



Fezile Dabi

District Municipality

Fezile Dabi District Municipality
(Registration number DC20)
Annual Financial Statements
for the year ended 30 June 2024

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	Fezile Dabi is a district municipality performing the functions as set out in the Constitution of the Republic of South Africa (Act No.108 of 1996)
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Division of Revenue Act (Act 1 of 2007)
Mayoral committee	
Executive Mayor	Cllr Khashudi
Speaker	Cllr Pittaway
MMC Corporate Services	Cllr Matwa
MMC Finance	Cllr Makhema
MMC Community Services	Cllr Muller
MMC Enviromental Health and Emergency Services	Cllr Serfontein
Grading of local authority	Grade 1 Low Capacity Municipality
Accounting Officer	Mr S Thomas
Chief Finance Officer (CFO)	Mr A Mgcina (December 2023 - June 2024) Ms M Choshane (Acting July 2023 - November 2023)
Registered office	John Vorster Road Sasolburg 1947
Postal address	P.O Box 10 Sasolburg 1947
Bankers	Standard Bank
Auditors	The Auditor General of South Africa Registered Auditors
Chairperson of MPAC	Cllr Mokodutlo
Municipal demarcation code	DC20

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Index

	Page
Accounting Officer's Responsibilities and Approval	3
Accounting Officer's Report	4 - 5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 12
Significant Accounting Policies	13 - 26
Notes to the Annual Financial Statements	27 - 67

Abbreviations used:

Cllr	Councillor
CPI	Consumer Price Index
GRAP	Generally Recognised Accounting Practice
IT	Information Technology
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
VAT	Value Added Tax
WIP	Work-in-progress

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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 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 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.

The accounting officer would like to bring the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 18 to the 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 annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Mr S Thomas
Accounting Officer

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

The municipality is engaged in Fezile Dabi is a district municipality performing the functions as set out in the constitution of the republic of south africa (act no.108 of 1996) and operates principally in South Africa

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.

Net surplus of the municipality was R22 164 452 (2023: Surplus R12 884 597)

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 143 562 114 and that the municipality's total assets exceed its liabilities by R 118 880 659.

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. All impairments were measured and judged in line with past performances.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Financial Statements.

4. Accounting Officers' interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

5. Accounting policies

The annual financial statements prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
S Thomas

7. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

The financial statements set out on pages 6 to 68, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Mr S Thomas
Accounting Officer

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	3 103 428	2 884 496
Receivables from non-exchange transactions	5	2 159 590	320 523
VAT receivable	6	287 518	-
Cash and cash equivalents	3	126 332 245	103 700 633
		131 882 781	106 905 652
Non-Current Assets			
Property, plant and equipment	7	76 144 452	79 934 610
Intangible assets	8	717 641	996 466
		76 862 093	80 931 076
Total Assets		208 744 874	187 836 728
Liabilities			
Current Liabilities			
Finance lease obligation	11	425 773	380 699
Payables from exchange transactions	9	15 473 549	22 338 022
VAT payable	40	-	297 206
Employee benefit obligation	12	1 578 000	2 721 000
Unspent conditional grants and receipts	10	6 562 215	1 678 050
		24 039 537	27 414 977
Non-Current Liabilities			
Finance lease obligation	11	231 444	657 187
Employee benefit obligation	12	29 325 213	28 572 435
		29 556 657	29 229 622
Total Liabilities		53 596 194	56 644 599
Net Assets		155 148 680	131 192 129
Reserves			
Revaluation reserve	13	9 794 467	12 311 470
Accumulated surplus		145 354 213	118 880 659
Total Net Assets		155 148 680	131 192 129

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Other income	14	776 162	944 466
Interest received - investment	15	11 039 650	6 928 027
Actuarial gains	12	3 344 288	6 017 195
Total revenue from exchange transactions		15 160 100	13 889 688
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	182 959 785	175 815 950
Total revenue		198 119 885	189 705 638
Expenditure			
Employee related costs	17	(123 808 486)	(121 503 697)
Remuneration of councillors	18	(7 928 501)	(8 105 605)
Depreciation and amortisation	19	(9 616 291)	(7 946 359)
Impairment loss	22	109 787	139 445
Finance costs	20	(3 922 531)	(3 928 581)
Repairs and maintenance		(1 030 013)	(639 869)
Inventory consumed	41	(2 433 205)	(3 179 557)
Contracted services	21	(5 001 427)	(4 614 882)
Loss on derecognition of assets and liabilities		(2 081)	(127 656)
General Expenses	23	(22 322 685)	(26 914 280)
Total expenditure		(175 955 433)	(176 821 041)
Surplus for the year		22 164 452	12 884 597

