



Greater Tzaneen Municipality  
Audited Annual Financial Statements  
for the year ended 30 June 2022

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Nature of business and principal activities

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

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

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

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

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

Waste management services: The collection and disposal of waste.

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

### Jurisdiction within which the Municipality operates

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

### Executive committee

Before 01 November 2021 Elections

Mayor

Members of the Executive Committee

Councillor M.G. Mangena

Councillor M.G. Mangena (Exco)

Councillor T.T. Maunatlala (Finance)

Councillor M.M. Letsoalo (Sports, Recreation, Arts and Culture)

Councillor G.E. Ntimbane (Infrastructure)

Councillor M.L. Hlangwane (Health, Environment and Social Development)

Councillor M.S. Tiba (Economic Development, Housing and Spatial Development Plan)

Councillor C. Machimana (Public Transport and Safety and Security)

Councillor N.J. Mbhalati (Corporate Gov. and Share Services)

Councillor M. Prinsloo (Exco)

Councillor D.O. Malemela (Exco)

Councillor D.J. Mmetle

Councillor C.S. Nhembo

Speaker

Chief Whip

### Other Councillors

Councillor N.G. Maunatlala

Councillor M.H. Mafokwane

Councillor S.P. Masetla

Councillor S.M. Mapitja

Councillor J.L. Ngobeni

Councillor E.T. Ngobeni

Councillor T.L. Matita

Councillor M.M. Mathekga

# Greater Tzaneen Municipality

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Councillor M.M. Makwela  
Councillor M.S. Baloyi  
Councillor M.L. Hlangwane  
Councillor G.E. Ntimbani  
Councillor S.E. Ngobeni  
Councillor P.W. Cronje  
Councillor M. Prinsloo  
Councillor M.R. Rikhotso  
Councillor J.T. Makhubele  
Councillor N.G. Mukansi  
Councillor N.H. Zandamela  
Councillor O.K. Banyini  
Councillor T. Mpenyana  
Councillor S.C. Makwala  
Councillor G.M. Malatji  
Councillor T.H. Mushwana  
Councillor J. Banyini  
Councillor T.E. Malatji  
Councillor G.P. Makhubele  
Councillor L.K. Lepulana  
Councillor M.E. Phakula  
Councillor R.S. Rapitsi  
Councillor P.J. Ramodipa  
Councillor M.R. Kgatla  
Councillor M.S. Rakganya  
Councillor M.M. Letsoalo  
Councillor N.A. Masila

### Proportional Representative (PR) Councillors

Councillor M.M. Makwala  
Councillor M.A. Makwala  
Councillor D.G. Mkhabele (MPAC Chairperson)  
Councillor M.J. Mokgoloboto  
Councillor M.J. Maake  
Councillor T.J. McClintock  
Councillor R.E. Pohl  
Councillor N. Nkwashu  
Councillor M.C. Nkwashu  
Councillor M.O. Raolane  
Councillor D.G. Kgafane  
Councillor C.T. Shisinga  
Councillor O. Sithole  
Councillor J.M. Ratopola  
Councillor M.F. Mochabela  
Councillor M.L. Pudikabekwa  
Councillor N.P. Mathebula  
Councillor M.F. Mbhalati  
Councillor M.C. Morwatshehla  
Councillor F.T. Mohlaba  
Councillor S.N. Mohonone  
Councillor S.B. Ramoshaba  
Councillor K.I. Rapatsa

# Greater Tzaneen Municipality

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## General Information

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### Executive committee

After 01 November 2021 Elections

Mayor

Members of the Executive Committee

Councillor P.P. Machethe  
Councillor M.C. Ramothwala  
Councillor M.M. Sekhwela

Speaker

Chief Whip

### Other Councillors

Councillor P.G. Molapisane  
Councillor P.G. Molapisane (Exco)  
Councillor T.T. Maunatlala (Finance)  
Councillor R. Mabuza (Sports, Recreation, Arts and Culture)  
Councillor M.C Ramothwala (Infrastructure)  
Councillor M.M Mmola (Health, Environment and Social Development)  
Councillor M.S. Raganya (Economic Development, Housing and Spatial Development Plan)  
Councillor M.M. Makwala (Public Transport and Safety and Security)  
Councillor M.R. Shingange (Corporate Gov. and Share Services)  
Councillor R.E. Pohl (Exco)  
Councillor T.C. Letsoalo (Exco)  
Councillor M.S. Tiba  
Councillor G.M. Malatji

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## General Information

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	Councillor M.E. Mawasha Councillor F.C. Mabitsele Councillor T. Nkuna Councillor S.J. Mokoena Councillor M.E. Ralepelle Councillor N.E. Ratopola
Proportional Representative (PR) Councillors	Councillor M.G. Mangena Councillor D.G. Mkhabele Councillor M.C. Morwatshehla Councillor G.E. Ntimbane Councillor S.B. Ramoshaba Councillor T. Ngobeni Councillor J. Mashele Councillor M.M. Kgamedi Councillor C.P. Mabunda Councillor M.L. Ramalepe Councillor N.S. Mohonone Councillor C. Bredenkamp Councillor M.J. Ratopola Councillor S.S. Malatji Councillor S.E. Mathole Councillor N.R. Lefuphana Councillor M.O. Shingange Councillor N.S. Thobejane Councillor C.M. Shokane Councillor A. Moss Councillor M. Makgoba Councillor R.R. Shaai Councillor D. Sejaphala Councillor C. Ramathoka
<b>Grading of local authority</b>	Grade 4: High Capacity
<b>Chief Finance Officer (CFO)</b>	Palesa Makhubela
<b>Accounting Officer</b>	Donald Mhangwana
<b>Registered office</b>	38 Agatha Street Civic Center Tzaneen 0850
<b>Business address</b>	38 Agatha Street  Civic Center  Tzaneen 0850
<b>Postal address</b>	PO Box 24  Tzaneen 0850

# Greater Tzaneen Municipality

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## General Information

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<b>Bankers</b>	ABSA
<b>Website address</b>	<a href="http://www.tzaneen.gov.za">www.tzaneen.gov.za</a>
<b>Audit Committee until 30 April 2022</b>	S.A.B Ngobeni (Chairperson) J.M Mabuza N.T Mabunda J.M Mofokeng N.S Hooeane
<b>Audit committee from 26 May 2022</b>	M.P. Ramutsheli (Chairperson) L.P.V. Malumbete-Baloyi J.N. Mpjeane K. Mosupa M.W. Khosa
<b>Level of rounding</b>	Rounding to the nearest Rand
<b>Auditor</b>	Auditor General of South Africa (AGSA) Polokwane Office Telephone number: 015 283 9338
<b>Country of incorporation and domicile</b>	South Africa

# Greater Tzaneen Municipality

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
SDBIP	Service Delivery Implementation Plan
DBSA	Development Bank of South Africa
CIGFARO	Chartered Institute of Government Finance Audit and Risk
GRAP	Generally Recognised Accounting Practice
EPWP	Expanded Public Works Programme
INEP	Integrated National Electrification Programme Grant
WSA	Water Service Authority
WSP	Water Service Provider
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
FMG	Finance Management Grant
IAS	International Accounting Standards
mSCOA	Municipal Standard Chart of Accounts
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GTEDA	Greater Tzaneen Economic Development Agency
RAL	Roads Agency Limpopo
VAT	Value Added Tax



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The Accounting Officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The audited financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

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

The audited annual financial statements set out on page 8-129 , which have been prepared on the going concern basis, were approved by the Accounting Officer on \_\_\_\_\_ and were signed by:

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**Municipal Manager**

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

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The Accounting Officer submits his report for the year ended 30 June 2022.

### 1. Introduction

#### Main business and operations

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

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

To achieve these goals, Council approved the 2021/2022 Budget on 28 May 2021. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards the Municipality's Electricity Network. The objectives of combatting electricity service interruptions are high on the Municipality's agenda and the short-term objectives are:

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

### 2. The effect of temporarily ceasing procurement

Due to the temporarily ceasing of procurement, bids advertised on or after 16 February 2022 were held abeyance as per National Treasury circulars issued

As a result of the above the appointment of service providers and rendering of certain goods and services was negatively affected and impacted on meeting some service delivery objectives on our SDBIP.

Procurement processes resumed on 30 May 2022 in accordance with National Treasuries communique.

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

Towards this end version 6.5 of the mSCOA Chart which is effective from 2021/2022 has been released and implemented by the Municipality.

Greater Tzaneen Municipality has:

- Acquired, upgraded and maintained the hardware, software and licenses required to be mSCOA compliant.
- The Municipality, Budget, Transact and Report directly on all six (6) legislated mSCOA segments.
- Generate Regulated schedules directly from the core Municipal financial system, and
- Compiled the 2021/2022 Annual Financial Statements on version 6.5 of the mSCOA chart to comply with legislative requirements.

### 4. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2022 in accordance with applicable legislation which includes the standards of GRAP.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

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### 5. Review of operating results

The budget of Greater Tzaneen Municipality for the 2021/2022 financial year has been approved by Council on 28 May 2021 for implementation on 1 July 2021, and the adjusted budgets for the financial year were approved as follows:

24 February 2022: Adjustment budget

29 March 2022: Special adjustment budget

Sustainability the Municipality's finances remains a key priority during the 2021/2022 financial year to ensure that service delivery continues in a sustainable manner and that the strategic objectives of the Municipality were met.

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

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the annual financial statements.

#### Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 397 194 615 to R 1 510 863 461 while the operating expenditure increased from R 1 176 557 427 to R 1 427 722 795.

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

- Assessment rates 9.1%
- Service charges 43.4%
- Government grants and subsidiaries 40%

The Municipality's actual operating expenditure amounts to R 1 427 722 795 resulting in a surplus of R 681 730 518.

Employees remuneration as a percentage of the total expenditure, amounts to 23.4% whilst contribution to bad debt impairment provision is 12.3%. Depreciation and amortisation for the year represents 7.9% of the total expenditure. Expenditure on bulk electricity purchases ended on 34.6% of the total expenditure.

The actual expenditure amounts to R 1 427 722 795 compared to the budgeted amount of R 1 334 748 887.

The expenditure amount includes R 333 844 615 for salaries, and R 494 586 170 for the purchase of bulk electricity.

The Municipality reported a net operating surplus of R 681 730 518 for the financial year under review, (2021 R 220 220 648).

The main revenue sources of the Municipality are:

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

Whilst the highest expenditure items are:

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

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors and rates as at 30 June 2022 amounts to R 742 126 170 (2021: R 658 549 047) of which R 373 654 756 (2021: R 277 682 415 ) were provided for impairment. Debtors to the amount of R 27 711 586 (2021: R ) have been written off as uncollectable. The total provision for consumer debtors impairment amounts to R 373 654 756 (2021: R 277 682 415).

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

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Unspent conditional grants and receipts increased from R 3 502 528 in the previous financial year to R 13 861 770 in the current financial year with a 94.4% spending on the Municipal Infrastructure Grant.

The outstanding loans which have been taken-up to finance capital projects amount to R 141 698 466 (2021: R 154 036 000) and the detail of this amount is contained in Note 14 and Appendix A.

### 6. Electricity losses

The electricity losses decreased from 11.34% in the previous financial year to 6.11% in the 2021/2022 financial year. This decrease in electricity loss is mainly the result of a two-year investigation project to address the distribution losses. The project includes the upgrading of infrastructure and the implementation of a revenue enhancement program which is managed and financed by DBSA.

Loadshedding also had an impact on reduced electricity losses.

### 7. Accounting officers interest in contracts

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

### 8. Corporate Governance

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

### 9. Remuneration

#### 9.1 Employees

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

#### 9.2 Councillors

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

### 10. Audit and Risk Committee

#### Audit Committee

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

#### Risk Committee

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

### 11. Compliance

#### 11.1 Internal Audit

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

#### 11.2 Risk management

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

### 12. Going concern

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

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

### 13. Election of Councillors

The election of councillors took place during November 2021 and a detailed list of the new councillors and political Management is disclosed on page 1 of the annual audited financial statements.

### 14. Change in administration

Accounting Officer

Accounting Officer	Nationality	Financial Period
BS Matlala	South African	1 July 2021 - 20 August 2021
HA Hkuna (Acting)	South African	25 August 2021 - 24 February 2022
BM Mathebula (Acting)	South African	25 February 2022 - 31 March 2022
D Mhangwana	South African	1 April 2022 - 30 June 2022

Mr BS Matlala resigned as Accounting Officer with effect 20 August 2021 and on 29 March 2022 Council appointed Mr D Mhangwana as the Accounting Officer

### 15. Auditors

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	4	20 482 215	24 853 427
Operating lease asset	7	16 292	29 244
Receivables from exchange transactions	8	615 576 778	572 112 082
Receivables from non-exchange transactions	6	139 551 814	203 937 138
Cash and cash equivalents	9	147 461 260	104 790 238
		<b>923 088 359</b>	<b>905 722 129</b>
<b>Non-Current Assets</b>			
Investment property	10	785 120 900	181 586 803
Property, plant and equipment	11	1 594 026 765	1 532 911 170
Intangible assets	12	683 710	457 277
Heritage assets	13	200 958	200 958
Other financial assets	5	39 945 152	38 863 416
		<b>2 419 977 485</b>	<b>1 754 019 624</b>
<b>Total Assets</b>		<b>3 343 065 844</b>	<b>2 659 741 753</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	14	14 334 194	13 050 632
Finance lease obligation	15	2 668 150	2 462 827
Payables from exchange transactions	16	245 675 196	255 243 996
VAT payable	17	56 365 922	49 252 503
Consumer deposits	18	27 157 197	28 049 781
Employee benefit obligation	21	5 665 000	5 906 000
Unspent conditional grants and receipts	19	13 861 770	3 502 528
Provisions	20	602 876	970 476
		<b>366 330 305</b>	<b>358 438 743</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	14	127 364 272	140 985 368
Finance lease obligation	15	2 117 726	1 462 408
Employee benefit obligation	21	92 065 000	86 013 000
Provisions	20	6 773 684	6 157 895
		<b>228 320 682</b>	<b>234 618 671</b>
<b>Total Liabilities</b>		<b>594 650 987</b>	<b>593 057 414</b>
<b>Net Assets</b>		<b>2 748 414 857</b>	<b>2 066 684 339</b>
Accumulated surplus		2 748 414 857	2 066 684 339
<b>Total Net Assets</b>		<b>2 748 414 857</b>	<b>2 066 684 339</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	22	656 588 796	499 551 898
Rental of facilities and equipment		1 174 610	222 530
Agency services	53	13 009 774	10 763 364
Licences and permits	54	528 124	210 997
Other income	23	26 568 626	63 090 218
Interest revenue	55	44 677 340	29 667 610
<b>Total revenue from exchange transactions</b>		<b>742 547 270</b>	<b>603 506 617</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	138 709 203	129 625 627
<b>Transfer revenue</b>			
Government grants & subsidies	25	605 064 920	625 490 756
Public contributions and donations	26	5 463 478	13 508 391
Fines, Penalties and Forfeits	56	19 078 590	25 063 224
<b>Total revenue from non-exchange transactions</b>		<b>768 316 191</b>	<b>793 687 998</b>
<b>Total revenue</b>	27	<b>1 510 863 461</b>	<b>1 397 194 615</b>
<b>Expenditure</b>			
Employee related costs	28	(333 844 615)	(352 143 975)
Remuneration of councillors	29	(27 714 998)	(27 036 544)
Depreciation and amortisation	58	(112 174 777)	(106 654 230)
Impairments of assets	30	(1 376 759)	(2 905 950)
Finance costs	31	(23 491 981)	(19 962 159)
Debt Impairment	59	(176 252 493)	(2 587 061)
Bulk purchases	33	(494 586 170)	(417 952 971)
Contracted services	34	(104 691 082)	(106 316 224)
Transfers and Subsidies	35	(37 660 367)	(34 977 217)
Inventory Consumed	32	(21 307 951)	(14 957 702)
General Expenses	36	(94 621 602)	(91 063 394)
<b>Total expenditure</b>		<b>(1 427 722 795)</b>	<b>(1 176 557 427)</b>
(Loss)/Gain on disposal/Write off of assets	57	(7 584 245)	(416 540)
Fair value adjustments	52	606 174 097	-
<b>Surplus for the year</b>		<b>681 730 518</b>	<b>220 220 648</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 840 425 375	1 840 425 375
Adjustments		
Prior year adjustments	6 038 316	6 038 316
<b>Balance at 01 July 2020 as restated*</b>	<b>1 846 463 691</b>	<b>1 846 463 691</b>
Changes in net assets		
Surplus for the year	220 220 648	220 220 648
Total changes	220 220 648	220 220 648
<b>Restated* Balance at 01 July 2021 as restated*</b>	<b>2 066 684 339</b>	<b>2 066 684 339</b>
Changes in net assets		
Surplus for the year	681 730 518	681 730 518
Total changes	681 730 518	681 730 518
<b>Balance at 30 June 2022</b>	<b>2 748 414 857</b>	<b>2 748 414 857</b>
Note(s)		



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		93 092 948	59 472 647
Sale of goods and services		626 268 437	484 088 152
Grants		632 432 842	635 665 380
Interest income		8 633 133	7 227 546
		<u>1 360 427 360</u>	<u>1 186 453 725</u>
<b>Payments</b>			
Employee costs		(355 748 613)	(363 389 515)
Suppliers		(751 582 783)	(645 628 147)
Finance costs		(22 295 570)	(18 201 543)
		<u>(1 129 626 966)</u>	<u>(1 027 219 205)</u>
<b>Net cash flows from operating activities</b>	37	<b><u>230 800 394</u></b>	<b><u>159 234 520</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(175 933 050)	(122 005 578)
Proceeds from sale of investment property	10	2 003 122	-
Purchase of other intangible assets	12	(444 404)	-
Movement of financial assets		(1 081 736)	(17 750 018)
		<u>(175 456 068)</u>	<u>(139 755 596)</u>
<b>Net cash flows from investing activities</b>		<b><u>(175 456 068)</u></b>	<b><u>(139 755 596)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(12 337 534)	20 743 131
Finance lease payments		(335 770)	(5 647 583)
		<u>(12 673 304)</u>	<u>15 095 548</u>
<b>Net cash flows from financing activities</b>		<b><u>(12 673 304)</u></b>	<b><u>15 095 548</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>42 671 022</b>	<b>34 574 472</b>
Cash and cash equivalents at the beginning of the year		104 790 238	70 215 766
<b>Cash and cash equivalents at the end of the year</b>	9	<b><u>147 461 260</u></b>	<b><u>104 790 238</u></b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	705 528 611	-	705 528 611	656 588 796	(48 939 815)	Note 51
Rental of facilities and equipment	1 170 100	-	1 170 100	1 174 610	4 510	Note 51
Interest received- outstanding receivables	23 600 000	-	23 600 000	36 044 207	12 444 207	Note 51
Income from agency services	22 664 291	-	22 664 291	13 009 774	(9 654 517)	Note 51
Licences and permits	917 000	-	917 000	528 124	(388 876)	Note 51
Other income	6 472 575	-	6 472 575	26 568 626	20 096 051	Note 51
Interest revenue	3 500 000	-	3 500 000	8 633 133	5 133 133	Note 51
<b>Total revenue from exchange transactions</b>	<b>763 852 577</b>	<b>-</b>	<b>763 852 577</b>	<b>742 547 270</b>	<b>(21 305 307)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	125 000 000	12 500 000	137 500 000	138 709 203	1 209 203	
Property rates - penalties imposed	12 500 000	(12 500 000)	-	-	-	
<b>Transfer revenue</b>						
Government grants & subsidies	558 842 000	64 050 000	622 892 000	605 064 920	(17 827 080)	
Public contributions and donations	-	-	-	5 463 478	5 463 478	Note 51
Fines, penalties and forfeits	38 501 137	-	38 501 137	19 078 590	(19 422 547)	Note 51
<b>Total revenue from non-exchange transactions</b>	<b>734 843 137</b>	<b>64 050 000</b>	<b>798 893 137</b>	<b>768 316 191</b>	<b>(30 576 946)</b>	
<b>Total revenue</b>	<b>1 498 695 714</b>	<b>64 050 000</b>	<b>1 562 745 714</b>	<b>1 510 863 461</b>	<b>(51 882 253)</b>	
<b>Expenditure</b>						
Employee costs	(349 870 050)	(12 685 664)	(362 555 714)	(333 844 615)	28 711 099	
Remuneration of councillors	(28 405 898)	-	(28 405 898)	(27 714 998)	690 900	
Depreciation and amortisation	(134 738 731)	(20 203)	(134 758 934)	(112 174 777)	22 584 157	Note 51
Impairment of assets	-	-	-	(1 376 759)	(1 376 759)	Note 51
Finance costs	(17 826 562)	(558 362)	(18 384 924)	(23 491 981)	(5 107 057)	
Debt Impairment	(39 690 308)	-	(39 690 308)	(176 252 493)	(136 562 185)	Note 51
Bulk purchases	(456 871 250)	11 100 000	(445 771 250)	(494 586 170)	(48 814 920)	Note 51
Contracted Services	(75 215 209)	6 921 924	(68 293 285)	(104 691 082)	(36 397 797)	Note 51
Grants and subsidies paid	(32 118 000)	(9 912 913)	(42 030 913)	(37 660 367)	4 370 546	Note 51
Inventory consumed	(71 925 318)	1 176 288	(70 749 030)	(21 307 951)	49 441 079	Note 51
General Expenses	(120 277 471)	(3 831 160)	(124 108 631)	(94 621 601)	29 487 030	Note 51
<b>Total expenditure</b>	<b>(1 326 938 797)</b>	<b>(7 810 090)</b>	<b>(1 334 748 887)</b>	<b>(1 427 722 794)</b>	<b>(92 973 907)</b>	
<b>Operating surplus</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>	<b>83 140 667</b>	<b>(144 856 160)</b>	
Loss on disposal of assets and liabilities	-	-	-	(7 584 245)	(7 584 245)	Note 51
Fair value adjustments	-	-	-	606 174 097	606 174 097	
	-	-	-	598 589 852	598 589 852	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Surplus before taxation</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>	<b>681 730 519</b>	<b>453 733 692</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>	<b>681 730 519</b>	<b>453 733 692</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	19 488 796	5 511 204	<b>25 000 000</b>	20 482 215	<b>(4 517 785)</b>	Note 51
Operating lease asset	-	-	<b>154 761</b>	16 292	<b>(138 469)</b>	Note 51
Receivables from exchange transactions	401 755 252	-	<b>401 755 252</b>	615 576 778	<b>213 821 526</b>	Note 51
Receivables from non-exchange transactions	132 000 006	-	<b>132 000 006</b>	139 551 814	<b>7 551 808</b>	Note 51
Cash and cash equivalents	34 000 000	-	<b>34 000 000</b>	147 461 260	<b>113 461 260</b>	Note 51
	<b>587 244 054</b>	<b>5 511 204</b>	<b>592 910 019</b>	<b>923 088 359</b>	<b>330 178 340</b>	
<b>Non-Current Assets</b>						
Investment property	189 377 053	-	<b>189 377 053</b>	785 120 900	<b>595 743 847</b>	Note 51
Property, plant and equipment	2 612 366 574	(915 208 015)	<b>1 697 158 559</b>	1 594 026 765	<b>(103 131 794)</b>	Note 51
Intangible assets	1 003 005	(502 005)	<b>501 000</b>	683 710	<b>182 710</b>	Note 51
Heritage assets	195 000	5 958	<b>200 958</b>	200 958	-	
Other financial assets	21 995 950	19 017 700	<b>41 013 650</b>	39 945 152	<b>(1 068 498)</b>	Note 51
	<b>2 824 937 582</b>	<b>(896 686 362)</b>	<b>1 928 251 220</b>	<b>2 419 977 485</b>	<b>491 726 265</b>	
<b>Total Assets</b>	<b>3 412 181 636</b>	<b>(891 175 158)</b>	<b>2 521 161 239</b>	<b>3 343 065 844</b>	<b>821 904 605</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	1 714 477	8 586 523	<b>10 301 000</b>	14 334 194	<b>4 033 194</b>	Note 51
Finance lease obligation	-	-	<b>4 000 000</b>	2 668 150	<b>(1 331 850)</b>	Note 51
Payables from exchange transactions	78 293 410	222 962 590	<b>301 256 000</b>	245 675 196	<b>(55 580 804)</b>	Note 51
VAT payable	-	-	<b>37 821 747</b>	56 365 922	<b>18 544 175</b>	Note 51
Consumer deposits	1 100 000	26 900 000	<b>28 000 000</b>	27 157 197	<b>(842 803)</b>	Note 51
Employee benefit obligation	-	-	-	5 665 000	<b>5 665 000</b>	Note 51
Unspent conditional grants and receipts	-	-	-	13 861 770	<b>13 861 770</b>	Note 51
Provisions	1 067 288	(96 812)	<b>970 476</b>	602 876	<b>(367 600)</b>	Note 51
	<b>82 175 175</b>	<b>258 352 301</b>	<b>382 349 223</b>	<b>366 330 305</b>	<b>(16 018 918)</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	146 759 262	(11 145 261)	<b>135 614 001</b>	127 364 272	<b>(8 249 729)</b>	Note 51
Finance lease obligation	-	-	<b>8 951 000</b>	2 117 726	<b>(6 833 274)</b>	Note 51
Employee benefit obligation	-	-	<b>80 444 568</b>	92 065 000	<b>11 620 432</b>	
Provisions	86 601 103	5 613 433	<b>92 214 536</b>	6 773 684	<b>(85 440 852)</b>	Note 51
	<b>233 360 365</b>	<b>(5 531 828)</b>	<b>317 224 105</b>	<b>228 320 682</b>	<b>(88 903 423)</b>	
<b>Total Liabilities</b>	<b>315 535 540</b>	<b>252 820 473</b>	<b>699 573 328</b>	<b>594 650 987</b>	<b>(104 922 341)</b>	
<b>Net Assets</b>	<b>3 096 646 096</b>	<b>(1 275 058 185)</b>	<b>1 821 587 911</b>	<b>2 748 414 857</b>	<b>926 826 946</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	3 096 646 096	(1 275 058 185)	<b>1 821 587 911</b>	2 748 414 857	<b>926 826 946</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Taxation	123 750 000	-	<b>123 750 000</b>	93 092 948	<b>(30 657 052)</b>	Note 51
Sale of goods and services	667 234 659	-	<b>667 234 659</b>	626 268 437	<b>(40 966 222)</b>	Note 51
Grants	558 842 000	63 300 000	<b>622 142 000</b>	632 432 842	<b>10 290 842</b>	Note 51
Interest income	31 940 000	-	<b>31 940 000</b>	8 633 133	<b>(23 306 867)</b>	Note 51
	<b>1 381 766 659</b>	<b>63 300 000</b>	<b>1 445 066 659</b>	<b>1 360 427 360</b>	<b>(84 639 299)</b>	
<b>Payments</b>						
Employee costs	(349 870 050)	(12 846 163)	<b>(362 716 213)</b>	(355 748 613)	<b>6 967 600</b>	Note 51
Suppliers	(860 166 450)	(18 672 645)	<b>(878 839 095)</b>	(751 582 783)	<b>127 256 312</b>	Note 51
Finance costs	(16 326 562)	-	<b>(16 326 562)</b>	(22 295 570)	<b>(5 969 008)</b>	Note 51
Transfers and Grants	(16 098 000)	(750 000)	<b>(16 848 000)</b>	-	<b>16 848 000</b>	Note 51
	<b>(1 242 461 062)</b>	<b>(32 268 808)</b>	<b>(1 274 729 870)</b>	<b>(1 129 626 966)</b>	<b>145 102 904</b>	
<b>Net cash flows from operating activities</b>	<b>139 305 597</b>	<b>31 031 192</b>	<b>170 336 789</b>	<b>230 800 394</b>	<b>60 463 605</b>	
<b>Cash flows from investing activities</b>						
Additions property, plant and equipment and intangible assets	(130 407 450)	(11 670 670)	<b>(142 078 120)</b>	(175 933 050)	<b>(33 854 930)</b>	Note 51
Proceeds from sale of investment property	-	-	-	2 003 122	<b>2 003 122</b>	Note 51
Purchase of other intangible assets	-	-	-	(444 404)	<b>(444 404)</b>	Note 51
Movement in financial assets	-	19 017 674	<b>19 017 674</b>	(1 081 736)	<b>(20 099 410)</b>	Note 51
<b>Net cash flows from investing activities</b>	<b>(130 407 450)</b>	<b>7 347 004</b>	<b>(123 060 446)</b>	<b>(175 456 068)</b>	<b>(52 395 622)</b>	
<b>Cash flows from financing activities</b>						
Repayment of other financial liabilities	(9 998 147)	-	<b>(9 998 147)</b>	(12 337 534)	<b>(2 339 387)</b>	Note 51
Finance lease payments	-	-	-	(335 770)	<b>(335 770)</b>	
Increase/(decrease) in consumer deposits	221 804	25 800 000	<b>26 021 804</b>	-	<b>(26 021 804)</b>	
<b>Net cash flows from financing activities</b>	<b>(9 776 343)</b>	<b>25 800 000</b>	<b>16 023 657</b>	<b>(12 673 304)</b>	<b>29 703 448</b>	
Net increase/(decrease) in cash and cash equivalents	(878 196)	64 178 196	<b>63 300 000</b>	42 671 022	<b>(20 628 978)</b>	
Cash and cash equivalents at the beginning of the year	34 000 000	-	<b>34 000 000</b>	104 790 238	<b>70 790 238</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>33 121 804</b>	<b>64 178 196</b>	<b>97 300 000</b>	<b>147 461 260</b>	<b>50 161 260</b>	

