) employees were eligible for Long-service Awards.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Current-service Cost for the year ending 30 June 2022 is estimated to be R 347 000, whereas the cost for the ensuing year is estimated to be R 334 000 (30 June 2021: R381 000).

The principal assumptions used for the purposes of the actuarial valuations were as

Discount Rate	10.93%
General earnings inflation rate (long-term)	7.34%
Net Effective Discount Rate	3.34%
Mortality Tables	SA 85-90
Average retirement age for active employees	62
Normal retirement age for active employees	65

	2022 R	2021 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	3 989 000	3 628 000
Interest cost	331 000	256 000
Current service cost	347 000	381 000
Actual employer benefit payments	(624 000)	(249 000)
Actuarial loss/ (gain) recognised in the year	(558 000)	(27 000)
Total Recognised Benefit Liability	3 485 000	3 989 000

	2022 R	2021 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3 485 000	3 989 000
Fair value of plan assets	-	-
Total Benefit Liability	3 485 000	3 989 000

	2022 R	2021 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	347 000	381 000
Interest cost	331 000	256 000
Expected return on plan assets	-	-
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	(558 000)	(27 000)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	120 000	610 000

The history of present values are as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	3 485 000	3 989 000	3 628 000	3 706 690	2 872 000
Deficit	3 485 000	3 989 000	3 628 000	3 706 690	2 872 000

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

History of experienced adjustments: Gains and Losses

Experienced adjustments are the effects of differences between the previous actuarial assumptions and what has occurred and were provided by the actuaries:

Experienced adjustments:

	2022	2021	2020	2019	2018
	R	R	R	R	R
Liabilities: (Gains)/Loss	(477 000)	(41 000)	33 488	(108 782)	105 000
Assets: Gain/(Loss)	-	-	-	-	-

The effect of a 1% movement in the Normal Salary cost inflation is as follows:

	2022	2021
	R	R
Increase:		
Effect on the aggregate of the current service cost and the interest cost	724 000	681 000
Effect on the defined benefit obligation	3 687 000	4 216 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	635 000	596 000
Effect on the defined benefit obligation	3 300 000	3 781 000

The effect of a 20% movement in the assumed level of withdrawal rates, is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	640 000	601 000
Effect on the defined benefit obligation	3 327 000	3 815 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	718 000	675 000
Effect on the defined benefit obligation	3 656 000	4 177 000

2022	2021
R	R

18. NON-CURRENT PROVISIONS

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	28 257 251	31 783 198
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Total Non-current Provisions

28 257 251	31 783 198
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The movement in Non-current Provisions are reconciled as follows:

Decommissioning of Landfill Sites

Opening Balance	31 783 198	26 379 620
Increases (Passage of Time/Discounted Rate)	(3 525 947)	5 403 578

Balance at end of year

28 257 251	31 783 198
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TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R35 175 600 (2021: R40 129 563) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

The municipality will incur the following rehabilitation and closure costs on its two dumping/landfill sites:

	Proposed Rehabilitation		
Jenn Haven Landfill	2032/33	7 080 666	8 100 211
Boichoko Landfill	2025/26	28 094 934	32 029 352
		35 175 600	40 129 563

Key financial assumptions used in this calculation were as follows:

	Jenn Haven Landfill	Boichoko Landfill
CPI adjustment	6.6085%	6.6085%
Government Bond Rate used to determine the Present Value of the Formal Closure application process.	10.6085%	9.6085%
Net effective discount rate	4%	3.00%
Estimated total waste area to be rehabilitated	12,542m ²	108,653m ²
Estimated area that has already been used for dumping of waste	6,083m ²	48,490m ²

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
19. ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	360 469 846	369 456 595
Total Accumulated Surplus	<u><u>360 469 846</u></u>	<u><u>369 456 595</u></u>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
20. PROPERTY RATES		
	Property Valuation as 30/06/2022 R	Property Valuation as 30/06/2021 R
Church	82 947 100	82 947 100
Commercial	804 906 000	804 906 000
Industrial	158 575 000	158 575 000
Mines	88 446 000	88 446 000
Municipal	361 073 000	361 073 000
Agriculture	5 433 211 200	5 433 211 200
Residential	2 837 952 300	2 837 952 300
Small holdings and farms	37 000 000	37 000 000
State	131 917 300	131 917 300
Total	<u>9 936 027 900</u>	<u>9 936 027 900</u>

	Actual Levies	
	2022 R	2021 R
Total Property Rates	<u>34 280 453</u>	<u>39 943 930</u>

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect in the prior financial year i.e. 2019/20

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

The following rates in Rand were charged on the following properties:

Church	0.006070	0.007494
Commercial	0.010337	0.011236
Industrial	0.010337	0.011236
Mines	0.057905	0.056770
Municipal	0.006070	0.007494
Agriculture	0.000414	0.000449
Residential	0.006070	0.007494
Small holdings and farms	0.006070	0.007494
State	0.006070	0.007494

The first R 30,000 of the market value of all residential properties and indigents with a gross income of less than R 3 000 are exempt from the payment of rates. An additional rebate of 20% on property rates for pensioners applies subject to certain conditions.

No interest that is charged on arrear accounts.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
21. FINES, PENALTIES AND FORFEITS		
Traffic Fines	216 200	89 200
Municipal	216 200	89 200
Other Fines	-	78
Overdue Books Fine	-	78
Total Fines, Penalties and Forfeits	216 300	89 278
22. LICENCES AND PERMITS		
	Non-Exchange Transactions 2022 R	Non-Exchange Transactions 2021 R
Road and Transport	1 030 130	963 766
Activities on Public Roads	-	363
Motor Vehicle Licence	1 030 130	963 403
Total Licences and Permits	1 030 130	963 766
23. TRANSFERS AND SUBSIDIES RECEIVED		
Departmental Agencies and Accounts		
Sector Education Training Authority Grant (SETA)	125 220	98 403
Department of Arts & Culture (Library Grant)	1 200 000	1 100 000
National Revenue Fund		
Equitable Share	41 578 000	48 525 000
National Governments		
Municipal Infrastructure Grant (MIG)	16 136 981	16 531 680
MIG Capital	15 327 631	13 466 341
MIG Operating	809 350	3 065 339
Financial Management Grant (FMG)	2 970 012	3 000 000
Extended Public Works Program (EPWP)	292 585	1 000 000
Regional Bulk Infrastructure Grant (RBIG)	695 190	-
Integrated National Electrification Programme (INEP)	4 469 192	2 000 000
Donations received - PPE		
WSIG Capital	6 000 000	-
Public Corporations (Refer to note 53)	5 580 858	3 696 830
Capital	4 851 892	1 748 179
Operating	728 966	1 948 651
Total Government Grants and Subsidies	79 048 038	75 951 912

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23.1 Reconciliation per Grant Source

23.1.1 Provincial Treasury

Balance unspent at beginning of year	-	-
Current year receipts	728 966	1 948 651
Conditions met - transferred to Revenue	(728 966)	(1 948 651)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	-	-

Grant received for payment of Audit fees

23.1.2 Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	-	-
Current year receipts	5 000 000	2 000 000
Conditions met - transferred to Revenue	(4 469 192)	(2 000 000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	530 808	-

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of infrastructure and rehabilitation of electricity infrastructure.

23.1.3 National Revenue Fund - Equitable Share

Current year receipts	41 578 000	48 525 000
Conditions met - transferred to Revenue	(41 578 000)	(48 525 000)
Conditions still to be met - transferred to Current Liabilities (see Note 15)	-	-

This grant has been used to fund operational expenses within the municipality.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
23.1.4 Sishen Iron Ore Financial Support Grant		
Balance unspent at beginning of year	411 323	411 323
Current year receipts	-	-
Conditions met - transferred to Revenue	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>411 323</u>	<u>411 323</u>

23.1.5 Provincial Government - Department of Arts & Culture (Library Grant)

Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 100 000
Conditions met - transferred to Revenue	(1 200 000)	(1 100 000)
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>

The grant is to be utilised for programme costs of the library and other costs as per library proposal. No funds have been withheld.

	2022 R	2021 R
23.1.6 National: Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	3 098 362	4 354 042
Current year receipts	28 187 000	15 276 000
Conditions met - transferred to Revenue: Operating Expenses	(809 350)	(763 800)
Conditions met - transferred to Revenue: Capital Expenses	(15 327 631)	(13 466 341)
Other Adjustments/Refunds	(3 098 362)	-
Conditions met - transferred to Revenue: Covid19 Expenses	-	(2 301 539)
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>12 050 019</u>	<u>3 098 362</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure.

23.1.7 National: Municipal Finance Management Grant (FMG)

Balance unspent at beginning of year	-	-
Current year receipts	3 000 000	3 000 000
Conditions met - transferred to Revenue	(2 970 012)	(3 000 000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>29 988</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003.

23.1.8 National: Department of Public Works - Expanded Public Works Program Grant (EPWP)

Balance unspent at beginning of year	-	-
Current year receipts	292 585	1 000 000
Conditions met - transferred to Revenue	(292 585)	(1 000 000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The grant is to be utilised for salary expenses for the expended Public Works Program in accordance with the national cleaning campaign.

23.3.9 Water Service Infrastructure Grant (WSIG)

Balance unspent at beginning of year	-	-
Current year receipts	6 000 000	-
Conditions met - transferred to Revenue	(6 000 000)	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>

Grant is used to develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries

23.3.10 Disaster Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	89 000
Conditions met - transferred to Revenue	-	(89 000)
Other Adjustments/Refunds	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>

This grant is to be utilised to assist the Municipality in the response to Covid-19.

23.3.11 LG SETA Mandatory Grant

Balance unspent at beginning of year	-	-
Current year receipts	125 219	98 403
Conditions met - transferred to Revenue	(125 220)	(98 403)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>

This grant is to be utilised by the Municipality for training.

23.3.12 Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	-	-
Current year receipts	695 190	-
Conditions met - transferred to Revenue	(695 190)	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>

This grant is to be utilised by the Municipality for the development of the water services infrastrure of bulk water in a nature such as bulk-line,waste water treatment works,water treatment works and resevoirs

24. SERVICE CHARGES

Sale of Electricity	62 893 797	53 567 581
Sale of Water	17 311 242	16 747 570
Refuse Removal	12 909 770	12 660 473
Sewerage and Sanitation Charges	22 531 601	23 468 807
Total Service Charges	<u>115 646 410</u>	<u>106 444 431</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

25. SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	17 454	-
Building Plan Approval	376 252	222 913
Cemetery and Burial	69 795	49 758
Clearance Certificates	18 547	-
Entrance Fees	8 791	-
Library Fees	-	100
Photocopies and Faxes	79 482	67 157
Sale of Goods	139 822	30 696
Stone and Gravel	29 369	-
Total Sales of Goods and Rendering of Services	739 512	370 625

26. RENTAL FROM FIXED ASSETS

Investment Property	544 838	16 744
Other Fixed Assets	-	462 421
Property Plant and Equipment	-	462 421
Total Rental of Facilities and Equipment	586 727	479 165

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

27. INTEREST EARNED

Bank Account	874	47
Investments	805 432	684 880
	806 306	684 926

28. OPERATIONAL REVENUE

Administrative Handling Fees	23 946	218 475
Incidental Cash Surpluses	659	463
Inspection Fees	-	27 807
Insurance Refund	-	31 335
Total Operational Revenue	66 545	278 080

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 20 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
29. EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	48 500 744	47 642 711
Long Service Awards	110 214	-
Bonusses	106 682	3 574 757
Leave Payments	(1 881 650)	1 046 494
Overtime	6 939 981	6 114 861
Allowances		
Accommodation, Travel and Incidental	47 080	-
Acting and Post Related Allowances	932 894	-
Bonus Allowance	1 748 933	-
Cellular and Telephone	156 963	-
Housing Benefits	2 650 631	2 910 804
Standby Allowance	1 172 490	1 303 599
Travel or Motor Vehicle	4 493 501	4 739 333
Social Contributions		
Bargaining Council	28 902	29 948
Group Life Insurance	73 900	83 200
Medical	2 891 641	2 000 279
Pension	7 395 768	7 546 459
Unemployment Insurance	470 551	445 385
Post-retirement Benefit		
Current Service Cost	954 000	819 000
Interest Cost	1 722 000	1 426 000
Actuarial Gains and Losses	(2 622 000)	1 613 000
Total Employee Related Costs	75 893 225	81 295 831

No advances were made to employees.