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	1 553 724	114 444 727	115 998 451
Changes in net assets			
Revaluation reserve realised	(1 006 307)	-	(1 006 307)
Adjustment	-	(7 598 161)	(7 598 161)
Net income (losses) recognised directly in net assets	(1 006 307)	(7 598 161)	(8 604 468)
Surplus for the year	-	12 884 597	12 884 597
Total recognised income and expenses for the year	(1 006 307)	5 286 436	4 280 129
Revaluation	11 764 053	-	11 764 053
Prior year adjustment	-	-	-
Prior year adjustment	-	(850 504)	(850 504)
Total changes	10 757 746	4 435 932	15 193 678
Opening balance as previously reported	12 311 470	120 157 490	132 468 960
Adjustments			
Prior year adjustments 29	-	(1 276 831)	(1 276 831)
Restated* Balance at 01 July 2023 as restated*	12 311 470	118 880 659	131 192 129
Changes in net assets			
Surplus for the year	-	22 164 452	22 164 452
Adjustment	-	1 792 099	1 792 099
Revaluation reserve realised	(2 517 003)	2 517 003	-
Total changes	(2 517 003)	26 473 554	23 956 551
Balance at 30 June 2024	9 794 467	145 354 213	155 148 680

Note(s)

13

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		757 101	5 182 519
Grants		189 589 067	174 924 177
Interest income		10 839 779	6 549 569
		201 185 947	186 656 265
Payments			
Employee costs		(124 335 030)	(120 429 256)
Suppliers		(48 204 482)	(44 581 117)
Finance costs		(97 531)	(211 581)
		(172 637 043)	(165 221 954)
Net cash flows from operating activities	24	28 548 904	21 434 311
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(5 439 092)	(2 093 330)
Cash flows from financing activities			
Finance lease payments		(478 200)	(239 100)
Net increase/(decrease) in cash and cash equivalents		22 631 612	19 101 881
Cash and cash equivalents at the beginning of the year		103 700 633	84 598 752
Cash and cash equivalents at the end of the year	3	126 332 245	103 700 633

The accounting policies on pages 13 to 26 and the notes on pages 27 to 67 form an integral part of the annual financial statements.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

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 Performance

Revenue

Revenue from exchange transactions

Other income - (rollup)	445 000	377 000	822 000	776 162	(45 838)	40.1
Interest received - investment	6 000 000	1 500 000	7 500 000	11 039 650	3 539 650	40.2
Total revenue from exchange transactions	6 445 000	1 877 000	8 322 000	11 815 812	3 493 812	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	178 571 000	-	178 571 000	182 959 785	4 388 785	40.3
Total revenue	185 016 000	1 877 000	186 893 000	194 775 597	7 882 597	

Expenditure

Employee related costs	(132 785 000)	(2 266 500)	(135 051 500)	(123 808 486)	11 243 014	40.4
Remuneration of councillors	(8 252 000)	(36 000)	(8 288 000)	(7 928 501)	359 499	40.5
Depreciation and amortisation	(4 970 000)	-	(4 970 000)	(9 616 291)	(4 646 291)	40.6
Impairment loss/ Reversal of impairments	-	-	-	109 787	109 787	
Finance costs	-	-	-	(3 922 531)	(3 922 531)	40.7
Repairs and maintenance	-	-	-	(1 030 013)	(1 030 013)	
Inventory consumed	-	(2 651 000)	(2 651 000)	(2 433 205)	217 795	40.8
Contracted Services	(11 230 000)	(11 457 000)	(22 687 000)	(5 001 427)	17 685 573	40.9
Transfers and Subsidies	(1 930 000)	(625 000)	(2 555 000)	-	2 555 000	40.10
General Expenses	(21 670 000)	(2 652 000)	(24 322 000)	(22 322 685)	1 999 315	40.11
Total expenditure	(180 837 000)	(19 687 500)	(200 524 500)	(175 953 352)	24 571 148	

Operating surplus

Loss on disposal of assets and liabilities	-	-	-	(2 081)	(2 081)	
Actuarial gains/losses	-	-	-	3 344 288	3 344 288	40.12
	-	-	-	3 342 207	3 342 207	

Surplus before taxation

Surplus before taxation	4 179 000	(17 810 500)	(13 631 500)	22 164 452	35 795 952	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	4 179 000	(17 810 500)	(13 631 500)	22 164 452	35 795 952	

Reconciliation

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

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						
Receivables from exchange transactions	9 763 000	-	9 763 000	3 103 428	(6 659 572)	40.13
Receivables from non-exchange transactions	596 000	1 644 000	2 240 000	2 159 590	(80 410)	40.14
VAT receivable	1 933 000	-	1 933 000	287 518	(1 645 482)	40.15
Cash and cash equivalents	129 894 000	(32 207 000)	97 687 000	126 332 245	28 645 245	40.16
	142 186 000	(30 563 000)	111 623 000	131 882 781	20 259 781	
Non-Current Assets						
Property, plant and equipment	87 978 000	1 951 000	89 929 000	76 144 452	(13 784 548)	40.17
Intangible assets	1 366 000	225 000	1 591 000	717 641	(873 359)	40.18
	89 344 000	2 176 000	91 520 000	76 862 093	(14 657 907)	
Total Assets	231 530 000	(28 387 000)	203 143 000	208 744 874	5 601 874	
Liabilities						
Current Liabilities						
Finance lease obligation	1 038 000	-	1 038 000	425 773	(612 227)	40.19
Payables from exchange transactions	21 032 000	(10 979 000)	10 053 000	15 473 549	5 420 549	40.20
VAT payable	(239 000)	-	(239 000)	-	239 000	40.32
Employee benefit obligation	-	-	-	1 578 000	1 578 000	40.21
Unspent conditional grants and receipts	-	1 678 000	1 678 000	6 562 215	4 884 215	40.22
	21 831 000	(9 301 000)	12 530 000	24 039 537	11 509 537	
Non-Current Liabilities						
Finance lease obligation	-	-	-	231 444	231 444	40.19
Employee benefit obligation	33 011 000	-	33 011 000	29 325 213	(3 685 787)	40.21
	33 011 000	-	33 011 000	29 556 657	(3 454 343)	
Total Liabilities	54 842 000	(9 301 000)	45 541 000	53 596 194	8 055 194	
Net Assets	176 688 000	(19 086 000)	157 602 000	155 148 680	(2 453 320)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	5 660 000	1 845 000	7 505 000	9 794 467	2 289 467	40.23
Accumulated surplus	171 028 000	(20 931 000)	150 097 000	145 354 213	(4 742 787)	40.24
Total Net Assets	176 688 000	(19 086 000)	157 602 000	155 148 680	(2 453 320)	