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

Figures in Rand	Note(s)	2022	2021
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### 1. Basis of preparation

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

The Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2021 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

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

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

#### 1.1 Presentation currency

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

#### 1.2 Rounding

All figures have been rounded off to the nearest Rand.

#### 1.3 Going concern assumption

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

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

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

##### Trade receivables and loans and receivables

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down/up is included in the operation surplus/deficit note.

### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Municipality for similar financial instruments.

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

### Impairment testing

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

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

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

### Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

### Effective interest rate

The Municipality used the prime interest rate to discount future cash flows.

### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

### Fair value

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

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

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

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

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

### Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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

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

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

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Item	Depreciation method	Average useful life in years
Infrastructure	Straight line	
• Roads and road furniture		10 - 30
• Bridges, Culverts and Gabions		30

# Greater Tzaneen Municipality

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## Notes to the Financial Statements: Accounting Policies

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• Car Parks		20
• Airports		10 - 20
• Traffic Lights		20
• Electricity :		
- Transformers, Meters & Reticulation Networks		10 - 65
- Substations & switchgears		15 - 40
- Other Electricity Components		10 - 40
• Water		10 - 20
• Refuse Sites		15 - 30
• Buildings		30
• Security Fencing and Lighting		10 - 30
Community Assets	Straight line	
• Parks Improvements		30
• Community Buildings		30
• Recreational facilities		20
Other Assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3 - 10
• Furniture and fittings		3 - 10
• Bins and containers		5 - 10
• Plant and equipment		5 - 15
• Emergency and Health Equipment		5 - 10
• Security Access and Control		5

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

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

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

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

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

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

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

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

The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11 ).

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### 1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The Municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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The Municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note12).

### Derecognition

Intangible assets are derecognised:

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

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

### 1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

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

#### Initial measurement

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.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Impairment

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

### Derecognition

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

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

### 1.9 Financial instruments

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

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

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

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

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

A financial asset is:

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

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Classification

The entity 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:

<b>Class</b>	<b>Category</b>
Consumer debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Financial assets	Financial asset measured at amortised cost
Inventories	Financial asset is measured at lower of cost, or net realisable value

The entity 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:

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

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

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

### Subsequent measurement of financial assets and financial liabilities

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

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

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

### Fair value measurement considerations

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Reclassification

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

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

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

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

### Gains and losses

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

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

### Impairment and uncollectibility of financial assets

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

The Municipalities expenditure pattern must be structured in line with the available cash resources.

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Derecognition

#### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

#### Financial liabilities

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

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

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



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Presentation

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

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

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

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

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

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

### 1.10 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the Municipality's incremental borrowing rate.

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

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

#### Operating leases - lessee

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### 1.11 Inventories

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

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

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

### 1.12 Impairment of cash-generating assets

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

#### Identification

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

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

#### Value in use

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

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

#### Basis for estimates of future cash flows

In measuring value in use the Municipality:

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

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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Estimates of future cash flows exclude:

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

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

### Discount rate

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

### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

### Cash-generating units

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

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

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

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

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

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

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

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

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

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

# Greater Tzaneen Municipality

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## Notes to the Financial Statements: Accounting Policies

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### Reversal of impairment loss

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

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

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

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

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

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

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

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

### Redesignation

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

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

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

#### Identification

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

The entity 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 entity estimates the recoverable service amount of the asset.

#### Value in use

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

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

#### Depreciated replacement cost approach

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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

### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

### Reversal of an impairment loss

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

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

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

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

### Redesignation

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

#### 1.14 Employee benefits

##### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Post-employment benefits

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

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

### Defined benefit plans

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

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

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

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

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

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

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

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

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

### 1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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

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

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

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

### 1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.17 Revenue from exchange transactions

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

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

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

#### Measurement

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

#### Sale of goods

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Rendering of services

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

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

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

### Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

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

### 1.18 Revenue from non-exchange transactions

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

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

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

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### Taxes

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

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

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

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

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

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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

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

### Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

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

### Fines

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

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

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

### Gifts and donations, including goods in-kind

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

#### 1.19 Borrowing costs

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

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

#### 1.20 Comparative figures

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### 1.21 Unauthorised expenditure

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

### 1.22 Fruitless and wasteful expenditure

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

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

### 1.23 Irregular expenditure

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

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

### 1.24 Departmental information

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

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

### 1.25 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget of Greater Tzaneen Municipality for the 2021/2022 financial year has been approved by Council on 28 May 2021 for implementation on 1 July 2021, and the adjusted budgets for the financial year were approved as follows:

- 24 February 2022: Adjustment budget
- 29 March 2022: Special adjustment budget

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

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

Comparative information is not required.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Financial Statements: Accounting Policies

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### 1.26 Related parties

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

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

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

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

### 1.27 Events after reporting date

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

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

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

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

### 1.28 Value Added Tax (VAT)

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

### 1.29 Conditional grants and receipts

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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

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

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

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

Correction of errors are applied retrospectively in the period in which the errors has occurred except to the extent that is impractical to determine the period specific effects. In such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable. Refer to Note 60 of the financial statements for details of corrections of errors recorded during the period under review.

The aggregate effect of the changes in accounting policy on the audited annual financial statements for the year ended 30 June 2022 is as follows:

### 3. New standards and interpretations

#### 3.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2022 or later periods but are not relevant to its operations

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

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

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

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

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

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

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

###### **Background**

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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

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

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

### Key amendments to GRAP 25

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

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

The effective date of these revisions have not yet been set. 01 April 2009.

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

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

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

#### Background

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

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

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

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

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

The effective date of these revisions have not yet been set. 01 April 2009.

The entity expects to adopt the revisions for the first time in the 2098/2099 01 April 2009.

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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

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

The most significant changes to the Standard affect:

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

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

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

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

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

#### **Background**

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

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

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

iGRAP 21 addresses the following two issues:

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

The effective date of these interpretation have not yet been set. 01 April 2023.

The entity expects to adopt the interpretation for the first time in the 2022/2023 01 April 2023.

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

### **GRAP 2020: Improvements to the standards of GRAP 2020**

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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Amendments include,

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

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

Summary of amendments are:

#### **Materiality and aggregation**

The amendments clarify that:

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

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

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

#### **Notes structure**

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Inventories</b>		
Stands	3 805 000	6 070 000
Consumables	16 677 215	18 783 427
	<b>20 482 215</b>	<b>24 853 427</b>

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

### **Stands not yet transferred**

Stands to the value of R 1 350 000 (2021: R 4 180 000) have been sold in previous financial periods, however the transfers are still in progress.

Details of stands not yet transferred attached as Appendix G6.

### **Inventory pledged as security**

No inventory was pledged as security for any financial liability.

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

#### **At amortised cost**

Fixed deposit- listed	39 945 152	38 863 416
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#### **Non-current assets**

At amortised cost	39 945 152	38 863 416
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#### **Council's valuation of listed investments**

Standard Bank	22 352 185	22 269 102
ABSA	17 592 967	16 594 314
	<b>39 945 152</b>	<b>38 863 416</b>

Fair value of investments are at book value as at 30 June 2022.

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

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

A fixed deposit of R 22 352 185 has been made with Standard Bank of South Africa to repay a loan of R 30 000 000 on maturity date.

A fixed deposit was made with ABSA to secure a loan of R 90 million taken up with DBSA. The Municipality established a debt service account of R17 592 967 to cover the debt service repayment obligation, under the agreement for 12 (twelve) months.

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

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



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>6. Receivables from non-exchange transactions</b>		
Fines	3 629 340	55 232 680
Consumer debtors - Rates	135 922 474	148 704 458
	<b>139 551 814</b>	<b>203 937 138</b>
<b>6.1) Fines</b>		
<b>Reconciliation of traffic fines</b>		
Opening balance	69 040 850	56 105 548
New fines issued	2 906 100	14 325 700
Less: Fines reversed	(349 480)	(337 440)
Less: Fines paid	(486 710)	(1 052 958)
	71 110 760	69 040 850
Less: Provision for impairment	(67 481 420)	(13 808 170)
<b>Net outstanding fines receivable</b>	<b>3 629 340</b>	<b>55 232 680</b>
<b>Reconciliation of provision for impairment of traffic fines</b>		
<b>Less: Provision for impairment</b>		
Opening balance	13 808 170	11 221 109
Additionally provided	53 673 250	2 587 061
	<b>67 481 420</b>	<b>13 808 170</b>
<b>Pledged as security</b>		
No receivables from non-exchanged transactions has been pledged as security for any financial liability.		
<b>Receivables from non-exchange transactions</b>		
The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non- exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non- payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.		
Fine revenue of all traffic fines issued during the current year amounted to R2 556 620 (2021: R 13 988 260).The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.		
The recovery of traffic fines is a protracted process due to the administrative and court procedures.		
<b>Credit quality of receivables from non-exchange transactions</b>		
Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.		
The Municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables from non-exchange transactions.		
<b>6.2) Reconciliation of consumer debtors - rates</b>		
Gross balance - rates	301 422 687	267 977 249
Less: Allowance for impairment	(165 500 213)	(119 272 791)
<b>Net balance</b>	<b>135 922 474</b>	<b>148 704 458</b>
<b>Consumer debtors - rates pledged as security</b>		
No portion of accounts receivables was pledged as security for any financial liabilities.		

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### Credit quality of consumer debtors - rates

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

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

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

### Consumer debtors- rates impairment

As of 30 June 2022, debtors rates of R 165 500 213 (2021: R 119 272 791) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired.

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

### Reconciliation of allowance for impairment of consumer debtors- rates

Opening balance	119 272 791	143 715 125
Allowance for impairment	58 398 239	(24 442 334)
Amount written off as irrecoverable	(12 170 817)	-
<b>Total</b>	<b>165 500 213</b>	<b>119 272 791</b>

## 7. Operating lease asset

Current assets	16 292	29 244
<b>Municipality as lessor: Future minimum lease repayments receivable</b>		
Less than one year	29 224	26 572
Between one year and five years	7 508	34 591
More than five years	102 518	104 659
	<b>139 250</b>	<b>165 822</b>

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

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

- Municipal buildings
- Vacant land

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>8. Receivables from exchange transactions</b>		
Bursary loans	340 618	454 772
Consumer debtors - Electricity	323 886 959	284 378 806
Consumer debtors - Refuse	116 816 524	106 192 992
Trade debtors	410 668 365	368 580 965
	<b>851 712 466</b>	<b>759 607 535</b>
Less: Provision for impairment of receivables	(236 135 688)	(187 495 453)
	<b>615 576 778</b>	<b>572 112 082</b>
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening Balance	187 495 453	207 910 015
Provision for impairment- other debtors	4 419 817	(4 962 015)
Amounts written off as irrecoverable	(15 540 769)	-
Provision for impairment- consumer debtors	59 761 187	(15 452 547)
	<b>236 135 688</b>	<b>187 495 453</b>
<b>Impairment Allowance</b>		
The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent consumables, rental hawker stalls, private dumping, etc.		
<b>Credit quality of receivables from exchange transactions for trade and other debtors</b>		
Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.		
Concentrations of credit risk with respect to other receivables are limited due to the Municipality's large number of customers. the Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.		
<b>Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	301 422 687	267 977 249
Consumer debtors - Electricity	323 886 959	284 378 806
Consumer debtors - Refuse	116 816 524	106 192 992
	<b>742 126 170</b>	<b>658 549 047</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(165 500 213)	(119 272 791)
Consumer debtors - Electricity	(133 397 843)	(97 174 206)
Consumer debtors - Refuse	(74 756 700)	(61 235 418)
	<b>(373 654 756)</b>	<b>(277 682 415)</b>
<b>Net balance Consumer Debtors</b>		
Consumer debtors - Rates	135 922 474	148 704 458
Consumer debtors - Electricity	190 489 115	187 204 600
Consumer debtors - Refuse	42 059 824	44 957 574
	<b>368 471 413</b>	<b>380 866 632</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Included in above is receivables from exchange transactions</b>		
Electricity	190 489 115	187 204 600
Refuse	42 059 824	44 957 574
	<b>232 548 939</b>	<b>232 162 174</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates (Note 6)	135 922 474	148 704 458
<b>Net balance</b>	<b>368 471 413</b>	<b>380 866 632</b>
<b>Rates</b>		
Current (0 -30 days)	12 634 955	14 632 475
31 - 60 days	7 449 827	8 790 872
61 - 90 days	6 166 208	6 570 039
91 - 120 days	5 891 938	5 803 023
121 - 365 days	269 279 759	232 180 840
	<b>301 422 687</b>	<b>267 977 249</b>
<b>Electricity</b>		
Current (0 -30 days)	62 292 801	47 180 581
31 - 60 days	18 798 648	36 390 496
61 - 90 days	12 505 429	10 171 785
91 - 120 days	13 410 209	8 063 516
121 - 365 days	216 879 872	182 572 428
	<b>323 886 959</b>	<b>284 378 806</b>
<b>Refuse</b>		
Current (0 -30 days)	3 257 742	3 101 473
31 - 60 days	2 452 550	2 281 628
61 - 90 days	2 149 719	2 124 108
91 - 120 days	2 086 512	1 999 947
121 - 365 days	106 870 001	96 685 836
	<b>116 816 524</b>	<b>106 192 992</b>
<b>Total</b>	<b>742 126 170</b>	<b>658 549 047</b>
Summary of Debtors by customer classification		
<b>Residential Property</b>		
31 - 60 days	19 770 463	27 300 940
61 - 90 days	11 955 611	15 153 942
91 - 120 days	10 730 707	10 444 827
121 - 365 days	9 843 884	9 472 207
> 365 days	346 457 840	290 138 784
	<b>398 758 505</b>	<b>352 510 700</b>
<b>Industrial/commercial</b>		
Current (0 -30 days)	18 011 212	56 858 230
31 - 60 days	9 242 985	11 306 403
61 - 90 days	11 279 550	7 688 778
91 - 120 days	18 742 706	5 708 760
121 days and older	248 521 510	156 477 732
	<b>305 797 963</b>	<b>238 039 903</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>National and provincial government</b>		
Current (0 -30 days)	1 420 652	1 651 770
31 - 60 days	1 197 436	1 246 111
61 - 90 days	1 026 546	896 512
91 - 120 days	735 884	787 384
121 days and older	24 004 081	19 931 861
	<b>28 384 599</b>	<b>24 513 638</b>
<b>Other</b>		
Current (0 - 30 days)	1 805 742	2 656 159
31 - 60 days	987 122	1 032 387
61 - 90 days	825 473	556 767
91 - 120 days	687 512	552 613
121 days and older	4 879 254	38 686 880
	<b>9 185 103</b>	<b>43 484 806</b>
<b>Total</b>	<b>742 126 170</b>	<b>658 549 047</b>

### Consumer debtors pledged as security

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

### Credit quality of consumer debtors

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

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

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

### Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

### Consumer debtors

No security is held for any of the accounts receivable.

### Consumer debtors impaired

As of 30 June 2022, debtors including rates of R 373 654 756 (2021: R 277 682 415) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R 10 016 269 (2021: R -) was written off during the year as uncollectable.

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Reconciliation of allowance for impairment of consumer debtors (excluding rates)</b>		
Opening balance	158 409 624	173 862 171
Allowance for impairment	59 761 188	(15 452 547)
Amounts written off as irrecoverable	(10 016 269)	-
<b>Total Consumer Debtors</b>	<b>208 154 543</b>	<b>158 409 624</b>

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	147 461 260	104 790 238
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No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

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

### The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Consolidated cash book balance	-	-	-	147 461 260	104 790 238	70 215 766
ABSA Bank Cheque Account number 126 085 0527 Primary						
ABSA Bank - Cheque Account number 404 896 4222	41 562 323	42 288 682	13 862 265	-	-	-
ABSA Bank - Cheque Account number 908 197 4990	884 575	307 787	2 129 691	-	-	-
ABSA Bank - Liquidity plus account - 9312433930 (MIG)	38 119 948	1 295 952	2 152 224	-	-	-
ABSA Bank - Liquidity plus account - 9312434237 (INEP)	66 894 414	60 897 817	52 071 586	-	-	-
ABSA Bank - Cheque Account - 4051444332	-	-	-	-	-	-
<b>Total</b>	<b>147 461 260</b>	<b>104 790 238</b>	<b>70 215 766</b>	<b>147 461 260</b>	<b>104 790 238</b>	<b>70 215 766</b>

An amount of R 13 861 770 (2021: R 3 502 528) of the unspent conditional grants is included in cash and cash equivalents.

### Credit quality of Cash and cash equivalents

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 10. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	785 120 900	-	785 120 900	181 586 803	-	181 586 803

#### Reconciliation of investment property - 2022

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

#### Reconciliation of investment property - 2021

	Opening balance	Total
Investment property	181 586 803	181 586 803

#### Pledged as security

No investment properties was pledged as security for liabilities.

The Municipality generated income from rental of investment properties of R 97 884 monthly on average (2021: R18 544).

