



City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements
for the year ended 30 June 2024

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities	The principal activities of the City of Tshwane Metropolitan Municipality are to: <ul style="list-style-type: none">• Provide democratic and accountable government to the local communities;• Ensure sustainable services delivery to communities;• Promote social and economic development;• Provide local communities equitable access to the municipal services;• Promote and undertake development in the municipality;• Promote a safe and healthy environment; and• Encourage the involvement of communities in local government affairs.
Grading of local authority	Category A Grade 10 urban municipality (demarcation code - TSH)
Chief Financial Officer	Gareth Mnisi
Accounting Officer	Johann Mettler
Registered office	Tshwane House 320 Madiba street Pretoria 0002
Postal address	PO Box 408 Pretoria 0001
Bankers	ABSA
Auditors	Auditor General South Africa (AGSA) Registered Auditors
Legislation governing the Municipality's operations	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Housing Act (Act 107 of 1997) Constitution of the Republic of South Africa, 1996 Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 3 of 2016)
Entities to be consolidated at year end	Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements Housing Company Tshwane NPC (Registration nr 2001/029821/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2 006/019396/07)

City of Tshwane Metropolitan Municipality

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General Information

Mayoral committee

Executive Mayor	CLlr Cilliers Brink
Speaker	CLlr Mncedi Ndzwanana
Chief Whip	Ald Christo van den Heever
Member of the Mayoral Committee	Ald Mathebe Rachel Katlego
	CLlr Jacqueline Uys
	CLlr Wakelin Kingsley
	CLlr Marx Gertruida Elizabeth Catha
	CLlr Hazel Nasiphi Moya
	Ald Theunissen Umberto Grandi
	Ald Coetzee Johannes Jacobus
	CLlr Fosi Thembsmandla Elijah
	CLlr Zwane Douglas Ziyanda
	CLlr Madzebatela Ofentse Nathaniel

Other councillors

Aaron Mokgale Maluleka	Abbiot Masopo Sebola
Albertus Martinus Van Niekerk	Aletta Susanna Breytenbach
Alfred Boas Matjeke	André le Roux
Barend William Chapman	Benjamin Khazamula Mathevula
Brendon Govender	Casper Nicolaas Mcdonald
Christiaan Mauritz Van Den Heever	Christopher Anru Meyer
Cindy Billson	Conride Ngoveni
Daryl Johnston	David James Farquharson
Derick Thulani Mahlangu	Diamond Hendrick Mashao
Donald Khotso Tsela	Vusi Ephraim Mabena
Elizabeth Maria Basson	Ellen Phumzile Mbokane
Esther Nonzingo Masuku	Eugene Thipe Modise
Floyd Makete Thema	Frank Kgaboesele
Gertruida Elizabeth Catharina Marx	Godwin Kaekae Ratikwane
Hendrik Jacobus Nortje	Henning Johannes Viljoen
Hlowane Elisa Motubatse	Hluphi Gafane
Issabel Alta De Kock	Jacob Kekole Mathabathe
Jan Japane Baloyi	Japhta Tshepiso Modiba
Johan Gerhard Van Buuren	Johannes Christoffel Bekker
John Willem Barendrecht	Juanita Du Plooy
Kgaugelo Stephans Phiri	Kholofelo Patience Kgopotso
Komaseroto Benjamin Disoloane	Leanne Jennifer De Jager
Leofi Phillip Leshabana	Leon Pieter Kruyshaar
Lourens Abraham Erasmus	Lucas Kwena Pratt Moloto
Madumetja Rodney Mabusela	Magwaile Oliver Mabogwana
Malcom Ian De Klerk	Malesela Hendrick Matlou
Mamma Cathrine Mabaswa	Manakedi Elisa Mlotshwa
Marika Elizabeth Kruger Muller	Mark Andrew Surgeon
Mashiba Isaac Madonsela	Matome Adam Mashapa
Mmabora Flora Monama	Mmakgoko Veron Phasha
Mogauwane Kenneth Masha	Mokhokela Kgope Frans Boshielo
Morne Erasmus	Moses Thabo Mathibedi
Mpho Malethakwe Mehlape-Zimu	Naeem Patel
Nicolaas Cornelius Pascoe	Nkoata Ananias Mokgalotsi
Nondlandla Patricia Mnisi	Nosipho Mtakati
Obakeng Samuel Ramabodu	Odwa Notununu
Oupa Patrick Matshiane	Patricia Lerato Machava
Peter Wynand Warnar Meijer	Petrus Malope
Pieter Willem Van Heerden	Pinye Pilot Matlala
Quentin Meyer	Yvonne Kwena Dzumba

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General Information

Other councillors

Randall Mervyn Williams	Rebecca Getrude Mmamokgolo Monchusi
Roche Jacques Grebe	Roelof Petrus Fourie
Rubesta Monyamane Manhique	Sandy Kgaogelo Motale
Saul Mokube Ratau	Seakakgole Peter Mamatepa
Shane Maas	Shaun Wilkinson
Sizwe Paulos Clifton Tsiane	Sydney Ngoako Seanego
Tautona Siphon Nkgadima	Tebogo Patrick Kholofelo Mashapa
Thabang Mabitse Masemola	Thabang Moshidi
Thabo Malosi	Zacharea Setimo
Tlangi Jina Mogale	Tlhabajane William Mabena
Tshepo Floyd Kgate	Tshepo Patrick Malefane
Zacharia Sekete Ntohla	Unique Boitumelo Rasweswe
Adriana Maria Randall	Adu Bosch
Alette Catharina Nefdt	Alexander Willem Frederik Middelberg
Andrew Lesch	Andries Breytenbach
Benjamin William Lawrence	Bongani McDonald Masina
Violet Phalwane	Christiaan Frederik Pienaar
Christopher Sikhumbuzo Masia	Cilliers Brink
Daniel Gabriel Wannenburg	Daniel Salthie Sekanka
Debyre Theresa Williams-Moses	Dehan Harmse
Dikeledi Selowa	Dirk Johannes Jacobus Van der Spuy
Dudzile Elsa Majola	Dumisani Sibusiso Thwala
Elma Johanna Nel	Enos Papiki Chiloane
Eunice Dineo Moloi	Fiki Zophonia Mashigo
Frans Johannes Smith	Gert Petrus Visser
Granny Peggy De Bruin	Vusi Isaac Masemola
Henriette Louise Fronhlich	Hlamalani Queen Chauke
Isak Jacobus Pietersen	Isak Petrus Du Plooy
Wayne Peter Helfrich	Jairus Kgosietsile Kgosiemang
Jarad Frimmel	Joel Kgomotso Masilela
Wesley Andre Jacobs	Johannes Motlhasedi
Karabo Darius Semfeng	Katlego Godwill Makgaleng
Kholofelo Vivian Morodi	William Nkhohlo Kgopa
Lema Godfrey Motau	Lenor Daleen Janse Van Rensburg
Lerato Marcia Aphane	Lesibana Hans Mothoa
Macalene Stanley Mazibuko	Madimetja Alfred Makhafula
Makgabo Alex Kobo	Makgopha Simon Manamela
Malesela Phohlo John Rakabe	Maloke Joseph Makola
Maphaahle Thabang Ruphos Mphahlele	Mari Joubert
Mark Mabitsi Boikanyo	Martin Tsintsi Madileng
Mavis Elizabeth Kekana	Micheal Ndlovu
Mmina-Tau Seabelo Marishane	Mncedi Ndzwanana
Molatelo Samuel Mashola	Molwamtwa Samuel Tshabadi
Mpati Isaac Ramphile	Mpho Hans Lewele
Nathaniel Rabasotho Masupha	Neo Tiragalo Mocumi
Nomfutshane Sonia Mabolawa	Nomvula Joyce Seelane
Novina Abegail Pillay	Nthabiseng Mahlangu
Ofentse Moalusi	Yolanda Duvenage
Peter Edward Millar	Peter Sutton
Phasudi Jeffrey Mashego	Phindile Phinah Tlou
Pogiso Glen Mthimunya	Prajay Ramjee
Raisibe Meriam Mtshali	Ramokgushwane Lucas Matlhabane
Rebecca Khibidu Dibakwane	Reyaan Uys
Ronald Morake	Rose Sisi Sethole
Sarah Makaoka Mabotsa Mabotsa	Sarah Salamina Moabelo
Segotlheng Trevor Moloisane	Sekokobale Fortune Mampuru
Silias Mothupi Makena	Siobhan Muller
Sylvester Tennyson Theophilus Phokoje	Sylvia Paulina Lelaka
Tembeni Innocent Thabatha	Thabang Gamolemo Sebotsane
Thabisile Constance Vilakazi	Thabiso Thabiso Mohlamme

City of Tshwane Metropolitan Municipality

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General Information

Other councillors

Theresa-Eulanda Mabusela
Tshegofatso Molefe Mashabela
Tshililo Victor Rambau
Veronica Palesa Modise

Thulang Joseph Shume
Tshepang Sagious Boikanyo
Tsung Wei Lee

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

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

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
USDG	Urban Settlement Development Grant
HCT	Housing Company Tshwane
TEDA	Tshwane Economic Development Agency
TASEZ	Tshwane Automotive Special Economic Zone

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

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

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

The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited annual financial statements.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. We would however like to bring to the attention of the users that uncertainty exists at reporting date due to the net current liability position of the city as at year end. These conditions may cast some doubt on the group's ability to continue as a going concern however, the Going Concern note 50 has disclosed the additional measures taken by the City to ensure that the organisation will continue operating viably in the foreseeable future.

The performance of the organisation has improved due to an increase in the revenue as well as cost containment. This has resulted in a surplus in the current financial year, however, the liquidity of the organisation is still under strain due to past performances. The organisation is on the right trajectory and will recoup prior losses over a period of time.

The unaudited annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

We certify that the salaries, allowances and benefits of councillors as disclosed in note 37 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The unaudited annual financial statements set out on pages 7 to 133, which have been prepared on the going concern basis, were approved on 30 August 2024 and were signed on its behalf by:



Johann Mettler
City Manager

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	897 057 852	936 609 648
Investments	4	-	176 100 896
Consumer receivables: Exchange	5	4 605 253 267	3 719 518 347
Consumer receivables: Non exchange	5	2 313 987 049	1 323 281 963
Other receivables from exchange transactions	6	1 111 980 441	798 888 098
Other receivables from non-exchange transactions	6	236 117 534	92 628 438
Long-term receivables - current portion	7	231 150 643	177 873 136
Cash and cash equivalents	10	1 964 893 869	785 495 915
		11 360 440 655	8 010 396 441
Non-Current Assets			
Long-term receivables	7	241 003 524	184 980 377
Redemption fund asset	9	89 031 657	207 895 138
Living resources	11	302 127	300 089
Investment property	12	2 096 766 434	2 068 223 528
Property, plant and equipment	13	47 565 199 250	47 792 942 976
Intangible assets	14	1 070 635 633	1 044 466 268
Heritage assets	15	3 371 581 599	3 371 581 599
Investments in controlled entities	16	1 000	1 000
Investments in joint venture	17	880 831 780	825 075 388
Interest rates swaps	18	130 045 708	247 940 777
		55 445 398 712	55 743 407 140
Total Assets		66 805 839 367	63 753 803 581
Liabilities			
Current Liabilities			
Loans and bonds	19	456 593 191	408 869 661
Finance lease obligation	20	44 622 456	48 712 421
Payables from exchange transactions	21	15 638 834 643	12 618 136 990
VAT payable	22	880 356 837	2 905 884 420
Consumer deposits	23	773 337 672	764 132 255
Employee benefit obligation	24	1 722 552 127	1 821 514 428
Unspent conditional grants	25	215 347 138	509 350 120
Service concession arrangement	27	75 874 954	286 223 928
		19 807 519 018	19 362 824 223
Non-Current Liabilities			
Redemption fund liability	9	132 631 547	247 075 556
Interest rates swaps	18	3 349 646	9 560 148
Loans and bonds	19	8 705 933 679	9 091 315 444
Finance lease obligation	20	49 159 279	93 781 734
Employee benefit obligation	24	1 808 591 800	1 743 862 300
Provisions	26	1 646 237 698	1 330 412 160
Service concession arrangement	27	2 491 810 208	2 258 076 521
		14 837 713 857	14 774 083 863
Total Liabilities		34 645 232 875	34 136 908 086
Net Assets		32 160 606 492	29 616 895 495
Accumulated surplus		32 160 606 492	29 616 895 495
Total Net Assets		32 160 606 492	29 616 895 495

* See Note 68

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	28	24 358 392 178	22 082 536 989
Rental of facilities and equipment	34	175 208 153	152 934 706
Interest received (trading)	35	2 098 430 925	1 253 249 569
License and permits		43 618 141	45 134 784
Service concession arrangements	27	50 872 192	-
Other income	29	1 359 692 647	1 194 494 989
Interest received - investment	30	240 960 240	216 193 227
Total revenue from exchange transactions		28 327 174 476	24 944 544 264
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	9 807 460 751	9 069 425 546
Transfer revenue			
Government grants & subsidies	32	8 066 337 731	7 923 254 761
Public contributions and donations		6 704 994	9 434 592
Fines, Penalties and Forfeits	33	241 157 889	151 567 098
Total revenue from non-exchange transactions		18 121 661 365	17 153 681 997
Total revenue		46 448 835 841	42 098 226 261
Expenditure			
Employee related costs	36	(11 443 454 694)	(11 252 594 350)
Remuneration of councillors	37	(133 389 734)	(131 912 644)
Depreciation and amortisation	39	(2 137 699 799)	(2 411 382 774)
Finance costs	41	(2 104 589 067)	(2 031 395 871)
Debt Impairment	42	(4 532 427 741)	(3 365 289 194)
Other materials	43	(978 120 559)	(658 834 354)
Bulk purchases	44	(17 059 154 350)	(14 840 951 593)
Contracted services	45	(3 794 436 961)	(4 304 735 864)
Transfers and Subsidies	46	(99 854 090)	(100 723 760)
General Expenses	47	(1 690 171 901)	(1 836 661 105)
Total expenditure		(43 973 298 896)	(40 934 481 509)
Operating surplus		2 475 536 945	1 163 744 752
Loss on disposal of assets		(42 513 700)	(101 765 921)
(Loss)/gain on foreign exchange		(803 977)	292 877
Fair value adjustments		(107 974 164)	108 011 734
Actuarial gains	24	172 520 258	191 170 625
Impairment loss	40	(13 080 884)	(230 333 950)
Share of surpluses from joint ventures accounted for using the equity method	17	55 756 392	95 093 299
Interest rate swaps fair value gain/(loss) valuation		4 270 125	(84 087 481)
		68 174 050	(21 618 817)
Surplus for the year		2 543 710 995	1 142 125 935

* See Note 68

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus
Opening balance as previously reported	31 360 648 122
Adjustments	
Correction of errors	(2 885 878 562)
Balance at 01 July 2022 as restated*	28 474 769 560
Changes in net assets	
Surplus for the year	1 142 125 935
Total changes	1 142 125 935
Opening balance as previously reported	29 374 911 013
Adjustments	
Correction of errors (refer to note 68)	241 984 484
Restated* Balance at 01 July 2023	29 616 895 497
Changes in net assets	
Surplus for the year	2 543 710 995
Total changes	2 543 710 995
Balance at 30 June 2024	32 160 606 492

* See Note 68

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		27 643 511 034	27 961 691 816
Grants and subsidies received		7 785 819 603	8 077 782 379
Cash receipts from other revenue sources		1 738 241 358	1 570 755 230
Cash Interest income		2 057 911 941	1 400 512 117
		39 225 483 936	39 010 741 542
Payments			
Cash paid to employees		(11 704 375 503)	(11 902 208 912)
Cash paid to suppliers		(22 171 336 364)	(21 652 382 888)
Transfers and grants		(99 854 090)	(100 723 759)
Finance costs		(1 815 385 824)	(1 680 080 059)
		(35 790 951 781)	(35 335 395 618)
Net cash flows from operating activities	49	3 434 532 155	3 675 345 924
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(1 867 076 746)	(2 197 218 470)
Transfers between property, plant and equipment and intangible assets	12	-	68 935 999
Purchase of investment property	12	(73 397 000)	-
Purchase of other intangible assets	14	(116 790 695)	(101 142 160)
Net movement in Investments		176 100 896	(14 763 161)
Movement in redemption fund	9	8 689 597	(192 460 000)
Net cash flows from investing activities		(1 872 473 948)	(2 436 647 792)
Cash flows from financing activities			
Repayment of loans and bonds	19	(337 658 235)	(1 354 739 344)
Finance lease payments	20	(48 712 421)	(39 436 032)
Interest rate swaps		3 710 403	14 662 998
Net cash flows from financing activities		(382 660 253)	(1 379 512 378)
Net increase/(decrease) in cash and cash equivalents		1 179 397 954	(140 814 246)
Cash and cash equivalents at the beginning of the year		785 495 915	926 310 161
Cash and cash equivalents at the end of the year	10	1 964 893 869	785 495 915

* See Note 68

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted Budget	Virement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Reference
The basis of the budget is accrual										
Statement of Financial Performance										
Revenue by source										
Service charges	25 865 916 654	(94 244 510)	25 771 672 144		25 771 672 144	24 358 392 178	(1 413 279 966)	95 %	94 %	[1]
Rental of facilities and equipment	119 492 216	5 031 569	124 523 785		124 523 785	175 208 153	50 684 368	141 %	147 %	[2]
Interest received (trading)	915 564 818	499 838 381	1 415 403 199		1 415 403 199	2 098 430 925	683 027 726	148 %	229 %	[3]
Licences and permits	43 618 849	(4 219 204)	39 399 645		39 399 645	43 618 141	4 218 496	111 %	100 %	
Revenue from service concession arrangements	-	-	-		-	50 872 192	50 872 192			
Other income	2 586 540 430	96 953 824	2 683 494 254		2 683 494 254	3 001 202 405	317 708 151	112 %	116 %	[4]
Interest received - investment	54 168 877	3 285 367	57 454 244		57 454 244	240 960 240	183 505 996	419 %	445 %	[5]
Property rates	9 627 155 940	-	9 627 155 940		9 627 155 940	9 807 460 751	180 304 811	102 %	102 %	
Government grants & subsidies	5 112 619 852	(89 593 508)	5 023 026 344		5 023 026 344	4 893 316 655	(129 709 689)	97 %	96 %	[6]
Public contributions and donations	-	-	-		-	6 704 994	6 704 994			
Fines, Penalties and Forfeits	291 996 955	27 144	292 024 099		292 024 099	241 157 889	(50 866 210)	83 %	83 %	[7]
Total revenue	44 617 074 591	417 079 063	45 034 153 654		45 034 153 654	44 917 324 523	(116 829 131)	100 %	101 %	
Expenditure by type										
Employee related costs	(12 533 595 769)	15 343 394	(12 518 252 375)		- (12 518 252 375)	(11 443 454 694)	1 074 797 681	91 %	91 %	[8]
Remuneration of councillors	(153 862 988)	(141 598)	(154 004 586)		- (154 004 586)	(133 389 734)	20 614 852	87 %	87 %	[9]
Depreciation and amortisation	(2 894 555 087)	-	(2 894 555 087)		(2 894 555 087)	(2 137 699 799)	756 855 288	74 %	74 %	[10]
Finance costs	(1 498 413 011)	(216 235 711)	(1 714 648 722)		- (1 714 648 722)	(2 104 589 067)	(389 940 345)	123 %	140 %	[11]
Debt impairment	(3 073 620 705)	-	(3 073 620 705)		(3 073 620 705)	(4 532 427 741)	(1 458 807 036)	147 %	147 %	[12]
Materials and bulk purchases	(18 799 579 333)	474 401 661	(18 325 177 672)	(65 415 593)	(18 390 593 265)	(18 037 274 909)	353 318 356	98 %	96 %	[13][14]
Contracted services	(3 745 585 250)	(606 637 180)	(4 352 222 430)	65 719 590	(4 286 502 840)	(3 794 436 961)	492 065 879	89 %	101 %	[15]
Transfers and Subsidies	(107 484 574)	250 000	(107 234 574)		- (107 234 574)	(99 854 090)	7 380 484	93 %	93 %	
General Expenses	(1 723 354 640)	(94 630 886)	(1 817 985 526)	(303 997)	(1 818 289 523)	(1 690 171 901)	128 117 622	93 %	98 %	[16]
Total expenditure	(44 530 051 357)	(427 650 320)	(44 957 701 677)		- (44 957 701 677)	(43 973 298 896)	984 402 781	98 %	99 %	

City of Tshwane Metropolitan Municipality

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Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Reference
Operating surplus	87 023 234	(10 571 257)	76 451 977	-	76 451 977	944 025 627	867 573 650		
Loss on disposal of assets	-	-	-	-	-	(42 513 700)	(42 513 700)		
Loss on foreign exchange	-	-	-	-	-	(803 977)	(803 977)		
Fair value adjustments	-	-	-	-	-	(107 974 164)	(107 974 164)		
Actuarial gains/losses	-	-	-	-	-	172 520 258	172 520 258		
Impairment loss	-	-	-	-	-	(13 080 884)	(13 080 884)		
Share of surpluses from joint ventures accounted for using the equity method	-	-	-	-	-	55 756 392	55 756 392		
Loss on redemption fund	-	-	-	-	-	4 270 125	4 270 125		
	-	-	-	-	-	68 174 050	68 174 050		
Surplus before taxation	87 023 234	(10 571 257)	76 451 977	-	76 451 977	1 012 199 677	935 747 700		
Capital transfers and contributions	1 932 117 580	(296 576 188)	1 635 541 392	-	1 635 541 392	1 531 511 318	(104 030 074)	94 %	79 %
Surplus after capital transfers	2 019 140 814	(307 147 445)	1 711 993 369		1 711 993 369	2 543 710 995	831 717 626	149 %	126 %

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Reference
Capital expenditure and funds sources									
Council Funding	282 924 693	13 270 000	296 194 693	296 194 693	282 767 006	(13 427 687)	95 %	100 %	[17]
Public Transport Infrastructure and Systems Grant (PTIS)	250 575 000	(79 000 000)	171 575 000	171 575 000	146 340 783	(25 234 217)	85 %	58 %	
Neighbourhood Development Partnership Grant (NDPG)	15 465 000	6 300 000	21 765 000	21 765 000	18 207 261	(3 557 739)	84 %	118 %	
Urban Settlements Development Grant (USDG)	1 057 425 130	(137 416 990)	920 008 140	920 008 140	894 393 921	(25 614 219)	97 %	85 %	[18]
Energy Efficiency Demand Side Management (EEDSM)	7 500 000	(5 500 000)	2 000 000	2 000 000	1 999 124	(876)	100 %	27 %	
Community Library Services (CLS)	12 294 000	(390 648)	11 903 352	11 903 352	11 798 351	(105 001)	99 %	96 %	
Informal Settlements Upgrading Partnership Grant	588 858 450	(80 568 550)	508 289 900	508 289 900	458 771 877	(49 518 023)	90 %	78 %	[19]
Public contributions and donations	50 000 000	-	50 000 000	50 000 000	49 299 249	(700 751)	99 %	99 %	
Total sources of capital funds	2 265 042 273	(283 306 188)	1 981 736 085	1 981 736 085	1 863 577 572	(118 158 513)	94 %	82 %	

The variances between approved and adjusted budget is due to the adjustment budget on 29 February 2024 and supplementary budget on 6 June 2024.

The reconciliation in the table below illustrates that the budget and the financial statements amounts correspond for total revenues. The total expenses and net cash flows from operating activities, investing activities and financing activities all directly correlate with the line items in the financial statements.

Total revenue (excluding capital transfers and contributions)	44 917 324 523
Transfers recognised - capital	1 531 512 827
Total Revenue per Statement of Financial Performance	46 448 837 350

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget information

Reasons for variances

REVENUES:

[1] Service charges is lower than projected mainly due to electricity revenue due to various factors - decline in demand due to loadshedding and tampering of meters and connections which form part of illegal consumption. This also shown by the distribution losses which are above the expectation as per national treasury. There is, however, actions which have been done by management to reduce these.

[2] The revenue from business rentals was better than projected budget. The city has embarked on a drive to ensure that all the revenues attributable to the city is collected.

[3] Interest earned on outstanding debtors is over the budget due to a change in the interest rate policy of the city. The city now charges outstanding debtors prime + 1% and this has resulted in the increase in the interest earned.

[4] Other income was better than projected, due to the SARS refund.

[5] Interest received on investments was lower than what was projected in the budget

[6] The variance on Government grants is as a result of underperformance on Public Transport Network Grant, Informal Settlement Upgrading Partnership Grant and DBSA: Water Conservation. Revenue is recognised based on performance.

[7] The underperformance on fines, penalties and forfeits revenue is attributed to the lower collection of AARTO fine.

EXPENDITURES:

[8] Employee related costs performance against budget reflects a savings mainly on salaries, pension fund and leave pay due to vacant positions not filled.

[9] The savings on remuneration of councillors is due to non-payment of councillors remuneration increases.

[10] Depreciation was lower than projected due to the retirements of infrastructure assets which were overvalued. The organisation has now adjusted the costs of these assets downwards hence a drop in the depreciation for the year.

[11] Finance cost exceeded the budget due reclassification of Tshwane House cost.

[12] Debt impairment was higher than expected due to the increase in gross receivables. The gross receivables moved from R21bn to R28bn, and this resulted in an increase in the impairment figure.

[13] The savings on other material is due to under expenditure on various line items ranging from consumables, stationery to protective clothing. Items are procured as and when a need arise. The organisation also tightened its controls around the procurement.

[14] Bulk purchases reflect a savings due to lower units purchased on bulk electricity compared to the budget.

[15] Contracted Services is under the budget mainly on Electricity Connect/Dis-connection, Household Refuse Removal and reclassification of Tshwane House cost to finance cost.

[16] General expenditure is under the budget on various line items including savings on rental of buildings, Leased Vehicles, SAP Enterprise Support fee and Insurance Underwriting premiums.

CAPEX:

[17] Public Transport Network Grant: Under performance mainly on Line 2B: Atterbury Rd project, the expenditure was affected by the delays in approval of wayleaves on site.

[18] Urban Settlements Development Grant - Under expenditure mainly on the replacement of Critical Worn-Out Water Network Pipes project due to delay in replacement of pipes and the Water Conservation and Demand Management project due to the delay in water meter replacements.

[19] Informal Settlements Upgrading Partnership Grant – The under expenditure is mainly on the Lusaka Clinic, Construction of roads & stormwater at Thorntree View and Sewer provision - Zithobeni X8 due to underperformance by the contractor.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Reference
Statement of Financial Position									
Total current assets	10 568 734 738	(1 038 072 495)	9 530 662 243	9 530 662 243	11 360 440 655	1 829 778 412	119 %	107 %	[20]
Total non-current assets	56 646 855 754	1 292 861 689	57 939 717 443	57 939 717 443	55 445 398 712	(2 494 318 731)	96 %	98 %	[21]
Total Assets	67 215 590 492	254 789 194	67 470 379 686	67 470 379 686	66 805 839 367	(664 540 319)	99 %	99 %	
Total current liabilities	14 229 804 835	2 539 922 332	16 769 727 167	16 769 727 167	19 807 519 018	3 037 791 851	118 %	139 %	[22]
Total non-current liabilities	14 341 412 788	1 945 728 432	16 287 141 220	16 287 141 220	14 837 713 857	(1 449 427 363)	91 %	103 %	[23]
Total Liabilities	28 571 217 623	4 485 650 764	33 056 868 387	33 056 868 387	34 645 232 875	1 588 364 488	105 %	121 %	
Net Assets	28 571 217 623	4 485 650 764	33 056 868 387	33 056 868 387	34 645 232 875	1 588 364 488	105 %	121 %	
Cash flows									
Net cash flows from operating activities	2 972 737 956	(313 871 883)	2 658 866 073	2 658 866 073	3 434 532 155	775 666 082	129 %	116 %	
Net cash flows from investing activities	(2 618 510 283)	663 675 129	(1 954 835 154)	(1 954 835 154)	(1 872 473 948)	82 361 206	96 %	72 %	[24]
Net cash flows from financing activities	(382 913 409)	15 283	(382 898 126)	(382 898 126)	(382 660 253)	237 873	100 %	100 %	
Net increase/(decrease) in cash and cash equivalents	(28 685 736)	349 818 529	321 132 793	321 132 793	1 179 397 954	858 265 161	367 %	(4 111)%	[25]
Cash and cash equivalents at the beginning of the year	569 019 885	-	569 019 885	569 019 885	785 495 915	216 476 030	138 %	138 %	
Cash and cash equivalents at year end	540 334 149	349 818 529	890 152 678	890 152 678	1 964 893 869	(1 074 741 191)	221 %	364 %	

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Reasons for variances

Statement of financial position

[20] The variance on Current asset is due to an increase in consumer debtors mainly interest levied on outstanding debtors. There was also an increase in the cash on hand due to improvement in the collections and an increase in the profitability of the organisation.