Remuneration of Section 57 Employees:	2022	2021
Remuneration of the Municipal Manager - H Mathobela	R	R
Annual Remuneration	737 457	737 457
Car and Other Allowances	346 053	346 053
Total	1 083 510	1 083 510
Remuneration of the Chief Financial Officer - LR Coakley		
Annual Remuneration	486 850	486 850
Car and Other Allowances	347 366	347 366
Total	834 216	834 216

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Remuneration of the Director Corporate Services - IC Nkadimang

Annual Remuneration	719 953	719 953
Car and Other Allowances	361 601	361 602
Total	1 081 554	1 081 555

Remuneration of the Acting Director: Technical Services - BLK Botha

Annual Remuneration	-	94 465
Car and Other Allowances	-	164 714
Total	-	259 179

BLK Botha has acted in this position from December 2018 till the end of September 2020.

Remuneration of the Director: Community Services - LL Theys

Annual Remuneration	635 253	635 253
Car and Other Allowances	446 302	446 302
Total	1 081 554	1 081 554

Remuneration of the Director Technical services - RV Mlangeni

Annual Remuneration	486 850	405 708
Car and Other Allowances	347 366	289 472
Total	834 216	695 180

RV Mlangeni started in the position the 1 October 2020.

Summary of Remuneration of Section 57 Employees:

All Managers	4 915 051	5 035 195
Total Remuneration of Section 57 Employees	4 915 051	5 035 195

Refer to Appendix G for more detail.

30. REMUNERATION OF COUNCILLORS

	2022	2021
	R	R
Mayor	550 535	882 767
Speaker	446 176	711 988
Total for All Other Councillors	4 805 015	4 113 580
Total Councillors' Remuneration	6 029 442	5 708 335

Remuneration of Councillors:

In-kind Benefits

The Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the municipality.

The Mayor has use of a Council owned vehicle for official duties.

Refer to Appendix G for more detail.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

31. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	32 613 099	32 932 827
Amortisation: Intangible Assets	695 628	275 419
Total Depreciation and Amortisation	33 308 727	33 208 246

31.1 Depreciation: Property, Plant and Equipment

Community Assets	1 026 820	1 027 006
Infrastructure	24 973 111	25 128 446
Buildings	2 904 912	2 904 912
Landfill site	967 003	967 003
Other Assets	2 741 253	2 905 460
	32 613 099	32 932 827

The **prior year amount** for Depreciation and Amortisation has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

32. IMPAIRMENT LOSSES

Impairment Losses on Fixed and Current Assets	579 510	953 901
Impairment Losses on Financial Assets	33 956 347	28 590 136
Total Impairment Losses	34 535 857	29 544 037

32.1 Impairment Losses on Fixed & Current Asset

Impairment Losses

Investment Property	-	953 901
Property, Plant and Equipment	579 510	-
	579 510	953 901

32.2 Impairment Losses on Financial Assets

Impairment Losses

Trade and Other Receivables from Exchange Transactions	22 311 606	18 038 137
Trade and Other Receivables from Non-exchange Transactions	11 644 741	10 551 999
	33 956 347	28 590 136

33. FINANCE COSTS

Interest Paid	6 462 206	12 683 120
Deposits	6 874 013	-
Finance Leases	3 114 140	3 119 498
Interest costs non-current Provisions	(3 525 947)	5 403 578
Overdue Accounts	-	4 160 044
Total Finance Costs	6 462 206	12 683 120

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

34. BULK PURCHASES

Electricity	48 532 485	41 801 967
Total Bulk Purchases	48 532 485	41 801 967

The **prior year amount** for bulk purchases has been restated for bulk purchases incorrectly recorded in the prior year. Refer to note 42 on "Correction of Error" for details of the

35. CONTRACTED SERVICES

Outsourced Services	5 212 784	5 750 840
Consultants and Professional Services	4 120 595	4 233 084
Contractors	13 010 775	12 121 602
Total Contracted Services	22 344 154	22 105 526

	2022	2021
	R	R
35.1 Outsourced Services		
Administrative and Support Staff	79 679	-
Business and Advisory	349 700	2 369 631
Cleaning Services	566 858	-
Drivers Licence Cards	-	177 671
Fire Services	-	28 979
Personnel and Labour	2 540 794	-
Security Services	1 675 754	-
Sewerage Services	-	3 174 559
	5 212 784	5 750 840

	2022	2021
	R	R
35.2 Consultants and Professional Services		
Business and Advisory	2 716 607	2 896 518
Laboratory Services	-	188 650
Legal Cost	1 403 988	1 147 916
	4 120 595	4 233 084

35.3 Contractors		
Electrical	9 565	-
Graphic Designers	155 000	-
Maintenance of Buildings and Facilities	-	257 092
Maintenance of Equipment	3 002 138	2 624 512
Maintenance of Unspecified assets	2 682 655	2 121 473
Prepaid Electricity Vendors	6 116 222	5 035 491
Prepaid Water Vendors	-	772 440
Safeguard and Security	-	1 310 593
Sewerage Services	1 045 195	-
	13 010 775	12 121 602

The **prior year amount** for Contracted Services has been restated. Refer to Note 42 on

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

36. INVENTORY CONSUMED

Consumables	114 948	1 534 092
Materials and Supplies	1 491 970	549 084
Water	20 004 898	21 032 039
	21 611 816	23 115 215

The **prior year amount** for Inventory Consumed has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

37. OPERATING LEASES

Community Assets	423 435	-
Furniture and Office Equipment	(1 821 584)	-
Machinery and Equipment	1 182 285	-
Other Assets	7 821	1 188 112
Transport Assets	2 724 597	-
Machinery, vehicles and equipment	2 516 555	1 188 112

38. OPERATIONAL COSTS

	2022	2021
	R	R
Included in General Expenses are the following:		
Advertising, Publicity and Marketing	78 683	124 526
Bank Charges, Facility and Card Fees	602 893	324 060
Communication	700 542	786 435
Entertainment	192 367	5 304
Eskom Connection Fees	-	82 668
External Audit Fees	2 646 519	4 517 008
External Computer Service	-	2 813 845
Indigent Relief	3 924 194	966 996
Insurance Underwriting	930 244	690 512
Licences	1 710 943	-
Municipal Services	1 216 593	2 699 138
Printing, Publications and Books	-	149 151
Professional Bodies, Membership and Subscription	1 441 541	963 674
Registration Fees	164 599	-
Remuneration to Ward Committees	-	407 783
Road Worthy Test	-	189 232
Samples and Specimens	162 820	-
Skills Development Fund Levy	696 388	678 295
System Access and Information Fees	178 364	-
Travel and Subsistence	654 292	407 248
Uniform and Protective Clothing	-	410 399
Total Operational Costs	15 300 982	16 216 272

No other extra-ordinary expenses were incurred.

The **prior year amount** for Operational Costs has been restated. Refer to Note 42 on "Correction of errors" for details of the restatement.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

39. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Fair Value adjustment Investment Property	-	17 134 700
Property, Plant and Equipment & Investment Property	15 920 302	(5 210 344)
Total Gains / (Losses) on Disposal of Capital Assets	15 920 302	11 924 356
Total Gains on Disposal of Capital Assets	15 920 302	17 134 700
Total Losses on Disposal of Capital Assets	-	5 210 344

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

40. DISCONTINUED OPERATIONS

No operations have been discontinued.

41. CORRECTION OF ERROR

A split between reclassifications and prior period errors are provided to ensure that a clear distinction is made between reclassification of items previously incorrectly disclosed within the Annual Financial Statements, whilst items classified as errors are those items which were factual errors in the prior year, affecting the measurement of such items. The title reclassification does not exclude previous judgement errors, but is rather presented separately in order to allow users to understand that these changes were identified as a consequence of continuously reviewing the accurate disclosure of the nature of transactions.

41.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus
Balances published as at 30 June 2020	374 056 211
Correction of Error:-	
Correction of historical difference of creditor listing (PV02) and ledger, based on creditor recons over 2 years movement.	23 416 897
Correction against base year: PPE Opening balance Transfers	132 691
Intangible Assets: Capitalization of fuel management system as at 30 June 2020	1 351 300
Infrastructure Assets: Correction of Accumulated depreciation opening	46 553
Rounding Errors	- 24 947 441
Restated Balances as at 30 June 2020	399 003 652
Correction of Error as per Vote:	
Transactions incurred for the Year 2020/2 : Previously Reported	(29 491 561)
Correction of Error:-	
Depreciation correction Community Assets	3 542
Infrastructure Assets: Correcton of WIP against professional fees & donations received	(76 926)
Infrastructure Assets: Restate prior year disposals against loss on dis	25 279
Depreciation correction Infrastructure Assets	23 277
Depreciation correction Intangible Assets	(30 667)
Rounding Errors	- (55 496)
Restated Balances as at 30 June 2021	369 456 595

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

42.2 Reclassification of Revenue

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Reclassification	Reclassified Amount	Correction of Error	Restated Amount 2019/20
Property Rates	39 943 930	-	39 943 930	0	39 943 930
Fines, Penalties and Forfeits	89 278	-	89 278	0	89 278
Licences and Permits - Non-exchange	963 766	-	963 766	(0)	963 766
Transfers and Subsidies	75 951 913	-	75 951 913	189 133	76 141 046
Service Charges	106 444 431	-	106 444 431	0	106 444 431
Services	370 625	-	370 625	(0)	370 625
Rental from Fixed Assets	479 165	-	479 165	0	479 165
Interest Earned - External Investments	684 926	-	684 926	0	684 926
Operational Revenue	278 080	-	278 080	0	278 080
Gains on Other Operations	17 134 700	-	17 134 700	-	17 134 700
	242 340 814	-	242 340 814	189 134	242 529 948

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

		Property Rates	Service Charges	Sale of Goods
Balance previously reported		39 943 930	106 444 431	370 625
Restated Balance now reported		<u>39 943 930</u> (0.03)	<u>106 444 431</u> (0.31)	<u>370 625</u> 0.04
	Gains on Disposal of PPE	Transfers and Subsidies	Rental from Fixed Assets	Operational Revenue
Balance previously reported	17 134 700	75 951 913	479 165	278 080
Correction of Infrastructure Assets - prior year WIP		189 133		
Infrastructure Assets - Restate prior year disposals				
Restated Balance now reported	<u>17 134 700</u>	<u>76 141 046</u> 0.28	<u>479 165</u> (0.22)	<u>278 080</u> (0.43)

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

42.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Reclassification	Reclassified Amount	Correction of Error	Restated Amount 2019/20
Employee Related Costs	81 295 831	-	81 295 831	(0)	81 295 831
Remuneration of Councillors	5 708 335	-	5 708 335	-	5 708 335
Depreciation and Amortisation	33 204 397	-	33 204 397	3 849	33 208 246
Impairment Losses	29 544 037	-	29 544 037	0	29 544 037
Finance Costs	12 683 120	-	12 683 120	(0)	12 683 120
Bulk Purchases	62 834 006	(21 032 039)	41 801 967	-	41 801 967
Contracted Services	21 839 467	-	21 839 467	266 059	22 105 526
Inventory Consumed	2 083 176	21 032 039	23 115 215	-	23 115 215
Transfers and Subsidies Paid	-	-	-	-	-
Operating Leases	1 188 112	-	1 188 112	0	1 188 112
Operational Costs	16 216 272	-	16 216 272	0	16 216 272
Income Taxes	-	-	-	-	-
Statutory Payments other than Taxes	-	-	-	-	-
Loss on Disposal of PPE	5 235 623	-	5 235 623	(25 279)	5 210 344
	271 832 376	1	271 832 377	244 629	272 077 006

