



ELIAS MOTSOLEDI LOCAL MUNICIPALITY

(Registration number LIM 472)

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity

Municipality (LIM 472)

Nature of business and principal activities

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

Councillors List

Mayor

Cllr MD Tladi

Chief Whip

Cllr HJ Makunyane

Speaker

Cllr DM Mashego

Council:

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

General Information

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

Accounting Officer

Mr M M Kgwale

Acting Chief Finance Officer (CFO)

Mr ML Sebelemetja

Business address

2nd Grobler Avenue - Civic Centre
Groblerdal
0470

Postal address

PO Box 48
Groblerdal
0470

Bankers

Nedbank

Auditors

Office of the Auditor General (Polokwane)

Grading of the Municipality

Grade 3

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	4
Audit Committee Report	5 - 6
Accounting Officer's Report	7 - 8
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	14 - 20
Accounting Policies	20 - 49
Notes to the Annual Financial Statements	47 - 93

The following supplementary information does not form part of the annual financial statements and is unaudited:

Abbreviations

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's budget and cash flow forecast for the year to 30 June 2024 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.

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

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

The annual financial statements set out on pages 9 to 112, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023.

Mr M M Kgwale
Accounting Officer

Thursday, 31 August 2023

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Audit Committee Report

We are pleased to present our report for the year ended 30 June 2023.

Audit committee members and attendance

The Audit Committee of the Municipality was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003. For 2022/2023 Financial year, the Audit Committee comprised of five (05) members appointed for the period of three (03) years with effect from 12 January 2022 to 13 January 2025.

The Audit Committee reported to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, four (4) ordinary and ten (10) special Audit Committee meetings were held.

The Audit Committee consists of the members listed hereunder.

Current Audit Committee members

Mr. TC Modipane (Chairperson)

Mr. MM Tshivule (Resigned)

Ms. MJ Masite

Ms. MJ Mabuza

Mr. MJ Rabalao

Number of meetings attended

4 Normal – 10 Special - 14 Total

2 Normal – 04 Special - 06 Total

4 Normal – 09 Special - 13 Total

4 Normal – 09 Special - 13 Total

4 Normal – 10 Special - 14 Total

Audit Committee responsibility

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

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

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

The effectiveness of internal control

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

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

Evaluation of annual financial statements

The Audit Committee has:

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Audit Committee Report

Internal audit

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

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

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

The total number of planned audits as per the 2022/2023 Internal Audit Plan was twenty-five (25) excluding ADHOC audits. Total of twenty-five (25) audits were performed and finalized as per the plan. The implementation of the Internal Audit Plan was 100% achieved.

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

Risk management

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

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

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

Auditor-General of South Africa

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

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

Date: _____

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

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

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

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

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

Net surplus of the municipality was R 71,454,588 (2022: surplus R 47,308,841).

2. Going concern

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

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

3. Subsequent events

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

4. Accounting Officers' interest in contracts

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

5. Accounting policies

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

6. Non-current assets

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

7. Accounting Officer

The Accounting Officer of the municipality during the financial year and to the date of this report is :

Name	Nationality
Mr M M Kgwale	South African

8. Corporate governance

General

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

Councillors

The councillors:

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

Mayor and Municipal Manager

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

Audit committee

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

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

Internal audit

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

9. Bankers

The municipality banks primarily with Nedbank.

10. Auditors

The Office of the Auditor General (Polokwane) will continue in office for the next financial period.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position

Figures in Rand	Note(s)	2023	2022 Restated
Assets			
Current Assets			
Inventories	9	26,279,757	18,416,149
Receivables from exchange transactions	10	2,708,428	4,032,331
Receivables from non-exchange transactions	11	2,829,352	3,703,362
VAT receivable	12	20,817,439	14,399,701
Consumer debtors - From Exchange Transactions	13	38,430,225	37,010,720
Consumer debtors - From Non Exchange Transactions	13	72,237,986	59,520,455
Cash and cash equivalents	14	33,092,864	14,710,030
		196,396,051	151,792,748
Non-Current Assets			
Investment property	3	103,830,766	96,398,574
Property Plant and Equipment	4	1,112,251,071	1,079,149,694
Heritage Assets	5	463,363	463,363
Intangible assets	6	6,400	12,783
Deposit (Security held in advance)	8	17,280,638	16,536,410
		1,233,832,238	1,192,560,824
Total Assets		1,430,228,289	1,344,353,572
Liabilities			
Current Liabilities			
Deferred income	17	192,983	192,983
Finance lease obligation	15	9,494,222	6,638,009
Landfill Site Provision	18	9,416,057	7,921,692
Payables from exchange transactions	19	95,240,846	97,374,990
Payables from non - exchange transactions	20	-	499,189
Consumer deposits	21	5,757,651	5,621,490
Employee benefit obligation	7	904,000	948,000
Unspent conditional grants and receipts	16	22,101,166	6,489,344
Provision for Long Service Leave	18	1,711,000	536,000
		144,817,925	126,221,697
Non-Current Liabilities			
Deferred income	17	2,749,999	2,942,982
Finance lease obligation	15	7,636,923	12,702,191
Landfill Site Provision	18	78,818,668	76,725,335
Employee benefit obligation	7	23,010,000	23,583,000
Provision for Long Service Leave	18	7,124,000	7,563,000
		119,339,590	123,516,508
Total Liabilities		264,157,515	249,738,205
Net Assets		1,166,070,774	1,094,615,367
Net Assets			
Accumulated surplus		1,166,070,765	1,094,615,373

* See Note 40

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated
Revenue			
Revenue from exchange transactions			
Interest revenue	24	5,641,262	5,833,788
Agency fees	50	6,062,432	5,966,441
Other income	23	1,246,976	1,415,317
Recoveries	23	-	639,276
Rental of facilities and equipment	34	950,484	1,461,166
Service charges	22	99,950,430	107,753,377
Total revenue from exchange transactions		113,851,584	123,069,365
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	55,045,560	39,913,236
Interest charged on consumer debtors	24	11,554,498	15,229,408
Transfer revenue			
Government grants & subsidies	27	429,801,182	381,953,131
Public contributions and donations	4	919,900	-
Fines, Penalties and Forfeits	11	115,439,160	2,236,200
Fair value adjustments - actuarial gains	7&18	3,835,329	1,472,347
Investment property fair value adjustment	3	12,947,191	16,701,549
Total revenue from non-exchange transactions		629,542,820	457,505,871
Total revenue		743,394,404	580,575,236
Expenditure			
Bulk purchases	32	(93,184,759)	(97,948,551)
Debt Impairment	31	(126,107,702)	(19,689,866)
Depreciation and amortisation	4&6&54	(59,259,773)	(57,072,911)
Employee related costs	28	(169,884,018)	(161,197,391)
Finance costs	30	(4,403,240)	(526,378)
General Expenses	33	(126,024,738)	(124,905,182)
(Impairment loss)/ Reversal of impairments	4&6	(4,656,004)	4,244,020
Lease rentals on operating lease	36	(4,853,458)	(5,545,249)
Loss on disposal of assets	4&6	(5,782,314)	(4,826,728)
Remuneration of councillors	29	(25,385,490)	(25,346,981)
Repairs and maintenance		(47,151,752)	(37,859,863)
Transfers and Subsidies	26	(5,246,568)	(2,591,315)
Total expenditure		(671,939,816)	(533,266,395)
Surplus for the year		71,454,588	47,308,841

* See Note 40

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1,084,182,866	1,084,182,866
Adjustments		
Prior year adjustments 2021	(36,876,334)	(36,876,334)
Balance at 01 July 2021 as restated	1,047,306,532	1,047,306,532
Surplus for the year	47,308,841	47,308,841
Total changes	47,308,841	47,308,841
Opening balance Balance restated	1,098,947,267	1,098,947,267
Adjustments		
Correction of errors June 2022 year	(4,331,083)	(4,331,083)
Balance at 01 July 2022 as restated	1,094,616,184	1,094,616,184
Changes in net assets		
Surplus for the year	71,454,588	71,454,588
Total changes	71,454,588	71,454,588
Balance at 30 June 2023	1,166,070,772	1,166,070,772
Note(s)	40	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Fines		3,601,536	348,958
Sale of goods and services		133,243,534	135,574,314
Grants		445,413,004	387,235,853
Interest		2,251,709	1,779,822
Other receipts		3,330,798	2,461,807
Agency fees		6,062,432	5,966,441
		593,903,013	533,367,195
Payments			
Employee costs		(191,024,917)	(182,968,301)
Suppliers		(271,120,953)	(260,011,272)
Finance costs		(4,403,240)	(526,378)
Transfers and Subsidies		(1,098,846)	(1,547,315)
		(467,647,956)	(445,053,266)
Net cash flows from operating activities	35	126,255,057	88,313,929
Cash flows from investing activities			
Purchase of property plant and equipment	4	(104,484,212)	(76,973,935)
Proceeds from sale of property plant and equipment	4	-	1,011,133
Proceeds from sale of investment property	3	1,565,733	-
Net cash flows from investing activities		(102,918,479)	(75,962,802)
Cash flows from financing activities			
Finance lease payments		(4,953,744)	(4,456,797)
Net increase/(decrease) in cash and cash equivalents		18,382,834	7,894,330
Cash and cash equivalents at the beginning of the year		14,710,030	6,815,700
Cash and cash equivalents at the end of the year	14	33,092,864	14,710,030

* See Note 40

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	117,967,839	(7,248,355)	110,719,484	99,950,430	(10,769,054)	1
Rental of facilities and equipment	1,003,988	(137,132)	866,856	950,484	83,628	2
Agency fees	6,315,165	500,000	6,815,165	6,062,432	(752,733)	3
Other income	1,524,304	1,383,108	2,907,412	1,246,976	(1,660,436)	4
Interest revenue	22,468,824	(4,994,316)	17,474,508	5,641,262	(11,833,246)	5
Total revenue from exchange transactions	149,280,120	(10,496,695)	138,783,425	113,851,584	(24,931,841)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	44,644,836	15,207,902	59,852,738	55,045,560	(4,807,178)	
Interest charged on consumer debtors	-	-	-	11,554,498	11,554,498	6

Transfer revenue

Government grants & subsidies	418,512,020	31,999,999	450,512,019	429,801,182	(20,710,837)	
Public contributions and donations	-	-	-	919,900	919,900	7
Fines, Penalties and Forfeits	68,520,008	45,782,594	114,302,602	115,439,160	1,136,558	
Fair value adjustments - actuarial gains	-	-	-	3,835,329	3,835,329	8
Investment property fair value adjustment	-	-	-	12,947,191	12,947,191	9

Total revenue from non-exchange transactions

531,676,864	92,990,495	624,667,359	629,542,820	4,875,461	
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Total revenue

680,956,984	82,493,800	763,450,784	743,394,404	(20,056,380)	
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Expenditure

Employee related costs	(185,316,368)	21,220,820	(164,095,548)	(169,884,018)	(5,788,470)	
Remuneration of councillors	(25,580,352)	700,688	(24,879,664)	(25,385,490)	(505,826)	
Depreciation and amortisation	(59,780,112)	(941,197)	(60,721,309)	(59,259,773)	1,461,536	
Impairment loss/ Reversal of impairments	-	-	-	(4,656,004)	(4,656,004)	10

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Finance costs	(1,989,335)	(8,423,074)	(10,412,409)	(4,403,240)	6,009,169	11
Lease rentals on operating lease	(4,839,952)	(47,630)	(4,887,582)	(4,853,458)	34,124	
Debt Impairment	(61,180,840)	(71,578,938)	(132,759,778)	(126,107,702)	6,652,076	
Profit/(Loss) on disposal of assets	-	-	-	(5,782,314)	(5,782,314)	12
Repairs and maintenance	(45,189,502)	3,182,685	(42,006,817)	(47,151,752)	(5,144,935)	13
Bulk purchases	(109,638,359)	16,453,600	(93,184,759)	(93,184,759)	-	
Transfers and Subsidies	(3,210,596)	2,111,750	(1,098,846)	(5,246,568)	(4,147,722)	14
General Expenses	(104,696,308)	(24,741,122)	(129,437,430)	(126,024,738)	3,412,692	
Total expenditure	(601,421,724)	(62,062,418)	(663,484,142)	(671,939,816)	(8,455,674)	
Surplus/(Deficit)	79,535,260	20,431,382	99,966,642	71,454,588	(28,512,054)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	79,535,260	20,431,382	99,966,642	71,454,588	(28,512,054)	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	10,004,806	2,154,723	12,159,529	26,279,757	14,120,228	15
Receivables from exchange transactions	119,124	(422)	118,702	2,708,428	2,589,726	16
Receivables from non-exchange transactions	62,845,468	12,458,542	75,304,010	2,829,352	(72,474,658)	17
VAT receivable	-	-	-	20,817,439	20,817,439	18
Consumer debtors	61,834,475	13,123,135	74,957,610	110,668,211	35,710,601	19
Cash and cash equivalents	24,162,486	43,978,554	68,141,040	33,092,864	(35,048,176)	20
	158,966,359	71,714,532	230,680,891	196,396,051	(34,284,840)	
Non-Current Assets						
Investment property	48,546,956	3,074,000	51,620,956	103,830,766	52,209,810	21
Property Plant and Equipment	1,258,405,490	5,703,676	1,264,109,166	1,112,251,071	(151,858,095)	22
Heritage Assets	463,323	40	463,363	463,363	-	
Intangible assets	331,225	185,000	516,225	6,400	(509,825)	23
Deposit (Security held in advance)	17,278,459	350,000	17,628,459	17,280,638	(347,821)	
	-	-	-	-	-	
	1,325,025,453	9,312,716	1,334,338,169	1,233,832,238	(100,505,931)	
Total Assets	1,483,991,812	81,027,248	1,565,019,060	1,430,228,289	(134,790,771)	
Liabilities						
Current Liabilities						
Deferred income	-	-	-	192,983	192,983	24
Finance lease obligation	7,459,190	821,179	8,280,369	9,494,221	1,213,852	25
Landfill Rehabilitation Provision	6,012,325	2,012,000	8,024,325	9,416,057	1,391,732	26
Payables from exchange transactions	101,171,629	30,511,112	131,682,741	95,240,846	(36,441,895)	27
Consumer deposits	5,700,288	-	5,700,288	5,757,651	57,363	
Employee benefit obligation	-	-	-	904,000	904,000	28

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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						
Unspent conditional grants and receipts	-	-	-	22,101,166	22,101,166	29
Provision for Long Service Leave	-	-	-	1,711,000	1,711,000	30
	120,343,432	33,344,291	153,687,723	144,817,924	(8,869,799)	
Non-Current Liabilities						
Deferred income	-	-	-	2,749,999	2,749,999	24
Finance lease obligation	17,458,265	(4,757,074)	12,701,191	7,636,923	(5,064,268)	25
Landfill Site Rehabilitation provision	96,251,645	-	96,251,645	78,818,668	(17,432,977)	26
Employee benefit obligation	-	-	-	23,010,000	23,010,000	28
Provision for Long Service Leave	-	-	-	7,124,000	7,124,000	30
	113,709,910	(4,757,074)	108,952,836	119,339,590	10,386,754	
Total Liabilities	234,053,342	28,587,217	262,640,559	264,157,514	1,516,955	
Net Assets	1,249,938,470	52,440,031	1,302,378,501	1,166,070,775	(136,307,726)	
Net Assets						
Net Assets						
Reserves						
Accumulated surplus	1,249,938,470	71,440,413	1,321,378,883	1,166,070,775	(155,308,108)	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved
budget

Adjustments

Final Bu

Figures in Rand

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

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

The budget and accounting basis are the same.

