

TSANTSABANE LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

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

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TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

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	GH Mathobela	
Chief Financial Officer	LR Coakley	
Other heads of departments	Director Corporate Services	IC Nkadamang
	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 2024

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
	J Boucher	Proportional
	D Esau	Proportional
	GE Sibiya	Proportional

TSANTSABANE LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024

Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2024 which are set out on pages 1 to 117, 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 2025 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 from pages 6, which have been prepared on the going concern basis, were approved by the accounting officer and were signed by:



G.H. Mathobela
Municipal Manager

31 August 2024

Date

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

		Actual	
	Note	2024 R	2023 Restated R
ASSETS			
Current Assets		63 916 096	79 669 380
Inventories	2	4 094 737	10 884 958
Receivables from Exchange Transactions	3	8 602 882	20 402 385
Receivables from Non-exchange Transactions	4	26 748 279	26 284 284
VAT Receivable	5	15 519 966	12 644 756
Cash and Cash Equivalents	6	8 950 232	9 452 997
Non-Current Assets		768 078 421	801 241 087
Property, Plant and Equipment	8	701 672 519	725 310 452
Intangible Assets	9	33 343	589 700
Investment Property	10	65 977 884	74 946 260
Heritage Assets	11	394 675	394 675
Total Assets		831 994 517	880 910 467
LIABILITIES			
Current Liabilities		574 335 278	484 378 700
Consumer Deposits	12	3 084 612	3 453 033
Employee Benefit Liabilities	13	1 564 000	1 662 000
Payables from Exchange Transactions	14	559 827 134	463 565 221
Unspent Conditional Grants and Receipts	15	8 104 058	6 299 717
Bank Overdraft	6	1 755 474	1 755 474
Current Portion of Long-term Liabilities	16	-	7 643 255
Non-Current Liabilities		43 993 058	47 784 862
Employee Benefit Liabilities	17	18 715 000	17 963 000
Non-current Provisions	18	25 278 058	29 821 862
Total Liabilities		618 328 336	532 163 562
Total Assets and Liabilities		213 666 181	348 746 905
NET ASSETS		204 390 460	348 746 905
Accumulated Surplus / (Deficit)	19	204 390 460	348 746 905
Total Net Assets		204 390 460	348 746 905

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

		Actual	
	Note	2024	2023
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	20	35 415 521	34 676 120
Fines, Penalties and Forfeits	21	432 048	337 090
Licences and Permits	22	923 110	1 103 991
Transfers and Subsidies	23	83 606 512	116 945 564
Revenue from Exchange Transactions			
Licences and Permits	22	2 040	960
Service Charges	24	100 040 017	115 116 619
Sales of Goods and Rendering of Services	25	527 013	896 865
Rental from Fixed Assets	26	603 423	588 617
Interest Earned	27	1 120 123	1 135 608
Operational Revenue	28	506 451	126 507
Gains	39	326 624	20 129 557
Total Revenue		223 502 882	291 057 498
EXPENDITURE			
Employee Related Costs	29	88 973 540	84 621 926
Remuneration of Councillors	30	5 750 390	5 722 840
Depreciation and Amortisation	31	43 044 873	38 631 519
Impairment Losses	32	56 121 170	39 707 190
Finance Costs	33	42 739 926	18 446 038
Bulk Purchases	34	49 134 907	49 957 993
Contracted Services	35	16 690 591	33 981 209
Inventory Consumed	36	25 840 376	25 600 164
Operating Leases	37	12 475 239	7 903 236
Operational Costs	38	17 264 966	10 402 539
Losses	39	10 155 300	-
Total Expenditure		368 065 328	314 974 654
DEFICIT FOR THE YEAR		(144 356 446)	(23 917 156)
Refer to Budget Statement for explanation of budget variances			

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R
2023		
Balance at 30 June 2022	344 528 027	344 528 027
Correction of Error (Note 40)	28 136 034	28 136 034
Restated Balance	372 664 061	372 664 061
Deficit for the year	(23 917 156)	(23 917 156)
Deficit for the year: Previously Reported	(19 200 687)	(19 200 687)
Correction of Error (Note 40)	(4 958 360)	(4 958 360)
Balance at 30 June 2023	348 746 905	348 746 905
2024		
Deficit for the year	(144 356 446)	(144 356 446)
Balance at 30 June 2024	204 390 460	204 390 460

TSANTSABANE LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

		Actual	
	Note	2024 R	2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		20 603 593	18 724 367
Transfers and Subsidies		79 841 089	81 166 662
External Interest Received		1 107 618	1 220 157
Service charges		127 718 286	82 817 779
Other Receipts		303 111	3 864 883
Payments			
Employee Related Costs		(86 024 093)	(80 614 191)
Remuneration of Councillors		(5 750 356)	(5 722 840)
External Interest Paid		(16 765 614)	(14 788 403)
Suppliers Paid		(105 508 762)	(43 925 999)
VAT Payable		(4 266 929)	(4 888 694)
NET CASH FLOWS FROM OPERATING ACTIVITIES	44	<u>11 257 943</u>	<u>37 853 721</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(23 010 909)	(41 575 491)
Purchase of Intangible Assets	9	-	-
Proceeds on Disposal of Property, Plant and Equipment		11 252 472	2 897 200
Proceeds on Disposal of Investment Property		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(11 758 437)</u>	<u>(38 678 291)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-	(6 956 459)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>	<u>(6 956 459)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(500 494)</u>	<u>(7 865 579)</u>
Cash and Cash Equivalents at Beginning of the year		9 452 997	15 563 102
Cash and Cash Equivalents at End of the year	6	8 952 503	7 697 523

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION									
Current Assets									
Inventories	532 700	-	532 700	-	532 700	-	532 700	4 094 737	3 562 037
Receivables from Exchange Transactions	24 645 993	-	24 645 993	-	24 645 993	-	24 645 993	8 602 882	(16 043 111)
Receivables from Non-exchange Transactions	13 546 111	-	13 546 111	-	13 546 111	-	13 546 111	26 748 279	13 202 168
VAT Receivable	9 051 836	-	9 051 836	-	9 051 836	-	9 051 836	15 519 966	6 468 130
Cash and Cash Equivalents	10 091 193	-	10 091 193	-	10 091 193	-	10 091 193	8 950 232	(1 140 961)
Non-Current Assets									
Property, Plant and Equipment	651 344 392	2 893 819	654 238 211	-	654 238 211	-	654 238 211	701 672 519	47 434 308
Intangible Assets	960 003	-	960 003	-	960 003	-	960 003	33 343	(926 660)
Investment Property	58 500 000	-	58 500 000	-	58 500 000	-	58 500 000	65 977 884	7 477 884
Heritage Assets	394 675	-	394 675	-	394 675	-	394 675	394 675	-
Total Assets	769 066 903	2 893 819	771 960 722	-	771 960 722	-	771 960 722	831 994 517	60 033 795
Current Liabilities									
Consumer Deposits	2 627 347	-	2 627 347	-	2 627 347	-	2 627 347	3 084 612	457 265
Provisions	1 709 301	-	1 709 301	-	1 709 301	-	1 709 301	1 564 000	(145 301)
Payables from Exchange Transactions	332 350 100	-	332 350 100	-	332 350 100	-	332 350 100	559 827 134	227 477 034
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	8 104 058	8 104 058
Bank Overdraft	1 714 544	-	1 714 544	-	1 714 544	-	1 714 544	1 755 474	40 930
Current Portion of Long-term Liabilities	7 105 458	-	7 105 458	-	7 105 458	-	7 105 458	-	(7 105 458)
Non-Current Liabilities									
Long-term Liabilities	-	-	-	-	-	-	-	-	-
Employee Benefit Liabilities	22 109 550	-	22 109 550	-	22 109 550	-	22 109 550	18 715 000	(3 394 550)
Non-current Provisions	27 869 903	-	27 869 903	-	27 869 903	-	27 869 903	25 278 058	(2 591 845)
Total Liabilities	395 486 203	-	395 486 203	-	395 486 203	-	395 486 203	618 328 336	222 842 133
Total Assets and Liabilities	373 580 700	2 893 819	376 474 519	-	376 474 519	-	376 474 519	213 666 181	(162 808 338)
Net Assets (Equity)									
Accumulated Surplus / (Deficit)	423 425 716	-	423 425 716	-	423 425 716	-	423 425 716	204 390 460	(219 035 256)
Total Net Assets	423 425 716	-	423 425 716	-	423 425 716	-	423 425 716	204 390 460	(219 035 256)

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Property Rates	34 966 061	-	34 966 061	-	34 966 061	-	34 966 061	35 415 521	449 460
Fines, Penalties and Forfeits	231 928	808 780	1 040 708	-	1 040 708	-	1 040 708	432 048	(608 660)
Licences and Permits	1 087 217	-	1 087 217	-	1 087 217	-	1 087 217	923 110	(164 107)
Transfers and Subsidies	65 901 511	20 000 000	85 901 511	-	85 901 511	-	85 901 511	83 606 512	(2 294 999)
Revenue from Exchange Transactions									
Service Charges	123 835 209	(800 188)	123 035 021	-	123 035 021	-	123 035 021	100 040 017	(22 995 004)
Sales of Goods and Rendering of Services	800 973	(138 711)	662 262	-	662 262	-	662 262	527 013	(135 249)
Rental from Fixed Assets	586 727	-	586 727	-	586 727	-	586 727	603 423	16 696
Interest, Dividends and Rent on Land Earned	766 700	-	766 700	-	766 700	-	766 700	1 120 123	353 423
Operational Revenue	70 073	153 310	223 383	-	223 383	-	223 383	506 451	283 068
Gains on Disposal of Property, Plant and Equipment	19 329 735	(18 929 735)	400 000	-	400 000	-	400 000	326 624	(73 376)
Total Revenue	247 576 134	1 093 456	248 669 590	-	248 669 590	-	248 669 590	223 502 882	(25 166 708)
Expenditure									
Employee Related Costs	89 926 966	1 266 689	91 193 655	-	91 193 655	-	91 193 655	88 973 540	(2 220 115)
Remuneration of Councillors	5 239 971	-	5 239 971	-	5 239 971	-	5 239 971	5 750 390	510 419
Depreciation and Amortisation	12 796 103	-	12 796 103	-	12 796 103	-	12 796 103	43 044 873	30 248 770
Impairment Losses	10 846 893	-	10 846 893	-	10 846 893	-	10 846 893	56 121 170	45 274 277
Interest, Dividends and Rent on Land	3 203 746	(1 242 290)	1 961 456	-	1 961 456	-	1 961 456	42 739 926	40 778 470
Bulk Purchases	49 430 336	-	49 430 336	-	49 430 336	-	49 430 336	49 134 907	(295 429)
Contracted Services	25 633 349	(4 569 327)	21 064 022	-	21 064 022	-	21 064 022	16 690 591	(4 373 431)
Inventory Consumed	24 029 467	215 947	24 245 414	-	24 245 414	-	24 245 414	25 840 376	1 594 962
Operating Leases	18 766 043	(4 255 936)	14 510 107	-	14 510 107	-	14 510 107	12 475 239	(2 034 868)
Operational Costs	6 268 201	10 713 017	16 981 218	-	16 981 218	-	16 981 218	17 264 966	283 748
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	10 155 300	10 155 300
Total Expenditure	246 141 075	2 128 100	248 269 175	-	248 269 175	-	248 269 175	368 191 278	119 922 103
Surplus/(Deficit for the Year)	1 435 059	(1 034 644)	400 415	-	400 415	-	400 415	(144 482 396)	(144 882 811)

TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION									
Planning and Development	100 000	-29 999	70 001	-	70 001	-	70 001		(70 001)
Finance and Administration	165 000	-65 000	100 000	-	100 000	-	100 000	1 326 000	1 226 000
Municipal Manager	0	40 000	40 000	-	40 000	-	40 000	-	(40 000)
Corporate Services	555 000	1 500 000	2 055 000	-	2 055 000	-	2 055 000	-	(2 055 000)
Technical Services	38 986 014	1 848 815	40 834 829	-	40 834 829	-	40 834 829	49 988 091	9 153 262
Executive Council	600 000	-399 998	200 002	-	200 002	-	200 002	-	(200 002)
Total Capital Expenditure	40 406 014	2 893 818	43 299 832	-	43 299 832	-	43 299 832	51 314 091	8 014 259

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Second Budget Adjustments	Second Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance
	R	R	R	R	R	R	R	R	R
CASH FLOW									
Cash Flows from/(used in) Operating Activities									
Property Rates	27 273 528	-	27 273 528	-	27 273 528	-	27 273 528	20 603 593	(6 669 935)
Transfers and Subsidies	104 542 468	-	104 542 468	-	104 542 468	-	104 542 468	79 841 089	(24 701 379)
External Interest and Dividends Received	766 700	-	766 700	-	766 700	-	766 700	1 107 618	340 918
Service charges	96 591 463	-	96 591 463	-	96 591 463	-	96 591 463	127 718 286	31 126 823
Other Receipts	1 969 398	-	1 969 398	-	1 969 398	-	1 969 398	303 111	(1 666 287)
Employee Related Costs	(98 682 987)	-	(98 682 987)	-	(98 682 987)	-	(98 682 987)	(86 024 093)	12 658 894
Remuneration of Councillors	(5 239 962)	-	(5 239 962)	-	(5 239 962)	-	(5 239 962)	(5 750 356)	(510 394)
External Interest and Dividends Paid	(25 000 000)	-	(25 000 000)	-	(25 000 000)	-	(25 000 000)	(16 765 614)	8 234 386
Suppliers Paid	(78 520 269)	-	(78 520 269)	-	(78 520 269)	-	(78 520 269)	(105 508 762)	(26 988 493)
VAT Receivable / Payable	-	-	-	-	-	-	-	(4 266 929)	(4 266 929)
Cash Flows from/(used in) Investing Activities									
Purchase of Property, Plant and Equipment	(40 406 014)	-	(40 406 014)	-	(40 406 014)	-	(40 406 014)	(23 010 909)	17 395 105
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Property, Plant and Equipment	19 329 735	-	19 329 735	-	19 329 735	-	19 329 735	11 252 472	(8 077 263)
Proceeds on Disposal of Investment Property	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in cash held	2 624 060	-	2 624 060		2 624 060	-	2 624 060	(500 494)	3 860 989
Cash and Cash Equivalents at the year begin	8 858 453		8 858 453		8 858 453		8 858 453	9 452 997	594 544
Cash and Cash Equivalents at the year end	11 482 513	-	11 482 513	-	2 624 060	-	11 482 513	8 952 503	4 455 533

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 30 JUNE 2024

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 30 JUNE 2024

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.