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Related Costs	Remuneration of Councillors	Finance Costs
Balance previously reported	81 295 831	5 708 335	12 683 120
Restated Balance now reported	81 295 831	5 708 335	12 683 120
	0.40	0.00-	0.14
	Depreciation and Amortisation	Impairment Losses	Bulk Purchases
Balance previously reported	33 204 397	29 544 037	62 834 006
Reclassification of Water under Bulk purchases to Inventory Consumed in terms of mSCOA.			(21 032 039)
2021 Depreciation correction Community Assets	(3 542)		
2021 Depreciation correction Infrastructure Assets	(23 277)		
2021 Amortization correction Infrastructure Assets	30 667		
Restated Balance now reported	33 208 246	29 544 037	41 801 967
	(0.05)	(0.22)	0.00-
	Contracted Services	Inventory Consumed	Operational Costs
Balance previously reported	21 839 467	2 083 176	16 216 272
Reclassification of Water under Bulk purchases to Inventory Consumed in terms of mSCOA.		21 032 039	
Correction of Infrastructure Assets - prior year WIP	266 060		
Restated Balance now reported	22 105 527	23 115 215	16 216 272
	0.46	0.00-	(0.38)

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Operating Leases	Loss on Disposal of PPE
Balance previously reported	1 188 112	5 235 623
Infrastructure Assets - Restate prior year disposals		-25 279
Rounding Errors		
Restated Balance now reported	1 188 112	5 210 344
	-0.43	0.33

42.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Reclassification	Reclassified Amount	Correction of Error	Restated Amount 2018/19
Current Assets					
Inventories	353 993	-	353 993	0	353 993
Receivables from Exchange Transactions	13 691 719	-	13 691 719	(0)	13 691 719
Receivables from Non-exchange Transac	13 352 939	-	13 352 939	(0)	13 352 939
VAT Receivable	8 774 149	-	8 774 149	(0)	8 774 149
Cash and Cash Equivalents	8 792 752	-	8 792 752	0	8 792 752
Operating Lease Receivables	-	-	-	-	-
Non-Current Assets					
Property, Plant and Equipment	667 942 696	-	667 942 696	154 417	668 097 111
Intangible Assets	535 244	-	535 244	1 320 633	1 855 877
Investment Property	61 224 490	-	61 224 490	(0)	61 224 490
Heritage Assets	394 675	-	394 675	0	394 675
Current Liabilities					
Consumer Deposits	(2 475 829)	-	(2 475 829)	(0)	(2 475 829)
Payables from Exchange Transactions	(357 591 000)	-	(357 591 000)	23 416 897	(334 174 103)
Current employee benefits	(1 378 000)	-	(1 378 000)	-	(1 378 000)
Unspent Conditional Grants and Receipts	(3 509 686)	-	(3 509 686)	0	(3 509 686)
Current Portion of long term liability	(8 209 469)	-	(8 209 469)	(0)	(8 209 469)
Bank overdraft	(1 644 553)	-	(1 644 553)	(1)	(1 644 554)
Non-Current Liabilities					
Long-term Liabilities	(6 759 271)	-	(6 759 271)	(0)	(6 759 271)
Non-current Provisions	(31 783 198)	-	(31 783 198)	0	(31 783 198)
Employee Benefit Liabilities	(17 147 000)	-	(17 147 000)	-	(17 147 000)
Net Assets					
Accumulated Surplus / (Deficit)	(344 564 650)	-	(344 564 650)	(24 891 945)	(369 456 595)
	-	-	-	1	-

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Inventories	Exchange Receivables	Non- exchange Receivables	VAT
Balances previously published per AFS as at 30 June 2020	389 392	14 418 263	17 547 024	2 534 651
Balances now published per AFS as at 30 June 2020	389 392	14 418 263	17 547 024	2 534 651
Transactions incurred for the Year 2020/21	(35 399)	(726 544)	(4 194 085)	6 239 498
Balances now published per AFS as at 30 June 2021	353 993	13 691 719	13 352 939	8 774 149
	(0)	0	0	0
	PPE	Intangible Assets	Investment Property	Heritage Assets
Balances previously published per AFS as at 30 June 2020	670 861 001	779 996	51 685 691	394 675
Other Assets Transfers correction	132 691			
Infrastructure Assets: Correction of Accumulated depreciation opening balance	46 553			
Intangible Assets: Capitalization of fuel management system as at 30 June 2020		1 351 300		
Balances now published per AFS as at 30 June 2020	671 040 245	2 131 296	51 685 691	394 675
Transactions incurred for the Year 2020/21	(2 918 305)	(244 752)	9 538 799	-
Community Assets: 2021 Depreciation correction	3 542			
Infrastructure Assets: Correcton of WIP	(76 926)			
Infrastructure Assets: Restate prior year disposals	25 279			
Infrastructure Assets: Restate prior year (2021) depreciation	23 277			
Intangible Assets: Restate prior year (2021 amortization)		(30 667)		
Balances now published per AFS as at 30 June 2021	668 097 111	1 855 877	61 224 490	394 675
	(1)	(0)	0	
	Consumer Deposits	Exchange Payables	Current	Unspent
Balances previously published per AFS as at 30 June 2020	(2 412 558)	(333 583 080)	(924 000)	(6 765 366)
Correction of historical difference of creditor listing (PV02) and ledger, based on creditor recons over 2 years movement.		23 416 897		
Balances now published per AFS as at 30 June 2020	(2 412 558)	(310 166 183)	(924 000)	(6 765 366)
Transactions incurred for the Year 2020/21	(63 271)	(24 007 920)	(454 000)	3 255 680
Balances now published per AFS as at 30 June 2021	(2 475 829)	(334 174 103)	(1 378 000)	(3 509 686)
	0	0.92	0.00-	(0)

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Current portion of LT Liabilities	Non-current Provisions
	(9 415 414)	(26 379 620)
Balances previously published per AFS as at 30 June 2020		
Balances now published per AFS as at 30 June 2020	<u>(9 415 414)</u>	<u>(26 379 620)</u>
Transactions incurred for the Year 2020/21	1 205 945	(5 403 578)
Balances now published per AFS as at 30 June 2021	<u>(8 209 469)</u>	<u>(31 783 198)</u>
	0	(0)

42. CHANGE IN ACCOUNTING ESTIMATES

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of GRAP 3.

	2022 R	2021 R
43. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(13 200 083)	(29 547 058)
Adjustment for:		
Prior year appropriations	4 213 336	(15 784)
Correction of error (Note 41)	-	55 496
Depreciation and Amortisation	33 308 727	33 204 397
Impairment Losses on Property, Plant and Equipment & Investment Property	579 510	953 901
Losses / (Gains) on Disposal of Property, Plant and Equipment	(15 920 302)	5 235 623
Contribution to Post-retirement Employee Benefits - Non-current	(158 000)	(559 000)
Contribution to Post-retirement Employee Benefits - Current	(266 000)	454 000
Provision for staff leave & bonus	(1 842 402)	638 411
Debt impairment - Provision for doubtful debts (Exchange)	22 166 916	18 038 137
Debt impairment - Provision for doubtful debts (Non-exchange - Rates)	11 550 313	10 536 196
Debt impairment - Provision for doubtful debts (Non-exchange - Fines)	94 428	15 802
Finance costs - Discounting of provision for rehabilitation of landfill site	(3 525 947)	5 403 578
Employee related cost - actuarial interest	1 722 000	1 426 000
Finance costs - finance leases	3 114 140	3 119 498
Fair value adjustment Investment Property	-	(17 134 700)
Employee related cost - Actuarial gains	(2 622 000)	1 613 000
Donation received from mine	(4 851 892)	(1 748 179)
Operating surplus before working capital changes	<u>34 362 744</u>	<u>31 689 319</u>
Decrease/(Increase) in Inventories	(9 002 273)	35 399
Decrease/(Increase) in Receivables from Exchange Transactions	(28 789 348)	(17 311 593)
Decrease/(Increase) in Receivables from Non-exchange Transactions - Rates	(16 730 451)	(8 308 138)
Decrease/(Increase) in Receivables from Non-exchange Transactions - Fines & Other	(190 126)	1 950 224
Decrease/(Increase) in VAT Receivable	(398 268)	(6 239 498)
Decrease/(Increase) in Operating Lease Receivables	-	10 213
Increase/(Decrease) in Consumer Deposits	966 910	63 271
Increase/(Decrease) in Payables from Exchange Transactions	50 924 824	23 369 510
Increase/(Decrease) in Conditional Grants and Receipts	9 512 453	(3 255 680)
Cash generated by / (utilised in) Operations	<u>40 656 464</u>	<u>22 003 027</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2022	2021
	R	R
44.1 Unauthorised Expenditure		
Reconciliation of Unauthorised Expenditure:		
Opening balance	659 082 941	614 332 703
Unauthorised Expenditure current year	56 851 442	44 750 238
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 59)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	715 934 383	659 082 941

There were no criminal/disciplinary steps taken for unauthorised expenditure during the year under review.

	Actual	Budget	Variance	Budgeted votes exceeded
2022:				
Vote 1: Financial Services	75 655 439	65 588 955	10 066 484	10 066 484
Vote 2: Community Services	26 539 505	25 269 669	1 269 836	1 269 836
Vote 3: Corporate Services	8 359 455	10 534 702	(2 175 247)	-
Vote 4: Technical Services	159 980 408	114 465 286	45 515 122	45 515 122
Vote 5: Executive and Council	16 152 305	17 788 665	(1 636 360)	-
	286 687 111	233 647 277	53 039 834	56 851 442

	Actual	Budget	Variance	Budgeted votes exceeded
2021:				
Vote 1: Financial Services	62 982 388	41 429 589	21 552 799	21 552 799
Vote 2: Community Services	29 989 573	38 202 237	(8 212 664)	-
Vote 3: Corporate Services	11 066 989	16 508 901	(5 441 912)	-
Vote 4: Technical Services	187 862 355	167 516 324	20 346 031	20 346 031
Vote 5: Executive and Council	16 282 108	13 430 700	2 851 408	2 851 408
	308 183 413	277 087 751	31 095 662	44 750 238

	2022	2021
	R	R
44.2 Fruitless and Wasteful Expenditure		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	68 721 990	68 721 990
Fruitless and Wasteful Expenditure current year	38 608 154	-
Fruitless and Wasteful Expenditure awaiting condonement	107 330 144	68 721 990

The Fruitless and wasteful expenditure has been restated.

Incident	Disciplinary Steps / Criminal Proceedings	2022	2021
		R	R
Interest on late payment - Various Creditors - R3 678 114 (2020: R14,881,989)	Under Investigation. To be submitted to Council for condonement.		
Interest on late payment - SARS - R481 930 (2020: R641 455)	Under Investigation. To be submitted to Council for condonement.		

44.3 Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	51 640 605	44 880 943
Irregular Expenditure current year & previously reported	12 487 896	6 759 662
Irregular Expenditure prior year, but identified in current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 59)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	64 128 501	51 640 605

Irregular expenditure has been disclosed inclusive of VAT.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - SALGA

Opening Balance	2 614 542	3 670 370
Council Subscriptions	809 431	944 172
Amount Paid - current year	-	-
Amount Paid - previous years	(1 250 000)	(2 000 000)

Balance Unpaid (included in Creditors)

2 173 973	2 614 542
------------------	------------------

45.2 Audit Fees

Opening Balance	5 797 318	5 394 166
Current year Audit Fee	6 187 102	5 539 694
Amount Paid - current year	(2 526 948)	(2 321 341)
Amount Paid - previous years	(2 245 095)	(2 815 201)

Balance Unpaid (included in Creditors)

7 212 377	5 797 318
------------------	------------------

45.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. Not all VAT returns have been submitted by the due date throughout the year.