The budget is approved on accrual basis using a classification based on the nature of the transaction. The approved budget covers the period from 01 July 2022 to 30 June 2023. The changes between the approved final budget and adjusted budget are as a consequence of identified overs and unders in the budget performance during mid-year.

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

1. Services Charges

The variance is due to the impact of load shedding. Though adjustment budget was adjusted downwards, load shedding still had negative impact on revenue. Additionally, there was provision made for electricity revenue from Masakaneng, the project was not complete at year end and had a negative impact on revenue.

2. Rental of facilities and equipment

The variance is due to billing of lessees not previously billed on month to month after expiry of lease contracts.

3. Agency fees

The variance is as a result of licences and permits revenue not being realised as anticipated. Additionally, loadshedding had a negatively had an impact on data flow and the server.

4. Other income

The variance is as a result of other income not being realised as anticipated during budget preparation. Furthermore there was poor turn up on application for land use and building plan approval which was below the projection.

The municipality received TLB as a donation from Department of Forestry, Fisheries and the Environmental.

5 & 6. Interest revenue and Interest charged on consumer debtors

The variance is immaterial after combining interest from exchange and non exchange.

7. Public contributions and donations

Refer to note 4 above, the donations are budgeted under other income.

8. Fair value adjustments - actuarial gains

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

9. Investment fair value adjustments

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Bu
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Figures in Rand

10. Impairment loss/ Reversal of impairments

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

11. Finance costs

Refer to number 25. Finance lease obligation

12. Profit/(Loss) on disposal of assets

Refer to general expenses explanation, the amount was budgeted under general expenses

13. Repairs and maintenance

The variance due reactive maintenance of electrical infrastructure as oppose to preventative hence unforeseen incidents

14. Transfers and Subsidies

Variance is a result of electrification projects that were transfered to Eskom, these assets were not budgeted for.

15. Inventories

The variance is attributed to increase in purchases and reduction in store issue items as withdrawals were not in line with past performance.

16. Receivables from exchange transaction

Please see explanation 17

17. Receivables from non-exchange transaction

Adding receivables from both exchange and non-exchange transactions and VAT receivables we remain with under-performance variance that is caused by significant traffic fines issued.

18. VAT receivables

Please see explanation 17.

19. Consumer debtors

The variance is attributed to high increase in debt book of the municipality due to the culture of non-payment of customers and inability to implement credit control measures in other areas where the municipality is not a licence holder to sell electricity.

20. Cash and cash equivalent

The variance is due to low revenue collection rate and other commitments that impacted negatively on the cash flow position.

21. Investment property

The variance in the investment property budget being underfunded is attributed to a misallocation of funds to the Property, Plant, and Equipment category, amounting to R52,000,000. This discrepancy arose from an error in the allocation process of the budget.

22. Property plant and equipment

The variance can be traced back to several factors. Firstly, a budget portion for Investment Properties, totalling R52,000,000, was inaccurately categorized as Property, Plant, and Equipment (PPE). Additionally, there was an underspending of R20.7 million on the rehabilitation of a landfill site, originally projected for completion in the current financial year (2023). However, due to the withdrawal of the initial contractor from the project, it remained unfinished at the year's end. Lastly, errors in the budget projections for PPE led to an overstatement of the approved budget.

23. Intangible assets

The variance is due misclassification during adjustment budget and the budget was adjusted upwards based actual performance.

24. Deferred income

Please see explanation 31

25. Finance lease obligation

The amount was erroneously budgeted for inclusive of finance cost hence the variance. Additionally, there are various interest rate increase throughout the year which resulted in an increase in obligation

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved
budget

Adjustments

Final Bu

Figures in Rand

26. Landfill Rehabilitation Provisions
Please see explanation 31.

27. Payables from exchange transactions

The variance is attributed to a decrease in accruals and accrued leave in 2022/23 financial year, moreover unspent conditional grant is budgeted under payables from exchange transaction however the actual amount is disclosed separately.

28. Employee benefit obligation
Please see explanation 31.

29. Unspent conditional grants

The variance is due to additional municipal infrastructure grant received by the municipality in March 2023

30. Provision for Long Service Leave

Please see explanation 31.

31.Provisions

Taking the employee benefit obligation; landfill rehabilitation and deferred income into consideration whose budget is included in the provision budget the variance is due to a change in estimate for landfill site provision

The accounting policies on pages 20 to 49 and the notes on page 50 form an integral part of the annual financial statements.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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

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

Trade receivables

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

The impairment for trade receivables is calculated based on the historical collection rate and the risk matrix established by the management.

Allowance for slow moving, damaged and obsolete stock

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

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

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

Fair value estimation

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

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

Post retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

Provision for landfill sites

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

Provision of rehabilitation of landfill site is determined by :

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.4 Investment property

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

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

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

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

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

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

Fair value

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

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

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

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

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

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

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

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

1.5 Property Plant and Equipment

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	5 - 15 years
Furniture and fixtures	7 - 10 years
Motor vehicles	3 - 20 years
Office equipment	3 - 5 years
IT equipment	3 - 6 years
Infrastructure	5 - 30 years
Other property, plant and equipment	5 - 30 years
Other equipment	5- 25 years
Specialised vehicles	10 years
Tools and loose gear	5 years

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost on acquisition.

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

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

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

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

Item	Useful life
Computer Software	3-5 years

Intangible assets are derecognised:

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

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

1.7 Heritage assets

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

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

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

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

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

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

Recognition

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Initial measurement

Heritage assets are measured at cost on acquisition.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Financial instruments

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

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment) but shall not consider future credit losses.

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

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

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

A financial asset is:

- cash;

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Classification

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

Class	Category
Deposit (Security held in advance)	Financial Asset measured at amortised cost
Investments - Call accounts	Financial Asset measured at amortised cost
Consumer Debtors	Financial Asset measured at amortised cost
VAT	Financial Asset measured at amortised cost
Receivables from exchange transactions	Financial Asset measured at amortised cost

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

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Accruals	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

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

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

Financial liabilities

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, is recognised in surplus or deficit.

Presentation

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

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

1.9 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

1.10 Leases

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

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

Finance leases - lessee

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

Subsequently, minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

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

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

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

Operating leases - lessor

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

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

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

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

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

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

Identification

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

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

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

Value in use

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Depreciated replacement cost approach

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.13 Electricity distribution losses

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

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

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

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

1.14 Employee benefits

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

Short-term employee benefits

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

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Other post retirement obligations

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

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

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

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

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

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

1.15 Provisions, Contingent Liabilities and Assets

Provisions

Provisions are recognised when:

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when the municipality:

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

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

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

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

Contingent liabilities

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

The municipality shall not recognise a contingent liability.

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

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

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

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

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

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

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

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

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

After their initial recognition:

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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Contingent assets

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

The municipality shall not recognise a contingent asset.

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

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

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

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

After their initial recognition:

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

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

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

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Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.12.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

1.16 Commitments

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

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

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

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

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

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

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

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

1.17 Revenue from exchange transactions

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

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

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

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

Measurement

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Sale of goods

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

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

Rendering of services

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

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

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

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

Interest

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

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

Interest is recognised, in surplus or deficit, using prime plus one method.

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

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

1.18 Revenue from non-exchange transactions

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Recognition

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

Measurement

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

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

Rates, including collection charges and penalties interest

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

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

Transfers

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

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

Fines

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

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

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

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

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

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

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

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

Levies/Property rates

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

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

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

Taxation revenue is determined at a gross amount and disclosed in the surplus net of rebates.

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

Government grants

Government grants are recognised as revenue when:

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

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

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

Conditional grants

Receipts from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Grants are included in Non exchange transactions revenue.

Unconditional grants.

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

Commitments

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Commitments include:

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

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

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

Value added tax

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

Donations

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

Donations are non exchange revenue.

1.19 Materiality

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

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

1.20 Investment income

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

1.21 Accounting by principals and agents

Identification

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

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

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

Identifying whether a municipality is a principal or an agent

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

1.22 Comparative figures

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

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.24 Fruitless and wasteful expenditure

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

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

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

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

1.25 Irregular expenditure

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

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

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

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

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

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

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

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

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

1.26 Use of estimates

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

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.27 Accounting Policies, Changes in Accounting Estimates and Errors

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

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

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.28 Expenditure

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

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

1.29 Segmental reporting

A segment is an activity of a municipality:

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

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

Measurement

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.30 Budget information

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

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

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

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

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

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

Comparative information is not required.

1.31 Related parties

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

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

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

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

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

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

1.32 Events after reporting date

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.33 Consumer Deposits

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

1.34 Trade payables

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	TBA	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	TBA	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	103,830,766	-	103,830,766	96,398,574	-	96,398,574

Reconciliation of investment property - June 2023

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

Reconciliation of investment property - June 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	81,077,025	(1,380,000)	16,701,549	96,398,574

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. None of the assets of the Municipality has been pledged as security for any purposes.

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

Amounts recognised in surplus or deficit

There were no direct operating expenses and repairs and maintenance for Investment property that generated rental revenue for the 2022 and 2023 year

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

4. Property Plant and Equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	173,835,386	-	173,835,386	173,835,386	-	173,835,386
Buildings	132,294,569	(76,814,168)	55,480,401	131,749,299	(72,588,049)	59,161,250
Leased assets capitalised	19,329,969	(3,927,399)	15,402,570	21,355,619	(1,028,004)	20,327,615
Roads Infrastructure	1,089,188,333	(525,541,962)	563,646,371	1,064,338,682	(487,978,210)	576,360,472
Solid Waste Infrastructure	25,514,856	(14,918,732)	10,596,124	29,115,040	(14,181,913)	14,933,127
Electrical Infrastructure	118,822,688	(51,119,801)	67,702,887	101,714,698	(46,565,061)	55,149,637
Community	31,029,037	(15,628,344)	15,400,693	30,273,423	(14,598,055)	15,675,368
Furniture and Office Equipment	10,280,812	(7,385,828)	2,894,984	9,188,577	(6,734,946)	2,453,631
Machinery and Equipment	28,764,418	(16,684,017)	12,080,401	26,986,214	(13,746,216)	13,239,998
Computer Equipment	7,749,121	(4,414,960)	3,334,161	5,859,018	(3,672,976)	2,186,042
Transport Assets	50,802,202	(37,642,161)	13,160,041	50,723,252	(32,955,432)	17,767,820
Capital - Work in Progress	184,356,799	(5,639,747)	178,717,052	131,883,906	(3,824,558)	128,059,348
Total	1,871,968,190	(759,717,119)	1,112,251,071	1,777,023,114	(697,873,420)	1,079,149,694

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property plant and equipment - June 2023

	Opening balance	Additions	Disposals	Transfers	Donations	Changes in Landfill site valuation	Depreciation	Impairment loss	Total
Land	173,835,386	-	-	-	-	-	-	-	173,835,386
Buildings	59,161,250	247,305	(25,084)	352,820	-	-	(3,983,204)	(272,686)	55,480,401
Leased assets capitalised	20,327,615	2,744,689	(4,244,953)	-	-	-	(3,424,781)	-	15,402,570
Roads Infrastructure	576,360,472	-	(50,686)	25,078,313	-	-	(37,522,060)	(219,668)	563,646,371
Solid Waste Infrastructure	14,933,127	733,810	-	-	-	(4,333,994)	(736,819)	-	10,596,124
Electrical Infrastructure	55,149,637	-	(164,608)	18,035,819	-	-	(5,317,593)	(368)	67,702,887
Community	15,675,368	506,614	-	249,000	-	-	(1,030,289)	-	15,400,693
Furniture and Office Equipment	2,453,631	1,061,251	(332)	41,288	-	-	(651,175)	(9,679)	2,894,984
Machinery and Equipment	13,239,998	2,148,010	(812,177)	60,123	919,900	-	(2,454,511)	(1,020,942)	12,080,401
Computer Equipment	2,186,042	1,930,203	(18,384)	-	-	-	(722,254)	(41,446)	3,334,161
Transport Assets	17,767,820	78,951	-	-	-	-	(3,410,703)	(1,276,027)	13,160,041
Capital - Work in Progress	128,059,348	96,683,132	-	(44,210,239)	-	-	-	(1,815,189)	178,717,052
	1,079,149,694	106,133,965	(5,316,224)	(392,876)	919,900	(4,333,994)	(59,253,389)	(4,656,005)	1,112,251,071

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property plant and equipment - June 2022

	Opening balance	Additions	Disposals	Transfers	Changes in Landfill site valuation	Depreciation	Impairment loss	Total
Land	175,308,486	-	-	(10,500,000)	-	-	9,026,900	173,835,386
Buildings	63,444,160	33,382	(254,169)	-	-	(4,062,123)	-	59,161,250
Leased assets capitalised	19,356,917	21,355,619	-	(19,356,917)	-	(1,028,004)	-	20,327,615
Roads Infrastructure	587,851,991	-	(356,267)	27,430,701	-	(37,643,802)	(922,151)	576,360,472
Solid Waste Infrastructure	18,281,663	-	(12,706)	-	(2,302,231)	(1,033,599)	-	14,933,127
Electrical Infrastructure	45,247,186	-	(2,813,490)	17,548,770	-	(4,814,794)	(18,035)	55,149,637
Community	17,394,727	-	(569,389)	-	-	(1,149,970)	-	15,675,368
Furniture and Office Equipment	2,875,972	257,189	(5,280)	-	-	(659,759)	(14,491)	2,453,631
Machinery and Equipment	5,441,038	-	(22,125)	10,155,324	-	(2,333,303)	(936)	13,239,998
Computer Equipment	1,714,262	1,051,130	(22,937)	-	-	(553,704)	(2,709)	2,186,042
Transport Assets	11,734,927	1,079,482	(462,729)	9,201,592	-	(3,785,452)	-	17,767,820
Capital - Work in Progress	91,795,661	83,111,727	-	(43,023,482)	-	-	(3,824,558)	128,059,348
	1,040,446,990	106,888,529	(4,519,092)	(8,544,012)	(2,302,231)	(57,064,510)	4,244,020	1,079,149,694

Donations

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

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

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

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for halting the construction	Impairment June 2023	Carrying value of halted projects June 2023	Impairment June 2022	Carrying value of halted projects June 2022
Electrification of Zenzele	Work in Progress	Yes	Projects implemented on land that is privately owned	1,599,122.00	1,308,372.00	-	2,907,493.93
Fencing of Elandsdoorn Cemetery	Work in Progress	Yes	The project was disrupted by community	216,066.96	-	648,202.04	216,066.96
Total				1,815,188.96	1,308,372.00	648,202.04	3,123,560.89

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Below are delayed property, plant and equipment that are taking a significantly longer period of time to complete than expected.