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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 item

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 item

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:

- 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 the

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.

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.

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

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 losses.

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.

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.

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.

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.

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 creditor:

- 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.

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

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.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

12.1.4 Paid Absences

The municipality pays employees for absence for various reasons including holidays, sickness and short-term disability, and maternity or paternity. The expected cost of short-term employee benefits in the form of paid absences for accumulating paid absences is recognised when the employees render service that increases their entitlement to future paid absences. The expected cost of non-accumulating paid absences is recognised when the absences occur.

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

Defined Benefit Cost is made up of the following components:

- (a) Service Cost, comprising:
 - Current Service Cost
 - Settlements
 - Past Service Cost, comprising:
 - (1) Plan Amendments
 - (2) Curtailments
- (b) Net Interest Revenue / Expense
- (c) Remeasurements, comprising:
 - Actuarial Gains and Losses
 - Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability (asset)
 - Any change in the Effect of the Asset Ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

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.

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 Provincially-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.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

12.2.3 Termination Benefits

The municipality provides termination benefits for its employees in terms of the municipality's Employee Benefit Plan.

Termination Benefits to employees is recognised as an expense in the Statement of Financial Performance and as a liability in the Statement of Financial Position when the municipality can no longer withdraw the offer of those benefits.

13. LEASES

13.1 The Municipality as Lessee

13.1.1 Finance Leases

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.

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.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

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).

TSANTSABANE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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.

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.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

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 2023 to 30 June 2024.

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.

TSANTSABANE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

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	01/04/2024	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	01/04/2025	Unlikely there will be a material impact
iGRAP 21: The effect of Past Decisions on Materiality	01/04/2023	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	01/04/2023	Unlikely there will be a material impact

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

	2024	2023
	R	R
Consumables	4 000 282	2 045 576
Property Stock	-	8 750 000
Water	94 455	89 382
Total Inventories	4 094 737	10 884 958

The cost of water for the year amounted to R XX.XX (2023: R9.19) per kilolitre.

Reconciliation of Opening and Closing balances:

Consumables:

	2024	2023
	R	R
Opening balance	10 795 576	9 275 976
Add: Purchases	1 358 869	1 519 600
Less Obsolete stock & stock issued	(8 154 163)	-
Obsolete stock/Inventory write down	-	-
Stock issued (expense for the year)	(8 154 163)	-
Closing balance	4 000 282	10 795 576

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

Reconciliation of Opening and Closing balances:

Water:

	2024	2023
	R	R
Opening balance	89 382	80 291
Add: Purchases	16 714 780	23 423 932
Less Obsolete stock & stock issued	(16 709 707)	(23 414 841)
Inventory write down: Abnormal wastage	-	(8 240 353)
Stock issued (expense for the year)	(16 709 707)	(15 174 488)
Closing balance	94 455	89 382

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	328 541 018	319 209 420	9 331 598
Electricity	9 472 330	6 076 018	3 396 312
Refuse	87 625 087	85 902 310	1 722 777
Sewerage	146 790 582	144 172 053	2 618 529
Other Service Charges	(1 544 824)	-	(1 544 824)
Water	86 197 843	83 059 039	3 138 804
Other Receivables	5 866 544	5 213 305	653 239
Property Rental Debtors	5 320 970	5 213 305	107 665
Housing Selling Scheme	-	-	-
Other Debtors: Control accounts	545 574	-	545 574
Control Clearing and Interface accounts	(1 381 955)	-	(1 381 955)
Total Receivables from Exchange Transactions	333 025 607	324 422 725	8 602 882
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Service Debtors:	314 308 984	294 469 412	19 839 572
Electricity	13 764 732	4 842 150	8 922 582
Refuse	76 346 934	73 588 469	2 758 465
Sewerage	127 858 566	122 360 598	5 497 968
Other Service Charges	(1 152 709)	-	(1 152 709)
Water	97 491 461	93 678 195	3 813 266
Other Receivables	5 866 544	5 213 305	653 239
Property Rental Debtors	5 320 970	5 213 305	107 665
Other Debtors: Control accounts	545 574	-	545 574
Control Clearing and Interface accounts	(90 426)	-	(90 426)
Total Receivables from Exchange Transactions	320 085 102	299 682 717	20 402 385

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 2024

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2024

	Current 0 - 30 days	Past Due 31 - 60 Days 61 - 90 Days + 90 Days			Total
Electricity:					
Gross Balances	812 033	689 281	948 175	5 299 025	7 748 513
Less: Provision for Impairment	636 758	540 501	743 514	4 155 245	6 076 018
Net Balances	175 275	148 779	204 661	1 143 779	1 672 494
Refuse:					
Gross Balances	2 961 727	2 690 977	1 197 291	80 609 373	87 459 367
Less: Provision for Impairment	2 908 999	2 643 069	1 175 975	79 174 267	85 902 310
Net Balances	52 728	47 908	21 316	1 435 106	1 557 058
Sewerage:					
Gross Balances	4 900 638	4 479 087	2 013 762	135 267 597	146 661 085
Less: Provision for Impairment	4 817 468	4 403 071	1 979 586	132 971 927	144 172 053
Net Balances	83 170	76 016	34 176	2 295 670	2 489 032
Property Rental:					
Gross Balances	103 666	88 135	40 419	5 715 777	5 947 997
Less: Provision for Impairment	102 038	86 750	39 784	5 625 986	5 854 558
Net Balances	1 629	1 385	635	89 791	93 439
Water:					
Gross Balances	737 455	370 093	362 859	83 742 286	85 212 694
Less: Provision for Impairment	718 817	360 739	353 688	81 625 795	83 059 039
Net Balances	18 638	9 354	9 171	2 116 491	2 153 654
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 R8 511 251 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current 0 - 30 days	Past Due 31 - 60 Days 61 - 90 Days + 90 Days			Total Past Due
All Receivables:					
Gross Balances	10 061 093	8 317 573	4 562 506	310 634 057	333 575 230
Less: Provision for Impairment	9 184 079	8 034 132	4 292 547	303 553 221	325 063 979
Net Balances	877 014	283 442	269 958	7 080 837	8 511 251

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	783 301	751 691	138 771	11 221 175	12 894 939
Less: Provision for Impairment	294 136	282 266	52 110	4 213 639	4 842 150
Net Balances	489 165	469 425	86 661	7 007 537	8 052 789
Refuse:					
Gross Balances	2 829 359	2 255 851	1 123 926	70 004 431	76 213 567
Less: Provision for Impairment	2 731 905	2 178 151	1 085 214	67 593 200	73 588 469
Net Balances	97 454	77 700	38 712	2 411 231	2 625 098
Sewerage:					
Gross Balances	4 649 761	3 749 797	1 885 430	117 478 675	127 763 664
Less: Provision for Impairment	4 453 125	3 591 220	1 805 696	112 510 556	122 360 598
Net Balances	196 636	158 577	79 734	4 968 119	5 403 066
Property Rental:					
Gross Balances	118 245	97 405	26 245	5 282 438	5 524 333
Less: Provision for Impairment	111 588	91 921	24 768	4 985 029	5 213 305
Net Balances	6 657	5 484	1 478	297 409	311 028
Water:					
Gross Balances	657 737	2 183 475	356 229	93 337 156	96 534 597
Less: Provision for Impairment	638 273	2 119 126	345 688	90 575 108	93 678 195
Net Balances	19 464	64 349	10 542	2 762 047	2 856 402
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 R19 793 957 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	9 583 978	9 038 219	3 530 602	297 323 875	319 476 674
Less: Provision for Impairment	8 229 027	8 262 683	3 313 475	279 877 532	299 682 717
Net Balances	1 354 951	775 536	217 127	17 446 343	19 793 957

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2024				
0 - 30 days	7 832 423	1 454 470	228 627	9 515 519
<u>Past Due:</u>				
31 - 60 Days	7 293 069	816 292	208 211	8 317 573
61 - 90 Days	3 408 880	1 060 347	93 278	4 562 506
+ 90 Days	296 348 974	8 110 753	6 174 330	310 634 057
Sub-total	314 883 346	11 441 862	6 704 447	333 029 656
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	314 883 346	11 441 862	6 704 447	333 029 656

	Household & Other R	Industrial/ & Commercial R	National and Provincial Government R	Total R
As at 30 June 2023				
<u>Current:</u>				
0 - 30 days	7 267 824	1 544 462	226 118	9 038 404
<u>Past Due:</u>				
31 - 60 Days	7 613 069	679 726	755 299	9 048 095
61 - 90 Days	3 141 497	304 318	84 787	3 530 602
+ 90 Days	277 980 867	8 243 453	11 099 555	297 323 875
Sub-total	296 003 257	10 771 959	12 165 760	318 940 975
Less: Provision for Impairment	290 120 698	9 562 019	-	299 682 717
Total Trade Receivables by Customer Classification	5 882 559	1 209 940	12 165 760	19 258 258

	2024 R	2023 R
3.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	299 682 717	267 228 858
Impairment Losses recognised	24 740 008	32 453 859
Balance at end of year	324 422 725	299 682 717
	0.26	0.26

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.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
3.4 Ageing of impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 Days	9 184 079	8 229 027
<u>Past Due:</u>		
31 - 60 Days	8 034 132	8 262 683
61 - 90 Days	4 292 547	3 313 475
+ 90 Days	303 553 221	279 877 532
Total	<u>325 063 979</u>	<u>299 682 717</u>

3.5 Derecognition of Financial Assets

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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Property Rates	116 034 218	98 545 356	17 488 862
Fines	1 069 984	577 144	492 840
Deposits Held and Payments made in advance	8 766 577	-	8 766 577
Total Receivables from Non-exchange Transactions	125 870 779	99 122 500	26 748 279

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Property Rates			
	101 319 037	76 459 194	24 859 843
Fines	735 008	577 144	157 864
Deposits Held and Payments made in advance	1 266 577	-	1 266 577
Total Receivables from Non-exchange Transactions	103 320 622	77 036 338	26 284 284

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 2024

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	4 179 639	3 494 014	1 682 996	100 750 212	110 106 862
Less: Provision for Impairment	3 321 573	2 776 704	1 337 483	80 066 516	87 502 275
Net Balances	858 067	717 310	345 514	20 683 696	22 604 587
Deposits Held:					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-
Fines:					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-

As at 30 June Receivables of R22 604 587 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	4 179 639	3 494 014	1 682 996	100 750 212	110 106 862
Less: Provision for Impairment	3 321 573	2 776 704	1 337 483	80 066 516	87 502 275
Net Balances	858 067	717 310	345 514	20 683 696	22 604 587

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	4 286 123	3 613 661	3 489 748	84 340 783	95 730 315
Less: Provision for Impairment	3 423 299	2 886 208	2 787 239	67 362 448	76 459 195
Net Balances	862 824	727 453	702 508	16 978 335	19 271 120
Fines:					
Gross Balances	-	-	-	735 008	735 008
Less: Provision for Impairment	-	-	-	577 144	577 144
Net Balances	-	-	-	157 864	157 864
Deposits Held:					
Gross Balances	-	-	-	1 266 577	1 266 577
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	1 266 577	1 266 577

As at 30 June Receivables of R20 695 561 were past due but not impaired. The age analysis of

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	4 286 123	3 613 661	3 489 748	86 342 368	97 731 900
Less: Provision for Impairment	3 423 299	2 886 208	2 787 239	67 939 592	77 036 339
Net Balances	862 824	727 453	702 508	18 402 776	20 695 561

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 2024				
<u>Current:</u>				
0 - 30 days	2 960 006	568 314	651 319	4 179 639
<u>Past Due:</u>				
31 - 60 Days	2 641 775	238 451	613 789	3 494 014
61 - 90 Days	1 268 263	108 314	306 419	1 682 996
+ 90 Days	71 632 720	24 347 180	4 770 312	100 750 212
Sub-total	78 502 765	25 262 259	6 341 838	110 106 862
Less: Provision for Impairment	-	-	-	-
Total Rates Debtors by Customer Classification	78 502 765	25 262 259	6 341 838	110 106 862

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Household & Other R	Industrial/ & Commercial R	National and Provincial Government R	Total R
As at 30 June 2023				
<u>Current:</u>				
0 - 30 days	3 466 057	1 810 731	931 859	6 208 647
<u>Past Due:</u>				
31 - 60 Days	2 228 194	594 431	601 183	3 423 809
61 - 90 Days	2 049 218	637 119	639 977	3 326 314
+ 90 Days	42 295 186	36 886 327	3 590 033	82 771 546
Sub-total	50 038 656	39 928 608	5 763 052	95 730 316
Less: Provision for Impairment	41 487 076	34 972 119	-	76 459 195
Total Rates Debtors by Customer Classification	8 551 579	4 956 490	5 763 052	19 271 121

	2024 R	2023 R
4.3 Reconciliation of Provision for Impairment		
Balance at beginning of year	77 036 338	69 541 116
Impairment Losses recognised	22 086 162	7 495 222
	-	-
Balance at end of year	99 122 500	77 036 338
	-0.12	

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.