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

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						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash receipts from government grants	178 571 000	-	178 571 000	189 589 067	11 018 067	40.25
Interest income	6 000 000	1 500 000	7 500 000	10 839 779	3 339 779	40.26
Other income	(1 149 000)	1 554 000	405 000	757 101	352 101	40.27
	183 422 000	3 054 000	186 476 000	201 185 947	14 709 947	
Payments						
Employee costs	(132 750 000)	(2 266 500)	(135 016 500)	(124 335 030)	10 681 470	40.28
Suppliers	(34 829 000)	(11 291 500)	(46 120 500)	(48 204 482)	(2 083 982)	40.29
Finance costs	(2 375 000)	-	(2 375 000)	(97 531)	2 277 469	40.30
	(169 954 000)	(13 558 000)	(183 512 000)	(172 637 043)	10 874 957	
Net cash flows from operating activities	13 468 000	(10 504 000)	2 964 000	28 548 904	25 584 904	
Cash flows from investing activities						
Purchase of property, plant and equipment	(3 100 000)	(1 845 000)	(4 945 000)	(5 439 092)	(494 092)	40.31
Cash flows from financing activities						
Finance lease payments	-	-	-	(478 200)	(478 200)	
Net increase/(decrease) in cash and cash equivalents	10 368 000	(12 349 000)	(1 981 000)	22 631 612	24 612 612	40.33
Cash and cash equivalents at the beginning of the year	103 706 000	-	103 706 000	103 700 633	(5 367)	40.34
Cash and cash equivalents at the end of the year	114 074 000	(12 349 000)	101 725 000	126 332 245	24 607 245	
Reconciliation						

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
-----------------	---------	------	------

1. Significant accounting policies

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand.

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

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

These accounting policies are consistent with the previous period.

1.1 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.

1.2 Materiality

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.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

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 judgement 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 judgements include:

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 municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Effective interest rate

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

Provisions

Payment of performance bonuses depends on the availability of funds and is of subject to the prerogative of the council to approve. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate

1.4 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.

Property, plant and equipment is initially measured at cost.

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

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

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.

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.

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

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	30 years
Machinery and equipment	Straight-line	1-30 years
Furniture and office equipment	Straight-line	2-32 years
Motor vehicles	Straight-line	2-30 years
Computer equipment	Straight-line	2-30 years
Infrastructure assets	Straight-line	5-80 years
Work of art and paintings	No depreciating	No life span
Leased assets	Straight-line	2-7 years

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

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

The 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.

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

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

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

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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	Depreciation method	Average useful life
Computer software	Straight-line	5 -12 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 arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

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

A financial asset is:

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

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

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

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

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.6 Financial instruments (continued)

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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

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

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

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 amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

Short-term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.6 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the financial assets. The carrying amount of the asset is reduced 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 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.

1.7 Statutory receivables

Identification

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

The municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables

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.

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.

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).

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.7 Statutory receivables (continued)

- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

In estimating the future cash flows, 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 entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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
- 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 entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

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

1.8 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.

Finance leases - lessee

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

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

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

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.8 Leases (continued)

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.

1.9 Value -added Tax (VAT)

The municipality is registered with the South African Revenue Service (SARS) for VAT on payment basis, in accordance with Section 15(2) of the Value-added Tax Act 89 of 1991.

1.10 Employee benefits

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognises 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 entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the 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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Municipality recognises the expected cost of bonus, incentive and performance related payments when the entity 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 entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

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 entity provides post-employment benefits for one or more employees.

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

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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 has an obligation to provide other long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to determine the present value of the obligation.

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 entity 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;

1.11 Provisions and contingencies

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.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.11 Provisions and contingencies (continued)

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the 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 surplus (deficit).