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for the delay	Impairment June 2023	Carrying value of halted projects June 2023	Impairment June 2022	Carrying value of halted projects June 2022
Kgaphamadi Bus Road Phase 1E	Work in Progress	No	The project had delays that negatively affected the finalization of the remaining snaglist on site		43,440,141		43,440,141
Grobblersdal Landfill site	Work in Progress	No	Designs not compliant with new Department of Water and Sanitation standards/requirements on landfill sites		13,143,210		9,795,810
Upgrading of Bloompoot to Uitspanning Access Road	Work in Progress	No	Slow production and supply of concrete		38,827,122		18,138,858
Upgrading of Tafelkop stadium Access Road	Work in Progress	No	Unforeseen site conditions - wetland and hard rock		39,987,346		16,621,048
Total					135,397,818		87,995,857

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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Expenditure incurred to repair and maintain property, plant and equipment

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

Repairs and maintenance on solid waste and roads	26,056,467	10,849,640
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Reconciliation of Work-in-Progress

Category	Opening balance	Expenditure	Transfers	Impairment	Closing balance
Community Assets	216,067			-216,067	
Electrical Infrastructure	20,552,248	20,293,189	-18,677,695	-1,599,122	20,568,621
Land		1,075,000			1,075,000
Roads Infrastructure	96,399,205	69,808,313	-25,078,314		141,129,204
Solid Waste Infrastructure	9,795,810	4,183,400			13,979,210
Grand Total	126,963,329	95,359,902	-43,756,009	-1,815,189	176,752,035

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

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

The impairment review was limited to review of the possible "Physical impairment" of the assets. This impairment review is therefore directly linked to the high-level condition assessment carried out on the assets that have been physically verified. Impairment was raised in cases where the carrying amount at year end (Including accumulated impairment in prior years but before current year impairment losses) exceeded the recoverable service amount calculated. The additional impairment will be equal to the difference between the carrying value and the recoverable service amount.

Once the condition of an asset is determined the condition rating is applied in order to ensure that the value of the asset is correctly reflected, this is done by reducing the carrying value of the asset based on its condition, as per the table below:

Description	Rating
Very Good	95%
Good	70%
Fair	45%
Poor	25%
Very Poor	10%
Broken	0%

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

5. Heritage Assets

	2023			2022		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Heritage Assets	463,363	-	463,363	463,363	-	463,363

Reconciliation of heritage assets - June 2023

	Opening balance	Total
Heritage Assets	463,363	463,363

Heritage assets include Municipal Jewellery and traditional work of art.

Reconciliation of heritage assets - June 2022

	Opening balance	Total
Heritage Assets	463,363	463,363

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

6. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,554,591	(1,548,191)	6,400	1,553,213	(1,540,430)	12,783

Reconciliation of intangible assets - June 2023

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

Reconciliation of intangible assets - June 2022

	Opening balance	Disposals	Amortisation	Total
Computer software	22,562	(1,378)	(8,401)	12,783

Other information

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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7. Employee benefit obligations

Defined benefit plan

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

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

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

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

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

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

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

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

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

Carrying value

Present value of the Post Employment Medical Health Care obligation -Opening	(24,531,000)	(24,324,000)
Interest charge	(2,845,000)	(2,378,000)
Net actuarial gains or losses recognised	3,698,882	2,084,200
Current Service Cost	(1,068,000)	(1,025,000)
Benefits paid out of the fund	831,118	1,111,799
	(23,914,000)	(24,531,000)
Non-current liabilities	(23,010,000)	(23,583,000)
Current liabilities	(904,000)	(948,000)
	(23,914,000)	(24,531,000)

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

Opening balance	16,015,002	15,808,001
Net expense recognised in the statement of financial performance	(617,000)	207,001
	15,398,002	16,015,002

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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Net expense recognised in the statement of financial performance

Current service cost	1,068,000	1,025,000
Interest cost	2,845,000	2,378,000
Actuarial (gains) losses	(3,698,882)	(2,084,200)
Paid out to current members	(831,118)	(1,111,799)
	(617,000)	207,001

Calculation of actuarial gains and losses

Actuarial (gains) losses	(3,698,882)	(2,084,201)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used: Long service awards	11.20 %	11.03 %
General salary inflation (Long Term)	6.52 %	7.33 %
Nett effective discount rate - Long service awards	4.39 %	3.45 %
Discount rate used: Post employment benefits	12.48 %	11.82 %
Health care inflation rate	8.09 %	8.43 %
Net effective discount rate - Post employment benefits	4.06 %	3.13 %

Other assumptions

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

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost (defined benefit obligation)	3,605,000	3,549,000
Effect on defined benefit obligation	21,178,000	27,268,000

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost (Long service awards)	1,657,000	1,712,000
Effect on Long service awards obligation	8,377,000	9,341,000

Amounts disclosed span the total information available as the municipality applied the GRAP standard only from 2017 annual financial statements. Future periods will include all further information as it ages.

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation	23,914,000	24,531,000	24,324,000	33,047,000	36,472,000
Experience adjustments on plan liabilities	(450,000)	(957,000)	(2,118,000)	174,000	(2,204,000)
	2023 R	2022 R	2021 R	2020 R	2019 R
Long service award	8,835,000	8,099,000	7,416,000	6,900,000	6,010,000
Experience adjustments on plan liabilities	341,553	750,854	774,714	455,307	582,882

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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8. Deposit (Security held in advance)

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

Eskom Deposits

Account payable security	17,280,638	16,536,410
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9. Inventories

Consumables	14,243,291	9,854,683
Unsold Properties Held for Resale	12,036,466	8,561,466
	26,279,757	18,416,149

9.1 Consumables expenses

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

Statement of Financial Position

Opening stock	9,854,683	11,081,710
Add: Purchases	22,010,106	19,900,034
Less: Consumed	-17,621,499	-21,127,060
Closing stock	14,243,290	9,854,683

Statement of Financial Performance

Repairs And Maintenance used	6,676,219	7,278,941
Printing And Stationery used	2,203,657	1,462,005
Materials and supplies	4,909,320	3,728,321
Inventories recognised as an expense during the year	13,789,196	12,469,267

Inventories Recognised as Non current assets	3,328,195	8,657,793
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Total inventory consumed	17,117,391	21,127,060
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Inventory pledged as security

There is no Inventory pledged as security.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
10. Receivables from exchange transactions		
Guarantees	-	865,000
Prepayments	-	206,630
Trade debtors	2,708,428	2,960,701
	2,708,428	4,032,331
11. Receivables from non-exchange transactions		
Traffic fines	113,810,372	4,367,127
Less: Provision for irrecoverable debt traffic fines	(111,085,316)	(1,142,466)
Debit orders to be recovered	104,296	478,701
	2,829,352	3,703,362
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	1,142,466	3,500,372
Provision for impairment	112,249,050	(2,357,906)
Amounts written off as uncollectible	(2,306,200)	-
	111,085,316	1,142,466
As of 30 June 2023, traffic fines debtors of R113 810 372 (2022: R 4 367 127) were impaired and provided for.		
The amount of the provision was R111 085 316 as at 30 June 2023 (2022: R 1 142 466).		
Bad debts written off against allowance amounted to R2 306 200 in the year 2023.		
Fines, Penalties and Forfeits revenue		
The breakdown of traffic fine revenues is as follows, the increase in revenue can be attributed to the introduction of a new camera system for monitoring traffic violations.		
Traffic fines revenue	115,081,135	2,236,200
Other penalties	358,025	-
	115,439,160	2,236,200
12. VAT receivable		
VAT Accrual	14,180,311	12,446,201
VAT Cash basis	6,637,128	1,953,500
	20,817,439	14,399,701

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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VAT receivable is a statutory receivable per GRAP 108.

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

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

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

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

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

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

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

13. Consumer debtors

Gross balances

Rates	73,977,965	61,774,080
Electricity	15,104,135	16,699,890
Refuse	24,708,555	21,020,711
Interest exchange	12,673,810	10,827,701
Interest non-exchange	52,486,633	46,721,071
VAT	6,676,432	6,368,905
Other	2,392,999	2,304,905
	188,020,529	165,717,263

Less: Allowance for impairment

Rates	(29,620,215)	(27,321,349)
Electricity	(2,011,977)	(1,768,649)
Refuse	(11,614,253)	(10,169,026)
Interest exchange	(6,194,736)	(5,232,810)
Interest non-exchange	(24,606,397)	(21,653,347)
VAT	(2,311,840)	(2,074,402)
Other	(992,900)	(966,505)
	(77,352,318)	(69,186,088)

Net balance

Rates	44,357,750	34,452,731
Electricity	13,092,158	14,931,241
Refuse	13,094,302	10,851,685
Interest exchange	6,479,074	5,594,891
Interest non-exchange	27,880,236	25,067,724
VAT	4,364,592	4,294,503
Other	1,400,099	1,338,400
	110,668,211	96,531,175

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Rates		
Current (0 -30 days)	4,545,331	3,158,222
31 - 60 days	2,834,012	1,724,169
61 - 90 days	2,193,646	1,327,826
91 - 120 days	2,072,849	1,267,561
121 - 365 days	12,423,323	7,895,706
> 365 days	49,908,804	46,400,596
	73,977,965	61,774,080
Electricity		
Current (0 -30 days)	8,976,645	11,246,717
31 - 60 days	1,521,706	1,810,208
61 - 90 days	456,740	177,449
91 - 120 days	152,407	135,003
121 - 365 days	831,953	779,848
> 365 days	3,164,684	2,550,665
	15,104,135	16,699,890
Refuse		
Current (0 -30 days)	798,968	772,691
31 - 60 days	585,849	571,740
61 - 90 days	427,692	421,746
91 - 120 days	403,632	393,500
121 - 365 days	2,688,876	2,744,676
> 365 days	19,803,538	16,116,358
	24,708,555	21,020,711
Interest		
Current (0 -30 days)	1,256,642	1,765,514
31 - 60 days	1,228,218	1,693,265
61 - 90 days	1,188,070	1,650,851
91 - 120 days	1,205,792	1,609,403
121 - 365 days	7,530,441	10,172,882
> 365 days	52,751,281	40,656,858
	65,160,444	57,548,773
VAT		
Current (0 -30 days)	1,473,121	1,192,631
31 - 60 days	321,962	363,848
61 - 90 days	136,785	94,377
91 - 120 days	88,806	80,904
121 - 365 days	548,730	549,071
> 365 days	4,107,029	3,468,679
	6,676,433	5,749,510
Other		
Current (0 -30 days)	91,822	74,097
31 - 60 days	26,527	50,016
61 - 90 days	29,798	29,784
91 - 120 days	50,735	28,630
121 - 365 days	161,397	154,529
> 365 days	2,032,720	1,967,849
	2,392,999	2,304,905

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	8,708,675	10,031,740
31 - 60 days	3,085,088	3,060,173
61 - 90 days	2,238,487	2,067,983
91 - 120 days	2,046,589	1,991,573
121 - 365 days	13,387,603	12,897,554
> 365 days	81,316,274	64,839,826
	<u>110,782,716</u>	<u>94,888,849</u>
Less: Allowance for impairment	(47,574,419)	(40,975,482)
	63,208,297	53,913,367
Industrial/ commercial		
Current (0 -30 days)	7,486,597	8,080,105
31 - 60 days	2,688,034	2,855,205
61 - 90 days	1,557,217	1,510,078
91 - 120 days	1,471,774	1,436,586
121 - 365 days	8,951,079	8,832,640
> 365 days	45,300,996	42,265,441
	<u>67,455,697</u>	<u>64,980,055</u>
Less: Allowance for impairment	(26,552,085)	(26,040,195)
	40,903,612	38,939,860
National and provincial government		
Current (0 -30 days)	942,881	717,423
31 - 60 days	740,775	297,868
61 - 90 days	632,651	123,973
91 - 120 days	416,487	86,842
121 - 365 days	1,846,039	566,518
> 365 days	5,150,786	4,055,737
	<u>9,729,619</u>	<u>5,848,361</u>
Less: Allowance for impairment	(3,218,210)	(2,170,412)
	6,511,409	3,677,949
Total		
Consumers	110,835,212	94,888,848
Commercial / industrial / agricultural	67,455,698	64,980,055
National, Provincial and other government organisations	9,729,619	5,848,360
	<u>188,020,529</u>	<u>165,717,263</u>
Less: Allowance for impairment	(77,352,318)	(69,186,088)
	110,668,211	96,531,175
Reconciliation of allowance for impairment		
Balance at beginning of the year	(69,186,088)	(51,722,229)
Contributions to allowance	(13,858,651)	(17,463,859)
Debt impairment written off against allowance	5,692,421	-
	(77,352,318)	(69,186,088)

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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Consumer debtors impaired

As of 30 June 2023, consumer debtors of R 188 020 529 (2022: R 165 717 263) were impaired and provided for.

The amount of the provision was R 77,352,318 as at 30 June 2023 (2022: R (69,186,088)). The basis of the calculation of debt impairment is based on the risk assessment required in terms of GRAP 19.

Debt impairment written off against allowance amounted to R5,692,421 as at 30 June 2023 and zero as at 30 June 2022.