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

2022

2021

### Details of valuation

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

### 11. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	236 674 823	(80 797 097)	155 877 726	235 321 497	(72 533 755)	162 787 742
Computer equipment	5 710 036	(5 263 953)	446 083	5 785 375	(5 193 410)	591 965
Construction work in progress	191 197 272	-	191 197 272	153 124 231	(1 079 741)	152 044 490
Furniture and office equipment	5 149 017	(3 537 329)	1 611 688	4 549 230	(3 274 357)	1 274 873
Infrastructure	2 500 969 661	(1 413 105 094)	1 087 864 567	2 395 417 057	(1 334 957 569)	1 060 459 488
Land	118 955 743	-	118 955 743	118 955 743	-	118 955 743
Leased assets	19 032 678	(14 249 253)	4 783 425	20 089 972	(15 940 266)	4 149 706
Other assets	35 946 154	(17 174 269)	18 771 885	35 919 176	(15 616 728)	20 302 448
Plant and machinery	11 792 239	(8 047 620)	3 744 619	10 570 826	(6 952 997)	3 617 829
Transport assets	50 496 380	(39 722 623)	10 773 757	46 132 902	(37 406 016)	8 726 886
<b>Total</b>	<b>3 175 924 003</b>	<b>(1 581 897 238)</b>	<b>1 594 026 765</b>	<b>3 025 866 009</b>	<b>(1 492 954 839)</b>	<b>1 532 911 170</b>



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

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

	Opening balance	Additions	Write - Offs	Transfers from WIP Capitalised	Depreciation	Impairment loss	Total
Community	162 787 742	1 353 324	-	-	(8 263 340)	-	155 877 726
Computer equipment	591 965	136 013	(13 659)	-	(268 236)	-	446 083
Construction work in progress	152 044 490	169 904 763	-	(130 751 981)	-	-	191 197 272
Furniture and office equipment	1 274 873	698 132	(13 879)	-	(347 438)	-	1 611 688
Infrastructure	1 060 459 488	129 398 365	(5 793 525)	-	(94 823 002)	(1 376 759)	1 087 864 567
Land	118 955 743	-	-	-	-	-	118 955 743
Leased assets	4 149 706	3 766 366	(17 509)	-	(3 115 138)	-	4 783 425
Other assets	20 302 448	52 316	(113)	-	(1 582 766)	-	18 771 885
Plant and machinery	3 617 829	1 375 753	(8 682)	-	(1 240 281)	-	3 744 619
Transport assets	8 726 886	4 363 477	-	-	(2 316 606)	-	10 773 757
	<b>1 532 911 170</b>	<b>311 048 509</b>	<b>(5 847 367)</b>	<b>(130 751 981)</b>	<b>(111 956 807)</b>	<b>(1 376 759)</b>	<b>1 594 026 765</b>

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Write offs	Transfers from WIP capitalised	Depreciation	Impairment loss	Total
Community	159 443 869	11 107 262	-	-	(7 763 389)	-	162 787 742
Computer equipment	1 080 627	-	(3 082)	-	(485 580)	-	591 965
Construction work in progress	154 780 134	115 006 637	-	(116 662 540)	-	(1 079 741)	152 044 490
Furniture and office equipment	1 078 449	517 860	(2 943)	-	(318 493)	-	1 274 873
Infrastructure	1 038 731 323	112 907 199	(341 413)	-	(89 011 412)	(1 826 209)	1 060 459 488
Land	118 955 743	-	-	-	-	-	118 955 743
Leased assets	8 199 666	-	(66 401)	-	(3 983 559)	-	4 149 706
Other assets	15 136 191	6 850 060	(13)	-	(1 683 790)	-	20 302 448
Plant and machinery	4 100 697	820 427	(2 688)	-	(1 300 607)	-	3 617 829
Transport assets	5 579 996	4 967 064	-	-	(1 820 174)	-	8 726 886
	<b>1 507 086 695</b>	<b>252 176 509</b>	<b>(416 540)</b>	<b>(116 662 540)</b>	<b>(106 367 004)</b>	<b>(2 905 950)</b>	<b>1 532 911 170</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

Included in the Infrastructure is an amount for Landfill site with the carrying amount of R3 947 803.86 (2021: R 4 183 752).

The assessment of impairment of assets resulted in an impairment of loss of R1 376 759 (2021: R2 905 950) (see note 30 ).

### Pledged as security

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

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

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	33 175 312	22 204 698	-	(53 002 324)	-	2 377 686
Infrastructure: Roads	116 878 400	145 833 527	-	(76 396 031)	-	186 315 896
Community Assets	973 650	1 866 538	-	(1 353 626)	-	1 486 562
Other assets & Buildings	1 017 128	-	-	-	-	1 017 128
	<b>152 044 490</b>	<b>169 904 763</b>	<b>-</b>	<b>(130 751 981)</b>	<b>-</b>	<b>191 197 272</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021				
Reconciliation of Construction Work-in-Progress 2021						
	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	29 450 383	30 306 313	-	(26 477 038)	(104 348)	33 175 310
Infrastructure: Roads	112 462 877	78 151 644	-	(72 760 728)	(975 393)	116 878 400
Infrastructure: Buildings	6 490 611	5 417 204	-	(10 934 162)	-	973 653
Community Assets	6 376 263	1 131 476	-	(6 490 612)	-	1 017 127
	<b>154 780 134</b>	<b>115 006 637</b>	<b>-</b>	<b>(116 662 540)</b>	<b>(1 079 741)</b>	<b>152 044 490</b>

### Slow moving projects:

Construction of Ext 13 street - Turnkey projects

Rehabilitation of Haenertsburg cemetery road

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

Upgrading CODESA to Hani Street

- The project completion date was 06 April 2022 and it was revised to 05 July 2022, the new contractor was delayed due to additional scope of work.

Upgrading Mulati Access Road

- The service provider's contract was terminated due to misrepresentation and the contract was declared unlawful by the High Court, a new service provider was appointed and the revised completion date is 14 November 2022.

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.

A detailed breakdown of property plant and equipment by asset class can be found in Annexure "B".

### Assets under verification

List of Electrical assets which are still under full verification processes with the electrical department amounting to the value of R1 540 714 was submitted to council for adoption. The verification processes is planned to be concluded by 30 September 2022.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 12. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	4 406 786	(3 723 076)	683 710	3 962 382	(3 505 105)	457 277

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software and license	457 277	444 404	(217 971)	683 710

#### Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software and license	744 471	(287 194)	457 277

#### Pledged as security

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

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 13. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and Council gowns	200 958	-	200 958	200 958	-	200 958

#### Reconciliation of heritage assets 2022

Mayoral Chain and Council Gowns	Opening balance 200 958	Total 200 958
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#### Reconciliation of heritage assets 2021

Mayoral Chain and Council Gowns	Opening balance 200 958	Total 200 958
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#### Expenditure incurred to repair and maintain heritage assets

No cost was incurred to repair and maintain the heritage assets during the current financial year (2021 : R- ).

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>14. Other financial liabilities</b>		
<b>Designated at fair value</b>		
Loan stock - Standard Bank	30 000 000	30 000 000
<b>At amortised cost</b>		
Accrued interest	713 098	721 907
Annuity loan 1 - DBSA	16 234 406	18 012 464
Annuity loan 2 - ABSA	11 215 329	13 311 111
Annuity loan 3 - DBSA	32 705 483	36 166 655
Annuity loan 4 - DBSA	24 391 102	26 502 274
Annuity loan 5 - DBSA	26 439 048	29 321 589
	<b>111 698 466</b>	<b>124 036 000</b>
<b>Total other financial liabilities</b>	<b>141 698 466</b>	<b>154 036 000</b>
<b>Non-current liabilities</b>		
Loan stock	30 000 000	30 000 000
Annuity loans	97 364 272	110 985 368
	<b>127 364 272</b>	<b>140 985 368</b>
<b>Current liabilities</b>		
At amortised cost	14 334 194	13 050 632
	<b>141 698 466</b>	<b>154 036 000</b>

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Annuity loan 1: DBSA</b>		
A loan of R 20 000 000, with a current balance of R 16 234 406 (2021: R 18 012 464) was taken up on 15 August 2019. The loan bears interest at a fixed rate of 10.15% and will be fully redeemed on 30 September 2028.		
<b>Annuity loan 2: ABSA</b>		
This loan of R25 140 000, with a current balance of R 11 215 329 (2021: R 13 311 111), was taken up on 15 August 2010. The loan bears interest at a fixed rate of 10,62% and will be fully redeemed on 02 June 2026.		
<b>Annuity loan 3 : DBSA</b>		
A loan of R 40 000 000, with a current balance of R 32 705 483 (2021: R 36 166 655) has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.		
<b>Annuity loan 4: DBSA</b>		
A loan of R41 000 000, with a current balance of R 24 391 102 (2021: R 26 502 274) was taken up to finance capital projects. This loan bears interest at a fixed rate of 6.75% per annum and will be fully redeemed on 31 October 2030.		
<b>Annuity loan 5: DBSA</b>		
A loan of R 30 000 000, with a current balance of R 26 439 048 (2021: R 29 321 589) was taken up on 21 December 2020. The loan bears interest on a fixed rate of 10.27% and will be fully redeemed on 30 September 2028.		
<b>Loan stock: Standard Bank</b>		
A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09% per annum and will be redeemed on 16 October 2025.		
<b>Undrawn borrowings</b>		
There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2022.		
None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.		
The Municipality did not default on any of the borrowings in respect of capital or interest portions.		
No terms attached to the financial liabilities were re-negotiated.		
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	3 104 186	3 099 558
- in second to fifth year inclusive	2 296 043	1 618 608
	5 400 229	4 718 166
less: future finance charges	(614 353)	(792 931)
<b>Present value of minimum lease payments</b>	<b>4 785 876</b>	<b>3 925 235</b>
<b>Present value of minimum lease payments due</b>		
- within one year	2 668 150	2 462 827
- in second to fifth year inclusive	2 117 726	1 462 408
	<b>4 785 876</b>	<b>3 925 235</b>
Non-current liabilities	2 117 726	1 462 408
Current liabilities	2 668 150	2 462 827
	<b>4 785 876</b>	<b>3 925 235</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.		
The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.		
The Municipality did not default on any of the interest or capital repayments of the finance leases.		
No terms and conditions of the finance leases were re-negotiated during the reporting period.		
<b>16. Payables from exchange transactions</b>		
13th Cheque	8 182 975	8 074 035
Unknown direct deposits	8 931 882	8 384 244
Retention	25 289 671	24 425 532
Payables	175 210 044	184 037 971
Staff leave	28 060 624	30 322 214
	<b>245 675 196</b>	<b>255 243 996</b>

The 2020/2021 comparative amount of R 184.08 Million on payables has been restated from R176.02 Million (see Note ).

### Trade payables

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

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

### Staff leave

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

### Retention

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

### Unknown direct deposits

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

### 13th Cheque

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

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

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

No terms attached to the accounts payable were re-negotiated

## 17. VAT payable

Net VAT payable	56 365 922	49 252 503
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The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>18. Consumer deposits</b>		
Electricity	27 157 197	28 049 781
Guarantees held in lieu of electricity deposits	3 025 550	3 025 550

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

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

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

### 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Grants	13 861 770	3 502 528

#### Movement during the year

Balance at the beginning of the year	3 502 528	5 455 826
Additions during the year	190 629 067	121 942 405
Income recognition during the year	(151 478 012)	(104 679 897)
Administration fee recognised during the year	(4 987 050)	(4 680 951)
Rollover not applied for	(1 547 994)	-
VAT	(20 968 938)	(14 534 855)
Rollover not approved	(1 287 831)	-
	<b>13 861 770</b>	<b>3 502 528</b>

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

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

### 20. Provisions

#### Reconciliation of provisions - 2022

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

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	5 598 089	559 806	6 157 895
Provision for performance bonuses	970 476	-	970 476
	<b>6 568 565</b>	<b>559 806</b>	<b>7 128 371</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
Non-current liabilities	6 773 684	6 157 895
Current liabilities	602 876	970 476
	<b>7 376 560</b>	<b>7 128 371</b>

### Provision for rehabilitation of landfill site

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

### Provision for performance bonuses

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

## 21. Employee benefit obligation

### Defined benefit plan

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

#### Carrying value

Defined benefit obligation - long service award	22 764 000	21 900 000
Defined benefit obligation - post retirement medical aid plan	74 966 000	70 019 000
	<b>97 730 000</b>	<b>91 919 000</b>

#### Non-current employee benefit obligations

Long service awards	19 943 000	18 619 000
Post retirement medical aid	72 122 000	67 394 000
	<b>92 065 000</b>	<b>86 013 000</b>

#### Current employee benefit obligations

Long service awards	2 821 000	3 281 000
Post retirement medical aid	2 844 000	2 625 000
	<b>5 665 000</b>	<b>5 906 000</b>

### Post retirement medical aid plan

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

The post-employment health care benefits valuation considers all current employees, retired employees and their dependents who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2022.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Plan assets</b>		
Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.		
The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.		
Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:		
In-service members	392	397
In service non-members	220	231
Continuation members	63	59
	<b>675</b>	<b>687</b>
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	74 966 000	70 019 000
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	70 019 000	58 926 000
Benefits paid	(2 625 000)	(2 416 000)
Net expense recognised in the statement of financial performance	7 572 000	13 509 000
	<b>74 966 000</b>	<b>70 019 000</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current cost	2 850 000	2 489 000
Interest cost	6 997 000	6 080 000
Actuarial (gains) losses	(2 275 000)	4 940 000
	<b>7 572 000</b>	<b>13 509 000</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses	(2 275 000)	4 940 000
<b>Key assumptions used</b>		
Assumptions used at the reporting date:		
Discount rates used	11.82 %	10.18 %
Health care cost inflation rate	8.44 %	6.83 %
Net discount rate	3.12 %	3.14 %
Average retirement rate	62	62
<b>Best estimate of contribution expected to be paid</b>		
Expected benefit to be paid	2 844 000	217 000

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### Other assumptions

### Sensitivity analysis

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

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

Increase		
Effect of aggregate service cost and interest cost	12 536 000	10 806 000
Effect on the defined benefit obligation	91 688 000	87 626 000
Decrease		
Effect of aggregate service cost and interest cost	9 035 000	7 904 000
Effect on defined benefit obligation	69 066 000	65 949 000

### Historical analysis

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

	2022	2021	2020	2019	2018
	R	R	R	R	R
Defined benefit obligation	74 966 000	70 019 000	58 926 000	65 120 960	70 844 367
Surplus / (deficit)	(74 966 000)	(70 019 000)	(58 926 000)	(65 120 960)	(70 844 367)

### Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 613 (2021: 629) employees that are entitled to long service leave awards on 30 June 2022. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

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

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	<u>22 764 000</u>	<u>21 900 000</u>
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### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	21 900 000	17 202 000
Benefits paid	(3 281 000)	(2 541 000)
Net expense recognised in the statement of financial performance	4 145 000	2 526 000
Policy change (Pro-rate long service awards)	-	4 713 000
	<u>22 764 000</u>	<u>21 900 000</u>

### Net expense recognised in the statement of financial performance

Current service cost	1 862 000	1 513 000
Interest cost	1 854 000	1 145 000
Actuarial (gains) losses	429 000	(132 000)
	<u>4 145 000</u>	<u>2 526 000</u>

### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	<u>429 000</u>	<u>(132 000)</u>
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# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

	2022	2021
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### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.93 %	9.13 %
Expected increase in salaries	7.34 %	5.77 %
Net discount rate	3.34 %	3.18 %
Average retirement rate	62	62

### Other assumptions

### Sensitivity analysis

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

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

Increase		
Effect of aggregate service cost and interest cost	4 400 000	3 116 000
Effect on the defined contribution obligation	26 603 000	25 542 000
Decrease		
Effect of aggregate service cost and interest cost	3 839 000	2 715 000
Effect on the defined benefit obligation	23 785 000	22 739 000

### Historical analysis

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

	2022	2021	2020	2019	2018
	R	R	R	R	R
Defined benefit obligation	22 764 000	21 900 000	17 202 000	16 353 718	12 977 156
Surplus / (deficit)	(22 764 000)	(21 900 000)	(17 202 000)	(16 353 718)	(12 977 156)

### Defined contribution plan

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

The amount recognised as an expense for defined contribution plans is

	59 073 993	58 225 616
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The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 59 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R59 073 993 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 521 245 (2021: R 852 485) which represents the contributions for councillors.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

	2022	2021
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### Municipal Employees Pension Fund

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

	<u>2 603 663</u>	<u>2 632 253</u>
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### Municipal Employees Gratuity Fund

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

At the valuation date of 30 June 2022 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

	<u>7 495 600</u>	<u>7 807 293</u>
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### IMATU Retirement Fund

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

	<u>48 453 485</u>	<u>46 933 585</u>
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### Municipal Councillors Pension Fund

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

## 22. Service charges

Sale of electricity	620 272 025	461 584 737
Solid waste	36 316 771	37 967 161
	<u>656 588 796</u>	<u>499 551 898</u>

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

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

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

## 23. Other income

Grant admin fees	4 987 050	4 680 950
Cemetery and burial fees	224 693	1 367 237
Motor vehicle and drivers licence	6 475 010	5 903 380
Debt impairment reversal	-	44 856 894
Indigent charges	2 364 258	4 353 395
Other income	11 735 594	1 187 998
Inspection Fees Facilities	782 021	740 364
	<u>26 568 626</u>	<u>63 090 218</u>

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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

### 24. Property rates

#### Rates levied

Residential	69 632 732	62 372 349
Commercial	44 594 654	43 625 124
State	12 224 834	12 066 435
Farms	12 089 613	11 303 203
Other	167 370	258 516
	<b>138 709 203</b>	<b>129 625 627</b>

#### Valuations

	R'000	R'000
Residential	7 471 865	7 127 694
Commercial	3 103 381	3 050 126
State	891 530	878 910
Municipal	281 217	281 318
Agriculture	5 051 476	4 870 516
Other	176 647	612 370
	<b>16 976 116</b>	<b>16 820 934</b>

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

### 25. Government grants and subsidies

EPWP	8 463 000	7 134 000
Equitable share	432 618 000	506 276 000
Finance Management Grant	2 000 000	2 000 000
Municipal Infrastructure Grant	128 487 070	83 051 321
National - Electrification Grant	11 593 361	12 299 855
Transfers and Subsidies Operational Monetary Alloc SETA	934 581	194 726
VAT on Grants	20 968 908	14 534 854
	<b>605 064 920</b>	<b>625 490 756</b>

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

#### Unconditional Grants

Equitable share

Current year allocation	432 618 000	506 276 000
Transfer to revenue	(432 618 000)	(506 276 000)

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

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# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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	2022	2021
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The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the Municipality by the National Treasury.

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

### Conditional Grants

#### SETA

Balance unspent at beginning of year	645 803	2 121
Current-year receipts	1 105 067	838 408
Conditions met - transferred to revenue	(934 581)	(194 726)
<b>Conditions still to be met - transferred to liabilities</b>	<b>816 289</b>	<b>645 803</b>

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

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

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	1 547 853	135
Current-year receipts	99 741 000	101 970 000
Conditions met - transferred to revenue	(128 487 070)	(83 051 321)
Additional Allocation	62 000 000	-
VAT on grant received (own revenue)	(19 273 060)	(12 689 876)
Administration fee	(4 987 050)	(4 680 950)
Transfers to own revenue	(1 547 853)	(135)
<b>Conditions still to be met - transferred to liabilities</b>	<b>8 993 820</b>	<b>1 547 853</b>

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

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

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

Balance unspent at beginning of year	1 287 831	5 432 664
Current-year receipts	16 032 169	10 000 000
Conditions met - transferred to revenue	(11 593 361)	(12 299 855)
VAT on grants	(1 695 879)	(1 844 978)
<b>Conditions still to be met - transferred to liabilities</b>	<b>4 030 760</b>	<b>1 287 831</b>

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

The grant was used for electrification of villages.

#### Cleanest Town

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

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



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.		
<b>Finance Management Grant</b>		
Current-year receipts	2 000 000	2 000 000
Conditions met - transferred to revenue	(2 000 000)	(2 000 000)
<b>No conditions to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

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

### EPWP Grant

Current-year receipts	8 463 000	7 134 000
Conditions met - transferred to revenue	(8 463 000)	(7 134 000)
<b>No condition to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

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

The grant is mainly used for rural waste removal.

### Changes in level of government grants

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

### 26. Public contributions and donations

Public contributions and donations	5 463 478	13 508 391
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#### 2021/2022

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

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

#### 2020/2021

Greater Tzaneen Municipality received a donation of electricity infrastructure as well as roads and storm water infrastructure from a property developer on the 09th of April 2021. The infrastructure assets were accounted for at cost price of R 13 508 391 provided by the consulting engineer.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Total Revenue</b>		
Service charges	656 588 796	499 551 898
Rental of facilities and equipment	1 174 610	222 530
Agency services	13 009 774	10 763 364
Licences and permits	528 124	210 997
Other income	26 568 626	63 090 218
Interest revenue	44 677 340	29 667 610
Property rates	138 709 203	129 625 627
Government grants & subsidies	605 064 920	625 490 756
Public contributions and donations	5 463 478	13 508 391
Fines, penalties and forfeits	19 078 590	25 063 224
	<b>1 510 863 461</b>	<b>1 397 194 615</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	656 588 796	499 551 898
Rental of facilities and equipment	1 174 610	222 530
Agency services	13 009 774	10 763 364
Licences and permits	528 124	210 997
Other income	26 568 626	63 090 218
Interest revenue	44 677 340	29 667 610
	<b>742 547 270</b>	<b>603 506 617</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	138 709 203	129 625 627
<b>Transfer revenue</b>		
Government grants & subsidies	605 064 920	625 490 756
Public contributions and donations	5 463 478	13 508 391
Fines, penalties and forfeits	19 078 590	25 063 224
	<b>768 316 191</b>	<b>793 687 998</b>
<b>28. Employee related costs</b>		
Basic	213 192 563	209 190 950
Bonus	15 979 685	16 378 388
Medical aid - company contributions	18 156 434	32 548 119
UIF	1 182 653	1 020 940
Leave pay provision charge	7 928 848	14 542 115
Travel allowance	12 467 143	11 181 634
Overtime payments	24 331 017	28 464 552
Housing allowances	1 447 321	1 570 652
Standby allowance	949 159	988 042
Social contributions	38 209 792	36 258 583
	<b>333 844 615</b>	<b>352 143 975</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

	2022	2021
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### Municipal Manager and Directors

No salary increase has been approved for the Municipal Manager and Directors during the financial period under review. The changes in some balances are due to restructuring of salary packages.

#### Remuneration of Municipal Manager

Annual Remuneration - BS Matlala (Municipal Manager until 20/08/2021)	244 860	1 469 161
Annual Remuneration - D Mhangwana (Municipal Manager as from 01/04/2022)	231 553	-
Car Allowance - BS Matlala (Municipal Manager until 20/08/2021)	10 000	60 000
Car Allowance - D Mhangwana (Municipal Manager as from 01/04/2022)	54 000	-
Contributions to UIF, Medical and Pension Funds - BS Matlala (Municipal Manager until 20/08/2021)	40 354	241 813
Contributions to UIF, Medical and Pension Funds - D Mhangwana (Municipal Manager as from 01/04/2022)	48 437	-
Telephone allowance - BS Matlala (Municipal Manager until 20/08/2021)	4 000	24 000
Telephone allowance - D Mhangwana (Municipal Manager as from 01/04/2022)	6 000	-
Leave pay - BS Matlala (Municipal Manager until 20/08/2021)	158 443	-
	<b>797 647</b>	<b>1 794 974</b>

#### Remuneration of Chief Finance Officer

Annual Remuneration	1 026 519	1 001 460
Car Allowance	247 000	314 470
Contributions to UIF, Medical and Pension Funds	330 369	262 623
Telephone allowance	24 000	24 000
	<b>1 627 888</b>	<b>1 602 553</b>

The Chief Finance Officer was appointed on 1 May 2018.

#### Director Community Services

Annual Remuneration	1 039 500	1 039 500
Car Allowance	72 000	72 000
Contributions to UIF, Medical and Pension Funds	199 077	185 653
Telephone allowance	24 000	24 000
Acting allowance	245 115	-
	<b>1 579 692</b>	<b>1 321 153</b>

The Director Community Services was appointed on 1 April 2018.

#### Director Engineering Services

Annual Remuneration	1 080 000	1 064 000
Car Allowance	324 000	324 000
Contributions to UIF, Medical and Pension Funds	35 360	57 715
Telephone allowance	24 000	24 000
	<b>1 463 360</b>	<b>1 469 715</b>

The Director Civil Engineering was appointed on 1 June 2018.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Director Planning and Economic Development</b>		
Annual Remuneration	994 340	994 340
Car Allowance	96 000	96 000
Contributions to UIF, Medical and Pension Funds	215 941	215 629
Telephone allowance	24 000	24 000
Acting allowance	40 243	-
	<b>1 370 524</b>	<b>1 329 969</b>

The Director Planning and Economic Development was appointed on 1 March 2018.

### Director Corporate Services

Annual Remuneration	879 653	959 622
Car Allowance	165 000	180 000
Contributions to UIF, Medical and Pension Funds	133 948	145 813
Telephone allowance	22 000	24 000
Leave pay	119 162	-
	<b>1 319 763</b>	<b>1 309 435</b>

The Director Corporate Services contract expired on 31 May 2022.

### Director Electrical Engineering

Annual Remuneration	767 798	1 023 730
Car Allowance	135 000	180 000
Contributions to UIF, Medical and Pension Funds	311 971	409 567
Telephone allowance	18 000	24 000
Leave pay	165 585	-
	<b>1 398 354</b>	<b>1 637 297</b>

The Director Electrical Engineering contract expired on 31 March 2022.