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

A contingent liability is:

- 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
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.12 Accumulated surplus/(deficit)

The accumulated surplus/(deficit) represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/(deficit). Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

1.13 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.14 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest

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

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

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

Interest or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.16 Investment income

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

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.17 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 the expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the unauthorised expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

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

All the expenditure relating to fruitless expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the unauthorised expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

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

All the expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the unauthorised expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.21 Budget information

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.22 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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 those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 Events after reporting date

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

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

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

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

1.24 Comparative figures

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

1.25 Segment information

A segment is an activity of an entity:

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

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.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

• GRAP 107 Mergers	01 April 2023	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2023	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2019	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2019	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	64 824 113	47 087 699
Short-term deposits	61 508 132	56 612 934
	126 332 245	103 700 633

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard bank Current Account - 043108520	65 571 848	46 576 366	6 474 062	64 279 844	46 576 366	6 466 543
ABSA Current - 520000100	278 427	264 872	2 095 374	278 427	264 872	2 044 666
ABSA HIV - 9209269959	1 367	1 395	1 344	1 367	1 395	1 344
ABSA Savings - 9070399717	264 566	245 066	205 550	264 566	245 066	205 550
ABSA - 2067390363	16 470 797	15 218 700	14 412 748	16 470 797	15 218 700	14 412 748
ABSA - 2068681892	-	-	10 147 986	-	-	10 147 986
Nedbank - 7288009165	909 658	841 458	13 480 880	909 658	841 458	13 480 880
Standard bank - 728670534/006	16 366 066	15 040 620	14 037 668	16 366 066	15 040 620	14 038 028
Standard bank - 728670534/008	9 592 630	8 813 914	8 238 155	9 592 630	8 813 914	8 238 155
Standard bank - 728670534/010	18 168 978	16 697 885	15 591 834	18 168 978	16 697 885	15 591 834
Total	127 624 337	103 700 276	84 685 601	126 332 333	103 700 276	84 627 734

4. Receivables from exchange transactions

Accrued interest	815 760	615 889
Recoverable - private phone calls	14 001	68 607
Prepaid expenses	2 273 667	2 200 000
	3 103 428	2 884 496

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Receivables from exchange transactions (continued)		
Trade and other receivables pledged as security		
None of the trade and other receivables were pledged as security		
Credit quality of trade and other receivables		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Trade and other receivables past due but not impaired		
The municipality considers receivables from exchange transactions in default when contractual payments are 90 days past due. However, in certain cases, the municipality may also consider receivable from exchange transaction to be in default when internal or external information indicates that the municipality is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A receivable from exchange transaction is written off when there is no reasonable expectation of recovering the contractual cash flows. At 30 June 2024, receivables of R2 515 214 (2023: R70 284) were past due but not impaired.		
3 months past due	2 515 214	70 284
5. Receivables from non-exchange transactions		
Other sundry receivables	2 158 640	320 523
Accrued Income -Grants	950	-
	2 159 590	320 523

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions are pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired

The municipality considers receivables from non-exchange transactions in default when contractual payments are 90 days past due. However, in certain cases, the municipality may also consider receivable from non-exchange transaction to be in default when internal or external information indicates that the municipality is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A receivable from non-exchange transaction is written off when there is no reasonable expectation of recovering the contractual cash flows.

At 30 June 2024, receivables from non-exchange of R366 895 (2023: 0) were past due but not impaired.

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

3 months past due	366 895	-
-------------------	---------	---

6. VAT receivable

VAT	287 518	-
-----	---------	---

The municipality is registered for VAT on the payment/ cash basis. VAT meets the definition of a statutory receivable as per the accounting policy.

Statutory receivables general information

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

6. VAT receivable (continued)

Transaction(s) arising from statute

VAT - VAT is received and paid as required per the Value Added Tax Act No 89 of 1991 (VAT Act)

Determination of transaction amount

VAT - VAT is applied to all relevant goods or services as stated in the Vat Act and the amount thereof is determined in terms of the Vat Act.

Interest or other charges levied/charged

VAT - VAT is submitted and paid on a monthly basis thus no interest is charged on outstanding VAT amounts.

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

VAT receivable from SARS is not impaired as the South African Revenue Services has sufficient funds to pay any outstanding amounts.

Discount rate applied to the estimated future cash flows

No discount rate is applied on the above mentioned statutory receivables to estimate future cash flows

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 650 000	-	2 650 000	2 650 000	-	2 650 000
Buildings	24 267 499	(3 815 968)	20 451 531	24 267 499	(6 790)	24 260 709
Machinery and equipment	3 322 660	(3 061 862)	260 798	3 336 660	(2 893 243)	443 417
Furniture and office equipment	7 951 754	(7 455 531)	496 223	7 900 933	(7 002 100)	898 833
Motor vehicles	16 284 196	(12 982 619)	3 301 577	15 182 064	(11 860 094)	3 321 970
Computer equipment	9 359 689	(7 864 372)	1 495 317	8 703 216	(7 216 446)	1 486 770
Infrastructure	110 187 776	(63 297 515)	46 890 261	106 563 679	(60 508 163)	46 055 516
Work of Art and Paintings	39 732	-	39 732	39 732	-	39 732
Leased assets	1 212 820	(653 807)	559 013	1 212 820	(435 157)	777 663
Total	175 276 126	(99 131 674)	76 144 452	169 856 603	(89 921 993)	79 934 610