Consumer debtors breakdown

The carrying amount of consumer debtors consist of the following:

Consumer debtors from non-exchange transactions	72,237,986	59,520,455
Consumer debtors from exchange transactions	38,430,225	37,010,720
Total	110,668,211	96,531,175

Statutory receivables - Property rates

Net property rates	44,357,750	34,452,731
Net interest on property rates	27,880,236	25,067,724
	72,237,986	59,520,455

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

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

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

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

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

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	68,801	6,799
Bank balances	7,564,302	4,703,231
Short-term deposits	25,459,761	10,000,000
	33,092,864	14,710,030

Short-term deposits for 2022 year was correctly disclosed by splitting the balance between Short-term deposits and Bank balances. This did not change the total abalance for Cash and cash equivalents.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Nedbank Limited: Cheque Account (Acc no 1137278765)	7,478,441	- 4,581,155	7,564,302	- 4,703,231
Nedbank Limited: Call Account (1211262103)	-	- 9,999,575	-	- 10,000,000
Absa (Acc no 2081036577)	25,459,760	-	25,459,760	-
Total	32,938,201	- 14,580,730	33,024,062	- 14,703,231

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
15. Finance lease obligation		
Minimum lease payments due		
- within one year	11,025,449	8,117,986
- in second to fifth year inclusive	8,030,484	13,810,318
	19,055,933	21,928,304
less: future finance charges	(1,924,789)	(2,588,102)
Present value of minimum lease payments	17,131,144	19,340,202
 Non-current liabilities	7,636,923	12,702,191
Current liabilities	9,494,222	6,638,009
	17,131,145	19,340,200

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

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

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Land Affairs Grant	466,250	466,250
Integrated National Electrification Programme (Municipal Grant)	-	5,396,288
Municipal Infrastructure Grant	20,710,297	60,192
CoGHSTA - Development of Masakaneng	299,762	299,762
Education Training and Development Practices SETA	624,858	266,852
	22,101,167	6,489,344

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

Additional allocation for Municipal Infrastructure Grant of R32 000 000 was received during March 2023. The additional allocation was not originally gazetted.

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
17. Deferred income		
At amortised cost		
Deferred income - Long term portion	2,749,999	2,942,982
At amortised cost		
Deferred income - Short term portion	192,983	192,983
<p>The municipality received R 5 500 000 in advance for the market related lease of a business property. As part of the lease agreement these payments are amortised over 25 years lease term. No escalation is applicable on the lease and the lease payments are amortised utilising the straight line method. The lease amounts to R 192 982 per annum excluding VAT (value added tax). The remaining term is 15 years.</p> <p>The total obligation as at year end is R2 942 982 (2023) and R3 135 965 (2022)</p>		
Non-current liabilities		
Deferred income	2,749,999	2,942,982
Current liabilities		
Deferred income	192,983	192,983

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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18. Provisions

Reconciliation of provisions - 2023

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

Reconciliation of provisions - 2022

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	46,628,201	(2,302,231)	-	5,744,051	-	50,070,021
Provision for Long Service Leave Bonus	7,416,000	757,000	(1,331,854)	646,000	611,854	8,099,000
	54,044,201	(1,545,231)	(1,331,854)	6,390,051	611,854	58,169,021

Non Current Portion Landfill site provision	78,818,668	76,725,335
Current Portion Landfill site provision	9,416,057	7,921,692
Non-current portion of long service leave provision	7,124,000	7,563,000
Current portion of long service leave provision	1,711,000	536,000
	97,069,725	92,746,027

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Employee benefit cost provision

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

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

Detailed assumptions are disclosed under note 7

Environmental rehabilitation provision

An actuarial valuation was performed on the environmental rehabilitation - current and non current - liability. The municipality appointed external experts to perform the rehabilitation review and estimation for the 2022 and 2023 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

Key financial assumptions used

Discount Rate Assumption

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

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

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

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

CPI

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

Rates and information used:

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

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

Assumption	Roosenekal and Dennilton landfills	Groblersdal landfill
CPI	6.17%	6.17%
Discount rate	10.67%	10.92%
Net effective discount rate	4.5%	4.75%

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Landfill site	Date License Issued	Date of License Expiry	Years valid	Remaining life in yrs on 30 April 2023	Remaining life in yrs on 30 June 2022
Groblersdal	7/4/2011	7/4/2027	16	3.77	4.77
Roosenekal	17/12/2020	16/4/2025	5	1.88	2.8

19. Payables from exchange transactions

Trade payables	41,281,952	44,585,958
Credit balances on receivables	3,579,915	3,337,314
Accrued leave pay	20,962,404	20,977,717
Accrued bonus	8,978,188	8,593,445
Retention Creditors	17,752,110	17,002,919
Unallocated deposits	2,686,277	2,877,637
	95,240,846	97,374,990

Payments received in advance Consumer Accounts is now renamed to **Credit balances on receivables** to improve fair presentation of financial statements.

20. Payables from non - exchange transactions

SARS tax directives	-	499,189
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Tax directives are instructions from SARS to the municipality on how to deduct employees' tax from lump sum payments which are not covered by the prescribed tax table.

21. Consumer deposits

Electricity	5,757,651	5,621,490
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The electricity deposit relates to the guarantees or amounts paid by consumers on initial connection to municipal services. The deposit will be used to settle the debt in case of disconnection of services or payment default by the customer.

22. Service charges

Sale of electricity	90,413,502	98,370,604
Refuse removal	9,536,928	9,382,773
	99,950,430	107,753,377

23. Other income

Staff Recoveries	-	639,276
Other income	1,246,976	1,415,317
	1,246,976	2,054,593

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
24. Interest revenue		
Revenue from exchange transactions		
Bank and investments	2,251,709	1,779,822
Interest received on Eskom deposits	744,228	528,162
Interest charged on exchange consumer debtors	2,645,325	3,525,804
	5,641,262	5,833,788
Revenue from non-exchange transactions		
Interest charged on non-exchange consumer debtors	11,554,498	15,229,408
	17,195,760	21,063,196
25. Property rates		
Rates billed		
Rates levied	66,302,265	47,634,929
Less: Income forgone (Property rates rebates)	(11,256,705)	(7,721,693)
	55,045,560	39,913,236
Valuations		
Residential	2,910,664,100	2,451,732,500
Commercial	1,347,450,602	1,080,581,000
State	861,054,945	219,497,050
Municipal	303,886,954	316,749,100
Small holdings and farms	6,675,488,503	4,354,758,725
Social	62,780,000	59,886,000
	12,161,325,104	8,483,204,375
The municipality implemented the new valuation roll effective on 1 July 2022. Supplementary valuations will be processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.		
26. Grants and subsidies paid		
Other subsidies		
Assets transferred to Eskom	3,061,722	-
Electricity Subsidies	763,345	1,232,051
Bursaries	335,501	315,264
Post Employment Medical Aid Benefits - Interest Charge	1,086,000	1,044,000
	5,246,568	2,591,315

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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27. Government grants and subsidies

Operating grants

Equitable share	334,259,479	302,788,000
Expanded Public Works Programme Integrated Grant for Municipalities	1,796,000	2,199,000
Local Government Financial Management Grant	2,850,000	2,650,000
	338,905,479	307,637,000

Capital grants

Municipal Infrastructure Grant (MIG)	73,895,703	57,923,808
Integrated National Electrification Programme Grant (INEP)	17,000,000	16,392,323
	90,895,703	74,316,131
	429,801,182	381,953,131

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of the year	60,192	-
Current-year receipts	94,606,000	57,984,000
Conditions met - transferred to revenue	(73,895,703)	(57,923,808)
Amount transferred to NRF	(60,192)	-
	20,710,297	60,192

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

Financial Management Grant (FMG)

Current-year receipts	2,850,000	2,650,000
Conditions met - transferred to revenue	(2,850,000)	(2,650,000)
	-	-

Land Affairs Grant

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
INEP-Integrated national Electrification Programme Grant		
Balance unspent at beginning of the year	5,396,674	440,611
Current-year receipts	17,000,000	21,348,000
Conditions met - transferred to revenue	(17,000,000)	(16,391,937)
Amount transferred to NRF	(5,396,674)	-
	-	5,396,674
Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)		
Current-year receipts	1,796,000	2,199,000
Conditions met - transferred to revenue	(1,796,000)	(2,199,000)
	-	-
Education Training and Development Practices SETA		
Balance unspent at beginning of the year	(266,852)	(266,852)
Current-year receipts	(358,006)	-
	624,858	(266,852)
Conditions still to be met - remain liabilities (see note 16).		
COGHSTA - Development of Masakaneng		
Balance unspent at beginning of the year	299,762	299,762
Conditions still to be met - remain liabilities (see note 16).		

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
28. Employee related costs		
Acting allowances	1,112,892	524,057
Bargaining Council	44,032	42,949
Basic salary	107,190,363	101,517,761
Bonus	8,490,487	8,091,856
Car allowance and travel	15,557,229	13,926,941
Cellphone and uniform allowances	1,986,900	2,046,783
Contribution to provision for Leave and bonus pay	1,376,263	1,576,333
Defined contribution plans	19,902,915	20,035,395
Housing benefits and allowances	254,965	219,908
Medical aid - company contributions	6,016,672	5,522,224
Overtime payments	1,390,702	1,990,184
Post Employment Medical Aid Benefits and Long Service Leave - Current Service Charge	1,887,000	1,737,981
Post Employment Medical Aid Benefits and Long Service Leave - Interest Charge	2,624,000	1,980,000
SDL	1,320,270	1,258,762
UIF	729,328	726,257
	169,884,018	161,197,391

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

Remuneration of Acting Directors Director Planning and Development

Acting allowance (B Sethojoa - July 2021 to June 2022)	-	24,357
Acting allowance (B Sethojoa - July 2022 to June 2023)	78,288	-

Remuneration of Municipal Manager - M Kgwale

Annual Remuneration	887,491	1,081,664
Car and other allowances	108,000	108,000
Contributions to Medical and Pension Funds	132,389	106,334
Contribution to UIF and SDL	13,510	14,463
Annual Bonus	77,971	91,988
Contribution to Bargaining Council	130	124
Cellphone and other allowance	36,632	30,000
	1,256,123	1,432,573

Remuneration of Director of Community Services - M Mohlala

Annual Remuneration	531,082	-
Car Allowance	87,567	-
Acting Allowances	6,658	-
Cellphone and other allowance	20,700	-
Contribution to UIF and SDL	7,912	-
Contribution to Bargaining Council	97	-
Contributions to Medical and Pension Funds	69,014	-
Annual Bonus	13,513	-
	736,543	-

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Remuneration of Former Director of Community Services - G Kegopotsemang		
Annual Remuneration	-	977,387
Car Allowance	-	60,000
Contributions to Medical and Pension Funds	-	55,005
Cellphone allowance	-	27,600
Contribution to UIF and SDL	-	14,012
Contribution to Bargaining Council	-	124
Annual Bonus	-	117,976
	-	1,252,104

Backpay amounting to R37,342 was effected in line with upper limit gazette`number 48789.

Director of Infrastructure Services - M Malungana

Annual Remuneration	59,780	-
Car Allowance	15,000	-
Contributions to UIF, Medical and Pension Funds	895	-
Contribution to Bargaining Council	11	-
	75,686	-

Remuneration of Acting Directors Community Services

Acting Allowance (M Mokhulwane) (1 July 2022 to 30 September 2022)	17,801	-
Acting Allowance (C Coetzee - 2022) (September 2021)	-	2,832
Acting Allowance (N Mahlangu - 2022) (January 2022)	-	3,739
	17,801	6,571

Remuneration of Director of Corporate Services - N Matumane

Annual Remuneration	296,830	1,152,805
Car Allowance	44,747	42,902
Cellphone and other allowance	6,900	27,600
Annual Bonus	-	68,008
Contribution to Bargaining Council	32	124
Contribution to UIF and SDL	3,449	13,729
	351,958	1,305,168

Backpay amounting to R37,342 was effected in line with upper limit gazette`number 48789

Additional text

.

Remuneration of Acting Director Infrastructure

Acting Allowance (J Malaka July 2021 - June - 2022)	-	8,794
Acting Allowance (J Malaka) (July 2022- May 2023)	24,874	-
	24,874	277,889

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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Remuneration of Acting Director of Corporate Services

Acting Allowance (J Maboja) (July 2022- June 2023)	39,506	-
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29. Remuneration of councillors

Mayor	963,229	963,583
Speaker	780,430	776,695
Executive Committee Councillors	4,712,173	4,991,190
Ordinary Councillors	18,184,854	17,871,826
Chief Whip	744,803	743,687
	25,385,487	25,346,981

In-kind benefits

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

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

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

Remuneration of Mayor

Car Allowance	229,606	226,213
Annual Remuneration	598,971	580,919
Contributions to Medical and Pension Funds	89,846	113,364
SDL	7,607	7,319
Cellphone and other	37,200	36,200
	963,230	964,015

Remuneration of Speaker

Car Allowance	186,038	184,432
Annual Remuneration	479,180	474,003
Contributions to Medical and Pension Funds	71,877	71,629
SDL	6,136	5,894
Cellphone and other	37,200	40,800
	780,431	776,758

Remuneration of Executive Committee

Annual bonus	60,000	36,000
Car Allowance	1,154,254	1,165,694
Annual Remuneration	2,763,160	2,982,656
Contributions to Medical and Pension Funds	396,979	423,979
SDL	37,781	39,418
Cellphone and other	300,000	357,800
	4,712,174	5,005,547

Remuneration of Chief Whip

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
Car Allowance	184,951	182,853
Annual Remuneration	449,417	424,611
Contributions to Medical and Pension Funds	67,413	90,243
Cellphone and other	37,200	40,800
SDL	5,822	5,613
	744,803	744,120

Remuneration of Ordinary Councilors

Annual bonus	2,500	-
Car Allowance	4,256,775	3,991,583
Annual Remuneration	10,353,141	10,320,659
Contributions to Medical and Pension Funds	1,517,021	1,385,960
Cellphone and other	1,910,400	2,020,919
SDL	145,018	141,663
	18,184,855	17,860,784

30. Finance costs

Finance leases	4,332,117	523,929
Late payment of creditors	71,123	2,449
	4,403,240	526,378

Total Lease interest expense for 2023 financial year and 2022 financial year are calculated using the effective interest rate linked to prime.