[21] Non- current assets variance compared to the budget is due to adjustments processed on infrastructure asset as part of addressing the PPE qualification. The resulted in a drop in the asset value due to a correction in the valuation of PPE.

[22] The variance on current liability is due to increase on payables from exchange transaction.

[23] The variance on non- current liability is as result over estimation of budgeted provisions. There was an anticipation of a drop in the non-current liabilities due to a drop in the loans and bonds however, this did not materialise.

Cash flow Statement

[24] The variance on cashflow from investing activities is less than budget because of the capital budget which was not fully spent.

[25] The overall cash and cash equivalent as at the end on the year and the net cash flow from operating activities was better than budget. There was a reclassification of highly liquid investments into cash and cash equivalents and this resulted in the amount being way above the budget.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1. Significant account policies

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

1.1 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

These unaudited annual financial statements have been prepared based on the expectation that the City will continue to operate as a going concern for at least the next 12 months (refer to note 50). The basis presumes that funds will be available for future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the City of Tshwane's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions as well as contingent liabilities and contingent assets. Provisions are raised based on the information available to management, and past knowledge. A provision is recognised when the municipality has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

1.5 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. The cost of an item of investment property is recognised as an asset only if:

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

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from investment properties are made when the particular asset no longer meets the definition of investment properties.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Investment property (continued)

Investment property is carried at cost, less accumulated depreciation and impairment. Transaction costs are included in the initial measurement.

Depreciation is calculated on a straight-line basis.

Cost model

Item	Useful life
Property - land	indefinite
Property - buildings	3 -100 years

Derecognition and Impairment

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when the compensation becomes receivable.

The Municipality tests for impairment where there is an indication that a property may be impaired. An assessment of whether there is an indication of possible impairment is done during each reporting period. Where the carrying amount of an item of an investment property is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.6 Property, plant and equipment

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment.

Initial Recognition

Property, plant and equipment are stated at cost. The cost of an item of property, plant and equipment is recognised as an asset only if:

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

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.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from property, plant and equipment are made when the particular asset no longer meets the definition of property, plant and equipment.

Depreciation is calculated at cost, using the straight-line method.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Property, plant and equipment (continued)

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

Item including individual components	Useful life
Land	Indefinite
Operational Buildings	3 - 100 years
Transport assets	3 - 15 years
Infrastructure	3 - 100 years
Community Assets	3 - 100 years
Other property, plant and equipment	
• Housing	10 - 119 years
• Computer equipment	3 years
• Furniture and Office equipment	2 - 10 years
• Machinery and Equipment	2 - 15 years
• Library Materials	5- 20 years
Service Concession: Community	3 -100 years
Service Concession: Tshwane house	30 years
Leased assets	
• Vehicles, equipment, etc	3 - 20 years

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment

The City tests for impairment where there is an indication that an asset might be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to surplus or deficit for the year.

1.7 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line-basis over its anticipated useful life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the City and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Intangible assets (continued)

Initial Recognition

Intangible assets are initially measured at cost and comprise of software and servitudes. The cost of an item of intangible assets is recognised as an asset only if:

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

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.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil. Transfers from intangible assets are made when the particular asset no longer meets the definition of an intangible asset.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation and Impairment

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

Item	Useful life
Computer software	5 years
Servitudes	Indefinite

Servitudes when registered do not expire after a period of time. There is no time condition coupled to it, therefore the indefinite useful life.

Intangible assets are derecognised:

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

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

Derecognition

Intangible assets are derecognized when the asset is disposed of or when there is no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.8 Heritage assets

Heritage assets are measured at cost less accumulated impairment.

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.9 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Living resources consist of animals kept and maintained for recreational purposes i.e. cattle, poultry, fellow deer, goats, horses, pigs and sheep, as well as service animals i.e. dogs and horses.

Non-living resources, other than land, is not recognised as assets.

A living resource shall be recognised as an asset if, and only if:

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

A living resource that qualifies for recognition as an asset shall be measured at its cost less accumulated depreciation and impairment.

Where a living resource is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Living and non-living resources (continued)

Recognition

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

Where the municipality is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the unaudited annual financial statements.

Where the municipality holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the unaudited annual financial statements. When the information about the cost or fair value of the living resource becomes available, the municipality recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after recognition

Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is calculated on a straight line basis over its useful life.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful lives of items of living resources have been assessed as follows:

Item	Average useful life
Cattle (Bull, Cow, Calf)	20 years
Poultry	10 - 20 years
Fellow deer	21 years
Goat (Ram, Ewe, Lamb)	15 years
Horse (Recreation)	25 years
Pig	20 years
Sheep (Ram, Ewe, Lamb)	20 years
Dog (Law Enforcement)	10 years
Horse (Law Enforcement)	10 years

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Living and non-living resources (continued)

Impairment

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

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

1.10 Interest in joint venture

Under the equity method, on initial recognition the investment in a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the surplus or deficit of the investee after the date of acquisition. The investor's share of the investee's surplus or deficit is recognised in the investor's surplus or deficit. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's surplus or deficit.

The most recent available financial statements of the joint venture are used by the entity in applying the equity method. When the end of the reporting period of the entity is different from that of a joint venture the entity either:

(a) obtains, for the purpose of applying the equity method, additional financial information as of the same date as the financial statements of the entity; or

(b) uses the most recent financial statements of the joint venture adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the entity's financial statements.

1.11 Financial instruments

Classification

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

Class	Category
Investments	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Consumer receivables: Exchange	Financial asset measured at amortised cost
Consumer receivables: Non exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Redemption fund asset	Financial asset measured at fair value
Interest rates swaps	Financial asset measured at fair value

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

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Financial instruments (continued)

Class	Category
Loans and bonds	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Service concession arrangement	Financial liability measured at amortised cost
Interest rate swaps	Financial liability measured at fair value
Redemption fund liabilities	Financial liability measured at fair value

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The City measures a financial asset and financial liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Financial instruments (continued)

Derecognition

Financial assets

The City derecognises financial assets using trade date accounting.

The City derecognises a financial asset only when:

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

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

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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

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

Financial liabilities

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

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

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1.11 Financial instruments (continued)

Presentation

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

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

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

1.12 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset, which consist of fines and property rates.

Recognition

The City recognises statutory receivables using the policy on Revenue from non-exchange transactions (Property rates and transfers).

Initial measurement

The City initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

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

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

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

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

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

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1.12 Statutory receivables (continued)

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

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

Derecognition

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

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

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

1.13 Leases

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

Finance leases - lessee

The City leases certain property, plant and equipment. Leases of property, plant and equipment where the City of Tshwane assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

The finance lease assets are depreciated at the same rates as owned property unless the City will not obtain ownership. Where there is no reasonable certainty that the City will obtain ownership by the end of lease term, the leased assets are depreciated over the shorter of the lease and its useful life.

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

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

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1.13 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.14 Inventories

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

Inventories (consumable stores, raw materials) are measured at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

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

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to the moving average price linked to each item on the accounting system.

Water inventory:

Water is regarded as inventory when the City purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the City 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 City 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 the 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.

Derecognition/write-off of inventory:

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

1.15 Impairment of non-cash-generating assets

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

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

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

The City classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

The City does not have any cash generating assets, as its primary objective is service delivery

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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1.15 Impairment of non-cash-generating assets (continued)

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the City would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits include items such as:

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

Informal practices give rise to a constructive obligation where the City has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the City's informal practices would cause unacceptable damage to its relationship with employees.

Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans consist of;

- Municipal Employees Pension Fund
- South African Local Authorities Pension Fund
- Joint municipal Pension Fund
- Germiston Municipal Fund

Post-employment benefits: Defined contribution plans

When an employee has rendered services to the City during a reporting period, the City recognises the contribution payable to a defined contribution plan in exchange for that service:

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1.16 Employee benefits (continued)

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a City recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employee render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The City accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the City's informal practices.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

Actuarial assumptions

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

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

1.17 Provisions and contingencies

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

The city's provisions consist of;

- Landfill sites
- Clearing of alien vegetation
- Quarries
- Legal proceedings

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1.17 Provisions and contingencies (continued)

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

The discount rate (11.94%) is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.18 Revenue from exchange transactions

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

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service charges

Service charges relating to electricity and water are based on consumption. Sanitation charge is calculated based on the wastewater discharged into the municipal sewer system. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognized as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Rental of facilities and equipment

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

Interest income

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

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investments. Interest earned on outstanding debtors is recognised on a time proportionate basis.

1.19 Revenue from non-exchange transactions

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Property rates

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

Fines, penalties and forfeits

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Potential revenue from fines is measured at the best estimate of the inflow of resources to the municipality.

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1.19 Revenue from non-exchange transactions (continued)

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Public contributions, sponsorships and donations, including goods in-kind

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

Government grants and subsidies

Revenue received from conditional grants are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

1.20 Comparative figures

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

Where accounting errors have been identified in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

1.21 Unauthorised expenditure

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

1.22 Fruitless and wasteful expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised 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.

1.23 Irregular expenditure

Irregular expenditure is accounted for as an expense in surplus or deficit in the period it occurred.

1.24 Budget information

A 10% deviation on operational revenue and expenditure versus the final budget are deemed to be material and for capital expenditure the percentage deviation is 5%. This percentage is based on management's estimate and is considered to be appropriate. All material differences are explained in the notes to the consolidated annual financial statements.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 1 July 2023 to 30 June 2024.

1.25 Related parties

The City controls two municipal entities (TEDA and HCT) and has investment in associates (TASEZ). These forms part of related parties. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Management is considered a related party, and comprises Councillors, Executive Mayor, Mayoral Committee Members, City Manager and all other Section 56 and 57 employees (refer to notes 37 and 38).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Municipality (refer to note 57).

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1.25 Related parties (continued)

The municipality discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements.

1.26 Service concession arrangements: Entity as grantor

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

Service concession consists of;

- Denneboom Station Public Transport Interchange
- Tshwane House
- Tshwane Broadband Network

Financial liability model

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

1.27 Value Added Tax

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991). The municipality accounts for VAT on the cash basis.

Revenue, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is reported separate from other receivables or payables in the statement of financial position.

1.28 Investment in jointly controlled assets

In respect of its interest in jointly controlled assets, the City recognises in its audited annual financial statements:

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- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other associates in relation to the associate;
- any revenue from the sale or use of its share of the output of the associate, together with its share of any expenses incurred by the associate; and
- any expenses that it has incurred in respect of its interest in the associate.

1.29 Commitments

Commitments represent goods/services that have been ordered, but for which no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, however are disclosed as part of the disclosure notes. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

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

- An official communication of an award letter to the successful service provider
- Awards should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

The municipality discloses capital commitments in the notes to the annual financial statements and a distinction is made between approved and contracted for and approved but not yet contracted for.

The disclosure of commitments entered into before the end of the financial year/reporting date shall be done in the financial statements as prescribed in the following GRAP standards:

- GRAP 1 - Presentation of Financial Statements (GRAP 1) requires the disclosure of unrecognised contractual commitments
- GRAP 17 - Property, Plant and Equipment (GRAP 17) requires the disclosure of contractual commitments for the acquisition of property, plant and equipment
- GRAP 31 - Intangible Assets (GRAP 31) requires the disclosure of contractual commitments for the acquisition of intangible assets.

1.30 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.31 Cash and non-cash generating assets

The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges. The City has acquired an investment in joint venture over which it has significant influence, with the strategic intent of promoting economic growth and job creation.

Management has determined that only the City's electricity assets and its investment in joint venture meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other City assets.

The City considers cash-generating assets to be those assets used to host events, being the company's core revenue stream

1.32 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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1.32 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.33 Segment reporting

Significant judgements

In applying GRAP 18 segment reporting, management makes judgements with regard to the identification of reportable segments, as well as regarding what constitutes segment results, to enable users to evaluate the nature and financial effects of the activities in which the segment engages and the economic environments in which it operates.

Basis for segmentation

The City of Tshwane is a complex metropolitan municipality with a wide variety of goods and services managed by various business units. Operations are structured to achieve service delivery, and the municipality produces various reports in which its activities are presented in a number of ways.

Segments were identified based on the Municipal Finance Management Act, section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statements is organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes where management consider the economic characteristics and nature of services as sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of segment operations.

Reportable segments are identified based on activities of the municipality that generate economic benefits or service potential, including internal services that contribute to achieving the municipality's objectives without necessarily generating net cash inflows.

Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the municipality's accounting policies.

Geographic information

All the municipality's operations are located in the Republic of South Africa, in the Tshwane metropolitan area. Information on different geographic areas is not available, and the cost to develop it would be excessive.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the standard is material and has been disclosed under employee related costs.
<ul style="list-style-type: none">iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
3. Inventories		
Raw materials	701 662 463	521 919 193
Water for distribution	38 068 561	33 675 455
Fuel (Diesel, Petrol)	11 195 496	240 188 955
A Re Yeng (ARY) Card stock	1 565 717	789 893
Plants (nursery)	51 844	-
Materials	1 977 223	1 154 268
Coal (power stations)	142 536 548	138 881 884
	897 057 852	936 609 648

The basis of determining cost is the weighted average cost and there's no inventories carried at fair value less cost of sale.

No inventory is pledged as security.

Inventory to the value of R956 571 161 (2023: R633 159 420) was expensed during the year.

Inventory Write-downs

Inventory to the value of R18 670 977 (2023: R6 224 143) was scrapped during the year and expensed.

Surplus inventory (items identified during stock take)	30 088	51 145
Shortages	(5 155 251)	(1 909 730)
Theft	(11 869 622)	(3 163 637)
Adjustment of inventory cost	(49 134)	(48 941)
Damaged inventory	(720 458)	(234 307)
Obsolete Inventory	(906 600)	(918 673)
	(18 670 977)	(6 224 143)

4. Investments

Current assets

Short-term investments	-	176 100 896
Short-term investments (highly liquid)	1 584 666 142	577 835 946
Net investments	1 584 666 142	753 936 842
Transferred to cash and cash equivalents - (refer to note 10)	(1 584 666 142)	(577 835 946)
	-	176 100 896

The investments listed below are all permitted in terms of Regulation 308 (Local Government: Municipal Finance Management Act 2003: Municipal Investment Regulations).

The value (indicated below) was obtained from balance certificates or statement from the various financial institutions.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
4. Investments (continued)		
Amortised cost of listed investments and management's valuation of unlisted investments:		
Amortised cost of listed investments and management's valuation of unlisted investments:	1 007 564	950 162
Unlisted investments: Insurance Policy DGA 224 (insurance policy) (unceded) (highly liquid)		
Insurance Policy DYA 225 (insurance policy) (unceded) (highly liquid)	3 991 163	3 763 784
ABSA Money Market investment held at Sanlam 233 (interest capitalised monthly) (unceded)(highly liquid)	48 855 790	44 987 779
ABSA Money Market investment held at Sanlam 221 (interest capitalised monthly) (unceded)(highly liquid)	17 116 075	15 760 961
ABSA Money Market investment held at Sanlam 222 (interest capitalised monthly) (unceded)(highly liquid)	12 823 194	11 807 956
ABSA Money Market investment held at Sanlam 223 (interest capitalised monthly) (unceded)(highly liquid)	282 269	259 921
Ninety One Money Market investment 218 (interest capitalised monthly)(unceded) (highly liquid)	43 467 495	39 967 603
Ninety One Money Market investment 219 (interest capitalised monthly)(unceded) (highly liquid)	13 893 058	12 774 425
Ninety One Money Market investment 220 (interest capitalised monthly)(unceded) (highly liquid)	1 861 170	1 711 313
Stanlib Money Market investment 214 (interest capitalised monthly) (unceded)(highly liquid)	158 577 423	145 589 008
Stanlib Money Market investment 215 (interest capitalised monthly) (unceded)(highly liquid)	4 922 042	4 518 898
investec Money Market investment 226 (Interest capitalised monthly)(Unceded) (Highly Liquid)	48 594 701	44 707 712
Standard Bank Money Market investment 217 (Interest capitalised monthly)(Unceded) (Highly Liquid)	109 011 313	100 485 307
Standard Bank Call Investment no 209	22 402	20 650
Standard Bank Call Investment no 208	219 512 695	23 295
Standard Bank Call Investment no 210 (Highly Liquid)	25 271	48 651 071
ABSA Call Investment no 232	246 295 512	49 253 354
Nedbank Term Investment no 229	10 241 486	-
Nedbank Term Investment no 202	238 756 329	48 022 267
ABSA Term Investment no 207	20 087 295	10 748 565
ABSA Term Investment no 231	187 136 417	873 150
ABSA Term Investment no 234	962 704	18 064 307
First National Bank call investment 211	481 694	444 237
Nedbank investment account	196 741 080	150 551 117
	1 584 666 142	753 936 842
Average rate of return		
On long-term investments	8.25 %	7.80 %
On short-term investments	7.95 %	7.50 %
Secured and unsecured investments		
Unsecured investments (unceded)	1 584 666 142	753 936 842

Investments that the city can easily convert into cash within 6 months of the next financial year and those investments that are on call in nature (cash on call).

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors (contractual and statutory)		
Financial instruments		
Gross balances		
Rates	5 577 702 312	4 165 075 994
Electricity	3 941 991 352	3 517 541 373
Water	7 664 751 646	6 036 865 600
Waste water	1 194 050 035	725 721 038
Sewerage	1 533 507 650	1 198 235 428
Refuse	1 927 859 293	1 635 530 230
Interest	6 505 464 646	4 514 781 689
Total gross	28 345 326 934	21 793 751 352
Less: Arrangement debtors transferred to long-term receivables (Note 7)	(379 259 822)	(282 922 469)
Net balances	27 966 067 112	21 510 828 883
Less: Allowance for impairment		
Rates	(3 263 715 263)	(2 841 794 031)
Electricity	(2 528 764 843)	(2 524 573 637)
Water	(6 327 011 099)	(4 640 447 687)
Waste water	(702 207 553)	(497 826 464)
Sewerage	(1 210 616 559)	(924 131 536)
Refuse	(1 486 282 300)	(1 220 229 771)
Interest	(5 528 229 179)	(3 819 025 447)
	(21 046 826 796)	(16 468 028 573)
Net balance		
Non-exchange		
Rates	2 313 987 049	1 323 281 963
Exchange		
Electricity	1 413 226 509	992 967 736
Water	1 337 740 547	1 396 417 913
Waste water	491 842 482	227 894 574
Sewerage	322 891 091	274 103 892
Refuse	441 576 993	415 300 459
Interest	977 235 467	695 756 242
Arrangement debtors	(379 259 822)	(282 922 469)
	4 605 253 267	3 719 518 347
	6 919 240 316	5 042 800 310
Statutory receivables included in consumer debtors above are as follows:		
Rates	2 313 987 049	1 323 281 963

Statutory Receivables General Information

Transaction arising from statute: Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004, approved Property Rates Policy and by-laws.

Determination of transaction amount – Tariffs are reviewed annually as part of the MTREF process and applied as per Property Rates Policy which is guided by the Local Government Property Rates Act No.6 of 2004.

Interest or other charges levied/charged: According to the Credit Control and Debt Collection Policy, interest is levied on arrear municipal debt more than 59 days. Interest is levied in accordance with the Municipal Property Rates Regulations 2006, at the prime rate plus 1%.

Discount rate applied to the estimated future cash flows: The prime lending rate is applied.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
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5. Consumer debtors (contractual and statutory) (continued)

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables: Reversal will be due to the amount being settled which will automatically be excluded from future impairment calculations.

Recognition

- Calculations are done at a contract level.
- Payment ratios are determined for each contract account. This will be calculated as Total Payments Cleared/Total Levies.
- A none-payment ratio is then determined which is 100% less the payment ratio.
- The present value of future debt repayments is then deducted from the carrying amount to determine the impairment amount.

Reversal

- Settlement of debt

Significant Impairment losses recognised: 2023/2024 Impairment for Property Rates R3,263,715,263.

Basis used to assess and test whether a statutory receivable is impaired:

- A receivable that has been placed under or applied for liquidation or sequestration.
- Where the last payment date by the customer was before 1 May of each year.
- Accounts handed over to debt collectors and/or power of attorney.
- All accounts indicated as in-active accounts on the system.
- All accounts indicated as indigent accounts on the system.
- All accounts with balances outstanding Sixty (60) days and longer as these accounts are past due.

Included in above is receivables from exchange transactions

Electricity	1 413 226 509	992 967 736
Water	1 337 740 547	1 396 417 913
Waste water	491 842 482	227 894 574
Sewerage	322 891 091	274 103 892
Refuse	441 576 993	415 300 459
Interest	977 235 467	695 756 242
Arrangement debtors	(379 259 822)	(282 922 469)
	4 605 253 267	3 719 518 347

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates	2 313 987 049	1 323 281 963
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Net balance	6 919 240 316	5 042 800 310
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Rates

Current (0 -30 days)	1 477 810 855	756 785 685
31 - 60 days	131 570 700	85 605 871
61 - 90 days	98 498 332	96 013 181
91 - 120 days	100 788 458	81 448 285
121 - 150 days	91 408 987	80 793 712
151 - 180 days	82 665 777	72 771 792
181 - 365 days	494 342 139	406 149 943
> 365 days	3 100 617 064	2 585 507 525
	5 577 702 312	4 165 075 994

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors (contractual and statutory) (continued)		
Electricity		
Current (0 -30 days)	804 150 787	813 801 077
31 - 60 days	152 963 553	68 544 211
61 - 90 days	71 300 184	75 940 406
91 - 120 days	66 063 458	49 251 784
121 - 150 days	64 731 992	43 963 224
151 - 180 days	50 864 907	46 578 018
181 - 365 days	356 698 870	341 526 337
> 365 days	2 375 217 601	2 077 936 316
	3 941 991 352	3 517 541 373
Water		
Current (0 -30 days)	1 015 699 604	1 040 186 868
31 - 60 days	202 655 541	125 969 313
61 - 90 days	169 252 954	203 043 780
91 - 120 days	171 281 993	140 936 835
121 - 150 days	209 167 329	175 983 057
151 - 180 days	148 642 677	118 860 573
181 - 365 days	983 410 419	849 554 444
> 365 days	4 764 641 129	3 382 330 730
	7 664 751 646	6 036 865 600
Waste water		
Current (0 -30 days)	298 407 893	85 366 979
31 - 60 days	24 241 043	11 957 944
61 - 90 days	18 419 305	53 993 918
91 - 120 days	11 803 057	8 084 373
121 - 365 days	10 828 688	5 727 528
151 - 180 days	11 935 604	5 608 717
181 - 365 days	94 288 513	71 875 189
> 365 days	724 125 932	483 106 390
	1 194 050 035	725 721 038
Sanitation		
Current (0 -30 days)	224 383 600	246 499 526
31 - 60 days	39 686 406	20 897 249
61 - 90 days	57 814 848	38 700 175
91 - 120 days	32 901 981	27 992 292
121 - 150 days	42 640 914	33 503 717
151 - 180 days	30 481 883	24 361 671
181 - 365 days	191 914 948	159 921 220
> 365 days	913 683 070	646 359 578
	1 533 507 650	1 198 235 428

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors (contractual and statutory) (continued)		
Refuse		
Current (0 -30 days)	244 959 754	278 168 269
31 - 60 days	40 715 785	22 723 158
61 - 90 days	36 160 066	41 240 709
91 - 120 days	35 510 602	29 297 196
121 - 150 days	38 279 026	28 406 285
151 - 180 days	31 186 517	27 382 463
181 - 365 days	198 093 277	158 490 134
> 365 days	1 302 954 266	1 049 822 016
	1 927 859 293	1 635 530 230
Interest		
Current (0 -30 days)	643 414 812	349 590 467
31 - 60 days	183 690 321	71 615 284
61 - 90 days	164 627 065	132 212 820
91 - 120 days	162 792 192	91 928 662
121 - 150 days	189 379 926	87 770 454
151 - 180 days	142 798 476	73 470 960
181 - 365 days	850 952 756	447 269 949
> 365 days	4 167 809 098	3 260 923 093
	6 505 464 646	4 514 781 689
Ageing: Total gross receivables		
Current (0 -30 days)	4 708 827 305	3 570 398 871
31 - 60 days	775 523 348	407 313 030
61 - 90 days	616 072 755	641 144 990
91 - 120 days	581 141 741	428 939 426
121 - 150 days	646 436 861	456 147 977
151 - 180 days	498 575 839	369 034 194
181 - 365 days	3 169 700 923	2 434 787 215
> 365 days	17 349 048 162	13 485 985 649
	28 345 326 934	21 793 751 352
Summary of consumer receivables by customer classification		
Consumers		
Household/residential	17 423 213 488	13 528 158 688
Industrial/Commercial	7 600 475 097	5 606 185 876
National and Provincial Government	1 430 101 584	982 961 785
Other	1 891 536 765	1 676 445 003
	28 345 326 934	21 793 751 352

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors (contractual and statutory) (continued)		
Households		
Current (0 -30 days)	2 158 375 048	2 075 775 204
31 - 60 days	447 979 903	228 449 817
61 - 90 days	390 571 154	423 401 690
91 - 120 days	381 460 262	292 540 505
121 - 150 days	459 395 466	329 648 929
151 - 180 days	331 699 781	254 119 529
181 - 365 days	2 218 687 666	1 661 933 047
> 365 days	11 035 044 208	8 262 289 967
	17 423 213 488	13 528 158 688
Industrial/ commercial		
Current (0 -30 days)	2 043 731 224	1 139 975 855
31 - 60 days	259 530 213	125 475 044
61 - 90 days	195 582 817	186 304 787
91 - 120 days	161 463 222	113 634 382
121 - 150 days	148 885 458	110 089 335
151 - 180 days	136 990 876	98 974 377
181 - 365 days	721 536 808	588 035 409
> 365 days	3 932 754 479	3 243 696 687
	7 600 475 097	5 606 185 876
National and provincial government		
Current (0 -30 days)	415 505 666	330 115 658
31 - 60 days	38 819 581	47 382 946
61 - 90 days	24 436 316	24 987 840
91 - 120 days	28 837 879	15 405 688
121 - 150 days	31 975 401	11 983 588
151 - 180 days	24 164 506	11 453 800
181 - 365 days	186 066 404	107 545 162
> 365 days	680 295 831	434 087 103
	1 430 101 584	982 961 785
Other		
Current (0 -30 days)	103 034 157	68 800 051
31 - 60 days	29 151 078	5 760 639
61 - 90 days	5 382 056	5 257 111
91 - 120 days	9 386 868	6 283 861
121 - 150 days	6 130 990	3 913 136
151 - 180 days	5 724 984	4 126 497
181 - 365 days	45 099 611	62 151 180
> 365 days	1 687 627 021	1 520 152 528
	1 891 536 765	1 676 445 003
Reconciliation of allowance for impairment		
Balance at beginning of the year	(16 468 028 573)	(13 324 906 638)
Contributions to allowance	(4 701 305 663)	(2 184 410 696)
Adjustments to allowance - review of impairment at year end	-	(1 181 978 384)
Debt impairment written off against allowance during the financial year	122 507 440	223 267 145
	(21 046 826 796)	(16 468 028 573)

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
5. Consumer debtors (contractual and statutory) (continued)		
Consumer debtors past due and impaired		
The ageing of amounts past due and impaired is as follows:		
0-30 Days	1 390 757 109	934 906 267
31-60 Days	499 581 778	238 498 111
61-90 Days	477 412 689	459 754 257
91-120 Days	461 032 154	310 569 724
121-150 Days	527 846 636	354 825 972
151-180 Days	400 205 194	281 046 582
181-365 Days	2 620 484 338	1 969 511 174
> 365 days	14 669 506 899	11 918 916 486
	21 046 826 797	16 468 028 573
Consumer debtors past due and not impaired		
As of 30 June 2024, there were no past due not impaired consumer debtors.		
0-30 Days	-	-
31-60 Days	-	-
61-90 Days	-	-
91-120 Days	-	-
121-150 Days	-	-
151-180 Days	-	-
181-365 Days	-	-
> 365 days	-	-
	-	-
Additional text		
6. Other receivables from exchange and non-exchange transactions		
Other receivables from exchange transactions		
Financial instruments		
Overpayment to creditors	-	31 271 153
Sundry rentals	636 298 748	502 687 136
Sundry debtors	1 180 805 810	944 773 653
Miscellaneous	538 653 507	301 441 030
	2 355 758 065	1 780 172 972
Other receivables from exchange transactions		
Non - Financial instruments		
Lease revenue	26 566 580	27 150 807
Pre-payment Sanral	-	93 868 994
	26 566 580	121 019 801
Other receivables from exchange transactions	2 382 324 645	1 901 192 773
Impairment allowance: Exchange	(1 270 344 204)	(1 102 304 675)
	1 111 980 441	798 888 098

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
6. Other receivables from exchange and non-exchange transactions (continued)		
Other receivables from non-exchange transactions		
AARTO fine debtor	752 717 479	595 205 627
Year End Grant debtor	-	13 484 854
	752 717 479	608 690 481
Impairment: Non-exchange	(516 599 945)	(516 062 043)
	236 117 534	92 628 438
Reconciliation of other receivables allowance		
Opening balance	(1 618 366 718)	(1 316 517 242)
Impairment adjustment at year end	-	(81 970 159)
Contribution to allowance (monthly contribution)	(168 577 431)	(434 387 336)
Correction contribution allowance	-	214 508 019
	(1 786 944 149)	(1 618 366 718)

Statutory Receivables (AARTO Receivables) - General Information

AARTO traffic fines revenue is recognized in terms of the provisions of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998), referred to as the AARTO Act.