## 29. Remuneration of councillors

### Councillor

Mayor	955 982	934 651
Other councillor's allowances	19 582 075	18 125 583
Executive Committee allowance	2 131 827	2 073 940
Speaker Chief Whip and full-time councillors' allowances	5 045 114	5 902 370
	<b>27 714 998</b>	<b>27 036 544</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Councillors</b>		
<b>Remuneration for the mayor, speaker and chief whip are disclosed as follows:</b>		
<b>Mayor</b>		
Annual remuneration - MG Mangena (Mayor before 01/11/2021 elections)	238 283	670 388
Annual remuneration - PG Molapisane (Mayor after 01/11/2021 elections)	444 635	-
Car allowance - MG Mangena (Mayor before 01/11/2021 elections)	81 952	223 462
Car allowance - PG Molapisane (Mayor after 01/11/2021 elections)	148 212	-
Cellphone allowance - MG Mangena (Mayor before 01/11/2021 elections)	14 527	40 800
Cellphone allowance - PG Molapisane (Mayor after 01/11/2021 elections)	28 373	-
	<b>955 982</b>	<b>934 650</b>
<b>Speaker</b>		
Annual remuneration - DJ Mmetle (Speaker before 01/11/2021 elections)	196 687	536 309
Annual remuneration - MS Tiba (Speaker after 01/11/2021 elections)	355 711	-
Car allowance - DJ Mmetle (Speaker before 01/11/2021 elections)	65 562	178 769
Car allowance - MS Tiba (Speaker after 01/11/2021 elections)	118 570	-
Cellphone allowance - DJ Mmetle (Speaker before 01/11/2021 elections)	14 527	40 800
Cellphone allowance - MS Tiba (Speaker after 01/11/2021 elections)	28 373	-
	<b>779 430</b>	<b>755 878</b>
<b>Chief Whip</b>		
Annual remuneration - C Nhemo (Chief Whip before 01/11/2021 elections)	184 477	502 790
Annual remuneration - GM Malatji (Chief Whip after 01/11/2021 elections)	333 629	-
Car allowance - C Nhemo (Chief Whip before 01/11/2021 elections)	61 492	167 597
Car allowance - GM Malatji (Chief Whip after 01/11/2021 elections)	111 210	-
Cellphone allowance - C Nhemo (Chief Whip before 01/11/2021 elections)	14 527	40 800
Cellphone allowance - GM Malatji (Chief Whip after 01/11/2021 elections)	28 373	-
	<b>733 708</b>	<b>711 187</b>

### In-kind benefits

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

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

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

### Remuneration of councillors

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 46470.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Councillors

#### 2022

#### Councillors before 01 November 2021 Elections

	Emoluments	Travel	Cellphone- Allowance	Total
MR MG Mangena ( Mayor )	238 283	81 952	14 527	334 762
MS DJ Mmetle ( Speaker )	196 687	65 562	14 527	276 776
MR CS Nhemu ( Chief Whip )	184 477	61 492	14 527	260 496
MS MM Letsoalo	102 868	34 290	14 527	151 685
MS ML Hlangwane	102 868	34 290	14 527	151 685
MR D Malemela	102 868	34 290	14 527	151 685
MR M Prinsloo	102 868	34 290	14 527	151 685
MS MS Tiba	102 868	34 290	14 527	151 685
MR DG Mkhabela	179 673	59 891	14 527	254 091
MR GE Ntimbane	179 673	59 891	14 527	254 091
MR NJ Mbhalati	184 477	61 491	14 527	260 495
MR C Machimana	205 371	68 457	17 000	290 828
MR TT Maunatlala	184 477	61 491	14 527	260 495
MISS MJ Mokgoloboto	77 805	25 936	14 527	118 268
MS SP Masetla	77 805	25 936	14 527	118 268
MS MS Raganya	99 850	33 284	14 527	147 661
MR TL Matita	77 805	25 935	14 527	118 267
MS MF Mbhalati	99 850	33 284	14 527	147 661
MS MM Mohale	77 805	25 935	14 527	118 267
MR NR Rikhotso	77 805	25 935	14 527	118 267
MS NH Zandamela	77 805	25 935	14 527	118 267
MR OK Banyini	77 805	25 935	14 527	118 267
MR SC Makwala	99 850	33 284	14 527	147 661
MR NA Masila	99 850	33 284	14 527	147 661
MS ML Pudikabekwa	99 850	33 284	14 527	147 661
MR PJ Ramodipa	99 850	33 284	14 527	147 661
MR MA Makwela	77 805	25 936	14 527	118 268
MS RE Pohl	77 805	25 936	14 527	118 268
MR N Nkhwashu	77 805	25 936	14 527	118 268
MR MM Makwala	99 850	33 284	14 527	147 661
MR MC Nkwashu	99 850	33 284	14 527	147 661
MR TH Mushwana	77 805	25 936	14 527	118 268
MS MS Baloyi	77 805	25 936	14 527	118 268
MR J Banyini	77 805	25 936	14 527	118 268
MR PW Cronje	77 805	25 936	14 527	118 268
MS DF Kgafane	77 805	25 936	14 527	118 268
MS MR Kgatla	77 805	25 936	14 527	118 268
MR LK Lepulan	77 805	25 936	14 527	118 268
MR MJ Maake	77 805	25 936	14 527	118 268
MR MH Mafokwane	77 805	25 936	14 527	118 268
MS JT Makhubele	77 805	25 936	14 527	118 268
MR GP Makhubele	99 850	33 283	14 527	147 660
MR GM Malatji	99 850	33 283	14 527	147 660
MR TE Malatji	77 805	25 936	14 527	118 268
MS SM Mapiṭja	77 805	25 936	14 527	118 268
MS NP Mathebula	77 805	25 936	14 527	118 268
MS MM Thlokwa	77 805	25 936	14 527	118 268
MR NG Maunatlala	77 805	25 936	14 527	118 268
MR TJ MC Clintock	77 805	25 936	14 527	118 268
MR MF Mochabela	77 805	25 936	14 527	118 268
MS FT Mohlaba	77 805	25 936	14 527	118 268
MR SN Mohonone	77 805	25 936	14 527	118 268
MS MC Morwatshehla	77 805	25 936	14 527	118 268
MS TR Mpenyana	77 805	25 936	14 527	118 268

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

MR NG Mukansi	77 805	25 936	14 527	118 268
MR SE Ngobeni	77 805	25 936	14 527	118 268
MR JL Ngobeni	77 805	25 936	14 527	118 268
MS ET Ngobeni	77 805	25 936	14 527	118 268
MR ME Phakula	77 805	25 936	14 527	118 268
MS SB Ramoshaba	77 805	25 936	14 527	118 268
MS MO Raolane	77 805	25 936	14 527	118 268
MS KI Rapatsa	77 805	25 936	14 527	118 268
MR RS Rapitsi	77 805	25 936	14 527	118 268
MS JM Ratopola	77 805	25 936	14 527	118 268
MS MM Sekhwela	77 805	25 936	14 527	118 268
MS CT Shisinga	77 805	25 936	14 527	118 268
MR O Sithole	77 805	25 936	14 527	118 268
MR PP Machethe	99 208	33 068	14 527	146 803
MR MC Ramathwala	77 805	25 936	14 527	118 268
	<b>6 666 391</b>	<b>2 224 698</b>	<b>1 004 836</b>	<b>9 895 925</b>

### 2022

#### Councillors after 01 November 2021 elections

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

MR GP Makhubele	140 712	46 904	28 373	215 989
MS MS Baloyi	140 712	46 904	28 373	215 989
MR NG Mukansi	140 712	46 904	28 373	215 989
MR SE Ngobeni	140 712	46 904	28 373	215 989
MR MR Ngomani	140 712	46 904	28 373	215 989
MR G Nkhwashu	140 712	46 904	28 373	215 989
MR T Nkuna	140 712	46 904	28 373	215 989
MS WT Phiri	140 712	46 904	28 373	215 989
MR ME Ralepelle	140 712	46 904	28 373	215 989
MS MF Maenetja-Makamu	140 712	46 904	28 373	215 989
MR SV Mahlawule	140 712	46 904	28 373	215 989
MR I Risiva	140 712	46 904	28 373	215 989
MS C Dreyer	140 712	46 904	28 373	215 989
MR WM Maake	140 712	46 904	28 373	215 989
MR FC Mabitsele	140 712	46 904	28 373	215 989
MR TS Lepulane	140 712	46 904	28 373	215 989
MR NL Masinge	140 712	46 904	28 373	215 989
MR C Mathevula	140 712	46 904	28 373	215 989
MR ML Ramalepe	140 712	46 904	28 373	215 989
MR CM Ramathoka	140 712	46 904	28 373	215 989
MS MC Morwatshehla	174 583	56 922	28 373	259 878
MS MD Sejaphala	161 005	53 023	25 900	239 928
MR GE Ntimbane	180 549	58 910	28 373	267 832
MR SM Makgoba	161 005	53 023	25 900	239 928
MS SM Matiane	175 745	57 307	28 373	261 425
MR EN Monyela	175 745	57 307	28 373	261 425
MR TM Shihangule	175 745	57 307	28 373	261 425
MR C Stoltz	175 745	57 846	28 373	261 964
MR HR Malatji	175 745	57 306	28 373	261 424
	<b>11 910 483</b>	<b>3 953 945</b>	<b>1 954 645</b>	<b>17 819 073</b>

**Total**

**27 714 998**

**2021**

	Emoluments	Travel	Cellphone- Allowance	Total
MR MG Mangena ( Mayor )	670 387	223 463	40 800	934 650
MS DJ Mmetle ( Speaker )	536 309	178 769	40 800	755 878
MR CS Nhembo ( Chief Whip )	502 790	167 597	40 800	711 187
MS MM Letsoalo	280 491	93 497	40 800	414 788
MS ML Hlangwane	280 491	93 497	40 800	414 788
MR D Malemela	280 491	93 497	40 800	414 788
MR M Prinsloo	280 491	93 497	40 800	414 788
MS MS Tiba	280 491	93 497	40 800	414 788
MR DG Mkhabela	502 790	167 597	40 800	711 187
MR GE Ntimbane	502 790	167 597	40 800	711 187
MR NJ Mbhalati	502 790	167 597	40 800	711 187
MR C Machimana	502 790	167 597	40 800	711 187
MR TT Maunatlala	502 790	167 597	40 800	711 187
MISS SS MJ Mokgoloboto	212 153	70 717	40 800	323 670
MS SP Masetla	212 153	70 717	40 800	323 670
MS MS Raganya	272 263	90 754	40 800	403 817
MR TL Matita	212 153	70 717	40 800	323 670
MS MF Mbhalati	272 263	90 754	40 800	403 817
MS MM Mohale	212 153	70 717	40 800	323 670
MR NR Rikhots0	212 153	70 717	40 800	323 670
MS NH Zandamela	212 153	70 717	40 800	323 670
MR OK Banyini	212 153	70 717	40 800	323 670
MR SC Makwala	272 263	90 754	40 800	403 817
MR NA Masila	272 263	90 754	40 800	403 817



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

MS ML Pudikabekwa	272 263	90 754	40 800	403 817
MR PJ Ramodipa	272 263	90 754	40 800	403 817
MR MA Makwela	212 153	70 717	40 800	323 670
MS RE Pohl	212 153	70 717	40 800	323 670
MR N Nkhwashu	212 153	70 717	40 800	323 670
MR MM Makwala	272 263	90 754	40 800	403 817
MR MC Nkwashu	272 263	90 754	40 800	403 817
MR TH Mushwana	212 153	70 717	40 800	323 670
MS MS Baloyi	212 153	70 717	40 800	323 670
MR J Banyini	212 153	70 717	40 800	323 670
MR PW Cronje	212 153	70 717	40 800	323 670
MS DF Kgafane	212 153	70 717	40 800	323 670
MS MR Kgatla	212 153	70 717	40 800	323 670
MR LK Lepulan	212 153	70 717	40 800	323 670
MR MJ Maake	212 153	70 717	40 800	323 670
MR MH Mafokwane	212 153	70 717	40 800	323 670
MS JT Makhubele	212 153	70 717	40 800	323 670
MR GP Makhubele	272 263	90 754	40 800	403 817
MR GM Malatji	272 263	90 754	40 800	403 817
MR TE Malatji	212 153	70 717	40 800	323 670
MS SM Mapitja	212 153	70 717	40 800	323 670
MS NP Mathebula	212 153	70 717	40 800	323 670
MS MM Thlokwa	212 153	70 717	40 800	323 670
MR NG Maunatlala	212 153	70 717	40 800	323 670
MR TJ MC Clintock	212 153	70 717	40 800	323 670
MR MF Mochabela	212 153	70 717	40 800	323 670
MS FT Mohlaba	212 153	70 717	40 800	323 670
MR SN Mohonone	212 153	70 717	40 800	323 670
MS MC Morwatshehla	212 153	70 717	40 800	323 670
MS TR Mpenyana	212 153	70 717	40 800	323 670
MR NG Mukansi	212 153	70 717	40 800	323 670
MR JL Ngobeni	212 153	70 717	40 800	323 670
MR SE Ngobeni	212 153	70 717	40 800	323 670
MS ET Ngobeni	212 153	70 717	40 800	323 670
MR ME Phakula	212 153	70 717	40 800	323 670
MS SB Ramoshaba	212 153	70 717	40 800	323 670
MS MO Raolane	212 153	70 717	40 800	323 670
MS KI Rapatsa	212 153	70 717	40 800	323 670
MR RS Rapitsi	212 153	70 717	40 800	323 670
MS JM Ratopola	212 153	70 717	40 800	323 670
MS MM Sekhwela	212 153	70 717	40 800	323 670
MS CT Shisinga	212 153	70 717	40 800	323 670
MR O Sithole	212 153	70 717	40 800	323 670
MR PP Machethe	267 254	89 085	40 800	397 139
MR MC Ramathwala	215 078	71 721	41 366	328 165
	<b>18 165 585</b>	<b>6 055 193</b>	<b>2 815 766</b>	<b>27 036 544</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 30. Impairment of assets

#### Impairments

Property, plant and equipment	1 376 759	2 905 950
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#### Impairment loss

In terms of GRAP21, "Impairment of non-cash generated assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and assets management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2022. The assessment of impairment of assets has resulted in an impairment loss of R 1 376 759 as a result of significant loss in value of electricity infrastructure assets with a carrying amount of R 2 722 562 due to physical damage

### 31. Finance costs

Finance leases	1 196 411	1 760 616
Service concession arrangements: Landfill site	61 579	55 981
Other interest paid	22 233 991	18 145 562
	<b>23 491 981</b>	<b>19 962 159</b>

### 32. Inventory consumed

Consumables	12 963 351	10 467 076
Material and supplies	8 344 600	4 490 626
	<b>21 307 951</b>	<b>14 957 702</b>

### 33. Bulk purchases

Electricity - Eskom	494 586 170	417 952 971
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Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom is sold to consumers.

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

### 34. Contracted services

Valuation roll	758 653	81 462
Cleaning Services	16 588 393	15 094 085
EPWP	1 614 770	4 307 592
Information technology	3 468 937	2 690 907
Meter reading	2 285 000	901 450
Refuse Removal	14 592 165	15 828 453
Repairs and maintenance	30 411 332	34 889 720
Traffic and security services	20 488 367	16 868 712
Credit control	11 616 506	13 422 656
Council owned land	2 454 613	2 133 213
Town planning	380 849	84 017
Aerodrome	31 497	13 957
	<b>104 691 082</b>	<b>106 316 224</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 35. Transfer and subsidies

Eskom EBSST	4 118 714	3 900 599
GTEDA	9 857 217	8 961 106
Other grants	13 996 855	14 596 786
SETA (Training)	934 581	194 726
SPCA	100 000	-
Solid waste: EPWP	8 463 000	7 134 000
Sport Council	190 000	190 000
	<b>37 660 367</b>	<b>34 977 217</b>

Other grants are summarized as follows:

Finance Management Grant	1 831 859	1 902 216
Integrated National Electrification Programme (INEP)	11 593 361	12 299 855
Mayor Bursary Account	472 500	228 000
Mayor Special Account	99 135	166 715
	<b>13 996 855</b>	<b>14 596 786</b>

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

### 36. General expenses

Advertising	977 838	1 091 413
Auditors remuneration	6 464 356	6 486 844
Bank charges	3 598 747	1 784 134
Electricity services and commission paid	2 528 615	2 305 670
Entertainment	515 144	122 135
Remuneration of Ward Committees	3 460 500	5 956 500
Fines and penalties	-	197 476
Insurance	5 150 681	2 930 916
Lease rentals on operating leases	1 189 985	1 018 804
Levies and membership fees	6 886 788	6 146 969
Municipal services	51 810 917	51 207 235
Other expenses	8 411 392	8 245 459
Postage and courier	38 319	45 888
Protective clothing	8 572	204 881
Telephone and fax	1 817 223	2 202 481
Title deed search fees	86 523	67 542
Travel - local	1 676 001	1 049 047
	<b>94 621 601</b>	<b>91 063 394</b>

#### Municipal services are summarized as follows

Performance management	904 290	542 283
Asset management consultants	4 213 605	2 872 592
Legal fees	17 687 212	20 598 912
Audit committee	681 316	446 637
SEBATA EMS	11 683 243	9 910 087
Financial management support	1 373 599	693 700
Tax consultants	4 143 040	3 916 049
Other	11 124 612	12 226 975
	<b>51 810 917</b>	<b>51 207 235</b>

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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### 37. Net cash flow from operating activities

Surplus	681 730 520	220 220 648
<b>Adjustments for:</b>		
Depreciation and amortisation	112 174 777	106 654 230
Loss on sale of assets and liabilities	7 584 245	416 540
Fair value adjustments	(606 174 097)	-
Finance costs - Finance leases	1 196 411	1 760 616
Impairment deficit	1 376 759	2 905 950
Debt impairment	176 252 493	2 587 061
Debt impairment adjustment allocated to other income	-	(44 856 894)
Movements in operating lease assets and accruals	12 952	21 525
Movements in retirement benefit assets and liabilities	5 811 000	15 791 000
Movements in provisions	248 189	559 806
Donated Assets non cash	(5 463 478)	(13 508 391)
<b>Changes in working capital:</b>		
Inventories	4 371 212	(1 871 645)
Receivables from exchange transactions	(107 645 700)	(91 776 359)
Other receivables from non-exchange transactions	(47 686 165)	(58 645 948)
Payables from exchange transactions	(9 568 801)	15 012 323
VAT	7 113 419	5 264 574
Unspent conditional grants and receipts	10 359 242	(1 953 298)
Consumer deposits	(892 584)	652 782
	<b>230 800 394</b>	<b>159 234 520</b>

### 38. Auditors' remuneration

Fees- Auditor General of South Africa	6 464 356	6 486 844
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### 39. Commitments

#### Authorised expenditure

#### Already contracted for but not provided for

• Property, plant and equipment	100 720 936	199 140 447
• Other financial assets	120 766 002	88 599 822
	<b>221 486 938</b>	<b>287 740 269</b>

#### Total commitments

Already contracted for but not provided for	221 486 938	287 740 269
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#### Total commitments

#### Total commitments

Authorised expenditure	221 486 938	287 740 269
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The total commitments represent future expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).

#### The expenditure will be financed by:

Internal advances	125 557 037	59 503 295
MIG grants	94 720 423	228 236 974
INEP	1 209 478	-
	<b>221 486 938</b>	<b>287 740 269</b>

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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### 40. Contingencies

#### Contingent liabilities

##### Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 108 million (2021 : R94 million). The merits must still be determined and could result in a lesser or greater amount.

##### **Malunga Tax Consultants vs Greater Tzaneen Municipality**

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

10 302 106                      10 302 106

##### **Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality**

The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144.74 which is included in the contingent liability and also the estimated legal fees of R1 100 000 for this matter

11 694 144                      11 694 144

##### **Letaba Pakkers vs Greater Tzaneen Municipality**

The Municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen operated by The Municipality, the matter is pending in the Magistrate Court from 2017. The actual amount claimed as per the particulars of claim is R 175 969 and estimated legal fees is R 450 000 as indicated was an estimation of how much the damages would cost

625 969                              625 969

##### **C Van Der Merwe vs Greater Tzaneen Municipality**

Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2021 for this matter includes the actual amount claimed and estimated legal fees for the matter

1 666 511                              1 666 511

##### **Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality**

Hlimbyi is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost.

32 564 330                              32 564 330

##### **Maria Malatji vs Greater Tzaneen Municipality**

In 2015, Ms Maria Malatji sued the municipality for damages to her property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost.

1 150 000                              1 150 000

# Greater Tzaneen Municipality

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### **Bernado Tounge vs Greater Tzaneen Municipality**

In 2015, Bernado Tounge sued the Municipality for damages to his property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost.

1 150 000                      1 150 000

### **Makoma Pony Hlokwe vs Greater Tzaneen Municipality**

Makoma Pony Hlokwe is suing the Municipality for loss of support as a result of the death of her husband whom was an employee of the Municipality. The amount claimed as per the summons is R 3 391 214 and the estimated legal fees amount is R 1 800 000. The case is still pending in the High Court.

5 191 214                      5 191 214

### **Sima Silver Lodge vs Greater Tzaneen Municipality**

Sima Silver Lodge is suing the Municipality for services rendered to Council in the amount of R 1 389 250 and the estimated legal fees amount is R 510 000. The matter has been settled in court.

-                                      1 899 250

### **Bravospan 252 CC vs Greater Tzaneen Municipality**

In 2018, Bravospan sued the Municipality for damages of declaring their contract nul and void in the amount of R 9 624 000 and the estimated legal fees amount is R 700 000. The case is still pending.

10 324 000                      10 324 000

### **Tshepiso Gabriel Maponya / GTM**

The Municipality advertised the position of Manager : Financial Services and Reporting, shortlisting and interviews were conducted were a suitable candidate was appointed. One of the unsuccessful candidates took the Municipality to Labour Court to review the appointment the institution made. The matter is in Labour Court on review after the unsuccessful candidate lost the case at Arbitration at CCMA level. The case is ongoing in Labour Court from January 2021. Relief claimed, appointment or alternative compensation

900 000                                      -

### **Mpho Kobela / GTM**

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

4 600 000                      4 600 000

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

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

1 100 000                      1 100 000

### **Agri Letaba / GTM**

Agri-Letaba brought an application to Court against the Municipality for an order to compel the Municipality to publish a proclamation with regard to rezoning of Letaba Showground into Agricultural College against the restriction laid out by Mopani Tribunal that the rezoning must not happen before the restrictive conditions are met by Agri-Letaba. Agri-Letaba wants to remove the restrictive conditions and the Municipality wants Agri-Letaba to comply with the restrictions failure of which a counter-claim will be lodged to contest the ownership and registration of the property. The case is pending in the High Court from July 2020. The estimated legal fees is R 500 000.00

500 000                                      500 000

### **GTM / Josephine Maake**

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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<p>The Municipality suspended Josephine Maake as testing officer after her arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. She was later dismissed after a fair disciplinary hearing. She then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in her favour of her reinstatement and payment of outstanding salaries due. The employee claim reinstatement to the Municipality as Traffic Officer. Ongoing in the Labour Court from October 2019.</p>	900 000	900 000
<p><b>Stanley Malatji / GTM</b> The Municipality suspended Stanley Malatji as testing officer after his arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. He was later dismissed after a fair disciplinary hearing. He then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in the favour of the Municipality. The employee claim reinstatement to the Municipality as Traffic Testing Officer. Ongoing in the Labour court from March 2020.</p>	900 000	900 000
<p><b>Manoko &amp; SAMWU / GTM</b> The Municipality dismissed Mr Manoko for the theft of copper wires. The matter went through Arbitration and the arbitrator upheld the dismissal from the disciplinary hearing. Mr Manoko approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of his dismissal from the Municipality. (Ongoing in Labour Court from October 2020). Employees seek reinstatement to work.</p>	800 000	-
	-	281 500
<p><b>Versatax Trading / Greater Tzaneen Municipality</b> Versatax took the Municipality to The Magistrate Court for the District of Tzaneen and instituted a claim for the full amount owed to them by the Municipality for not honouring the contract of services to complete an organogram and job evaluation for the Municipality. (The case has been on stay of proceedings from October 2016 as Versatax has abandoned it due to lack of evidence to defend the case). The matter is finalised.</p>		
<p><b>TP Shiluvane / Councillors, Mayor and Municipal Manager</b> The applicant is suing the Municipality for vicarious liability because of members of Council who Hosi N'wamitwa alleged that they have insulted her and suing them for damages. Hosi N'wamitwa filed papers alleging vicarious liability on the basis that the individuals are Councillors as such the Municipality must compensate her for the sum of R 1 500 000 million for defamation of character and her good image. The case has been pending in the High Court from July 2021.</p>	1 500 000	1 500 000
<p><b>GTM//GTM Managers</b> On or about 23 December 2008, the Municipal Council passed a resolution to the effect that all managers who were on fixed term contracts should be transmitted to permanent dispensations and that their salaries be adjusted accordingly to accommodate the new changes. The transformation from the fixed term contracts to permanent dispensation has created salary disparities situation within the Municipality between the Managers who were employed before the transmission and managers who were employed after the transmission. The amount of the claim cannot be determined at this stage</p>	-	-
<p><b>SAMWU: OBO: SAMWU Members//GTM</b> The Municipality dismissed Five Samwu members for the theft of copper wire at the electrical workshop belonging to Electrical Department. The matter went through normal disciplinary hearing, Conciliation, Arbitration, and the arbitrator upheld the dismissal from the disciplinary hearing conducted by the Municipality. Samwu approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of the dismissal of their members from the Municipality</p>	1 500 000	-

# Greater Tzaneen Municipality

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### Mapheto Business Enterprise//GTM

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

12 727 225

-

### Desco green energy vs Greater Tzaneen Municipality

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

7 726 364

7 726 364

107 821 863

94 075 388

### Contingent assets

#### Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 95 351 (2021: R 4 494 976). The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the Municipality for inspection.