31. Debt impairment

Contributions to debt impairment consumers	13,858,652	17,463,857
Contributions to debt impairment traffic fines	112,249,050	2,226,009
	126,107,702	19,689,866

32. Bulk purchases

Electricity	93,184,759	97,948,551
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ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
33. General expenses		
Administration and management fees	3,713,232	1,581,046
Advertising	297,570	450,621
Assets expensed	70,558	96,310
Audit Committee	986,220	992,975
Auditors remuneration	6,210,132	5,553,965
Bank charges	545,393	414,394
Bursaries	636,301	483,875
Community services - developmental and outreach programmes	307,432	140,117
Conferences and seminars	6,562,217	6,837,955
Consulting and professional fees	14,336,449	22,643,428
Consumables	11,393,386	7,754,951
Discount Allowed	109,280	-
Electricity Water and Refuse - Municipal Consumption	10,090,964	8,454,688
Entertainment	11,409	22,040
IT expenses	8,934,994	10,835,054
Insurance	4,969,416	4,840,552
Landfill site - interest landfill rehabilitation provision	7,921,692	5,744,051
Motor vehicle expenses	978,763	764,871
Operation of landfill site	2,468,261	1,236,357
Postage and courier	30,192	48,748
Printing and stationery	6,168,761	4,390,094
Resettlement Cost	-	858
Remuneration to Ward Committees	5,461,500	3,257,600
SARS Adjustments	-	916,595
Security (Guarding of municipal property)	19,998,628	22,023,806
Staff welfare	2,172,780	1,303,164
Subscriptions and membership fees	2,029,649	2,018,209
Telephone and fax	2,979,167	2,023,831
Town planning - Valuation costs	1,879,202	6,635,407
Travel and Subsistence reimbursement	2,909,560	1,658,625
Uniforms	1,851,630	1,780,995
	126,024,738	124,905,182
34. Operating lease Income		
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	387,972	589,023
- in second to fifth year inclusive	947,737	1,188,703
- later than five years	1,736,842	2,122,808
	3,072,551	3,900,534
Revenue for the year included Rental income from facilities and equipment	950 485	1 461 166

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
35. Cash generated from operations		
Surplus/(deficit)	71,454,588	47,308,841
Adjustments for:		
Depreciation and amortisation	59,259,773	57,072,911
Donations received	(919,900)	-
Landfill site - additional interest landfill rehabilitation provision	7,921,692	1,081,774
Loss/(Gain) on sale of assets	4,216,580	4,825,350
Fair value adjustments - actuarial gains and losses	(3,835,329)	(1,472,347)
Fines withdrawn/reduced	1,619,565	1,473,950
Assets expensed/Transferred assets	3,061,722	-
Impairment fixed assets	4,656,004	(4,244,020)
Debt impairment	126,107,702	19,689,866
Discount allowed	109,280	-
Movements in retirement benefit assets and liabilities	(831,118)	(1,111,800)
Movements in provision for long service awards	(811,553)	(1,331,854)
Eskom interest	(744,228)	(528,162)
Deferred Income movement	(192,983)	(192,983)
VAT Adjustments	-	884,685
Post Employment Medical Aid Benefits and Long Service Leave interest	2,973,000	2,781,981
Employee costs contribution to provision for Leave and bonus pay	1,376,263	1,483,136
Post Employment Medical Aid Benefits and Long Service Leave current service cost	2,624,000	1,980,000
Fair Value Adjustments	(12,947,191)	(16,701,549)
Changes in working capital:		
Inventories	(4,388,608)	(11,211,516)
Receivables from exchange transactions	1,326,321	(755,859)
Consumer debtors	(28,104,968)	(31,562,539)
Receivables from non-exchange transactions	(113,458,788)	(3,377,309)
Payables from exchange transactions	(3,507,989)	16,304,287
VAT	(6,417,738)	939,732
Payables from non - exchange transactions	(499,189)	-
Unspent conditional grants and receipts	15,611,822	5,282,722
Consumer deposits	136,161	(156,798)
Debit orders to be recovered	460,166	(148,570)
	126,255,057	88,313,929

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
36. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	5,380,314	70,984,259
Total capital commitments		
Already contracted for but not provided for	5,380,314	70,984,259
Total commitments		
Total commitments		
Authorised capital expenditure	5,380,314	70,984,259
<p>This committed expenditure relates to property, plant and equipment and will be financed by available grants, retained surpluses, existing cash resources and funds internally generated. The commitments disclosed amounts are VAT inclusive.</p>		
Finance leases - as lessee (expense)		
<p>Finance lease payments represent rentals payable by the municipality for its fleet. These rentals are negotiated for a three year term. No contingent rent is payable.</p>		
Minimum lease payments due		
- within one year	11,025,449	8,117,986
- in second to fifth year inclusive	8,030,484	13,810,318
	19,055,933	21,928,304
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	4,126,798	4,860,611
- in second to fifth year inclusive	1,652,458	5,779,256
	5,779,256	10,639,867

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

37. Contingent Liabilities

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

The estimate of the contingent liability is +/- R7,719,318 (June 2023); +/- R 6,648,355 (June 2022)

Some of the comparative amounts/cases were restated.

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

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2023	Estimated claim 2022
Liability	-	Elias Motsoaledi Local Municipality // Mohlala Leonox	Description: High Court matter. the plaintiff is suing the municipality for contavening its own Bylaws	Matter pending: The Applicant is delaying the process of the matter for over a year, we stayed the matter and we will await the applicant to move the matter and respond accordingly.	550,000	550,000
Liability	-	Masutha//E mIm	Ms Masutha is alleging that she was unfairly discriminated against due to the fact that her position was a T16 yet she was not remunerated as such.	Matter pending: The Applicant is delaying the process of the matter for over a year, we stayed the matter and we will await the Applicant to move the matter and respond accordingly.	1,586,577	1,586,577
Liability	Masondo Khumalo Inc	Rekhuditse Contract And Cleaning Services // Elias Motsoaledi Local Municipality	The plaintiff was suing the municipality for loss of income and unpaid invoices for services rendered, the total estimated claim was R1 250 409.14 and the matter was finalised and we were instructed to oppose a bill of cost brought by Rekhuditse for their legal cost, which were granted against the Municipality.	Bill of cost opposed and the amount billed and reduced to R85 133,58; The Municipality paid the bill of cost matter finalised.	-	145,134
Liability	Masondo Khumalo Inc	Peri Formwork Scaffolding And Engineering (Pty) Ltd // Elias Motsoaledi Local Municipality Eli1/0016/Ys	The Plaintiff claims an amount of R1 133 352.46 against the Municipality and one of its Contractors, jointly and severally.	The plaintiff refused to send us notice of withdrawal, they indicated that they do not want to miss the opportunity to join the Municipality at the later stage. The Municipality stayed the matter and awaits the Plaintiff to act.	1,333,352	1,333,352

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2023	Estimated claim 2022
Liability	Setsoalo Mahube Attorneys	Maboe Rachidi // Elias Motsoaledi Local Municipality // C Coetzee / Melinda Marshall	Rachidi is suing the Municipality for unlawful arrest under Case Number: MRCC 104/2011. The Plaintiff Mr. Maboe Rachidi is suing the municipality and two traffic officers in their personal capacity for damages he suffered as a result of an alleged assault. He is alleging that he was assaulted by two traffic officials who were on duty on the date in question. The matter went on trial which was partly heard.	The matter was postponed sine die. We are still awaiting judgment from Court	450,000	450,000
Liability	Mpoyana Ledwaba Inc	Mohlangane K.J // Emlm	The plaintiff alleges that he fell on a ditch pit and sustain a fracture on his right hand and abrasions on the said hand. He is claiming an amount of R150 000.00 for damages.	Matter pending: in the process of applying for dismissal of the case as ordered by court.	310,000	310,000
Liability	Mpoyana Ledwaba Inc	Mphela Attorneys// Emlm Case 374/2020	The Plaintiff alleges that the Municipality owes them the legal fees of the matter they worked for on behalf of the Municipality in January 2013.	Matter pending. Plaintiff delaying the matter, matter stayed. We await Plaintiff to pursue the matter.	33,483	33,483
Liability	Mpoyana Ledwaba Inc	Mphela Attorneys// Emlm Case 384/2020	The Plaintiff alleges that the Municipality owes them the legal fees of the matter they worked for on behalf of the Municipality in September 2013.	Matter pending. Plaintiff delaying the matter, matter stayed. We await Plaintiff to pursue the matter.	39,809	39,809
Liability	Mpoyana Ledwaba Inc	Masakwame ng Trading// Emlm	The Plaintiff claims that the Municipality appointed them on the tender and could not resume work and the tender was advertised and someone else was appointed.	Matter pending. Awaiting trial date from the Registrar of the court.	2,200,000	2,200,000

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2023	Estimated claim 2022
Liability	Setsoalo Mahube Attorneys	Emlm// Mtn	The Municipality issued and served Application to the Respondent on the 12 August 2022. Cause of action: MTN is suing the Municipality for an amount of R866 097.00 for service they claim they rendered to the Councilors. Several letter of demands were forwarded to the Municipality and there were disputed. The Municipality attempted to settle the matter but without going to the court but MTN was not cooperating. An application to compel MTN to reconcile their account in order to clear the debt against the Municipality was made	The Municipality applied for the matter to be set down as unopposed, we await trial date from the Registrar of the court.	1,216,097	-
					7,719,318	6,648,355

The following restatements were done for 2022 comparative:

1. Mphela Attorneys//Emlm Case 374/2020, for 2022 legal fees were incorrectly included in the estimate for the contingent liability. The 2022 estimated liability was restated to exclude the legal costs since the matter will be discussed without going to the court.
2. Contingent Liabilities: Mphela Attorneys// Emlm Case 384/2020, for 2022 legal fees were incorrectly included in the estimate for the contingent liability. the 2022 estimated liability was restated to exclude the legal costs since the matter will be discussed without going to the court.
3. Contingent Liabilities: Masutha//EMLM, 2022 claim amount was excluded in the estimate for the contingent liability in the 2022 year, this was corrected by adding the claim amount to the estimate of the outflows.
4. Re: Peri Formwork Scaffolding And Engineering (Pty) Ltd // Elias Motsoaledi Local Municipality Eli1/0016/Ys Case, In the previous year's Contingent Liabilities disclosure, an inadvertent typing error led to the consideration of only the legal cost amount, rather than the total amount (including legal cost and claim amount). We have rectified this in the current annual financial statements by disclosing R1 333 352 from R200 000 for accurate reporting.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Contingent assets

Litigation is in progress in favour of the municipality relating to disputes with employees and members of the public. The municipality is likely to receive an amount of +/- R 3,468,186 (June 2023); +/- R 2,068,186 (June 2022). According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

Some of the comparative amounts/cases were restated.

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2023	Estimated claim 2022
Asset	Masondo Khumalo Inc	Emim//Breed & J Oosthuizen Eli1/0009/Ys	The Municipality seeks to evict the lessee from the farm as the lease agreement expired and the lessee continues to use the farm without paying any rental. The Municipality also has a claim against the Lessees for outstanding rental in the amount of R1 018 186.39, the claim is also referred to debt collection for collection.	Matter pending: the matter is delayed due to resignation of practitioners allocated this matter, to prioritise and proceed with the matter. Municipality also considers briefing another Legal Practitioner firm.	1,218,186	1,218,186
Asset	Mphoke Magane P.K Inc	Emim// Jq Family Trust	The Municipality filed an application to compel the Respondent to comply with the Municipal By-Law.	Matter not finalised as at year-end. Respondent complied and offered to pay legal cost on party to party scale (as the Master of High Court will determine) we await the taxed bill of cost.	500,000	500,000
Asset	Moloko Phooko Attorneys	Emim/ Mepf	The Municipality filed an application to compel the Respondent to remove an erected fence on the pedestrian walk way, this makes it difficult for the pedestrian to walk through.	Matter is set down for hearing	500,000	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2023	Estimated claim 2022
Asset	Dikgati Mphahlele	Emim//Dikel edi Masha And Others	The Municipality filed an urgent application to compel the Respondents to remove erected fence and walls on the pipe lines, this makes it difficult for the Municipality to install pipes.	Matter finalised: Court granted order in favour of the Municipality. The court did not order cost against the respondents.	400,000	
Asset	Mpoyana Ledwaba Inc	Emim//Joseph Nkoagats e	The Municipality filed an application to compel the Respondent to remove the animals he is grazing on the municipal farm	Court documents are drafted and ready to be served to the applicant.	500,000	
Asset	Mpoyane Ledwaba Inc	Emim/ Illegal Occupiers Of Farms Maphochsgr one And Vlakraagte	The Municipality appointed attorneys to obtain an eviction order against the Maphochsgronde and Vlakraagte Illegaldwellers. The total estimated legal fees is R 350 000.00.	Pending. Its been over a year since municipality engaged Mpumalanga provincial department for demarcation issues and still not resolved. Matter is stayed until finalisation of the demarcation issues.	350,000	350,000
					3,468,186	2,068,186

38. Related parties

Relationships

All Councillors

Accounting Officer
s57 municipal employees

Refer to note 53 and 29 . Public Office Holders
Remuneration
Refer to accounting officers' report
Refer to note 28

Nature of related party transactions:

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

Related party transactions

Transactions

Councillors - Councillor remuneration	29	25,385,490	25,346,981
Section 57 Acting Managers remuneration	28	160,569	39,722
Section 57 Managers remuneration	28	2,464,769	3,847,153

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

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

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

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

The following is a list as recorded for the 2023 and 2022 financial years.