45.4 PAYE, Skills Development Levy and UIF

Opening Balance	982 026	2 588 799
Current year Payroll Deductions	8 904 350	11 810 861
Amount Paid - current year	(7 845 704)	(10 828 835)
Amount Paid - previous years	(982 026)	(2 588 799)

Balance Unpaid (included in Creditors)

1 058 647	982 026
------------------	----------------

45.5 Pension and Medical Aid Deductions

Opening Balance	1 474 178	1 396 086
Current year Payroll Deductions and Council Contributions	17 851 837	17 496 958
Amount Paid - current year	(16 316 952)	(16 022 780)
Amount Paid - previous years	(1 474 178)	(1 396 086)

Balance Unpaid (included in Creditors)

1 534 885	1 474 178
------------------	------------------

45.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2022	Total	Outstanding up to 90 days	Outstanding more than 90 days
Mabilo OM	2 854	2 854	-
Esau D	17 876	3 400	14 475
Tonyane K	28 029	2 250	25 779
English H	29 401	2 513	26 888
Miennies DH	1 495	1 495	-
Lottering MM	54 804	2 250	52 555
Van Zyl M	(775)	(775)	-
Sibiya G	57 176	2 521	54 655
Total Councillor Arrear Consumer Accounts	190 861	16 508	174 353

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

01 July 2021	Total	Outstanding up to 90 days	Outstanding more than 90 days
Daniels M	11 220	2 833	8 386
Keoremetswe KG	-	-	-
Ruiters AJ	2 618	2 282	336
Beets HA	4 428	4 280	148
Esau D	53 753	1 432	52 321
Swart JJ	12 761	7 054	5 707
Mabilo OM	1 024	625	399
Poto EE	1 444	1 444	-
Phete EEJ	20 752	1 809	18 944
Bicks EC	-	-	-
Tshabane IK	63 767	3 286	60 480
Mashila M	1 686	544	1 142
Saulus TJ	3 554	1 820	1 734
Total Councillor Arrear Consumer Accounts	177 006	27 409	149 597

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

45.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 JUNE 2022

Payee	Reference	Date	Deviation type	Amount
ABEL LOKAY	RA13/8/84	25/07/2021	Availability of service	29 125,00
ABEL LOKAY	RA13/8/84	08/07/2021	Availability of service	14 000,00
MAEDAS CONSTRUCTION AND PROJE	RA13/8/167/2021-2022	05/08/2021	Availability of service	73 000,00
MAEDAS CONSTRUCTION AND PROJE	RA7/10/306/2021/2022	10/09/2021	Availability of service	111 550,00
PG GLASS POSTMASBURG	RA11/10/322	16/09/2021	Availability of service	23 126,96
MAEDAS CONSTRUCTION AND PROJE	RA26/10/391/2021-2022	2022/08/10	Availability of service	86 250,00
CALVINIA GUESTHOUSE	RA7/10/303/2021-2022	23/09/2021	Impractical to obtain 3	3 780,00
ANGUS SLAGHUIS	RA7/10/290/2021-2022	29/09/2021	Impractical to obtain 3	2 110,77
JANLINE TRADINGM (HI Q)	RA8/12/563/2021-22	17/11/2021	Availability of service	36 857,50
ZINCOVER DIY	RA5/11/422/2021-2022	28/10/2021	Impractical to obtain 3	4 464,93
LAGOON BEACH	RA3/12/516/2021-2022	02/11/2021	Impractical to obtain 3	7 584,00
TALISMAN HIRE	RA9/11/428/2021-2022	11/11/2021	Impractical to obtain 3	6 457,50
COMPUBITS	RA13/1/633/2021-2022	30/12/2021	Impractical to obtain 3	21 280,00
SANLAMI OPUS	RA12/1/612	08/12/2021	Availability of service	37 375,00
AUTO FITMENT UPINGTON	RA12/1/610	08/12/2021	Availability of service	23 124,44
CEV AFVALMETALE	RA14/1/618	30/12/2021	Availability of service	4 325,00
CEV AFVALMETALE	RA14/1/618	30/12/2021	Availability of service	2 840,00
PMG GUESTLODGE	RA19/1/646/2021-2022	06/12/2021	Impractical to obtain 3	23 840,00
PMG GUESTLODGE	RA19/1/646/2021-2022	06/12/2021	Impractical to obtain 3	23 840,00
FOMS TRADING ENTERRISE	RA19/1/643	09/12/2021	Availability of service	3 240,00
FOMS TRADING ENTERRISE	RA19/1/643	09/12/2021	Availability of service	6 420,00
BREDENKAMP MINERALS	RA20/1/681	22/12/2021	Availability of service	3 498,40
BREDENKAMP MINERALS	RA19/1/645	09/12/2021	Availability of service	5 163,95
PMG GUESTLODGE	RA12/1/597/2021-2022	22/12/2021	Impractical to obtain 3	7 180,00
ZINCOVER DIY	RA20/1/678/2021-2022	22/12/2021	Impractical to obtain 3	4 879,27
MOCWANE ELEC AND PROJECT	RA7/10/294	30/09/2021	Impractical to obtain 3	69 743,00
ZINCOVER DIY	RA20/1/677/2021-2022	11/01/2022	Impractical to obtain 3	2 761,02
MEDAS CONSTRUCTION AND ROJECT	RA11/3/820	10/02/2022	Availability of service	27 507,00
MAEDAS CONSTRUCTION AND PROJE	RA11/3/820/2021-2022	28/02/2022	Availability of service	27 508,00
VISUAL ROJECTS AND CONSTRUCTIO	RA30/7/13	23/07/2021	Availability of service	62 100,00
ZINCOVER DIY	RA21/10/368	08/10/2021	Availability of service	3 346,43
ZINCOVER DIY	RA21/10/368	11/10/2021	Availability of service	3 346,43
ZINCOVER DIY	RA25/4/1022	13/04/2022	Availability of service	4 183,99
ZINCOVER DIY	RA25/4/1022	13/04/2022	Availability of service	4 183,99
KUDUMANE ENGINEERING BRAKES A	RA31/5/1103/2021-2022	12/05/2022	Availability of service	17 810,28
FOMS TRADING ENTERRISE	RA30/6/1190/2021-2022	22/04/2022	Availability of service	3 690,00
LA CASA MIA GUESTHOUSE	RA20/6/1150/2021-2022	11/05/2022	Impractical to obtain 3	2 309,99
ELB EQUIPMENT	RA30/6/1168	09/06/2022	Availability of service	4 878,53
ELB EQUIPMENT	RA30/6/1168	09/06/2022	Availability of service	4 878,53
CULTIVAR GUESTLODGE	RA30/5/1092/2021-2022	16/05/2022	Impractical to obtain 3	14 760,00
RAND DATA FORMS	RA31/8/166	05/08/2021	Availability of service	12 592,50
PHOTIQUE	RA4/8/31	23/07/2021	Availability of service	12 397,00
AUTOMOTOR TRAFFIC SIGNALS	RA7/6/1119/2021-2022	24/05/2022	Availability of service	16 212,70
ZINCOVER DIY	RA11/5/1059	13/06/2022	Impractical to obtain 3	11 250,00
HORISON MEDIA	RA12/7/1229/2021-2022	21/06/2022	Impractical to obtain 3	18 750,00
ELB EQUIPMENT	RA18/7/1253	29/06/2022	Availability of service	4 234,35
ELB EQUIPMENT	RA18/7/1253	29/06/2022	Availability of service	4 234,35
SELNA MOTORS	RA18/7/1257	29/06/2022	Availability of service	8 365,68
TSU TRANSPORTATION	RA18/7/1256	29/06/2022	Availability of service	2 154,07
Total:				908 510,56

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

30 JUNE 2021

Payee	Reference	Date	Deviation type	Amount
Media 24 Beperk Ltd	15023958	29/07/2019	Impractical to obtain 3 quotes	91 287
Kathu Gazette	15024291	08/07/2019	Impractical to obtain 3 quotes	5 982
Die Ghaap	15023933	29/07/2019	Impractical to obtain 3 quotes	2 901
Diamond Field Advertiser	15024147	29/07/2019	Impractical to obtain 3 quotes	3 916
Grid Control Technologies	15024497	06/08/2019		2 513
A C Security	15024742	12/09/2019		23 199
Autozone	15024750	12/09/2019		12 474
Hi-Q	15024753	12/09/2019		41 515
Visual Projects	15024918	10/10/2019		161 965
Kathu Gazette	15024953	25/10/2019	Impractical to obtain 3 quotes	10 074
A C Security	15024954	25/10/2019		6 800
Microchip Security Solution	15025036	31/10/2019		110 170
Road Lodge	15024913	10/10/2019		2 190
Bishops Lodge Kimberley	15024928	14/10/2019		9 600
Devereux Lodge And Villas	15024938	18/10/2019		11 760
The Hampton	15024934	18/10/2019		8 000
Media 24 Beperk/Limited	15025112	22/11/2019	Impractical to obtain 3 quotes	12 461
Media 24 Beperk/Limited	15025382	01/11/2019	Impractical to obtain 3 quotes	36 207
The Hampton	15025384	01/11/2019		50 000
Kathu Gazette	15025389	14/11/2019	Impractical to obtain 3 quotes	6 323
Red Sands Country Lodge	15025110	22/11/2019	Impractical to obtain 3 quotes	60 000
Devereux Lodge and Villas	15025041	01/11/2019		49 000
Microchip Security Solution	15025138	28/11/2019		94 875
Robust Road Repair Pty Ltd	15025422	06/12/2019	Availability of service	12 461
A C Security	15025685	08/01/2020	Availability of service	7 000
Die Ghaap	15025695	08/01/2020	Impractical to obtain 3 quotes	8 104
Visual Projects	15025720	22/01/2020	Availability of service	69 869
Bell	15025727	30/01/2020	Availability of service	82 689
Thusano Contractors	15025685	14/02/2020	Availability of service	7 000
Klk Landbou Beperk	15026420	02/04/2020	Availability of service	5 960
Dragon Loo	15026519	03/04/2020	Covid-19 response	54 602
Dragon Loo	15026524	30/04/2020	Covid-19 response	102 419
Kathu Gazette	15026674	15/05/2020	Impractical to obtain 3 quotes	8 059
Diamond Field Advertiser	15026684	26/05/2020	Impractical to obtain 3 quotes	2 931
Pat & Sons Welding and Project	15026701	29/05/2020		11 700
Total:				1 186 005

45.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2022	Unaccounted Electricity Losses	4 294 910	1.5618	6 707 790
30 June 2021	Unaccounted Electricity Losses	6 815 103	1.3394	9 128 101

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2022 R	2021 R
Volumes in kWh/year:		
System Input Volume	30 482 339	31 209 640
Billed Consumption	26 187 429	24 394 536
Distribution Loss	4 294 910	6 815 103
Percentage Distribution Loss	14.09%	21.84%

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Water:

		Lost Units	Tariff	Value
30 June 2022	Unaccounted Water Losses	1 337 845	9.19	12 294 792
30 June 2021	Unaccounted Water Losses	1 625 011	8.33	13 533 012

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an on-going process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

Volumes in KI/year:

System Input Volume	2 273 673	2 525 476
Billed Consumption	927 088	888 364
Inventory water stock level	8 741	12 101
Distribution Loss	1 337 845	1 625 011
Percentage Distribution Loss	58.84%	64.34%

46. COMMITMENTS FOR EXPENDITURE

46.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Property Plant and Equipment - Infrastructure assets

7 954 462	8 723 365
7 954 462	8 723 365

This expenditure will be financed from:

Government Grants

7 954 462	8 723 365
7 954 462	8 723 365

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 16.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

47. FINANCIAL INSTRUMENTS

47.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>		<u>Classification</u>	
Receivables from Exchange Transactions			
Electricity	Amortised cost	8 271 007	2 994 553
Refuse	Amortised cost	2 668 317	1 568 472
Sewerage	Amortised cost	5 378 824	4 023 274
Water	Amortised cost	3 688 519	4 077 577
Property Rental Debtors	Amortised cost	639 267	482 269
Other Service Charges and clearing accounts	Amortised cost	(849 581)	-
Other Debtors	Amortised cost	545 574	545 574
Prepayments and Advances	Amortised cost	-	-
Control, Clearing and Interface Accounts	Amortised cost	(27 776)	-
Cash and Cash Equivalents			
Call Deposits	Amortised cost	17 314 925	8 418 539
Bank Balances	Amortised cost	(110 921)	372 207
Cash Floats and Advances	Fair Value	3 651	2 006
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	8 271 007	2 994 553
Receivables from Exchange Transactions	Refuse	2 668 317	1 568 472
Receivables from Exchange Transactions	Sewerage	5 378 824	4 023 274
Receivables from Exchange Transactions	Water	3 688 519	4 077 577
Receivables from Exchange Transactions	Property Rental Debtors	639 267	482 269
Receivables from Exchange Transactions	Other Service Charges and clearing accounts	(877 357)	-
Receivables from Exchange Transactions	Other Debtors	545 574	545 574
Cash and Cash Equivalents	Call Deposits	17 314 925	8 418 539
Cash and Cash Equivalents	Bank Balances	(110 921)	372 207
		36 640 799	22 482 465
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	3 651	2 006
Total Financial Assets		36 644 450	22 484 471