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Mafube WIP	Depreciation	Impairment loss	Impairment reversal	Total
Land	2 650 000	-	-	-	-	-	2 650 000
Buildings	24 260 709	-	-	(3 809 178)	-	-	20 451 531
Machinery and equipment	443 417	6 078	-	(192 861)	(13 014)	17 178	260 798
Furniture and office equipment	898 833	50 812	-	(464 771)	(9 677)	21 026	496 223
Motor vehicles	3 321 970	1 102 132	-	(944 038)	(213 565)	35 078	3 301 577
Computer equipment	1 486 770	655 974	-	(708 926)	(63 908)	125 407	1 495 317
Infrastructure	46 055 516	-	3 624 096	(2 794 541)	(20 441)	25 631	46 890 261
Work of Art and Paintings	39 732	-	-	-	-	-	39 732
Leased assets	777 663	-	-	(405 013)	-	186 363	559 013
	79 934 610	1 814 996	3 624 096	(9 319 328)	(320 605)	410 683	76 144 452

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land	2 900 000	-	-	(250 000)	-	-	-	2 650 000
Buildings	13 747 555	-	-	12 014 053	(1 500 899)	-	-	24 260 709
Machinery and equipment	692 415	-	(4 139)	-	(270 280)	-	25 421	443 417
Furniture and office equipment	1 460 380	37 169	(5 832)	-	(730 436)	(9 540)	147 092	898 833
Motor vehicles	4 451 207	-	-	-	(1 216 660)	-	87 423	3 321 970
Computer equipment	1 520 772	843 341	(36 442)	-	(880 850)	(143 896)	183 845	1 486 770
Infrastructure	48 877 768	-	(78 759)	-	(2 819 913)	(45 830)	122 250	46 055 516
Work of Art and Paintings	39 732	-	-	-	-	-	-	39 732
Leased assets	-	1 212 820	-	-	(195 866)	(239 291)	-	777 663
	73 689 829	2 093 330	(125 172)	11 764 053	(7 614 904)	(438 557)	566 031	79 934 610

Pledged as security

No assets of the municipality were pledged as security.

Assets subject to finance lease (Net carrying amount)

Leased assets	559 013	777 663
---------------	---------	---------

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

7. Property, plant and equipment (continued)

Revaluations

Land and buildings are re-valued independently every 5 years. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The following properties were revalued:

The municipality's land and buildings were revalued using the Depreciated Replacement Cost (DRC) method of valuation. DRC is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Revaluation of land and building was performed by an independent valuer, Kgolofelo Property Services CC. The effective date of the revaluation was 30 July 2023

Portion 2 of Erf 8 Sasolburg and
Portion 1 of Erf 49 Sasolburg
Weltevreden settlement agricultural holding 78, off R82.

Details of properties

Portion 1 of Erf 49 Sasolburg

Terms and conditions

- Purchase price: 1 December 2008	11 200 000	11 200 000
- Additions since purchase or valuation	1 100 000	1 100 000
	12 300 000	12 300 000

Portion 2 of Erf 8 Sasolburg

Terms and conditions

- Purchase price: 1 December 2008	13 050 000	13 050 000
- Additions since purchase or valuation	1 450 000	1 450 000
	14 500 000	14 500 000

Expenditure incurred to repair and maintain property, plant and equipment

Buildings	153 310	95 948
Furniture & office equipment	218 595	149 483
Motor vehicles	645 132	380 775
IT equipment	8 110	13 663
	1 025 147	639 869

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.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 283 742	(2 566 101)	717 641	3 290 523	(2 294 057)	996 466

Reconciliation of intangible assets - 2024

	Opening balance	Derecognition	Amortisation	Impairment reversal	Total
Computer software, other	996 466	(2 080)	(296 964)	20 219	717 641

Reconciliation of intangible assets - 2023

	Opening balance	Derecognition	Amortisation	Impairment reversal	Total
Computer software, other	1 346 006	(48 057)	(331 401)	29 918	996 466

9. Payables from exchange transactions

Trade payables	3 357 659	2 396 505
Other payables	(257 300)	7 276 783
Retentions	80 149	80 149
Accrued leave pay	8 797 036	9 188 226
Accrued bonus	3 496 005	3 396 359
	15 473 549	22 338 022

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
MIG Mafube	6 531 846	-
Energy Efficient Management Grant	-	719 230
Financial Management Grant	-	709 098
EPWP Grant	30 369	249 722
	6 562 215	1 678 050
Movement during the year		
Balance at the beginning of the year	1 678 050	4 000 000
Additions during the year	10 951 000	-
Less: Income recognition during the year	(4 388 785)	-
Money withheld/paid	(1 678 050)	(2 321 950)
	6 562 215	1 678 050

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.