5. VAT RECEIVABLE

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

Vat Receivable.	15 519 966	12 644 756
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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.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
6. CASH AND CASH EQUIVALENTS		
Current Investments	8 742 080	8 595 968
Bank Accounts	208 453	852 787
Cash on hand	(301)	4 242
Total Bank, Cash and Cash Equivalents	8 950 232	9 452 997
Bank Overdraft	(1 755 474)	(1 755 474)
Net Bank, Cash and Cash Equivalents	7 194 758	7 697 523

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	8 742 080	8 595 968
Total Current Investment Deposits	8 742 080	8 595 968

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% (2022/23: 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% (2022/23: 6.5% to 6.8%)

Standard Bank: Call account - Acc nr 54 852 911 6 - 011	99 929	225 372
Standard Bank: Call Deposit - Acc nr 54 852 911 6 - 014	104 786	38 984
First National Bank: Fixed deposit (6 months) - Acc nr 62798446160	2 423	3 637
ABSA: Fixed Deposit (365 days) - Acc nr 20 7031 7223	8 200 000	8 284 550
Standard Bank: Call account - Acc nr 048459976 - 005	4 751	12 473
Standard Bank: Call account - Acc nr 048459976 - 003	329 894	27 812
Standard Bank: Call Deposit - Acc nr 048459976 - 004	298.16	87 690
Total Deposits attributable to Commitments of the Municipality	8 742 081	8 680 519
Deposits attributable to Unspent Conditional Grants	539 360	383 495
Deposits attributable to Payables	2 721	12 473
Deposits pledged as guarantees for ESKOM	8 200 000	8 284 550
Total Deposits attributable to Commitments of the Municipality	8 742 081	8 680 519

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6.2 Bank Accounts	2024	2023
	R	R
Cash in Bank	208 453	852 787
Bank Overdraft	(1 755 474)	(1 755 474)
Total Bank Accounts	<u>(1 547 021)</u>	<u>(902 687)</u>

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	852 787	-
Cash book balance at end of year	<u>208 453</u>	<u>852 787</u>
Bank statement balance at beginning of year	-	127 465
Bank statement balance at end of year	<u>-</u>	<u>-</u>

Standard Bank - Postmasburg Branch - Primary Account: 230035868

Cash book balance at beginning of year	(1 755 474)	(1 646 553)
Cash book balance at end of year	<u>(1 755 474)</u>	<u>(1 755 474)</u>
Bank statement balance at beginning of year	-	1 080 532
Bank statement balance at end of year	<u>-</u>	<u>-</u>

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

6.3 Cash and Cash Equivalents

Cash Floats and Advances	(301)	4 242
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>(301)</u>	<u>4 242</u>

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 2024

	2024	2023
	R	R

7. OPERATING LEASE RECEIVABLES

7.1 Amounts receivable under Operating Leases

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 2024

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2024

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 2023	10 685 767	523 248 009	45 089 004	42 056 136	4 250 141	12 179 080	637 508 135
Cost	25 359 306	839 498 955	95 878 380	42 056 136	29 010 100	43 333 066	1 075 135 943
Accumulated Impairment Losses	(146 563)	(4 836 886)	(808 475)	-	-	(1 717 105)	(7 509 029)
Accumulated Depreciation:	(14 526 976)	(311 414 060)	(49 980 901)	-	(24 759 959)	(29 436 881)	(430 118 778)
Acquisition of Assets							
- Additions		45 381 391				150 270	45 531 661
- Donations	-	4 606 700				1 326 000	5 932 700
Depreciation:	(963 615)	(31 424 690)	(2 909 740)		(43 611)	(2 925 128)	(38 266 784)
Carrying value of Disposals:	(555 668)	(5 742 543)	(459 392)	(7 869)	(3 771 377)	(2 819 441)	(13 356 290)
- Cost	(1 548 312)	(11 136 145)	(1 884 794)	(7 869)	(3 771 377)	(16 512 179)	(34 860 676)
- Accumulated Depreciation	992 644	5 393 602	1 425 402			13 692 738	21 504 386
Impairment Losses	(692 133)	(1 838 432)	173 778	(1 375 917)	-	1 716 008	(2 016 696)
Carrying values at 30 June 2024	8 474 351	534 230 435	41 893 650	40 672 350	435 153	9 626 789	635 332 726
Cost	23 810 994	878 350 901	93 993 586	42 048 267	25 238 723	28 297 157	1 091 739 628
Accumulated Impairment Losses	(838 696)	(6 675 318)	(634 697)	(1 375 917)	-	(1 097)	(9 525 725)
Accumulated Depreciation:	(14 497 947)	(337 445 148)	(51 465 239)	-	(24 803 570)	(18 669 271)	(446 881 176)

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

30 June 2023

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 2022	11 702 847	518 034 100	48 793 918	42 056 136	4 978 276	9 841 186	632 880 883
Cost	25 359 306	803 549 182	95 878 380	42 056 136	29 010 100	36 606 311	1 032 459 415
Accumulated Impairment Losses	(146 563)	(4 836 886)	(808 475)	-	-	(1 717 105)	(7 509 029)
Accumulated Depreciation:	(13 509 896)	(280 678 196)	(47 084 462)	-	(24 031 824)	(26 765 125)	(392 069 503)
Acquisition of Assets							
- Additions	-	19 391 449	-	-	-	-	19 391 449
- Donated assets	-	16 558 324	-	-	-	6 726 755	23 285 079
Depreciation:	(1 017 080)	(30 735 864)	(2 896 439)		(728 136)	(2 671 756)	(38 049 275)
Carrying value of Disposals:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
Carrying values at 30 June 2023	10 685 767	523 248 009	45 089 004	42 056 136	4 250 141	12 179 080	637 508 135
Cost	25 359 306	839 498 955	95 878 380	42 056 136	29 010 100	43 333 066	1 075 135 943
Accumulated Impairment Losses	(146 563)	(4 836 886)	(808 475)	-	-	(1 717 105)	(7 509 029)
Accumulated Depreciation:	(14 526 976)	(311 414 060)	(49 980 901)	-	(24 759 959)	(29 436 881)	(430 118 778)

Acquisition of Property, Plant and Equipment include Assets to the amount of R5 932 700 (2023: R23 285 078) donated to the municipality as indicated below (Refer to Note 52):

Donor	Description of Project	2024	2023
Assmang Iron Ore (Beeshoek)	Construction of New Roads: paved	4 606 700	13 320 090
Kolomela Mine	Fleet vehicle: Transport assets	-	4 080 358
Kolomela Mine	Machinery and Equipment	-	2 646 396
Kolomela Mine	Water Supply Infrastructure: Jojo Tanks	-	247 511
Assmang Iron Ore (Beeshoek)	Installation of Solar Lights in Postmasburg	-	2 990 723
Assmang Iron Ore (Beeshoek)	13000L Honeysucker Truck	1 326 000	-
Total for Donated Assets		5 932 700	23 285 078

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 2024

	2024 R	2023 R
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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 2024		
Opening Balance	87 802 317	87 802 317
Additions/Capital Expenditure	32 296 944	32 296 944
Transferred to Completed Items	(53 759 468)	(53 759 468)
	<u>66 339 793</u>	<u>66 339 793</u>
Reconciliation of Work-in-Progress 2023		
Opening Balance	60 128 597	60 128 597
Additions/Capital Expenditure	38 609 905	38 609 905
Transferred to Completed Items	(10 936 185)	(10 936 185)
	<u>87 802 317</u>	<u>87 802 317</u>

The work in progress has been restated to reflect the correct movement under infrastructure assets, not prior year errors and has not adjusted to any balance.

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 snags.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

9. INTANGIBLE ASSETS

	2024 R	2023 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>33 343</u>	<u>589 700</u>

The movement in Intangible Assets is reconciled as follows:

	Software Purchased	Total
Carrying values at 01 July 2023	589 698	589 698
Cost	3 944 547	3 944 547
Accumulated Amortisation	(3 354 849)	(3 354 849)
Acquisitions:	-	-
Purchased	-	-
Amortisation:	(554 994)	(554 994)
Disposals:	(1 362)	(1 362)
At Cost	(2 156 583)	(2 156 583)
At Accumulated Amortisation	2 155 221	2 155 221
Carrying values at 30 June 2024	33 342	33 342
Cost	1 787 964	1 787 964
Accumulated Amortisation	(1 754 622)	(1 754 622)
	Software Purchased	Total
Carrying values at 01 July 2022	1 173 372	1 173 372
Cost	3 944 547	3 944 547
Accumulated Amortisation	(2 771 175)	(2 771 175)
Acquisitions:	-	-
Amortisation:	(583 674)	(583 674)
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2023	589 698	589 698
Cost	3 944 547	3 944 547
Accumulated Amortisation	(3 354 849)	(3 354 849)

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.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
10. INVESTMENT PROPERTY		
At Fair Value	<u>65 977 884</u>	<u>74 946 260</u>
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	74 946 260	54 496 394
Fair Value	77 921 879	60 689 522
Accumulated Impairment Losses	(2 975 619)	(3 217 510)
Impairment Losses during the Year	(9 295 000)	241 891
Fair Value Adjustments	326 623	17 232 357
Disposals during the Year:	-	-
At Fair Value	-	-
Transfers to Inventory Land	-	-
Carrying values at 30 June	65 977 884	74 946 260
Fair Value	78 248 502	77 921 879
Accumulated Impairment	(12 270 618)	(2 975 619)

Reason for Impairment

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 boundaries within the current reporting period.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11. HERITAGE ASSETS

30 June 2024

Reconciliation of Carrying Value

	Sculptures and Monuments	Municipal Jewellery	Total
	R	R	R
Carrying values at 01 July 2023	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-
Acquisitions	-	-	-
Carrying values at 30 June 2024	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-

30 June 2023

Reconciliation of Carrying Value

	Sculptures and Monuments	Municipal Jewellery	Total
	R	R	R
Carrying values at 01 July 2022	319 675	75 000	394 675
Cost	319 675	75 000	394 675
Accumulated Impairment Losses	-	-	-
Acquisitions	-	-	-
Carrying values at 30 June 2023	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 2024

	2024 R	2023 R
12. CONSUMER DEPOSITS		
Water & Electricity	2 478 468	2 486 494
Other Deposits	606 144	966 539
Total Consumer Deposits	3 084 612	3 453 033

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):	1 564 000	1 662 000
Post-retirement Medical Aid Benefits Liability	716 000	817 000
Long-term Service Liability	848 000	845 000
Total Provisions	1 564 000	1 662 000

14. PAYABLES FROM EXCHANGE TRANSACTIONS

Advance Payments - Consumer debtors with credit balances	23 418 024	21 940 304
Bonus	2 321 786	2 225 970
Leave Accrual	8 798 162	8 257 604
Department of Community Safety & Transport Management - Licence fees	-	22 482 004
Other Payables	47 663 823	27 315 950
- Control, Clearing and Interface Accounts	16 253 795	2 599 479
- Unallocated Deposits	31 410 028	24 716 471
Retentions	9 915 438	3 318 226
Trade Creditors	467 709 901	378 025 162
Auditor-General of South Africa	7 930 031	-
Bulk Water	122 038 850	3 352 470
Electricity Bulk Purchase	(157 199 559)	33 121 249
Payables and Accruals	494 940 579	341 551 443
Total Payables	559 827 134	463 565 220

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 2024

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.

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

15.1 Conditional Grants from Government

Departmental Agencies and Accounts
National Government
Private Enterprises

	2024 R	2023 R
	8 104 058	6 299 717
	1 321	31 494
	7 691 017	5 856 503
	411 720	411 720
Total Conditional Grants and Receipts	8 104 058	6 299 717

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

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

Finance Lease Liability

	7 643 255
-	7 643 255

Less: Current Portion transferred to Current Liabilities:-

Finance Lease Liability

-	(7 643 255)
-	(7 643 255)

Non-Current Portion of Long-term Liabilities

-	-
---	---

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 2024

16.2 Obligations under Borrowings

Finance Leases relate to Property, Plant and Equipment with lease terms not more than XX years (2023: 5 years). The effective interest rate on Finance Leases is between XX% and XX% (2023: 24% 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	
	2024 R	2023 R	2024 R	2023 R
Amounts payable under borrowings:				
Within one year	-	7 643 255	-	7 643 255
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	-	-	-
	<u>-</u>	<u>7 643 255</u>	<u>-</u>	<u>7 643 255</u>
Less: Future Finance Obligations	-	-		
Present Value of Minimum Lease Obligations	<u>-</u>	<u>7 643 255</u>	<u>-</u>	<u>7 643 255</u>
Less: Amounts due for settlement within 12 months (Current Portion)			-	(7 643 255)
Borrowings due for settlement after 12 months (Non-current Portion)			<u>-</u>	<u>-</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
- Average monthly instalment			
(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 2024

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

Post-retirement Health Care Benefits Liability
Long Service Awards Liability

Non-Current Portion of Employee Benefit Liabilities

	2024	2023
	R	R
	21 408 000	19 625 000
	16 987 000	15 580 000
	4 421 000	4 045 000
	(1 564 000)	(1 662 000)
	(716 000)	(817 000)
	(848 000)	(845 000)
	16 271 000	14 763 000
	3 573 000	3 200 000
	19 844 000	17 963 000

The municipality does not provide any other post-retirement or long service benefits beyond these.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17.2.1 Post-retirement Health Care Benefits Liability

Opening balance	15 580 000	13 716 000
Interest cost	1 889 000	1 571 000
Current service cost	822 000	492 000
Actual employer benefit payments	(716 000)	(760 000)
Actuarial loss/ (gain) recognised in the year	(588 000)	561 000
Balance at end of Year	<u>16 987 000</u>	<u>15 580 000</u>
Transfer to Current Provisions	716 000	817 000
Total Post-retirement Health Care Benefits Liability	<u>16 271 000</u>	<u>14 763 000</u>

2024
R

2023
R

Characteristics of the Defined Benefit Plan

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.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2024 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.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	90	85
In-service Non-members (Employees)	139	-
Continuation Members (Retirees, widowers and orphans)	17	18
Total Members	<u>246</u>	<u>103</u>

The liability in respect of past service has been estimated as follows:

In-service Members	8 609 000	6 785 000
In-service Non-members	2 236 000	1 803 000
Continuation Members	6 142 000	6 992 000
Total Liability	<u>16 987 000</u>	<u>15 580 000</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2024 is estimated to be R822 000, whereas the cost for the ensuing year is estimated to be R 822,000 (30 June 2022: R 492 000).