#### 41. Related parties

##### Relationships/Management

Municipal Manager

Municipal Manager

Chief Financial Officer

Director Community services

Director Civil Engineering

Director Corporate Services

Director Electrical Engineering

Director Planning and Economic Development

Councillors

D Mhangwana

BS Matlala (until 20 August 2021)

MP Makhubela

HA Nkuna

CW Molokomme

MW Baloyi (Acting)

A Laubsher (Acting)

B Mathebula

Refer to Note 29 for list of councillors

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

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

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

#### Loans granted to related parties

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



# Greater Tzaneen Municipality

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### GTEDA

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

The value of the grant paid over to GTEDA during the year under review amounts to R 9 857 217 (2021: R 8 961 106), excluding VAT.

### Section 57 Managers and Councillors

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

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

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

The following is a list as recorded:

Name of employee	Capacity	Successful Tenderer	Amount is in Service
NHM Maake	Manager Human Resources	Unista Multi Trading	1 834 250
SD. Maake	Vehicle Ins& Test Officer	DTM Consulting	341 331
X Sibisi	Compliance Officer	Rivisi Electrical Contractors	7 948 197
NHM. Maake	Manager Human Resources	Boabab Promotions	27 313
NHM. Maake	Manager Human Resources	White Hall Trading	700 839
MM. Ramabulana	Clerk	Letaba Asphaltech	648 000
M. Prinsloo	Councillor	B.E.C. Konstruksie	71 191
S Mokone	Building inspector	Masingita Informatics	118 500
C Dreyer	Councillor	Bulletin	36 044
DG Mkhabela	Councillor	Zwakala Ngakithi	59 122
S Makgoba	Councillor	Martmol	4 082 388
TT Shingwenyani	Machine Operator	Madumelani	53 236
			<b>15 920 411</b>

# Greater Tzaneen Municipality

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## Notes to the Audited Annual Financial Statements

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### 42. Risk management

#### Financial risk management

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

#### Liquidity risk

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

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2022.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Total
Other financial liabilities	14 334 194	127 364 272	141 698 466
Finance lease obligation	2 668 150	2 117 726	4 785 876
Payables from exchange transactions	245 675 196	-	245 675 196
	<u>262 677 540</u>	<u>129 481 998</u>	<u>392 159 538</u>

  

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Total
Other financial liabilities	13 050 632	140 985 368	154 036 000
Finance lease obligation	2 462 827	1 462 408	3 925 235
Payables from exchange transactions	255 243 996	-	255 243 996
	<u>270 757 455</u>	<u>142 447 776</u>	<u>413 205 231</u>

#### Credit risk

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

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

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

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

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

# Greater Tzaneen Municipality

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Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers.

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

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

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

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

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

Financial instrument	2022	2021
Receivables from exchange transactions	615 576 778	572 112 082
Receivables from non-exchange transactions	139 551 814	203 937 138
Cash and cash equivalents	147 461 260	104 790 238
Other financial assets	39 945 152	38 863 416
Inventories	20 482 215	24 853 427
<b>Total</b>	<b><u>963 017 219</u></b>	<b><u>944 556 301</u></b>

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

### Market risk

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

### Interest rate risk

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

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

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

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

### Price risk

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

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

	2022	2021
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Risk is managed on an ongoing basis.

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

### 43. Going concern

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

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

### 44. Unauthorised expenditure

Opening balance as previously reported	15 083 719	-
Add: Expenditure identified - current	92 973 907	15 083 719
<b>Unauthorised Expenditure awaiting write off/further investigation</b>	<b>108 057 626</b>	<b>15 083 719</b>

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

### 45. Fruitless and wasteful expenditure

Opening balance as previously reported	18 846 469	12 679 691
Add: Expenditure identified - current	15 558 964	6 166 778
Fruitless and Wasteful expenditure written off (2019/2020)	(3 712 024)	-
Fruitless and Wasteful expenditure written off (2020/2021)	(4 213 487)	-
<b>Fruitless and wasteful expenditure awaiting write off / further investigation</b>	<b>26 479 922</b>	<b>18 846 469</b>

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

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

### 46. Irregular expenditure

Opening balance as previously reported	117 409 198	80 597 040
Add: Irregular Expenditure - current	61 462 750	29 565 272
Add: Irregular Expenditure - 2018/2019	-	7 246 886
Irregular Expenditure written off (2018/2019)	(18 690 650)	-
Irregular Expenditure written off (2019/2020)	(43 023 774)	-
Irregular Expenditure written off (2020/2021)	(27 032 935)	-
<b>Irregular expenditure awaiting write off / further investigation</b>	<b>90 124 589</b>	<b>117 409 198</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>Analysis of expenditure awaiting write off per age classification</b>		
Current year	61 462 750	29 565 272
Prior years	28 661 839	87 843 926
	<u>90 124 589</u>	<u>117 409 198</u>
<p>Council and management are taking appropriate steps into analysing consequences of the above expenditure.</p> <p>A detailed list of irregular expenditure is available at the Municipality for inspection.</p> <p>The irregular expenditure has been tabled to Council and was investigated by a committee of Council.</p>		
<b>47. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to SALGA</b>		
Current year subscription / fee	3 524 624	3 770 320
Amount paid - current year	(3 524 624)	(3 770 320)
	<u>-</u>	<u>-</u>
<b>Skills Development Levy</b>		
Current year subscription/fee	3 453 962	2 928 233
Amount paid - current year	(3 453 962)	(2 928 233)
	<u>-</u>	<u>-</u>
<b>Audit fees</b>		
Current year subscription / fee	6 464 356	6 486 844
Amount paid - current year	(6 464 356)	(6 486 844)
	<u>-</u>	<u>-</u>
<b>PAYE and UIF</b>		
Current year subscription / fee	73 542 612	76 066 741
Amount paid - current year	(73 542 612)	(76 066 741)
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	86 215 098	83 338 912
Amount paid - current year	(86 215 098)	(83 338 912)
	<u>-</u>	<u>-</u>
<b>Bargaining Council Levy</b>		
Current year subscription/fee	164 637	160 400
Amount paid - current year	(164 637)	(160 400)
	<u>-</u>	<u>-</u>
<b>VAT</b>		
VAT payable	56 365 922	49 252 503

VAT output payables and VAT input receivables are shown in note 17.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

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

### Councillors

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

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

  

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: GE Timbana (Mdluli Project)	3 415	58 881	62 296

### 48. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

### 49. Deviation from supply chain management regulations

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

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

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

#### The classification of deviations:

Emergencies on service delivery	4 442 738	421 609
Deviation on general internal municipal operations and human resources	-	290 375
	<b>4 442 738</b>	<b>711 984</b>

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

Deviation listing is available.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>50. Distribution losses</b>		
Units purchased (kWh)	366 333 127	362 772 934
Units lost during distribution (kWh)	22 392 705	41 139 061
Percentage lost during distribution	6.11 %	11.34 %
Rand value	30 132 964	47 416 347

### Electricity losses:

The electricity distribution losses for the current year are 6.11% (2021: 11.34%). These losses are predominantly due to copper losses in the conductor. The allowable loss factor as per NERSA cost of supply framework is defined as 10% of total anticipated purchases and tolerable range for energy losses is 5-12%.

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

### 51. Budget differences

#### Material differences between budget and actual amounts

#### Statement of Financial Performance

#### Revenue

##### **Service charges (-6.94%)**

The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity. Variance is (2022: R (48 939 815) ) and (2021: R 116 607 234).

##### **Interest received - outstanding receivables ( 52.73%)**

More Interest received than anticipated due to interest from billing customers accounts.

##### **Income from agency services (-42.60%)**

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. Variance is (2022:R (9 654 517)) and (2021: R 44 545 715)..

##### **Licenses and permits (-42.41%)**

The variance is due to lower than expected revenue from the issuing of licenses and permits especially building plans approved, clearance certificates issued and town planning application fees. Variance is (2022:R (388 876)) and (2021:R 706 003).

##### **Other income (310.48%)**

High income received in Administrative Handling fees item..Variance is (2022: R 20 096 051) and (2021 :R 55 542 975).

##### **Interest Revenue ( 146.66%)**

The increase is as a result of short -term investment made during the year, annual capitalisation of interest on investment, interest earned on bank account and late payment of debtors account Variance (2022: R 5 133 133) and (2021: R1 766 610)

##### **Property rates (0.88%)**

The increase is due to supplementary valuation and new development. Variance is (2022:R 1 209 203) and (2021: R9 625 627).

##### **Property rates - penalties imposed (-100%)**

The actual amount for the budget of R12,5 million is reallocated to Property rates

##### **Government grants and subsidies ( 2.86%)**

The variance of Grants and Subsidies is mainly due to underspending on MIG Grant than anticipated.

##### **Public contributions and donations (100.00%)**

The Municipality received a donation of Roads and storm water Infrastructure at Dan Extension 1 from the Property Developer. Variance (2022:R5 463 478 ) and (2021: R13,508,391)

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### **Fines, penalties and forfeits (-50.45%)**

The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed. Variance is (2022: R(19 422 547)) and (2021: (R25 937 913)).

### **Expenditure**

#### **Employee costs ((7.92)%)**

The underspending is due to Vacant positions not filled in immediately during the year. Variance (2022: R 28 711 099 ) and (2021: R12 504 857)

#### **Depreciation and amortisation (-16.76%)**

The depreciation and amortisation reduced due to prior year reviewed useful life of assets. Variance is (2022: R22 584 157) and (2021: R26 539 715 ).

#### **Impairment of assets (100.00%)**

Physical damage of electricity infrastructure and long standing of construction work in progress projects. Variance is (2022: R(1 376 759) ) and (2021: R (2 905 950)).

#### **Finance costs ( 27.78%)**

The increase is due to under budgeting of interest to be paid on R30 million loan which was taken prior year. Variance is (2022: R (5 107 057.00) ) and (2021: R19 962 159)

#### **Debt impairment (344.07%)**

The variance is due to the calculation of the provision for consumer debtors and other, in accordance to the debt impairment methodology. Variance is (2022: R (136 562 185)) and (2021: (R 67 448 638)).

#### **Contracted services ( 53.30%)**

High expenditure due to allocation of repairs and maintenance budget to contracted services. Variance is 2022 ((36 397 797)) and 2021 (R 45 138 887).

#### **Grants and subsidies paid (-10.40%)**

The lower spending is due to INEP and MIG grant which reflects unspent conditional grants of R4million. Variance (2022: R 4 370 546) and (2021: -R3,625,403)

#### **Inventory consumed ((69.88)%)**

The lower than anticipated spending is due to the reallocation of repairs and maintenance to Contracted services. Variance is (2022: R49 441 079 ) and (2021: (R51 226 013) )

#### **General expenses (-23.76%)**

The high spending under General Expenses is mainly due to an increase in payments of Legal Fees. Variance is (2022: R 29 487 030) (2021: R38,524,629)

#### **(Gain)/Loss on disposal of assets (100.00%)**

Gain on disposal of assets is mainly due to sale of stands. Variance (2022: R681,083) and (2021: -R416,540)

#### **Bulk purchases (10.95%)**

The increase in actual expenditure for bulk purchase is due to unexpected Tariff hike during April. Variance (2022: R (48 814 920)) and (2021: R407 786 362)

### Statement of Financial Position

#### Current assets

#### **Inventory (-18.07%)**

The variance is due to deficit in inventory reconciliation after stock taking done. Variance is (2022: R(4 517 785)) and (2021: R 3 918 786).

#### **Operating lease asset (-89.47%)**

The reduction is due to expired contract and late renewal on servitudes. Variance is (2022: R(138 469)) and (2021: (R 103 992)).



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### **Receivables from non-exchange transactions (5.72%)**

The larger portion of the actual under Receivables from Exchange is due to an increase in the consumer debtor's accounts.. Variance is (2022: R7 551 808) and (2021: R ( 113 177 000)).

### **Receivables from exchange transactions (53.22%)**

The increase is due to the outstanding balance on Mopani debtors account. Variance is (2022: R213 821 526 ) and (2021: R 209 349 535).

### **Cash and cash equivalents (333.71%)**

The municipality closed with a positive bank balance of R147,461,259 during the year Variance is (2022: R113 461 260) and (2021: (R 24 779 630)).

### **Non-current assets**

#### **Investment property (314.58%)**

Less spending due to the sale of property in Dan Extention and Nkowankowa. Variance is R595 743 847 (2020: R(17 041 947)).

#### **Property, plant and equipment (-6.08%)**

The decline is due to completed projects for infrastructure and community assets. Variance is 2022 R(103 131 794) (2021:R(104 539 773)).

#### **Intangible assets (36.47%)**

High actual carrying amount due to additional intangible assests procured.Variance is (2022: R 182 710) and (2021: (R 959 547)).

#### **Other financial assets (-2.61%)**

The decrease is due to decline on market rates related to economic crises affecting interest rates on investments. Variance is (2022: R(1 068 498)) and (2021: R 4 984 793).

### **Current Liabilities**

#### **Other financial liabilities (current) (39.15%)**

The increase is due to under budgeting of loan that was taken in prior year. Variance is (2022:R4 033 194) and (2021: R 616 694).

#### **Finance lease obligation ((33.30)%)**

The less spending is due to late appointment for service provider on the lease of photocopy machines.Variance is (2021: R (1 331 850)) and (2020: R 8 103 976).

#### **Payables from exchange transactions (-18.45%)**

The Municipality had trade paybles and retention amount not paid out at year end. Variance is (2022: R (55 580 804)) and (2021: (R 33 029 768)).

#### **VAT Payable (49.03%)**

The outstanding balance represents an amount owed to SARS not paid at year end. Variance is (2022: R18 544 175) and (2021: R 9 283 651).

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

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

The unspent conditional grants is higher than anticipated due to the outstanding balance of R4.1 million under INEP grant and MIG is R8.9 million. Variance is (2021: R13 861 770) and (2020: R 5 455 827).

### **Employee benefit obligations (100.00%)**

The amount relates to figures received from actuaries on retirement benefits obligation. Variance is (2022: R 5 665 000) and (2021: R5 906 000 -)

### **Provisions ((37.88)%)**

The huge portion is due to the provision for performances bonus of all directors and municipal manager for the full financial year. Variance is (2022:R (367 600)) and (2021: R 469 661).

### **Consumer deposits ( (3.01)%)**

The lesser figure represents a decline in number of Household and Business electricity accounts due to termination of services Variance is 2022: (R (842 803)) and 2021: (R 1 008 682))

### **Non-current liabilities**

#### **Other financial liabilities ((6.08)%)**

The loan was taken for 28 years with DBSA prior year but the budget implication was not recognised Variance is (2022:R(8 249 729)) and (2021: R40 598 558).

#### **Finance lease obligation (-76.34%)**

The reduction was due to late appointment of service provider to lease cellphones for Municipal officials Variance is (2022: R(6 833 274)) and (2021: R( 7 488 592)).

#### **Provisions ((92.65)%)**

The decrease is due to provision for landfill site rehabilitation used for waste disposal Variance is (2022: (R (85 440 852)) and (2021: R559 806).

#### **Employee benefit obligation ( 14.45%)**

The increase is due to valuation for post-retirement medical aid plan and long service award Variance is (2022: R 11 620 432) and (2021: R 5 227 736)

### **Statement of Cash Flows**

#### **Interest income (-72.97%)**

The variance is due to accumulated interest on billed of consumer accounts Variance is (2022: R (23 306 867)) and ( 2021 : R 25 366 610).

#### **Taxation Revenue (12.92%)**

Higher income generated than anticipated through property rates

#### **Grants (13.21%)**

The allocation was increased for INEP and MIG grant during the Budget Adjustment

#### **Finance costs (36.56%)**

The high cost is due to interest payments for loans and late payment on outstanding Invoices.Variance is (2022: R(5 969 008)) (2021: R(2 472 735)).

#### **Transfer of property, plant and equipment (100.00%)**

The actual amount represents capitalisation of completed projects transferred from WIP to infrastructure assets. Variance is (2022: R -) and (2021: R 116 662 542).

#### **Additions to property, plant and equipment (23.83%)**

The increase is due to additional assets capitalised on the asset register on the municipality

#### **Purchase of investment property (100%)**

Council acquired additional property within the jurisdiction area .

#### **Purchase of intangible assets (100%)**

The Municipality procured 3 Softwares for Traffic and Information Technology divisions.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### Movement in financial asset (-105.69%)

The low income is due to interest on market rate for investment which was lower than expected. Variance is (2022: R(20 099 410)) and (2021: (R 15 987 234) ).

### Repayment of other financial liabilities (23.40%)

The difference is due to the long term loan of R30 million paid during the year. Variance is (2022: R(2 339 387)) and (2021: R21 067 177).

### Finance lease payments (100.00%)

The payment was due to the lease of Office Computers for Municipal Officials. Variance is (2022: ((R1 342 257)) and (2021: (R 5 647 583) ).

### 52. Fair value adjustments

Investment property (Fair value model)	606 174 097	-
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GRAP 16 Paragraph 38 states:

"This Standard requires all entities to determine the fair value of investment property, for the purpose of either measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). An entity is encouraged, but not required, to determine the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued." The Municipality made use of an independent valuer for the revaluation of investment property for the 2021/2022 Financial Year.

### 53. Agency services

Mopani district and department of transport	13 009 774	10 763 365
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### 54. Licences and permits

Trading	526 350	209 578
Road and Transport	1 774	1 419
	<b>528 124</b>	<b>210 997</b>

### 55. Interest revenue

#### Interest revenue

Interest received - investment	8 633 133	7 227 546
Interest received - trading	36 044 207	22 440 064
	<b>44 677 340</b>	<b>29 667 610</b>

The amount of R 2 457 744 (2021: R 2 546 172) is included in investment arising from fixed deposit transactions, while the balance of R 6 175 395 (2021: R 4 681 375) arises from interest received on the Municipalities current bank account.

### 56. Fines, Penalties and Forfeits

Revenue for traffic fines issued	2 556 620	13 988 260
Fines: Library books	2 617	660
Fines, Penalties and Forfeits: Property rates	16 519 353	11 074 304
	<b>19 078 590</b>	<b>25 063 224</b>

### 57. (Loss) / gain on disposal/ write off of assets

Property, plant and equipment	(5 847 367)	-
Investment property	(1 736 878)	(416 540)
	<b>(7 584 245)</b>	<b>(416 540)</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 58. Depreciation and amortisation

Property, plant and equipment	111 956 807	106 367 036
Intangible assets	217 970	287 194
	<u>112 174 777</u>	<u>106 654 230</u>

### 59. Debt impairment movements

Receivables from exchange transactions	64 181 004	-
Receivables from non-exchange transactions	112 071 489	2 587 061
	<u>176 252 493</u>	<u>2 587 061</u>

### 60. Change in estimate

#### Change in accounting estimate

The municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets' remaining useful lives changes; Infrastructure assets useful life changed to ten (10) years on average, Movable assets changed from two (2) to three (3) years on average, Leased assets changed to (1) year on average, Intangible assets changed from one (1) to two (2) years on average. The effect of the change in accounting estimates has resulted in a decrease in depreciation and amortisation amounting to R 1 067 179.20 for the current period. The effect on future periods will increase the depreciation and amortisation by R 1 067 179.20

The change in estimate affected the following classes of assets:

- Infrastructure assets
- Movable assets
- Leased assets
- Intangible assets

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-period adjustments.