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>		<u>Classification</u>	
Long-term Liabilities			
Finance Lease Liability	Amortised cost	4 571 437	6 759 272
Payables from Exchange Transactions			
Other Payables	Amortised cost	(127 964)	(508 667)
Retentions	Amortised cost	3 408 003	3 408 003
Trade Creditors	Amortised cost	334 669 744	282 543 941
Bank Overdraft	Amortised cost	1 644 553	1 644 553
Consumer Deposits	Amortised cost	3 442 739	2 475 829
Current Portion of Long-term Liabilities			
Finance Lease Liability	Amortised cost	7 935 251	8 209 469
		360 115 200	304 532 400

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

SUMMARY OF FINANCIAL LIABILITIES		2022 R	2021 R
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liability	4 571 437	6 759 272
Payables from Exchange Transactions	Other Payables	(127 964)	(508 667)
Payables from Exchange Transactions	Retentions	3 408 003	3 408 003
Payables from Exchange Transactions	Trade Creditors	334 669 744	282 543 941
Bank Overdraft	Bank Overdraft	1 644 553	1 644 553
Consumer Deposits	Consumer Deposits	3 442 739	2 475 829
Current Portion of Long-term Liabilities	Finance Lease Liability	7 935 251	8 209 469
Total Financial Liabilities		360 115 200	304 532 400

47.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2022		30 June 2021	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	36 640 799	36 640 799	22 482 465	22 482 465
Receivables from Exchange Transactions	19 436 794	19 436 794	13 691 719	13 691 719
Call Deposits	17 314 925	17 314 925	8 418 539	8 418 539
Bank Balances	(110 921)	(110 921)	372 207	372 207
Measured at Fair Value	3 651	3 651	2 006	2 006
Cash and Cash Equivalents	3 651	3 651	2 006	2 006
Total Financial Assets	36 644 450	36 644 450	22 484 471	22 484 471
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	360 115 200	355 543 763	304 532 400	304 532 400
Finance Lease Liability	4 571 437	4 571 437	6 759 272	6 759 272
Trade and Other Payables:				
-Payables from Exchange Transactions	337 949 782	337 949 782	285 443 277	285 443 277
-Current Portion of Long-term Liabilities	7 935 251	7 935 251	8 209 469	8 209 469
Consumer Deposits	3 442 739	3 442 739	2 475 829	2 475 829
Bank Overdraft	1 644 553	1 644 553	1 644 553	1 644 553
Total Financial Liabilities	360 115 200	355 543 763	304 532 400	304 532 400
Total Financial Instruments	(323 470 750)	(318 899 313)	(282 047 929)	(282 047 929)
Unrecognised Gain / (Loss)		4 571 437		-

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2022

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	3 651	-	3 651
Total Financial Assets	<u>-</u>	<u>3 651</u>	<u>-</u>	<u>3 651</u>
Total Financial Instruments	<u>-</u>	<u>3 651</u>	<u>-</u>	<u>3 651</u>

30 June 2021

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	2 006	-	2 006
Total Financial Assets	<u>-</u>	<u>2 006</u>	<u>-</u>	<u>2 006</u>
Total Financial Instruments	<u>-</u>	<u>2 006</u>	<u>-</u>	<u>2 006</u>

47.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2021.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Gearing Ratio

	2022 R	2021 R
The gearing ratio at the year-end was as follows:		
Debt	18 722 678	16 613 294
Cash and Cash Equivalents	(17 207 655)	(8 792 752)
Net Debt	<u>1 515 023</u>	<u>7 820 542</u>
Equity	<u>360 469 847</u>	<u>369 456 595</u>
Net debt to equity ratio	<u>0.42%</u>	<u>2.12%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

47.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

47.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 45.7 to the Annual Financial Statements.

47.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 47.6.2 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

47.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

47.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank and Standard Bank. No investments with a tenure exceeding twelve months are made.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

47.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2022 R	2021 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	287 543 010	258 753 662
Bank, Cash and Cash Equivalents	15 559 451	7 146 192
Maximum Credit and Interest Risk Exposure	<u>303 102 461</u>	<u>265 899 854</u>

	2022 R	2021 R
Bank and Cash Balances		
ABSA Bank Ltd	8 342 962	8 616 880
First National Bank	188 672	4 039
Standard Bank	8 786 941	171 833
Total Bank and Cash Balances	<u>17 318 576</u>	<u>8 792 752</u>

47. FINANCIAL INSTRUMENTS (Continued)

47.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2022	#	R	R	R	R		R
Non-interest Bearing		337 949 782	337 949 782	-	-	-	-
- Payables from Exchange transactions	14	337 949 782	337 949 782	-	-	-	-
Fixed Interest Rate Instruments		14 151 242	4 623 792	4 956 013	4 571 437	-	-
- Current Portion of Long-term Liabilities	16	7 935 251	3 801 515	4 133 736	-	-	-
- Non-Current Portion of Long-term Liabilities	16	4 571 437			4 571 437	-	-
Bank Overdraft		1 644 553	822 277	822 277			
Consumer Deposits		3 442 739	1 721 370	1 721 370	-	-	-
		355 543 763	344 294 944	6 677 383	4 571 437	-	-
30 June 2021							
Restated:							
Non-interest Bearing		285 443 277	285 443 277	-	-	-	-
- Payables from Exchange transactions	14	285 443 277	285 443 277	-	-	-	-
Fixed Interest Rate Instruments		13 611 848	5 001 178	5 338 791	3 271 880	-	-
- Current Portion of Long-term Liabilities	16	8 695 415	4 178 901	4 516 514	-	-	-
- Non-Current Portion of Long-term Liabilities	16	3 271 880			3 271 880	-	-
Bank Overdraft		1 644 554	822 277	822 277			
Consumer Deposits		2 475 829	1 237 915	1 237 915	-	-	-
		301 530 955	291 682 369	6 576 706	3 271 880	-	-

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The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	R	R	R	R		R
30 June 2022							
Non-interest Bearing		19 440 445	19 440 445	-	-	-	-
- Trade Receivables from Exchange Transactions	3	19 436 794	19 436 794	-	-	-	-
- Cash and Cash Equivalents	6	3 651	3 651	-	-	-	-
Variable Interest Rate Instruments		17 204 005	17 204 005	-	-	-	-
- Call Deposits	6	17 314 925	17 314 925	-	-	-	-
- Bank Account	6	(110 921)	(110 921)	-	-	-	-
		36 644 450	36 644 450	-	-	-	-
30 June 2021							
Non-interest Bearing		13 693 725	13 693 725	-	-	-	-
- Trade Receivables from Exchange Transactions	3	13 691 719	13 691 719	-	-	-	-
- Cash and Cash Equivalents	6	2 006	2 006	-	-	-	-
Variable Interest Rate Instruments		8 790 746	8 790 746	-	-	-	-
- Call Deposits	6	8 418 539	8 418 539	-	-	-	-
- Bank Account	6	372 207	372 207	-	-	-	-
		22 484 471	22 484 471	-	-	-	-

48. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

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

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The statutory valuation performed as at 30 June 2015 revealed that the net assets of the fund were R 2,551.9 (30 June 2012: R 1,371.3) million, with a funding level of 101.08% (30 June 2012: 100.45% (as per revised data reconstruction)). The contribution rate paid by the members (9%) and Council (18.00%) is sufficient to fund the benefits accruing from the fund in the future.

The actuaries certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

National Fund for Municipal Workers

The last statutory valuation was performed as at 30 June 2015.

The net assets available for benefits were R 10,050 (2014: R 9,032) million.

The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R 10,050,029,000 and the fund had a surplus of R 41.8 (30 June 2014: R 9.3) million, with a funding levels of R 100.42% (30 June 2014: (100,10%). The contribution rate paid by the members (9%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be financially sound.

SALA Pension Fund:

The last statutory valuation was performed as at 1 July 2018.

The statutory valuation performed as at 1 July 2018 revealed that the assets of the fund amounted to R14,298.6 (1 July 2015: R 13,231.2) million, with funding levels of 96% (1 July 2015: 100%). The contribution rate paid by the members (9%) and Council (18%). The drop in the funding level could be regarded as the result of short term fluctuations and therefore they do not consider it necessary at that stage to reduce benefits and/or to increase contribution rates in order to restore the funding level.

It is the actuary's opinion that :

- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

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LA Retirement Fund (previously Cape Joint Pension Fund):

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2019.

The actuarial review included in the 2019 Annual Report, revealed the following:

The DC section has a funding level of 100% and is in a sound financial position. The pensioners account was 100.7% funded with a surplus of R 68 million as at 30 June 2019. Overall the Fund is in a sound financial condition as at 30 June 2019. The contribution rate paid by the members is 9,00% and the municipality is 18,00%.

Consolidated Retirement Fund

The last statutory valuation was performed as at 30 June 2017. The fund provides defined contribution benefits to its active members and deferred members.

For Contract Employees and Councillors, the Participating Employer contribution rate is 18% of salary. The member contribution rate is 9% of salary.

The actuarial review included in the 2019 Annual Report, revealed the following:

Members Share Account: The largest of the accounts is the Member's Share Account representing the total Member's Share of the Fund of R 25.3 billion (30 June 2018: R 23.2). The Member's Share Account of the Fund was in a sound financial condition as at 30 June 2019 with a funding level of 100.3% (30 June 2018: 100.4%).

Reserve Account: The fund maintained R 65.7 million as at 30 June 2019 in reserve accounts to meet the special death after retirement benefit and unforeseen contingencies.

Pension Account: The Pension Account represents assets of R 647 million set aside to meet pension payments, increases on those payments and any bonuses granted to pensioners. The pensioner liability was R 481 million as at 30 June 2019. The Pension Account was in a sound financial condition and the funding level decreased from 128% as at 30 June 2018 to 124.9% as at 30 June 2019.

The fund was certified to be in sound financial position as at 30 June 2019. All accounts of the Fund had a funding level (assets divided by liabilities) of at least 100%.

Municipal Workers Retirement Fund (Previously SAMWU National Provident Fund)

The valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R 2,455,947 million (30 June 2005: R 1,511,461 million) with funding levels of 100% (30 June 2005: 100%). The contribution rate paid by the members (9%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future. The fund is certified to be financially sound as at 30 June 2008.

None of the above mentioned plans are State Plans.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

49. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

49.1 Related Party relationships

Councillors:

Ward	Surname	Initials
1	Lottering	MJ
2	English	AH
3	Devajee	R
4	Keoremetswe	KG
5	Tonyana	G
6	Miennies	D
7	Teise	L
Proportional	Mabilo	OM
Proportional	Beets	HA
Proportional	Ruiters	AJ
Proportional	Esau	D
Proportional	Van Zyl	M
Proportional	Sibiya	GE

Directors:

	Surname	Initials
Municipal Manager	Mathobela	H
Chief Financial Officer	Coakley	LR
Director Corporate Services	Nkadimang	IC
Director Technical Services	Mlangeni	RV
Director Community Development	Theys	JJ

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

49.2 Services rendered to Related Parties

The Municipality did not render any services during the year to anyone that can be considered as a related party.