The contributions expected to be paid to the plan during the annual period beginning after the reporting date (i.e. for the 2024 financial year): R 817,000.

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

Discount Rate	12.44%
Health care cost inflation rate	8.05%
Net Effective Discount Rate	4.06%
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

	2024	2023
	R	R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	1 798 000	(66 000)
Service Cost:		
Current Service Cost	822 000	492 000
Interest cost	1 889 000	1 571 000
Payments from the Defined Benefit:		
Payment of Benefits	(716 000)	(760 000)
Total Recognised Benefit Liability	<u>3 311 000</u>	<u>1 798 000</u>

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

Present value of fund obligations	3 311 000	1 798 000
Fair value of plan assets	-	-
Total Benefit Liability	<u>3 311 000</u>	<u>1 798 000</u>

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

Current service cost	1 889 000	1 571 000
Interest cost	822 000	492 000
Actuarial losses / (gains)	(588 000)	561 000
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	<u>2 123 000</u>	<u>2 624 000</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The history of present values are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	16 987 000	1 798 000	13 716 000	14 536 000	11 963 000
Fair Value of Plan Assets	-	-	-	-	-
Deficit	16 987 000	1 798 000	13 716 000	14 536 000	11 963 000

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:

	2024 R	2023 R	2022 R	2021 R	2020 R
Liabilities: (Gains)/Loss	(588 000)	568 000	(1 408 000)	333 000	1 542 000

	2024 R	2023 R
Assumed rates for health care cost trends significantly impact the figures recorded in surplus or de		

Increase:

Effect on the aggregate of the current service cost and the interest cost	3 005 000	2 207 000
Effect on the defined benefit obligation	15 904 000	16 603 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	3 450 000	1 875 000
Effect on the defined benefit obligation	18 279 000	14 295 000

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

Increase:

Effect on the defined benefit obligation	15 904 000	14 704 000
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Decrease:

Effect on the defined benefit obligation	18 904 000	16 638 000
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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.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17.3 Long Service Awards Liability

Opening Balance	4 045 000	3 485 000
Interest cost	400 000	362 000
Current service cost	339 000	334 000
Actual employer benefit payments	(848 000)	(352 000)
Actuarial loss/ (gain) recognised in the year	485 000	216 000
Balance at end of Year	4 421 000	4 045 000
Transfer to Current Provisions	848 000	845 000
Total Long Service Awards Liability	3 573 000	3 200 000

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 2023 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, XXX (2023: 209) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R XXX, whereas

	2024	2023
	R	R
The principal assumptions used for the purposes of the actuarial valuations were as		
Discount Rate		11.01%
General earnings inflation rate (long-term)		6.44%
Net Effective Discount Rate		4.29%
Mortality Tables		SA 85-90
Average retirement age for active employees		62
Normal retirement age for active employees		65
Expected Rate of Salary Increase	4.00%	6.25%
	2024	2023
	R	R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	4 045 000	3 485 000
Service Cost:		
Current service cost	339 000	334 000
Interest cost	400 000	362 000
Payment of Benefits	(848 000)	(352 000)
Total Recognised Benefit Liability	4 421 000	4 045 000

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Present value of fund obligations	4 421 000	4 045 000
Fair value of plan assets	-	-
Total Benefit Liability	4 421 000	4 045 000

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

Current service cost	339 000	334 000
Interest cost	400 000	362 000
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	1 224 000	912 000

The history of present values are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	4 421 000	4 045 000	3 485 000	3 989 000	3 628 000
Deficit	4 421 000	4 045 000	3 485 000	3 989 000	3 628 000

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:

	2024 R	2023 R	2022 R	2021 R	2020 R
Liabilities: (Gains)/Loss	485 000	418 000	(477 000)	(41 000)	33 488
Assets: Gain/(Loss)	-	-	-	-	-

Increase:

Effect on the aggregate of the current service cost and the interest cost	854 000	741 000
Effect on the defined benefit obligation	4 578 000	4 251 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	739 000	654 000
Effect on the defined benefit obligation	4 421 000	3 855 000

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	854 000	659 000
Effect on the defined benefit obligation	4 578 000	3 891 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	739 000	736 000
Effect on the defined benefit obligation	4 421 000	4 210 000

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
18. NON-CURRENT PROVISIONS		
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	25 278 058	29 821 862
Total Non-current Provisions	<u>25 278 058</u>	<u>29 821 862</u>

The movement in Non-current Provisions are reconciled as follows:

Decommissioning of Landfill Sites

Opening Balance	29 821 892	28 257 251
Increases/(decrease) in Change in timing, amount or discount rate	(7 797 071)	(1 195 911)
Increases (Passage of Time/Discounted Rate)	3 253 267	2 760 552
Balance at end of year	<u>25 278 088</u>	<u>29 821 892</u>

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 R38 054 620 (2023: R38 054 620) 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	7 080 666
Boichoko Landfill	2025/26	30 973 954	30 973 954
		<u>38 054 620</u>	<u>38 054 620</u>

Key financial assumptions used in this calculation were as follows:

	Jenn Haven Landfill	Boichoko Landfill
CPI adjustment	6.1716%	6.1716%
Government Bond Rate used to determine the Present Value of the Formal Closure application process.	11.4216%	10.6716%
Net effective discount rate	5%	4.50%
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 2024

	2024 R	2023 R
19. ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	194 696 463	348 746 905
Total Accumulated Surplus	<u><u>194 696 463</u></u>	<u><u>348 746 905</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 2024

	2024 R	2023 R
20. PROPERTY RATES		
	Property Valuation as 30/06/2024 R	Property Valuation as 30/06/2023 R
Church	82 947 100	82 947 100
Commercial	3 045 710 500	3 045 710 500
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>12 176 832 400</u>	<u>12 176 832 400</u>

	Actual Levies	
	2024 R	2023 R
Property Rates:		
Business and Commercial Properties	8 183 964	7 993 589
Vacant Land	233 340	-
Farm Properties	2 118 309	2 299 078
Industrial Properties	7 026 590	1 672 015
Mining Properties	-	5 223 975
Municipal Properties	2 843 871	1 989 240
Residential Properties	15 009 447	14 681 391
State-owned Properties	-	816 832
Total Property Rates	<u>35 415 521</u>	<u>34 676 120</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	0.006315	0.006192
Commercial	0.010755	0.010544
Industrial	0.010755	0.010544
Mines	0.060245	0.059064
Municipal	0.006315	0.006192
Agriculture	0.000431	0.000423
Residential	0.006315	0.006192
Small holdings and farms	0.006315	0.006192
State	0.006315	0.006192

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 2024

	2024 R	2023 R
21. FINES, PENALTIES AND FORFEITS		
Traffic Fines	79 250	236 878
Municipal	79 250	236 878
Other Fines	352 798	100 212
Illegal Connections	351 333	100 000
Overdue Books Fine	1 465	212
Total Fines, Penalties and Forfeits	432 048	337 090
22. LICENCES AND PERMITS		
	Non-Exchange Transactions 2024 R	Non-Exchange Transactions 2023 R
Road and Transport	923 110	1 103 991
Motor Vehicle Licence	923 110	1 103 991
Total Licences and Permits	923 110	1 103 991
	Exchange Transactions 2024 R	Exchange Transactions 2023 R
Road and Transport	2 040	960
Licence Inspectors	2 040	960
Total Licences and Permits	2 040	960

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

23. TRANSFERS AND SUBSIDIES RECEIVED

Departmental Agencies and Accounts

Sector Education Training Authority Grant (SETA)	171 361	75 168
Department of Arts & Culture (Library Grant)	1 356 000	1 300 000

National Revenue Fund

Equitable Share	55 305 900	50 270 827
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National Governments

Municipal Infrastructure Grant (MIG)	5 392 712	11 932 146
MIG Capital	4 631 276	11 328 045
MIG Operating	761 436	604 101
Financial Management Grant (FMG)	2 566 244	2 983 889
Extended Public Works Program (EPWP)	950 000	1 070 000
Regional Bulk Infrastructure Grant (RBIG)	-	-
Integrated National Electrification Programme (INEP)	4 524 908	15 996 051
Auditor general	2 152 404	
WSIG Capital	1 912 722	4 261 002

Public Corporations (Refer to note 53)

Capital	9 274 260	29 056 481
Operating	2 152 404	-

Total Government Grants and Subsidies

85 758 915	116 945 564
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23.1 Reconciliation per Grant Source

2024
R

2023
R

23.1.1 Provincial Treasury

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to Revenue	-	-
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	4 003 949	530 808
Current year receipts	5 000 000	20 000 000
Conditions met - transferred to Revenue	(4 524 908)	(15 996 051)
Other Adjustments/Refunds	(4 003 949)	(530 808)
Conditions still to be met - transferred to Current Liabilities (see Note 15)	475 092	4 003 949

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of infrastructure and rehabilitation of electricity infrastructure. Funds have been withheld during the 2022/23 financial year due to the non-spending of funds as at 30 June 2022.

23.1.3 National Revenue Fund - Equitable Share

Current year receipts	55 305 900	50 270 827
Conditions met - transferred to Revenue	(55 305 900)	(50 270 827)
Conditions still to be met - transferred to Current Liabilities (see Note 15)	-	-

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

The allocation of equitable share has been reduced by R 12,580,827 during the 2022/23 financial year due to the non-spending of funds on the Integrated National Electrification Programme Grant and Municipal Infrastructure Grant by the municipality as at 30 June 2022, as indicated below.

23.1.4 Sishen Iron Ore Financial Support Grant

2024
R

2023
R

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)	411 323	411 323

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Balance unspent at beginning of year	-	-
Current year receipts	1 356 000	1 300 000
Conditions met - transferred to Revenue	(1 356 000)	(1 300 000)

Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>
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The grant is to be utilised for programme costs of the library and other costs as per library proposal. No funds have been withheld.

2024	2023
R	R

23.1.6 National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	67 854	12 050 019
Current year receipts	10 000 000	12 000 000
Conditions met - transferred to Revenue: Operating Expenses	(761 436)	(604 101)
Conditions met - transferred to Revenue: Capital Expenses	(4 631 276)	(11 328 045)
Other Adjustments/Refunds	(67 854)	(12 050 019)
Conditions met - transferred to Revenue: Covid19 Expenses	-	-

Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>4 607 288</u>	<u>67 854</u>
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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. Funds have been withheld during the 2022/23 financial year due to the non-spending of funds as at 30 June 2022.

23.1.7 National: Municipal Finance Management Grant (FMG)

Balance unspent at beginning of year	46 099	29 988
Current year receipts	3 100 000	3 000 000
Conditions met - transferred to Revenue	(2 566 244)	(2 983 889)
Other Adjustments/Refunds	(46 099)	-

Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>533 756</u>	<u>46 099</u>
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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	950 000	1 070 000
Conditions met - transferred to Revenue	(950 000)	(1 070 000)
Other Adjustments/Refunds	-	-

Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>-</u>	<u>-</u>
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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	1 738 998	-
Current year receipts	3 988 000	6 000 000
Conditions met - transferred to Revenue	(1 912 722)	(4 261 002)
Other Adjustments/Refunds	(1 738 998)	-

Conditions still to be met - transferred to Current Liabilities (see Note 15)	<u>2 075 278</u>	<u>1 738 998</u>
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Grant is used to develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

23.3.10 LG SETA Mandatory Grant

Balance unspent at beginning of year	31 494	-
Current year receipts	141 188	106 662
Conditions met - transferred to Revenue	(171 361)	(75 168)
Other Adjustments/Refunds	-	-

Conditions still to be met - transferred to Current Liabilities (see Note 15)	1 321	31 494
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This grant is to be utilised by the Municipality for training.

23.3.11 Regional Bulk Infrastructure Grant (RBIG)

	2024	2023
	R	R
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to Revenue	-	-
Other Adjustments/Refunds	-	-

Conditions still to be met - transferred to Current Liabilities (see Note 15)	-	-
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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	53 053 279	58 517 226
Sale of Water	2 961 263	15 174 488
Refuse Removal	16 284 139	15 201 496
Sewerage and Sanitation Charges	27 741 336	26 223 409
Total Service Charges	100 040 017	115 116 619

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.

The **prior year amount** for Service Charges has been restated. Refer to note 42 on " Correction of Error" for details of the restatements.

25. SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	129 806	105 174
Building Plan Approval	114 914	601 359
Camping Fees	3 704	-
Cemetery and Burial	44 586	49 143
Clearance Certificates	33 327	(87 042)
Entrance Fees	9 227	5 260
Photocopies and Faxes	6 453	101 240
Sale of Goods	167 653	87 518
Stone and Gravel	15 881	17 887
Valuation Services	1 462	16 326
Total Sales of Goods and Rendering of Services	527 013	896 865

26. RENTAL FROM FIXED ASSETS

Investment Property	561 533	541 401
Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets	41 890	47 216
Total Rental of Facilities and Equipment	603 423	588 617

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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
27. INTEREST EARNED		
Bank Account	12 505	7 947
Investments	1 107 618	1 127 661
	<u>1 120 123</u>	<u>1 135 608</u>
28. OPERATIONAL REVENUE		
Administrative Handling Fees	15 087	23 323
Commission	481 601	92 130
Incidental Cash Surpluses	4 174	10 959
Sale of Property	-	-
Staff Recoveries	5 589	95
Total Operational Revenue	<u>506 451</u>	<u>126 507</u>

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 2024

	2024 R	2023 R
29. EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	49 165 224	49 315 940
Long Service Awards	410 159	45 578
Bonusses	95 815	56 336
Leave Payments	829 777	1 814 743
Overtime	9 725 871	7 638 083
Allowances		
Accommodation, Travel and Incidental	205 910	121 372
Acting and Post Related Allowances	554 493	1 014 329
Bonus Allowance	3 622 435	2 386 979
Cellular and Telephone	215 450	159 485
Housing Benefits	2 911 354	2 599 793
Standby Allowance	1 685 316	1 307 155
Travel or Motor Vehicle	4 680 560	4 695 550
Social Contributions		
Bargaining Council	37 714	28 827
Group Life Insurance	57 700	59 300
Medical	3 446 534	1 852 837
Pension	8 307 146	7 519 945
Unemployment Insurance	452 338	454 133
Post-retirement Benefit		
Current Service Cost	1 644 000	826 000
Interest Cost	-	1 933 000
Actuarial Gains and Losses	-	777 000
Long Term Service Awards	678 000	15 541
Total Employee Related Costs	88 973 540	84 621 926
No advances were made to employees.		
Remuneration of Section 57 Employees:		
Remuneration of the Municipal Manager - H Mathobela		
Annual Remuneration	631 017	663 711
Car and Other Allowances	448 113	519 218
Total	1 079 130	1 182 929
Remuneration of the Chief Financial Officer - LR Coakley		
Annual Remuneration	589 027	570 588
Car and Other Allowances	400 576	459 583
Total	989 603	1 030 171
Remuneration of the Director Corporate Services - IC Nkadamang		
Annual Remuneration	770 567	835 145
Car and Other Allowances	378 885	423 818
Total	1 149 452	1 258 963

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Remuneration of the Director: Community Services - J Theys

Annual Remuneration	682 479	736 892
Car and Other Allowances	469 073	522 941
Total	1 151 552	1 259 833

Remuneration of the Director Technical services - RV Mlangeni

Annual Remuneration	-	547 908
Car and Other Allowances	-	523 191
Total	-	1 071 099

Summary of Remuneration of Section 57 Employees:

All Managers	4 369 737	5 802 995
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Total Remuneration of Section 57 Employees

4 369 737	5 802 995
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Refer to Appendix G for more detail.

30. REMUNERATION OF COUNCILLORS

	2024	2023
	R	R
Mayor	966 417	861 307
Speaker	756 771	735 748
Mayoral committee members	1 268 190	-
MPAC Chairman	362 814	-
Total for All Other Councillors	2 690 643	3 987 973

Total Councillors' Remuneration

5 750 390	5 722 840
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Subsistence and travel included under operating cost note 38.

(294 445)	137 812
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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.

31. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	42 489 881	38 047 845
Amortisation: Intangible Assets	554 994	583 674

Total Depreciation and Amortisation

43 044 873	38 631 519
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32. IMPAIRMENT LOSSES

Impairment Losses on Fixed and Current Assets	9 295 000	(241 891)
Impairment Losses on Financial Assets	46 826 170	39 949 081

Total Impairment Losses

56 121 170	39 707 190
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TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

32.1 Impairment Losses on Fixed & Current Asset

	2024	2023
	R	R
Impairment Losses		
Investment Property	9 295 000	(241 891)
	<u>9 295 000</u>	<u>(241 891)</u>

32.2 Impairment Losses on Financial Assets

Impairment Losses		
Trade and Other Receivables from Exchange Transactions	24 740 008	32 453 859
Reversal of Impairment Losses		
Trade and Other Receivables from Non-exchange Transactions	22 086 162	7 495 222
	<u>46 826 170</u>	<u>39 949 081</u>

33. FINANCE COSTS

Interest Paid	42 739 926	18 446 038
Finance Leases	-	2 093 024
Interest costs non-current Provisions	7 831 267	1 564 611
Overdue Accounts	34 908 659	14 788 403
Total Finance Costs	<u>42 739 926</u>	<u>18 446 038</u>

34. BULK PURCHASES

Electricity	49 134 907	49 957 993
Total Bulk Purchases	<u>49 134 907</u>	<u>49 957 993</u>

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 Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	R	R
35. CONTRACTED SERVICES		
Outsourced Services	3 959 640	5 649 641
Consultants and Professional Services	6 138 845	13 610 259
Contractors	6 592 106	14 721 309
Total Contracted Services	<u>16 690 591</u>	<u>33 981 209</u>
 35.1 Outsourced Services		
Administrative and Support Staff	601 688	89 236
Business and Advisory	1 457 103	962 642
Catering Services	112 974	136 912
Cleaning Services	-	393 160
Drivers Licence Cards	192 683	14 299
Personnel and Labour	1 445 405	2 146 284
Security Services	149 787	1 727 108
Sewerage Services	-	180 000
	<u>3 959 640</u>	<u>5 649 641</u>
 35.2 Consultants and Professional Services		
Business and Advisory	6 043 110	10 073 802
Legal Cost	67 005	3 536 457
	<u>6 138 845</u>	<u>13 610 259</u>
 35.3 Contractors		
Electrical	4 308	(52 047)
Fire Services	-	2 222
Maintenance of Buildings and Facilities	704 138	42 658
Maintenance of Equipment	3 046 988	7 494 919
Maintenance of Unspecified assets	2 601 177	1 378 883
Pest Control and Fumigation	115 495	-
Prepaid Electricity Vendors	-	5 450 194
Sewerage Services	120 000	404 480
	<u>6 592 106</u>	<u>14 721 309</u>
The prior year amount for Contracted Services has been restated. Refer to Note 42 on		
 36. INVENTORY CONSUMED		
Consumables	38 194	1 408 926
Materials and Supplies	9 012 575	1 855 877
Water	16 789 607	22 335 361
	<u>25 840 376</u>	<u>25 600 164</u>

The **prior year amount** for Inventory Consumed 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 2024

37. OPERATING LEASES	2024 R	2023 R
Community Assets	604 456	233 988
Furniture and Office Equipment	299 688	1 841 193
Infrastructure	2 448 803	333 794
Machinery and Equipment	6 192 852	2 195 700
Other Assets	393 761	479 544
Transport Assets	2 535 679	2 819 017
Machinery, vehicles and equipment	12 475 239	7 903 236

The **prior year amount** for Operating Leases has been restated to account for prior year transactions captured in the 2022/23 financial year. Refer to Note 42 on "Correction of errors" for details of the restatement.

38. OPERATIONAL COSTS

Included in General Expenses are the following:

Advertising, Publicity and Marketing	323 107	267 602
Bank Charges, Facility and Card Fees	513 802	532 721
Bargaining Council	239	-
Commission	3 589 387	1 055 594
Communication	547 785	345 014
Entertainment	32 107	42 380
External Audit Fees	1 012 319	552 609
Indigent Relief	1 018 087	177 620
External Computer Service	85 296	-
Fines and Penalties	99 538	-
Insurance Underwriting	1 409 099	796 410
Licences	1 781 394	2 635 741
Management Fee	1 676 846	-
Municipal Services	-	54 737
Printing, Publications and Books	9 407	5 237
Professional Bodies, Membership and Subscription	1 047 714	1 416 055
Registration Fees	233 560	397 252
Remuneration to Ward Committees	383 000	-
Samples and Specimens	305 448	202 421
Skills Development Fund Levy	749 334	719 112
System Access and Information Fees	-	1 439
Travel and Subsistence	708 383	524 733
Uniform and Protective Clothing	33 748	-
Wet Fuel	1 133 224	-
Workmen's Compensation Fund	572 142	675 862
Total Operational Costs	17 264 966	10 402 539

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 2024

39. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Fair Value adjustment Investment Property	326 624	18 092 249
Property, Plant and Equipment & Investment Property	(10 155 300)	2 037 308
Total Gains / (Losses) on Disposal of Capital Assets	<u>(9 828 676)</u>	<u>20 129 557</u>
Total Gains on Disposal of Capital Assets	<u>326 624</u>	<u>20 129 557</u>
Total Losses on Disposal of Capital Assets	<u>10 155 300</u>	<u>-</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2022		344 528 027
Correction of Error:-		
Prior Year WIP and Retention Corrections	1 775 313	
Gains/New Found Assets cost movements	5 877 473	
PY Opening balance Project Capitalisations	13 266 326	
Depreciation 2023 correction	(2 846 999)	
Movable Assets Accumulated Depreciation Correction	27 449	
IP and Land classification correction journals	(1 336 567)	
Reversal of settled liabilities - ARM (ISS.37)	11 373 222	
Rounding Errors	(183)	28 136 034
Restated Balances as at 30 June 2022		372 664 061
Correction of Error as per Vote:		
Transactions incurred for the Year 2022/23 : Previously Reported		(19 200 687)
Correction of Error:-		
Correction of Error as per Vote:		
Prior Year WIP and Retention Corrections		
Adjustment for interest on investment incorrectly recorded in Prior Year	(84 550)	
Adjustment of Gains on Other Operations in error and corrected in Retained Earnings	(859 892)	
Restatement of prior year depreciation on Infrastructure assets as per current year asset register including depreciation on wip transferred to Infrastructure assets.	(830 152)	
Correction of Service Charges raised in 2023 financial year	(2 824 202)	
Correction of inventory consumed raised in 2023 financial year	(146 410)	
Correction of Trade Payables for operating expenses captured in 2023 financial year	(117 520)	
Correction of Trade Payables for operating leases captured in 2023 financial year	(95 634)	
Rounding Errors	-	(4 958 360)
Restated Balances as at 30 June 2023		348 505 014

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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

42.2 Reclassification of Revenue

The effect of the Correction of Error is as follows:

	Prior Year 2021/22 Audited	Reclassification	Reclassified Amount	Correction of Error	Restated Amount 2021/22
Property Rates	34 676 118	-	34 676 118	2	34 676 120
Fines, Penalties and Forfeits	337 090	-	337 090	-	337 090
Licences and Permits - Non-exchange	1 103 991	-	1 103 991	-	1 103 991
Transfers and Subsidies	116 945 565	-	116 945 565	(1)	116 945 564
Licences and Permits - Exchange	960	-	960	-	960
Service Charges	115 116 619	-	115 116 619	-	115 116 619
Sales of Goods and Rendering of Services	896 867	-	896 867	(2)	896 865
Rental from Fixed Assets	588 616	-	588 616	1	588 617
Interest Earned - External Investments	1 220 157	-	1 220 157	(84 549)	1 135 608
Operational Revenue	126 507	-	126 507	-	126 507
Gains on Other Operations	20 989 449	-	20 989 449	(859 892)	20 129 557
	292 001 939	-	292 001 939	(944 441)	291 057 498

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	34 676 118	115 116 619	896 867	
Rounding Errors	0	0	(0)	
Restated Balance now reported	<u>34 676 118</u>	<u>115 116 619</u>	<u>896 867</u>	
	(1.58)	0.18	1.58	
	Gains on Disposal of PPE	Transfers and Subsidies	Rental from Fixed Assets	Operational Revenue
Balance previously reported	20 989 449	116 945 565	588 616	126 507
Rounding Errors	(0)	(0)	0	0
Restated Balance now reported	<u>20 989 449</u>	<u>116 945 565</u>	<u>588 616</u>	<u>126 507</u>
	859 891.85	0.60	(0.51)	0.31

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 2022/23 Audited	Reclassification	Reclassified Amount	Correction of Error	Restated Amount 2021/22
Employee Related Costs	84 621 927	-	84 621 927	(1)	84 621 926
Remuneration of Councillors	5 722 840	-	5 722 840	-	5 722 840
Depreciation and Amortisation	37 801 367	-	37 801 367	830 152	38 631 519
Impairment Losses	39 949 082	-	39 949 082	(241 892)	39 707 190
Finance Costs	18 446 038	-	18 446 038	-	18 446 038
Bulk Purchases	49 957 993	-	49 957 993	-	49 957 993
Contracted Services	31 157 004	-	31 157 004	2 824 205	33 981 209
Inventory Consumed	25 453 754	-	25 453 754	146 410	25 600 164
Operating Leases	7 807 602	-	7 807 602	95 634	7 903 236
Operational Costs	10 285 018	-	10 285 018	117 521	10 402 539
	311 202 625	-	311 202 625	3 772 029	314 974 654

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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	84 621 927	5 722 840	18 446 038
Rounding Errors	0	0	(0)
Restated Balance now reported	<u>84 621 927</u>	<u>5 722 840</u>	<u>18 446 038</u>
	1.34	0.11	(0.34)
	Depreciation and Amortisation	Impairment Losses	Bulk Purchases
Balance previously reported	37 801 367	39 949 082	49 957 993
Rounding Errors	0	(0)	0
Restated Balance now reported	<u>37 801 367</u>	<u>39 949 082</u>	<u>49 957 993</u>
	(830 151.70)	241 891.57	0.45
	Contracted Services	Inventory Consumed	Operational Costs
Balance previously reported	31 157 004	25 453 754	10 285 018
Rounding Errors	0	0	(0)
Restated Balance now reported	<u>31 157 004</u>	<u>25 453 754</u>	<u>10 285 018</u>
	(2 824 204.93)	(146 409.77)	(117 521.28)
		Operating Leases	Loss on Disposal of PPE
Balance previously reported		7 807 602	-
Rounding Errors		95 634	
Restated Balance now reported		<u>7 903 236</u>	<u>-</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2022/23 Audited	Reclassification	Reclassified Amount	Correction of Error	Restated Amount 2021/22
Current Assets					
Inventories	10 884 957	-	10 884 957	1	10 884 958
Receivables from Exchange Transactions	20 402 387	-	20 402 387	(2)	20 402 385
Receivables from Non-exchange Transactions	26 284 284	-	26 284 284	-	26 284 284
VAT Receivable	14 061 111	-	14 061 111	(1 416 355)	12 644 756
Cash and Cash Equivalents	9 537 547	-	9 537 547	(84 550)	9 452 997
Operating Lease Receivables	-	-	-	-	-
Non-Current Assets					
Property, Plant and Equipment	707 075 190	-	707 075 190	18 235 263	725 310 452
Intangible Assets	589 700	-	589 700	-	589 700
Investment Property	78 246 260	-	78 246 260	(3 300 000)	74 946 260
Heritage Assets	394 675	-	394 675	-	394 675
Current Liabilities					
Consumer Deposits	(3 453 033)	-	(3 453 033)	-	(3 453 033)
Payables from Exchange Transactions	(473 550 430)	-	(473 550 430)	9 985 211	(463 565 219)
Current employee benefits	(1 662 000)	-	(1 662 000)	-	(1 662 000)
Unspent Conditional Grants and Receipts	(6 299 717)	-	(6 299 717)	-	(6 299 717)
Current Portion of long term liability	(7 643 255)	-	(7 643 255)	-	(7 643 255)
Bank overdraft	(1 755 474)	-	(1 755 474)	(0)	(1 755 474)
Non-Current Liabilities					
Long-term Liabilities	-	-	-	-	-
Non-current Provisions	(29 821 862)	-	(29 821 862)	-	(29 821 862)
Employee Benefit Liabilities	(17 963 000)	-	(17 963 000)	-	(17 963 000)
Net Assets					
Accumulated Surplus / (Deficit)	(325 327 340)	-	(325 327 340)	(23 419 565)	(348 746 905)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>2</u>