Determination of transaction amount – Amounts of fines are determined in terms of the AARTO Act as amended from time to time, depending on the nature of the offence. The value of the receivables themselves is fixed & nominal and based on legislation.

Interest or other charges levied/charged: The value of the traffic fines receivable remains fixed and nominal (in other words, there is no growth and interest components. The value of the receivables themselves is fixed & nominal and based on legislation.

Basis used to assess and test whether a statutory receivable is impaired:

- The method applied to assess whether traffic fines are impaired is based on a cash flow approach and assumes the ability to recover the projected payments according to the law and regulations of the AARTO Act.
- The constraints of the AARTO Act that make the continued ability of an infringer to maintain a valid driver's licence contribute to settling all valid fines. The failure to enforce the law as promulgated in terms of the Act would impact the ability to recover traffic fines from infringers.
- Actuarial projection techniques (an adaptation of the basic chain ladder method) which consider patterns emerging in the past observed debt and payment data, are used to predict future patterns of debt progression.
- The ratios of debt in each past year (which in sequence form a pattern) are used to predict what the expected debt will likely be in the next year. This technique then extends the prediction into each future year.

Discount rate applied to the estimated future cash flows: The risk-free discount rate for the average weighted term of projected cashflows (i.e. payments).

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables:

Recognition

- Calculations are done at the infringement notice level using observable data over a long-term run period.
- Payment ratios are determined based on calculated payment factors for each infringement using analysis of trends as seen from observable data.
- A fair value of each infringement notice is determined equal to the transaction amount for each infringement notice.
- The future expected cashflows are deducted from the carrying amount to determine the impairment amount.

Reversal

- Payment or inability to settle valid infringement notices outstanding for a long period.
- Cancelled fines in terms of the Act, i.e., not served to the infringer (by registered mail) within timeframes as per the AARTO Act.
- Election by the infringer to go to court.

Significant Impairment losses recognised: The 2023/2024 Impairment allowance account for AARTO traffic fine debtors is R516 599 945.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand 2024 2023

6. Other receivables from exchange and non-exchange transactions (continued)

Sundry rentals past due and impaired

The ageing of amounts past due but not impaired is as follows:

0-30 Days	6 002 960	12 022 362
31-60 Days	6 203 094	6 163 901
61-90 Days	6 308 250	5 777 622
91-120 Days	6 822 169	5 981 202
121-150 Days	6 686 056	5 061 264
151-180 Days	5 283 690	26 278 238
181-365 Days	28 493 719	3 623 420
Above 365 Days	372 119 725	322 696 911
	437 919 663	387 604 920

Sundry rentals past due and not impaired

0-30 Days	-	-
31-60 Days	-	-
61-90 Days	-	-
91-120 Days	-	-
121-150 Days	-	-
151-180 Days	-	-
181-365 Days	-	-
Above 365 Days	-	-
	-	-

Purchases Past due and impaired

0-30 Days	57 886	96 804
31-60 Days	25 807	32 998
61-90 Days	26 711	33 323
91-120 Days	27 745	33 653
121-150 Days	28 947	33 991
151-180 Days	144 058	154 256
181-365 Days	22 418	26 935
Above 365 Days	3 624 710	3 390 289
	3 958 282	3 802 249

AARTO - Past due and impaired

0-30 Days	7 108 159	5 128 145
31-60 Days	9 694 268	6 351 898
61-90 Days	10 315 619	4 520 419
91-120 Days	9 046 375	5 668 590
121-150 Days	6 902 093	5 179 106
151-180 Days	7 441 362	4 322 341
181-365 Days	36 090 281	27 991 141
Above 365 Days	430 001 789	315 635 782
	516 599 946	374 797 422

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
6. Other receivables from exchange and non-exchange transactions (continued)		
AARTO - Past due and not impaired		
0-30 Days	-	-
31-60 Days	-	-
61-90 Days	-	-
91-120 Days	-	-
121-150 Days	-	-
151-180 Days	-	-
181-365 Days	-	-
Above 365 Days	-	-
	-	-
Sundry debtors past due and impaired		
0-30 Days	20 049 825	22 885 472
31-60 Days	8 033 359	2 674 390
61-90 Days	12 829 537	36 251 771
91-120 Days	13 010 335	560 792
121-150 Days	5 486 384	7 525 390
151-180 Days	5 962 073	17 911 379
181-365 Days	168 570 237	179 200 008
Above 365 Days	509 121 141	343 048 207
	743 062 891	610 057 409
Sundry debtors past due but not impaired		
0-30 Days	-	-
31-60 Days	-	-
61-90 Days	-	-
91-120 Days	-	-
121-150 Days	-	-
151-180 Days	-	-
181-365 Days	-	-
Above 365 Days	-	-
	-	-
7. Long-term receivables		
Financial instruments measured at amortised cost:		
Consumer: Arrangement debtors (refer to note 5)	379 259 822	282 922 469
Housing loans	12 436 667	11 794 759
Loan to sport clubs	913 526	955 216
Sale of land	83 479 836	70 983 319
Non-current portion of long-term receivables	476 089 851	366 655 763
Current portion of long-term receivables	(231 150 643)	(177 873 136)
Impairment allowance	(3 935 684)	(3 802 250)
Net long-term receivables	241 003 524	184 980 377

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
7. Long-term receivables (continued)		
Reconciliation of impairment allowance		
Balance at the beginning of year	(3 802 250)	(3 548 256)
Contributions to allowance (monthly)	(133 434)	(2 742 470)
Adjustment to contribution - review of impairment	-	2 488 476
	(3 935 684)	(3 802 250)

Consumer: Arrangement debtors

A policy exists granting consumer receivables an opportunity to make arrangements to pay off their arrear debt over a period of 12, 24 or 36 months with a deposit payable.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
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7. Long-term receivables (continued)

Housing loans

Housing loans were granted to qualifying individuals in terms of the Provincial Administration's Housing Program. These loans attracted interest of 13.5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable. No new loans were issued in the current financial year.

Loans to sport clubs

Sport clubs that qualified signed a 99 year lease hold agreement with the municipality at a nominal amount and were provided with financial assistance from the municipality to build or improve a facility for which the funds are repayable over the lease term agreement and the Club has no claim to the improvements made to the facility after the expiration of the lease hold agreement.

Sale of land debtors

Vacant properties are sold through a process administered by Group Property Management. Contracts are signed and advices for the opening of individual accounts, which indicate the amount of the deposit (10%) and VAT (14% up to March 2018, and 15% from 1 April 2018) issued. The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

As from 1 March 2014 all land sales are conducted on payment of the full amount to the Municipality by the purchaser. No extended payment terms are offered and full payment is required on registration.

8. Operating lease

Operating lease expense	9 078 978	22 749 706
Minimum lease payments due		
- within one year	9 456 187	17 599 698
- in second to fifth year inclusive	9 766 819	24 984 341
	19 223 006	42 584 039

The City is leasing office equipment for a period of three years from various service providers in accordance with the National Treasury Transversal contract- RT3-2018 and RT3-2022. The City of Tshwane, may at its sole discretion extend this Agreement for a maximum period of 24 (twenty four) months on the same terms and conditions, except for the rental fee, which is reduced to R0.00.

9. Redemption fund

The City has in place a Redemption fund that is generally known as a Sinking fund. The objective of the Sinking fund is to make provisions for the redemption of the City's bullet loans and repayment of bond liabilities when they fall due. The Sinking Fund is a ring-fenced pool of funds that arises from contributions by the City and investment income from the same fund (margin call, FFO collateral, and the interest rate swaps) that serve to provide capital to repay bullet loans and bond liabilities when they fall due.

Some of the benefits of having a Sinking Fund are:

- Mitigation of Liquidity Risk: The fund removes the need to raise money in the debt capital markets to repay long-term debt.
- Reduced cost of funding, and
- Enhancing the City's credit rating status by lowering levels of both net direct risk and net overall risk which are actively monitored by Rating Agencies.

A liability swap is a financial derivative consisting of an interest rate swap used to change the interest rate exposure assumed by a party to the transaction, the liability that arises from exposure to a particular interest rate structure.

Generally, liability swaps involve exchanging a fixed rate for a floating rate. This simply means that if interest rates decline below the fixed rate, then the City will report the swap as a liability on its balance sheet at fair value.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
9. Redemption fund (continued)		
The fair value of the swap is the net difference between the fixed interest rate and the floating interest rate legs with liability losses being generated through an accounting entry rather than the actual sale of an asset or security.		
It must be noted that the forward interest rates utilized in swap contracts are variable and are projected based on the swap zero rates stripped out of the swap curve compiled by the Johannesburg Stock Exchange (JSE) and can only be accessed by subscription on the JSE.		
Financial assets measured at fair value		
Cash collateral - FFO Securities (Pty) Ltd	16 540 974	15 435 138
Margin call collateral investment	71 080 000	192 460 000
Swaps	1 410 683	-
Non-current assets	89 031 657	207 895 138
Financial liabilities measured at fair value		
Swaps	(132 631 547)	(247 075 556)
Cash collateral - FFO Securities (Pty) Ltd	-	-
Non-current liability	(132 631 547)	(247 075 556)
30 June 2024		
	Fair value	Estimated fair value gain/(loss)
Assets: other financial assets - redemption fund	(43 599 890)	4 270 125
30 June 2023		
	Fair value	Estimated fair value gain/(loss)
Assets: other financial assets - redemption fund	(39 180 418)	(84 900 775)
Reconciliation of cash flow movement on redemption fund asset		
Opening balance - Current	193 273 294	14 662 998
Opening balance - Non-current	-	-
	193 273 294	14 662 998
Investment	-	178 610 296
	193 273 294	193 273 294
Closing balance		
Current	-	-
Non-current	207 895 138	207 895 138
	207 895 138	207 895 138
Reconciliation of cash flow movement on redemption fund liability		
Opening balance	(247 075 556)	(162 174 781)
Fair value adjustment	4 270 125	(84 900 775)
	(242 805 431)	(247 075 556)

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	604 822	661 985
Cashbook balances	379 622 905	206 997 984
Short-term investments (highly liquid) - refer to note 4	1 584 666 142	577 835 946
Cash and bank (per statement of financial position)	1 964 893 869	785 495 915

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Absa - 4060738263	168 868 259	71 181 344	145 472 638	42 256 209
FNB - 51420107207	36 110 977	26 348 477	41 466 615	26 348 477
Standard - 410801453	96 332 527	63 695 520	95 943 418	63 404 535
Tshwane Market-Absa - 4068829119	82 465 881	68 997 808	82 465 881	68 997 808
Nedbank-1454121963	14 277 132	5 990 955	14 274 353	5 990 955
Total	398 054 776	236 214 104	379 622 905	206 997 984

11. Living resources

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Animals	590 666	(288 539)	302 127	601 271	(301 182)	300 089

Reconciliation of living resources - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	300 089	62 837	(30 784)	(30 015)	302 127

Reconciliation of living resources - 2023

	Opening balance	Additions	Fair value at initial recognition	Depreciation	Total
Animals	323 269	45 463	(32 167)	(36 476)	300 089

Animals consist of animals kept and maintained for recreational purposes i.e. cattle, poultry, fellow deer, goats, horses, pigs and sheep, as well as service animals i.e. dogs and horses.

None of the living resources are restricted or pledged as security. There are no contractual commitments over living resources.

Change in estimates

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 8 (2022/2023: 11).

Effect change in estimates

Animals	1 877	3 699
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City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand 2024 2023

12. Investment property

	2024			2023		
	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value
Land	1 020 980 369	(6 555 209)	1 014 425 160	947 780 704	(4 691 147)	943 089 557
Buildings	327 492 224	(244 266 401)	83 225 823	327 492 244	(240 609 039)	86 883 205
Community service concession agreement	1 178 539 117	(179 423 666)	999 115 451	1 178 539 117	(140 288 351)	1 038 250 766
Total	2 527 011 710	(430 245 276)	2 096 766 434	2 453 812 065	(385 588 537)	2 068 223 528

Reconciliation of investment property - 2024

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	943 089 557	73 397 000	(170 000)	(1 891 397)	-	1 014 425 160
Buildings	86 883 205	-	-	-	(3 657 382)	83 225 823
Community service concession agreement	1 038 250 766	-	-	-	(39 135 315)	999 115 451
	2 068 223 528	73 397 000	(170 000)	(1 891 397)	(42 792 697)	2 096 766 434

Reconciliation of investment property - 2023

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	948 253 067	-	(472 363)	(4 691 147)	-	943 089 557
Buildings	90 710 834	-	(97 220)	-	(3 730 409)	86 883 205
Community service concession agreement	1 077 279 156	-	-	-	(39 028 390)	1 038 250 766
	2 116 243 057	-	(569 583)	(4 691 147)	(42 758 799)	2 068 223 528

Expenditure incurred to repair and maintain investment property

Contracted Services	-	605 039
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Carrying value of investment property where construction or development has been halted either during the current or previous reporting period(s)

Management decision to discontinue project, referred for forensic investigation	-	30 757 050
Dispute, await Council decision on continuity	30 757 050	-
	30 757 050	30 757 050

Halted projects to the value of R34 280 242.54 have been impaired.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand 2024 2023

12. Investment property (continued)

Included in Investment property is assets under construction:

2024	Included within Land	Included within Buildings	Total
Opening balance	-	30 757 049	30 757 049
Disposal	-	-	-
Transfers	-	-	-
Impairment	-	-	-
	-	30 757 049	30 757 049

2023	Included within Land	Included within Buildings	Total
Opening balance	35 000 000	30 757 049	65 757 049
Disposal	-	-	-
Transfers	(35 000 000)	-	(35 000 000)
	-	30 757 049	30 757 049

Change in estimate

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 41 (2022/2023: 7).

Effect change in estimates

Buildings	68 270	40 694
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13. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 114 224 937	(12 655 182)	2 101 569 755	2 093 330 748	(3 122 427)	2 090 208 321
Buildings	2 058 987 148	(1 137 626 600)	921 360 548	2 024 304 293	(1 086 056 189)	938 248 104
Transport assets	1 535 425 481	(1 011 063 935)	524 361 546	1 474 504 677	(918 119 104)	556 385 573
Infrastructure	65 722 035 843	(27 132 164 861)	38 589 870 982	64 203 105 773	(25 700 703 152)	38 502 402 621
Community	7 174 162 752	(4 145 879 475)	3 028 283 277	7 130 456 745	(3 927 325 557)	3 203 131 188
Other property, plant and equipment	2 327 347 482	(2 013 787 469)	313 560 013	2 324 195 643	(1 932 361 206)	391 834 437
Tshwane house	1 129 911 631	(269 926 913)	859 984 718	1 129 911 632	(232 262 595)	897 649 037
Housing assets	2 217 389 705	(1 148 516 061)	1 068 873 644	2 245 796 613	(1 110 309 877)	1 135 486 736
Leased assets	295 122 404	(137 787 637)	157 334 767	181 283 558	(103 686 599)	77 596 959
Total	84 574 607 383	(37 009 408 133)	47 565 199 250	82 806 889 682	(35 013 946 706)	47 792 942 976

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 090 208 321	22 956 060	(2 061 870)	-	-	(9 532 756)	2 101 569 755
Buildings	938 248 104	34 682 854	-	-	(51 570 410)	-	921 360 548
Transport assets	556 385 573	60 920 805	-	-	(92 944 832)	-	524 361 546
Infrastructure	38 502 402 621	1 518 999 343	(13 766)	-	(1 431 534 055)	16 839	38 589 870 982
Community	3 203 131 188	47 990 805	(139 924)	-	(222 698 792)	-	3 028 283 277
Other property, plant and equipment	391 834 437	67 688 033	(64 713 435)	-	(80 939 977)	(309 045)	313 560 013
Tshwane house	897 649 037	-	-	-	(37 664 319)	-	859 984 718
Housing assets	1 135 486 736	-	(12 446 233)	-	(54 166 859)	-	1 068 873 644
Leased assets	77 596 959	113 838 846	-	-	(34 101 038)	-	157 334 767
	47 792 942 976	1 867 076 746	(79 375 228)	-	(2 005 620 282)	(9 824 962)	47 565 199 250

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 089 296 516	9 927 174	(5 892 942)	-	-	(3 122 427)	2 090 208 321
Buildings	997 008 027	9 681 555	(9 456 589)	-	(58 984 889)	-	938 248 104
Transport assets	535 436 015	129 886 823	-	-	(108 937 265)	-	556 385 573
Infrastructure	38 654 374 079	1 636 622 957	(39 096 048)	-	(1 564 081 682)	(185 416 685)	38 502 402 621
Community	3 386 516 257	129 494 936	(4 585 532)	-	(271 190 780)	(37 103 693)	3 203 131 188
Other property, plant and equipment	422 215 659	243 587 012	(188 075 370)	-	(85 892 864)	-	391 834 437
Tshwane house	935 313 353	-	-	-	(37 664 316)	-	897 649 037
Housing assets	1 162 253 094	38 018 013	(1 258 036)	-	(63 526 335)	-	1 135 486 736
Leased assets	227 417 852	-	-	(68 935 999)	(80 884 894)	-	77 596 959
	48 409 830 852	2 197 218 470	(248 364 517)	(68 935 999)	(2 271 163 025)	(225 642 805)	47 792 942 976

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
13. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
Cumulative expenditure recognised in the carrying value of property, plant and equipment that has been halted		
Acquisition cancelled, awaiting refund	-	5 580 810
Awaiting appointment of contractor/consultant	-	263 276
Awaiting replacement of additional components to complete the asset	-	3 217 196
Awaiting site identification to install equipment	-	584 589
Budget Constraints	210 835 503	104 521 220
Bulk water shortage	-	3 867 451
Community protest/unrest	18 833 905	-
Components subject to modification	-	1 071 394
Contract terminated	46 948 076	304 072 671
Contractors issues/abandoned site	-	53 083 168
Project stopped to be completed or implemented in another department	66 975 460	-
Delays caused contractor	-	1 269 686
Loss of equipment	1 903 352	-
Funds utilised for other purposes	-	6 723 384
Lack of material at stores	-	13 595 321
Project under dispute - Legal process awaiting judgement	-	42 443 429
Unavailability of construction tender	-	1 630 073
Wayleave application not approved	-	7 550
	345 496 296	541 931 218

Halted projects to the value of R202 030 576.15 have been impaired.

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
13. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Additional scope of work	-	235 055 107
Appointment of Safety Agent	-	24 992 211
Arbitration	-	93 813 642
Assessment of works required outstanding	-	160 240
Awaiting appointment of contractor / consultants	-	29 795 123
Awaiting building plan approval	-	199 194 546
Awaiting equipment from manufacturer	-	36 348 338
Awaiting registration of servitude	450 000	450 000
Awaiting service connection	-	15 528 045
Awaiting site identification to install equipment	-	98 231
Budget constraints and community unrest	-	3 915 651
Budget constraints	162 222 019	447 726 428
Bulk water shortage	-	47 668 442
Community protest/unrest	-	15 558 339
Contract lapsed	72 677 124	83 694 400
Contract terminated	-	192 991 405
Contractor's contract lapsed/delay in ESKOM Connection	-	322 637 570
Contractors issues/abandoned site	164 799 935	27 208 344
Delay caused by contractor	1 816 600	-
Delay in road expansion project	-	392 490
Dependent on Civil Works contract to commence with building work	-	19 220 313
Dependent on ESKOM connection	-	264 150
Dispute over invoice awaiting BAC approval	-	22 679 684
Forensic Investigation	-	13 517 000
Funds utilised for other purposes	-	7 311 324
Lack of material at stores	-	384 238
Poor performance of contractor	201 806	174 899 617
Project material used in an emergency maintenance project.	-	597 677
Awaiting construction permit and establishment of Steering Committee	19 995 023	-
Awaiting final completion certificate and land transfer from Provincial Government	54 242 535	-
Awaiting funded WBS from insurance section	675 772	-
Awaiting layout plan	31 061 711	-
Awaiting occupation certificate/title deed	103 750 330	-
Awaiting swing over of Africon substation to complete project	440 254	-
Awaiting Wapadarand to complete to swing over substation	620 037	-
Delayed	1 516 835	-
Equipment being deployed	4 263 669	-
Impaired, awaiting council process for write-off	308 125	-
No reason provided	15 239 072	-
Project implemented in progress	478 000	-
Project to install sectionalisers will start 2025	263 276	-
	635 022 123	2 016 102 555

Delayed projects to the value of R16 994 379.98 have been impaired.

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Included in Property, plant and equipment under construction 2024

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	86 188 853	141 494 000	70 223 380	9 285 516 186	634 330 421	281 540 363	10 319 231	10 509 612 434
Additions/capital expenditure	22 956 059	34 682 856	19 720 881	1 488 067 992	34 208 078	-	5 428 735	1 605 064 601
Disposal	-	-	-	-	-	-	-	-
Transfers	-	(17 993 799)	(69 281 350)	(454 527 580)	(682 820)	-	-	(542 485 549)
Impairment/reversal	-	-	-	14 609 447	-	-	-	14 609 447
	109 144 912	158 183 057	20 662 911	10 333 666 045	667 855 679	281 540 363	15 747 966	11 586 800 933

Included in Property, plant and equipment under construction 2023

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	76 421 679	166 340 010	9 785 658	8 310 542 471	560 692 018	243 522 350	10 319 231	9 377 623 417
Additions/capital expenditure	9 767 174	1 256 120	102 435 361	1 600 381 705	113 325 542	38 018 013	-	1 865 183 915
Transfers	-	(26 102 129)	(41 997 640)	(576 604 915)	(13 719 540)	-	-	(658 424 224)
Impairment	-	-	-	(48 803 075)	(25 967 599)	-	-	(74 770 674)
	86 188 853	141 494 001	70 223 379	9 285 516 186	634 330 421	281 540 363	10 319 231	10 509 612 434

City of Tshwane Metropolitan Municipality

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Figures in Rand	2024	2023
13. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	469 241 920	723 883 639
Other materials	350 989 700	383 283 224
	820 231 620	1 107 166 863

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Assets under service concessions (note 27) and leases (note 20) have their title restricted until the end of the agreements.

Change in estimate

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 1 805 482 (2022/2023: 1 335 995).

Effect change in estimates

Property plant and equipment	204 518 290	159 458 352
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14. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1 184 311 871	(604 352 262)	579 959 609	1 067 521 175	(513 730 932)	553 790 243
Servitudes	490 676 024	-	490 676 024	490 676 025	-	490 676 025
Total	1 674 987 895	(604 352 262)	1 070 635 633	1 558 197 200	(513 730 932)	1 044 466 268

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	553 790 243	116 790 695	-	(89 256 805)	(1 364 524)	579 959 609
Servitudes	490 676 025	-	-	-	-	490 676 024
	1 044 466 268	116 790 695	-	(89 256 805)	(1 364 524)	1 070 635 633

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	552 389 014	101 142 160	(2 316 459)	(97 424 472)	-	553 790 243
Servitudes	491 580 574	-	(904 549)	-	-	490 676 025
	1 043 969 588	101 142 160	(3 221 008)	(97 424 472)	-	1 044 466 268

City of Tshwane Metropolitan Municipality

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Figures in Rand 2024 2023

14. Intangible assets (continued)

Pledged as security

No Intangible assets have been pledged as security.

Servitudes are regarded as having an indefinite useful life, based on all relevant factors, as there is no foreseeable limit to the period over which they are expected to generate net cash inflows or service potential.

Expenditure incurred to maintain intangible assets

Contracted Services	69 714	54 634 740
General expenses	30 132 874	32 976 018
	30 202 588	87 610 758

Carrying value of Intangible assets that is taking a significantly longer period of time to complete than expected

Awaiting appointment of contractor/consultant	-	657 003
Additional scope of work	-	27 792 037
Delayed in finalising SAP integration/UAT Testing	-	24 822 000
SAP S/4HANA	1 627 388	-
	1 627 388	53 271 040

Carrying value of Intangible assets where construction or development has been halted either during the current or previous reporting period(s)

Awaiting sale/registration of servitude in Deeds Office	450 000	-
	450 000	-

Change in estimate

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 985 (2022/2023: 84).

Effect change in estimates

Software other	9 623 561	9 972 446
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Included in Intangible assets under construction

City of Tshwane Metropolitan Municipality

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14. Intangible assets (continued)

2024	Included within Servitudes	Included within Software	Total
Opening balance	33 756 027	223 577 786	257 333 813
Additions/capital expenditure	-	116 790 695	116 790 695
Disposal	-	-	-
Transfers	-	-	-
	33 756 027	340 368 481	374 124 508

2023	Included within Servitudes	Included within Software	Total
Opening balance	34 335 577	131 750 049	166 085 626
Additions/capital expenditure	-	101 144 196	101 144 196
Disposal	-	(2 316 459)	(2 316 459)
Transfers	(579 550)	(7 000 000)	(7 579 550)
	33 756 027	223 577 786	257 333 813

15. Heritage assets

	2024			2023		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Works of art	471 068 232	-	471 068 232	471 068 232	-	471 068 232
Historical buildings and land	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	22 767 636	(19 718 699)	3 048 937	22 767 636	(19 718 699)	3 048 937
Total	3 699 370 058	(327 788 459)	3 371 581 599	3 699 370 058	(327 788 459)	3 371 581 599

Reconciliation of heritage assets 2024

	Opening balance	Additions	Disposals	Total
Works of art	471 068 232	-	-	471 068 232
Historical buildings and land	2 897 464 430	-	-	2 897 464 430
Other heritage assets	3 048 937	-	-	3 048 937
	3 371 581 599	-	-	3 371 581 599

Reconciliation of heritage assets 2023

	Opening balance	Additions	Disposals	Total
Works of art	471 068 232	-	-	471 068 232
Historical buildings and land	2 897 464 430	-	-	2 897 464 430
Other heritage assets	3 048 937	-	-	3 048 937
	3 371 581 599	-	-	3 371 581 599

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15. Heritage assets (continued)

There are no restrictions on heritage assets held by the city.

No heritage assets are pledged as securities for liabilities.

Carrying value of Heritage asset that is taking a significantly longer period of time to complete than expected

Budget constraints	-	1 512 530
	-	1 512 530

Carrying value of Heritage asset where construction or development has been halted either during the current or previous reporting period(s)

Budget constraints	1 512 530	-
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Halted projects to the value of R19 718 698.88 have been impaired.

Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance

Contracted services	-	19 987 452
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Included in Heritage assets under construction

2024	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	1 512 530

2023	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	1 512 530

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16. Investments in controlled entities

The City of Tshwane has investments in joint ventures and associates accounted for using the equity method, as prescribed by GRAP 36 - 'Investments in Associates and Joint Ventures.'

As of 30 June 2024, the financial statements of TASEZ used in applying the equity method have a financial year-end that differs from that of the City. The details of these differences are as follows:

The date of the end of the reporting period of the financial statements of TASEZ is 31 March 2024.

TASEZ operates in a different financial year due to the date when the entity was established and industry-specific reporting practices.

City of Tshwane controls 100% of two active and viable municipal entities Housing Company Tshwane (HCT) and Tshwane Economic Development Agency (TEDA).

City of Tshwane is exposed, and has rights, to variable returns from its involvement with the controlled entities and has the ability to affect those returns through its power over the controlled entities.

TEDA was established with the aim of being a catalyst for accelerated economic growth and job creation within Tshwane. It was established as a private company.

Housing Company Tshwane is wholly owned by City of Tshwane and was established as a section 21 company and mandated to act as a long term institutional vehicle through which CoT would promote the business of procuring, developing, owning, letting, maintaining and managing residential accommodation primarily for low and middle income brackets in terms of National Housing Code including provision of Social Housing (SH) products and services to SH the target market to the provision of Affordable Rental.

HCT was later converted to a Non-Profit Company (NPC). Housing Company Tshwane is 100% controlled by the City as it is established to develop and manage social / rental housing for the benefit of the residents of the City of Tshwane.

City of Tshwane accounts for Investments in municipal entities (controlled entities) at cost.

The carrying amounts of controlled entities are shown net of impairment losses.