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

		Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Year ended 30 June 2022					
Councillors		10 534	71 444	-	192 668
Municipal Manager and Section 57 Personnel		155	38 531	121 642	21 334
Total Services		10 689	109 976	121 642	214 002
Mayor (Ward 2)	English H	789	6 749	-	29 401
Councillor: Proportional	Sibiya G	155	7 023	-	57 176
Councillor: Proportional	Beets HA	61	6 174	-	3 637
Councillor: Proportional	Esau D	-	9 050	-	17 876
Councillor: Proportional	Van Zyl M	9 530	7 041	-	-775
Councillor: Proportional	Mabilo OM	-	10 045	-	1 024
Councillor: Ward 1	Lottering MM	-	10 342	-	54 804
Councillor: Ward 5	Tonyane K	-	6 749	-	28 029
Councillor: Ward 6	Miennies DH	-	8 270	-	1 495
Section 57 Personnel:					
Municipal Manager	Mathobela H	-	6 877	40 547	3 941
Chief Financial Officer	Coakley LR	-	10 210	40 547	562
Director Corporate Services	Nkadamang IC	155	14 071	-	2 375
Director Community Development	Theys JJ	-	7 374	40 547	14 455
		10 689	109 976	121 642	214 002
		Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Year ended 30 June 2021					
Councillors		26 558	109 203	-	177 006
Municipal Manager and Section 57 Personnel		202	54 853	121 642	23 470
Municipal Entities		-	-	-	-
Total Services		26 761	164 056	121 642	200 477
Executive Mayor					
Executive Mayor (Ward 6)	Mashila M	-	10 030	-	1 686
Councillor: Proportional	Bicks EC	-	-	-	-
Councillor: Proportional	Ruiters AJ	375	7 541	-	2 618
Councillor: Proportional	Beets HA	9 592	9 078	-	4 428
Councillor: Proportional	Esau D	3 747	6 406	-	53 753
Councillor: Proportional	Swart JJ	8 393	14 916	-	12 761
Councillor: Proportional	Mabilo OM	270	6 809	-	1 024
Councillor: Ward 1	Poto EE	-	7 896	-	1 444
Councillor: Ward 2	Daniels M	944	14 969	-	11 220
Councillor: Ward 3	Phete EEJ	2 765	7 828	-	20 752
Councillor: Ward 4	Keoremetswe KG	-	-	-	-
Councillor: Ward 5	Tshabane IK	202	16 016	-	63 767
Councillor: Ward 7	Saulus TJ	270	7 714	-	3 554

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Section 57 Personnel:

Municipal Manager	Mathobela H	-	6 638	40 547	4 298
Chief Financial Officer	Coakley LR	-	9 131	40 547	4 401
Acting Chief Financial Officer	Moselelane JB				
Director Corporate Services	Nkadamang IC	202	11 315	-	4 654
Director Technical Services	Mlangeni RV	-	-	-	-
Acting Director Corporate Services	Botha BLK	-	-	-	-
Director Community Development	Theys JJ	-	27 769	40 547	10 117
			26 761	164 056	121 642
					200 477

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The related party note has been restated to reflect the values of the levies for the year for the Property Rates, Service Charges and Other Receivables for the year and not the closing balances at year end.

49.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Tsantsabane Local Municipality.

49.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

2022:

Remuneration of the family of key management personnel and councillors that are employed at the municipality:

Directors	Names	Family Member	Department	Relationship	Remuneration
Director Corporate Services	Nkadamang IC	Nkadamang, KB	Community	Wife	347 972.45
Councillors	Names	Family Member	Department	Relationship	Remuneration

2021:

Remuneration of the family of key management personnel and councillors that are employed at the municipality:

Directors	Names	Family Member	Department	Relationship	Remuneration
Director Corporate Services	Nkadamang IC	Nkadamang, KB	Community	Wife	347 972.45
Executive Mayor (Ward 2)	Daniels M	Daniels S	Technical	Husband	177 552.33

49.5 Transactions with key management personnel or close family members of persons in the service of the state

The municipality traded with the following companies and individuals, which are considered to be Related Parties:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022:

Company/Individual	Tsantsabane employee	Department	Relation of Tsantsabane employee to company owner/(s)	Designation	Amount of award R
M Suez Trading Trading	Susan Moetsi	Mayor's Office	Owner is a Municipal Employee	Cleaner/General Worker	-
Molema M Caterings	Karabo Molema	Corporate Services	Owner is a Municipal Employee	Archieve Clerk	-
Reakopa General Trading	Lesego Morwe & Gladys Witbooi	Executive and Council	Owner is a Municipal Employee	Speaker's Drive and Secretary of Municipal	-
Caren Jo Couture (Pty)Ltd	Theys JJ	Community Services	Husband	Director Community Services	-
Green Tag Recycling Waste Management	M Daniels	Mayor's Office	Owner is a Municipality Councillor	Councillor	-
Tsantsabane Recycling Waste Management and Civil (Pty) Ltd	M Daniels	Mayor's Office	Owner is a Municipality Councillor	Councillor	-
Janline General Trading t/a Hi-Q Postmasburg	M Daniels	Mayor's Office	Owner is a Municipality Councillor	Councillor	-

2021:

Company/Individual	Tsantsabane employee	Department	Relation of Tsantsabane employee to company owner/(s)	Designation	Amount of award R
M Suez Trading Trading	Susan Moetsi	Mayor's Office	Owner is a Municipal Employee	Cleaner/General Worker	-
Molema M Caterings	Karabo Molema	Corporate Services	Owner is a Municipal Employee	Archieve Clerk	-
Reakopa General Trading	Lesego Morwe & Gladys Witbooi	Executive and Council	Owner is a Municipal Employee	Speaker's Drive and Secretary of	-
Caren Jo Couture (Pty)Ltd	Theys JJ	Community Services	Husband	Director Community Services	-
Green Tag Recycling Waste Management	M Daniels	Mayor's Office	Owner is a Municipality Councillor	Councillor	-
Tsantsabane Recycling Waste Management and Civil (Pty) Ltd	M Daniels	Mayor's Office	Owner is a Municipality Councillor	Councillor	-
Janline General Trading t/a Hi-Q Postmasburg	M Daniels	Mayor's Office	Owner is a Municipality Councillor	Councillor	38 857.67

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

49.6 Entities under the control of management or councillors

Designation	Official		Entity
	Surname	Initials	
Chief Financial Officer	Coakley	L	C2M Investments (Pty) Ltd
Director	Nkadimang	IC	Monyaka Waboikanyo
Cleaner/General Worker	Moetsi	S	Molema M Caterings
Archieve Clerk	Molema	K	Reakopa General Trading
Councillor	Daniels	M	Greentag Recycling
Driver	Morwe	L	Caren Jo Couture (Pty)Ltd
Secretary	Witbooi	G	Caren Jo Couture (Pty)Ltd
Director (wife)	Theys	J	Caren Jo Couture (Pty)Ltd
Director (wife)	Theys	J	Rose Gold Projects and Events
Councillor	Esau	D	Tsantsa Test Pty Ltd
Municipal Manager	Mathobela	H	Africa Daiz CC
Municipal Manager	Mathobela	H	MNN Resources CC
Councillor	Mabilo	OM	Bopelo Jwa Ga Mabilo
Councillor	Mabilo	OM	TCF Funeral
Councillor	Mabilo	OM	Olemima (Pty) Ltd
Councillor	Mabilo	OM	Mabamosa (Pty Ltd

50. CONTINGENT LIABILITIES

2022
R

2021
R

Contingent Liabilities arose due to various claims brought against the Municipality. All the claims are being contested based on legal advice. The likelihood of successfully defending the claims, as well as the timing and possible costs thereof are uncertain and cannot be determined at this time.

50.1 Court Proceedings:

22 720 535

21 830 535

(i) Breach of Contract:

The municipality is involved in litigation with AXSYS Infrastructure (Pty) Ltd / 20Twenty Projects (Pty) Ltd relating to service agreement termination and non payment by the municipality. Both claims emanates from a contract concluded with the Municipality and Axys/20Twenty on 1 December 2014 for construction work to the value of 30 million rand. The tender was awarded to Axsys who subsequently changed its name to 20 Twenty Projects. The claim for 20Twenty is for request for issue of payment certificates other than for construction services rendered under the name of Axys. These matters are still pending in the Northern Cape High Court and the outcomes are still uncertain.

The claim from AXSYS Infrastructure (Pty) Ltd is for approximately R 8,953,555.54 plus cost of R 320,000.

9 273 556

9 273 556

The claim from 20 Twenty Projects (Pty) Ltd is for approximately R 1,118,574.61 plus cost of R 250,000.

1 368 574.61

1 368 574.61

(ii) Breach of Contract:

The municipality and the Minister of Water & Sanitation is involved in litigation with Sedibeng Water relating to non payment by the municipality with regards to water supplied to Olifantshoek which now falls under municipal boundaries of Gamagara municipality after the demarcation process. The Demarcation board amalgamated Olifantshoek into the Gamagara Municipality as from May 2006 (Election date).

11 188 405

11 188 405

The case is pending and till date no judgement has been handed down. The municipality's lawyers indicated that the prospects on the merits favour the municipality. The claim is for R 10,788,404.75 with additional costs and disbursements of +- R 400,000 which might arise in relation to the case. The outcome of the matter is still uncertain.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(iii) Legal fees: Application to have respondents evicted from Municipal property
The municipality is involved in litigation with various unlawful occupiers to have the respondents evicted from Municipal Property or to have buildings erected by Respondents demolished or for failure to make payment of sale price of properties bought from the municipality. Contingent liabilities for costs are as follows:

P Nero & Other Unlawful Occupiers	40 000	-
JH Kotze & Other Unlawful Occupiers	40 000	
PK Neelse & Other Unlawful Occupiers	20 000	
IG Molema & Other Unlawful Occupiers	150 000	
VM Mabale	50 000	
C Phiri & Others	100 000	
TP & KS Phohle	80 000	
SPM Sehako	80 000	

(iii) Legal fees: Recovery of outstanding payments of Municipal accounts
The municipality is involved in litigation with the following defendants for the recovery of outstanding payments of Municipal accounts. Contingent liabilities for costs are as follows:

K Nero	40 000
PK Neelse	40 000

(iv) Legal fees: Recovery of payments made to Defendant for repairs of internal roads.
DC Civils 150 000

(v) Legal fees: Other
DAT Khatlane N.O. instituted action against the municipality to set aside a ruling made by the Public Protector. 100 000

51. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

52. IN-KIND DONATIONS AND ASSISTANCE

Various donations in a variety of formats were made to the municipality during the year under review:

Description / Donor	Reference / Nature / Project	Value	Value
Cash Contributions:	Note 23.3.9		
Kolomela Mine	Donations in Cash	-	-
Capital Contributions:	Note 8		
Nashua (Pty) Ltd	Laptops	47 992	-
Assmang Iron Ore (Beeshoek)	Installation of Solar Lights in Postmasburg	-	1 354 233
Assmang Iron Ore (Beeshoek)	Improving Facilities of Local Libraries	-	393 946
Assmang Iron Ore (Beeshoek)	Installation of Prepaid Water Meters	4 803 900	-
		4 851 892	1 748 179
In-kind Contributions (Operational Expenses):			
Sishen Iron Ore Company (Pty) Ltd	Operational Assistance Landfill Sites	-	1 742 058
Provincial Treasury	Audit Fees Paid by Treasury on behalf of Municipality	728 966	1 948 651
		728 966	3 690 708
Total Donations and In-kind Assistance Received		5 580 858	5 438 888

53. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

54. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 40).

55. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2022.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

56. GOING CONCERN ASSESSMENT

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This

Management also considered the following matters in relation to the Going Concern position of Tsantsabane Local Municipality:

(i) On 29 June 2021 Council adopted the 2021/22 to 2023/24 budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF), fund the elementary operations of the Municipality to support the on-going delivery of municipal services to residents, reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

(v) A cost containment program is in place and it is regarded by the Municipality as a high priority in order to contain cost and improve service delivery.