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

	Inventories	Exchange Receivables	Non- exchange Receivables	VAT
Balances previously published per AFS as at 30 June 2022	9 356 267	20 557 406	18 628 314	9 172 417
Balances now published per AFS as at 30 June 2022	<u>9 356 267</u>	<u>20 557 406</u>	<u>18 628 314</u>	<u>9 172 417</u>
Transactions incurred for the Year 2022/23	1 528 690	(155 019)	7 655 970	4 888 694
Balances now published per AFS as at 30 June 2023	<u>10 884 957</u> (1)	<u>20 402 387</u> 2	<u>26 284 284</u> 0.00-	<u>14 061 111</u> 1 416 355

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	PPE	Intangible Assets	Investment Property	Heritage Assets
Balances previously published per AFS as at 30 June 2022	673 660 912	1 173 374	60 154 011	394 675
Balances now published per AFS as at 30 June 2022	<u>673 660 912</u>	<u>1 173 374</u>	<u>60 154 011</u>	<u>394 675</u>
Transactions incurred for the Year 2022/23	33 414 278	(583 674)	18 092 249	-
Balances now published per AFS as at 30 June 2023	<u>707 075 190</u> (18 235 262)	<u>589 700</u> 0.00-	<u>78 246 260</u> 3 300 000	<u>394 675</u> 0.00-
	Consumer	Exchange	Current	Unspent
Balances previously published per AFS as at 30 June 2022	(3 442 739)	(389 828 833)	(1 112 000)	(13 022 139)
Balances now published per AFS as at 30 June 2022	<u>(3 442 739)</u>	<u>(389 828 833)</u>	<u>(1 112 000)</u>	<u>(13 022 139)</u>
Transactions incurred for the Year 2022/23	(10 294)	(83 721 598)	(550 000)	6 722 422
Balances now published per AFS as at 30 June 2023	<u>(3 453 033)</u> 0.00-	<u>(473 550 431)</u> (9 985 212.12)	<u>(1 662 000)</u> 0.00-	<u>(6 299 717)</u> 0.00-
	Current portion of LT Liabilities	Non-current Provisions		
Balances previously published per AFS as at 30 June 2022	(7 935 251)	(28 257 251)		
Balances now published per AFS as at 30 June 2022	<u>(7 935 251)</u>	<u>(28 257 251)</u>		
Transactions incurred for the Year 2022/23	291 996	(1 564 611)		
Balances now published per AFS as at 30 June 2023	<u>(7 643 255)</u> 0.00-	<u>(29 821 862)</u> 0.00-		

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

	2024	2023
	R	R
43. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(144 356 446)	(23 917 156)
Adjustment for:		
Prior year appropriations	-	126 199
Correction of error (Note 41)	-	0
Depreciation and Amortisation	-	37 801 367
Impairment Losses on Property, Plant and Equipment & Investment Property	-	-
Losses / (Gains) on Disposal of Property, Plant and Equipment	-	(2 897 200)
Contribution to Post-retirement Employee Benefits - Non-current	-	(1 662 000)
Contribution to Post-retirement Employee Benefits - Current	-98 000	550 000
Provision for staff leave & bonus	-	1 583 736
Debt impairment - Provision for doubtful debts (Exchange)	24 740 008	32 453 859
Debt impairment - Provision for doubtful debts (Non-exchange - Rates)	-	7 495 223
Debt impairment - Provision for doubtful debts (Non-exchange - Fines)	-	-
Finance costs - Discounting of provision for rehabilitation of landfill site	7 831 267	1 564 611
Employee related cost - actuarial interest	-	2 759 000
Finance costs - finance leases	-	2 093 024
Fair value adjustment Investment Property	-	(18 092 249)
Employee related cost - Actuarial gains	-	777 000
Donation received from mine	-	(29 056 481)
Operating surplus before working capital changes	(111 883 171)	11 578 933
Decrease/(Increase) in Inventories	6 790 221	(1 528 691)
Decrease/(Increase) in Receivables from Exchange Transactions	-12 940 505	(32 298 840)
Decrease/(Increase) in Receivables from Non-exchange Transactions - Rates	-	(15 951 751)
Decrease/(Increase) in Receivables from Non-exchange Transactions - Fines & Other	-	800 558
Decrease/(Increase) in VAT Receivable	-2 875 210	(4 888 694)
Decrease/(Increase) in Operating Lease Receivables	-	0
Increase/(Decrease) in Consumer Deposits	-368 421	10 294
Increase/(Decrease) in Payables from Exchange Transactions	96 261 913	82 137 866
Increase/(Decrease) in Conditional Grants and Receipts	1 804 341	(6 722 422)
Cash generated by / (utilised in) Operations	(23 210 831)	33 137 253

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised Expenditure	2024 R	2023 R
Reconciliation of Unauthorised Expenditure:		
Opening balance	759 894 802	715 934 383
Unauthorised Expenditure current year	95 145 496	43 960 420
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	855 040 298	759 894 802

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

	Actual	Budget	Variance	Budgeted votes exceeded
2024:				
Vote 1: Financial Services	129 646 607	49 769 211	79 877 396	79 877 396
Vote 2: Community Services	29 621 160	29 318 136	303 024	303 024
Vote 3: Corporate Services	17 035 851	17 880 532	(844 681)	(844 681)
Vote 4: Technical Services	147 103 225	127 780 224	19 323 001	19 323 001
Vote 5: Executive and Council	7 812 109	8 638 347	(826 238)	(826 238)
Vote 6: Municipal Manager	6 866 915	6 800 076	66 839	66 839
Vote 7: Planning and Development Services	5 328 804	8 082 649	(2 753 845)	(2 753 845)
	343 414 671	248 269 175	95 145 496	95 145 496

	Actual	Budget	Variance	Budgeted votes exceeded
2023:				
Vote 1: Financial Services	84 047 558	147 662 295	(63 614 737)	-
Vote 2: Community Services	35 871 933	24 089 340	11 782 593	11 782 593
Vote 3: Corporate Services	10 427 614	6 346 838	4 080 776	4 080 776
Vote 4: Technical Services	132 666 387	108 390 719	24 275 668	24 275 668
Vote 5: Executive and Council	7 426 405	7 028 270	398 135	398 135
Vote 6: Municipal Manager	9 204 127	5 924 815	3 279 312	3 279 312
Vote 7: Planning and Development Services	2 178 064	2 034 129	143 935	143 935
	281 822 089	301 476 406	(19 654 317)	43 960 420

44.2 Fruitless and Wasteful Expenditure	2024 R	2023 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	134 917 007	114 192 029
Fruitless and Wasteful Expenditure current year	35 823 395	20 724 978
Fruitless and Wasteful Expenditure identified in current year relating to prior years	-	-
Expenditure investigated and approved by Council	-	-
To be recovered	-	-
Fruitless and Wasteful Expenditure awaiting condonement	170 740 402	134 917 007

The Fruitless and wasteful expenditure has been restated.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

44.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	80 565 288	64 128 501
Irregular Expenditure current year & previously reported	9 590 158	16 436 787
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	<u>90 155 446</u>	<u>80 565 288</u>

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - SALGA

Opening Balance	3 189 285	2 173 973
Council Subscriptions	1 022 020	1 015 312
Amount Paid - current year	(1 494 285)	-
Amount Paid - previous years	-	-

Balance Unpaid (included in Creditors)

<u>2 717 020</u>	<u>3 189 285</u>
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45.2 Audit Fees

Opening Balance	6 491 855	7 212 377
Current year Audit Fee	5 138 176	5 369 059
Amount Paid - current year	(3 700 000)	(4 000 000)
Amount Paid via credit note - previous years	(2 152 404)	(2 089 582)

Balance Unpaid (included in Creditors)

<u>5 777 627</u>	<u>6 491 855</u>
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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	1 021 968	1 058 647
Current year Payroll Deductions	13 634 449	12 793 335
Amount Paid - current year	(11 718 679)	(11 771 367)
Amount Paid - previous years	(1 021 968)	(1 058 647)

Balance Unpaid (included in Creditors)

<u>1 915 770</u>	<u>1 021 968</u>
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45.5 Pension and Medical Aid Deductions

Opening Balance	1 525 019	1 534 885
Current year Payroll Deductions and Council Contributions	-	18 689 170
Amount Paid - current year	-	(17 164 151)
Amount Paid - previous years	-	(1 534 885)

Balance Unpaid (included in Creditors)

<u>1 525 019</u>	<u>1 525 019</u>
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TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

45.6 Councillor's arrear Consumer Accounts

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

30 June 2024	Total	Outstanding up to 90 days	Outstanding more than 90 days
Mabilo OM	(2 998.9)	(2 998.9)	-
Esau D	15 043.9	3 000.1	12 043.8
Tonyane K	16 998.3	3 000.1	13 998.3
English H	(0.1)	(0.1)	-
Miennies DH	314.0	314.0	-
Lottering MM	35 673.9	3 000.1	32 673.8
Boucher J	20 876.7	3 210.4	17 666.3
Beets H	1 506.7	1 506.7	-
Sibiya G	56 211.6	3 078.9	53 132.7
Total Councillor Arrear Consumer Accounts	143 626	14 111	129 515

30 June 2023	Total	up to 90 days	more than 90 days
Mabilo OM	643	643	-
Esau D	17 341	3 248	14 092
Tonyane K	22 967	2 947	20 020
English H	(88)	(88)	-
Miennies DH	(1 707)	(1 707)	-
Lottering MM	45 242	2 947	42 295
Boucher J	80 818	3 979	76 839
Sibiya G	56 572	3 090	53 483
Total Councillor Arrear Consumer Accounts	221 788	15 059	206 729

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2024	Unaccounted Electricity Losses	4 131 364	1.9700	8 138 788
30 June 2023	Unaccounted Electricity Losses	6 034 396	1.7800	10 741 226

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.

	2024 R	2023 R
Volumes in kWh/year:		
System Input Volume	25 566 946	27 375 390
Billed Consumption	21 435 582	21 340 993
Distribution Loss	4 131 364	6 034 396
Percentage Distribution Loss	16.16%	22.04%

Water:

		Lost Units	Tariff	Value
30 June 2024	Unaccounted Water Losses	2 142 112	10.14	21 721 014
30 June 2023	Unaccounted Water Losses	1 896 611	9.19	17 429 857

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 Kl/year:

System Input Volume	2 680 315	2 548 850
Billed Consumption	538 203	652 239
Inventory water stock level	-	-
Distribution Loss	2 142 112	1 896 611
Percentage Distribution Loss	79.92%	74.41%

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
46. COMMITMENTS FOR EXPENDITURE		
46.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	22 019 767	14 710 051
Property Plant and Equipment - Infrastructure assets	22 019 767	14 710 051
This expenditure will be financed from:		
Government Grants	22 019 767	14 710 051
	22 019 767	14 710 051
Commitments for the acquisition of Property, Plant and Equipment		
46.2 Lease Commitments		
Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 16.		