#### Prior period correction of errors

##### Statement of Financial Position 2021

##### Inventory

-R (194 132)

- 2021/06/30 A decrease in inventory was due to logbooks incorrectly included under inventory instead of General Expenses - R 1 602
- 2021/06/30 Decrease in inventory due to incorrect allocation of Stationery -R1 618
- 2021/06/30 Decrease in inventory due to transaction incorrectly recorded in 2020/2021 Financial Year -R189 930
- 2021/06/30 Decrease in inventory caused by FIFO Adjustments -R982

##### VAT Payable

-R (51 115)

- 2021/06/30 Increase in VAT caused by Stationery incorrectly allocated to Inventory.- R243
- 2021/06/30 Increase in VAT caused by transaction recorded in incorrect Financial Year 2020/2021. -R28 490.
- 2021/06/30 Increase in VAT as a result of Incorrectly raised accrual in previous year 2020/2021. - R2 682.
- 2021/06/30 Increase in VAT as a result of Incorrectly raised accrual in previous year 2020/2021. - R105
- 2021/06/30 Increase in VAT as a result of Incorrectly raised accrual in previous year 2020/2021. - R90.
- 2021/06/30 Increase in VAT as a result of Incorrectly raised accrual in previous year 2020/2021. - R885
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R46
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R135
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R519
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R78
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R1 680
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R300
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R212
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R23
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R1 373
- 2021/06/30 Decrease in VAT caused by an accrual not raised in the correct Financial Year 2020/2021. R840
- 2021/06/30 Increase in receivables from non-exchange transactions due to VAT overcharges on invoices incorrectly accrued from the previous year -R45 165
- 2021/06/30 Decrease in VAT Payable due to VAT not included in previous year R196
- 2021/06/30 Decrease in VAT Payable due to VAT not included in previous year R21 143

##### Payables from Exchange Transactions

-R (8 043 564)

- 2021/06/30 Decrease in Payables and Accruals due to transaction incorrectly recorded in 2020/2021 Financial Year. R218 420
- 2021/06/30 Increase in Payables and Accruals due to Inventory Surplus/Deficit not raised as Accrual in correct Financial Year 2020/2021. - R1 898
- 2021/06/30 Increase in Payables and Accruals due to Inventory Surplus/Deficit not raised as Accrual in correct Financial Year 2020/2021. - R3 828
- 2021/06/30 Increase in Payables and Accruals due to Inventory Surplus/Deficit not raised as Accrual in correct Financial Year 2020/2021. - R79
- 2021/06/30 Increase in Payables and Accruals due to Inventory Surplus/Deficit not raised as Accrual in correct Financial Year 2020/2021. - R22 256
- 2021/06/30 Increase in Payables and Accruals resulting from a Debit Note voided in previous year therefore accrual not raised in correct period. - R97 500
- 2021/06/30 Decrease in Payables and Accruals as a result of incorrectly raised accrual in Previous Year 2020/2021. R20 563
- 2021/06/30 Decrease in Payables and Accruals as a result of incorrectly raised accrual in Previous Year 2020/2021. R804
- 2021/06/30 Decrease in Payables and Accruals as a result of incorrectly raised accrual in Previous Year 2020/2021. R690
- 2021/06/30 Decrease in Payables and Accruals as a result of incorrectly raised accrual in Previous Year 2020/2021

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

R6 788

- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R500
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R356
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R1 035
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R3 979
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R600
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R12 880
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R2 300
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R5 330
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R1 624
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R173
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R10 529
- 2021/06/30 Increase in Payables and Accruals due to Invoice not raised in previous year. - R6 440
- 2021/06/30 Decrease in trade payables due to the reversal of multiple invoices accruals relating to Talane and Associates R 1 969 984
- 2021/06/30 Decrease in trade payables due to the reversal of an invoice incorrectly accrued in the previous year for Mahowa Inc Attorneys R 98 411.
- 2021/06/30 Increase in Payables and Accruals due to VAT not included in previous year -R196
- 2021/06/30 Increase in Payables and Accruals due to VAT not included in previous year -R21 243
- 2021/06/30 Increase in Payables and Accruals due to due to Eskom invoice not raised in previous year -R10 166 609
- 2021/06/30 Decrease in Payables and Accruals due to staff deductions incorrectly raised R 357 579
- 2021/06/30 Increase in Payables and Accruals due to staff deductions incorrectly raised -R 357 579

### Receivables from Exchange Transactions

R 14 010

- 2021/06/30 Increase in Bursary Loans due to an understatement in Previous Financial Year 2020/2021. R14 010

### PPE

R 5 815 178

- 2021/06/30 Increase in PPE for Community assets due to donated assets not recognised R 4 073 823
- 2021/06/30 Increase in PPE for Land assets due to donated assets not recognised R 1 415 547
- 2021/06/30 Increase in PPE for Infrastructure assets due to donated assets not recognised R 325 808

### Statement of Financial Performance 2021

#### General Expenses

-R 2 033 130

- 2021/06/30 A decrease in general expenses due to reduction of municipal services from previous year relating to Talane and Associates (-R1 924 819)
- 2021/06/30 A decrease in general expenses due to reduction of municipal services from previous year relating to Mahowa Inc Attorneys (-R 98 410)
- 2021/06/30 A decrease in General Expenses due to an understatement of Bursary Loans in Previous Financial Year 2020/2021. (-R14 010)
- 2021/06/30 An increase in Insurance resulting from accrual not raised in previous year 2020/2021. R500
- 2021/06/30 An increase in Insurance resulting from accrual not raised in previous year 2020/2021. R3 460
- 2021/06/30 An increase in Protective Clothing resulting from accrual not raised in previous year 2020/2021. R149

#### Inventory Consumed

R 3 462

- 2021/06/30 An increase in Stationery was caused by logbooks which were directly expensed but classified under stores Inventory R 1 601
- 2021/06/30 An increase in General expenses was due to stationery which was classified as Inventory in the previous year R 1 861

#### Other Income

R 155 462

- 2021/06/30 Decrease in Inventory Surplus/Deficit Item due to FIFO Adjustments overstating Inventory. R982.
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R1 898
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R3 828

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R79
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R22 256
- 2021/06/30 Decrease in Inventory Surplus/Deficit resulting from a Debit Note voided in Prior Year. R97 500
- 2021/06/30 Increase in Inventory Surplus/Deficit as a result of invoice incorrectly raised as Accrual. - R699
- 2021/06/30 Increase in Inventory Surplus/Deficit as a result of invoice incorrectly raised as Accrual. - R600
- 2021/06/30 Increase in Inventory Surplus/Deficit as a result of invoice incorrectly raised as Accrual. - R5 903
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R900
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R523
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R11 200
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R2 000
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R5 330
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R1 412
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R9 156
- 2021/06/30 A decrease in Inventory Surplus/Deficit Item caused by transaction not raised as Accrual in correct Financial Year 2020/2021. R5 600

### Bulk Purchases

R 10 166 609

- 2021/06/30 Increase in bulk purchases resulting from Eskom invoice not raised in previous year 2020/2021. R10 166 609

### Contracted Services

-R (17 572)

- 2021/06/30 Decrease in Contracted Services resulting from incorrectly raised accrual in previous year 2020/2021. - R17 881
- 2021/06/30 Increase in Contracted Services resulting from incorrectly raised accrual in previous year 2020/2021. R309

### Depreciation

-R (223 137)

- 2021/06/30 Increase in depreciation for Roads and Stormwater infrastructure due to donated assets not recognised -R53 692
- 2021/06/30 Increase in depreciation for Community assets due to donated assets not recognised -R169 445

### Statement of Financial Position 2020

#### Property, plant and equipment

R 6 038 316

- 2020/06/30 Increase in PPE due to donated assets R 6 038 316

#### Accumulated Surplus

R 6 038 316

- 2020/06/30 Increase in PPE due to donated assets R 6 038 316

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

Statement of Financial Position	2021 Previously reported	Adjustment of errors	2021 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventory	25 047 559	(194 132)	24 853 427
Operating lease asset	29 244	-	29 244
Receivables from exchange transaction	572 098 072	14 010	572 112 082
Receivables from non-exchange transactions	203 937 138	-	203 937 138
Cash and cash equivalents	104 790 238	-	104 790 238
<b>Non - Current Assets</b>			
Investment properties	181 586 803	-	181 586 803
Property, plant and equipment	1 527 095 992	5 815 178	1 532 911 170
Intangible assets	457 277	-	457 277
Heritage asset	200 958	-	200 958
Other Financial assets	38 863 416	-	38 863 416
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	(13 050 632)	-	(13 050 632)
Finance lease obligation	(2 462 827)	-	(2 462 827)
Payables from exchange transactions	(247 200 432)	(8 043 564)	(255 243 996)
VAT Payable	(49 201 388)	(51 115)	(49 252 503)
Consumer debtors	(28 049 781)	-	(28 049 781)
Retirement benefit obligation	(5 906 000)	-	(5 906 000)
Unspent conditional grants and receipts	(3 502 528)	-	(3 502 528)
Provisions	(970 476)	-	(970 476)
<b>Non-Current Liabilities</b>			
Other financial liabilities	(140 985 369)	-	(140 985 369)
Finance lease obligation	(1 462 408)	-	(1 462 408)
Retirement benefit obligation	(86 013 000)	-	(86 013 000)
Provisions	(6 157 895)	-	(6 157 895)
<b>Accumulated surplus</b>	<b>2 069 143 961</b>	<b>(2 459 623)</b>	<b>2 066 684 338</b>



# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

Statement of Financial Position	2020 Previously reported	Adjustment of errors	2020 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	22 981 781	-	22 981 781
Operating lease asset	50 769	-	50 769
Receivables from exchange transactions	459 921 163	-	459 921 163
Receivables from non-exchange transactions	123 435 917	-	123 435 917
Cash and cash equivalents	70 215 767	-	70 215 767
<b>Non-Current Assets</b>			
Investment property	181 586 803	-	181 586 803
Property, plant and equipment	1 501 048 391	6 038 316	1 507 086 707
Intangible assets	744 470	-	744 470
Heritage assets	200 958	-	200 958
Other financial assets	21 113 399	-	21 113 399
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	(9 301 649)	-	(9 301 649)
Finance lease obligation	(3 886 967)	-	(3 886 967)
Payables from exchange transactions	(240 231 674)	-	(240 231 674)
VAT Payable	(43 987 929)	-	(43 987 929)
Consumer deposits	(27 397 000)	-	(27 397 000)
Retirement benefit obligation	(4 957 000)	-	(4 957 000)
Unspent conditional grants and receipts	(5 455 827)	-	(5 455 827)
Provisions	(970 477)	-	(970 477)
<b>Non-Current Liabilities</b>			
Other financial liabilities	(123 991 226)	-	(123 991 226)
Finance lease obligation	(3 925 236)	-	(3 925 236)
Retirement benefit obligation	(71 171 000)	-	(71 171 000)
Provisions	(5 598 088)	-	(5 598 088)
<b>Accumulated surplus</b>	<b>1 840 425 345</b>	<b>6 038 316</b>	<b>1 846 463 661</b>

### Receivables from exchange transactions

Reconciliation of allowance for impairment consumer debtors

	2021 Previously reported	Adjustment	2021 Restated
Opening balance	173 862 171	-	173 862 171
Allowance for impairment	16 460 954	(31 913 501)	(15 452 547)
<b>Receivables from exchange transactions (SFP)</b>	<b>190 323 125</b>	<b>(31 913 501)</b>	<b>158 409 624</b>

The transaction value for impairment of consumer debtors of R 190 323 125 was previously reported under receivables from exchange transaction instead of R 158 409 624, no adjustment to the statement of financial position needs to be done.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 61. Prior period errors (continued)

Statement of Financial Performance	2021 Previously reported	Adjustment of errors	2021 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	499 551 898	-	499 551 898
Rental of facilities and equipment	222 530	-	222 530
Interest received (trading)	29 667 610	-	29 667 610
Agency services	10 763 364	-	10 763 364
Licenses and permits	210 997	-	210 997
Other income	63 245 680	(155 462)	63 090 218
<b>Taxation revenue</b>			
Property rates	129 625 627	-	129 625 627
<b>Transfer revenue</b>			
Government grants & subsidies	625 490 756	-	625 490 756
Public contributions and donations	13 508 391	-	13 508 391
Fines	25 063 224	-	25 063 224
<b>Expenditure</b>			
Employee related cost	(352 143 975)	-	(352 143 975)
Remuneration of councillors	(27 036 544)	-	(27 036 544)
Depreciation and amortisation	(106 431 092)	(223 137)	(106 654 229)
Impairment of assets	(2 905 950)	-	(2 905 950)
Finance costs	(19 962 159)	-	(19 962 159)
Debt impairment	(2 587 061)	-	(2 587 061)
Bulk purchases	(407 786 362)	(10 166 609)	(417 952 971)
Contracted services	(106 333 796)	17 572	(106 316 224)
Transfer and subsidies	(34 977 217)	-	(34 977 217)
General expenses	(93 096 525)	2 033 130	(91 063 395)
Loss on disposal/write off of property, plant and equipment	(416 540)	-	(416 540)
Inventory consumed	(14 954 240)	(3 462)	(14 957 702)
<b>Surplus/(loss) for the year</b>	<b>228 718 616</b>	<b>(8 497 968)</b>	<b>220 220 648</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 61. Prior period errors (continued)

	2021 Previously reported	Adjustment of errors	2021 Restated
<b>Irregular expenditure</b>			
Opening balance	80 597 040	-	80 597 040
Irregular expenditure current year	29 565 272	-	29 565 272
Irregular Expenditure- Prior Year (18/19)	-	7 246 886	7 246 886
Fruitless expenditure awaiting further investigation/write off	<u>110 162 312</u>	<u>7 246 886</u>	<u>117 409 198</u>

The following disclosures have been restated:

#### Contingent liabilities

R 7 726 364

- 2020/06/30 Increase in Contingent Liabilities R7 726 364

### Contingencies

	2021 Previously Reported	Adjustment of errors	2021 Restated
Contingent Liabilities	<u>86 349 024</u>	<u>7 726 364</u>	<u>94 075 388</u>

### 62. Municipality acting as an agent

#### **Agency fees received**

Mopani District Municipality  
Department of Transport

1 756 937	1 566 632
11 252 837	9 196 733
<u>13 009 774</u>	<u>10 763 365</u>

#### **Receivables**

Mopani District Municipality

348 431 278	304 247 804
-	-

#### **Payables**

Department of Transport

-	-
3 147 087	4 721 561

#### Mopani District Municipality

Greater Tzaneen Municipality is the water and sewer service provider is responsible for the management of the water and sewer service system in accordance with the business plan and approved budget so that it is operational and efficient, which includes but not limited to leakage control and repairs automation and replacement of certain parts, equipment's and machinery.

The Municipality is the WSP and is providing water service to the consumers within the water service area in accordance with the Cooperative Governance Agreement entered into between the WSP and WSA on 1 July 2020.

#### Department of Transport

Greater Tzaneen Municipality shall be obligated to perform motor vehicle and licensing functions and shall be responsible for, in terms of applicable national and provincial road traffic legislation, and the agreement between the Municipality and the Department of Transport.

The agreement shall commence on the 1st day of April 2021 and shall be in force and valid for a period of three years.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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Figures in Rand

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### 63. Events after the reporting date

The following events and transactions occurred subsequent to 30 June 2022

Appointment of Directors after year end

The Municipality appointed the Director Electrical engineering services, Mr F Mthetwa and Director corporate services, Ms GS Sepeng during Council meeting held on 29 July 2022

Court judgement after year end

Stanley Malatji // GTM

The Court found on 28 July 2022 that the Municipality is not liable for the reinstatement of Stanley Malatji. Further that, the applicant (Stanley Malatji) was ordered to pay the Municipalities legal costs. The claim is disclosed under note 40 contingent liabilities as it was under dispute and subject to mediation

Bravospan//GTM

On 07 November 2022, the High Court delivered a judgement in favour of Bravospan, the Municipality has appealed the judgement of the Supreme Court of Appeal at the Constitution Court. The claim is disclosed under note 40 Contingent Liabilities as it was under dispute and subject to mediation.

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 64. Segment information

#### General information

#### Identification of segments

The Municipality is organised and reports to management on the basis of three major functional areas: trading services, community and public safety services and economic environmental services. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Services
Segment 1	Trading services
Segment 2	Community and public safety services
Segment 3	Economic environmental services

#### Segment surplus or deficit, assets and liabilities

2022

	Trading services	Community and public safety	Economic environmental services	Total
<b>Revenue</b>				
Revenue from exchange transactions	(361 847 937)	(140 357)	(258 475)	(362 246 769)
Revenue from non- exchange transactions	(27 215 718)	(2 930)	-	(27 218 648)
<b>Total segment revenue</b>	<b>(389 063 655)</b>	<b>(143 287)</b>	<b>(258 475)</b>	<b>(389 465 417)</b>
<b>Entity's revenue</b>				<b>1 510 863 461</b>
<b>Expenditure</b>				
Salaries and wages	97 314 281	11 162 389	17 934 203	126 410 873
Other expenses	87 764 947	1 045 564	11 450 275	100 260 786
Bulk purchases	504 752 779	-	-	504 752 779
Depreciation and amortisation	90 721 919	137 516	279 897	91 139 332
<b>Total segment expenditure</b>	<b>780 553 926</b>	<b>12 345 469</b>	<b>29 664 375</b>	<b>822 563 770</b>
<b>Total segmental surplus/(deficit)</b>				<b>(433 098 353)</b>
<b>Assets</b>				
Current assets	-	639 760	(11 493 545)	(10 853 785)
Non-current assets	142 189 878	-	188 326	142 378 204
<b>Total segment assets</b>	<b>142 189 878</b>	<b>639 760</b>	<b>(11 305 219)</b>	<b>131 524 419</b>
<b>Total assets as per Statement of financial Position</b>				<b>3 344 065 844</b>
<b>Liabilities</b>				
Current liabilities	(2 610 421)	321 025 056	2 722 529	321 137 164
<b>Total liabilities as per Statement of financial Position</b>				<b>594 650 987</b>

# Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

2021

	Trading services	Community and public safety	Economic environmental services	Total
<b>Revenue</b>				
Revenue from non-exchange transactions	136 431 801	59 404	-	136 491 205
Revenue from exchange transactions	336 317 053	2 431 769	46 968	338 795 790
<b>Total segment revenue</b>	<b>472 748 854</b>	<b>2 491 173</b>	<b>46 968</b>	<b>475 286 995</b>
<b>Entity's revenue</b>				<b>1 397 194 615</b>
<b>Expenditure</b>				
Salaries and wages	146 462 722	42 970 447	13 636 442	203 069 611
Other expenses	134 924 318	8 426 333	10 275 097	153 625 748
Bulk purchases	407 786 362	-	-	407 786 362
Depreciation and amortisation	93 856 633	7 533 962	529 704	101 920 299
<b>Total segment expenditure</b>	<b>783 030 035</b>	<b>58 930 742</b>	<b>24 441 243</b>	<b>866 402 020</b>
<b>Total segmental surplus/(deficit)</b>				<b>(391 115 025)</b>
<b>Assets</b>				
Current assets	612 157 148	9 904 191	-	622 061 339
Non-current assets	1 755 923 270	-	-	1 755 923 270
<b>Total segment assets</b>	<b>2 368 080 418</b>	<b>9 904 191</b>	<b>-</b>	<b>2 377 984 609</b>
<b>Total assets as per Statement of financial Position</b>				<b>2 659 741 753</b>
<b>Liabilities</b>				
Current liabilities	749 147 000	566 195	-	749 713 195
Non-current liabilities	234 618 671	-	-	234 618 671
<b>Total segment liabilities</b>	<b>983 765 671</b>	<b>566 195</b>	<b>-</b>	<b>984 331 866</b>
<b>Total liabilities as per Statement of financial Position</b>				<b>593 057 414</b>

Greater Tzaneen Municipality

Appendix A

June 2022

**Schedule of external loans as at 30 June 2022**

	Balance at 30 June 2021	Received during the period	Redeemed written off during the period	Balance at 30 June 2022
	Rand	Rand	Rand	Rand
<b>Loan Stock</b>				
STANDARD BANK	30 000 000	-	-	30 000 000
	<b>30 000 000</b>	-	-	<b>30 000 000</b>
<b>Annuity loans</b>				
DBSA	29 321 589	-	2 882 541	26 439 048
DBSA	26 502 274	-	2 111 172	24 391 102
ABSA	13 311 111	-	2 095 782	11 215 329
DBSA	36 166 655	-	3 461 172	32 705 483
DBSA	18 012 464	-	1 778 058	16 234 406
ACCRUED INTEREST	721 907	-	8 809	713 098
	<b>124 036 000</b>	-	<b>12 337 534</b>	<b>111 698 466</b>
<b>Total external loans</b>				
Loan Stock	30 000 000	-	-	30 000 000
Annuity loans	124 036 000	-	12 337 534	111 698 466
	<b>154 036 000</b>	-	<b>12 337 534</b>	<b>141 698 466</b>

# Greater Tzaneen Municipality

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2022

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land</b>														
Land	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
	<b>118 955 743</b>	-	-	-	-	-	<b>118 955 743</b>	-	-	-	-	-	-	<b>118 955 743</b>
<b>Infrastructure</b>														
Roads	1 222 674 619	53 440 018	(95 009)	-	-	-	1 276 019 628	(761 665 853)	21 913	-	(43 808 163)	-	(805 452 103)	470 567 525
Storm water	167 030 217	22 980 145	-	-	-	190 010 362	(59 900 972)	-	-	-	(7 705 083)	-	(67 606 055)	122 404 307
Electricity	951 656 317	52 978 191	(23 750 755)	-	-	980 883 753	(492 630 956)	18 030 326	-	-	(41 543 147)	(1 376 759)	(517 520 536)	463 363 217
Solid waste	54 055 904	-	-	-	-	54 055 904	(20 759 789)	-	-	-	(1 766 609)	-	(22 526 398)	31 529 506
	<b>2 395 417 057</b>	<b>129 398 354</b>	<b>(23 845 764)</b>	-	-	-	<b>2 500 969 647</b>	<b>(1 334 957 570)</b>	<b>18 052 239</b>	-	<b>(94 823 002)</b>	<b>(1 376 759)</b>	<b>(1 413 105 092)</b>	<b>1 087 864 555</b>
<b>Community Assets</b>														
Airports	18 685 376	-	-	-	-	-	18 685 376	(10 369 793)	-	-	(532 480)	-	(10 902 273)	7 783 103
Parks & Gardens	9 278 136	-	-	-	-	-	9 278 136	(2 244 836)	-	-	(33 580)	-	(2 278 416)	6 999 720
Community halls	24 656 671	-	-	-	-	-	24 656 671	(7 621 781)	-	-	(822 357)	-	(8 444 138)	16 212 533
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(411 449)	-	-	(156 464)	-	(567 913)	2 101 072
Municipal offices	18 436 725	1 353 326	-	-	-	-	19 790 051	(10 770 034)	-	-	(264 593)	-	(11 034 627)	8 755 424
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 092 107)	-	-	(20 173)	-	(1 112 280)	6 430 608
Museums	1 307 643	-	-	-	-	-	1 307 643	(292 799)	-	-	(3 715)	-	(296 514)	1 011 129
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(34 725 977)	-	-	(5 341 775)	-	(40 067 752)	86 644 181
Taxi ranks	22 709 138	-	-	-	-	-	22 709 138	(5 004 982)	-	-	(1 088 203)	-	(6 093 185)	16 615 953
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	<b>235 321 495</b>	<b>1 353 326</b>	-	-	-	-	<b>236 674 821</b>	<b>(72 533 758)</b>	-	-	<b>(8 263 340)</b>	-	<b>(80 797 098)</b>	<b>155 877 723</b>



# Greater Tzaneen Municipality

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2022

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Construction Work in Progress</b>														
Work in progress	152 044 489	169 904 762	-	(130 751 981)	-	-	191 197 270	-	-	-	-	-	-	191 197 270
	<b>152 044 489</b>	<b>169 904 762</b>	<b>-</b>	<b>(130 751 981)</b>	<b>-</b>	<b>-</b>	<b>191 197 270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191 197 270</b>
<b>Computer equipment</b>	5 785 375	136 013	(211 352)	-	-	-	5 710 036	(5 193 410)	197 693	-	(268 236)	-	(5 263 953)	446 083
<b>Furniture &amp; Office equipment</b>	4 549 232	698 132	(98 345)	-	-	-	5 149 019	(3 274 356)	84 466	-	(347 438)	-	(3 537 328)	1 611 691
<b>Machinery and equipment</b>	10 570 799	1 375 781	(154 340)	-	-	-	11 792 240	(6 952 997)	145 658	-	(1 240 281)	-	(8 047 620)	3 744 620
<b>Transport assets</b>	46 132 902	4 363 478	-	-	-	-	50 496 380	(37 406 017)	-	-	(2 316 606)	-	(39 722 623)	10 773 757
<b>Leased assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased assets	20 089 972	3 766 367	(4 823 661)	-	-	-	19 032 678	(15 940 266)	4 806 152	-	(3 115 139)	-	(14 249 253)	4 783 425
	<b>20 089 972</b>	<b>3 766 367</b>	<b>(4 823 661)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 032 678</b>	<b>(15 940 266)</b>	<b>4 806 152</b>	<b>-</b>	<b>(3 115 139)</b>	<b>-</b>	<b>(14 249 253)</b>	<b>4 783 425</b>
<b>Other assets</b>														
Land & Buildings	32 616 177	-	-	-	-	-	32 616 177	(13 853 416)	-	-	(1 117 873)	-	(14 971 289)	17 644 888
Health equipment	170 812	-	-	-	-	-	170 812	(168 816)	-	-	(698)	-	(169 514)	1 298
Security measures	2 163 574	18 000	-	-	-	-	2 181 574	(635 154)	-	-	(427 946)	-	(1 063 100)	1 118 474
Weapons	105 048	-	-	-	-	-	105 048	(99 318)	-	-	(1 969)	-	(101 287)	3 761
Minor assets	863 565	34 313	(25 335)	-	-	-	872 543	(860 023)	25 222	-	(34 278)	-	(869 079)	3 464
	<b>35 919 176</b>	<b>52 313</b>	<b>(25 335)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 946 154</b>	<b>(15 616 727)</b>	<b>25 222</b>	<b>-</b>	<b>(1 582 764)</b>	<b>-</b>	<b>(17 174 269)</b>	<b>18 771 885</b>