Investment in Municipal Entity (TEDA)

Gross Investment	1 000	1 000
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Control over entity (% held)

Housing Tshwane Company	100	100
Tshwane Economic Development Agency (Pty) Ltd	100	100

17. Investment in joint venture

Name of company	Listed /Unlisted	Carrying amount	
		2024	2023
Interest in joint venture: TASEZ	Unlisted	880 831 780	825 075 388
		880 831 780	825 075 388

Tshwane Automotive Hub Special Economic Zone (TASEZ)

City of Tshwane entered into a tripartite agreement with Department of Trade, Industry and Competition (DTIC) and Gauteng Department of Economic Development (GDED) for a duration of five years in order to establish a Special economic Zone in a form of Tshwane Automotive Hub Special Economic Zone (TASEZ) to industrialize the capital city and mitigate unemployment rates provincially and surrounding Tshwane.

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17. Investment in joint venture (continued)		
A Special Purpose Vehicle was established namely TASEZ, City of Tshwane holds 33.3% shareholding in the SPV, the DTIC 33.3% and GDED 33.4%. City of Tshwane is the land owners.		
The City of Tshwane accounts for investment in TASEZ using the equity method .		
Under the equity method, on initial recognition the investment in TASEZ is recognised at cost and the carrying amount is increased or decreased to recognise the City of Tshwane's share of 33,33% of the surplus or deficit of the investee after the date of acquisition.		
The City of Tshwane is responsible for the provision of land permissions, zoning, assistance with capital expenditure towards the Bulk Infrastructure, spatial planning and supporting services, precinct plan development, community initiatives, assist investment facilitation and development facilitation.		
Summarised Financial Information of Tshwane Automotive Special Economic Zone		
Assets		
Non-current assets	3 301 104 405	3 134 882 999
Current assets	901 107 928	444 658 459
Total Assets	4 202 212 333	3 579 541 458
Liabilities		
Non-current liabilities	781 695 770	660 034 051
Current liabilities	777 756 947	321 623 348
Total Liabilities	1 559 452 717	981 657 399
Net Assets as at 30 June 2024	2 642 759 616	2 597 884 059
Reconciliation of the summarised financial information and the carrying amount of the investment in the joint venture.		
Carrying amount of the investment in joint venture		
Summarised Financial Information	2 642 759 616	2 597 884 059
Asset Under Construction included in the City's property, plant and equipment balance	-	(122 410 348)
Total net assets	2 642 759 616	2 475 473 711
Summarised Financial Information	2 642 759 616	2 475 473 711
33,33% interest in net assets of the joint venture	(880 831 780)	(825 075 388)

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18. Interest rates swaps

The City of Tshwane holds derivative financial instruments to hedge its interest rate risk exposures. The City entered into interest rate swap contracts that entitles it to receive interest at fixed or floating rates on notional principal amounts that obliges it to pay interest at variable or fixed rates on the same amounts. Interest rate swaps are agreements between two parties to exchange one stream of interest payments for another over a set period of time. Interest rate swaps are measured at fair value on trade or reporting dates.

The City entered into interest rate swaps with the following counter parties:

City of Johannesburg: (Trade number - SWS BK 2RS)

Trade date: 23 October 2014 and Settlement date: 30 June 2034

Nominal amount: R 1,600,000,000 (Current Nominal amount R 1,600,000,000)

Fixed rate: 11.0% and variable rate: Jibar + 2,50 basis points

Payable: Semi-annual

City of Johannesburg: (Trade number - 12503628)

Trade date: 18 August 2015 (effective date 29 June 2015) and Settlement date: 29 June 2035

Nominal amount: R 1,500,000,000 (Current notional amount R 1,500,000,000)

Fixed rate: 11,48% and variable rate: Jibar + 2,4 basis points

Payable: Semi-annual

City of Johannesburg: (Trade number - 12503643)

Trade date: 20 July 2017 and Settlement date: 23 June 2027

Original Nominal amount R 1,000,000,000 (Current Nominal amount R 1,000,000,000)

Fixed rate: 10.55% and variable rate: Jibar + 2,65 basis points

Payable: quarterly

Nedbank: (Trade number - 18569588)

Effective Date: 31 December 2012 and Settlement date: 30 June 2026

Original Nominal amount: R 943,766,167 (Current Nominal amount R302 256 430)

Fixed rate: 9,31% and variable rate: Prime -1.28%

Payable: Semi-annual

Nedbank: (Trade number - 24157050)

Effective Date: 1 April 2014 and Settlement date: 30 June 2026

Nominal amount R 890,312,448: (Current Nominal amount R302 256 430)

Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points

Payable: Semi-annual

Fair values of financial assets measured or disclosed at fair value:

Class 1 : Interest rate swaps

The method to determine the fair value of the interest rate swaps is the discounted cash flow method. Various parameters are used to value the swaps, e.g. start date, end date, payment dates in between, fixed rate, floating rate spread, payment frequency, yield curve, etc. Cash flows are discounted using the zero curve.

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurement. The fair value hierarchy have the following levels:

Level 1: represents those assets which are measured using unadjusted quoted prices in active markets for identical assets

Level 2: applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: applies inputs which are not based on observable market data.

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18. Interest rates swaps (continued)

The City of Tshwane classifies its interest rate swaps as level 2 and no transfers were made between the different levels of the hierarchy in the year under review. None of the financial assets that are fully performing have been renegotiated in the last year.

Nominal value of financial assets at fair value:

The original and current nominal values of the existing interest rate swaps were R4 017 137 380 (2023: R5 934 078 615) as at 30 June 2024.

Interest paid on the interest rate swaps to the amount of R11 972 429 (2023: R57 489 941) were recognised in surplus or deficit as part of finance cost - refer to note 41.

The fair value of interest rate swaps for the period under review is as indicated below.

Interest rate swap		
Interest rate swap asset	130 045 708	247 940 777
Interest swap liability	(3 349 646)	(9 560 148)
	126 696 062	238 380 629

19. Loans and bonds

Summary of Long Term Borrowings:

Bullet Loans	6 305 720 740	6 301 935 863
Municipal bonds	1 328 630 986	1 328 630 986
Annuity loans	1 528 175 144	1 869 618 256
	9 162 526 870	9 500 185 105

Held at amortised cost

Bullet Loans

Development Bank of South Africa (1-2100) Secured 20 year bullet loan, Jibar rate +2.5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2034.	1 600 970 959	1 600 000 000
Nedbank (1-2300) Secured 10-year bullet loan, fixed interest rate 11.86% repayable quarterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2026.	1 200 830 466	1 200 000 000
Development Bank of South Africa (1-22) Secured 20 year bullet loan, Jibar rate + 2.4 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.	1 500 902 055	1 500 000 000
Development Bank of South Africa (1-2551) Secured 20 year bullet loan, Jibar rate repayable quarterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2040.	1 501 098 904	1 500 000 000
Nedbank Loan (1-2501) Unsecured 10 year loan with a variable interest rate (JIBAR) payable quarterly, with the capital amount to be repaid on June 30, 2029.	501 918 356	501 935 863

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19. Loans and bonds (continued)		
Municipal bonds		
Standard Bank (1-1900) Secured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2028. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.	573 771 397	573 771 397
Standard Bank (1-1901) Secured 10-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2023. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.	-	-
Standard Bank (1-1950) Secured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 5 June 2028. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.	754 859 589	754 859 589
Annuity loans		
Standard Bank (1-1300) Unsecured variable interest rate 15-year loan repayable semi-annually in instalments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2026.	208 839 089	301 562 340
Standard Bank (1-2450) Unsecured (Jibar) variable interest rate 10-year loan repayable with quarterly equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2027.	414 802 912	521 097 812
Standard Bank (1-2501) Unsecured (Jibar) variable interest rate 10-year loan repayable with quarter in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	501 445 205	601 757 589
Development Bank of South Africa (1-950) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	64 563 237	67 068 744
Development Bank of South Africa (1-800) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	99 271 659	102 095 085
Development Bank of South Africa (1-700) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	35 155 188	37 319 918
Development Bank of South Africa (1-701) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	100 569 863	100 785 734
iVuzi (FirstRand Bank) (1-1851) Unsecured (Jibar) variable interest rate 14-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2027.	103 527 991	137 931 034
	9 162 526 870	9 500 185 105

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19. Loans and bonds (continued)		
Non-current liabilities		
At amortised cost	8 705 933 679	9 091 315 444
Current liabilities		
At amortised cost	456 593 191	408 869 661
	9 162 526 870	9 500 185 105
Secured and unsecured long-term liabilities		
Secured	9 162 526 870	9 500 185 105
No defaults or breaches of loans occurred in the period under review.		
The weighted average interest rate is 11.81% (2023: 11.33%).		
Closing balance		
Current	(456 593 191)	(408 869 661)
Non-current	(8 705 933 679)	(9 091 315 444)
	(9 162 526 870)	(9 500 185 105)
20. Finance lease obligation		
Minimum lease payments due		
- within one year	51 982 336	60 568 263
- in second to fifth year inclusive	51 993 706	103 976 042
	103 976 042	164 544 305
less: future finance charges	(10 194 307)	(22 050 150)
Present value of minimum lease payments	93 781 735	142 494 155
Present value of minimum lease payments due		
- within one year	44 622 456	48 712 421
- Later than one year no later than five years	49 159 279	93 781 734
	93 781 735	142 494 155
Non-current liabilities	49 159 279	93 781 734
Current liabilities	44 622 456	48 712 421
	93 781 735	142 494 155
Net book value of leased assets		
Cost	295 122 404	181 283 558
Accumulated depreciation	(137 787 637)	(103 686 599)
Net book value of leased assets (refer to note 13)	157 334 767	77 596 959

The lease liabilities reflected above relate to the lease contract of Fleet Management for the supply of fleet vehicles and fleet related services. The lease contract of Fleet Management is a public-private partnership agreement between the following companies - * Fleet Africa, a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles. The lease term is 60 months and the average effective borrowing rate is 10%. Interest rates are variable at the date of contract. It is municipality's policy to lease certain motor vehicles and equipment under finance leases.

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21. Payables from exchange transactions		
Financial instruments		
Trade payables	9 701 250 625	8 041 514 492
Debtors with credit balances - reclassification	3 103 811 563	2 261 444 095
Retention creditors	555 122 508	590 658 461
Other creditors	2 081 857 420	1 655 000 029
	15 442 042 116	12 548 617 077
Non - Financial instruments		
Payments received in advanced - contract in process	120 582 898	24 740 168
Deposits received	76 209 629	44 779 745
	15 638 834 643	12 618 136 990

22. VAT

VAT Payable	(4 152 019 606)	(5 384 641 745)
Impairment adjustment	1 633 499 963	1 300 787 109
Total VAT Payable	(2 518 519 643)	(4 083 854 636)
VAT Receivable	1 638 162 806	1 177 970 216
	(880 356 837)	(2 905 884 420)
VAT per accrual accounting	26 958 805	(387 754 758)
VAT per cash basis (Per SARS Statement)	(907 315 642)	(2 518 129 662)
	(880 356 837)	(2 905 884 420)

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. The VAT payable includes the liability which arose from previous Peu Smartmeter.

23. Consumer deposits

Electricity and water	773 337 672	764 132 255
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The amounts of guarantees held as indicated below are not included/recognised in the statement of financial position as it will only be accounted for once the guarantee is activated. Currently it is only a disclosure item.

Guarantees held:

Electricity and water consumers (who do not have deposits)	173 238 769	179 505 894
Township Development guarantees	493 867 946	737 118 543
	667 106 715	916 624 437

24. Employee benefit obligations

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	1 065 400	1 157 800	2 223 200	1 792 400	1 068 300	2 860 700
Medical	89 605 000	980 246 000	1 069 851 000	81 520 000	972 279 000	1 053 799 000
LSA	106 568 000	827 188 000	933 756 000	128 893 000	770 515 000	899 408 000
13th cheque	177 217 368	-	177 217 368	190 017 806	-	190 017 806
Leave Accrual	1 348 096 359	-	1 348 096 359	1 419 291 222	-	1 419 291 222
Total Employee benefit obligations	1 722 552 127	1 808 591 800	3 531 143 927	1 821 514 428	1 743 862 300	3 565 376 728

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24. Employee benefit obligations (continued)

Tshwane Municipal Pension Fund

Tshwane municipal pension fund to which 103 (2023: 118) in service members, 1 018 (2023: 1 161) pensioners of municipal employees belong, is a defined benefit plan. The cost of providing these benefits is determined on the projected unit credit method prescribed by GRAP 25 and actuarial valuations are performed at each reporting date. The retirement benefit obligation presented in the statement of financial position presents the sum of the present value of the obligation less the fair value of the plan assets.

At the Valuation Date there was an actuarial surplus of R459 Million. However this cannot be recognised on the balance sheet because the Fund's rules do not grant the Employer control of that surplus.

At the last valuation (30 June 2023) assets exceeded liabilities by R306 million.

Gratuity

The Municipality offers a Gratuity Benefit to 6 (2023: 7) employees who do not belong to a pension or provident fund. The Gratuity is paid on an eligible employee's termination of service.

Post-Employment Medical Aid Subsidy

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the municipality, if a member who joined the municipality under the current conditions of services retires, they are entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for certain portion of the medical aid membership fee. The cost of providing these benefits is determined on the basis of the projected unit credit method prescribed by GRAP 25. Future benefit values are projected using specific actuarial assumptions and the liability for the in-service members is accrued over the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognized immediately. A total of 509 (2023: 574) in-service employees and 1 339 (2023: 1 351) continuation employees are qualify for this benefit.

Long Service Award (LSA)

The municipality offers benefits under a new LSA Policy. The Policy provides a benefit in the form of a lumpsum payment to eligible employees upon completion of the specified number of years of service at a predetermined % of annual salary. The payment is made following the milestone being reached and on termination of service of an employee with 10 or more years of service, for reasons of retirement, death, medical incapacity or retrenchment, the LSA benefit is paid on a pro-rata basis. Employees may opt for a combination of cash payments and/or actual leave. A total of 17 383 (2023: 17 998) employees are eligible for this benefit.

Leave Accrual

Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

13th cheque

Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

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

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24. Employee benefit obligations (continued)

Reconciliation of accrued liability and carrying value per statement of financial position

30 June 2024	TMPF	Gratuity	Medical	LSA	Total
Present value (wholly unfunded)	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200
Present value (wholly funded)	2 032 891 936	-	-	-	2 032 891 936
Fair value of plan assets	(2 492 264 166)	-	-	-	(2 492 264 166)
Net liability/(Asset)	(459 372 230)	2 223 200	1 069 851 000	933 756 000	1 546 457 970
Unrecognised due to paragraph 68 Limitation	459 372 230	-	-	-	459 372 230
Post employment liability/(Asset)	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200

30 June 2023	TMPF	Gratuity	Medical	LSA	Total
Present value (wholly unfunded)	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700
Present value (wholly funded)	1 983 147 774	-	-	-	1 983 147 774
Fair value of plan assets	(2 289 474 724)	-	-	-	(2 289 474 724)
Net liability/(Asset)	(306 326 950)	2 860 700	1 053 799 000	899 408 000	1 649 740 750
Unrecognised due to paragraph 68 Limitation	306 326 950	-	-	-	306 326 950
Post employment liability/(Asset)	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700

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

30 June 2024	TMPF	Gratuity	Medical	LSA	Total
Present value of obligation at beginning of year	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700
Interest cost	-	188 000	119 673 000	97 076 000	216 937 000
Current service cost	-	50 200	2 836 000	72 840 000	75 726 200
Members contribution	-	-	-	-	-
Benefits paid by the Fund	-	(810 587)	(82 079 324)	(114 703 517)	(197 593 428)
Actuarial (gains)/loss on obligation	-	(65 113)	(24 377 676)	(20 864 483)	(45 307 272)
Present value of obligation at year end	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200

30 June 2023	TMPF	Gratuity	Medical	LSA	Total
Present value of obligation at beginning of year	-	5 391 717	1 272 147 493	923 593 157	2 201 132 367
Interest cost	-	272 957	154 289 465	111 256 108	265 818 530
Current service cost	-	50 317	4 535 949	71 220 756	75 807 022
Benefits paid by the Fund	-	(2 332 878)	(79 603 830)	(91 090 568)	(173 027 276)
Actuarial (gains)/loss on obligation	-	(521 413)	(297 570 077)	(115 571 453)	(413 662 943)
Present value of obligation at year end	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700

Changes in the fair value plan assets are as follows

Fair value of planned asset at beginning of year	2 289 474 724	2 467 625 504
Expected return on plan assets	242 121 725	292 480 770
Contributions: members	4 971 392	5 708 673
Contributions: employer	12 421 334	14 263 478
Benefits paid by the Fund	(188 917 768)	(160 456 442)
Actuarial gain/loss on obligation	132 192 760	(330 147 259)
Fair value of plan asset at end of year	2 492 264 167	2 289 474 724

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24. Employee benefit obligations (continued)		
# none of the municipality's own financial instruments or property are included in the fair value of plan assets		
Composition of plan assets		
Cash	8.40 %	3.60 %
Equity	15.20 %	14.80 %
Bonds	61.20 %	52.20 %
Property	0.80 %	0.70 %
International	12.50 %	11.50 %
Linked policies	- %	17.10 %
Other	1.90 %	0.10 %
	100.00 %	100.00 %

The amounts included in the statement of financial performance are as follows:

30 June 2024	TMPF	MGF	Medical	LSA	Total
Current service costs	19 712 189	50 200	2 836 000	72 840 000	95 438 389
Net interest on expected return on asset	208 998 576	-	-	-	208 998 576
Expected return on asset	(242 121 725)	-	-	-	(242 121 725)
Actuarial (gains)/losses	(127 212 986)	(65 113)	(24 377 676)	(20 864 483)	(172 520 258)
Effect of change in paragraph 68 asset limitation	153 045 280	-	-	-	153 045 280
Defined benefit expense	12 421 334	(14 913)	(21 541 676)	51 975 517	42 840 262
30 June 2023	TMPF	MGF	Medical	LSA	Total
Current service costs	14 966 881	50 317	4 535 949	71 220 756	90 773 903
Net interest on expected return on asset	(56 806 296)	272 957	154 289 465	111 256 108	209 012 234
Actuarial (gains)/losses	222 492 318	(521 413)	(297 570 077)	(115 571 453)	(191 170 625)
Effect of change in paragraph 68 asset limitation	(167 133 564)	-	-	-	(167 133 564)
Defined benefit expense	13 519 339	(198 139)	(138 744 663)	66 905 411	(58 518 052)
30 June 2023	TMPF	MGF	Medical	LSA	Total
Estimated contributions in the next financial period	13 439 462	238 200	122 509 000	169 916 000	306 102 662

Defined contribution multi-employer plans

The municipality contributes to the following defined contribution plans, which are governed by the pension fund Act of 1956. The total contribution plans are included under employee related costs.

Tshwane Municipal Provident 5 685 (2023: 5 892) of the municipality's employees are members of this fund	439 617 553	446 823 908
Pension Fund for Municipal Councillors 28 (2023: 26) of the municipality's employees is a member of the fund	1 217 366	1 321 078
National fund for municipal workers 7 526 (2023: 7 803) of the municipality's employees are members of the fund	558 892 769	569 944 384
SALA provident fund/ gratuity fund 21 (2023: 25) of the municipality's employees are members of the fund	786 668	872 127

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24. Employee benefit obligations (continued)		
SAMWU National pension fund 11 (2023: 121) of the municipality's employees are members of the fund	1 029 192	1 010 178
SAMWU National provident fund 817 (2023: 886) of the municipality's employees are members of the fund	61 824 001	64 888 839
Meshawu gratuity fund 13 (2023: 17) of the municipality's employees are members of the fund	771 627	864 175
Sandspruit Alexander Forbes and spouse cover 197 (2023: 210) of the municipality's employees are members of the fund	15 220 503	15 902 730
National fund for municipal councillors/Consolidated retirement fund for councillors 1 (2023: 1) of the municipality's employees are members of the fund	53 638	53 638
Municipal Gratuity Fund 1 062 (2023: 1 135) employees	100 501 319	105 366 407
Consolidated Retirement Fund 16 (2023: 15) employees	463 073	422 063
COT Group Life Scheme 16 872 (2023: 17 691) employees - Included for completeness	64 211 162	65 999 406
	1 244 588 871	1 273 468 933

Principal assumptions used as at balance sheet date

30 June 2024	TMPF	MGF	Medical	LSA
Discount rate	10.70 %	9.11 %	11.48 %	11.03 %
Inflation rate	4.90 %	3.71 %	5.58 %	5.17 %
Salary Increase rate	5.90 %	- %	- %	- %
Expected rate of return on assets	10.70 %	- %	- %	- %
Pension increase allowance	4.30 %	- %	- %	- %
Medical inflation rate	- %	- %	7.08 %	- %
30 June 2023	TMPF	MGF	Medical	LSA
Discount rate	10.90 %	9.47 %	11.80 %	11.60 %
Inflation rate	5.40 %	5.91 %	- %	6.91 %
Salary Increase rate	6.40 %	- %	- %	- %
Expected rate of return on assets	10.90 %	- %	- %	- %
Pension increase allowance	4.70 %	- %	- %	- %
Medical inflation rate	- %	- %	7.59 %	- %
Subsidy 'cap' inflation rate	- %	- %	5.32 %	- %

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24. Employee benefit obligations (continued)

Employee Benefit-Leave pay entitlement

The provision is for leave entitlement not utilised by employees as at 30 June 2024 and it is only payable in cash upon resignation. Leave days should be utilised within six months after the end of the cycle to avoid forfeiture. However, and due to operational demands, employees are allowed to apply for an extension and this which creates uncertainty on the expected timing on leave balances.

Discount rate (pension and gratuities)

The rate to discount post employment benefit obligations should be derived from quality corporate bond yields where the market in such bonds is highly liquid. If the market is not liquid then government bond yields at the estimated term of the defined benefit obligation should be used. Consequently a discount rate of 11.48% per annum has been used. This rate does not reflect an adjustment for taxation or expenses as per the statement.

Inflation rate (pension and gratuities)

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 5.40% per annum. This assumption has been based on the relationship between current conventional bond yields and current index-linked bond yields

Salary increase

It was assumed that salaries will increase at a rate of 1.0% per annum in excess of price inflation. The general salary inflation is therefore 6.4% per annum

Expected return on assets

The expected return on assets is assumed to be the discount rate of 10.90% per annum as at 30 June 2024.

Post-retirement discount rate

The pension increase policy of the TMPenF targets pension increases between 75% and 100% of inflation. It has been assumed that the pension will increase at a rate of 87.5%. This results in a pension increase rate of 4.70% per annum.

Medical inflation

The medical aid contributions has been assumed to increase at a rate of 1.5% per annum in excess of price inflation. Resulting in a medical contribution inflation rate of 7.59% per annum.

History of liabilities, assets and experience adjustments

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

History of liabilities and assets	2024	2023	2022	2021	2020
Accrued liability	2 032 891 936	(3 939 215 774)	(4 195 296 990)	(4 127 301 650)	(3 688 863 807)
Plan assets	(2 492 264 166)	2 289 474 724	2 467 625 504	2 216 587 782	2 216 587 782
Surplus (deficit)	(459 372 230)	(1 649 741 050)	(1 727 671 486)	(1 910 713 868)	(1 472 276 025)
Experience adjustments: (Gains) and Losses	2024	2023	2022	2021	2020
(Gains) and losses	(90 855 366)	233 420 505	(127 089 336)	(66 410 490)	144 923 309

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24. Employee benefit obligations (continued)

Defined benefit multi-employer plans

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25. The total contributions are included in the employees related costs note.

Multi-employer funds

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25. The total contributions are included in the employees related costs note.

The latest known position of each defined benefit fund is outlined below.

MEPF (*Municipal Employees Pension Fund*)

According to the statutory valuation as at 28 February 2020, the current employer contribution rate is fixed per the Rules of the MEPF (22%, 18% and 15%) at an average rate of 21.7% and this is not sufficient to cover the required future service cost, expenses, risk benefits and a contribution towards the targeted recommended solvency reserve. The shortfall amounts to 5.2% of pensionable salaries per annum.

The Valuator states that the Committee will have to consider either:

- Entering into discussions with the participating Employers to increase the level of their contributions to adequate levels;
- Increasing the contributions by members, promising members an increase in security of the level of their retirement benefits;
- Reducing the level of future service benefits and fund the solvency level using the resulting saving in the fixed Employer contribution rate; this option may include closing the defined benefits category to the accrual of future service benefits;
- A combination of the above.

SALA PF (*South African Local Authorities Pension Fund*)

There is a defined contribution section in this Plan (roughly 50% of the active membership).

The following key issues are noted from the statutory actuarial valuation report as at 1 July 2021.

In order to fund future benefits on the defined benefit section an employer contribution of 18.97% of pensionable salaries is required.

The financial position of the Fund deteriorated from 96% funded at the previous statutory valuation date to 85.5% funded at this valuation date. The drop in the funding level was mainly due to the poor investment returns experienced over the valuation period.

An updated Scheme of Arrangement approved by the FSCA required an increase in contribution rate by 2% to 22.78% from 1 April 2021, in respect of the DB members, in order to address and restore the funding position of the Plan.

JMPF (*Joint municipal Pension Fund*)

The fund was in a sound financial position per the 30 September 2022 statutory actuarial valuation, with the funding level (including solvency reserve) decreasing marginally to 108.3% from 111.6% as at 30 September 2021.

The required employer contribution rate fell from 32.5% to 32.6% of pensionable emoluments over the same period, increasing the margin that the 31% current contribution rate provides.

GMRF (*Germiston Municipal Fund*)

The fund was in a sound financial position per the 30 June 2022 statutory actuarial valuation, with the funding level remaining at 100.0% since the 30 June 2020 valuation.

Key recommendations/conclusions from the valuator:

- The employer contribution rate for bonus service of 1.20% per annum (as defined in the fund's rules) should be maintained.

City of Tshwane Metropolitan Municipality

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24. Employee benefit obligations (continued)

- The employer contribution rates to the Risk Reserve Account of 5.5833% per annum (members who joined before 1 July 2012) and 3.80% per annum (members who joined on / after 1 July 2012) should be maintained at current levels as defined in the fund's rules.
- It is important to note that all investment returns earned on fund assets (positive or negative) are passed onto members. The fund's financial soundness in respect of members is therefore not at risk due to negative investment returns, but members are directly affected. The employer is also directly affected in light of the investment guarantee of 5.5% for any financial year. However, rule amendment 8 has restricted this guarantee to those members who joined prior to 19 January 2022. Members who joined after this date will be exposed to the risk of negative returns.

The last time that an investment shortfall arose relative to the 5.5% guarantee was in the Fund's 2021/2022 year. Per the Board meeting of the Fund on 25 September 2023, City of Tshwane was allocated 0.39% of this shortfall, amounting to R203,682.

GEPF (Government Employees Pension Fund)

The funding level of the GEPF increased from 108.3% as at the 31 March 2018 valuation date to a 110.1% funding level as at the 31 March 2021 statutory valuation. The plan is holding reserves at 20.9% of what would be in line with the long term recommended funding level per the Board of Trustees adopted GEPF Funding Policy, compared with 19.1% as at 31 March 2018.

An employer contribution rate of 17.3% and 13.5% of total pensionable emoluments is required respectively for Services and Other members to finance the benefits which are expected to accrue over the two years from this valuation date (31 March 2021). These contribution rates are inclusive of the cost of death in service lump sum benefits, funeral benefits and the cost of administration expenses.

The employer contribution rate is currently at 16% in respect of the 'Services' employee category and 13% in respect of the 'Others' employee category.

Multi-Employer Plans	MEPF	SALA Pension Fund	JMPF	GMRF
Number of employees belonging to the plan	1 067	166	17	1
Total number of active members per recent fund valuation report	17 399	13 815	299	2 061
Amount of contributions (in rands) due by the City in respect of the year ending 30 June 2024	96 037 171	16 893 951	2 181 725	141 574
Date of most recently available actuarial valuation report	29/02/2020	01/07/2021	30/09/2022	30/06/2022
Funding Level	100.0 %	85.5 %	108.3 %	100.0 %
Key Assumptions				
Gross discount rate	9.70 %	10.50 %	Unknown	12.06 %
Salary inflation	5.18 %	7.00 %	Unknown	8.63 %
Net post-ret discount rate	5.30 %	6.50 %	Unknown	4.50 %

Tshwane municipal pension fund to which 118 (2023: 131) in service members, 1 161 (2023: 1 113) pensioners of municipal employees belong, is a defined benefit plan. The cost of providing these benefits is determined on the projected unit credit method prescribed by GRAP 25 and actuarial valuations are performed at each reporting date. The retirement benefit obligation presented in the statement of financial position presents the sum of the present value of the obligation less the fair value of the plan assets.

At the Valuation Date there was an actuarial surplus of R306 million. However this cannot be recognised on the balance sheet because the Fund's rules do not grant the Employer control of that surplus.

At the last valuation (30 June 2022) assets exceeded liabilities by R473 million.

Gratuity

The Municipality offers a Gratuity Benefit to 7 (2023: 10) employees who do not belong to a pension or provident fund. The Gratuity is paid on an eligible employee's termination of service.