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	3 396 312	8 922 582
Refuse	Amortised cost	1 722 777	2 758 465
Sewerage	Amortised cost	2 618 529	5 497 968
Other Service Charges	Amortised cost	(1 544 824)	(1 152 709)
Water	Amortised cost	3 138 804	3 813 266
Property Rental Debtors	Amortised cost	107 665	107 665
Other Debtors	Amortised cost	545 574	545 574
Control, Clearing and Interface Accounts	Amortised cost	(1 381 955)	(90 426)
Cash and Cash Equivalents			
Call Deposits	Amortised cost	8 742 080	8 595 968
Short-term Portion of Investments	Amortised cost	-	-
Bank Balances	Amortised cost	208 453	852 787
Cash Floats and Advances	Fair Value	(301)	4 242
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	3 396 312	8 922 582
Receivables from Exchange Transactions	Refuse	1 722 777	2 758 465
Receivables from Exchange Transactions	Sewerage	2 618 529	5 497 968
Receivables from Exchange Transactions	Other Service Charges	(1 544 824)	(1 152 709)
Receivables from Exchange Transactions	Water	3 138 804	3 813 266
Receivables from Exchange Transactions	Property Rental Debtors	107 665	107 665
Receivables from Exchange Transactions	Other Debtors	545 574	545 574
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	(1 381 955)	(90 426)
Cash and Cash Equivalents	Call Deposits	8 742 080	8 595 968
		17 553 415	29 851 140
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	(301)	4 242
Total Financial Assets		17 553 114	29 855 382

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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	-	-
Payables from Exchange Transactions			
Other Payables	Amortised cost	16 253 795	2 599 479
Retentions	Amortised cost	9 915 438	3 318 226
Trade Creditors	Amortised cost	467 709 901	400 507 166
Bank Overdraft	Amortised cost	1 755 474	1 755 474
Consumer Deposits	Amortised cost	3 084 612	3 453 033
Current Portion of Long-term Liabilities			
Finance Lease Liability	Amortised cost	-	7 643 255
		<u>498 719 220</u>	<u>419 276 633</u>
SUMMARY OF FINANCIAL LIABILITIES		2024	2023
		R	R
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liability	-	-
Payables from Exchange Transactions	Other Payables	16 253 795	2 599 479
Payables from Exchange Transactions	Retentions	9 915 438	3 318 226
Payables from Exchange Transactions	Trade Creditors	467 709 901	400 507 166
Bank Overdraft	Bank Overdraft	1 755 474	1 755 474
Consumer Deposits	Consumer Deposits	3 084 612	3 453 033
Current Portion of Long-term Liabilities	Finance Lease Liability	-	7 643 255
Total Financial Liabilities		<u>498 719 220</u>	<u>419 276 633</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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 2024		30 June 2023	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	17 553 415	17 553 415	29 851 140	29 851 140
Receivables from Exchange Transactions	8 602 882	8 602 882	20 402 385	20 402 385
Call Deposits	8 742 080	8 742 080	8 595 968	8 595 968
Bank Balances	208 453	208 453	852 787	852 787
Measured at Fair Value	(301)	(301)	4 242	4 242
Cash and Cash Equivalents	(301)	(301)	4 242	4 242
Total Financial Assets	17 553 114	17 553 114	29 855 382	29 855 382
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	498 719 220	498 719 220	419 276 633	419 276 633
Finance Lease Liability	-	-	-	-
Trade and Other Payables:				
-Payables from Exchange Transactions	493 879 134	493 879 134	406 424 871	406 424 871
-Current Portion of Long-term Liabilities	-	-	7 643 255	7 643 255
Consumer Deposits	3 084 612	3 084 612	3 453 033	3 453 033
Bank Overdraft	1 755 474	1 755 474	1 755 474	1 755 474
Total Financial Liabilities	498 719 220	498 719 220	419 276 633	419 276 633
Total Financial Instruments	(481 166 106)	(481 166 106)	(389 421 251)	(389 421 251)
Unrecognised Gain / (Loss)		-		-

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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2024

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	(301)	-	(301)
Total Financial Assets	<u>-</u>	<u>(301)</u>	<u>-</u>	<u>(301)</u>
Total Financial Instruments	<u>-</u>	<u>(301)</u>	<u>-</u>	<u>(301)</u>

30 June 2023

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	4 242	-	4 242
Total Financial Assets	<u>-</u>	<u>4 242</u>	<u>-</u>	<u>4 242</u>
Total Financial Instruments	<u>-</u>	<u>4 242</u>	<u>-</u>	<u>4 242</u>

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2023.

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

Gearing Ratio

	2024 R	2023 R
The gearing ratio at the year-end was as follows:		
Debt	1 755 474	9 398 729
Cash and Cash Equivalents	(8 950 232)	(9 452 997)
Net Debt	<u>(7 194 758)</u>	<u>(54 268)</u>
Equity	<u>204 390 460</u>	<u>348 746 905</u>
Net debt to equity ratio	<u>-3.52%</u>	<u>-0.02%</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.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

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.

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

	2024 R	2023 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	333 025 607	320 085 102
Bank, Cash and Cash Equivalents	7 195 059	7 693 281
Maximum Credit and Interest Risk Exposure	<u>340 220 666</u>	<u>327 778 383</u>

	2024 R	2023 R
Bank and Cash Balances		
ABSA Bank Ltd	8 408 453	9 137 337
First National Bank	2 423	3 637
Standard Bank	(1 215 816)	(1 363 143)
Total Bank and Cash Balances	<u>7 195 060</u>	<u>7 777 832</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
	#	R	R	R	R		R
30 June 2024							
Non-interest Bearing		493 879 134	493 879 134	-	-	-	-
- Payables from Exchange transactions	14	493 879 134	493 879 134	-	-	-	-
Fixed Interest Rate Instruments		-	-	-	-	-	-
- Current Portion of Long-term Liabilities	16	-	-	-	-	-	-
- Non-Current Portion of Long-term Liabilities	16	-	-	-	-	-	-
Bank Overdraft		1 755 474	877 737	877 737	-	-	-
Consumer Deposits		3 084 612	1 542 306	1 542 306	-	-	-
		498 719 220	496 299 177	2 420 043	-	-	-
30 June 2023							
Restated:							
Non-interest Bearing		406 424 871	406 424 871	-	-	-	-
- Payables from Exchange transactions	14	406 424 871	406 424 871	-	-	-	-
Fixed Interest Rate Instruments		7 643 254	3 821 627	3 821 627	-	-	-
- Current Portion of Long-term Liabilities	16	7 643 254	3 821 627	3 821 627	-	-	-
- Non-Current Portion of Long-term Liabilities	16	-	-	-	-	-	-
Bank Overdraft		1 755 474	877 737	877 737	-	-	-
Consumer Deposits		3 453 033	1 726 517	1 726 517	-	-	-
		419 276 632	412 850 752	6 425 881	-	-	-

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 2024							
Non-interest Bearing		8 602 581	8 602 581	-	-	-	-
- Trade Receivables from Exchange Transactions	3	8 602 882	8 602 882	-	-	-	-
- Cash and Cash Equivalents	6	(301)	(301)	-	-	-	-
Variable Interest Rate Instruments		8 950 533	8 950 533	-	-	-	-
- Call Deposits	6	8 742 080	8 742 080	-	-	-	-
- Bank Account	6	208 453	208 453	-	-	-	-
		17 553 114	17 553 114	-	-	-	-
30 June 2023							
Non-interest Bearing		20 406 627	20 406 627	-	-	-	-
- Trade Receivables from Exchange Transactions	3	20 402 385	20 402 385	-	-	-	-
- Cash and Cash Equivalents	6	4 242	4 242	-	-	-	-
Variable Interest Rate Instruments		9 448 755	9 448 755	-	-	-	-
- Call Deposits	6	8 595 968	8 595 968	-	-	-	-
- Bank Account	6	852 787	852 787	-	-	-	-
		29 855 382	29 855 382	-	-	-	-

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

- (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
- (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.

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.

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	Boucher	J
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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

49.2 Services rendered to Related Parties

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 2024				
Councillors	11 433	64 800	-	143 626
Municipal Manager and Section 57 Personnel	190	28 800	121 641	28 861
Municipal Entities	-	-	-	-
Total Services	11 623	93 601	121 641	172 487

Executive Mayor					
Mayor (Ward 2)	English H	824	7 200	-	-
Councillor: Proportional	Sibiya G	-	7 200	-	56 212
Councillor: Proportional	Beets HA	8 083	7 200	-	1 507
Councillor: Proportional	Esau D	-	7 200	-	15 044
Councillor: Proportional	Boucher J	2 526	7 200	-	20 877
Councillor: Proportional	Mabilo OM	-	7 200	-	-2 999
Councillor: Ward 1	Lottering MM	-	7 200	-	35 674
Councillor: Ward 5	Tonyane K	-	7 200	-	16 998
Councillor: Ward 6	Miennies DH	-	7 200	-	314

Section 57 Personnel:

Municipal Manager	Mathobela H	-	7 200	40 547	20 421
Chief Financial Officer	Coakley LR	-	7 200	40 547	7 227
Director Corporate Services	Nkadimang IC	190	7 200	-	613
Director Community Development	Theys JJ	-	7 200	40 547	600
		11 623	93 601	121 641	172 487

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Year ended 30 June 2023				
Councillors	3 440	60 128	-	122 796
Municipal Manager and Section 57 Personnel	158	31 998	121 642	30 650
Total Services	3 598	92 126	121 642	153 445

Mayor (Ward 2)	English H	805	7 073	-	-88
Councillor: Proportional	Sibiya G	158	7 073	-	56 572
Councillor: Proportional	Beets HA	-	-	-	-
Councillor: Proportional	Esau D	-	7 676	-	17 341
Councillor: Proportional	Boucher J	2 477	7 073	-	50 034
Councillor: Proportional	Mabilo OM	-	7 937	-	643
Councillor: Ward 1	Lottering MM	-	7 073	-	-
Councillor: Ward 5	Tonyane K	-	7 073	-	-
Councillor: Ward 6	Miennies DH	-	9 151	-	-1 707

Section 57 Personnel:

Municipal Manager	Mathobela H	-	7 073	40 548	11 905
Chief Financial Officer	Coakley LR	-	7 073	40 547	7 195
Director Corporate Services	Nkadimang IC	158	10 780	-	3 099
Director Community Development	Theys JJ	-	7 073	40 547	8 451
		3 598	92 126	121 642	153 445

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

2024:

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	Nkadimang IC	Nkadimang, KB	Community	Wife	366 754.08

2023:

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	Nkadimang IC	Nkadimang, KB	Community	Wife	356 938.92

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:

2024:

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	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2023:

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 Director Community Services	-
Caren Jo Couture (Pty)Ltd	Theys JJ	Community Services	Husband		-

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.

49.6 Entities under the control of management or councillors

Designation	Surname	Official Initials	Entity
Chief Financial Officer	Coakley	L	C2M Investments (Pty) Ltd
Director	Nkadamang	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	Mabulo	OM	Bopelo Jwa Ga Mabulo
Councillor	Mabulo	OM	TCF Funeral
Councillor	Mabulo	OM	Olemima (Pty) Ltd
Councillor	Mabulo	OM	Mabamosa (Pty Ltd

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

50. CONTINGENT LIABILITIES

2024
R

2023
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:

22 188 405

22 816 980

(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 9,000,000 plus cost of R 320,000.

9 320 000

9 320 000

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

1 350 000.00

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.

(iii) Lefgal fees: Application to have respondents evicted from Municipal property

The municipality is involved in litigation with various unlawul 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
JH Kotze & Other Unlawful Occupiers
PK Neelse & Other Unlawful Occupiers
IG Molema & Other Unlawful Occupiers
VM Mabale
C Phiri & Others
TP & KS Phohle
SPM Sehako

40 000

40 000

40 000

40 000

20 000

20 000

150 000

150 000

-

-

-

100 000

-

80 000

-

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
PK Neelse

40 000

40 000

40 000

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

(vi) Legal fees: Maremane Settlement

Application was issued and Municipality was requested to file a Section 4 report in terms of PIE Act on alternative accommodation for 1st to 14th Respondent

-

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:			
Kolomela Mine	Donations in Cash	-	-
Capital Contributions:	Note 8		
Assmang Iron Ore (Beeshoek)	Construction of New Roads: paved	-	3 946 475
Assmang Iron Ore (Beeshoek)	Improving Facilities of Local libraries	3 341 560	
Kolomela Mine	Roads Infrastructure: Traffic Lights	-	83 635
Kolomela Mine	Fleet vehicle: Transport assets	5 932 700	642 569
Kolomela Mine	Machinery and Equipment	-	4 080 358
Kolomela Mine	Water Supply Infrastructure: Jojo Tanks	-	247 511
Kolomela Mine	Construction of New Roads: paved	-	9 373 614
Assmang Iron Ore (Beeshoek)	Installation of Solar Lights in Postmasburg	-	2 990 721
Assmang Iron Ore (Beeshoek)	Fleet vehicle: Water truck	-	2 003 827
Assmang Iron Ore (Beeshoek)	Installation of Prepaid Water Meters	-	5 687 770
		9 274 260	29 056 481
Provincial Treasury			
		2 152 404	-
Total Donations and In-kind Assistance Received		11 426 664	29 056 481

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 2023.

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 28 June 2023 Council adopted the 2023/24 to 2025/26 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:

	2024	2023
	Ratio	Ratio
Current ratio:		
Comment	<u>11%</u>	<u>16%</u>
The current ratio increased from the previous year to the current year.		
Quick ratio:	<u>10%</u>	<u>14%</u>
Comment		
The Quick ratio increased from the previous financial year to the current year.		
Revenue management		
Debt-collection period (after impairment)	<u>58</u>	<u>58</u>
Debt-impairment provision as a percentage of accounts receivable	<u>92%</u>	<u>89%</u>
Debt ratio	<u>74%</u>	<u>60%</u>
Comment		
The debt ratio increased from the previous year to the current year.		
Other indicators:		
Net Assets position	<u>204 390 460</u>	<u>348 746 905</u>
Comment		
The Municipality entity's total assets exceed its liabilities by R XXX (2023: R 325,327,341)		
Cash flow	<u>7 194 758</u>	<u>7 697 523</u>
The Municipality entity has a positive bank balance of R XXX (2023: R 7,782,072) as at 30 June		
Amount of net cash in /(out)flows for the year from operating activities	<u>11 257 943</u>	<u>37 853 721</u>
Surplus / (Deficit)	<u>(144 356 446)</u>	<u>(23 917 156)</u>
The Municipality has a Loss of R XXX worsen from the prior financial year of R 19,200,687.		

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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

Grant income receivable in future years:	2024/25	2025/26	Total
	R	R	R
Finance Management Grant (FMG)	3 000 000	3 000 000	6 000 000
Municipal Infrastructure Grant (MIG)	16 464 450	17 077 200	33 541 650
Integrated National Electrification Grant	13 494 000	8 000 000	21 494 000
Library grant	1 417 000	1 482 182	2 899 182
Equitable Share	58 985 652	62 056 250	121 041 902
EPWP Incentive Grant	1 200 000	-	1 200 000
Water Services Infrastructure Grant (WSIG)	-	14 163 000	14 163 000
SETA	143 652	150 250	293 902
Mining Companies	3 534 468	2 936 268	6 470 736
EPWP	-	-	-
	98 239 222	108 865 150	207 104 372

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

TSANTSABANE LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 on behalf of Provincial Administration and recognise the revenue as agency fees. The cost for the production of a drivers licence card, for each successful applicant, is paid by the Municipality to the service provider appointed by Provincial Administration based on an invoice of RTMC (Road Traffic Management Company)
Principal	VETA Investments	Prepaid electricity	Tsantsabane Local Municipality requires a prepayment vending and management	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	Tsantsabane Local Municipality requires a prepayment vending and management	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 2024

Principal	Grid Control	Prepaid watervende	Tsantsabane Local Municipality requires a prepayment vending and management	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.
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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 XXX (2023: 1,103,991).