See below for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

30 June 2024

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

10. Unspent conditional grants and receipts (continued)

Capital grant	Municipal Infrastructure Grant	Total
Add: Receipts/Additions during the year	10 951 000	10 951 000
Less: Income recognition during the year	(4 419 154)	(4 419 154)
	6 531 846	6 531 846

Operating grant	Expanded Public Works Programme	Energy Efficiency & Demand Side Management Grant	Rural Roads Assets Management Systems Grant	Financial Management Grant	Total
Opening balance at the beginning of the year	249 722	719 230	-	709 098	1 678 050
Add: Receipts/Additions during the year	1 097 000	-	2 350 000	1 300 000	4 747 000
Less: Income recognition during the year	(1 066 631)	-	(2 350 000)	(1 300 000)	(4 716 631)
Money withheld/ paid	(249 722)	(719 230)	-	(709 098)	(1 678 050)
	30 369	-	-	-	30 369

30 June 2023

Capital grants					Total
Operational grants	Expanded Public Works Programme	Energy Efficiency & Demand Side Management Grant	Rural Roads Assets Management Systems Grant	Financial Management Grant	Total
Opening balance at the beginning of the year	-	4 000 000	-	-	4 000 000
Add: Receipts/Additions during the year	-	-	2 341 000	1 300 000	3 641 000
Less: Income recognition during the year	1 277 000	-	(2 341 000)	(590 902)	(1 654 902)
Money withheld/ paid	(1 027 278)	(3 280 770)	-	-	(4 308 048)
	249 722	719 230	-	709 098	1 678 050

Municipal Infrastructure Grant (MIG):

During 2023/24 financial year Mafube Local Municipality MIG funds were regazetted under Fezile Dabi District Municipality in terms of the Directive of the Minister of Finance. The purpose of the funds was for Fezile Dabi District Municipality to continue with the implementation of various capital projects in Mafube Local Municipality that were already under implementation prior to regazetting of funds. As at 30 June 2024 R6 531 846 (2023: Rnil) was unspent.

Rural Roads Asset Management System Grant (RRAMSG):

The purpose of RRAMS Grant is to conduct assessment and feasibility of roads in the region and then data is forwarded to the province in a form of report. As at 30 June 2024 Rnil (2023: Rnil) was unspent.

Financial Management Grant (FMG):

The purpose of the FMG is to promote and support municipal financial management reforms and assist municipalities with the implementation of the MFMA. As at 30 June 2024 Rnil (2023: R709 098) was unspent.

Energy Efficiency & Demand Side Management Grant (EEDSMG):

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Unspent conditional grants and receipts (continued)		
The purpose of EEDSMG is to support municipalities in their efforts to reduce electricity consumption by optimising their use of energy. As at 30 June 2024 Rnil (2023: R719 230) was unspent.		
Expanded Public Work Programme		
EPWP is a conditional grant allocated to eligible public bodies to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised. As at 30 June 2024 R30 369 (2022: R249 722) was unspent.		
11. Finance lease obligation		
Minimum lease payments due		
- within one year	478 200	478 200
- in second to fifth year inclusive	239 100	717 300
	717 300	1 195 500
less: future finance charges	(60 080)	(157 611)
Present value of minimum lease payments	657 220	1 037 889
Present value of minimum lease payments due		
- within one year	425 773	380 669
- in second to fifth year inclusive	231 447	657 220
	657 220	1 037 889
Non-current liabilities	231 444	657 187
Current liabilities	425 773	380 699
	657 217	1 037 886

It is municipal policy to lease office printing equipment and communication gadgets under finance leases. The average lease term is 3 years respectively and the municipality's average effective borrowing rate was 11.25% (2023:11.25%). 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 are secured by the lessor's charge over the leased assets. The lease is not subject to automatic renewal or purchase options and is not subject to escalation for the duration of the lease term.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

12. Employee benefit obligations

Defined benefit plans - General information

Defined benefit plan

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

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

In-service members are entitled to a post-employment medical aid subsidy of 60% of the contribution payable. All current continuation members receive a 60% subsidy.

Upon a member's death-in-service or death-in-retirement, the serving dependents will continue to receive the same 60% subsidy.

The obligation in respect of medical care contributions for retirement benefits is valued every year by independent qualified actuary.

An actuarial valuation has been performed of the municipality's liability in respect of benefits to eligible retirees and retired employees of the municipality by ZAQEN Actuaries as at 30 June 2024

Post retirement benefit plan

The post retirement medical plan is a defined benefit plan, of which the members are made up as follows:

Current (In Service) Members	134	134
Continuation Members (Pensioners)	11	10
	145	144

The municipality make monthly contributions for health care arrangements to the following medical aid schemes.

- Bonitas medical scheme
- Hosmed medical scheme
- KeyHealth medical scheme
- LA Health medical scheme
- Samwumed medical scheme
- Fedhealth medical scheme
- Discovery

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(15 469 000)	(17 602 000)
Current service cost	(729 000)	(870 000)
Interest cost	(1 987 000)	(2 047 000)
Benefits paid	635 712	530 874
Actuarial gain/losses	989 288	4 519 126
	(16 560 000)	(15 469 000)

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

12. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Service cost	729 000	870 000
- Current service cost	729 000	870 000
Actuarial gains and losses	(989 288)	(4 519 126)
Interest cost	1 987 000	2 047 000
Benefits paid	(635 712)	(530 874)
	1 091 000	(2 133 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	Yield curve	Yield curve
Consumer Price Inflation (CPI)	Consumer Price Inflation(CPI) Difference between nominal and yield curves	Consumer Price Inflation(CPI) Difference between nominal and yield curves
Actual return on reimbursement rights		
Medical Aid Contribution Inflation	CPI + 1%	CPI + 1%
Net Effective Discount Rate	Yield curve	Yield curve

The basis used to determine the overall expected rate of return on assets is as follow:

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

We used the nominal and real zero curves as at 13 June 2024 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations.