# Greater Tzaneen Municipality

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2022

**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals/Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
Infrastructure	2 395 417 057	129 398 354	(23 845 764)	-	-	-	2 500 969 647	1 334 957 570)	18 052 239	-	(94 823 002)	(1 376 759)	1 413 105 092)	1 087 864 555
Community Assets	235 321 495	1 353 326	-	-	-	-	236 674 821	(72 533 758)	-	-	(8 263 340)	-	(80 797 098)	155 877 723
Construction Work in Progress	152 044 489	169 904 762	-	(130 751 981)	-	-	191 197 270	-	-	-	-	-	-	191 197 270
Computer equipment	5 785 375	136 013	(211 352)	-	-	-	5 710 036	(5 193 410)	197 693	-	(268 236)	-	(5 263 953)	446 083
Furniture and office equipment	4 549 232	698 132	(98 345)	-	-	-	5 149 019	(3 274 356)	84 466	-	(347 438)	-	(3 537 328)	1 611 691
Machinery and plant	10 570 799	1 375 781	(154 340)	-	-	-	11 792 240	(6 952 997)	145 658	-	(1 240 281)	-	(8 047 620)	3 744 620
Transport assets	46 132 902	4 363 478	-	-	-	-	50 496 380	(37 406 017)	-	-	(2 316 606)	-	(39 722 623)	10 773 757
Leased assets	20 089 972	3 766 367	(4 823 661)	-	-	-	19 032 678	(15 940 266)	4 806 152	-	(3 115 139)	-	(14 249 253)	4 783 425
Other assets	35 919 176	52 313	(25 335)	-	-	-	35 946 154	(15 616 727)	25 222	-	(1 582 764)	-	(17 174 269)	18 771 885
	<b>3 024 786 240</b>	<b>311 048 526</b>	<b>(29 158 797)</b>	<b>(130 751 981)</b>	-	-	<b>3 175 923 988</b>	<b>1 491 875 101)</b>	<b>23 311 430</b>	-	<b>(111 956 806)</b>	<b>(1 376 759)</b>	<b>1 581 897 236)</b>	<b>1 594 026 752</b>
<b>Intangible assets</b>														
Computer- software	3 962 382	444 404	-	-	-	-	4 406 786	(3 505 105)	-	-	(217 971)	-	(3 723 076)	683 710
	<b>3 962 382</b>	<b>444 404</b>	-	-	-	-	<b>4 406 786</b>	<b>(3 505 105)</b>	-	-	<b>(217 971)</b>	-	<b>(3 723 076)</b>	<b>683 710</b>
<b>Investment properties</b>														
Investment property	181 586 803	1 100 000	-	(3 740 000)	606 174 097	-	785 120 900	-	-	-	-	-	-	785 120 900
	<b>181 586 803</b>	<b>1 100 000</b>	-	<b>(3 740 000)</b>	<b>606 174 097</b>	-	<b>785 120 900</b>	-	-	-	-	-	-	<b>785 120 900</b>
<b>Heritage assets</b>														
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	<b>200 958</b>	-	-	-	-	-	<b>200 958</b>	-	-	-	-	-	-	<b>200 958</b>
<b>Total</b>														
Land	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
Infrastructure	2 395 417 057	129 398 354	(23 845 764)	-	-	-	2 500 969 647	1 334 957 570)	18 052 239	-	(94 823 002)	(1 376 759)	(1 413 105 092)	1 087 864 555
Community Assets	235 321 495	1 353 326	-	-	-	-	236 674 821	(72 533 758)	-	-	(8 263 340)	-	(80 797 098)	155 877 723
Construction Work in Progress	152 044 489	169 904 762	-	(130 751 981)	-	-	191 197 270	-	-	-	-	-	-	191 197 270
Computer equipment	5 785 375	136 013	(211 352)	-	-	-	5 710 036	(5 193 410)	197 693	-	(268 236)	-	(5 263 953)	446 083
Furniture and office equipment	4 549 232	698 132	(98 345)	-	-	-	5 149 019	(3 274 356)	84 466	-	(347 438)	-	(3 537 328)	1 611 691
Machinery and plant	10 570 799	1 375 781	(154 340)	-	-	-	11 792 240	(6 952 997)	145 658	-	(1 240 281)	-	(8 047 620)	3 744 620
Transport assets	46 132 902	4 363 478	-	-	-	-	50 496 380	(37 406 017)	-	-	(2 316 606)	-	(39 722 623)	10 773 757
Leased assets	20 089 972	3 766 367	(4 823 661)	-	-	-	19 032 678	(15 940 266)	4 806 152	-	(3 115 139)	-	(14 249 253)	4 783 425
Other assets	35 919 176	52 313	(25 335)	-	-	-	35 946 154	(15 616 727)	25 222	-	(1 582 764)	-	(17 174 269)	18 771 885
Intangible assets	3 962 382	444 404	-	-	-	-	4 406 786	(3 505 105)	-	-	(217 971)	-	(3 723 076)	683 710
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Investment property	181 586 803	1 100 000	(3 740 000)	-	-	-	178 946 803	-	-	-	-	-	-	178 946 803
	<b>3 210 536 383</b>	<b>312 592 930</b>	<b>(32 898 797)</b>	<b>(130 751 981)</b>	-	-	<b>3 359 478 535</b>	<b>1 495 380 206)</b>	<b>23 311 430</b>	-	<b>(112 174 777)</b>	<b>(1 376 759)</b>	<b>(1 585 620 312)</b>	<b>1 773 858 223</b>

Greater Tzaneen Municipality  
Appendix B

Analysis of property, plant and equipment as at 30 June 2021  
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
	<b>118 955 743</b>	-	-	-	-	-	<b>118 955 743</b>	-	-	-	-	-	-	<b>118 955 743</b>
<b>Infrastructure</b>														
Roads	1 165 415 479	57 259 140	-	-	-	-	1 222 674 619	(720 138 675)	-	-	(41 527 178)	-	(761 665 853)	461 008 766
Storm water	139 196 669	27 833 547	-	-	-	167 030 216	(53 801 541)	-	-	-	(6 099 431)	-	(59 900 972)	107 129 244
Electricity	924 734 572	27 814 511	(892 765)	-	-	951 656 318	(451 791 598)	551 352	-	-	(39 564 501)	(1 826 209)	(492 630 956)	459 025 362
Solid waste	54 055 904	-	-	-	-	54 055 904	(18 993 180)	-	-	-	(1 766 609)	-	(20 759 789)	33 296 115
	<b>2 283 402 624</b>	<b>112 907 198</b>	<b>(892 765)</b>	-	-	-	<b>2 395 417 057</b>	<b>1 244 724 994</b>	<b>551 352</b>	-	<b>(88 957 719)</b>	<b>(1 826 209)</b>	<b>(1 334 957 570)</b>	<b>1 060 459 487</b>
<b>Community Assets</b>														
Airports	18 685 376	-	-	-	-	-	18 685 376	(9 830 695)	-	-	(539 098)	-	(10 369 793)	8 315 583
Parks & Gardens	9 278 136	-	-	-	-	-	9 278 136	(2 211 256)	-	-	(33 580)	-	(2 244 836)	7 033 300
Community halls	24 656 671	-	-	-	-	-	24 656 671	(7 004 550)	-	-	(617 232)	-	(7 621 782)	17 034 889
Market stalls	672 019	1 996 966	-	-	-	-	2 668 985	(303 429)	-	-	(108 019)	-	(411 448)	2 257 537
Municipal offices	18 436 725	-	-	-	-	-	18 436 725	(10 600 591)	-	-	(169 442)	-	(10 770 033)	7 666 692
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 071 934)	-	-	(20 173)	-	(1 092 107)	6 450 781
Museums	1 307 643	-	-	-	-	-	1 307 643	(289 085)	-	-	(3 715)	-	(292 800)	1 014 843
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(29 384 202)	-	-	(5 341 775)	-	(34 725 977)	91 985 956
Taxi Ranks	13 598 842	9 110 296	-	-	-	-	22 709 138	(4 074 628)	-	-	(930 354)	-	(5 004 982)	17 704 156
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	<b>224 214 233</b>	<b>11 107 262</b>	-	-	-	-	<b>235 321 495</b>	<b>(64 770 370)</b>	-	-	<b>(7 763 388)</b>	-	<b>(72 533 758)</b>	<b>162 787 737</b>

Greater Tzaneen Municipality

Appendix B

June 2022

**Analysis of property, plant and equipment as at 30 June 2021**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Construction Work in Progress</b>														
Work in progress	154 780 134	115 006 637	(1 079 741)	(116 662 541)	-	-	152 044 489	-	-	-	-	-	-	152 044 489
	<b>154 780 134</b>	<b>115 006 637</b>	<b>(1 079 741)</b>	<b>(116 662 541)</b>	<b>-</b>	<b>-</b>	<b>152 044 489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152 044 489</b>
<b>Other assets</b>														
Computer Equipment	5 800 783	-	(15 408)	-	-	-	5 785 375	(4 720 156)	12 326	-	(485 580)	-	(5 193 410)	591 965
Furniture & Office Equipment	4 049 791	517 860	(18 419)	-	-	-	4 549 232	(2 971 339)	15 476	-	(318 493)	-	(3 274 356)	1 274 876
Machinery and Equipment	9 770 559	820 427	(20 160)	-	-	-	10 570 826	(5 669 835)	17 472	-	(1 300 634)	-	(6 952 997)	3 617 829
Transport assets	41 165 838	4 967 064	-	-	-	-	46 132 902	(35 585 843)	-	-	(1 820 174)	-	(37 406 017)	8 726 885
<b>Leased assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased assets	20 181 594	-	(91 622)	-	-	-	20 089 972	(11 981 928)	25 221	-	(3 983 559)	-	(15 940 266)	4 149 706
	<b>20 181 594</b>	<b>-</b>	<b>(91 622)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 089 972</b>	<b>(11 981 928)</b>	<b>25 221</b>	<b>-</b>	<b>(3 983 559)</b>	<b>-</b>	<b>(15 940 266)</b>	<b>4 149 706</b>
Buildings	26 125 565	6 490 612	-	-	-	-	32 616 177	(12 762 884)	-	-	(1 090 532)	-	(13 853 416)	18 762 761
Health equipment	170 812	-	-	-	-	-	170 812	(167 146)	-	-	(1 670)	-	(168 816)	1 996
Security measures	1 813 324	350 250	-	-	-	-	2 163 574	(225 048)	-	-	(410 106)	-	(635 154)	1 528 420
Weapons	105 048	-	-	-	-	-	105 048	(96 466)	-	-	(2 852)	-	(99 318)	5 730
Minor assets	857 445	9 198	(3 079)	-	-	-	863 564	(853 901)	3 065	-	(9 186)	-	(860 022)	3 542
	<b>29 072 194</b>	<b>6 850 060</b>	<b>(3 079)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 919 175</b>	<b>(14 105 445)</b>	<b>3 065</b>	<b>-</b>	<b>(1 514 346)</b>	<b>-</b>	<b>(15 616 726)</b>	<b>20 302 449</b>

# Greater Tzaneen Municipality

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2021 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
Infrastructure	2 283 402 624	112 907 198	(892 765)	-	-	-	2 395 417 057	(1 244 671 301)	551 352	-	(88 957 719)	(1 826 209)	(1 334 957 570)	1 060 459 487
Community Assets	224 214 233	11 107 262	-	-	-	-	235 321 495	(61 125 371)	-	-	(7 763 388)	-	(72 533 758)	162 787 737
Construction Work in Progress	154 780 134	115 006 637	(1 079 741)	(116 662 541)	-	-	152 044 489	-	-	-	-	-	-	152 044 489
Computer Equipment	5 800 783	-	(15 408)	-	-	-	5 785 375	(4 720 156)	12 326	-	(485 580)	-	(5 193 410)	591 965
Furniture and Office Equipment	4 049 791	517 860	(18 419)	-	-	-	4 549 232	(2 971 339)	15 476	-	(318 493)	-	(3 274 356)	1 274 876
Machinery and Plant	9 770 559	820 427	(20 160)	-	-	-	10 570 799	(5 669 835)	17 472	-	(1 300 634)	-	(6 952 997)	3 617 802
Transport Assets	41 165 838	4 967 064	-	-	-	-	46 132 902	(35 585 843)	-	-	(1 820 174)	-	(37 406 017)	8 726 885
Leased Assets	20 181 594	-	(91 622)	-	-	-	20 089 972	(11 981 928)	25 221	-	(3 983 559)	-	(15 940 266)	4 149 706
Other Assets	29 072 194	6 850 060	(3 079)	-	-	-	35 919 176	(14 105 443)	3 065	-	(1 514 346)	-	(15 616 726)	20 302 449
	<b>2 891 393 493</b>	<b>252 176 508</b>	<b>(2 121 194)</b>	<b>(116 662 541)</b>	-	-	<b>3 024 786 240</b>	<b>(1 380 831 216)</b>	<b>624 912</b>	-	<b>(106 143 893)</b>	<b>(1 826 209)</b>	<b>(1 491 875 100)</b>	<b>1 532 911 139</b>
<b>Intangible assets</b>														
Computer- Software	3 962 382	-	-	-	-	-	3 962 382	(3 217 911)	-	-	(287 194)	-	(3 505 105)	457 277
	<b>3 962 382</b>	-	-	-	-	-	<b>3 962 382</b>	<b>(3 217 911)</b>	-	-	<b>(287 194)</b>	-	<b>(3 505 105)</b>	<b>457 277</b>
<b>Heritage assets</b>														
Mayors chain & Council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	<b>200 958</b>	-	-	-	-	-	<b>200 958</b>	-	-	-	-	-	-	<b>200 958</b>
<b>Investment properties</b>														
Investment property	181 586 803	-	-	-	-	-	181 586 803	-	-	-	-	-	-	181 586 803
	<b>181 586 803</b>	-	-	-	-	-	<b>181 586 803</b>	-	-	-	-	-	-	<b>181 586 803</b>
<b>Total</b>														
Land and buildings	118 955 743	-	-	-	-	-	118 955 743	-	-	-	-	-	-	118 955 743
Infrastructure	2 283 402 624	112 907 198	(892 765)	-	-	-	2 395 417 057	(1 244 724 994)	551 352	-	(88 957 719)	(1 826 209)	(1 334 957 570)	1 060 459 487
Community Assets	224 214 233	11 107 262	-	-	-	-	235 321 495	(64 770 370)	-	-	(7 763 388)	-	(72 533 758)	162 787 737
Construction Work in Progress	154 780 134	115 006 637	(1 079 741)	(116 662 541)	-	-	152 044 489	-	-	-	-	-	-	152 044 489
Computer equipment	5 800 783	-	(15 408)	-	-	-	5 785 375	(4 720 156)	12 326	-	(485 580)	-	(5 193 410)	591 965
Furniture and office equipment	4 049 791	517 860	(18 419)	-	-	-	4 549 232	(2 971 339)	15 476	-	(318 493)	-	(3 274 356)	1 274 876
Machinery and plant	9 770 559	820 427	(20 160)	-	-	-	10 570 826	(5 669 835)	17 472	-	(1 300 634)	-	(6 952 997)	3 617 802
Transport assets	41 165 838	4 967 064	-	-	-	-	46 132 902	(35 585 843)	-	-	(1 820 174)	-	(37 406 017)	8 726 885
Leased assets	20 181 594	-	(91 622)	-	-	-	20 089 972	(11 981 928)	25 221	-	(3 983 559)	-	(15 940 266)	4 149 706
Other assets	29 072 194	6 850 060	(3 079)	-	-	-	35 919 175	(14 105 443)	3 065	-	(1 514 346)	-	(15 616 726)	20 302 449
Intangible assets	3 962 382	-	-	-	-	-	3 962 382	(3 217 911)	-	-	(287 194)	-	(3 505 105)	457 277
Investment property	181 586 803	-	-	-	-	-	181 586 803	-	-	-	-	-	-	181 586 803
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	<b>3 077 143 636</b>	<b>252 176 508</b>	<b>(2 121 194)</b>	<b>(116 662 541)</b>	-	-	<b>3 210 536 409</b>	<b>(1 387 747 819)</b>	<b>624 912</b>	-	<b>(106 431 087)</b>	<b>(1 826 209)</b>	<b>(1 495 380 205)</b>	<b>1 715 156 177</b>

# Greater Tzaneen Municipality

## Appendix C

June 2022

### Segmental analysis of property, plant and equipment as at 30 June 2022 Cost/Revaluation Accumulated Depreciation

	<b>Opening Balance</b>	<b>Additions</b>	<b>Write Offs</b>	<b>Transfers</b>	<b>Revaluations</b>	<b>Other changes, movements</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Write Offs</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Closing Balance</b>	<b>Carrying value</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
<b>Municipality</b>														
Municipal Manager	2 945 411	181 427	(154 601)	-	-	-	<b>2 972 237</b>	(2 403 499)	154 583	-	(264 126)	-	<b>(2 513 042)</b>	459 195
Planning and Development/Economic Development/Plan	121 766 565	335 808	(225 924)	-	-	-	<b>121 876 449</b>	(2 338 752)	225 922	-	(278 128)	-	<b>(2 390 958)</b>	119 485 491
Financial Service	4 483 772	922 938	(888 593)	-	-	-	<b>4 518 117</b>	(3 410 231)	881 417	-	(634 722)	-	<b>(3 163 536)</b>	1 354 581
Corporate Service	13 947 152	1 055 782	(2 092 440)	-	-	-	<b>12 910 494</b>	(10 017 296)	2 049 199	-	(1 935 254)	-	<b>(9 903 351)</b>	3 007 143
Engineering Service	1 631 409 382	223 126 050	(506 119)	(76 396 031)	-	-	<b>1 777 633 282</b>	(888 026 095)	431 651	-	(55 898 311)	-	<b>(943 492 755)</b>	834 140 527
Community Service	254 120 594	9 452 636	(1 311 168)	(1 353 626)	-	-	<b>260 908 436</b>	(85 902 487)	1 310 053	-	(10 066 988)	-	<b>(94 659 422)</b>	166 249 014
Electrical Engineering	996 086 034	75 955 979	(23 978 058)	(53 002 324)	-	-	<b>995 061 631</b>	(499 749 688)	18 256 714	-	(42 878 169)	(1 376 759)	<b>(525 747 902)</b>	469 313 729
Mayors office	27 337	17 815	-	(1 893)	-	-	<b>43 259</b>	(27 054)	1 890	-	(1 109)	-	<b>(26 273)</b>	16 986
	<b>3 024 786 247</b>	<b>311 048 435</b>	<b>(29 156 903)</b>	<b>(130 753 874)</b>	-	-	<b>3 175 923 905</b>	<b>(1 491 875 102)</b>	<b>23 311 429</b>	-	<b>(111 956 807)</b>	<b>(1 376 759)</b>	<b>(1 581 897 239)</b>	<b>1 594 026 666</b>
<b>Total</b>	<b>3 024 786 247</b>	<b>311 048 435</b>	<b>(29 156 903)</b>	<b>(130 753 874)</b>	-	-	<b>3 175 923 905</b>	<b>(1 491 875 102)</b>	<b>23 311 429</b>	-	<b>(111 956 807)</b>	<b>(1 376 759)</b>	<b>(1 581 897 239)</b>	<b>1 594 026 666</b>

Greater Tzaneen Municipality

Appendix D

June 2022

**Segmental Statement of Financial Performance for the year ended**  
**Prior Year** **Current year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
<b>Municipality</b>						
-	46 046 055	(46 046 055)	Executive & Council/Mayor and Council	-	29 318 785	(29 318 785)
957 747 002	217 288 129	740 458 873	Finance & Admin/Finance	1 564 712 870	241 270 616	1 323 442 254
46 577	24 586 985	(24 540 408)	Planning and Development/Economic Development/Plan	865 426	476 620 367	(475 754 941)
-	18 077 450	(18 077 450)	Health/Clinics	-	2 175 153	(2 175 153)
10 799	13 173 196	(13 162 397)	Comm. & Social/Libraries and archives	141 278	20 173	121 105
1 062 932	14 106 284	(13 043 352)	Housing	1 956 631	3 159 054	(1 202 423)
13 988 260	17 360 626	(3 372 366)	Public Safety/Police	-	2 183 477	(2 183 477)
1 301 763	22 551 122	(21 249 359)	Sport and Recreation	229 126	8 123 683	(7 894 557)
45 101 161	81 802 142	(36 700 981)	Waste Water Management/Sewerage	44 935 893	50 667 477	(5 731 584)
123 394 202	139 787 873	(16 393 671)	Road Transport/Roads	167 135 675	83 091 171	84 044 504
254 541 919	582 194 105	(327 652 186)	Electricity /Electricity Distribution	337 060 653	538 677 078	(201 616 425)
<b>1 397 194 615</b>	<b>1 176 973 967</b>	<b>220 220 648</b>		<b>2 117 037 552</b>	<b>1 435 307 034</b>	<b>681 730 518</b>

Greater Tzaneen Municipality

Appendix E(1)

June 2022

**Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2022**

	Current year 2022 Act. Bal.	Current year 2022 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
<b>Revenue</b>					
Property rates	138 709 203	125 000 000	13 709 203	11.0	The increase is due to supplementary valuation and new development.
Property rates- penalties imposed	-	12 500 000	(12 500 000)	(100.0)	The actual amount for the budget of R12,5 million is reallocated to Property rates
Service charges	656 588 796	705 528 611	(48 939 815)	(6.9)	More than anticipated revenue on service charges is due to tariff increase in electricity.
Fines, penalties and forfeits	19 078 590	38 501 137	(19 422 547)	(50.4)	The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed whilst the budgeted amount represents only cash received. .
Rental of facilities and equipment	1 174 610	1 170 100	4 510	0.4	
Income from agency services	13 009 774	22 664 291	(9 654 517)	(42.6)	The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue.
Licences and permits	528 124	917 000	(388 876)	(42.4)	The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans and registration approval, clearance certificates issued and town planning application fees.
Public contributions and donations	5 463 478	-	5 463 478	100.0	The Municipality received donation of Roads Infrastructure and Storm water at Dan Ext 1 from Property Developer.
Other income	26 568 626	6 472 575	20 096 051	310.5	The higher variance is due to Administration of Handling fees that had no budget allocation. Variance (2022: R18,392,899) and (2021: R55,542,975)
Government grants and subsidies	605 064 920	622 892 000	(17 827 080)	(2.9)	The budgeted amount includes the revenue for VAT and administration fees which is regarded as own revenue.
Interest revenue - external investments	8 633 133	3 500 000	5 133 133	146.7	The increase is as a result of short -term investment made during the year, annual capitalisation of interest on investment, interest earned on bank account and late payment of debtors account
Interest received - outstanding receivables	36 044 207	23 600 000	12 444 207	52.7	The actual amount for the budget of R23,6 million is reallocated to Interest received - external investment
	<b>1 510 863 461</b>	<b>1 562 745 714</b>	<b>(51 882 253)</b>	<b>(3.3)</b>	
<b>Expenses</b>					
Employee costs	(333 844 615)	(362 555 714)	28 711 099	(7.9)	Lower spending due to number of Vacant positions not filled
Remuneration of councillors	(27 714 998)	(28 405 898)	690 900	(2.4)	Less spending due to new Council term in office pro-rata payment.
Depreciation and amortisation	(112 174 777)	(134 758 934)	22 584 157	(16.8)	Increase in amortization due to understatement of amortization of intangible assets and decrease in depreciation due to overstatement of depreciation of movable assets.
Inventory consumed	(21 307 951)	(70 749 030)	49 441 079	(69.9)	Reduce due to reclassification to contracted services
Impairment of assets	(1 376 759)	-	(1 376 759)	100.0	Decrease of impairment due to assets that were impaired instead of write off
Finance costs	(23 491 981)	(18 384 924)	(5 107 057)	27.8	The increase is due to under budgeting for prior year loan taken with DBSA
Debt Impairment	(176 252 493)	(39 690 308)	(136 562 185)	344.1	Due to write off debt for property rates
Bulk purchases	(494 586 170)	(445 771 250)	(48 814 920)	11.0	The increase in actual expenditure for bulk purchase is due to unexpected Tariff hike
Contracted Services	(104 691 082)	(68 293 285)	(36 397 797)	53.3	Increase due to addition of Repairs and maintenance budget reallocations
Transfers and subsidies	(37 660 367)	(42 030 913)	4 370 546	(10.4)	The low spendig is due to INEP and MIG grant projects underspending.
General Expenses	(94 621 602)	(124 108 631)	29 487 029	(23.8)	The reduction on General Expenses is mainly due to incorrect allocation of WIP expenditure to Legal Fees.
	<b>(1 427 722 795)</b>	<b>(1 334 748 887)</b>	<b>(92 973 908)</b>	<b>7.0</b>	
Other revenue and costs					