Number	Company information			Person in employ of state			Financial Year	
	Service Provider	Director of the com	Description of serv	Department	Employee	Capacity	2023	2,022
1	Makgonatsohle Trading Enterprise	Gift Nkabang Mawela	-	Gauteng Department of Education	Masehoane Mildred Mawela (Teacher)	Wife	1,359,831	2,184,378
2	Sejagobe Engineers	Sejagobe Daniel Masekela	-	Gauteng Department of Public Works	Kgadi Ledile Mamakoa (Candidate Engineering Technician)	Wife	1,038,276	
3	Dzangi Consulting Services	Aluwani Lorraine Mathavhathe	-	Department of Human Settlement	Gumani Joseph Mathavhathe (Financial Planner)	Husband	1,177,383	
4	Mogalemole Consulting Engineer	Njipa Herman Mankga	Consultant Electrification of Maleoskop	Road Agency Limpopo	Paulina Mankga (Project Manager)	Wife	431,668	669,199
5	Democratic Construction and Services	Buta Ntina Lizzy	Event management for indigent awareness campaign	Elias Motsoaledi Local Municipality	Alfred Patlhane (Ward Councillor)	Wife		16,500

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Number	Company information			Person in employ of state			Financial Year	
6	Nedbank	Stanley Subramoney	Provision of banking services	Department of Education	Venisha Subramoney (Teacher - Department of Education)	Wife	5,472,572	7,286,788
7	Just breeze	Christopher Ntladi	Refuse removal	Department of Health	Matshidiso Ntladi (Dentist - Department of Health)	Wife	2,869,913	7,576,661
8	Dolmen Engineers	Moeketso Phynus Sematla	-	Limpopo Department of Health	Thully Monicah Sematla (EMS/Pramedic)	Wife	1,530,911	
11	NSK Electrical and Construction	Sibusisiwe Cute Zombe	-	Department of Education	Steve Zviyedzo Zombe (Teacher)	Husband	845,754	
12	F-Tech Services	Martin Mufanebadza	-	SAPS	Tselahale Faith Mufanebadza (Aministrative Clerk)	Wife	8,819,396	
13	Nkanivo Development Consulting	Samuel Chauke	-	Department of Home Affairs	Azwidali Elelwani Chauke (Administrative Officer)	Wife	478,261	
14	Sekhukhune Times	Peter Thapelo Motseo	-	Limpopo Department of Education	Cordelia Nkisi Mabelane (Teacher)	Wife	26,021	
15	Mashigwana Projects	Amos Kgotlelelo Mashigwana	-	Gauteng Department of Education	Johanna Letta Mashigwana (Teacher)	Wife	183,000	
Total Award							24,232,986	17,733,526

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

40. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

1. Deposit arrangement (Guarantees) of legal fees was incorrectly classified as legal fees in the previous financial years, this was corrected by correctly recognising a debtor - Guarantees. The debtor was recovered in the current financial year.
2. SARS overpaid certain refunds and in current year used the overpayment to offset current year refunds. This resulted in reduced assessment and received in advance for 2021 and 2022 financial years.
3. **Payments received in advance Consumer Accounts** is now renamed to **Credit balances on receivables** to improve fair presentation of financial statements. This did not have any impact on the Annual Financial Statements reported amounts.
4. In the fiscal year 2022, an overpayment occurred in a councillor's salary. Discovered promptly, the excess amount was recovered through gradual monthly deductions. This led to a reduced Remuneration of councillors and increased receivables from exchanged transaction, aligning records accurately and highlighting the Municipality's commitment to precise financial reporting.
5. Re: Peri Formwork Scaffolding And Engineering (Pty) Ltd // Elias Motsoaledi Local Municipality Eli1/0016/Ys Case

In the previous year's Contingent Liabilities disclosure, an inadvertent typing error led to the consideration of only the legal cost amount, rather than the total amount (including legal cost and claim amount). We have rectified this in the current annual financial statements by disclosing R1 333 352 from R200 000 for accurate reporting.
6. In the past, an error occurred where inconvenience allowances were wrongly categorized as overtime in the Annual Financial Statements. To rectify this, the misclassification was corrected by reclassifying the inconvenience allowance under the appropriate category of 'other allowances.' This adjustment was made to ensure the accurate representation of financial statements and to maintain transparency in reporting.
7. Employee-related costs: WCA" has been renamed as "Employee-related costs: Bargaining Council" in an effort to enhance the fairness of its representation.
8. An amendment was made to the presentation of the Statement of Financial Performance. Items previously included under Operating Surplus/(Deficit) were remapped. They have been appropriately reallocated between revenue and expenditure sections to enhance fair presentation of financial information.
10. An error was detected in the computation of the directors' bonus provision. The calculation omitted certain qualifying directors, leading to an incomplete assessment of the bonus provision. This mistake has been addressed, and the calculation has been revised to encompass all eligible directors, ensuring accuracy in the bonus provision evaluation.
11. In a previous period, an error occurred during the calculation of the Landfill provision. Inaccuracies were present in the provision calculation, specifically related to the omission of 30-year post-closure monitoring costs. This omission led to an understatement of the provision amount. To rectify this, the provision from the previous year was restated in accordance with the present obligation principle and in compliance with the Minimum Requirements for Waste Disposal by Landfill as stipulated by the Department of Water Affairs (1998). As a result of this adjustment, the overall impact was an increase in the recognized obligation.
12. For the previous financial year, there was an accounting error where retentions with a debit balance were not appropriately reclassified as debtors. This has now been rectified in accordance with GRAP 1 to ensure compliance.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

13. General expenses for clothing allowances have been reclassified from uniform allowances to Employee Related Costs, specifically under Car, Cellphone, and Other Allowances. This adjustment was made to ensure a more accurate representation of our annual financial statements.

14. In the preceding fiscal year, an underbilling issue arose in our Rental Income due to the expiration of contracts. Although these contracts were subsequently renewed, unfortunately, the pertinent information was not promptly accessible to the finance team, thereby impeding the billing process.

15. In order to enhance the fairness of presentation and facilitate the interpretation of financial statements for our stakeholders, management has undertaken a refinement of the reporting structure pertaining to employee-related costs by remapping accounts. This involves a more comprehensive disclosure of directors' earnings, which will now be provided in greater detail within each respective line item of related employee costs. This adjustment aims to offer greater transparency and clarity in the representation of financial information, ensuring a more accurate reflection of our organization's financial position and performance. Also employee related costs under general Expenses - Travel and Subsistence reimbursement were remapped to employee related costs - Car allowance and travel.

17. Receivables from non-exchange transactions - debit orders to be recovered was adjusted by reclassification of unauthorised irregular, fruitless and wasteful expenditure (J9843).

18. In the previous year's financial statements, software intangible assets were inadvertently omitted from the list of assets classified as 'not found.' Subsequently, during the current year's review, these omitted intangible assets were identified and approved for write-off. This correction constituted a prior period error since the omission occurred in the prior year. By rectifying this error in the previous year's financial statements, we have achieved a fair presentation of the annual financial statements.

19. Correcting land that was donated and incorrectly accounted for, now accounted back to inventory.

20. We have identified and recognized previously not found electrical infrastructure assets. These assets were not accounted for in prior periods because they were not found.

21. During the year, an error in the capitalization process was identified, specifically related to the accounting treatment of air conditioning units. This error led to an overstatement of capitalised cost.

22. **Contingent Liabilities:** Mphela Attorneys//Emlm Case 374/2020, for 2022 legal fees were incorrectly included in the estimate for the contingent liability. The 2022 estimated liability was restated to exclude the legal costs since the matter will be discussed without going to the court.

23. **Contingent Liabilities:** Mphela Attorneys// Emlm Case 384/2020, for 2022 legal fees were incorrectly included in the estimate for the contingent liability. the 2022 estimated liability was restated to exclude the legal costs since the matter will be discussed without going to the court.

24. **Contingent Liabilities:** Masutha//EMLM, 2022 claim amount was excluded in the estimate for the contingent liability in the 2022 year, this was corrected by adding the claim amount to the estimate of the outflows.

The necessary corrections were made to accurately reflect the capitalization of air conditioning units in the prior period.

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions - Guarantees (1)		-	865,000	865,000
Accumulated surplus (1) + (2) + (11) + (20)		(1,135,822,790)	36,876,334	(1,094,615,373)
Payments received in advanced (2)		(3,255,220)	(82,093)	(3,337,313)
Receivables from exchange transactions - Trade debtors (4) + (12) + (14) + (21)		2,416,512	544,189	2,960,701
Payables from exchange transactions : Retention Creditors (12)		(16,574,051)	(428,868)	(17,002,919)
Payables from exchange transactions : Accrued bonus (10)		(8,456,229)	(137,216)	(8,593,445)
		(43,896,395)	(689,563)	(44,585,958)
Receivables from exchange transactions : Prepayments (1) + (2)		240,999	(34,368)	206,631
Current Portion Landfill site provision (11)		(1,978,644)	(5,943,048)	7,921,692
Non Current Portion Landfill site provision (11)		(51,866,769)	(24,858,566)	76,725,335
Property plant and equipment - Solid Waste Infrastructure - Change in provision (11)		23,370,796	(8,437,669)	14,933,127
Intangible assets (18)		14,161	(1,378)	12,783
Property Plant and Equipment - Furniture and Office Equipment (21)		2,487,832	(34,201)	2,453,631
Property Plant and Equipment - Electrical Infrastructure (20)		55,131,372	18,265	55,149,637
Receivables from non-exchange transactions - debit orders to be recovered (17)		460,166	18,536	478,702
VAT receivable (2)		14,467,607	(67,906)	14,399,701
Inventories (19)		20,354,683	(1,938,534)	18,416,149
		-	(4,331,086)	-

Statement of financial performance

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2022

	Note	As previously reported	Correction of error	Restated
Remuneration of councillors (4)		25,567,078	(220,097)	25,346,981
Employee related costs - Overtime payments (6)		2,024,967	(34,783)	1,990,184
Employee related costs - Car, Cellphone and other allowances (6)		14,935,174	34,783	14,969,957
Operating surplus/(deficit) - Fair value adjustments - actuarial gains (8)		(1,472,347)	1,472,347	-
Revenue from non-exchange transactions - Fair value adjustments - actuarial gains (8)		-	(1,472,347)	(1,472,347)
Operating surplus/(deficit) - Investment property fair value adjustment (8)		(16,701,549)	16,701,549	-
Revenue from non-exchange transactions - Investment property fair value adjustment (8)		-	(16,701,549)	(16,701,549)
Operating surplus/(deficit) - Profit/(Loss) on disposal of assets (8) + (18)		4,825,350	(4,825,350)	-
Expenditure - Profit/(Loss) on disposal of assets (8)		-	4,825,350	4,825,350
Revenue - Rental of facilities and equipment (14)		(1,018,944)	(442,222)	(1,461,166)
Repairs and maintenance		37,886,110	(26,247)	37,859,863
General Expenses (15) + (13) + (2) + (11) + (21)		120,900,391	4,004,795	124,905,182
Employee related costs (10) + (15) + (13)		160,186,944	1,010,447	161,197,391
Depreciation and amortisation (18) + (20) + (21)		57,069,878	3,033	(57,072,911)
Profit/(Loss) on disposal of assets (18)		4,825,350	1,378	4,826,728
Surplus for the year		-	4,331,087	-

41. Change in estimate

Consumer debtors

During the 2023 financial year, there has been an increase in net debtors, primarily due to a change in estimate for the interest portion used in calculating debt impairment. At the end of the year, management revised their estimate from 15% to prime plus 1, in response to the current changes in the economic climate. As a result of this revision, the total impairment balance decreased and net consumer debtors balance have been increased by R2,587,683.99 for the current year.

It's important to note that the impact of this revision on future periods will be influenced by the direction of changes in interest rates going forward. However, due to the unavailability of future debtors' balance and future prime lending rate, it is impracticable to accurately determine the precise impact on future periods. The estimation of this impact will depend on the fluctuations in interest rates as they unfold in the future..

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Property Plant and Equipment

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

The effect of this revision has decreased the depreciation expense and accumulated depreciation by 1,370,483.49 for the current and future periods. The effect per category is as follows:

Asset Category	Change of Estimate
Cost Model	-1,370,483
Community Assets	-8,673
Computer Equipment	-113,155
Electrical Infrastructure	-10,475
Furniture and Office Equipment	-123,704
Machinery and Equipment	-180,122
Other Assets	-15,753
Roads Infrastructure	-2,620
Solid Waste Infrastructure	-331,253
Transport Assets	-584,728
Total effect	-1,370,483

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

42. Risk management

Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

Liquidity risk

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

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality's risk to liquidity is a result of the funds available to cover future commitments.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The municipality analyses its financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. All items of financial liabilities are less than one year from settlement.

Interest rate risk

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Credit risk

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

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

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

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

Financial instrument	2023	2022
Receivables - From Exchange Transactions	2,708,428	4,032,331
Receivables - From Non Exchange Transactions	2,829,352	3,703,362
Consumer Debtors - From Exchange Transactions	38,430,225	37,010,720
Consumer Debtors - From Non Exchange Transactions	72,237,986	59,520,455
Deposit (Security held in advance)	17,280,638	16,536,410
Payables from exchange transactions	(95,240,846)	(97,374,990)
Payables from non - exchange transactions	-	(499,189)
Consumer deposits.	(5,757,651)	(5,621,490)
Finance lease obligation	(17,131,145)	(19,340,200)
VAT receivables	20,817,439	14,399,701
Cash and cash equivalent	33,092,864	14,710,030

The above financial instruments are measured at amortised cost.

Other risks

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

43. Going concern

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

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

44. Events after the reporting date

There are no reportable Events after the reporting date.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

45. Unauthorised expenditure

Opening balance	50,771,459	48,842,202
Incurred during the year	-	2,763,256
Written off: 2021/22 - Resolution: MPAC 23/24-01	(2,763,256)	-
Written off: 2019/20 - Resolution: MPAC 22/23-02	-	(834,000)
	48,008,203	50,771,458

The status for 2023 is: Investigations not yet conducted.
The status for 2022 is: Investigations complete.

46. Fruitless and wasteful expenditure

Opening balance	6,754,172	6,162,328
Incurred during the year	1,682,543	1,042,090
Recovered during the year - 2023	(1,190,520)	(212,651)
Recovered during the year - 2022	(362,867)	-
Written off: 2019/20 - Resolution: MPAC 22/23-02	-	(237,595)
Written off: 2021/22 - Resolution: MPAC 23/24-01	(363,218)	-
	6,520,110	6,754,172

Current year fruitless and wasteful expenditure resulted from unauthorised debit orders, late payments of invoices and double payments, 2022 amount was as a result of late payment of suppliers, unauthorised debit orders and double payments.

The status for 2023 is: Investigations not yet conducted.
The status for 2022 is: Investigations complete.

Details of fruitless and wasteful expenditure

Unauthorised debit orders	550,948	703,303
Over payment	1,060,473	336,338
Late payment	71,123	2,449
	1,682,544	1,042,090

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

47. Irregular expenditure

Opening balance	386,417,468	349,015,324
Add: Irregular Expenditure - current year	75,859,810	76,739,211
Written off: 2021/22 - Resolution: MPAC 23/24-01	(76,739,211)	-
Written off: 2019/20 - Resolution: MPAC 22/23-02	-	(39,337,067)
	385,538,067	386,417,468

Reason for irregular	Jun-23	Jun-22
Biased specification		8,323,809
Bidder did not meet minimum requirements	190,057	463,431
Incorrect allocation of functionality points	38,597,323	39,881,668
Technical expert not part of BAC	7,894,160	15,462,484
Failure to address subcontracting	23,496,978	3,019,389
Bids were not evaluated in accordance with the bid specification	290,384	
Non-compliance with minimum requirements threshold for local content	5,390,908	9,588,430
Total	75,859,810	76,739,211

The status for 2023 is: Investigations not yet conducted.

The status for 2022 is: Investigations complete.