Post-Employment Medical Aid Subsidy

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24. Employee benefit obligations (continued)

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the municipality, if a member who joined the municipality under the current conditions of services retires, they are entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for certain portion of the medical aid membership fee. The cost of providing these benefits is determined on the basis of the projected unit credit method prescribed by GRAP 25. Future benefit values are projected using specific actuarial assumptions and the liability for the in-service members is accrued over the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognized immediately. A total of 574 (2023: 637) in-service employees and 1351 (2023: 1 361) continuation employees are qualify for this benefit.

Long Service Award (LSA)

The municipality offers benefits under a new LSA Policy. The Policy provides a benefit in the form of a lumpsum payment to eligible employees upon completion of the specified number of years of service at a predetermined % of annual salary. The payment is made following the milestone being reached and on termination of service of an employee with 10 or more years or service, for reasons of retirement, death, medical incapacity or retrenchment, the LSA benefit is paid on a pro-rata basis. Employees may opt for a combination of cash payments and/or actual leave. A total of 17 998 (2023: 18 438) employees are eligible for this benefit.

25. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Finance management grant (FMG)	702 236	410 887
Human Settlement Development Grant	506 646	159 389 916
HIV/Aids	4 728 648	-
Urban Settlement Development Grant (USDG)	25 614 219	165 775 076
Public Transport Network Grant (PTNG)	64 561 315	51 434 334
Informal Settlements Upgrade Partnership : Province	39 352 519	-
Neighbourhood Development Partnership Grants (NDPG)	7 676 596	963 444
Community Libraries Grant	244 691	1 774 569
Research and Development Grant (Tirelo Bosha)	-	384 498
Gautrans	11 961 294	11 961 294
Informal settlement upgrading partnerships	51 692 474	102 402 479
Programme and Project preparation Support Grant	8 305 624	14 209 297
Electricity Demand Side (EEDMS)	876	644 326
	215 347 138	509 350 120

Movement during the year

Balance at the beginning of the year	509 350 120	622 893 250
Receipts during the year	8 248 385 000	7 985 845 413
Returned to National Treasury (deducted from current year equitable share)	(328 025 000)	(184 444 133)
Repaid to grantors	(148 025 249)	(3 441 929)
Debtors raised during the year	-	14 865 358
Income recognised during the year	(8 066 337 733)	(7 924 635 260)
Clearance of prior year debtor restatement	-	(1 732 579)
	215 347 138	509 350 120

The amounts above show:

- The nature and extent of government grants recognised in the unaudited annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and
- Unfulfilled conditions attached to government transfers that has been recognised.

See note 32 for reconciliation of grants from National/Provincial Government.

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26. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Change in discount factor	Total
Landfill sites	835 227 986	92 960 875	132 426 773	(62 829 893)	(6 954 754)	990 830 987
Clearing of alien vegetation	64 938 556	6 187 298	2 739 747	(21 488 913)	-	52 376 688
Quarries	105 516 692	(4 570 595)	4 796 218	7 269 483	(38 888 154)	74 123 644
Legal proceedings	324 728 926	-	-	204 177 453	-	528 906 379
	1 330 412 160	94 577 578	139 962 738	127 128 130	(45 842 908)	1 646 237 698

Reconciliation of provisions - 2023

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Change in discount factor	Total
Landfill sites	933 058 793	(89 623 916)	11 540 000	49 352 471	(69 099 362)	835 227 986
Clearing of alien vegetation	52 387 899	6 608 755	10 152 863	(4 210 961)	-	64 938 556
Quarries	96 866 799	2 434 092	(4 796 219)	(39 987 633)	50 999 653	105 516 692
Legal proceedings	313 667 781	-	-	11 061 145	-	324 728 926
	1 395 981 272	(80 581 069)	16 896 644	16 215 022	(18 099 709)	1 330 412 160

Landfill rehabilitation provision

The landfill rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at the cost of capital (time value of money), which is currently 11.3% (2023: 9.21%).

The City has an obligation to rehabilitate these landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property During a particular period for landfill purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Rehabilitation Asset Recognition and Measurement

Rehabilitation assets represent the estimated present value of the costs of rehabilitating landfill sites at the end of their useful life. The city assesses these costs at each reporting date, taking into account inflation, discount rates, and any changes in the estimated costs.

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on City of Tshwane cost of capital, and it is assumed to be Discount Rate of 11.13% on 30 June 2024.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7.4% on 30 June 2024.

Changes in Estimates/Assumptions : The organization reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

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26. Provisions (continued)

Legal Provisions

These provisions are established when the City has a present obligation, whether it be of a legal or constructive nature, resulting from a past event. It is also probable that an outflow of economic benefits or service potential will be necessary to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The primary objective of recognizing legal provisions is to ensure that the City accurately reflects its obligations and liabilities in its financial reporting.

Amount of Provisions

The amount of a provision is determined as the best estimate of the expenditure that will be required to settle the present obligation as of the reporting date. This estimate is made based on all relevant information available at the time of preparation of the financial statements. The City exercises prudence in this estimation process to ensure that it reflects a reasonable and reliable assessment of the potential outflow of resources.

Review and Adjustments

The City is committed to ensuring the accuracy of its financial statements. Therefore, provisions are reviewed at each reporting date, and adjustments are made to reflect the most current and best estimate. Provisions may be reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Quarries rehabilitation provision

The Quarries rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at the cost of capital (time value of money), which is currently xx% (2023: 9.21%).

The City has an obligation to rehabilitate these Quarries sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property During a particular period for Quarries purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Rehabilitation Asset Recognition and Measurement

Rehabilitation assets represent the estimated present value of the costs of rehabilitating Quarries sites at the end of their useful life. The city assesses these costs at each reporting date, taking into account inflation, discount rates, and any changes in the estimated costs.

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on City of Tshwane cost of capital, and it is assumed to be Discount Rate of 11.94% on 30 June 2024.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 6.51% on 30 June 2024.

Changes in Estimates/Assumptions : The organization reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

Provisions are reviewed at the end of each reporting period to reflect the best estimate at that date of the provision. The discounting rate is 11.94% (2023: 11.33%), and the consumer price index (CPI) is 5.2% (2023: 5.4%). The timing of the outflow is uncertain, as well as relating amounts due to discounting and the prevailing CPI.

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26. Provisions (continued)			
Effect change in estimate	2024	2023	Change
Landfill sites	990 830 987	835 227 986	155 603 001
Quarries	74 123 644	105 280 349	(31 156 705)
	1 064 954 631	940 508 335	124 446 296

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist.

The net movement in the provision amounted to R10 717 034 increase (2023: R10 152 862.73 increase). The decrease in the cost of property, plant and equipment amounted to Rnil (2023: Rnil). The amount recognised in surplus or deficit due to estimation where the adjustment exceeds the carrying amount of the asset amounted to R10 717 034(2023: R10 152 862.73). The amount utilised during the year amounted to R2 739 747 (2023: R4 210 960.72).

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on City of Tshwane cost of capital, and it is assumed to be Discount Rate of 11.94% on 30 June 2024.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 6.51% on 30 June 2024.

Changes in Estimates/Assumptions : The organization reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

27. Service concession arrangement

Tshwane Broadband Network:

The Broadband was awarded to Altech Altron consortium which later formed a Special Purpose Vehicle (SPV) called Thobela Telecoms to build 1500 kilometers of fibre network to connect 400 CoT corporate sites and use the spare capacity for revenue generation. The ultimate contract was a Build, Operate and Transfer (BOT), the agreement stipulates a build period of 3 years, operate the network for 15 years and handing over to the city when it expires at cost of R1.

The City took a decision to review the award of Broadband tender to Thobela Telecoms through a court process, the first hearing date reserved was 22 – 25 May 2018. The court subsequently issued a judgement in favour of the City on 16 July 2020 (attached as Annexure). On the 5th of October 2020, the Supreme Court of Appeal judged against the City of Tshwane Municipality on the Broadband Project case. The ruling was after Thobela Telecomms challenged the High Court judgement in favour of the City on the 16 July 2020.

On the 19 May 2021, The Constitutional Court considered the City's application for condonation and leave to appeal. The following is Constitutional Court order:

- The application for condonation is refused
- The application for leave to appeal is dismissed with costs

Claim for damages in respect of the Broadband Tender in that the CoT is in breach and Thobela seeks compliance with the contract and implementation. The claims is conditional upon the outcome of the an appeal against the judgement in favour of the CoT reviewing and setting aside the Broadband Contract. Thobela has sought to amend its action to an amount of R4 087 407 which is overstated. Thobela has is now pursuing the delays costs party of their claim in arbitration which is now in process.

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27. Service concession arrangement (continued)

Review Application of broad band tender: The public participation process has been concluded and therefore the City has fulfilled the legislative requirements and procedures as set out in section 116 of the Municipal Finance Management Act (MFMA), for the intended amendment of the Broadband contract (Tender number GICT 01-2014/2015). The Mayoral Committee on 17 May 2023 resolved to recommend to Council as set out below:

Recommended

That Council approves that the Shared Services Department proceed with the finalisation of amending the Broadband contract for the reduced scope (Tender number 01-2014/2015), in terms of Section 116 of the Municipal Finance Management Act (MFMA).

Tshwane House:

The City of Tshwane has entered into a service concession agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years was for the construction of the property and 25 years to operate the property on behalf of City of Tshwane. At the end of the 27 year agreement ownership of the building will pass to the City of Tshwane. The agreement is in the sixth year of the operational stage. Occupation took place in June 2017.

For the 2023/24 financial year the value of the asset and liability amounted to R859 384 718 and R1 440 018 237 respectively.

For the 2022/23 financial year the value of the asset and liability amounted to R1 336 097 and R1 365 761 332 respectively.

The service concession liability in respect of Tshwane House is indicated below:

Minimum future payments

No later than one year-service cost	304 306 968	286 223 928
Later than one year but not latter than five years	1 834 565 423	1 725 776 463
Later than five years	7 469 367 305	7 954 150 912
Future finance charges on service concession	(6 825 641 260)	(7 217 793 528)
Future service cost on service concession	(1 342 580 199)	(1 382 596 443)
Present value of service concession liability	1 440 018 237	1 365 761 332

Present value of the capital portion of the service concession liability

No later than one year-service concession	(75 874 954)	(74 262 436)
Later than one year no later than five years	(371 084 116)	(378 847 443)
Later than five years	1 886 977 307	1 818 871 211
	1 440 018 237	1 365 761 332

Fair value of liability (amortised cost)	1 440 018 237	1 365 761 332
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Collateral held on the above service concession	859 984 718	(337 244 872)
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Denneboom Station Public Transport Interchange:

2023/24

The facility has been completed and its operational.

Denneboom service concession liability

Denneboom Station Public Transport Interchange	1 127 666 925	1 178 539 117
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The facility was completed was completed in the prior year year and income amounting to R50 872 192 was recognised in the statement of financial performance.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
27. Service concession arrangement (continued)		
Denneboom service concession asset		
Land	1 854 770	1 854 770
Denneboom Station Public Transport Interchange	1 127 666 925	1 178 539 117
	1 129 521 695	1 180 393 887
Total service concession liability		
Tshwane House	1 440 018 237	1 365 761 332
Denneboom Station Public Transport Interchange	1 127 666 925	1 178 539 117
	2 567 685 162	2 544 300 449
Total service concession asset included in Note 13		
Tshwane House	859 984 718	(337 244 872)
Denneboom Station Public Transport Interchange	1 127 666 925	1 178 539 117
	1 987 651 643	841 294 245
Closing balance		
Current	75 874 954	286 223 928
Non-current	2 491 810 208	2 258 076 521
	2 567 685 162	2 544 300 449
28. Service charges		
Service charges	289 717 443	418 552 948
Sale of electricity	15 236 756 527	13 472 924 534
Sale of water	5 485 080 708	5 087 220 429
Solid waste	1 748 693 611	1 608 409 541
Sewerage and sanitation charges	1 598 143 889	1 495 429 537
	24 358 392 178	22 082 536 989

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
29. Other income		
Admission fees	30 088 713	32 254 180
Airside income	8 806 485	13 826 262
Ambulance fees	1 193	190
Application fees	11 652 504	11 215 879
Approval fees: advertisements	56 685 184	44 537 006
Areyeng income	19 599 460	26 379 902
Building fees	45 445 572	55 842 762
Bulk water gain	4 393 106	13 249 746
Bus rentals	3 963 524	4 245 041
Clearance certificates	2 676 560	3 388 430
Fire services	12 743 393	5 024 660
Income from grave services	13 034 616	13 038 360
Insurance claims	59 131 950	62 763 700
Jobbing	4 820 013	4 073 112
Land sales	12 404 348	1 641 282
Market fees	228 594 875	208 410 960
Miscellaneous	23 187 577	99 867 077
Motor vehicles licences (refund from Province)	222 276 292	200 718 221
Parking: vehicles	5 099 983	4 746 287
Registration certificates	4 098 211	3 517 991
Reminder fees	27 992 311	70 991 638
Sales: Maps	1 092 181	1 509 733
Sundry fees	5 756 548	6 975 934
Township development contributions	171 575 043	215 180 712
Training fees recovered	20 348 728	18 523 431
Transport fees	52 378 593	72 385 060
Tree valuations	211 440	187 433
VAT audit refund	311 634 244	-
	1 359 692 647	1 194 494 989
30. Investment revenue		
Interest revenue		
Bank	19 580 708	10 788 215
Short-term investments	112 318 332	65 785 360
Long-term investments	27 281 237	32 247 139
Contingency Insurance	-	8 087
Interest received - other	-	12 857 659
Loans to members	-	1 285
Interest: Redemption fund	81 779 963	94 505 482
	240 960 240	216 193 227
31. Property rates		
Rates received		
Property rates	9 807 460 751	9 069 425 546
	9 807 460 751	9 069 425 546
Property rates - penalties imposed	-	-
	9 807 460 751	9 069 425 546

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
31. Property rates (continued)		
Valuations		
Residential	451 145 550 014	442 329 867 537
Other	246 180 102 158	246 391 714 883
	697 325 652 172	688 721 582 420

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value. No difference is made between land value and the value of improvements and only the market value appears on the valuation roll.

With the implementation of the Municipal Property Rates Act, different categories of properties are levied at different tariffs with different rebates applicable to Property owners of 60 years and older and/or physically or mentally disabled, who can substantiate receipt of a social pension, and owners certified by the Medical Officer of Health as physically or mentally disabled, can qualify for a rebate, subject to certain conditions.

32. Government grants & subsidies

Operating grants

Community Libraries	10 377 527	9 256 947
Energy Efficiency and Demand Side Management (EEDSM)	-	78 260
Equitable share	3 993 570 000	3 551 251 133
Expanded Public Works Programme (EPWP)	15 580 000	15 496 000
Finance Management grant (FMG)	1 497 764	1 789 113
Fuel levy	1 628 341 000	1 653 094 000
Informal Settlements Upgrading Partnership Grant	24 577 587	27 118 966
HIV and AIDS (Provincial Health Department)	22 036 352	25 612 000
Human Settlement Development Grant (HSDG)	11 242 521	4 563 872
Mamelodi Bus operating subsidy	-	43 733 769
Neighbourhood Development Partnership Grant (NDPG)	114 581 143	135 825 814
Primary Health Care (PHC)	64 015 000	61 258 000
Programme and Preparation Support Grant (PPPSG)	46 509 248	37 322 703
Public Transport Network Grant (PTNG) - operational	529 416 930	535 454 837
Informal Settlements Upgrading Partnership Grant- Provincial	44 627 481	-
Urban Settlement Development Grant (USDG)	28 453 860	310 171 050
	6 534 826 413	6 412 026 464

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
32. Government grants & subsidies (continued)		
Capital grants		
Electricity Demand Side	1 999 124	8 277 416
Informal Settlements Upgrading Partnership	458 771 878	464 163 555
Integrated City Development	-	769
Neighbourhood Development Partnership Grant (NDPG)	18 207 261	13 425 742
Public Transport Network Grant (PTNG) - Capital	146 340 783	165 411 331
Recapitalisation of Community Libraries Grant	11 798 351	12 936 590
Urban Settlement Development Grant (USDG) - capital	894 393 921	847 012 894
	1 531 511 318	1 511 228 297
	8 066 337 731	7 923 254 761

Conditional and Unconditional

Included above are the following categories of grants and subsidies recognised as revenue:

Conditional grants received	2 444 426 732	2 718 909 628
Unconditional grants received	5 621 910 999	5 204 345 133
	8 066 337 731	7 923 254 761

Equitable Share (DoRA)

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

All registered indigents receive a monthly subsidy of R1 069 (2023: R767), which is funded from the grant.

Current year receipts	3 665 545 000	3 366 807 000
Conditions met - transferred to revenue	(3 993 570 000)	(3 551 251 133)
Offset as per DoRA	328 025 000	184 444 133
	-	-

Fuel Levy (DoRA)

Current-year receipts	1 628 341 000	1 653 094 000
Conditions met - transferred to revenue	(1 628 341 000)	(1 653 094 000)
	-	-

The purpose of the fuel levy grant is to provide for basic services and infrastructure development in under-served communities, specifically to transport infrastructure given the link between fuel sales and road usage.

Primary Health Care Subsidy

Current-year receipts	64 015 000	61 258 000
Conditions met - transferred to revenue	(64 015 000)	(61 258 000)
	-	-

The purpose of this subsidy is to render comprehensive primary health services according to service level agreements.

The conditions of the subsidy are always met.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
32. Government grants & subsidies (continued)		
Finance Management Grant (FMG)		
Balance unspent at beginning of year	410 887	94 213
Current-year receipts	2 200 000	2 200 000
Conditions met - transferred to revenue	(1 497 764)	(1 789 113)
Offset as per DoRA	(410 887)	(94 213)
	702 236	410 887

Conditions still to be met - remain under unspent grant as a liability (note 25).

To promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA).

Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	51 434 334	52 321 344
Current-year receipts	740 319 000	753 681 000
Conditions met - transferred to revenue	(675 757 713)	(702 246 666)
Offset as per DoRA	(51 434 334)	(52 321 344)
	64 561 287	51 434 334

Conditions still to be met - remain under unspent grant as a liability (note 25).

To provide funding for the accelerated development and enhancement of public and non-motorized transport infrastructure within municipal integrated public transport networks (IPTN).

Human Settlement Development Grant (HSDG)

Balance unspent at beginning of year	159 389 916	141 380 246
Current-year receipts	-	22 573 542
Conditions met - transferred to revenue	(11 242 521)	(4 563 872)
Repaid to grantors	(147 640 749)	-
	506 646	159 389 916

Conditions still to be met - remain under unspent grant as a liability (note 25).

The purpose of this grant is to provide funding for creation of sustainable human settlements

Urban Settlement Development Grant (USDG)

Balance unspent at beginning of year	165 775 076	281 100 548
Current-year receipts	948 462 000	1 044 111 000
Conditions met - transferred to revenue	(922 847 781)	(1 157 183 945)
Offset as per DoRA	(165 775 076)	(2 252 527)
	25 614 219	165 775 076

Conditions still to be met - remain under unspent grant as a liability (see note 25).

The purpose of USDG is to supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
32. Government grants & subsidies (continued)		
HIV and AIDS (Provincial Health Department)		
Balance unspent at beginning of year	-	-
Current-year receipts	26 765 000	25 612 000
Conditions met - transferred to revenue	(22 036 352)	(25 612 000)
	4 728 648	-

The program aims to sustain ward-based door-to-door HIV education to reduce new infections, with a focus on youth, through combination HIV prevention.

Informal Settlements Upgrading Partnership (DoRA)

Balance unspent at beginning of year	102 402 479	29 899 101
Current-year receipts	535 042 000	593 685 000
Conditions met - transferred to revenue	(483 349 465)	(491 282 521)
Offset as per DoRA	(102 402 540)	(29 899 101)
	51 692 474	102 402 479

Conditions still to be met - remain under unspent grant as a liability (see note 25).

This grant provides funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements.

Gautrans

Balance unspent at beginning of year	11 961 294	11 961 294
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Conditions still to be met - remain under unspent grant as a liability (see note 25).

The purpose of this grant is to reconstruct and update the Garsfontein road (K50) to dual carriage way between Loristo and Anton van Wouw streets.

Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year	963 444	94 135 100
Current-year receipts	140 465 000	150 215 000
Conditions met - transferred to revenue	(132 788 404)	(149 251 556)
Offset as per DoRA	(963 444)	(94 135 100)
	7 676 596	963 444

Conditions still to be met - remain under unspent grant as a liability (see note 25).

The NDPG assists the City to plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, generally townships and rural towns.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
32. Government grants & subsidies (continued)		
Community Library Services		
Balance unspent at beginning of year	1 774 569	2 218 107
Current-year receipts	20 646 000	21 750 000
Conditions met - transferred to revenue	(22 175 878)	(22 193 538)
	244 691	1 774 569

Conditions still to be met - remain under unspent grant as a liability (see note 25).

This grant is used to transform urban and rural community library infrastructure, facilities and service (primary targeting previously disadvantaged communities) through recapitalized programme at Provincial level in support of local government and national initiatives

Research and Development Grant (Tirelo Bosha)

Balance unspent at beginning of year	384 498	384 498
Offset as per DoRA	(384 498)	-
	-	384 498

Conditions still to be met - remain liabilities (see note 25).

The grant is from the Department of Public Service and Administration (DPSA) and is intended to supports programmes in the research, development and piloting of new ways of delivering front-line public services.

Expanded Public Works Programme (EPWP)

Current-year receipts	15 580 000	15 496 000
Conditions met - transferred to revenue	(15 580 000)	(15 496 000)
	-	-

To incentivize municipalities to enhance job creation efforts using labor-intensive methods in compliance with EPWP Guidelines.

- Road maintenance and maintenance of buildings.
- Low traffic volume and rural roads;
- Basic services infrastructure, including water and sewer reticulation, sanitation pipelines (excluding bulk infrastructure);
- Other economic and social infrastructure;
- Tourism and cultural industries;
- Waste management;
- Parks and beautification;
- Sustainable land- based livelihoods;
- Social services programmes;
- Health Services programmes and
- Community safety services.

Social Infrastructure grant

Balance unspent at beginning of year	-	3 441 929
Conditions met - transferred to revenue	-	-
Repaid to grantors	-	(3 441 929)
	-	-

The project has been completed and the balance will be returned.

The purpose of this grant is to plan, design and construct in Hammanskraal, Winterveldt and Mabopane social development centres.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
32. Government grants & subsidies (continued)		
Mamelodi Bus Operating Subsidy		
Balance unspent at beginning of year	-	214 231
Current-year receipts	-	30 386 738
Conditions met - transferred to revenue	-	(42 353 272)
Restatement	-	(1 732 558)
Grant debtor	-	13 484 861
	-	-

To provide additional subsidized bus transport services to various communities covering Mamelodi & Southern, Eastern, Northern Suburbs and Pretoria CBD.

Energy Efficiency and Demand Side Management Grant (EEDSM)

Balance unspent at beginning of year	644 326	334 212
Current-year receipts	2 000 000	9 000 000
Conditions met - transferred to revenue	(1 999 124)	(8 355 674)
Offset as per DoRA	(644 326)	(334 212)
	876	644 326

Conditions still to be met - remain under unspent grant as a liability (see note 25).

The EEDSM provides subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Programme and Project Preparation Support Grant (PPPSG)

Balance unspent at beginning of year	14 209 297	5 407 658
Current-year receipts	47 000 000	51 532 000
Conditions met - transferred to revenue	(46 509 248)	(37 322 703)
Offset as per DoRA	(6 394 425)	(5 407 658)
	8 305 624	14 209 297

Conditions still to be met - remain under unspent grant as a liability (see note 25).

The purpose of the Grant is to support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of a growing level of municipal resources to preparation activities

Integrated City Development Grants (ICDG)

Balance unspent at beginning of year	-	769
Conditions met - transferred to revenue	-	(769)
	-	-

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
32. Government grants & subsidies (continued)		
Informal Settlements Upgrading Partnership Grant-Provincial		
Current-year receipts	83 980 000	-
Conditions met - transferred to revenue	(44 627 481)	-
	39 352 519	-

The funding is for the clearance of site, relocation and procurement of rudimentary water, sanitation, and waste management services for Pienaarspoort and other informal settlements.

33. Fines, Penalties and Forfeits

Building Fines	74 594 386	-
Deposits Forfeits	77 329	147 400
Law Enforcement Fines	7 617 423	16 604 748
Market Fines	65 028	-
Motor Vehicle Licence Penalties	15 864	16 957
Municipal Traffic Fines	157 511 852	131 843 225
Overdue Books Fines	312 772	341 897
Pound Fees Fines	502 276	2 256 371
Retentions Forfeits	460 959	356 500
	241 157 889	151 567 098

34. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	175 208 153	152 934 706
Rental Income Straight-lining		
Within one year	5 070 418	5 034 471
In second to fifth year	20 840 834	20 537 532
Later than five years	81 217 981	80 419 423
	107 129 233	105 991 426

Some of the properties owned by the City of Tshwane generates revenue through the signing of lease contract agreements, most of the existing lease agreements have expired and are continuing on a month to month basis, whilst awaiting for the alienation processes of entering into new lease agreements to be concluded. The monthly rental amount levied as income for these properties ranges from R1 to R1.3 million.

35. Interest received (trading)

Consumer receivables	2 098 388 016	1 252 413 916
Property rates	42 909	248 054
Other receivables	-	587 599
	2 098 430 925	1 253 249 569

City of Tshwane Metropolitan Municipality

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Figures in Rand	2024	2023
36. Employee related costs		
Basic	7 682 979 572	7 627 684 729
Medical aid - company contributions	722 927 941	694 093 846
UIF	42 438 389	43 676 563
Standby allowances	81 367 215	83 589 088
Leave pay provision charge	214 765 355	168 092 171
Defined contribution plans	1 199 355 179	1 261 548 732
Effect of the asset ceiling	-	(167 133 564)
Acting allowances	17 954 329	19 052 039
Shift allowances	28 960 751	30 219 237
Defined benefit plans	14 097 349	33 967 607
Travel, motor car, accommodation, subsistence and other allowances	290 843 792	303 885 005
Overtime payments	600 077 832	622 520 410
Long-service awards	1 456 323	1 940 882
Incentive Bonuses	-	597 680
Part time service	25 098 944	23 055 782
Unifix allowance	428 072 914	410 644 647
Housing benefits and allowances	64 155 277	63 904 693
Occupation allowance	12 000	12 000
Compensation commissioner (COIDA)	2 632 555	2 579 342
Cellphone and telephone allowances	16 551 916	17 242 801
Cashiers' allowances	1 771 058	1 965 889
Fire allowances	4 439 340	4 505 978
Responsibility allowance	7 453	8 451
Lone man allowance	2 310 948	3 280 134
Danger allowance	7 716	9 118
General allowance	1 009 980	1 344 267
Sewer allowance	160 566	306 823
	11 443 454 694	11 252 594 350

City of Tshwane Metropolitan Municipality

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Figures in Rand 2024 2023

37. Remuneration of councillors

Councillors' allowances 133 389 734 131 912 644

Councillor's remuneration - June 2024	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor : Cilliers Brink	1 404 260	-	40 800	-	1 445 060
Deputy Executive Mayor - Hazel Nasiphi Moya	751 367	-	27 142	-	778 509
Chief Whip : Christiaan Mauritz Van Den Heever	1 068 312	-	25 368	-	1 093 680
Speaker - Mncedi Ndzwana	1 086 677	-	40 800	-	1 127 477
Members of mayoral committee:					
Thembsmandla Elijah Fosi	1 008 228	-	25 368	-	1 033 596
Gertruida Elizabeth Catharina Marx	1 068 312	-	25 368	-	1 093 680
Rachel Katlego Mathebe	1 068 312	-	25 368	-	1 093 680
Kingsley's Hope Wakelin	1 019 348	-	22 091	-	1 041 439
Umberto Grandi Theunissen	1 068 312	-	25 368	-	1 093 680
Douglas Ziyanda Zwane	1 068 312	-	25 368	-	1 093 680
Jacqueline Uys	445 130	-	10 570	-	455 700
Johannes Jacobus Coetzee	1 068 312	-	25 368	-	1 093 680
Ofentse Nathaniel Madzebatela	1 068 312	-	25 368	-	1 093 680
Granny Peggy De Bruin	601 981	-	14 798	-	616 779
Peter Sutton	585 842	-	14 798	-	600 640
Other councillors	101 699 288	9 365 448	5 114 977	2 455 061	118 634 774
	116 080 305	9 365 448	5 488 920	2 455 061	133 389 734

Councillor's remuneration - June 2023	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor : Randal Williams (Resigned on 14 March 2023)	895 915	-	26 493	-	922 408
Mayor: Cilliers Brink (Appointed 28 March 2023 to date)	371 417	-	10 791	-	382 208
Speaker: Murunwa Makwarela (1 July 2022 to 7 March 2023)(Resigned)	788 945	-	28 383	-	817 328
Speaker: Ndzwana Mcedi (Appointed 7 March 2023)	324 899	-	12 270	-	337 169
Chief Whip : Christiaan Mauritz Van Den Heever	1 068 312	-	25 368	-	1 093 680
Members of mayoral committee:					
Sutton Peter	1 000 216	-	-	-	1 000 216
Wakelin Hope	1 000 216	-	-	-	1 000 216
Theunissen Umberto Grandi	1 000 216	-	-	-	1 000 216
Coetzee Johannes Jacobus	330 399	-	-	-	330 399
Fosi Themnsmandla Elijah	255 710	-	-	-	255 710
Zwane Douglas Ziyanda	270 949	-	-	-	270 949
Marx Gertruida Catha	1 000 216	-	-	-	1 000 216
De Bruin Granny Peggy	958 602	-	-	-	958 602
Mathebe Rachel Katlego	1 000 216	-	-	-	1 000 216
Maszebatela Ofentse Nathaniel	270 949	-	-	-	270 949
Other councillors	106 210 840	7 136 721	5 337 416	2 587 185	121 272 162
	116 748 017	7 136 721	5 440 721	2 587 185	131 912 644

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
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37. Remuneration of councillors (continued)

In-kind benefits

According to the organisational structure of the municipality the sub-section Executive Mayor Protection has 7 staff members of which 5 are VIP protection officers. The mayoral committee members and the City Manager have 2 VIP protection officers each.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor, Speaker and Mayoral Committee Members each have the use of separate Council owned vehicles for official duties.