(vi) Assessment of the going concern assumption through ratios analysis:

	2022 Ratio	2021 Ratio
Current ratio:		
Comment	<u>18%</u>	<u>13%</u>
The current ratio increased from the previous year to the current year.		
Quick ratio:		
Comment	<u>16%</u>	<u>13%</u>
The Quick ratio increased from the previous financial year to the current year.		
Revenue management		
Debt-collection period (after impairment)	<u>56</u>	<u>45.8 days</u>
Debt-impairment provision as a percentage of accounts receivable	<u>90%</u>	<u>91%</u>
Debt ratio		
Comment	<u>56%</u>	<u>52%</u>
The debt ratio increased from the previous year to the current year.		
Other indicators:		
Net current asset/liability- position	<u>360 469 847</u>	<u>369 456 595</u>
Comment		
The Municipality entity's total assets exceed its liabilities by R 360 469 847 (2021: R 369 456 595)		
Cash flow		
The Municipality entity has a positive bank balance of R 15 563 102 (2021: R7 148 199) as at 30	<u>15 563 102</u>	<u>7 148 199</u>
Amount of net cash in /(out)flows for the year from operating activities	<u>40 656 464</u>	<u>22 003 027</u>
Surplus / (Deficit)	<u>(13 200 083)</u>	<u>(29 547 058)</u>
The Municipality has a Loss of R 13,200,083 which improved from the prior financial year of R 29,547,058.		

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Payment of creditors within 30 days

Comment

The creditors were not paid within the 30 days as required by law.

Despite the above negative indicators, the municipality is a going concern because of the following:

Municipality Entity Funding

The municipality receives funding from the Government as Grants and Transfers as per the DoRA. There is no intention from Treasury to stop the distribution of Equitable share to Tsantsabane Local Municipality. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

	2021/22 R	2022/23 R	Total R
Finance Management Grant (FMG)	3 000 000	3 000 000	6 000 000
Municipal Infrastructure Grant (MIG)	28 187 000	18 023 251	46 210 251
Integrated National Electrification Grant	5 000 000	4 000 000	9 000 000
Library grant	1 200 000	1 200 000	2 400 000
Equitable Share	41 578 000	51 149 000	92 727 000
Water Services Infrastructure Grant (WSIG)	6 000 000	11 000 000	17 000 000
	<u>84 965 000</u>	<u>88 372 251</u>	<u>173 337 251</u>

Taking the aforementioned into account, Management has prepared the Annual Financial Statements on the Going Concern Basis.

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein. The municipality has not been immune to the impact of the pandemic. The impact and duration of the COVID-19 pandemic in the Province and Tsantsabane's jurisdiction is uncertain at the date of this submission. Management of the municipality is however of the opinion that regardless of the possible effect of the COVID-19 pandemic, the municipality will continue to operate for the foreseeable future, which is usually regarded as at least the next 12 months from the reporting date, however not limited to this timeframe

57. COVID-19 EXPENDITURE

Background Information

On 31st December 2019 the government in Wuhan, China, confirmed that health authorities were treating dozens of pneumonia cases of unknown cause. A few days later, Chinese researchers identified a new virus which had infected many people in Asia, but at that point in time there was no evidence that the virus was readily spread by humans. The first death in China as a result of the virus was reported on 11th January 2020, shortly before one of China's biggest holidays whereby millions of people travelled across the country. According to the first situation report by World Health Organisation (W.H.O), the first confirmed cases outside China had occurred in Japan, South Korea and Thailand by 20th January 2020. The next day the USA reported their first confirmed case where a man in his 30s developed symptoms after returning from his trip to Wuhan, China.

A "public health emergency of international concern" was officially declared by the W.H.O. on 30th January 2020. On 11th February 2020 the W.H.O. proposed that 'Covid-19' be the official name for the disease that the coronavirus causes, an acronym that stands for coronavirus disease 2019. On 14th February 2020 France announced a death by from coronavirus. This was the fourth death from the virus outside of mainland China. On 23rd February 2020 Italian officials locked down 10 towns after a cluster of cases emerged near Milan. The World Health Organisation declared the COVID-19 outbreak as a global pandemic on 11th March 2020.

COVID-19 in South Africa

Although the coronavirus was international news since December 2019, it was only on 5th March 2020 that the South African National Institute for Communicable Diseases confirmed that a suspected case of COVID-19 had tested positive. On 23rd March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30th March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

The table below indicates the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2021 and its comparative financial period:

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

COVID-19 EXPENDITURE

	2022 R	2021 R
Capital Expenditure		
Machinery and Equipment	-	4 273
Total Capital Expenditure	<u>-</u>	<u>4 273</u>
Operating Expenditure		
Employee Related Costs - Protective Clothing	-	-
Contracted Services - Outsourced: Hygiene Services	-	-
Inventory Consumed - Consumables	-	-
Operating Leases - Machinery an Equipment	-	-
MIG Expenditure - Repairs and Maintenance of water supply infrastructure	-	2 001 338
Contracted Services - Outsourced: Hygiene Services	995 064	1 376 433
MIG - Expenditure for Covid: Contracted Services - Outsourced: Hygiene Services	-	-
Total Operating Expenditure	<u>995 064</u>	<u>3 377 771</u>
Total COVID-19 Expenditure	<u>995 064</u>	<u>3 382 044</u>

The table below indicates the Funding Sources for the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2022:

	2022 R	2021 R
COVID-19 FUNDING		
Funding Sources for COVID-19 Expenditure		
Own Revenue	995 064	1 380 706
MIG	-	2 001 338
Total Funding for COVID-19 Expenditure	<u>995 064</u>	<u>3 382 044</u>
		-0.02

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

59 Accounting by principals and agents

Details of the arrangements are as follows:

Municipality as Agent/ Principle	Other Party in the Agreement	Purpose of Arrangement	Description of Arrangement	Significant Terms and Conditions
Agent	Provincial Department of Transport	Motor Vehicle registration	The Municipality undertakes to handle Motor vehicle license issuing on behalf of the Department of Transport and collects a commission of 12% plus VAT.	The municipality collect motor registration fees.
Agent	Provincial Department of Transport	Drivers Licence application	The Municipality undertakes to handle Driver's licence applications on behalf of the Department of Transport.	The value of application fees is determined by the Provincial administration. The Municipality recognise all fees collected as agency fees.
Agent	Provincial Department of Transport	Administration of Drivers licence cards - RTMC (Road Traffic Management Company)	The Municipality undertakes to issue Driver's licence cards on behalf of the Department of Transport.	The municipality collect all application fees.
Principal	VETA Investments	Prepaid electricity vending and management system.	Tsantsabane Local Municipality requires a prepayment vending and management system.	The system must provide for all types of payment methods. System must be operation on a 24 hour per day, 7 days a week, 365 days a year basis. No changes during the reporting period.
Principal	Jimpos	Prepaid electricity vending and management system.	Tsantsabane Local Municipality requires a prepayment vending and management system.	The system must provide for all types of payment methods. System must be operation on a 24 hour per day, 7 days a week, 365 days a year basis. No changes during the reporting period.
Principal	Grid Control	Prepaid water vending and management system.	Tsantsabane Local Municipality requires a prepayment vending and management system.	The system must provide for all types of payment methods. System must be operation on a 24 hour per day, 7 days a week, 365 days a year basis. No changes during the reporting period.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Municipality as agent

Resources held on behalf of the principal(s), but recognised in the municipality's own financial statements

The resources regarding the Licensing Department remain their own and do not form part of the Municipality's financial statements.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 1,030,130 (2021: 963,403.).

Agent Principal arrangement

Motor Vehicle registration, Drivers Licence applications & RTMC - Dept of Transport	1 030 130	963 403
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Category(ies) of revenue received / expenses paid on behalf of the principal, are:

The one category of revenue received on behalf of the principal is Licensing fees (includes Vehicle licences, Drivers licences and Drivers licence cards).

Receivables and / or payables recognised based on the rights and obligations established in the binding arrangement(s)

Name of Payable recognised

Motor Vehicle registration, Drivers Licence applications & RTMC - Dept of Transport	22 482 004	19 915 647
---	------------	------------

Reconciliation of the carrying amount of payables

Payables (Drivers licence applications, RTMC, Vehicle registration)

Opening balance	19 915 647	18 584 266
Revenue that principal is entitled to	1 623 428	1 482 773
Amounts transferred to the principal	(945 073)	(151 392)
	20 594 002	19 915 647

Municipality as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

No assets or liabilities of Tsantsabane Local Municipality are under the custodianship of Jimbos, VETA and Grid Control.

	2022	2021
Fee paid (Commission paid)	R	R

Fees paid as compensation to the agent

Commission paid

VETA - prepaid electricity vendor	6 103 722	5 035 491
Jimbos - prepaid electricity vendor	-	132 689
GRID Control - prepaid water vendor	-	772 440
	6 103 722	5 940 621

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated.

There are no resource or cost implications for the municipality if the arrangements are terminated.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

60. MFMA Non-Compliance For 2021-2022

MFMA Section	Non-Compliance	Details	Non-Compliance Date
Sec 21(1)(b)	Tabling of Schedule of Key Deadlines	Mayor must, atleast 10 before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for: (i) The preparation, tabling and approval of the annual budget; (ii) The annual review of IDP in terms of sec 34 of MSA. (iii) The tabling and adoption of any amendments to the IDP and the budget related policies. (iv) Any consultative processes forming part of the the processess referred above in (i),(ii) and	31/08/2021
Sec 28(2)(b) and MBRR Sec 23(3)	Tabling of Special Adjustment Budget	2021/22 MTREF budget adjustment to account for the revised funding allocations that were made available.	#N/A
Sec 72	Mid-year budget and performance assessment	(1) The accounting officer of a municipality must by 25 January of year - (a) Assess the performance of the municipality during the first half of the financial year, taking into account; (i) The monthly statements referred to section 71 for the first half of the financial year; (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performamnce indicators set in the service delivery and budget implementation plan. (ii) The past year's annual report; and (b) Submit a report on such assessment to - (i) The mayor of the municipality; (ii) The national tTreasury; and (iii) The relevant provincial treasury.	25/01/2022
Sec 71 Reports	Montly Budget Statements (Sec Reports) 2021/22	Municipalities are required to submit by no later than 10 working days after the end of each month to the mayor and Provincial Treasury a statement in the prescribed format on the state of the municipality's budget.	M01(14/08/2021) M02(14/09/2021) M03(14/10/2021) M04(14/11/2021) M05(14/12/2021) M06(14/01/2022) M07(14/02/2022) M08(15/03/2022) M09(14/04/2022) M10(14/05/2022) M11(14/06/2022) M12(14/07/2022)

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

61. SEGMENTAL INFORMATION

General information

The mandate of the municipality is to provide basic services to the community over which it governs. In order to execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective.

The components described below have been identified as individually significant segments for purposes of reporting according to these service objectives:

- Finance and administration
- Energy sources - Electricity generation and distribution
- Waste management - Solid waste and waste water management
- Water - Water provision and treatment

The following individually insignificant segments, with similar economic characteristics, have been aggregated for reporting purposes

- Governance and administration
- Community and Public Safety
- Economic and environmental services

The municipality does not monitor segments geographically

The municipality monitors the following business units operating results separately for the purpose of making decisions about resource allocation and performance assess

Transitional provisions

GRAP 18 Segment Reporting became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to present comparative segment information on initial adoption of GRAP 18.

The municipality is taking advantage of the transitional provisions by not presenting comparative segment information.

The municipality intends to fully apply the requirements of GRAP 18 by 30 June 2022.