**Greater Tzaneen Municipality**

**Appendix E(1)**

June 2022

**Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2022**

	<b>Current year 2021 Act. Bal.</b>	<b>Current year 2021 Adjusted budget</b>	<b>Variance</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>				
Gain or loss on disposal of assets	(7 584 245)-	- -	(7 584 245)-	100.0	- -	- - -	- -	
Fair value adjustments	606 174 097 -	- -	606 174 097 -	100.0	- -	- - -	- -	
Net surplus/ (deficit) for the year	681 730 518	227 996 827	453 733 691	199.0				

**Greater Tzaneen Municipality**

**Appendix E(2)**

June 2022

**Budget Analysis of Capital Expenditure as at 30 June 2022**

	<b>Additions</b>	<b>Revised</b>	<b>Variance</b>	<b>Variance</b>	<b>Explanation of significant</b>
	<b>Rand</b>	<b>Budget</b>	<b>Rand</b>	<b>%</b>	<b>variances from budget</b>
		<b>Rand</b>			
<b>Municipality</b>					
Finance & Admin/Finance	2 513 770	3 000 000	486 230		<b>16</b> The delay in purchase of Mayor and Speaker's Car due to NT Circular and extension of Transversal contract
Planning and Development/Economic Development/Plan	-	-	-		-
Health	-	-	-		<b>100</b> .
Comm. & Social/Libraries and archives	-	1 325 000	1 325 000		<b>100</b> Late procurement of Office equipment and instrument at Traffic departments.
Housing	1 086 723	6 900 000	5 813 277		<b>84</b> Slow spending due to appointed late of Service provider to procure Civil centre roof and the actual construction commenced in January. Variance (2022: R5,813,277) and (2021: -R2,380,622)
Road transport	149 823 306	168 123 953	18 300 647		<b>11</b> The MIG budget was over committed and some projects were hanging due to disputes. Variance (2022: R39,122,230) and (2021: R15,282,807).
Electricity /Electricity Distribution	22 953 655	24 470 667	1 517 012		<b>6</b> Lower spending due to material price escalation of 76% project could not be executed, as it is above the 20% allowable price adjustment. Variance (2022: R18,576,873) and (2021: R9,042,488)
	<b>176 377 454</b>	<b>203 819 620</b>	<b>27 442 166</b>		<b>13</b>

**Greater Tzaneen Municipality**  
**Appendix G2**  
**Budgeted Financial Performance (revenue and expenditure by municipal vote)**  
**for the year ended 30 June 2022**

**2022/2021**

**2021/2020**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % Outcome of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>														
Vote 1 - Municipal Manager	1 229	-	1 229		1 229	-		(1 229)	- %	- %				-
Vote 2 - Planning & Economic Development	400 126	-	400 126		400 126	258 475		(141 651)	(35)%	(35)%				-
Vote 3 - Financial Services	575 470 228	-	575 470 228		575 470 228	1 265 242 142		689 771 914	120 %	120 %				727 112 206
Vote 4 - Corporate Services	-	750 000	750 000		750 000	934 581		184 581	25 %	DIV/0 %				194 726
Vote 5 - Community Services	135 782 554	-	135 782 554		135 782 554	61 747 361		(74 035 193)	(55)%	(55)%				83 097 801
Vote 7 - Electrical Engineering Services	685 641 250	1 300 000	686 941 250		686 941 250	633 560 255		(53 380 995)	(8)%	(8)%				477 556 983
Vote 8 - Engineering Services	101 400 326	62 000 000	163 400 326		163 400 326	155 294 744		(8 105 582)	(5)%	53 %				109 232 899
<b>Total Revenue by Vote</b>	<b>1 498 695 713</b>	<b>64 050 000</b>	<b>1 562 745 713</b>		<b>1 562 745 713</b>	<b>2 117 037 558</b>		<b>554 291 845</b>	<b>35 %</b>	<b>41 %</b>				<b>1 397 194 615</b>
<b>Expenditure by Vote to be appropriated</b>														
Vote 1 - Municipal Manager	85 889 255	1 500 000	87 389 255	8 218 168	95 607 423	95 542 249	-	(65 174)	- %	11 %	-	-	-	78 859 229
Vote 2 - Planning & Economic Development	32 421 715	-	32 421 715	552 380	32 974 095	29 664 374	-	(3 309 721)	(10)%	(9)%	-	-	-	28 282 950
Vote 3 - Financial Services	128 287 707	(1 500 000)	126 787 707	2 074 723	128 862 430	219 822 177	-	90 959 747	71 %	71 %	-	-	-	104 269 963
Vote 4 - Corporate Services	74 458 839	13 300 000	87 758 839	(13 663 717)	74 095 122	63 025 849	-	(11 069 273)	(15)%	(15)%	-	-	-	81 778 918
Vote 5 - Community Services	213 892 592	400 000	214 292 592	14 903 875	229 196 467	229 044 738	-	(151 729)	- %	7 %	-	-	-	193 091 464
Vote 7 - Electrical Engineering Services	628 353 359	(5 889 910)	622 463 449	(4 878 695)	617 584 754	670 320 886	-	52 736 132	9 %	7 %	-	-	-	561 005 979
Vote 8 - Engineering Services	163 635 327	-	163 635 327	(7 206 734)	156 428 593	127 886 766	-	(28 541 827)	(18)%	(22)%	-	-	-	129 685 464
<b>Total Expenditure by Vote</b>	<b>1 326 938 794</b>	<b>7 810 090</b>	<b>1 334 748 884</b>	<b>-</b>	<b>1 334 748 884</b>	<b>1 435 307 039</b>	<b>-</b>	<b>100 558 155</b>	<b>8 %</b>	<b>8 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 176 973 967</b>
<b>Surplus/(Deficit) for the year</b>	<b>171 756 919</b>	<b>56 239 910</b>	<b>227 996 829</b>		<b>227 996 829</b>	<b>681 730 519</b>		<b>453 733 690</b>	<b>199 %</b>	<b>297 %</b>				<b>220 220 648</b>

**Greater Tzaneen Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2022**

	2022/2021							2021/2020						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>														
Property rates	125 000 000	12 500 000	137 500 000		137 500 000	138 709 203		1 209 203	1 %	11 %				(129 625 627)
Service charges - electricity revenue	669 621 250	-	669 621 250		669 621 250	620 272 025		(49 349 225)	(7)%	(7)%				(461 584 737)
Service charges - refuse revenue	35 907 361	-	35 907 361		35 907 361	36 316 771		409 410	1 %	1 %				(37 967 161)
Property rates - penalties & collection charges	12 500 000	(12 500 000)	-		-	-		-	DIV/0 %	(100)%				-
Rental of facilities and equipment	1 170 100	-	1 170 100		1 170 100	1 174 610		4 510	- %	- %				(222 530)
Interest revenue	3 500 000	-	3 500 000		3 500 000	8 633 133		5 133 133	147 %	147 %				(7 227 546)
Interest earned - outstanding debtors	23 600 000	-	23 600 000		23 600 000	36 044 207		12 444 207	53 %	53 %				(22 440 064)
Fines, penalties and forfeits	38 501 136	-	38 501 136		38 501 136	19 078 590		(19 422 546)	(50)%	(50)%				(25 063 224)
Licences and permits	917 000	-	917 000		917 000	528 123		(388 877)	(42)%	(42)%				(210 997)
Agency services	22 664 291	-	22 664 291		22 664 291	13 009 774		(9 654 517)	(43)%	(43)%				(10 763 364)
Transfers recognised- operational	464 088 050	2 050 000	466 138 050		466 138 050	482 041 328		15 903 278	3 %	4 %				(537 029 147)
Other revenue	6 472 573	-	6 472 573		6 472 573	26 568 626		20 096 053	310 %	310 %				(63 090 218)
Fair value adjustment	-	-	-		-	606 174 097		606 174 097	DIV/0 %	DIV/0 %				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 403 941 761</b>	<b>2 050 000</b>	<b>1 405 991 761</b>		<b>1 405 991 761</b>	<b>1 988 550 487</b>		<b>582 558 726</b>	<b>41 %</b>	<b>42 %</b>				<b>1 295 224 615</b>

**Greater Tzaneen Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2022**

**2022/2021**

**2021/2020**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure By Type</b>														
Employee related costs	349 870 050	13 300 000	363 170 050	(614 336)	362 555 714	333 844 615	-	(28 711 099)	(8)%	(5)%	-	-	-	(352 143 975)
Remuneration of councillors	28 405 898	-	28 405 898	-	28 405 898	27 714 998	-	(690 900)	(2)%	(2)%	-	-	-	(27 036 544)
Debt impairment	39 690 308	-	39 690 308	-	39 690 308	176 252 493	-	136 562 185	344 %	344 %	-	-	-	(2 587 061)
Depreciation & asset impairment	134 738 731	-	134 738 731	20 203	134 758 934	113 551 536	-	(21 207 398)	(16)%	(16)%	-	-	-	(109 560 180)
Finance charges	17 826 562	-	17 826 562	558 360	18 384 922	23 491 981	-	5 107 059	28 %	32 %	-	-	-	(19 962 159)
Bulk purchases	456 871 250	(6 000 000)	450 871 250	(5 100 000)	445 771 250	494 586 170	-	48 814 920	11 %	8 %	-	-	-	(417 952 971)
Inventory Consumed	71 925 318	(3 000 000)	68 925 318	1 823 712	70 749 030	21 307 951	-	(49 441 079)	(70)%	(70)%	-	-	-	(14 957 702)
Contracted services	75 215 209	(1 100 000)	74 115 209	(5 821 924)	68 293 285	104 691 082	-	36 397 797	53 %	39 %	-	-	-	(106 316 224)
Transfers and subsidies	32 118 000	1 300 000	33 418 000	8 612 913	42 030 913	37 660 367	-	(4 370 546)	(10)%	17 %	-	-	-	(34 977 217)
Other expenditure	120 277 468	3 310 090	123 587 558	521 072	124 108 630	94 621 601	-	(29 487 029)	(24)%	(21)%	-	-	-	(91 063 394)
Loss on sale off assets	-	-	-	-	-	7 584 245	-	7 584 245	DIV/0 %	DIV/0 %	-	-	-	(416 540)
<b>Total Expenditure</b>	<b>1 326 938 794</b>	<b>7 810 090</b>	<b>1 334 748 884</b>	<b>-</b>	<b>1 334 748 884</b>	<b>1 435 307 039</b>	<b>-</b>	<b>100 558 155</b>	<b>8 %</b>	<b>8 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 176 973 967</b>
<b>Surplus/(Deficit)</b>	<b>77 002 967</b>	<b>(5 760 090)</b>	<b>71 242 877</b>		<b>71 242 877</b>	<b>553 243 448</b>		<b>482 000 571</b>	<b>677 %</b>	<b>618 %</b>				<b>(118 250 648)</b>
Transfers recognised- capital	94 753 950	62 000 000	156 753 950		156 753 950	128 487 070		(28 266 880)	(18)%	36 %				(101 970 000)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>		<b>227 996 827</b>	<b>681 730 518</b>		<b>453 733 691</b>	<b>199 %</b>	<b>297 %</b>				<b>(220 220 648)</b>
<b>Surplus/(Deficit) after taxation</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>		<b>227 996 827</b>	<b>681 730 518</b>		<b>453 733 691</b>	<b>199 %</b>	<b>297 %</b>				<b>(220 220 648)</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>		<b>227 996 827</b>	<b>681 730 518</b>		<b>453 733 691</b>	<b>199 %</b>	<b>297 %</b>				<b>(220 220 648)</b>
<b>Surplus/(Deficit) for the year</b>	<b>171 756 917</b>	<b>56 239 910</b>	<b>227 996 827</b>		<b>227 996 827</b>	<b>681 730 518</b>		<b>453 733 691</b>	<b>199 %</b>	<b>297 %</b>				<b>(220 220 648)</b>

**Greater Tzaneen Municipality**  
**Appendix G4**  
**Budgeted Capital Expenditure by vote, function and funding**  
**for the year ended 30 June 2022**

	2022/2021								2021/2020					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital expenditure - Vote</b>														
<b>Multi-year expenditure</b>														
<b>Single-year expenditure</b>														
Vote 2- Planning & Economic Development	2 800 000	(2 800 000)	-	-	-	-	-	-	DIV/0 %	(100)%	-	-	-	-
Vote 3- Financial Services	3 000 000	-	3 000 000	-	3 000 000	2 513 770	(486 230)	(16)%	(16)%	-	-	-	-	91 190
Vote 4 - Corporate Services	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	4 710 670
Vote 5 - Community Services	1 325 000	-	1 325 000	-	1 325 000	-	(1 325 000)	(100)%	(100)%	-	-	-	-	2 603 123
Vote 7 - Electrical Engineering Services	10 950 000	14 020 670	24 970 670	(500 000)	24 470 670	22 953 655	(1 517 015)	(6)%	110 %	-	-	-	-	47 257 959
Vote 8 - Engineering Services	112 523 950	62 000 000	174 523 950	500 000	175 023 950	150 910 029	(24 113 921)	(14)%	34 %	-	-	-	-	86 059 392
<b>Capital single-year expenditure sub-total</b>	<b>130 598 950</b>	<b>73 220 670</b>	<b>203 819 620</b>	<b>-</b>	<b>203 819 620</b>	<b>176 377 454</b>	<b>(27 442 166)</b>	<b>(13)%</b>	<b>35 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140 722 334</b>
<b>Total Capital Expenditure - Vote</b>	<b>130 598 950</b>	<b>73 220 670</b>	<b>203 819 620</b>	<b>-</b>	<b>203 819 620</b>	<b>176 377 454</b>	<b>(27 442 166)</b>	<b>(13)%</b>	<b>35 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140 722 334</b>

**Greater Tzaneen Municipality**  
**Appendix G4**  
**Budgeted Capital Expenditure by vote, function and funding**  
**for the year ended 30 June 2022**

**2022/2021**

**2021/2020**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital Expenditure - Functional</b>														
<b>Governance and administration</b>	<b>3 000 000</b>	-	<b>3 000 000</b>	-	<b>3 000 000</b>	<b>2 513 770</b>	-	<b>(486 230)</b>	<b>(16)%</b>	<b>(16)%</b>	-	-	-	<b>4 909 977</b>
Budget and treasury office	3 000 000	-	3 000 000	-	3 000 000	2 513 770	-	(486 230)	(16)%	(16)%	-	-	-	199 308
Corporate services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	4 710 669
<b>Community and public safety</b>	<b>4 825 000</b>	-	<b>4 825 000</b>	<b>3 400 000</b>	<b>8 225 000</b>	<b>1 086 723</b>	-	<b>(7 138 277)</b>	<b>(87)%</b>	<b>(77)%</b>	-	-	-	<b>6 836 660</b>
Community and social services	1 325 000	-	1 325 000	-	1 325 000	-	-	(1 325 000)	(100)%	(100)%	-	-	-	229 850
Housing	3 500 000	-	3 500 000	3 400 000	6 900 000	1 086 723	-	(5 813 277)	(84)%	(69)%	-	-	-	6 550 940
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	55 870
<b>Economic and environmental services</b>	<b>111 823 950</b>	<b>59 200 000</b>	<b>171 023 950</b>	<b>(2 900 000)</b>	<b>168 123 950</b>	<b>149 823 306</b>	-	<b>(18 300 644)</b>	<b>(11)%</b>	<b>34 %</b>	-	-	-	<b>81 696 524</b>
Planning and development	2 800 000	(2 800 000)	-	-	-	-	-	-	DIV/0 %	(100)%	-	-	-	-
Road transport	109 023 950	62 000 000	171 023 950	(2 900 000)	168 123 950	149 823 306	-	(18 300 644)	(11)%	37 %	-	-	-	81 696 524
<b>Trading services</b>	<b>10 950 000</b>	<b>14 020 670</b>	<b>24 970 670</b>	<b>(500 000)</b>	<b>24 470 670</b>	<b>22 953 655</b>	-	<b>(1 517 015)</b>	<b>(6)%</b>	<b>110 %</b>	-	-	-	<b>47 279 173</b>
Electricity	10 950 000	14 020 670	24 970 670	(500 000)	24 470 670	22 953 655	-	(1 517 015)	(6)%	110 %	-	-	-	47 257 959
Waste management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	21 214
<b>Total Capital Expenditure - Functional</b>	<b>130 598 950</b>	<b>73 220 670</b>	<b>203 819 620</b>	<b>-</b>	<b>203 819 620</b>	<b>176 377 454</b>	<b>-</b>	<b>(27 442 166)</b>	<b>(13)%</b>	<b>35 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140 722 334</b>
<b>Funded by:</b>														
National Government	94 753 950	62 000 000	156 753 950		156 753 950	136 067 053		(20 686 897)	(13)%	44 %				77 869 318
Provincial Government	-	-	-		-	-		-	DIV/0 %	DIV/0 %				55 870
Other transfers and grants	-	-	-		-	-		-	DIV/0 %	DIV/0 %				10 000 000
<b>Transfers recognised - capital</b>	<b>94 753 950</b>	<b>62 000 000</b>	<b>156 753 950</b>		<b>156 753 950</b>	<b>136 067 053</b>		<b>(20 686 897)</b>	<b>(13)%</b>	<b>44 %</b>				<b>87 925 188</b>
Public contributions & donations	-	-	-		-	-		-	DIV/0 %	DIV/0 %				80 000
Borrowing	-	14 020 670	14 020 670		14 020 670	5 893 794		(8 126 876)	(58)%	DIV/0 %				32 063 860
Internally generated funds	35 845 000	(2 800 000)	33 045 000		33 045 000	34 416 607		1 371 607	4 %	(4)%				20 653 286
<b>Total Capital Funding</b>	<b>130 598 950</b>	<b>73 220 670</b>	<b>203 819 620</b>		<b>203 819 620</b>	<b>176 377 454</b>		<b>(27 442 166)</b>	<b>(13)%</b>	<b>35 %</b>				<b>140 722 334</b>

**Greater Tzaneen Municipality**  
**Appendix G5**  
**Budgeted Cash Flows**  
**for the year ended 30 June 2022**

**2022/2021**

**2021**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>								
<b>Receipts</b>								
Taxation	123 750 000	-	123 750 000	93 092 948	(30 657 052)	75 %	75 %	59 472 647
Sale of goods and services	667 234 659	-	667 234 659	590 224 230	(77 010 429)	88 %	88 %	461 648 088
Grants	558 842 000	63 300 000	622 142 000	632 432 842	10 290 842	102 %	113 %	635 665 380
Interest income	31 940 000	-	31 940 000	44 677 340	12 737 340	140 %	140 %	29 667 610
Employee costs	(349 870 050)	(12 846 163)	(362 716 213)	(355 748 613)	6 967 600	98 %	102 %	(363 389 515)
Suppliers	(860 166 450)	(18 672 645)	(878 839 095)	(751 582 783)	127 256 312	86 %	87 %	(645 628 147)
Dividends	-	-	-	-	-	DIV/0 %	DIV/0 %	-
<b>Payments</b>								
Finance costs	(16 326 562)	-	(16 326 562)	(22 295 570)	(5 969 008)	137 %	137 %	(18 201 543)
Transfer of property, plant and equipment	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfers and Grants	(16 098 000)	(750 000)	(16 848 000)	-	16 848 000	- %	- %	-
<b>Net cash flow from/used operating activities</b>	<b>139 305 597</b>	<b>31 031 192</b>	<b>170 336 789</b>	<b>230 800 394</b>	<b>60 463 605</b>	<b>135 %</b>	<b>166 %</b>	<b>159 234 520</b>
<b>Cash flow from investing activities</b>								
<b>Receipts</b>								
Additions to property, plant and equipment	(130 407 450)	(11 670 670)	(142 078 120)	(175 933 050)	(33 854 930)	124 %	135 %	(122 005 578)
Purchase of investment property	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Proceeds from sale of investment property	-	-	-	2 003 122	2 003 122	DIV/0 %	DIV/0 %	-
Purchase of intangible assets	-	-	-	(444 404)	(444 404)	DIV/0 %	DIV/0 %	-
Movement in financial assets	-	19 017 674	19 017 674	(1 081 736)	(20 099 410)	(6)%	DIV/0 %	(17 750 018)
Payments	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Capital assets	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Loss on disposal of property, plant and equipment	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase in heritage assets	-	-	-	-	-	DIV/0 %	DIV/0 %	-
<b>Net cash flow from/used investing activities</b>	<b>(130 407 450)</b>	<b>7 347 004</b>	<b>(123 060 446)</b>	<b>(175 456 068)</b>	<b>(52 395 622)</b>	<b>143 %</b>	<b>135 %</b>	<b>(139 755 596)</b>
<b>Cash flow from financing activities</b>								
<b>Receipts</b>								
Repayment of other financial liabilities	(9 998 147)	-	(9 998 147)	(12 337 534)	(2 339 387)	123 %	123 %	20 743 131
Finance lease payments	-	-	-	(335 770)	(335 770)	DIV/0 %	DIV/0 %	(5 647 583)
Increase (decrease) in consumer deposits	221 804	25 800 000	26 021 804	-	(26 021 804)	- %	- %	-
<b>Payments</b>								
Repayment of borrowing	-	-	-	-	-	DIV/0 %	DIV/0 %	-
<b>Net cash flow from/used financing activities</b>	<b>(9 776 343)</b>	<b>25 800 000</b>	<b>16 023 657</b>	<b>(12 673 304)</b>	<b>(28 696 961)</b>	<b>(79)%</b>	<b>130 %</b>	<b>15 095 548</b>
<b>Net increase/(decrease) in cash held</b>	<b>(878 196)</b>	<b>64 178 196</b>	<b>63 300 000</b>	<b>42 671 022</b>	<b>(20 628 978)</b>	<b>67 %</b>	<b>(4 859)%</b>	<b>34 574 472</b>



**Greater Tzaneen Municipality**  
**Appendix G5**  
**Budgeted Cash Flows**  
**for the year ended 30 June 2022**

**2022/2021**

**2021**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash/cash equivalents at the year begin:	34 000 000		34 000 000	104 790 238	70 790 238			70 215 766
Cash/cash equivalents at the year end:	33 121 804	193 825 211	97 300 000	147 461 260	50 161 260	152 %	445 %	104 790 238

Greater Tzaneen Municipality  
Appendix G6  
**Stands not yet transferred  
for the year ended 30 June 2022**

**Stands not yet transferred**

Stands to the value of R 1 350 000 have been sold and are in the progress of being transferred.

**Details of stands not yet transferred attached as Appendix 6.**

NO	NAME AND SURNAME	ERF NUMBER	LOCATIO N	PURCHASE PRICE	ACCOUNT	2021/2022 MARKET VALUE
1	Maropong Joyce Pilusa	934	Dan ext 2	51 000	92693	50 000
2	Alucia Thembile Mkhabele	941	Dan ext 2	50 750	92690	50 000
3	Muhlavasi Sanie Tiba	943	Dan ext 2	65 000	87431	50 000
4	Mhelembe Ojay Shongile	928	Dan ext 2	65 000	92678	50 000
5	Oupa Mbhungela	924	Dan ext 2	55 000	92677	60 000
6	Mashele Petunia Faith	1715-A	Nkowa-A	235 000	92685	30 000
7	Matabyane Thabang	927	Dan ext 2	56 178	92706	50 000
8	Ramolobe Paulina	910	Dan ext 2	55 124	92707	50 000
9	Chauke Xitshembiso	942	Dan ext 2	50 750	92708	50 000
10	Munyai Thanynai Norman	913	Dan ext 2	60 000	92709	50 000
11	Makhanana Mpenyana	908	Dan ext 2	55 000	92710	50 000
12	Senwana Elvis	909	Dan ext 2	55 000	92711	50 000
13	Matshwene Mojela	1675-A	Nkowa-A	225 000	92713	80 000
14	The Curve Behind Trading	1723-A	Nkowa-A	236 000	92714	30 000
15	Mashala Maite Martha	923	Dan ext 2	71 000	92689	60 000
16	Nkasha Zenobia Tsakani	738/27	Nkowa-C	6 854		590 000
						1 350 000