	2024	2023	2022	2021	2020
Defined benefit obligation	16 560 000	15 469 000	17 602 000	14 990 000	13 882 000

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

12. Employee benefit obligations (continued)

Sensitivity analysis

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

20% increase/decrease in the assumed level of withdrawal rates;
1% increase/decrease in the Normal Salary cost inflation

We have illustrated the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	-20% Mortality rate	Valuation Assumption	+20% Mortality rate
Total Accrued Liability	17 743 000	16 560 000	15 544 000
Current Service Cost	2 264 000	2 110 000	1 978 000
Interest Cost	952 000	887 000	831 000

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

	-1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
Effect on the accrued liability	15 812 000	16 560 000	17 065 000
Effect on interest cost	2 012 000	2 110 000	2 176 000
Effect on service cost	834 000	887 000	918 000
Post retirement medical aid plan: Non-current portion		15 868 000	14 838 000
Post retirement medical aid plan: Current portion		692 000	631 000
		16 560 000	15 469 000

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

12. Employee benefit obligations (continued)

Defined benefit plan

Only two employees of the municipality belong to defined benefit of the Free State Municipal Pension Fund and this governed by the Pension Fund Act of 1956.

Long service awards

An actuarial valuation of the municipality's liability in respect of benefits to eligible employees of the municipality was performed by ZAQEN Actuaries as at 30 June 2024. The provision is utilised when eligible employees of the municipality receive the value of the vested benefit. The actuarial valuation was performed in line with the requirements of GRAP 25.

	Female	Male	Total
Number of active employees	65	77	142
Salary weighted average years	47	45	92
Weighted average past service years	18	13	31

Amounts recognised in the statement of financial position are as follows:

Opening balance	(15 824 000)	(15 781 000)
Net (Increase)/decrease	1 481 000	(43 000)
	(14 343 000)	(15 824 000)

Amounts recognised in the statement of financial position are as follows:

Current service cost	1 498 000	1 639 000
Interest cost	1 838 000	1 670 000
Actuarial gains/(losses)	(2 355 000)	(1 498 069)
	981 000	1 810 931

Key assumptions used

Actual return on plan assets		
Discount rates used	Yield curve	Yield curve
Consumer Price Inflation (CPI)	Consumer Price Inflation (CPI) Difference between nominal and yield curves	Consumer Price Inflation (CPI) Difference between nominal and yield curves
Actual return on reimbursement rights		
Net Effective Discount Rate	Yield curve	Yield curve

Sensitivity analysis

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

12. Employee benefit obligations (continued)

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

20% increase/decrease in the assumed level of withdrawal rates;
1% increase/decrease in the Normal Salary cost inflation

We have illustrated the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	14 917 000	14 343 000	13 806 000
Current Service Cost	1 477 000	1 411 000	1 349 000
Interest Cost	1 644 000	1 578 000	1 516 000

We have tested the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follows:

	-1% Normal salary inflation	Valuation Assumption	+1%Normal salary inflation
Total Accrued Liability	13 565 000	14 343 000	15 188 000
Current Service Cost	1 332 000	1 411 000	1 496 000
Interest Cost	1 489 000	1 578 000	1 675 000
Provision for long-service awards: Non-current portion		13 457 000	13 753 000
Provision for long-service awards: Current portion		886 000	2 071 000
		14 343 000	15 824 000

Defined benefit plan

Only two employees of the municipality belong to defined benefit of the Free State Municipal Pension Fund and this governed by the Pension Fund Act of 1956.

13. Revaluation reserve

The reserve is non-distributable reserve.

Opening balance	12 311 470	1 553 724
Revaluation reserve realised	(2 517 003)	(1 006 307)
Revalued amounts	-	11 764 053
	9 794 467	12 311 470

14. Other income

Tender Documents Sales	30 870	13 122
Recoveries from staff	246 061	344 810
Insurance refund	-	163 777
Skills Development Levy	200 963	193 355
Third Party Refunds	241 177	34 217
Management Fees	57 091	195 185
	776 162	944 466

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
15. Investment revenue		
Interest received - investment		
Bank	11 039 650	6 928 027
16. Government grants & subsidies		
Operating grants		
Equitable share	173 824 000	168 576 000
Rural Roads Asset Management Systems Grant	2 350 000	2 341 000
Financial Management Grant	1 300 000	590 902
Energy Efficiency and Demand Management Grant	-	3 280 770
Expanded Public Works Programme	1 066 631	1 027 278
	178 540 631	175 815 950
Capital grants		
MIG Mafube	4 419 154	-
	182 959 785	175 815 950
17. Employee related costs		
Basic	75 412 762	70 059 971
EPWP Salaries	875 710	733 870
Bonus	5 997 610	5 712 654
Medical aid - company contributions	6 513 771	6 929 996
UIF	357 643	353 641
Leave pay provision charge	622 116	2 781 540
Overtime payments	1 076 663	1 670 616
Long-service awards	2 227 000	1 639 000
Car allowance	15 627 356	14 127 550
Housing benefits and allowances	783 425	736 671
Shift Allowance	1 182 087	1 149 778
Group life insurance	67 616	68 377
Acting Allowance	-	3 227 316
Pension Fund Contribution	13 064 727	12 312 717
	123 808 486	121 503 697