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

48. Additional disclosure in terms of Municipal Finance Management Act

Electricity distribution losses

Losses incurred - units		8,712,898	14,308,276
% loss incurred		15.000 %	21.000 %
Purchased units		(57,850,100)	(68,175,996)
Sold units		49,137,202	53,867,720
		-	-
Losses incurred - Rand value	-	13,957,494	20,519,274
% Losses loss incurred	-	15.000 %	21.000 %
Purchased units Rand value	-	(93,185,314)	(97,948,551)
Sold units Rand value	-	79,227,820	77,429,276
	-	-	-

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

SALGA Fees

Current year subscription / fee	2,025,935	2,017,214
Amount paid - current year	(1,493,405)	(1,519,412)
Amount accrued to creditors	(532,530)	(497,802)
	-	-

The financial year circle for SALGA differs from the municipality; the amount R2 025935 is applicable for April 2022 to March 2023 whereas the municipal financial year runs from July 2022 to June 2023. R1 493 405 relates to 2022/23 financial year.

PAYE, SDL and UIF

Current year subscription / fee	28,216,568	28,904,456
Amount paid - current year	(28,216,568)	(28,904,456)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	26,506,511	26,466,379
Amount paid - current year	(26,506,511)	(26,466,379)
	-	-

VAT

VAT receivable	20,817,439	14,399,701
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VAT output payables and VAT input receivables are shown in note 12.

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

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

Councillors arrears

The was no councilors arrear accounts outstanding for more than 90 days as at 30 June 2023:

Name of councillor	Description	Amount
Cllr W N S Oosthuizen	Rates	62,043
Cllr S H Radingwana	Rates and services	340

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Non-compliance with MFMA

s65(2)(e) of MFMA: The municipality did not comply with paying all accounts within 30 days of receipt of invoice.

MFMA Section 122 (1) (a) – (b) The municipality's Annual Financial Statements were not thoroughly fairly presented.

MFMA Section 126(1)(a), although the Accounting Officer prepared the Annual Financial Statements (AFS) within two months after the end of the financial year, there was a delay in submitting the AFS to the Auditor General for auditing, leading to non-compliance.

MFMA: Municipal Supply Chain Management Regulations 28(1). The Bid Evaluation Committee did not conduct a fair evaluation for some of the awards made during the year.

MFMA Section 116(2)(b): The municipality did not comply with the act by not monitoring contracts with certain suppliers on a monthly basis.

Audit Fees

Audit fees are listed below. R411 120 is outstanding to Auditors as at 30 June 2023.

Audit fees	6,210,132	5,553,965
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49. Deferred income

Operating lease payments received in advance	2,942,982	3,135,965
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Operating lease payment received in advance have been utilized in accordance with the Municipal Finance Management Act. Sufficient resources are set aside to ensure that the liability can be serviced in the future.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

50. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Details of the arrangement(s) are as follows:

Municipality as agent

The municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance as Licences and permits. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is **6,062,432** for 2023 year and **5,966,441** for 2022 year.

Liabilities recognised:

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality are R6 at as 30 June 2023 and R1 865 569 for 30 June 2022.

Assets recognised:

There were no assets held on behalf of the principal or Agent

Municipality as principal

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

Commision paid to agent durin the year was R458 473 for 2023 year and R363 014 for 2022 year (Amounts Exclude VAT) These amounts are disclosed under general expenses - Administration and management fees

51. Deviation from supply chain management regulations

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

52. Segment reporting

General information

Identification of segments

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

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

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

The following segments were aggregated:

1	Core Function:Roads
2	Core Function:Solid Waste Removal
3	Electricity:Electricity - 601
4	Pollution Control:Pollution Control - 505
5	Project Management Unit:PMU - 603
6	Roads:Roads - 600
7	Solid Waste Removal:Solid Waste Removal - 500
8	Cemeteries Funeral Parlours and Crematoriums:Cemeteries - 501
9	Community Parks (including Nurseries):Parks - 502
10	Core Function:Police Forces Traffic and Street Parking Control
11	Libraries and Archives:Libraries - 504
12	Police Forces Traffic and Street Parking Control: Police Forces Traffic - 507
13	Road and Traffic Regulation:Traffic Regulation - 508
14	Sports Grounds and Stadiums:Sports Grounds and Stadiums - 506
15	Asset Management:Asset Management - 301
16	Core Function:Finance
17	Finance: Budget and Treasury - 302
18	Finance:Default
19	Finance:Finance - 300
20	Fleet Management:Fleet Management - 602
21	Human Resources:Human Resources - 400
22	Information Technology:Information Technology - 401
23	Property Services:Property Services - 402
24	Mayor and Council:Chief Whip 6.1
25	Mayor and Council:Council General - 101
26	Mayor and Council:Executive committee 6.1
27	Mayor and Council:Mayor - 100
28	Mayor and Council:Speaker - 102
29	Municipal Manager Town Secretary and Chief Executive:Municipal Manager - 200

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

There are no non reportable segments.

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

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

Statement of Financial Performance	Basic services	Community services	Executive & Council	Finance	Total
Revenue	411,455,242	38,272,991	43,727,661	249,938,510	743,394,404
Revenue from exchange transactions	105,503,369	6,096,505		2,251,709	113,851,582
Interest revenue	3,389,553			2,251,709	5,641,262
Other Income	1,212,903	34,073			1,246,976
Recoveries					
Rental Of Facilities And Equipment	950,484				950,484
Service Charges	99,950,429				99,950,429
Agency fees		6,062,432			6,062,432
Revenue from non-exchange transactions	305,951,873	32,176,486	43,727,661	247,686,801	629,542,822
Taxation revenue				66,600,059	66,600,059
Property Rates				55,045,561	55,045,561
Interest charged on consumer debtors				11,554,498	11,554,498
Transfer revenue	305,951,873	32,176,486	43,727,661	181,086,742	562,942,763
Fines, Penalties And Forfeits	115,439,161				115,439,161
Government Grants & Subsidies	189,592,812	32,176,486	43,727,661	164,304,223	429,801,182
Fair value adjustments - actuarial gains				3,835,329	3,835,329
Investment property fair value adjustment				12,947,191	12,947,191
Public contributions and donations	919,900				919,900
Expenditure	- 418,109,112	- 25,577,182	- 43,147,195	- 185,106,327	- 671,939,817
Bulk Purchases	- 93,184,759				- 93,184,759
Employee Related Costs	- 68,944,368	- 23,360,907	- 5,126,737	- 72,452,014	- 169,884,026
Finance Costs				- 4,403,239	- 4,403,239
General expenses	- 25,917,114	- 353,887	- 11,901,918	- 87,851,746	- 126,024,664
Lease Rentals On Operating Lease	- 2,101,121			- 2,752,337	- 4,853,457
Remuneration Of Councillors			- 25,385,490		- 25,385,490
Repairs And Maintenance	- 40,778,381	- 798,735	- 397,550	- 5,177,158	- 47,151,824
Transfers And Subsidies	- 3,825,067		- 335,501	- 1,086,000	- 5,246,568
Debt Impairment	- 120,971,633			- 5,136,069	- 126,107,702
Depreciation and amortisation	- 53,687,617	- 1,012,967		- 4,559,188	- 59,259,772
(Impairment loss)/ Reversal of impairments	- 4,614,557			- 41,446	- 4,656,003
Loss on disposal of assets	- 4,084,496	- 50,686		- 1,647,131	- 5,782,313
Surplus for the year	- 6,653,870	12,695,809	580,466	64,832,183	71,454,587

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Statement of Financial Position	Basic services	Community services	Executive & Council	Finance	Total
Assets	1,124,550,996	35,867,080	18,613,361	251,196,852	1,430,228,289
Current Assets	44,181,340	3,263,612	18,612,317	130,338,783	196,396,051
Inventories				26,279,757	26,279,757
Receivables from exchange transactions	608,623		211,881	1,887,924	2,708,428
Receivables from non-exchange transactions	2,725,056			104,296	2,829,352
Cash and cash equivalents				33,092,864	33,092,864
Consumer debtors - From Exchange Transactions	22,312,873		16,066,673	50,680	38,430,226
Consumer debtors - From Non Exchange Transactions		3,263,612	51,112	68,923,262	72,237,986
VAT receivable	18,534,788		2,282,651		20,817,439
Non-Current Assets	1,080,369,656	32,603,469	1,044	120,858,069	1,233,832,237
Investment property	103,830,766				103,830,766
Property Plant and Equipment	958,794,889	32,603,469	1,044	120,851,668	1,112,251,070
Intangible assets				6,400	6,400
Deposit (Security held in advance)	17,280,638				17,280,638
Heritage assets	463,363				463,363
Liabilities	118,507,755	13,177,478		132,472,284	264,157,517
Current Liabilities	39,689,087	13,177,478		91,951,362	144,817,927
Deferred income	192,983				192,983
ST: Finance lease obligation				9,494,221	9,494,221
Landfill Site Provision	9,416,057				9,416,057
Consumer deposits	5,756,212	1,439			5,757,651
Employee benefit obligation				904,000	904,000
Unspent conditional grants and receipts	21,475,790			625,378	22,101,168
Provision for Long Service Leave				1,711,000	1,711,000
Payables from exchange transactions	2,848,046	13,176,039		79,216,763	95,240,848
Non - Current Liabilities	78,818,668			40,520,922	119,339,590
Deferred income				2,749,999	2,749,999
Lt: Finance Lease Obligation				7,636,923	7,636,923
Landfill Site Provision	78,818,668				78,818,668
Employee benefit obligation				23,010,000	23,010,000
Provision for Long Service Leave				7,124,000	7,124,000
Net Assets	1,006,043,240	22,689,602	18,613,361	118,724,568	1,166,070,772

Below are the reconciliation's of the amounts in the statement of financial position and performance for reportable segments to the amounts in the municipality's statement of financial position and performance for **2022 financial year**

Statement of Financial Performance	Basic services	Community services	Executive & Council	Finance	Total
Revenue	290,510,245	32,385,274	55,019,241	202,660,475	580,575,235
Revenue from exchange transactions	113,898,342	6,074,121		3,096,901	123,069,364
Interest revenue	4,053,966			1,779,822	5,833,788
Other Income	629,833	107,681		677,803	1,415,317
Recoveries				639,276	639,276
Rental Of Facilities And Equipment	1,461,166				1,461,166
Service Charges	107,753,377				107,753,377
Agency fees		5,966,441			5,966,441
Revenue from non-exchange transactions	176,611,904	26,311,152	55,019,241	199,563,574	457,505,871
Taxation revenue				55,142,645	55,142,645
Interest revenue				15,229,408	15,229,408
Property Rates				39,913,237	39,913,237
Transfer revenue	176,611,904	26,311,152	55,019,241	144,420,930	402,363,226
Fines, Penalties And Forfeits	2,236,200				2,236,200
Government Grants & Subsidies	157,674,154	26,311,152	55,019,241	142,948,583	381,953,130
Fair value adjustments - actuarial gains				1,472,347	1,472,347
Investment property fair value adjustment	16,701,549				16,701,549
Expenditure	- 288,294,428	- 33,847,041	- 41,386,369	- 169,738,558	- 533,266,395
Bulk Purchases	- 97,948,551				- 97,948,551
Employee related costs	- 62,299,695	- 22,433,458	- 4,596,664	- 71,867,574	- 161,197,391
Finance Costs				- 526,378	- 526,378
General expenses	- 29,162,585	- 338,732	- 10,757,387	- 84,646,479	- 124,905,182
Lease Rentals On Operating Lease	- 943,085			- 4,602,164	- 5,545,249
Remuneration Of Councillors			- 25,346,981		- 25,346,981
Repairs and maintenance	- 32,091,829	- 496,203	- 370,073	- 4,901,757	- 37,859,863
Transfers And Subsidies	- 1,069,798		- 315,264	- 1,206,253	- 2,591,315
Debt Impairment	- 9,484,774	- 4,583,915		- 5,621,177	- 19,689,866
Depreciation and amortisation	- 50,546,467	- 1,149,970		- 5,376,474	- 57,072,911
(Impairment loss)/ Reversal of impairments	- 4,747,645	- 18,035		9,009,700	4,244,019
Loss on disposal of assets		- 4,826,728			- 4,826,728
Surplus for the year	2,215,818	- 1,461,768	13,632,872	32,921,917	47,308,839

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

Statement of Financial Position	Basic services	Community services	Executive & Council	Finance	Total
Assets	1,077,450,770	31,262,813	17,378,485	218,261,506	1,344,353,573
Current Assets	37,584,997		17,377,441	96,830,311	151,792,749
Inventories				18,416,149	18,416,149
Receivables from exchange transactions	48,247		211,881	3,774,622	4,034,749
Receivables from non-exchange transactions	3,240,778			460,166	3,700,944
Cash and cash equivalents			0	14,710,030	14,710,030
Consumer debtors - From Exchange Transactions	23,269,117		13,741,603		37,010,720
Consumer debtors - From Non Exchange Transactions			51,112	59,469,344	59,520,456
VAT receivable	11,026,855		3,372,846		14,399,701
Non-Current Assets	1,039,865,773	31,262,813	1,044	121,431,195	1,192,560,824
Investment property	96,398,574				96,398,574
Property Plant and Equipment	926,467,425	31,262,813	1,044	121,418,412	1,079,149,694
Intangible assets				12,783	12,783
Deposit (Security held in advance)	16,536,410				16,536,410
Heritage assets	463,363				463,363
Liabilities	105,511,798	6,651,307		137,575,100	249,738,205
Current Liabilities	28,786,463	6,651,307		90,783,927	126,221,697
Deferred income	192,983				192,983
Landfill Site Provision	7,921,692				7,921,692
Consumer deposits	5,620,051	1,439			5,621,490
Employee benefit obligation				948,000	948,000
Unspent conditional grants and receipts	6,222,493			266,852	6,489,345
Provision for Long Service Leave				536,000	536,000
Payables from non - exchange transactions				499,189	499,189
Finance Lease Obligation				6,638,009	6,638,009
Payables from exchange transactions	8,829,244	6,649,868		81,895,877	97,374,989
Non - Current Liabilities	76,725,335			46,791,173	123,516,508
Deferred income				2,942,982	2,942,982
Landfill Site Provision	76,725,335			-	76,725,335
Employee benefit obligation				23,583,000	23,583,000
Provision for Long Service Leave				7,563,000	7,563,000
Finance Lease Obligation				12,702,191	12,702,191
Net Assets	971,938,972	24,611,506	17,378,485	80,686,405	1,094,615,368

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

53. Public Office Holders Remuneration

All public officers remuneration as at 30 June 2023.