Agent Principal arrangement

Motor Vehicle registration, Drivers Licence applications & RTMC - Dept of Transport	923 110	1 103 991
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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).

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 Inzalo UMS, VETA and Grid Control.

Fee paid (Commission paid)	2024	2023
	R	R
Fees paid as compensation to the agent		
Commission paid		
VETA - prepaid electricity vendor	4 186 147	5 987 312
Inzalo UMS prepaid water vendor	590 704	474 791
GRID Control - prepaid water vendor	-	100 879
	<u>4 776 851</u>	<u>6 562 982</u>

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 2024

60. MFMA Non-Compliance For 20223-2024

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 (iii).	Complied
Sec 28(2)(b) and MBRR Sec 23(3)	Tabling of Special Adjustment Budget	2023/24 MTREF budget adjustment to account for the revised funding allocations that were made available.	Not Applicable
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 treasury; and (iii) The relevant provincial treasury.	Complied
Sec 71 Reports	Montly Budget Statements (Sec Reports) 2023/24	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.	Non-Complied
Section 65(2)(e) of the MFMA.	30 days of invoice settlement	Municipalities are required to pay all suppliers within 30days of invoice as per section 65(2)(e) of the MFMA	Non-Complied

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 assessment

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 2024

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	35 415 520	-	-	-	-	1	35 415 521
Fines, Penalties and Forfeits	352 798	-	-	-	-	79 250	432 048
Licences and Permits	-	-	-	-	-	923 110	923 110
Transfers and Subsidies	77 062 514	4 631 276	-	-	1 912 722	-	83 606 512
Revenue from Exchange Transactions							
Licences and Permits	-	-	-	-	-	2 040	2 040
Service Charges	-	53 053 279	16 284 139	27 741 336	2 961 263	-	100 040 017
Sales of Goods and Rendering of Services	136 259	-	-	-	14 550	376 204	527 013
Rental from Fixed Assets	603 423	-	-	-	-	-	603 423
Interest, Dividends and Rent on Land Earned	1 120 123	-	-	-	-	-	1 120 123
Operational Revenue	506 451	-	-	-	-	-	506 451
Gains on Disposal of Property, Plant and Equip	326 624	-	-	-	-	-	326 624
Total Revenue	115 523 712	57 684 555	16 284 139	27 741 336	4 888 535	1 380 605	223 502 882
EXPENDITURE							
Employee Related Costs	20 646 743	8 458 128	7 273 582	7 524 164	3 542 027	41 528 896	88 973 540
Remuneration of Councillors	-	-	-	-	-	5 750 390	5 750 390
Depreciation and Amortisation	40 425 387	-	-	-	2 619 486	-	43 044 873
Impairment Losses	23 382 786	1 233 868	-	43 420 296	(10 619 156)	(1 296 624)	56 121 170
Interest, Dividends and Rent on Land	42 739 926	-	-	-	-	-	42 739 926
Bulk Purchases	-	49 134 907	-	-	-	-	49 134 907
Contracted Services	10 993 028	1 897 744	(1 102)	706 441	1 218 574	1 875 906	16 690 591
Inventory Consumed	9 050 769	631 922	-	7 850 224	16 789 607	(8 482 146)	25 840 376
Operating Leases	12 475 239	393 761	-	2 199 824	2 448 803	(5 042 388)	12 475 239
Operational Costs	9 229 026	313 995	96 899	132 221	2 150 119	5 342 707	17 264 966
Loss on Disposal of Property, Plant and Equipm	-	-	-	-	-	10 155 300	10 155 300
Total Expenditure	168 942 904	62 064 325	7 369 379	61 833 169	18 149 460	49 706 090	368 065 328
Surplus/(Deficit) for the Year	(53 419 192)	(4 379 770)	8 914 760	(34 091 833)	(13 260 925)	(48 325 485)	(144 562 446)

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

Year Ended 30 June 2023

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	29 452 144	5 223 975	-	-	-	-	34 676 119
Fines, Penalties and Forfeits	100 212	-	-	-	-	236 878	337 090
Licences and Permits	1 103 991	-	-	-	-	-	1 103 991
Transfers and Subsidies	54 399 884	15 996 051			4 261 002	42 288 627	116 945 564
Revenue from Exchange Transactions	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	960	960
Service Charges	-	58 517 226	15 201 496	26 223 409	15 174 488	-	115 116 619
Sales of Goods and Rendering of Services	220 503	-	-	-	12 162	664 201	896 866
Rental from Fixed Assets	588 616	-	-	-	-	-	588 616
Interest, Dividends and Rent on Land Earned	1 135 608	-	-	-	-	-	1 135 608
Operational Revenue	126 507	-	-	-	-	-	126 507
Gains on Disposal of PPE	20 129 557	-	-	-	-	-	20 129 557
Total Revenue	107 257 022	79 737 252	15 201 496	26 223 409	19 447 652	43 190 666	291 057 497
EXPENDITURE							
Employee Related Costs	19 636 930	8 044 449	6 917 838	7 156 164	3 368 790	39 497 756	84 621 927
Remuneration of Councillors	-	-	-	-	-	5 722 840	5 722 840
Depreciation and Amortisation	38 631 519	-	-	-	-	-	38 631 519
Impairment Losses	7 495 223	(152 202)	-	29 198 844	3 407 217	(241 892)	39 707 190
Interest, Dividends and Rent on Land	18 446 038			-			18 446 038
Bulk Purchases	-	49 957 993	-	-	-	-	49 957 993
Contracted Services	22 381 254	3 863 711	(2 244)	1 438 278	2 480 956	3 819 251	33 981 206
Inventory Consumed	1 915 441	1 201 145	-	94 008	22 335 361	54 209	25 600 164
Operating Leases	6 902 369	-	-	-	333 794	667 073	7 903 236
Operational Costs	5 560 701	189 189	58 384	79 666	1 295 496	3 219 104	10 402 540
Total Expenditure	120 969 475	63 104 285	6 973 978	37 966 960	33 221 614	52 738 341	314 974 653
Surplus/(Deficit) for the Year	(13 712 453)	16 632 967	8 227 518	(11 743 551)	(13 773 962.00)	(9 547 675.00)	(23 917 156)

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 2024

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2023	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2024
	R				R	R	R	R
CAPITAL LEASE LIABILITIES								
VETA investments (smart meters)	14 168 685	24.00%		Not fixed	7 218 652	-	7 218 652	-
Solutions Pro (Pty) Ltd t/a Nashua Vryburg	2 497 293	35.87%	713273	October 2023	424 603	-	424 603	-
Total Capital Lease Liabilities	26 092 398				7 643 255	-	7 643 255	-
TOTAL EXTERNAL LOANS	26 092 398				7 643 255	-	7 643 255	-

APPENDIX B
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				Total Receipts	Quarterly Expenditure				Total Expenses	Net Grant	Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June		Sept	Dec	March	June			Sept	Dec	March	June			
Equitable Share	Nat Treasury	23 044 000	18 434 900	13 827 000	-	55 305 900	23 044 000	18 434 900	13 827 000	-	55 305 900	0	-	5 856 900	-	-	Unsuccessful Rollover Applications	Yes	N/A
FMG	Nat Treasury	3 100 000	-	-	-	3 100 000	890 767	877 899	672 578	125 000	2 566 244	533 756	-	-	-	-	N/A	Yes	N/A
MIG	COGTA	5 000 000	-	5 000 000	-	10 000 000	140 571	324 726	1 560 763	3 366 652	5 392 711	4 607 289	-	-	-	-	N/A	Yes	N/A
INEP	DMRE	400 000	600 000	500 000	3 500 000	5 000 000	-	1 524 307	389 631	2 610 971	4 524 908	475 092	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	Province	238 000	-	712 000	-	950 000	381 877	568 123	-	-	950 000	0	-	-	-	-	N/A	Yes	N/A
LG SETA Mandatory Grant	Province	11 306	53 934	38 400	37 548	141 188	59 698	13 459	63 345	34 858	171 361	-30 173	-	-	-	-	N/A	Yes	N/A
Library	Province	678 000	-	678 000	-	1 356 000	339 000	339 000	339 000	339 000	1 356 000	0	-	-	-	-	N/A	Yes	N/A
WSIG	DWS	3 988 000	-	-	-	3 988 000	-	1 558 723	353 999	-	1 912 722	2 075 278	-	-	-	-	N/A	Yes	N/A
RBIG	DWS	-	-	-	-	-	-	-	-	-	0	0	-	-	-	-	N/A	Yes	N/A
PT Audit Fee	Province	-	-	2 152 404	-	2 152 404	-	2 152 404	-	-	2 152 404	0	-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		36 459 306	19 088 834	22 907 804	3 537 548	81 993 492	24 855 912	23 641 138	19 358 720	6 476 481	74 332 251	7 661 241	-	5 856 900	-	-			

Appendix C
TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Other Allowance	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to UIF, SDL, Medical	Acting Allowances	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R
Mayor										
AH English (Ward 2)	710 206	4 489		207 322	44 400					966 417
Councillors										
Lottering MJ (Ward 1)	285 559	7 548		88 220	44 400					425 727
Devajee R (Ward 3)	277 182	1 588		85 632	44 400					408 802
Keoremetswe G (Ward 4)	215 986	12 154		66 726	44 400					339 266
Tonyane G (Ward 5)	215 986	7 543		66 726	44 400					334 655
Miennies D (Ward 6)	285 559	6 105		88 220	44 400					424 284
Teise L (Ward 7) - Speaker	523 580	22 933		165 858	44 400					756 771
OM Mabilo (Proportional)	215 986	-		66 726	44 400					327 112
HA Beets (Proportional)	285 559	-		88 220	44 400					418 179
AJ Ruiters (Proportional)	215 986	-		66 726	44 400					327 112
M Van Zyl (Proportional)	215 986	-		66 726	44 400					327 112
D Esau (Proportional)	215 986	-		66 726	44 400					327 112
GE Sibiya (Proportional)	215 986	8 062		66 726	44 400					335 174
JC Boucher (Proportional)	215 986	-		66 726	44 400					327 112
Total for Councillors	4 095 533	70 422	-	1 257 280	621 600	-	-	-	-	6 044 835
Municipal Manager										
H Mathobela	631 017	26 537		295 557	27 500	98 519			-	1 079 130
Chief Financial Officer										
LR Coakley	589 027	26 432		263 508	22 800	87 836			-	989 603
Director: Corporate Services										
IC Nkadamang	770 567	3 732		330 331	22 800	22 022				1 149 452
Director: Community Services										
JJ Theys	682 479	2 445		418 420	22 800	24 563		845	-	1 151 552
	2 673 090	59 146	-	1 307 816	95 900	232 940	-	845	-	4 369 737
Total for Management	6 768 623	129 568	-	2 565 096	717 500	232 940	-	845	-	10 414 572

Appendix C
TSANTSABANE LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2023

Incumbent	Basic Salaries	Other Allowance	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to UIF, SDL, Medical and Pension	Acting Allowances	Any Other Benefits	Total Remuneration
Mayor	R	R	R	R	R	R	R	R	R	R
AH Enlish (Ward 2)	604 550	10 841		201 516	44 400					861 307
Councillors										
Lottering MJ (Ward 1)	293 400	18 205		97 800	44 400	-			-	453 805
Devajee R (Ward 3)	279 856	16 226		99 868	44 400	-			-	440 350
Keoremetswe G (Ward 4)	205 030	1 588		65 367	44 400	-			-	316 385
Tonyane G (Ward 5)	202 479	10 075		65 367	44 400	-			-	322 321
Miennies D (Ward 6)	293 400	19 839		97 800	44 400	-			-	455 439
Teise L (Ward 7) - Speaker	483 640	46 495		161 213	44 400	-			-	735 748
OM Mabilo (Proportional)	208 564	2 779		65 527	44 400	-			-	321 270
HA Beets (Proportional)	295 951	5 658		97 800	44 400	-			-	443 809
AJ Ruiters (Proportional)	205 030	3 875		65 367	44 400	-			-	318 672
M Van Zyl (Proportional)	120 371	916		37 998	25 900	-			-	185 185
D Esau (Proportional)	205 030	-		65 367	44 400	-			-	314 797
GE Sibiya (Proportional)	202 479	1 313		65 367	44 400	-			-	313 559
JC Boucher (Proportional)	65 686	-		21 895	14 800	-			-	102 381
Total for Councillors	3 665 466	137 810	-	1 208 252	573 500	-	-	-	-	5 585 028
Municipal Manager										
H Mathobela	663 711	41 349		256 003	22 500	28 445			170 921	1 182 929
Chief Financial Officer										
LR Coakley	570 588	56 391		285 294	22 800	95 098			-	1 030 171
Director: Corporate Services										
IC Nkadamang	835 145	8 009		368 446	22 800	24 563			-	1 258 963
Director: Technical Services										
RV Mlangeni	547 908	23 405		273 954	22 800	91 320			111 712	1 071 099
Director: Community Services										
JJ Theyes	736 892	6 344		466 700	22 800	24 563		2 534	-	1 259 833
Total for Senior Managers	3 354 244	135 498	-	1 650 397	113 700	263 989	-	2 534	282 633	5 802 995
Total for Management	7 019 710	273 308	-	2 858 649	687 200	263 989	-	2 534	282 633	11 388 023