The allowances and benefits of Councillors, and payments made to Councillors for loss of office, if any, as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

In-kind benefits are withdrawn upon termination of services.

Remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee:

For the disclosure of the remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee, refer to note 37.

38. Remuneration of Top Management

Remuneration: City Manager (Johann Frederick Mettler)

Annual remuneration	3 319 123	2 765 930
Cellphone Allowance	24 000	20 000
	3 343 123	2 785 930

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

Figures in Rand

38. Remuneration of Top Management (continued)

Reporting directly to City Manager

2023/2024

Name	Designation	Acting period	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Total
Mandisi Gareth Trevor Mnisi	Chief Financial Officer		1 596 437	12 000	-	-	1 608 437
Asraf Mohamed Adam	Governance and Support Officer		1 770 517	14 400	-	-	1 784 917
Vuyo Zitumane	Chief Operations Officer		1 991 032	16 200	-	-	2 007 232
Makhapule Winners Khosa	Chief Audit Executive		1 634 123	12 000	-	-	1 646 123
Moshema Petrus Mosia	Chief of Emergency		1 855 628	13 500	-	-	1 869 128
Yolande Catherine Renee Faro	Chief of Police		1 584 517	13 500	-	-	1 598 017
Selby Moeketsi Bokaba	Divisional Head: Strategic Communication	01/07/2023 - 31/12/2023	2 056 949	18 000	130 693	96 855	2 302 497
Paledi Nelgah Marota	Group Head: Office of the City Manager		1 230 362	10 500	-	-	1 240 862
Moshema Petrus Mosia	Fire Chief: Fire Brigade Services	01/07/2023-30/09/2023	577 517	4 500	32 673	44 437	659 127
Basil Dinga Nkhwashu	Deputy Chief of Police: Regional Policing	01/07/2023-30/09/2023	2 069 430	16 500	119 802	45 847	2 251 579
Thembelihle Alice Mabaso	Divisional Head: Executive Performance Management	01/07/2023-31/07/2023, 01/09/2023-30/09/2023	2 048 577	18 000	130 693	30 458	2 227 728
Marcelle Chetty	Divisional Head: Governance & Admin	01/08/2023 - 31/08/2023	1 935 089	18 000	130 693	15 359	2 099 141
Isaiah Clive Engelbrecht	Divisional Head: Innovation & Knowledge	01/07/2023 - 31/07/2023	2 075 813	18 000	130 693	15 646	2 240 152
Thabisa Mbungwana	Divisional Head: Strategic Relationship	01/08/2023 - 31/10/2023	2 070 169	18 000	130 693	49 172	2 268 034
Albertus Gideon Van Zyl	Divisional Head: Strat Dev & Imp	01/11/2023 - 31/01/2024	2 072 436	18 000	130 693	49 172	2 270 301
Nthabiseng Merline Mokete	Divisional Head: Budget Office	01/07/2023 - 31/10/2023	2 074 402	18 000	130 693	64 818	2 287 913
Matseane Mmakagiso Poo	Divisional Head: SpecAudit, CorpEnt & FA	01/08/2023 - 31/10/2023	2 072 967	18 000	130 693	64 818	2 286 478
			30 715 965	257 100	1 198 019	476 582	32 647 666

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38. Remuneration of Top Management (continued)

2022/2023

Name	Designation	Acting period	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Total
Banda, Umar	Chief Financial Officer		1 328 286	10 800	-	-	1 339 086
Tredoux, Lorette	Governance and Support Officer		444 298	3 600	-	-	447 898
Murphy, James P	Chief Operating Officer		886 819	7 200	-	-	894 019
Nkomo, Johannah M	Chief of Police		1 504 971	13 320	-	-	1 518 291
Hilgard Matthews	GH Group Communication and Marketing		170 559	1 800	-	-	172 359
Thembelihle Alice Mabaso	Group Head: Strategy and Management Support (Acting)	1 March 2023 - 31 May 2023	1 905 513	18 000	-	46 552	1 970 065
Siphumeze Cwayi	Group Head: City Strategies and Organisational Performance (Acting)	1 October 2022 - 31 January 2023	2 081 054	18 000	-	62 583	2 161 637
Moshema P Mosia	Chief of Emergency Services (Acting)	1 August 2022 - 31 January 2023	1 895 398	18 000	-	97 464	2 010 862
Navaneethan Pillay	Group Head: Strategy and Management Support (Acting)	1 July 2022 - 31 August 2022	2 072 750	18 000	-	32 782	2 123 532
Selby M Bokaba	Group Head: Group Communications and Marketing (Acting)	11 September 2022 - 31 May 2023	1 031 245	9 000	65 340	128 146	1 233 731
Albertus Gideon Van Zyl	Group Head: City Strategies and Organisational Performance (Acting)	1 February 2023 - 30 April 2023	1 889 882	18 000	130 693	46 937	2 085 512
Isaiah Clive Engelbrecht	Group Head: City Strategies and Organisational Performance (Acting)	1 May 2023 - 30 June 2023	2 107 353	18 000	-	16 335	2 141 688
Thabiso Hlongwane	Group Head Group Property (Acting)	1 July 2022 - 30 November 2022	692 050	6 000	43 560	55 878	797 488
Nthabiseng Merline Mokete	Chief Financial Officer (Acting)	1 December 2022 - 30 June 2023	507 193	4 500	48 427	48 427	608 547
Natanha Terblanche	Chief: Emergency Services (Acting)	1 January 2023 - 31 March 2023	491 797	4 500	42 320	42 320	580 937
Marcelle Chetty	Group Head: Strategy and Management Support (Acting)	1 September 2022 - 1 February 2023	782 786	7 500	83 829	83 829	957 944
Luthando Gobingca	Chief Audit Executive (Acting)	1 October 2022 - 31 December 2022	380 889	3 000	34 470	34 470	452 829
Buyiswa Mgozoli	Chief Audit Executive (Acting)	1 July 2022 - 30 June 2023	1 104 555	8 100	69 470	69 469	1 251 594
Thabisa Mbungwana	Group Head: City Strategies and Organisational Performance (Acting)	1 July 2022 - 30 November 2022	1 970 074	18 000	130 693	49 172	2 167 939
			23 247 472	205 320	648 802	814 364	24 915 958

City of Tshwane Metropolitan Municipality

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38. Remuneration of Top Management (continued)

Group Heads

2023/2024

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Paledi Nelgah Marota	Group Head: Office of the City Manager	1 230 362	10 500	-	-	1 240 862
Judith Judygirl Maluleka	Group Head: Office of the Speaker	1 562 358	18 000	130 693	-	1 711 051
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	2 187 774	18 000	130 693	35 881	2 372 348
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 327 805	18 000	130 693	35 881	2 512 379
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 272 402	18 000	130 693	36 716	2 457 811
Verusha Morgan	Group Head: Group Property	2 272 055	18 000	130 693	-	2 420 748
Makgorometje Augustine Makgata	Group Head: Economic Development and Spatial Planning	2 314 907	18 000	130 693	-	2 463 600
Margaretha Johanna Dunkle-Kock	Group Head: Group Legal and Secretariat Services (Suspended)	2 280 787	18 000	130 693	-	2 429 480
Koena Joseph Nkoko	Group Head: Health	2 326 439	18 000	130 693	54 239	2 529 371
Namadzavho California Phanyane	Group Head: Regional Operations and Coordination	3 533 645	16 500	119 802	-	3 669 947
Nontobeko Memela	Group Head: Housing and Human Settlement	2 271 319	18 000	130 693	-	2 420 012
Stephens Ramoage Notoane	Group Head: Water and Sanitation	2 313 660	18 000	130 693	-	2 462 353
Pheko Ignatius Letlonkane	Group Head: Roads and Transport	2 310 993	18 000	130 693	-	2 459 686
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	2 286 229	21 600	130 693	-	2 438 522
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	2 312 002	21 600	130 693	-	2 464 295
Anisha Dharumrajh	Group Head: Group Legal & Secretariat Services (Acting)	2 061 533	18 000	130 693	97 600	2 307 826
Thabo Mokebe	Group Head: Community & Social Development Services(Acting)	2 028 021	18 000	130 693	93 130	2 269 844
Livhuwani Norman Nemuthenga	Group Head: Health(Acting)	2 032 961	18 000	130 693	32 037	2 213 691
Phuti Jellico Moloto	Group Head: Regional Operations and Coordination(Acting)	2 039 892	18 000	130 693	29 056	2 217 641
Ronald Oppelt	Group Head: Group Human Capital Management(Acting)	1 767 806	18 000	130 693	40 460	1 956 959
		43 732 950	358 200	2 472 276	455 000	47 018 426

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38. Remuneration of Top Management (continued)

2022/2023

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Koena J Nkoko	Group Head: Health	2 326 956	18 000	130 693	107 644	2 583 293
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 316 892	18 000	130 693	109 313	2 574 898
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 317 641	18 000	130 693	53 405	2 519 739
Verusha Morgan	Group Head: Group Property	2 317 484	18 000	130 693	36 716	2 502 893
Namadzavho C Phanyane	Group Head: Regional Operations and Coordination	2 316 496	18 000	130 693	-	2 465 189
Nontobeko Memela	Group Head: Housing and Human Settlement	2 316 095	18 000	130 693	-	2 464 788
Augustine M Makgata	Group Head: Economic Development and Spatial Planning	2 314 662	18 000	130 693	-	2 463 355
Stephens R Notoane	Group Head: Water and Sanitation	2 313 654	18 000	130 693	-	2 462 347
Margaretha J Dunkle- Kock	Group Head: Legal and Secretariat Services	2 313 601	18 000	130 693	-	2 462 294
Pheko I Letlonkane	Group Head: Roads and Transport	2 307 580	18 000	130 693	-	2 456 273
Thandiwe S Radebe	Group Head: Customer Relations Management	2 210 483	-	130 693	-	2 341 176
Gadner Tlou Tefo	Group Head: Office of the Chief Whip	2 160 775	-	130 693	50 161	2 341 629
Abel T Malaka	Group Head: Environment and Agriculture Management	2 186 339	-	130 693	-	2 317 032
Rajendra Ganasen Pillay	Group Head: Office of the Speaker	1 722 759	-	100 198	-	1 822 957
Judith Judygirl Maluleka	Group Head: Office of the Speaker	195 000	-	19 888	-	214 888
Hilgard Matthews	Group Head: Group Communication and Marketing	170 559	-	-	-	170 559
		31 806 976	180 000	1 819 095	357 239	34 163 310

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

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39. Depreciation and amortisation		
Property, plant and equipment	2 005 620 282	2 271 163 025
Investment property	42 792 697	42 758 800
Living resources	30 015	36 476
Intangible assets	89 256 805	97 424 473
	2 137 699 799	2 411 382 774
40. Impairment loss		
Impairments		
Property, plant and equipment	9 824 962	225 642 803
Investment property	1 891 398	4 691 147
Intangible assets	1 364 524	-
	13 080 884	230 333 950
41. Finance costs		
Loans and bonds	1 126 081 528	1 080 826 780
Trade and other payables (Interest on late payment)	374 511 203	341 442 031
Finance leases	11 855 842	10 771 662
Bank overdraft	28 089 385	45 389 128
Interest paid on Interest rate swaps	11 972 429	57 489 941
Service concession arrangements	399 033 400	229 657 799
Employee benefit obligation	153 045 280	265 818 530
	2 104 589 067	2 031 395 871
42. Debt impairment		
Contributions to debt impairment provision	4 532 427 741	3 365 289 194
Contribution to impairment allowance - per service		
Rates	438 944 786	1 479 699 673
Electricity	177 951 192	871 821 576
Water	1 406 267 517	632 859 614
Sanitation	278 275 222	-
Refuse removal	242 258 342	248 687 184
Housing rental	53 957 498	10 311 140
AARTO	141 802 522	72 075 311
Housing sale	(2 266 227)	-
Sundry debtors	(51 224 918)	30 940 983
Ambulance services	(3 934 483)	3 205 305
Market	347 793	1 408 984
Wonderboom Airport	162 310	14 279 424
Other	1 849 886 187	-
	4 532 427 741	3 365 289 194

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

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43. Other materials		
Stationery	10 513 484	12 805 634
Cleaning material	5 722 226	8 116 557
Foodbank	-	4 752 743
Petrol And Diesel Fuel	492 888 088	179 544 882
Consumable Std Rated	36 740 326	13 891 922
Premix Binder	8 243 954	8 434 046
Chemicals	37 883 751	35 755 612
Other materials repairs and maintenance	355 402 387	383 283 224
Other materials	30 726 343	12 249 734
	978 120 559	658 834 354
44. Bulk purchases		
Electricity - Eskom	13 376 426 686	11 501 338 772
Water	3 682 727 664	3 339 612 821
	17 059 154 350	14 840 951 593
45. Contracted services		
Outsourced Services		
Business and Advisory	228 524 991	191 642 312
Bus operating costs	503 796 165	587 371 979
Collection costs	321 260 107	226 288 437
Cleaning Services	30 345 737	27 887 190
Repairs and Maintenance - Contractors	513 082 978	799 110 870
Formalisation	28 453 416	14 357 425
Connection/Dis-connection	60 056 667	116 838 220
IT Services	105 578 703	75 596 571
Office space rental	113 304 729	58 830 845
Legal costs	38 821 643	135 033 225
Rudimentary services	422 572 585	424 026 687
Prevention of illegal invasion	44 571 150	32 577 010
Personnel and Labour	171 540 312	231 086 368
Refuse Removal	616 147 141	722 387 064
Security Services	565 951 092	595 188 606
Traffic control	7 472 643	12 748 197
Other	22 956 902	53 764 858
	3 794 436 961	4 304 735 864
46. Transfer and subsidies		
Grants paid to ME's		
Transfers to TEDA and HCT	97 801 570	97 451 572
Other subsidies		
Executive mayor donations and other transfers	171 618	1 430 166
Gratuities	1 592 902	1 552 447
Section 21 schools learning training support	288 000	288 000
ECD-NGO support	-	1 575
	2 052 520	3 272 188
	99 854 090	100 723 760

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023
47. General expenses		
A Re Yeng Operations	-	5 018 509
Advertising and Marketing	14 704 391	7 361 199
Auditors remuneration	46 592 388	34 138 092
Bank charges	33 366 800	24 198 304
Cleaning	305 244	2 577 503
Commission paid	38 739 456	20 395 459
Compensation	70 169 747	74 425 640
Compensation Commissioner	9 251 830	5 808 734
Events Management	401 924	2 980 075
IT support fees	193 938 394	264 194 263
Insurance	203 309 165	178 656 380
Internet Fees	33 405 806	34 279 669
Lease vehicle expense	11 644 469	216 631 215
Legal fees	205 790 734	14 493 872
Licenses	19 568 698	21 094 197
Locomotion Allowance	18 370 136	20 430 225
Management information Systems	82 051 394	107 498 048
Office rental	155 646 824	185 682 612
Membership Fees	18 700 382	17 035 282
Net Stock Changes	18 670 975	13 387 622
Non-Capital Items	1 977 672	3 440 043
Bursaries Employees	5 241 593	5 929 674
Postage	19 885 576	16 061 984
Printing and stationery	18 532 205	17 777 412
Protective Clothing and Uniform	40 811 934	53 331 246
Rehabilitation Provision Expenses	9 701 912	13 999 893
Rental Vehicles	68 418 508	92 119 022
Rental of plant and equipment	115 523 685	144 053 546
Software Licenses	21 996 843	29 015 346
Telecommunications	15 958 237	19 041 259
Training and skills development	161 232 691	125 757 308
Repairs and maintenance - Fibre	30 132 874	32 976 018
Transport Cost	1 641 478	2 819 013
WIFI	-	22 462 079
Other expenses	4 487 936	7 590 362
	1 690 171 901	1 836 661 105

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2024	2023		
48. Repairs and Maintenance				
30 June 2024	Contracted Services	General	Other Materials	Total
Intangible assets	69 714	30 132 874	-	30 202 588
Property, plant and equipment	469 241 920	-	350 989 700	820 231 620
	469 311 634	30 132 874	350 989 700	850 434 208
30 June 2023	Contracted Services	General	Other Materials	Total
Heritage	19 987 452	-	-	19 987 452
Intangible assets	54 634 740	32 976 018	-	87 610 758
Investment property	605 039	-	-	605 039
Property, plant and equipment	723 883 639	-	383 283 224	1 107 166 863
	799 110 870	32 976 018	383 283 224	1 215 370 112
49. Cash generated from operations				
Surplus			2 543 710 995	1 142 125 935
Adjustments for:				
Depreciation and amortisation			2 137 699 799	2 411 382 772
Loss on disposal of assets			79 375 228	271 040 527
Loss on retirement of investment property			170 000	569 547
(Gain) loss on foreign exchange			(803 977)	292 877
Income from equity accounted investments			(55 756 392)	(95 093 299)
Interest income non-cash			(281 479 225)	(68 930 678)
Impairment			13 080 884	230 333 952
Actuarial gain			(172 520 258)	(191 170 625)
Finance cost - Service Concession		27	23 384 713	85 497 282
Interest rate swap valuation			(4 270 125)	84 087 481
Debt impairment			4 532 427 741	3 365 289 194
Fair value adjustments - interest rate swaps			107 974 164	(108 011 734)
Movement due to natural attrition of living resources			(32 053)	(13 296)
Movements in employee benefit obligations			138 287 457	(251 883 389)
Movements in provisions			318 543 443	(68 287 018)
Changes in working capital:				
Inventories			39 551 796	(107 301 885)
Receivables : Exchange transactions			(5 449 775 779)	(3 669 096 381)
Receivables: Non-Exchange transactions			(1 147 679 034)	213 082 762
Statutory receivables			(109 300 653)	129 866 911
VAT			(2 025 527 582)	(1 427 669 719)
Payables from exchange transactions			3 018 783 725	1 591 765 809
Unspent conditional grants			(280 518 129)	154 527 617
Consumer deposits			9 205 417	(17 058 718)
			3 434 532 155	3 675 345 924
50. Going concern				
The annual financial statements have been prepared on the basis that City will continue to operate as a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.				

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

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50. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on several factors. In performing the going concern assessment, the following key financial indicators were assessed. The annual financial statements have been prepared on the basis that City will continue to operate as a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on several factors. In performing the going concern assessment, the following key financial indicators were assessed.

Quantitative Aspects of the Going Concern

The following quantitative aspects of the organisation are assessed to conclude on the going concern of the organisation:

Historical financial performance

Income Statement

The preliminary income statement of the organisation shows a surplus of R2.54bn. The organisation has managed to increase its revenue and contain its costs, this has resulted in a surplus in the year under review. Ordinarily the organisation should be spending all of its budget however, since there are currently no reserves within the organisation the surplus will improve the cashflows of the city. The income statement of the organisation is showing that it's moving the right trajectory.

Cashflow statements

The cashflow is the lifeblood of any organisation; not only does it present the organisation's ability to meet its current obligations it's also the biggest indicator of the survival of the organisation. The cashflow of the city have improved on a year-on-year basis. There has been an improvement in the payment of some of the significant creditors namely Rand Water, SARS and Eskom. The last four months of the financial year has seen collections of over R3bn per month presenting evidence of the improvement.

Ratio Analysis

The ratios of the City are outside of the expectation of a healthy organisation and they fall short of planned targets mainly due to the historical losses. The liquidity and solvency of the city is lower than expectations and mainly because of the historical performances. There is however, tangible evidence which points to the improvement of these ratios. The assessment of the current cashflows is incomplete without looking at the future expectations with regards to the cashflows. The projected cashflows are an important indicator of the direction which the organisation is taking and they are presented below;

Cash Flow Position Projections

The summary of the cashflow for the organisation is stipulate below (*the amounts are in thousands*);

	2024-25 Baseline R'000	2024-25 Worst R'000	2024-25 Best R'000	2025-26 Baseline R'000	2025-26 Worst R'000	2025-26 Best R'000
Receipts from services	37 084 764	34 177 653	38 198 554	40 476 173	37 303 206	41 691 818
Total Consumer receipts	39 785 527	36 693 427	40 974 125	43 385 876	40 001 271	44 682 605
Total Receipts (including Grants)	48 897 116	45 805 016	50 085 714	52 878 668	49 494 063	54 175 397
Eskom	17 262 608	17 262 608	17 262 608	19 794 305	19 794 305	19 794 305
Total Cash Outflows	48 606 359	48 689 359	48 606 930	52 412 635	52 412 635	52 412 635
Cash movements	290 757	2 884 342	1 478 784	466 032	(2 918 572)	1 762 762
Opening Bank Balance	80 000	80 000	80 000	80 000	80 000	80 000
Closing Bank Balance	370 757	2 804 342	1 558 784	546 032	(2 838 572)	1 842 762

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

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50. Going concern (continued)

The 2024/25 financial year shows the best position having a positive movement of cashflows of R 1.4bn against a reduction of the cashflow of R2.8bn in the worst case scenario. There is a variance of R4 363 126 000 (FY 2025/26: R4 681 334 000) between the worst and best scenario which is approximately 10% of the total income in 2024/25 financial year. It is however, important to state that the current collections indicate an achievement of the best scenario in the 2024/25 judging by the collections of the month of July 2024. The movement between the best and worst scenario in both years amounts to 10% of the total cashflow or 40% of the salary cost. This means that there has to be a consistent monitoring of the performance on a quarterly basis to allow the organisation to make the necessary decisions in the event that the projections are not attained. In the 2024/25 financial year the best scenario will result in an increase of R 1.478bn in cash movements and will result in the Eskom debt being halved. Considering the revenues which have been achieved in the month of July 2024 the likely scenario for the City is the 2024/25 best scenario. This means an increase in the cash position of the city by R1.47 bn hence ensuring the going concern of the City.

QUALITATIVE FACTORS

Management Plans and Strategies

The organisation is taking a holistic approach in improving the position and performance of the City. There has been a focus on ensuring that the vacancies in the key positions are filled. During the year under review all the top management positions have been filled and also all the critical vacancies are in the process of being filled. The filling of these key positions enable the city to operate efficiently and the results can already be seen with improved efficiencies and effectiveness in the various part of the City.

The organisation's ability to obtain operational funding is dependent on having a positive credit rating. The City is currently in the process of appointing a credit rating agency which will re assess the credit profile of the City. The improvements in the cashflow which we have witnessed indicates that the City will obtain a better credit rating.

The city is continuously implementing its financial recovery and funding plan. The main focus areas on the funding plan is the containment of cost and an increase in the revenue collections. The cost containment steps include the elimination of non-essential expenditure like travelling and related expenditure, moratorium on the recruitment of non-critical vacancies. Management has also embarked on a process mapping exercise for all the key processes within the City aimed at streamlining the processes thereby reducing embedded waste. The final outcome of this process will be the elimination of waste, reallocation of the resources and overall a more efficient and effective City.

On the top line the "Tshwane Ya Tima" programme is in full swing and this has resulted in collections moving from around R2.2bn to collections above R 3bn. The city also implemented a revenue collection action centre which is capacitated with trained employees whose focus is to complement the work which is being done on the ground through the "Tshwane Ya Tima" programme.

Risk Factors

Credit Rating

The organisation's key risk with regards to the going concern assumption is the ability to obtain the necessary funding in order to continue to operate. One of the biggest risks is the rating which the City currently has. The credit profile of the (Caa2 negative) reflects the city's fiscal challenges and the continued fragile liquidity position. The city's constrained access to external borrowing has exacerbated its liquidity pressure. The City in in the process of appointing a rating agency and the process will be closed soon. The appointment of a new rating agency will improve the City's image and hence enable the City to access funding from various institutions.

Compliance with Laws & Regulations

The compliance with laws and regulations is an important step towards improving the organisation's reputation. There is a concerted effort in improving the compliance with rules and legislation within the City and this is shown by the reduction in issues of non-compliances within the City. The oversight structures within the City are also hard at work in reducing the UIFW which is on the City's books. This will move the organisation towards full compliance with the laws and regulations surrounding the City. The Group Audit and Risk department is also focused on ensuring that investigations for the past non compliances are dealt with speedily.

Continued Service Delivery

City of Tshwane Metropolitan Municipality

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50. Going concern (continued)

The ability of the City to collect funds is also largely dependent on the service delivery which is being delivered to residents of the City. The city has made changes to its service delivery through its various structures and there are already improvements through enhanced waste collection and improvement in the security within the city. There is also a renewed focus on the provision of water and electricity to the residents of the City. These improvements will increase the ability of the organisation to collect funds.

Energy Security

The city is heavily reliant on the availability of energy for its customers in order to attract and retain customers within the City. The availability of a continuous energy supply is important and hence the City hosted the Tshwane Energy Summit in the month of June. The summit was meant to communicate to the market the plans of the city towards energy security for its citizens. There are plans in place to ensure that clean energy security is achieved within the City.

Eskom Litigation

Eskom has taken the City to court with regards to the amount owed. The city has consistently engaged Eskom and has improved its payment towards Eskom. In the event that the Court rules against the City there will be a need for drastic rearrangement of the City's cashflows to cater for this. This risk has however, not materialised.

Conclusion

It is management's view that the City will continue to be a going concern due to the following factors;

- Key positions within the City have been filled.
- There is an improvement in the cashflow of the city looking at the recent collections.
- There has been adequate management strategies which have been put in place within the city to improve the City's performance.
- There has been a concerted effort in addressing regulatory matters within the city.
- There is a focus on the services delivery and hence the customers will continue to pay for the services offered by the city.

City of Tshwane Metropolitan Municipality

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51. Related parties

Name of entity	% Equity interest
Investment in joint venture: TASEZ	33.3% shareholding
Housing Company Tshwane	100% owned by City of Tshwane
Tshwane Economic Development Agency	100% owned by City of Tshwane
Members of key management	Remuneration of City Manager refer to Note 38 Remuneration of Top Management refer to Note 38 Remuneration of Councillors refer to Note 37 and 60

Tshwane Economic Development Agency:

TEDA benefited from the use of the following services provided by City of Tshwane at no cost:

- Network and Telecommunication support
- SAP migration
- Desktop and Server support
- Insurance management
- OHS services
- Records management
- QPR performance management system

Housing Company Tshwane:

The entity benefited from the following services provided by related party at costs.