All public officers	Annual Remuneration	Travelling and Car Allowance	Skills contribution	Medical aid	Pension Funds	Cell phone and Data	Annual Bonus	Grand Total
Cllr A Gulube	189,554	72,662	2,667		28,433	37,200		330,515
Cllr A Limakwe	189,554	72,662	2,651		28,433	38,400		331,700
Cllr C Maphopha	189,554	79,764	2,658		28,433	38,400		338,809
Cllr D Ganedi	189,554	73,302	2,639		28,433	39,900		333,828
Cllr D Mashego	479,180	186,038	6,136		71,877	37,200		780,430
Cllr F Lehungwane	189,554	76,661	2,654		28,433	38,400		335,702
Cllr G Matjomane	427,038	203,285	5,910	25,725	64,066	37,200		763,224
Cllr G Segope	189,554	73,302	2,652		28,433	38,400		332,340
Cllr H Makunyane	449,417	184,951	5,822		67,413	37,200		744,803
Cllr HM Malapela	250,613	100,642	3,384		37,592	38,400		430,631
Cllr J Kotze	288,205	96,068	4,138			37,200		425,611
Cllr J Letageng	189,554	80,243	2,696		28,433	38,400		339,326
Cllr J Mahlangu	243,261	99,189	3,314		36,489	37,200		419,454
Cllr J Mogotlana	243,261	95,042	3,296		36,489	38,400		416,488
Cllr J Thethe	243,261	106,294	3,305		36,489	38,400		427,750
Cllr K Mabelane	189,554	73,508	2,652		28,433	38,400		332,547
Cllr K Tlaka	189,554	79,335	2,657		28,433	38,400		338,379
Cllr L Komane	189,554	84,563	2,655		28,433	38,400		343,604
Cllr L Maibelo	189,554	72,662	2,651		28,433	38,400		331,700
Cllr M Buta	243,261	116,423	3,313		36,489	38,400		437,887
Cllr M Mafiri	189,554	73,372	2,652		28,433	38,400		332,410
Cllr M Mampana	189,554	73,486	2,651		28,433	38,400		332,524
Cllr M Mashilo	189,554	78,406	2,679		28,433	37,200		336,272
Cllr M Mathabathe	250,614	100,226	3,382		37,592	38,400		430,214
Cllr M Msiza	638,971	261,967	8,449		95,846	75,600		1,080,832
Cllr M Mthimunye	189,554	73,747	2,652		28,433	38,400		332,785
Cllr M Nduli	243,261	97,302	3,296		36,489	38,400		418,749
Cllr M Phetla	449,417	177,382	5,793		67,413	37,200		737,205
Cllr M Phokwane	189,554	84,196	2,655		28,433	38,400		343,238
Cllr M Ramphisa	250,613	106,696	3,407		37,592	37,200		435,508
Cllr M Ranala	217,987	72,662	3,180			40,500		334,328
Cllr M Sithole	189,554	73,899	2,652		28,433	38,400		332,938
Cllr M Tladi	598,971	229,606	7,607		89,846	37,200		963,229
Cllr M Tshehla	189,554	72,662	2,651		28,433	38,400		331,700
Cllr N Makuwa	243,261	114,074	3,305		36,489	38,400		435,529
Cllr N Mohlala	189,554	86,916	2,655		28,433	38,400		345,958
Cllr N Ramongana	250,613	109,869	3,393		37,592	38,400		439,867
Cllr P Koka	189,554	72,662	2,651		28,433	38,400		331,700
Cllr P Masimula	243,261	115,266	3,320		36,489	37,200		435,536
Cllr P Tladi	189,554	79,260	2,656		28,433	38,400		338,302
Cllr R Makuwa	189,554	74,655	2,653		28,433	38,400		333,694

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

All public officers	Annual Remuneration	Travelling and Car Allowance	Skills contribution	Medical aid	Pension Funds	Cell phone and Data	Annual Bonus	Grand Total
Cllr R Ndlovu	436,054	188,547	5,639		65,408	37,200		732,847
Cllr S Malapela	189,554	76,374	2,654		28,433	38,400		335,415
Cllr S Matsomane	191,860	72,662	2,711		26,127	37,200		330,560
Cllr S Mmaboko	189,554	72,662	2,651		28,433	38,400		331,700
Cllr S Mmotla	189,554	74,824	2,653		28,433	38,400		333,864
Cllr S Morare	189,554	75,076	2,653		28,433	38,400		334,116
Cllr S Ngwenya	189,554	75,593	2,669		28,433	37,200		333,449
Cllr S Nkosi	189,554	93,605	2,662		28,433	38,400		352,654
Cllr S Radigwana	189,555	76,099	2,654		28,432	38,400		335,140
Cllr T Kgagara	189,554	86,119	2,659		28,433	38,400		345,165
Cllr T Machipa	397,243	182,267	5,970		59,586	37,200	60,000	742,267
Cllr T Malau	189,554	88,038	2,660		28,433	38,400		347,084
Cllr T Mohlamonyane	189,554	74,806	2,654		28,433	38,400		333,847
Cllr T Phahlamohlaka	186,483	93,250	3,527	64,796	27,972	37,200	2,500	415,727
Cllr T Phorothoe	243,261	96,314	3,319		36,489	37,200		416,583
Cllr T Sithole	243,261	95,592	3,295		36,489	38,400		417,037
Cllr V Sithole	217,987	87,723	3,229			37,200		346,139
Cllr W De Beer	189,554	74,496	2,694		28,433	38,400		333,576
Cllr W Oosthuizen	217,987	72,662	3,221			37,200		331,069
Grand Total	14,643,869	6,011,623	202,364	90,521	2,052,613	2,322,000	62,500	25,385,490

All public officers remuneration as at 30 June 2022.

All public officers	Annual Remuneration	Travelling and Car Allowance	Skills contribution	Medical aid	Pension Funds	Cell phone and Data	Grand Total
Cllr A Gulube	190,015	73,953	2,601		28,502	40,800	335,872
Cllr A Limakwe	122,427	49,283	1,694		18,967	27,200	219,572
Cllr A Makweane	70,289	24,329	932		9,224	13,600	118,373
Cllr A Maloba	93,284	32,165	1,419	11,841		13,600	152,309
Cllr A Phatlane	150,560	57,683	2,053	18,513	19,445	13,600	261,854
Cllr B Bogopa	70,289	24,329	932		9,224	13,600	118,373
Cllr B Zulu	70,289	24,329	932		9,224	13,600	118,373
Cllr C Maphopha	123,543	50,464	1,695		19,135	27,200	222,037
Cllr C Matsepe	79,513	24,329	1,109			13,600	118,550
Cllr D Ganedi	74,228	29,996	1,043		11,530	17,600	134,398
Cllr D Mashego	381,211	148,861	4,795		55,860	40,800	631,527
Cllr E Maphopha	68,020	23,573	932		9,224	14,800	116,549
Cllr F Lehungwane	122,427	49,899	1,695		18,967	27,200	220,189
Cllr F Mogotji	65,931	24,329	1,109	13,581		13,600	118,550
Cllr F Mohlahlo	103,592	41,252	1,477		16,142	25,900	188,362
Cllr G Makeke	70,289	24,329	932		9,224	13,600	118,373
Cllr G Matjomane	424,177	183,149	5,603	24,594	64,426	40,800	742,749
Cllr G Namane	70,289	24,329	932		9,224	13,600	118,373
Cllr G Segope	122,427	49,283	1,694		18,967	27,200	219,572
Cllr H Bolotini	70,289	24,329	932		9,224	13,600	118,373
Cllr H Makunyane	444,061	181,718	5,512		64,940	40,800	737,030
Cllr H Malapela	161,674	65,376	2,156		25,077	27,200	281,483
Cllr J Kotze	288,906	93,721	3,997			40,800	427,424

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

All public officers	Annual Remuneration	Travelling and Car Allowance	Skills contribution	Medical aid	Pension Funds	Cell phone and Data	Grand Total
ClIr J Letageng	122,427	49,283	1,721		18,967	27,200	219,600
ClIr J Mahlangu	225,308	90,552	3,013		33,832	40,800	393,504
ClIr J Mathebe	197,781	77,434	2,700	29,648	22,832	13,600	343,996
ClIr J Mogotlana	157,656	66,622	2,104		24,288	27,200	277,870
ClIr J Thethe	157,656	67,106	2,101		24,288	27,200	278,351
ClIr K Kgopa	70,289	24,329	932		9,224	13,600	118,373
ClIr K Mabelane	122,427	49,550	1,694		18,967	27,200	219,839
ClIr K Madisa	90,204	31,222	1,154		11,838	13,600	148,018
ClIr K Shai	105,125	32,165	1,419			13,600	152,309
ClIr K Tlaka	122,427	53,601	1,697		18,967	27,200	223,893
ClIr L Komane	122,427	48,472	1,694		18,967	27,200	218,761
ClIr L Maibelo	122,427	49,721	1,694		18,967	27,200	220,010
ClIr L Moima	70,289	24,329	932		9,224	13,600	118,373
ClIr M Buta	157,656	67,236	2,105		24,288	27,200	278,485
ClIr M Hlathi	79,513	24,329	1,109			13,600	118,550
ClIr M Mafiri	123,543	51,522	1,695		19,135	27,200	223,094
ClIr M Malatji	90,204	31,222	1,154		11,838	13,600	148,018
ClIr M Mamakoko	70,289	24,329	932		9,224	13,600	118,373
ClIr M Mampana	126,449	48,472	1,734		18,967	27,200	222,823
ClIr M Mashilo	210,417	86,208	2,835		31,563	40,800	371,823
ClIr M Mathabathe	153,036	60,204	2,041		23,558	27,200	266,039
ClIr M Matsepe	70,289	25,970	935		9,224	13,600	120,018
ClIr M Mokganyetsi	90,204	31,222	1,154		11,838	13,600	148,018
ClIr M Mokwane	70,289	24,329	932		9,224	13,600	118,373
ClIr M Mosotho	79,513	24,329	1,109			13,600	118,550
ClIr M Motlafe	62,331	26,371	957	9,151	8,030	13,600	120,441
ClIr M Mphela	70,289	24,329	932		9,224	13,600	118,373
ClIr M Msiza	500,904	194,766	6,466		76,213	68,000	846,349
ClIr M Mthimunya	122,427	49,283	1,694		18,967	27,200	219,572
ClIr M Nduli	157,656	64,720	2,102		24,288	27,200	275,966
ClIr M Nkopo	46,120	17,679	650		6,918	11,100	82,468
ClIr M Ntuli	79,513	24,329	1,109			13,600	118,550
ClIr M Phala	102,042	32,683	1,383			13,600	149,707
ClIr M Phetla	380,932	148,046	4,800		57,614	40,800	632,192
ClIr M Phokwane	122,427	49,283	1,694		18,967	27,200	219,572
ClIr M Ramphisa	225,868	89,296	3,009		33,880	40,800	392,853
ClIr M Ranala	97,722	30,399	1,370		208	17,000	146,698
ClIr M Sithole	122,427	49,283	1,694		18,967	27,200	219,572
ClIr M Tladi	555,420	214,820	6,801		84,060	40,800	901,901
ClIr M Tshehla	122,427	48,472	1,694		18,967	27,200	218,761
ClIr M Tshivhula	70,289	24,329	932		9,224	13,600	118,373
ClIr N Mahlangu	90,204	33,267	1,157		11,838	13,600	150,066
ClIr N Makuwa	157,656	65,093	2,102		24,288	27,200	276,339
ClIr N Matunyane	70,289	24,329	932		9,224	13,600	118,373
ClIr N Mohlala	122,427	49,957	1,695		18,967	27,200	220,246
ClIr N Ramongana	162,417	66,897	2,158		25,077	27,200	283,749
ClIr P Koka	122,427	49,780	1,695		18,967	27,200	220,070
ClIr P Masimula	254,550	102,094	3,008		4,518	40,800	404,970
ClIr P Tladi	122,427	51,094	1,695		18,967	27,200	221,384
ClIr R Makitla	70,289	24,329	932		9,224	13,600	118,373
ClIr R Makuwa	123,543	53,205	1,695		19,135	27,200	224,778
ClIr R Ndlovu	369,173	152,087	4,679		55,826	40,800	622,565

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

All public officers	Annual Remuneration	Travelling and Car Allowance	Skills contribution	Medical aid	Pension Funds	Cell phone and Data	Grand Total
CLlr R Ratau	70,289	24,329	932		9,224	13,600	118,373
CLlr S Maipushe	90,204	33,264	1,157		11,838	13,600	150,062
CLlr S Malapela	122,427	49,283	1,694		18,967	27,200	219,572
CLlr S Matsomane	217,687	72,839	3,131		830	40,800	335,287
CLlr S Mehlaphe	69,070	32,859	1,217	24,304	8,667	13,600	149,718
CLlr S Mmaboko	122,427	48,472	1,694		18,967	27,200	218,761
CLlr S Mmotla	122,427	49,783	1,695		18,967	27,200	220,073
CLlr S Morare	122,427	49,762	1,695		18,967	27,200	220,051
CLlr S Ngwenya	215,381	73,650	3,087		3,136	40,800	336,054
CLlr S Nkosi	123,543	54,100	1,697		19,135	27,200	225,674
CLlr S Radigwana	121,392	51,915	1,695		19,775	30,119	224,897
CLlr S Ratlou	92,896	32,165	1,185		12,195	13,600	152,041
CLlr T Kgagara	122,427	52,391	1,696		18,967	27,200	222,682
CLlr T Machipa	448,136	176,260	5,560		53,228	40,800	723,983
CLlr T Malau	122,427	49,762	1,695		18,967	27,200	220,051
CLlr T Matsepe	70,289	24,329	932		9,224	13,600	118,373
CLlr T Mohlamonyane	122,427	49,657	1,694		18,967	27,200	219,946
CLlr T Ntheko	79,513	24,329	1,109			13,600	118,550
CLlr T Phahlamohlaka	251,881	119,980	4,084	62,214	38,624	40,800	517,583
CLlr T Phorotlhoe	243,253	100,544	3,216		36,524	40,800	424,337
CLlr T Ratau	70,289	24,329	932		9,224	13,600	118,373
CLlr T Sithole	157,656	65,260	2,102		24,288	27,200	276,506
CLlr V Lecheko	232,804	81,047	3,311			40,800	357,962
CLlr V Mthombeni	79,513	24,329	1,109			13,600	118,550
CLlr W De Beer	122,427	48,472	1,721		18,967	27,200	218,789
CLlr W Oosthuizen	218,517	74,315	3,132			40,800	336,765
CLlr W Skhosana	70,289	24,329	932		9,224	13,600	118,373
-	14,851,789	5,760,738	199,907	193,846	1,844,181	2,526,119	25,346,981

54. Depreciation and amortisation

Property Plant and Equipment	59,253,390	57,064,510
Intangible assets	6,383	8,401
	59,259,773	57,072,911