Segment Analysis of Financial Performance
Year Ended 30 June 2022

Description	Finance and Administration	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R		R
REVENUE							
Revenue from Non-exchange Transactions							
Property Rates	34 280 453	5 619 739	-	-	-	(5 619 739)	34 280 453
Fines, Penalties and Forfeits	100	-	-	-	-	216 200	216 300
Licences and Permits	-	-	-	-	-	1 030 130	1 030 130
Transfers and Subsidies	61 890 233	15 327 631	-	-	6 695 190	-	83 913 053
Revenue from Exchange Transactions							
Service Charges	-	62 893 797	12 909 770	22 531 601	17 311 242	-	115 646 410
Sales of Goods and Rendering of Services	96 936	-	-	-	5 347	637 229	739 512
Rental from Fixed Assets	586 727	-	-	-	-	-	586 727
Interest, Dividends and Rent on Land Earned	806 306	-	-	-	-	-	806 306
Operational Revenue	66 545	-	-	-	-	-	66 545
Gains on Disposal of Property, Plant and Equipment	15 920 302	-	-	-	-	-	15 920 302
Total Revenue	113 647 502	83 841 167	12 909 770	22 531 601	24 011 779	(3 735 220)	253 206 699
EXPENDITURE							
Employee Related Costs	22 679 739	5 965 360	3 120 173	4 630 904	2 718 103	36 778 946	75 893 225
Remuneration of Councillors	-	-	-	-	-	6 029 442	6 029 442
Depreciation and Amortisation	28 410 197	-	-	-	-	4 898 735	33 308 932
Impairment Losses	28 015 681	588 818	3 857 689	8 563 613	9 301 486	(15 920 302)	34 406 985
Interest, Dividends and Rent on Land	6 462 206	-	-	(3 525 947)	-	3 525 947	6 462 206
Bulk Purchases	-	48 532 485	-	-	-	-	48 532 485
Contracted Services	10 426 154	777 257	-	6 177 590	833 315	4 129 838	22 344 154
Inventory Consumed	1 594 557	565 498	12 361	82 579	20 004 898	(648 077)	21 611 816
Operating Leases	2 516 555	50 503	-	-	-	(50 503)	2 516 555
Operational Costs	8 509 762	2 751 316	27 929	61 878	1 535 443	2 414 655	15 300 982
Loss on Disposal of Property, Plant and Equipment	(10 001 122)	-	-	-	-	10 001 122	-
Total Expenditure	98 613 729	59 231 236	7 018 152	15 990 617	34 393 246	51 159 802	266 406 782
Surplus/(Deficit) for the Year	15 033 773	24 609 931	5 891 618	6 540 983	(10 381 467)	(54 895 022)	(13 200 083)

APPENDIX I
TSANTSABANE LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

Year Ended 30 June 2021

Description	Finance and Administration	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R		R
REVENUE							
Revenue from Non-exchange Transactions							
Property Rates	39 943 930	-	-	-	-	-	39 943 930
Fines, Penalties and Forfeits	-	-	-	-	-	89 278	89 278
Licences and Permits	-	-	-	-	-	963 766	963 766
Transfers and Subsidies	51 623 403	5 696 830			16 720 813	2 100 000	76 141 046
Service Charges	3 632	53 386 808	12 660 473	23 468 807	16 924 712	-	106 444 431
Sales of Goods and Rendering of Services	95 686	-	-	-	-	274 939	370 625
Rental from Fixed Assets	479 165	-	-	-	-	-	479 165
Interest, Dividends and Rent on Land Earned	684 926	-	-	-	-	-	684 926
Operational Revenue	226 261	-	-	-	-	51 819	278 080
Gains on Disposal of PPE	17 134 700					-	17 134 700
Total Revenue	110 191 703	59 083 638	12 660 473	23 468 807	33 645 525	3 479 802	242 529 948
EXPENDITURE							
Employee Related Costs	24 294 240	6 390 016	3 342 288	4 960 564	2 911 597	39 397 127	81 295 831
Remuneration of Councillors	-	-	-	-	-	5 708 335	5 708 335
Depreciation and Amortisation	7 390	5 234 789	-	5 161 098	5 000 595	17 804 373	33 208 246
Impairment Losses	11 505 900	(501 042)	6 015 131	8 751 274	3 772 774	-	29 544 037
Interest, Dividends and Rent on Land	7 279 542	-	-	5 403 578	-	(0)	12 683 120
Bulk Purchases	-	41 801 967	-	-	-	-	41 801 967
Contracted Services	10 314 806	768 956	-	6 111 616	824 416	4 085 732	22 105 526
Inventory Consumed	1 305 281	(574)	13 221	(8 347)	21 592 706	212 928	23 115 215
Operating Leases	1 188 112	-	-	-	-	-	1 188 112
Operational Costs	9 018 807	2 915 897	29 599	65 580	1 627 292	2 559 097	16 216 272
Loss on Disposal of Property, Plant and Equipment	5 210 344						5 210 344
Total Expenditure	70 124 424	56 610 009	9 400 240	30 445 362	35 729 379	69 767 592	272 077 006
Surplus/(Deficit) for the Year	40 067 279	2 473 629	3 260 233	(6 976 555)	(2 083 854.29)	(66 287 789.31)	(29 547 057)

Segment Analysis of Financial Position and analysis of Capital Expenditure

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management.

APPENDIX A
TSANTSABANE LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2021	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2022
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
VETA investments (smart meters)	14 168 685	24.00%		Not fixed	10 823 885	6 329 709	6 082 576	11 071 018
Sanpaul Trading Enterprise (fleet)	9 426 420	4.10%		28/02/2022	1 999 144	-	1 999 144	-
Solutions Pro (Pty) Ltd t/a Nashua Vryburg	2 497 293	35.87%	713273	October 2023	2 145 712	-	710 041	1 435 671
Total Capital Lease Liabilities	26 092 398				14 968 741	6 329 709	8 791 761	12 506 689
TOTAL EXTERNAL LOANS	26 092 398				14 968 741	6 329 709	8 791 761	12 506 689

APPENDIX F
TSANTSABANE LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
Equitable Share	Nat Treasury	18 615 000	11 794 000	11 169 000		-18 615 000	-11 794 000	-11 169 000		-	3 098 000	-	-	2020/21 Surrendered MIG	Yes	N/A
FMG	Nat Treasury	3 000 000				-1 178 305	-1 280 319	-308 123	-203 253	-	-	-	-	N/A	Yes	N/A
MIG	COGTA	7 044 000	-	21 143 000	-	-1 523 644	-2 197 179	-8 859 237	-3 556 921	-	-	-	-	N/A	Yes	N/A
INEP	DMRE	1 500 000		3 500 000		-125 402	-359 548	-1 087 553	-3 022 091	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	Province									-	-	-	-	N/A	Yes	N/A
LG SETA Mandatory Grant	Province	72 004	21 316	31 898		-43 310	-37 607	-44 300		-	-	-	-	N/A	Yes	N/A
Library	Province		600 000	600 000		-300 000	-300 000	-300 000	-300 000	-	-	-	-	N/A	Yes	N/A
WSIG	DWS	3 000 000		3 000 000		-945 514	-520 959	-2 598 255	-1 935 271	-	-	-	-	N/A	Yes	N/A
RBIG	DWS		695 190				-695 190			-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		33 231 004	13 110 506	40 172 864	-	-23 460 141	-17 184 802	-24 366 468	-9 017 536	-	3 098 000	-	-			

Appendix G
TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2022

Incumbent	Basic Salaries	Other Allowance	Travel Allowances	Cellphone Allowances	Housing Allowances	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R
Mayor							
M Mashila (Ward 6) Discharged mid November	216 026	1 286	72 009	14 579			303 900
AH English (Ward 2)	391 345	2 330	130 448	26 411			550 535
Councillors							
EE Poto (Ward 1)Discharged mid November	163 562	1 286	54 521	14 579			233 948
M Daniels (Ward 2)Discharged mid November	68 364	1 286	22 788	14 579			107 018
EEJ Phete (Ward 3)Discharged mid November	172 821	1 286	57 607	14 579			246 293
IK Tshabane (Ward 5)Discharged mid November	87 734	1 286	29 245	14 579			132 845
Lottering MJ(Ward 1)	296 304	2 330	98 768	26 411			423 813
Devajee R(Ward 3)	179 698	2 330	69 769	26 411			278 208
Keoremetswe G(Ward 4)	191 318	3 600	63 773	40 800			299 491
Tonyane G (Ward 5)	123 847	2 330	41 282	26 411			193 871
Miennies D (Ward 6)	299 304	2 330	98 768	26 411			426 812
Teise L (Ward 7) - Speaker	313 076	2 330	104 359	26 411			446 176
JJ Swart (Proportional)Discharged mid November	68 364	1 286	22 788	14 579			107 018
EC Bicks (Proportional)Discharged mid November	68 364	1 286	22 788	14 579			107 018
OM Mabilo (Proportional)	287 409	3 600	95 803	40 800			427 612
HA Beets (Proportional)	364 668	3 600	121 556	40 800			530 624
AJ Ruiters (Proportional)	191 318	3 600	63 773	40 800			299 491
M Van Zyl(Proportional)	123 847	2 330	41 102	26 411			193 691
D Esau(Proportional)	191 318	3 600	63 772	40 800			299 491
GE Sibiya(Proportional)	123 847	2 330	41 282	26 411			193 871
Total for Councillors	3 922 534	45 648	1 316 201	517 344	-	-	5 801 726
Municipal Manager							
H Mathobela	737 457	3 600	284 448	26 400	31 605	-	1 083 510
Chief Financial Officer							
LR Coakley	486 850	3 600	243 425	19 200	81 142		834 216
Director: Corporate Services							
IC Nkadimang	719 953	3 600	317 626	19 200	21 175		1 081 554
Director: Technical Services							
RV Mlangeni	486 850	3 600	243 425	19 200	81 142		834 216
Director: Community Services							
JJ Theys	635 253	3 600	402 327	19 200	21 175	-	1 081 554
	3 066 362	18 000	1 491 250	103 200	236 239	-	4 915 051
Total for Management	6 988 896	63 648	2 807 451	620 544	236 239	-	10 716 777

Appendix G
TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2021

Incumbent	Basic Salaries	Other Allowance	Travel Allowances	Cellphone Allowances	Housing Allowances	Any Other Benefits	Total Remuneration
Mayor	R	R	R	R	R	R	R
M Mashila (Ward 6)	625 864	3 600	212 503	40 800	-	-	882 766
Councillors							
EE Poto (Ward 1)	473 865	3 600	157 956	40 800	-	-	676 221
M Daniels (Ward 2)	198 063	3 600	66 021	40 800	-	-	308 484
EEJ Phete (Ward 3)	500 691	3 600	166 897	40 800	-	-	711 988
KD Modise (Ward 4)	22 688	300	7 563	3 400	-	-	33 951
IK Tshabane (Ward 5)	254 182	3 600	84 727	40 800	-	-	383 309
KG Keoremetswe (Ward 4)	122 316	2 302	40 772	26 085	-	-	191 475
TJ Saulus (Ward 7)	198 063	3 600	66 021	40 800	-	-	308 484
AR Davids (Proportional)	54 575	900	18 192	10 200	-	-	83 867
AJ Ruiters (Proportional)	198 063	3 600	66 021	40 800	-	-	308 484
WC Julies (Proportional)	54 575	900	18 192	10 200	-	-	83 867
D Esau (Proportional)	198 063	3 600	66 021	40 800	-	-	308 484
JJ Swart (Proportional)	198 063	3 600	66 021	40 800	-	-	308 484
WJG Corner (Proportional)	79 716	1 500	26 572	17 000	-	-	124 788
HA Beets (Proportional)	143 489	2 700	47 830	30 600	-	-	224 619
EC Bicks (Proportional)	59 309	1 116	19 770	12 648	-	-	92 843
OM Mabilo (Proportional)	473 865	3 600	157 956	40 800	-	-	676 221
Total for Councillors	3 855 450	45 718	1 289 035	518 133	-	-	5 708 335
Municipal Manager							
H Mathobela	737 457	3 600	284 448	26 400	31 605	-	1 083 510
Chief Financial Officer							
LR Coakley	486 850	3 600	243 425	19 200	81 142	-	834 217
Director: Corporate Services							
IC Nkadamang	719 953	3 600	317 626	19 200	21 175	-	1 081 554
Acting Director: Technical Services							
BLK Botha (Acting from December 2018)	94 465	134 674	24 746	2 400	2 894	-	259 179
Director: Technical Services							
RV Mlangeni (Appointed September 2020)	405 708	3 000	202 854	16 000	67 618	-	695 180
Director: Community Services							
JJ Theys	635 253	3 600	402 327	19 200	21 175	-	1 081 555
Total for Senior Managers	3 079 686	152 074	1 475 426	102 400	225 609	-	5 035 195
Total for Management	6 935 136	197 792	2 764 461	620 533	225 609	-	10 743 530