- Use of risk management and internal audit resources from City of Tshwane
- Use of audit committee resources from City of Tshwane
- Use of network, telecommunication and server support provided by City of Tshwane
- Occupational Health and Safety services from City of Tshwane
- Insurance management by City of Tshwane
- Telephone service provided by City of Tshwane
- QPR - Performance Management Solution
- The entity received the rights to develop land owned by the City of Tshwane at no cost
- Use the service of the VAT specialist at no cost
- Litigation on Townlands represented by Geldenhuis Malatji.
- COT Group Audit and Risk Forensic investigation on UIFW.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Housing Company Tshwane: Deposit owed by City of Tshwane	(24 388)	(24 388)
Housing Company Tshwane: Grant owed by City of Tshwane	(227 896)	(286 364)
Housing Company Tshwane: Rental received on behalf of City of Tshwane	263 115	197 635
Tshwane Economic Development Agency: Grant owed by City of Tshwane	(92 000)	(13 000 000)
Tshwane Economic Development Agency: Property Valuation Expenses	-	(184 000)
TASEZ: Amounts owed to City of Tshwane by Related party	262 810 650	-
TASEZ: Amounts owed by City of Tshwane to Related party	(56 083 144)	(105 224 365)

City of Tshwane Metropolitan Municipality

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51. Related parties (continued)		
Related party transactions		
Sales to related parties		
Housing Company Tshwane: Rates	945 226	896 779
Housing Company Tshwane: Water and electricity	519 105	510 143
Tshwane Economic Development Agency: Website expenses	92 000	80 000
Grants, transfers and subsidies to related parties		
Housing Company Tshwane: Grant transferred as income	62 501 212	157 696 121
Tshwane Economic Development Agency: Grant transferred as income	75 281 997	55 931 999
Payments made to Related Party		
TASEZ : Payments made Bulk Infrastructure	-	122 410 348
Refer to Note 16 for the Equity Accounting of Investment in associate: TASEZ		
52. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Infrastructure assets	1 001 537 290	3 757 185 482
• Community assets	37 558 499	195 028 841
• Other assets	13 470 281	14 668 090
• Intangible assets	240 467 143	530 297 759
	1 293 033 213	4 497 180 172
Approved but not yet contracted for		
• Infrastructure assets	651 265 643	747 282 481
• Community assets	8 702 944	25 664 057
• Other assets	13 469 981	-
• Intangible assets	433 169 361	227 173 500
	1 106 607 929	1 000 120 038
*Prior year was restated, as previously omitted.		
Total capital commitments		
Approved and contracted	1 293 033 213	4 497 180 172
Approved but not yet contracted for*	1 106 607 929	1 000 120 038
	2 399 641 142	5 497 300 210
53. Unauthorised expenditure		
Opening balance as previously reported	423 284 508	5 463 973 063
Add: Unauthorised expenditure - current	2 146 039 587	423 284 508
Less: Amount authorised - prior period	(423 284 507)	(5 463 973 063)
Closing balance	2 146 039 588	423 284 508

The over expenditure incurred by the group's departments during the year is attributable to the following categories:

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53. Unauthorised expenditure (continued)		
Unauthorised expenditure: Budget overspending - per strategic unit		
City Manager	-	152 543 731
Community and Social Development Services	-	30 578 112
Group Financial Services	855 954 740	229 423 147
Group Legal and Secretarial Services	-	10 739 518
Regional Operation & Coordination	366 104 871	-
Water and Sanitation	883 474 450	-
Share Services	40 505 527	-
	2 146 039 588	423 284 508

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Cash	28 793 832	(399 786 641)
Non-cash	2 117 245 755	823 071 149
	2 146 039 587	423 284 508

54. Fruitless and wasteful expenditure

Opening balance as previously reported	2 587 927 446	2 476 278 538
Add: Expenditure identified - current year	374 511 202	341 442 031
SARS interest reversed	(311 634 244)	-
Less: write off/ recoveries*	-	(229 793 123)
Closing balance	2 650 804 404	2 587 927 446

* Prior year has been restated to disclose write off.

The above is inclusive of amounts to be recovered as approved by council

Details of fruitless-and wasteful expenditure

Interest on late payments	374 511 202	341 442 031
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55. Irregular expenditure

Opening balance as previously reported	13 049 779 706	12 256 241 457
Add: Irregular Expenditure - current year	2 393 253 324	1 989 699 693
Add: Irregular Expenditure - Prior year	-	25 955 873
Restatement of prior year	-	18 202 058
Less: Amount written off - current	-	(577 878 869)
Less: Amount recovered by council - current period	-	(662 440 506)
Closing balance	15 443 033 030	13 049 779 706

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55. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Non-Compliance with Section 32 of the MFMA	Under investigation	938 132 534	405 290 745
Quotation made outside the 2022 PPR procurement and the SCM Policy	Under investigation	-	27 563 298
Non-compliance with SCM Regulation 36 (Deviations)	Under investigation	149 394 201	667 333 587
Subcontracting more than 25%	Under investigation	139 673 924	18 202 058
Non compliance with Section 112 - Winning bidder not meeting mandatory requirements, Unfair disqualification of bidders	Under investigation	1 018 342 747	887 642 052
Awards made to the bidder known to have committed a corrupt or fraudulent act in competing for the contract	Under investigation	37 220 843	-
Non compliance with SCM regulation 44 - Awards made to employees	Under investigation	24 792 678	1 870 011
SCM Regulation 43 - Awards to persons whose tax matters are not in order	Under investigation	17 642 805	-
Non-Compliance with Section 32 of the MFMA (Irregular expenditure relating to prior year identified in the current year)	Under investigation	-	25 955 873
Misrepresentation by winning bidder as forged documents were submitted to win the tender	Under investigation	2 913 879	-
SCM Regulation 43 - Awards to persons whose tax matters are not in order	Under investigation	65 139 713	-
		2 393 253 324	2 033 857 624

Payments to non - S56 managers were deemed to be irregular from prior year period.

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55. Irregular expenditure (continued)		
Irregular expenditure to be recovered		
Glad Africa	-	652 073 251
Babore	-	1 276 960
	-	653 350 211

56. Deviation from supply chain management regulations

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

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

In terms of Section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- in an emergency
- if such goods or services are produced or available from a single provider only
- for the acquisition of special works of art or historical objects where specifications are difficult to complete
- acquisition of animals for zoos and/or nature and game reserves
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes

Deviation from tender and quotation process:

- Sole suppliers
- Emergency
- Impracticality

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council.

Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

Deviation from tender process (amounts above R200 000)

Emergency	-	-
Other exceptional cases	-	934 872
	-	934 872
(1) (b) to ratify any minor breaches of the procurement processes	-	-
	-	934 872

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57. Regulation 45 disclosure

In terms of the regulation 45 of the Municipal SCM regulations, the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R 2,000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including:

- the name of that person;
- the capacity in which that person is in the service of the state; and
- the amount of the award.

The name of the person	The capacity	Value of award 30 June 2024	Value of award 30 June 2023
Elelwani Radali	Engineering Consultant	1 353 899	-
Absalom Sibusiso Ntuli	Storekeeper	-	177 060
Sakisene Tsolofelo Christinah Mahlangu#	Supervisor	3 152 514	-
Setlhare Paul Ledwaba*	General worker	-	151 465
		4 506 413	328 525

* Commission based award

Rates Based as and when in nature tender

58. Contingencies

Indemnification

Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	116 743 199	117 814 383
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The capitalised value as at 30 June 2024 R116 743 199.

The capitalised value as at 30 June 2024 which is calculated by the department of Labour amounted to R169 828 028.

Guarantees issued

Guarantees issued in favour of Eskom	-	-
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Insurance claims

Pending claims iro asset-, motor own damage contractors and electricity claims	52 205 923	58 691 062
Pending claims iro public liabilities	109 018 877	1 727 086 587
	161 224 800	1 785 777 649

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2024 has a balance of Rnil.

Litigation Matters:

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable.

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2024 has a balance of R109 018 877.

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58. Contingencies (continued)			
Category A			
The materiality of the listing with all cases with the value exceeding R10 million.			
Department	Short description of cases	2024	2023
Community and Social Development	Breach of contract non-payment for work done and damages claim in respect of the Loftus Stadium Upgrade for World Cup 2010.	75 503 986	75 503 986
Group Property Management	Claimant alleges that there as development agreement entered into with CoT on certain properties. The CoT is alleged to have breached the agreement by settling people on properties that were the subject matter of the development agreement.	51 507 439	51 507 439
Group Property Management	Claim for damages. capital Amount is R11 000 000, 00 is as per the assessment by the lawyer as reported by the AGSA team	11 000 000	11 000 000
Group Shared Services	Suffered loss regarding the broad band contract as the Court has set aside the said contract. Claiming damages regarding for the recovery of loss suffered as result of the broad band contract which was set aside by court. They allege that the panel of attorneys KR Inc gave incorrect legal advise regarding the legitimacy of the Broad Band contract	327 764 660	327 764 660
Group Shared Services	Claim for damages in respect of the Broadband Tender in that the CoT is in breach and Thobela seeks compliance with the contract and implementation. The claims is conditional upon the outcome of the an appeal against the judgement in favour of the CoT reviewing and setting aside the Broadband Contract.	1 955 738 877	1 955 738 877
Group Utility Services	Cancellation of contract on the basis of law	183 624 957	183 624 957
Housing and Sustainable Human Settlement	Claim for damages, Brookway's properties were invaded and they obtained an order to evict, the order also directed the CoT to provide an alternative by a particular date. Plaintiff claims CoT failed to provide alternative. Hence Plaintiff had to eventually sell the property and suffered damages.	176 526 000	176 526 000
Housing and Sustainable Human Settlement	Claim for payment of monies that Rain Bow regards as rental for Clarina Flats where former residents of Schubart Park are housed.	50 616 000	50 616 000
Housing and Sustainable Human Settlement	Claim for outstanding payment of lease.	31 487 000	31 487 000
Roads and Transport	Claim for loss of income due to blockage on wayleave system	34 000 000	34 000 000
Roads and Transport	Consequential loss claim for expropriated property	283 010 000	283 010 000
Roads and Transport	Damages for unlawful termination of contract	25 499 755	25 499 755
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	111 615 305	111 615 305
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	80 214 095	80 214 095
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	59 244 567	59 244 567
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	41 421 707	41 421 707
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	17 946 566	17 946 566
Community and Social Development	Construction claim for City Hall Construction Cullinan Library. Claims for escalation, preliminary general costs and loss and expenditure	23 157 240	23 157 240
Housing and Sustainable Human Settlement	Claim for specific performance and damages. Claimant awarded tender and given letter of appointment but was not given work.	16 925 581	16 925 581
Group Shared Services	Claim for damages for alleged breach of agreement	1 644 970 578	1 644 970 578

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Notes to the Unaudited Annual Financial Statements

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58. Contingencies (continued)			
Group Audit and Risk	Claim for compensation for service	11 286 645	11 286 645
Roads and Transport	Claim for payment in respect of services to conduct street light poles	14 824 129	14 824 129
Roads and Transport	Breach of contract- Construction of roads within the city of Tshwane. Work done and contractor never paid. Awaiting court date.	25 762 057	25 762 057
Roads and Transport	Expropriation of land intended for road construction	30 390 000	30 390 000
Group Environment & Agriculture Management	Unlawful cancellation of the contract Unlawful cancellation of the contract. Nosalto is claiming that the CoT unlawfully terminated its contact for household waste removal in Bronkhorstspuit. Nosalto's trucks were stopped from collecting waste. CoT never cancelled any agreement. Nosalto was only requested to replace their flat-bed trucks with compactors. They did not do this but now claim cancellation. CoT filed a plea, Nosalto to apply for trial date. Nosalto amended papers. Plus interest from 14 May 2013.	10 000 000	10 000 000
Group Environment & Agriculture Management	Breach of contract-Claim for payment for services rendered and damages. Contractor alleges breach of a contract under tender CB259/2008 by the municipality in utilizing tender CB82/2011 for the same services the contractor had been contracted under CB257/2008. CB82/2011 was to be used only in emergency situations for the collection of waste. Contractor is also claiming for overtime payments under CB82/2011. Plaintiff has served documents to amended it claims from R22 063 517,35 to R46 643 772, 35.	46 643 772	46 643 772
Group Environment & Agriculture Management	Claim for damages due to early termination of contract for waste processing	316 000 000	316 000 000
Community Safety - Metro Police	Tender for the provision of security services at five location in the erstwhile of Kungwini Municipality. Services provided and never paid.	16 720 095	16 720 095
Regional Operations and Coordination	Claim for loss of income for failing to utilise them into the contract provisions	47 440 027	47 440 027
Housing and Human Settlement	Claim for rental Clarinah Schubart Park Residents	14 800 000	14 800 000
Shared Services Department	Claim for loss of profit due to the bidder being disqualified in Tender SS04-2022/21 & SS05-2020/21 whereas the tender was later reviewed and set aside by the court.	14 158 509	-
		5 749 799 547	5 735 641 038

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58. Contingencies (continued)		
Category B		
The materiality of the listing with all cases not exceeding R10 million.		
Department	2024	2023
Community and Social Development	180 404	180 404
Community Safety - Metro Police	2 126 468	823 942
Corporate and Shared Services	299 644	1 624 184
Electricity	16 604 201	1 080 424
Group Communication and Marketing	879 718	879 718
Group Environment & Agriculture Management	4 960 731	4 956 731
Group Finance Services Department (Supply Chain Management)	6 532 717	6 532 717
Group Financial Services	71 241 883	58 759 411
Group Human Capital Management	33 475 577	33 475 576
Group Legal and Secretariat	4 900 000	5 150 000
Group Property Management	5 411 259	5 355 176
Group Shared Services	4 660 090	4 660 090
Group Utility Services	32 649 357	32 649 356
Housing and Sustainable Human Settlement	28 106 072	24 957 373
Office of the Speaker	2 360 610	2 360 610
Roads and Transport	8 200 422	9 400 425
Regional Operations and Coordination	5 724 103	9 484 039
	228 313 256	202 330 176

59. Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

Management has taken a decision to dispose of a significant asset /or a group of assets and liabilities /or a component of the entity that are eligible for disposal as per accounting policy.

Disposals completed during the year:

During the 2023/24 financial year, there was no significant disposal of assets or group of assets and liabilities of a company of the entity.

During the current financial year we did not have any disposals/ Auctions. We are in process of renewing the contract for an Auctioneer to conduct auction.

During the current financial year we did have disposals/ Auctions which took place on the 30 January 2024. it was the 1st stock take of the city in a while by the newly appointed Riley auctioners, (Pty) Ltd Reg no. 2008/000180/07.

Description of the asset(s), group of assets and liabilities or, component

Carrying values

Carrying values of the assets	11 828 090	-
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60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5 065 270	5 158 685
Amount paid - current year	(5 065 270)	(5 158 685)

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60. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	-	1 222 240
Current year subscription / fee	46 592 388	34 138 092
Amount paid - current year	(44 402 258)	(35 360 332)
	2 190 130	-
PAYE and UIF		
Current year subscription / fee	2 025 433 292	2 127 540 502
Amount paid - current year	(2 025 433 292)	(2 127 540 502)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	2 948 566 151	2 956 934 183
Amount paid - current year	(2 948 566 151)	(2 956 934 183)
	-	-

Councillors' arrear consumer accounts

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

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60. Additional disclosure in terms of Municipal Finance Management Act (continued)			
30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Baloyi JJ	2 679	41 333	44 012
Boshielo SM & MKF	10 298	5 213	15 511
Chauke HQ	1 795	5 670	7 465
Dzumba KY	20 601	792	21 393
Leshabana LP	11 577	98 212	109 789
Mabogwana MO	2 482	6	2 488
Madonsela MI	221 999	826 185	1 048 184
Makena SM	-	682	682
Makgaleng KG	10 911	5 369	16 280
Malosi T	3 079	1 162	4 241
Manhique RM & AF	14 127	57 511	71 638
Mashapa MA	3 222	14 450	17 672
Mashola M S	26 253	38 596	64 849
Masilela JK	4 550	23 689	28 239
Masuku EN	27 098	27 763	54 861
Mathibedi MT	6 438	82 421	88 859
Mazibuko MS	13 884	37 624	51 508
Mbokane EP	8 620	25 262	33 882
Mehlape-Zimu MM	31 711	100 738	132 449
Mocumi TC	7 647	121 024	128 671
Modise ET	134 704	739 969	874 673
Moloi ED	1 722	16 138	17 860
Phokoje ST	14 657	159 350	174 007
Raphuthi MM	8 324	117 915	126 239
Tlou PP	2 608	23 606	26 214
Violet P	3 753	21 609	25 362
	594 739	2 592 289	3 187 028

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Figures in Rand	2024	2023	
60. Additional disclosure in terms of Municipal Finance Management Act (continued)			
30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Masupha NR	2 473	-	2 473
Mathebe RK & TT	665	274	939
Eybers LD	3 387	17	3 404
Phokoje STT	3 434	97	3 531
Makgaleng KG	3 739	755	4 494
Mabogwana MO	2 598	1 685	4 283
Fourie RP & MH	9 729	158	9 887
Magaseng & Makgaleng MM & KG	1 106	3 537	4 643
Ramokgushwane LM	1 620	3 876	5 496
Helfrich & Venter WP & MD	3 197	5 073	8 270
Selowa D	4 398	5 607	10 005
Mbokane Ellen Phumzile	7 718	5 389	13 107
Mehlape-Zimu MM	32 740	3 766	36 506
Moloi Eunice Dineo	1 538	11 396	12 934
Mazibuko MS	2 040	12 952	14 992
Mehlape-Zimu MM	4 270	13 569	17 839
Masilela JK	3 328	14 333	17 661
Modise ET	4 347	14 636	18 983
Mathibedi MT	60 359	15 455	75 814
Voilet Phalwane	2 789	15 712	18 501
Dzumba KY	11 149	14 901	26 050
Monchusi DJ & RGM	5 521	26 570	32 091
Manhique RM & AF	8 437	29 934	38 371
Monchusi DJ & RGM	6 979	34 737	41 716
Leshabana LP	13 259	67 571	80 830
Phokoje STT	61 356	63 920	125 276
Nhlapo BJ & Z	10 689	91 296	101 985
Raphuthi Maboshadi Mina	6 242	102 194	108 436
Mocumi T.C	5 893	105 140	111 033
Modise ET	14 350	129 541	143 891
Modise ET	33 237	146 019	179 256
Modise ET	36 110	197 664	233 774
	368 697	1 137 774	1 506 471

These councillors made arrangements to pay off their arrear debt.

61. Distribution losses: Water

Non-revenue Water (NRW) - kilolitre

Technical	90 701 678	89 085 371
Non-technical	22 675 419	22 271 343
	113 377 097	111 356 714

Non-revenue Water (NRW) - Rand value

Technical	1 064 853 592	892 635 414
Non-technical	266 213 398	223 158 854
	1 331 066 990	1 115 794 268

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61. Distribution losses: Water (continued)

The CoT's current NRW (June 2024) is 34.4%. This equates to a distribution loss of 113 377 097 kl/annum. Approximately 80% of the City's system input volume is sourced from Water Boards (WB), 78% from Rand Water (RW) and 2% from Magalies Water (MW) at a current purchase cost of R12.68/kl and R10.92/kl respectively. The remaining 20% is sourced from own and local sources at approximately R8.14/kl.

The International Water Association (IWA) water balance forms the basis for the calculation of the municipality's Non-Revenue Water (NRW).

Non-Revenue Water is defined as the volume of water supplied into the water system by the municipality (system input volume), minus the billed authorised consumption. The system input volume consists of water purchases from Rand Water and Magalies Water as well as water from the municipality's own water treatment plants, boreholes and fountains. The billed authorised consumption consists of water sales (consumption) data based on meter readings obtained from Finance Department.

It should be noted that the IWA water balance is a volumetric water balance and not a financial balance. For purposes of calculating the NRW it is assumed that all billed water is paid for.

With regard to the water balance, the components of NRW are apparent (commercial) losses and real (physical) losses.

Apparent losses are made up from the unauthorised consumption (theft or illegal use) plus all technical and administrative inaccuracies associated with customer metering/billing. This is thus water which "disappears" through inaccurate metering, inaccurate meter accounting processes, meter and billing data integrity, illegal connections, etc. The water is not physically lost from the system but it is never measured or accounted for, and most importantly, never paid for. Apparent losses contribute approximately 20% to the total water loss.

Real losses represent the physical leakage from the pressurised system, up to the point of measurement of customer use. This is water which physically disappears from the distribution system through water leaks or pipe bursts, water theft etc. It is thus water which does not reach the customer and is not paid for by customers.

Physical water losses contribute approximately 80% to the total water losses; and therefore emphasis must be placed on the eradication of these losses. Water losses in the City are determined by calculating the amount of non-revenue water (NRW) which is the difference between the volume of water supplied into the system and the authorised consumption.

Approximately 82% of the city's system input volume is sourced from Water Boards (WB), 79% from Rand Water (RW) and 3% from Magalies Water (MW) at a current purchase cost of approximately R 10,38. The remaining 18% is sourced from own and local sources at approximately 50% of the cost of water provided by Water Board.

Non-revenue water, and more especially water loss, is a global phenomenon, and no water supply and distribution system is completely leak free. The following are the primary causes of water losses:

- High leakage due to ageing network pipes, coupled with reduced responsive time to repair leaks
- Insufficient budget to fund all identified projects/initiatives
- High pressures in isolated areas, leading to leaks and bursts
- Older water meters which under-register consumption, resulting in under-recovery
- Estimation (under-estimation) of water meter readings
- System and billing errors
- Water theft from fire hydrants, illegal connections
- Water used in infrastructure maintenance (pipe scouring and reservoir cleaning)

Actions to reduce water losses in the City of Tshwane include the following:

- Improve on leak repair responsiveness (active and passive) to reduce wastage
- Metering: Installation of water meters in un-metered houses; Meter audits to improve information on billing system; Meter replacements to increase accuracy of meter readings
- Installation of pressure management systems to reduce high pressures and lower leakage
- Selective pipe network replacements in areas with worn out network pipes
- Removal of illegal connections
- Restriction of water supply to non-paying customers

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61. Distribution losses: Water (continued)

2022/23

The CoT's NRW for June 2023 is 32,0%. This equates to a distribution loss of 111 356 713 kl/annum. Approximately 82% of the City's system input volume is sourced from Water Boards (WB), 80% from Rand Water (RW) and 2% from Magalies Water (MW) at a current average purchase cost of approximately R11.01/kl.

62. Distribution losses: Electricity

Distribution loss: kWh

Technical	598 625 902	600 610 507
Non-technical	1 033 597 394	1 240 587 462
	1 632 223 296	1 841 197 969

Distribution loss - Rand value

Technical	927 870 149	803 185 911
Non-technical	1 602 075 961	1 659 015 883
	2 529 946 110	2 462 201 794

2023/24

The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold to the end user at differentiated tariffs levels. The municipality purchases 100% of its electricity from ESKOM at transmission and distribution levels, 85% is purchased through the 3 infeed stations (Njala, Kwagga and Reitvel) at 175kV transmission levels and 15% at distribution levels.

The city purchases its electricity from Eskom and sells to its customers. The difference between purchase and sales results in electricity distribution losses, which are made of technical and non-technical losses. For the period under review, the total energy losses for Quarter 4 are 25.21% (574,830,789kWh) for the entire 2023/24 financial year are 19.09% (1,632,223,296kWh). The losses are higher than quarter 3 however there was a reduction in the average annual losses from the 2022/23 financial year. The average losses were from 21.46% to 19.09% which a 2.37% reduction.

Technical energy losses are results of electricity losses (kWh) when electricity is being distributed from the source of generation through transmission and distribution network to the final consumer. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a result there is certain portion of electricity that is lost during transportation and distribution, and it is termed technical energy losses. NERSA acceptable target for network of Tshwane is set at 7% of the total Energy Distribution Losses (159,637,686kWh) for Quarter 4 and (598,625,902) for the financial year, mainly due to expansion of the licence area to cover areas that had poor infrastructure in 2011 merger. However, the national utilities benchmark is for the technical energy losses to be capped at 6%.

Non-technical energy losses, for the month under review (Quarter 4) is 18.21% (415,193,103kWh) and 12.09% (1,033,597,394kWh) for the financial year. The main contributing factors for the non-performance of the non-technical energy losses are due to unserved energy (energy not available) during loadshedding, administrative and technical errors (switching of SAP without looking at implications), high estimates levels of meters, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption. These are the losses under the control of the city and initiatives should be undertaken to realise losses to the benchmarks level of the MFMA circular 71, which is between 7- 10%. The remaining unsold energy is added to this category of losses.

Non-technical energy losses, for the month under review (Quarter 4) is 18.21% (415,193,103kWh) and 12.09% (1,033,597,394kWh) for the financial year. The main contributing factors for the non-performance of the non-technical energy losses are due to unserved energy (energy not available) during loadshedding, administrative and technical errors (switching of SAP without looking at implications), high estimates levels of meters, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption. These are the losses under the control of the city and initiatives should be undertaken to realise losses to the benchmarks level of the MFMA circular 71, which is between 7- 10%. The remaining unsold energy is added to this category of losses.

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2023

The electricity bulk purchased from Eskom for the 2023/24 financial year was R13 376 426 686 (energy, demand, network, and fixed charges) and the electricity sold by the city amounts to R15 214 617 316 (energy, demand, network, and fixed charges).

In 2023/24 financial year, the Department has implemented the following initiatives to reduce the non-revenue losses:

- Meter audits and normalization of stuck meters
- Meter audits and normalization of stuck meters
- Convention of conventional electricity meter to prepaid meters
- Installation of modems to Large Power Users meters to enable real-time meter readings
- Normalization of prepaid meters.
- Installation of tamper boxes in hot spots with high levels of illegal connections
- Electrification for All Programme
- Removal of illegal connections

63. Jointly controlled assets

On the 5th of December 2015 City of Tshwane entered into an agreement with EON Reality Inc. to establish an Interactive Digital Centre Hub in the city. This agreement was for a three-year period and could be renewed for a further 2 years pending the City of Tshwane's approval. Both parties, EON Reality Inc. and the City of Tshwane jointly control the Interactive Digital Centre Hub and the payment structure outlines that both the City of Tshwane and EON Reality Inc. contribute 50% each towards the acquiring of equipment and other resources and/or assets to establish the IDC Hub, however the ownership structure as per the agreements states that City of Tshwane owns 100% of Interactive Digital Centre Hub infrastructure. Contribution obligations were outlined as a cash contribution by the City of Tshwane of \$6 582 511 (R74 342 879, 23) and asset donations to the same value by EON Reality Inc.

The City of Tshwane paid an amount of R74 000 000 on 6 August 2015. Assets to the value of R64 460 021, 93 were verified to have been received at the Interactive Digital Centre Hub at Tshwane Leadership Management Academy on 4 April 2016 delivered by EON Reality Inc. whilst an amount of R2 377 073.71 was expensed.

A Debtor was raised to the amount of R7 162 904.36 owed by EON Reality Inc. pending the delivery of the remaining promised assets. Assets were capitalised at cost and depreciated accordingly at their respective useful lives. Depreciation for the year amounted to R521 349.29 (2022: R1 003 265.50) and the carrying amount of Interactive Digital Centre Hub assets amounted to R564 376.54 for property, plant and equipment and R0 (2022: R0) for intangible assets.

The software is not in use and will be in future be used for its initial intended purposes and therefore must be considered for write off. As the latter process requires council approval of which is a lengthy process, a decision was subsequently taken to impair the software (Intangible asset) to R0 back in the 2020/21 financial year.

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64. Financial instruments

Categories of financial instruments

2024

Financial assets

	Note(s)	At fair value	At amortised cost	Total
Long term receivables	7	-	476 089 851	476 089 851
Redemption fund asset	9	89 031 657	-	89 031 657
Other receivables from exchange transactions	6	-	2 355 758 065	2 355 758 065
Consumer receivables	5	-	6 919 240 315	6 919 240 315
Cash and cash equivalents	10	-	1 964 893 870	1 964 893 870
Interest rate swaps	18	130 045 708	-	130 045 708
		219 077 365	11 715 982 101	11 935 059 466

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	19	-	9 162 526 870	9 162 526 870
Finance lease obligation	20	-	93 781 735	93 781 735
Retention creditors	21	-	555 122 508	555 122 508
Consumer deposits	23	-	773 337 672	773 337 672
Interest rate swap	18	3 349 646	-	3 349 646
Service concession arrangement	27	-	2 567 685 162	2 567 685 162
Payables from exchange transactions	21	-	14 886 919 608	14 886 919 608
		3 349 646	28 039 373 555	28 042 723 201

2023

Financial assets

		At fair value	At amortised cost	Total
Investments	4	-	176 100 896	176 100 896
Long term receivables	7	-	366 655 763	366 655 763
Redemption fund asset	9	207 895 138	-	207 895 138
Other receivables from exchange transactions	6	-	1 780 172 972	1 780 172 972
Consumer receivables	5	-	5 042 800 311	5 042 800 311
Cash and cash equivalents	10	-	785 495 915	785 495 915
Interest rate swap - Non-current portion	18	247 940 777	-	247 940 777
		455 835 915	8 151 225 857	8 607 061 772

City of Tshwane Metropolitan Municipality

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64. Financial instruments (continued)

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	19	-	9 500 185 105	9 500 185 105
Finance lease obligation	24	-	142 494 155	142 494 155
Retention creditors	21	-	590 658 461	590 658 461
Consumer deposits	23	-	764 132 255	764 132 255
Interest rate swap	18	9 560 148	-	9 560 148
Service concession arrangement	27	-	2 544 300 449	2 544 300 449
Payables from exchange transactions	21	-	11 957 958 616	11 957 958 616
		9 560 148	25 499 729 041	25 509 289 189

65. Risk management

Risks

In running its operations, the group is exposed to a variety of financial risks: market, liquidity, credit and interest rate risks. Section 62.(1)(c)(i) Of MFMA states that the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. In response to this the group adopted National Treasury Public Sector Risk Management Framework and is committed to the effective management of its risks. The process is called risk monitoring and control. It involves monitoring the identified risks including the above-mentioned financial risks, identifying new risks, and evaluating the overall effectiveness of the risk management plan in reducing the risks.

The Group Financial Services is committed to the effective management of the financial risks, with Treasury Office responsible for management of market, liquidity, and interest rate risks. The Revenue Office is responsible for credit risk management. In the course of the group's business operations, it is exposed to interest rate, credit, liquidity and market risk. The group has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Financing risk

Financing risk refers to the City's inability to control its monetary policy and defaulting on bonds or other debt issues. Borrowings could become more difficult or more costly in the future. The City's targeted weighted average cost of borrowing for the MTREF is set at 9.9% per annum and as per the 30 June 2024 annual financial statements, the result was 9.21% meaning that the City is managing its cost of borrowing prudently.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be negatively affected by the adverse changes in interest rates. Interest rate risk arises from fluctuations in market and economic conditions.

The City's significant exposure to interest rate risk emanates from its long-term floating rate-based loans. Periodic payments towards variable interest rate loans are volatile and introduce uncertainty to the City's cash flows. Hence fixed interest rates loans are preferred over variable interest rates loans, as they are stable and beneficial, especially if interest rates rise above the fixed rate.

The City manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate loans and investments, as well as by entering interest rate swap contracts on some of the loans. Given its strained liquidity position, the City has made a conscious decision to keep the fixed-floating rate mix loans on a 60:40 ratio. Where there is bias in the loan portfolio towards fixed rate loans, the City addresses the bias by focusing on floating rate loans in its future loans, and vice versa. Alternatively, the City may choose to employ interest rate swaps to get to the desired ratio.

The level of the City's exposure to interest rate risk could be viewed in the annual financial statements. The City also uses interest rate swaps to hedge the interest rate risk.

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

65. Risk management (continued)

There was no change in the objectives, policies, and processes for managing the interest rate risks and the methods used to measure those risks.

Mitigation factors

The City has adopted smoothing, maintaining a balance between fixed interest rates and floating interest rates on different instruments. The City also uses Interest rate swaps to manage the risk –

Variable rate loans : R3 231 632 457 (2023: R1 100 825 159) and

Fixed rate loans: R5 930 874 413 (2023: R7 915 627 618).

There was no change in the exposure to risks and how they arise since the previous financial year. There was further no change in the objectives, policies and processes for managing the risks and the methods used to measure the risks.

Assets 2024	Fund valuation Amount	Amount	Fixed rate Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Non-interest bearing Amount	Weighted average period until maturity Years	Total
Description							
Investments			7.65 %	N/A			
Housing loans		12 436 667	13.50 %	30.00			12 436 667
Loan to sport clubs		913 526	5.00 %	10.00			913 526
Sale of land		83 479 836	9.00 %	5.00			83 479 836
Arrangement debtors		231 150 643	11.75 %	3.00			231 150 643
Consumer receivables		6 919 240 316	9.33 %	1.00			6 919 240 316
Receivables from exchange transactions		1 111 980 441					1 111 980 441
Cash and cash equivalents		1 964 893 869					1 964 893 869
Redemption fund asset	89 031 657		8.00 %	7.00			89 031 657
Interest rate swap	130 045 708		10.59 %	4.00			130 045 708
Total financial assets	219 077 365	10 324 095 298					10 543 172 663

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

65. Risk management (continued)

Liabilities 2024	Floating rate Amount	Amount	Fixed rate Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Non-interest bearing Amount	Weighted average period until maturity Years	Total
Description							
Interest rate swap		3 349 646	9.31 %	N/A			3 349 646
Finance lease obligation	93 781 735						93 781 735
Retention creditors					555 122 508		555 122 508
Consumer deposits					773 337 672		773 337 672
Consumer receivables					2 567 685 162		2 567 685 162
Payables from exchange transactions		(2 012 562 654)			19 235 731 742		17 223 169 088
Loans and bonds		9 162 526 870	11.81 %				9 162 526 870
Total financial liabilities	93 781 735	7 153 313 862			23 131 877 084		30 378 972 681

Assets 2023	Floating rate Amount	Amount	Fixed rate Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Non-interest bearing Amount	Weighted average period until maturity Years	Total
Description							
Investments		176 100 896	7.65 %	N/A			176 100 896
Housing loans		11 794 759	13.50 %	30.00			11 794 759
Loan to sport clubs		955 216	5.00 %	10.00			955 216
Sale of land		70 983 319	9.00 %	5.00			70 983 319
Arrangement debtors		177 873 136	11.75 %	3.00			177 873 136
Consumer receivables		5 042 800 310	11.75 %	1.00		1.00	5 042 800 310
Receivables from exchange transactions		798 888 098	%				798 888 098
Cash and cash equivalents		785 495 915	%				785 495 915
Redemption fund asset	207 895 138		8.90 %	7.00			207 895 138
Interest rate swap	247 940 777		10.59 %	4.00			247 940 777
Total financial assets	455 835 915	7 064 891 649					7 520 727 564

City of Tshwane Metropolitan Municipality

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Notes to the Unaudited Annual Financial Statements

65. Risk management (continued)

Liabilities 2023	Floating rate Amount	Fixed Rate Amount	Fixed rate Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Non-interest bearing Amount	Weighted average period until maturity Years	Total
Description							
Interest rate swap		9 560 148	9.31 %				9 560 148
Finance lease obligation	142 494 155						142 494 155
Retention creditors					590 658 461		590 658 461
Consumer deposits					764 132 255		764 132 255
Consumer receivables					2 544 300 449		2 544 300 449
Payables from exchange transactions		(1 953 641 988)			12 027 478 530		10 073 836 542
Loans and bonds		9 500 185 105	9.33 %				9 500 185 105
Total financial liabilities	142 494 155	7 556 103 265			15 926 569 695		23 625 167 115

Interest rate swaps

Interest rate swaps are primarily used by the City to maintain the fixed-floating rate mix indicated above. This means that there are underlying loans behind most of the interest rate swaps executed by the City over the years. However, there are instances where interest rate swaps were taken by the City as part of the liability reduction through a debt redemption fund that the City implemented about eight years ago. Executing interest rate swaps in the context of a debt redemption solution is done with the objective of matching the duration of assets to the duration of liabilities.

It must be understood that the valuation of interest rate swap as at a specific valuation date considers only outstanding cash flows. All cash receipts or payments that happened before the valuation date are not included in the valuation of a specific swap. .

At the reporting date the municipality had entered into the following interest rate swaps relating to specific statement of financial position items

	Fair value	Estimated fair value gain/(loss)
30 June 2024		
Current asset interest rate swaps	130 045 708	130 045 708
30 June 2023		
Current asset interest rate swaps	247 940 777	247 940 777

Currency risk

The group undertakes certain transactions that are denominated in foreign currencies, hence exposures to exchange rate fluctuations might arise. However, the group manages this risk by entering into contracts where the risk is carried by the service provider. The City experiences currency risk predominantly as a result of one contract entered into by the City, as a result of timing differences between the date of invoice and date of payment.

City of Tshwane Metropolitan Municipality

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65. Risk management (continued)

Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by defaulting. The defaulting Consumer receivables on exchange transactions exposes the City to credit risk. The credit risk is very limited due to the nature of the municipality's business and its reliance on government grants as the main source of security funding. The city has Credit Control and Debt Collection Policies to manage the exposure to risk as a result of defaulting customers. Credit control is those managerial, administration and accounting policies the City applies to keep the exposure at a sustainable level while Debt collection is the actual remedies the City takes to enforce the collection of the amounts due and payable to the municipality.

Financial assets, which potentially subject the Municipality to the risk of non-performance by counter-parties and thereby subject the Municipality to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the Municipality obtains appropriate deposits and guarantees from debtors to mitigate risk. The Municipality's cash and cash equivalents and short-term deposits are placed with high-credit quality financial institutions.

The Municipality limits its treasury counter-party exposure arising from the money market by only dealing with well-established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The Municipality only deals with financial institutions with a short-term credit rating of A+ and long-term credit rating of AA- and higher at an international accredited credit rating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Municipality's customer base and their dispersion across different industries and geographical areas. The Municipality does not have any significant exposure to any individual customer or counter-party. Accordingly, the Municipality does not consider there to be any significant concentration of credit risk, which has not been adequately provided for. Trade receivables are presented net of the allowance for impairment. The consumer receivables as presented do not include any debt relating to property rates, as property rates do not meet the definition criteria for financial instruments. Strict credit control procedures are in place to mitigate the credit risk relating to trade receivables. Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach to measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained. The major concentrations of credit risk (as a percentage) that arise from the Municipality's receivables in relation to customer classification are as follows:

Consumer receivables:		
Household	58 %	58 %
Industrial/Commercial	24 %	24 %
National and provincial government	4 %	4 %
Other consumer receivables	7 %	7 %
Long-term receivables	2 %	2 %
Sundry receivables	1 %	1 %
Sundry persons	4 %	4 %
	100 %	100 %

Liquidity risk

The risk that the group may encounter difficulties in raising sufficient funds in meeting its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the City's obligations is critical for the city to continue as a going concern. The Municipality manages liquidity risk through proper management of working capital, monitoring of actual expenditure versus forecasted cash flows. In terms of its financial commitments on long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

City of Tshwane Metropolitan Municipality

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Figures in Rand	2024	2023
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65. Risk management (continued)

The implementation of the Financial Recovery Plan (FRP) aims to improve the financial position of the City over the medium term, with most of the ratios expected to fall within the National Treasury benchmarks. The plan as proposed interrogates the entire value chain of municipal operations in the City and its primary objective is to ensure that the City bills and collects all revenues due to it, including investigating new sources of revenue, managing expenditures within allowable and available limits - including cost containment; ensuring that the service delivery model is integrated, effective and efficient; and employing skilled and motivated staff who render an excellent customer service.

Market risk

The City is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The Municipality manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year. The city applies the following mitigation factors to market risk.

The City investments are diversified amongst the well-established financial institutions. The City abides by National Treasury's investment regulations and the City's Investment policy. Interest rate risk management: The Municipality's interest rate profile consists of fixed and floating rate loans and bank balances which expose the municipality to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans. Management also has a policy of balancing the interest on asset loans with the interest payable on liabilities.

Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in surplus or deficit over the period of the borrowings on an effective interest basis.

The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts. Borrowings issued at fixed rates are susceptible to fair value adjustments because of volatility in interest rates. A bond or a loan that pays a fixed interest rate will change in value because the discount rate of each cash flow fluctuates as the market yield curve changes.

30 June 2024	Fair value	Carrying amount
Liabilities		
Interest rate swaps	3 349 646	3 349 646

30 June 2023	Fair value	Carrying amount
Liabilities		
Interest rate swaps	9 560 148	9 560 148

Capital risk management

The municipality's objectives when managing capital is to safeguard the municipality's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in Note 19 and cash and cash equivalents disclosed in Note 10, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

The gearing ratio as at 30 June 2024 was 27.5% and 30 June 2023 was 36.7%.

City of Tshwane Metropolitan Municipality

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66. In-kind donations and assistance

The following donations in kind and assistance were provided/(received) for the FY2023/24

2024

Description	Donation provided	Donation received	Total
Description			
Blankets and mattresses	488 119	-	488 119
Fire rescue	1 001 795	-	1 001 795
Refreshments	-	(12 397)	(12 397)
Fridge	-	(8 398)	(8 398)
Fire extinguishers	-	(210 990)	(210 990)
Grand total	1 489 914	(231 785)	1 258 129

2023

Description	Donation provided	Donation received	Total
Description			
Blankets and mattresses	395 406	-	395 406
Fire rescue	527 128	-	527 128
Refreshments	-	(8 860)	(8 860)
Grand total	922 534	(8 860)	913 674

Blankets and mattresses - These items are provided to community during incidents such as flooding and structural fires. The benefit derived for the CoT is immediate disaster relief to community who are in need.

Fire rescue - The approved tariffs of the Emergency Services Department makes provision for exclusions such as assistance provided during floods, to pensioners and deceased pedestrians and therefore the costs are waived. The benefit derived for the CoT is immediate assistance to community who are in need.

Refreshment - The refreshments were provided by the companies stated above who have a long-standing relationship with the Emergency Services Department and the community and wanted to assist. The new Mamelodi Fire Station provides essential services in Region 6 and surrounding areas.

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67. Events after the reporting date

At the time of preparing and submitting annual financial statements there were no subsequent events to disclose.

68. Prior period errors

Statement of financial position - 2023

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets					
Current Assets					
Inventories	936 609 648	-	-	936 609 648	
Investments	753 936 842	-	(577 835 946)	176 100 896	[1]
Other receivables from exchange transactions	818 343 098	-	(19 455 000)	798 888 098	
Other receivables from non-exchange transactions	248 968 523	(175 795 085)	19 455 000	92 628 438	[2]
Consumer receivables: Exchange	3 719 518 347	-	-	3 719 518 347	
Consumer receivables: Non exchange	1 323 281 963	-	-	1 323 281 963	
Long-term receivables: short-term portion	177 873 136	-	-	177 873 136	
Cash and cash equivalents	207 659 969	-	577 835 946	785 495 915	[1]
	8 186 191 526	(175 795 085)	-	8 010 396 441	
Non-Current Assets					
Living and non living resources	301 779	(1 690)	-	300 089	
Investment property	2 065 375 530	2 847 998	-	2 068 223 528	
Property, plant and equipment	50 201 004 919	(2 409 801 073)	1 739 130	47 792 942 976	[3]
Intangible assets	1 131 016 720	(84 811 322)	(1 739 130)	1 044 466 268	[4]
Heritage assets	3 371 581 600	(1)	-	3 371 581 599	
Investments in controlled entities	1 000	-	-	1 000	
Investments in joint ventures	825 075 388	-	-	825 075 388	
Long term receivables	184 980 377	-	-	184 980 377	
Redemption fund asset	207 895 138	-	-	207 895 138	
Interest rates swaps	247 940 777	-	-	247 940 777	
	58 235 173 228	(2 491 766 088)	-	55 743 407 140	
Total Assets	66 421 364 754	(2 667 561 173)	-	63 753 803 581	
Liabilities					
Current Liabilities					
Loans and bonds	408 869 661	-	-	408 869 661	
Finance lease obligation	39 610 903	9 101 518	-	48 712 421	[5]
Employee benefit obligation	1 821 514 428	-	-	1 821 514 428	
Unspent conditional grants and receipts	509 350 120	-	-	509 350 120	
Service concession arrangement - Current portion	286 223 928	-	-	286 223 928	
Payables from exchange transactions	12 637 290 076	(19 153 085)	-	12 618 136 991	
VAT payable	2 910 527 205	(4 642 785)	-	2 905 884 420	
Consumer deposits	764 132 255	-	-	764 132 255	
	19 377 518 576	(14 694 352)	-	19 362 824 224	

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68. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Employee benefit obligation	1 743 862 300	-	-	1 743 862 300	
Loans and bonds	9 091 315 444	-	-	9 091 315 444	
Finance lease obligation	57 970 625	35 811 109	-	93 781 734 [5]	
Provisions	1 330 175 817	236 343	-	1 330 412 160	
Interest rate swaps	9 560 148	-	-	9 560 148	
Service concession arrangement	2 258 076 521	-	-	2 258 076 521	
Redemption fund liability	247 075 556	-	-	247 075 556	
	14 738 036 411	36 047 452		- 14 774 083 863	
Total Liabilities	34 115 554 987	21 353 100		- 34 136 908 087	
Net Assets	32 305 809 767	(2 688 914 273)		- 29 616 895 494	
Accumulated surplus (deficit)	32 305 809 766	(2 688 914 269)		- 29 616 895 497	
Total Net Assets	32 305 809 766	(2 688 914 269)		- 29 616 895 497	

Statement of Financial Performance - 2023

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	22 082 536 989	-	-	22 082 536 989	
Rental of facilities and equipment	152 934 706	-	-	152 934 706	
Interest received (trading)	1 253 249 568	-	-	1 253 249 569	
Licences and permits	45 134 784	-	-	45 134 784	
Share of profit in associate: TASEZ	95 093 299	-	(95 093 299)	-	
Other income	1 239 515 183	-	-	1 194 494 989	
Interest received - investment	216 193 227	-	-	216 193 227	
Total revenue from exchange transactions	25 084 657 756		(95 093 299)	24 944 544 264	
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	9 069 425 546	-	-	9 069 425 546	
Transfer revenue					
Government grants & subsidies	7 924 635 258	(1 380 497)	-	7 923 254 761	
Public contributions and donations	9 434 592	-	-	9 434 592	
Fines, Penalties and Forfeits	151 567 098	-	-	151 567 098	
Total revenue from non-exchange transactions	17 155 062 494	(1 380 497)		- 17 153 681 997	
Total revenue	42 239 720 250	(1 380 497)	(95 093 299)	42 098 226 261	

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

68. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Expenditure					
Employee costs	(11 242 050 360)	(10 543 990)	-	(11 252 594 350)[6]	
Remuneration of councillors	(131 912 644)	-	-	(131 912 644)	
Depreciation	(2 550 371 952)	138 989 178	-	(2 411 382 774)[3]	
Finance costs	(2 211 768 972)	180 373 101	-	(2 031 395 871)[7]	
Debt Impairment	(3 365 289 194)	-	-	(3 365 289 194)	
Other materials	(627 882 455)	(30 951 899)	-	(658 834 354)[8]	
Bulk purchases	(14 840 951 593)	-	-	(14 840 951 593)	
Contracted Services	(4 306 048 849)	1 312 985	-	(4 304 735 864)	
Transfers and Subsidies	(100 723 760)	-	-	(100 723 760)	
General expenses	(1 772 289 359)	(64 371 746)	-	(1 836 661 105)[5]	
Total expenditure	(41 149 289 138)	214 807 629		(40 934 481 509)	
Operating surplus	1 090 431 112	213 427 132	(95 093 299)	1 163 744 752	
Gains and (losses) on assets	(130 323 273)	28 557 352	-	(101 765 921)	
Gain or loss on exchange differences	292 877	-	-	292 877	
Fair value adjustments	108 011 734	-	-	108 011 734	
Actuarial gains/losses	191 170 625	-	-	191 170 625	
Impairment loss	(230 333 951)	-	-	(230 333 950)	
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	95 093 299	95 093 299	
Loss on redemption fund	(84 087 481)	-	-	(84 087 481)	
Surplus for the year	945 161 643	241 984 484		- 1 142 125 935	

Error 1 - Investments and Cash and Bank

The adjustment is due to a reclassification of highly liquid investments into cash and bank.

Error 2 - Other receivables from non-exchange

The Adjustment is due to Public contributions which had been incorrectly accounted for.

Error 3 - Property, plant and equipment

The adjustment is due to retirement of some of the costs of the infrastructure assets which had been previously capitalised.

Error 4 - Intangible assets

Restatements are mainly due to capitalisation of assets relating to the prior year and the associated depreciation correction. On intangible AUCs there were also an amount expensed for operational cost, and lastly there was also a reclassification on AUCs previous linked to another class

Error 5 - Finance lease obligation

The correction of vehicles which had been expensed. These vehicles were initially on lease rental.

Error 6 - Employee costs

Due to the correction of overtime paid and acting allowances.

Error 7 - Finance costs

The adjustments is due to interest on rehabilitaion of landfills.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

68. Prior period errors (continued)

Error 8 - Other materials

The adjustment is due to fuel Audit finding.

69. Material Losses

Opening balance as previously reported 202 011 634 202 011 634

Salary payments made to employees for work not done.

The employee has since declared a dispute of unfair dismissal with the South African Local Government Bargaining Council (SALGBC). The dispute referral form was served on the CoT on 22 September 2023. See an attached Annexure B: SALGBC Dispute Referral Form.

The set down for Conciliation is not yet issued by the SALGBC.

70. Segment reporting

2024

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 133 074 523	18 920 581 100	19 105 585 554	7 286 157 535	55 445 398 712
Current Assets	706 546 934	188 389 457	5 604 910 748	4 860 593 516	11 360 440 655
Total assets	10 839 621 457	19 108 970 557	24 710 496 302	12 146 751 051	66 805 839 367

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Liabilities					
Non-current Liabilities	(2 476 408 224)	(4 278 463 761)	(3 589 725 326)	(4 493 116 546)	(14 837 713 857)
Current Liabilities	(4 142 189 745)	(2 804 486 545)	(4 567 083 238)	(8 293 759 490)	(19 807 519 018)
Total	(6 618 597 969)	(7 082 950 306)	(8 156 808 564)	(12 786 876 036)	(34 645 232 875)
Net Assets	4 221 023 488	12 026 020 251	16 553 687 738	(640 124 985)	32 160 606 492

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	-	17 260 334	24 324 651 001	16 480 843	24 358 392 178
Rental of facilities and equipment	40 477 831	50 227 950	81 731	84 420 641	175 208 153
Interest received (trading)	983 870	325 800	1 094 287 300	1 002 833 955	2 098 430 925
Licences and permits	-	43 618 141	-	-	43 618 141
Revenue from service concession arrangements - exchange	-	-	-	50 872 192	50 872 192
Other income	54 000 159	818 950 363	239 758 168	246 983 957	1 359 692 647
Interest received - investment	-	3 580 628	-	237 379 612	240 960 240
Total revenue from exchange transactions	95 461 860	933 963 216	25 658 778 200	1 638 971 200	28 327 174 476

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

70. Segment reporting (continued)

Revenue from non-exchange transactions

Taxation revenue

Property rates - - - 9 807 460 751 9 807 460 751

Transfer revenue

Government grants & subsidies 714 015 204 1 010 042 456 991 894 804 5 350 385 267 8 066 337 731

Public contributions and donations - - - 6 704 994 6 704 994

Fines, Penalties and Forfeits 237 368 650 236 914 - 3 552 325 241 157 889

Total revenue from non-exchange transactions 951 383 854 1 010 279 370 991 894 804 15 168 103 337 18 121 661 365

Expenditure

Employee related costs (4 823 597 376) (1 630 798 329) (2 562 297 885) (2 426 761 104) (11 443 454 694)

Remuneration of councillors - - - (133 389 734) (133 389 734)

Depreciation and amortisation (181 359 165) (1 028 831 409) (532 874 589) (394 634 636) (2 137 699 799)

Finance costs - (8 936 349) (255 535 345) (1 840 117 373) (2 104 589 067)

Debt Impairment (102 479 277) (21 129 410) (2 361 465 836) (2 047 353 218) (4 532 427 741)

Other materials (53 609 559) (334 918 863) (87 231 238) (502 360 899) (978 120 559)

Bulk purchases - - - (17 059 154 350) (17 059 154 350)

Contracted Services (1 181 265 369) (818 755 561) (1 170 824 827) (623 591 204) (3 794 436 961)

Transfers and Subsidies (287 075) (96 610 156) - (2 956 859) (99 854 090)

General expenses (82 545 772) (170 203 245) (80 526 098) (1 356 896 786) (1 690 171 901)

Total expenditure (6 425 143 593) (4 110 183 322) (7 050 755 818) (26 387 216 163) (43 973 298 896)

Gain or loss on disposal of assets and liabilities (979 295) (73 040) (4 856 626) (36 604 739) (42 513 700)

Gain or loss on exchange differences - - - (803 977) (803 977)

Fair value adjustments - - - (107 974 164) (107 974 164)

Impairment loss (571 939) (657 622) (10 503 985) (1 347 338) (13 080 884)

Interest rate swap valuation - - - 4 270 125 4 270 125

Share of surpluses from joint ventures accounted for using the equity method - - - 55 756 392 55 756 392

Actuarial gains/(losses) - - - 172 520 258 172 520 258

Surplus for the year (5 379 849 113) (2 166 671 398) 19 584 556 575 (9 494 325 069) 2 543 710 995

2023

Figures in Rand

	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 187 537 863	19 022 275 609	19 208 274 427	7 325 319 241	55 743 407 140
Current Assets	498 195 556	132 835 889	3 952 096 444	3 427 268 552	8 010 396 441
Total assets	10 685 733 419	19 155 111 498	23 160 370 871	10 752 587 793	63 753 803 581

Figures in Rand

	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Liabilities					
Non-current Liabilities	(2 465 334 788)	(4 259 332 305)	(3 573 673 612)	(4 475 743 158)	(14 774 083 863)
Current Liabilities	(4 049 762 614)	(2 741 908 378)	(4 465 175 207)	(8 105 978 024)	(19 362 824 223)
Total	(6 515 097 402)	(7 001 240 683)	(8 038 848 819)	(12 581 721 182)	(34 136 908 086)
Net Assets	4 170 636 017	12 153 870 815	15 121 522 052	(1 829 133 389)	29 616 895 495

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

70. Segment reporting (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	-	15 647 665	22 051 948 320	14 941 004	22 082 536 989
Rental of facilities and equipment	35 332 061	43 842 690	71 341	73 688 614	152 934 706
Interest received (trading)	587 599	194 578	653 543 116	598 924 276	1 253 249 569
Licences and permits	-	45 134 784	-	-	45 134 784
Other income	47 439 338	719 450 905	210 628 432	216 976 314	1 194 494 989
Interest received - investment	-	3 212 595	-	212 980 632	216 193 227
Total revenue from exchange transactions	83 358 998	827 483 217	22 916 191 209	1 117 510 840	24 944 544 264
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	9 069 425 546	9 069 425 546
Transfer revenue					
Government grants & subsidies	701 349 801	992 126 039	974 300 295	5 255 478 626	7 923 254 761
Public contributions and donations	-	-	-	9 434 592	9 434 592
Fines, Penalties and Forfeits	149 185 571	148 900	-	2 232 627	151 567 098
Total revenue from non-exchange transactions	850 535 372	992 274 939	974 300 295	14 336 571 391	17 153 681 997
Total revenue	933 894 370	1 819 758 156	23 890 491 504	15 454 082 231	42 098 226 261
Expenditure					
Employee related costs	(4 743 146 718)	(1 603 598 961)	(2 519 562 445)	(2 386 286 226)	(11 252 594 350)
Remuneration of councillors	-	-	-	(131 912 644)	(131 912 644)
Depreciation and amortisation	(204 578 008)	(1 160 549 455)	(601 096 845)	(445 158 466)	(2 411 382 774)
Finance costs	-	(8 625 562)	(246 648 361)	(1 776 121 948)	(2 031 395 871)
Debt Impairment	(76 089 995)	(15 688 408)	(1 753 368 374)	(1 520 142 417)	(3 365 289 194)
Other materials	(36 109 883)	(225 591 877)	(58 756 496)	(338 376 098)	(658 834 354)
Bulk purchases	-	-	-	(14 840 951 593)	(14 840 951 593)
Contracted Services	(1 340 129 102)	(928 866 776)	(1 328 284 453)	(707 455 533)	(4 304 735 864)
Transfers and Subsidies	(289 575)	(97 451 572)	-	(2 982 613)	(100 723 760)
General expenses	(89 700 112)	(184 954 962)	(87 505 390)	(1 474 500 641)	(1 836 661 105)
Total expenditure	(6 490 043 393)	(4 225 327 573)	(6 595 222 364)	(23 623 888 179)	(40 934 481 509)
Gain or loss on disposal of assets and liabilities	(6 272 837)	(467 857)	(31 108 917)	(63 916 310)	(101 765 921)
Gain or loss on exchange differences	-	-	-	292 877	292 877
Fair value adjustments	-	-	-	108 011 734	108 011 734
Impairment loss	(630 079)	(74 139 280)	(137 555 466)	(18 009 125)	(230 333 950)
Loss on redemption fund	-	-	-	(84 087 481)	(84 087 481)
Actuarial gains/(losses)	-	-	-	191 170 625	191 170 625
Share of surpluses from joint ventures accounted for using the equity method	-	-	-	95 093 299	95 093 299
Surplus for the year	(5 563 051 939)	(2 480 176 554)	17 126 604 757	(7 941 250 329)	1 142 125 935

The City has resolved to provide reportable segment information for the three key business units: community and public safety, economic and environmental services and trading services.

The segments are categorized based on the nature of service delivered. Segments were aggregated for reporting purposes.

The City operates throughout the Tshwane jurisdiction as determined by the Municipal Demarcation Board, the City has seven regions.

City of Tshwane Metropolitan Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2024

Notes to the Unaudited Annual Financial Statements

70. Segment reporting (continued)

Segments were aggregated on the basis of services delivered as management considered that the economic and the service delivery mandate characteristics of the segments. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources.

Reportable segments	Principal activities and operations
Municipal governance and administration	All aspects of governance and the centralised financial administration of the City. Various transactions are managed and administered centrally.
Community and public safety	Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.
Economic and environmental services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.
Trading Services	
<i>Water management</i>	Providing residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities, from the management of water catchment areas and water storage, to distribution.
<i>Wastewater management</i>	Treating wastewater and safely disposing of it back into the environment.
<i>Waste management</i>	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the city's streets, public spaces, beaches and rivers.
<i>Energy sources</i>	Distributing electricity to residential, commercial and industrial customers in Tshwane, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.