Municipal Manager

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

17. Employee related costs (continued)

Remuneration of Municipal Manager Mr S Thomas (July 2023 - June 2024)

Basic Salary	1 343 893	326 328
Car/ Travel Allowance	420 000	45 264
Contribution to UIF	2 125	-
Contribution to Medical Aid	45 418	-
Contribution to Pension Fund	217 800	-
	2 029 236	371 592

The salary of Mr S Thomas for 2023 financial year is benefit in kind as it was paid for by CoGTA. He was seconded by COGTA. He was subsequently appointed as Accounting Officer from 01 July 2023.

Remuneration of Acting Municipal Manager: Adv K Khonkhe (Acting December 2022 - February 2023)

Basic Salary	-	845 892
Car/ Travel Allowance	-	398 794
Contribution to UIF	-	2 125
Contribution to Medical Aid	-	49 221
Contribution to Pension Fund	-	152 261
Acting Allowance	-	39 729
Annual Bonus	-	70 491
	-	1 558 513

Remuneration of Municipal Manager: Ms. ML Molibeli (From July 2022 to November 2022)

Basic Salary	-	575 158
Car/ Travel Allowance	-	140 505
Contribution to UIF	-	886
Contribution to Medical Aid	-	25 035
Contribution to Pension Fund	-	103 931
	-	845 515

Chief Financial Officer

Remuneration of Chief Financial Officer: Mr A Mgcina (From December 2023 to June 2024)

Basic Salary	440 438	-
Car/ Travel Allowance	158 876	-
Contribution to UIF	1 240	-
	600 554	-

Remuneration of Acting Chief Financial Officer: Ms M Choshane (From February 2023 to November 2023)

Basic Salary	371 490	845 892
Car/ Travel Allowance	181 381	407 289
Contribution to UIF	886	2 125
Contribution to Medical Aid	26 387	152 853
Contribution to Pension Fund	67 128	60 066
Acting Allowance	308 522	371 837
Annual Bonus	74 298	70 491
	1 030 092	1 910 553

Remuneration of Acting Chief Financial Officer: Mr J Reyneke (From August 2022 to January 2023)

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
17. Employee related costs (continued)		
Basic Salary	-	845 892
Car/ Travel Allowance	-	405 344
Contribution to UIF	-	2 125
Contribution to Medical Aid	-	52 830
Contribution to Pension Fund	-	152 853
Acting Allowance	-	464 022
Annual Bonus	-	70 491
	-	1 993 557

Corporate Services

Remuneration of Director - Corporate Services: Ms GD Ramaboea (From October 2023 to June 2024)

Basic Salary	484 611	-
Car/ Travel Allowance	207 000	-
Contribution to UIF	1 594	-
Contribution to Pension Fund	75 798	-
	769 003	-

Remuneration of Acting Director - Corporate Services: Mr T Motshoikha (From May 2023 to September 2023)

Basic Salary	222 894	845 892
Car/ Travel Allowance	108 051	405 344
Contribution to UIF	531	2 125
Contribution to Medical Aid	13 894	54 079
Contribution to Pension Fund	40 277	152 853
Acting Allowance	220 591	139 825
Annual Bonus	-	70 491
	606 238	1 670 609

Remuneration of Acting Director - Corporate Services: Ms D Tsoku (From October 2022 to March 2023)

Basic Salary	-	845 892
Car/ Travel Allowance	-	401 341
Contribution to UIF	-	2 125
Contribution to Medical Aid	-	40 120
Contribution to Pension Fund	-	152 853
Acting Allowance	-	464 022
Annual Bonus	-	70 491
	-	1 976 844

Remuneration of Director - Corporate Services: Dr. S Motingoe (July 2022 to September 2022)

Basic Salary	-	297 472
Car/ Travel Allowance	-	82 619
Contribution to UIF	-	708
Contribution to Medical Aid	-	9 848
Contribution to Pension Fund	-	53 545
	-	444 192

Local Economic Development and Tourism

Remuneration of Director - Local Economic Development and Tourism: Ms M Letebele (From September 2023 to June 2024)

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
17. Employee related costs (continued)		
Basic Salary	876 444	-
Car/ Travel Allowance	443 484	-
Contribution to UIF	1 771	-
Contribution to Pension Fund	158 352	-
	1 480 051	-
Remuneration of Acting Director - Local Economic Development and Tourism: D Maree (From May 2023 to August 2023)		
Basic Salary	128 844	733 452
Car/ Travel Allowance	63 951	359 228
Contribution to UIF	354	2 125
Contribution to Medical Aid	10 555	60 084
Contribution to Pension Fund	23 282	132 535
Acting Allowance	166 812	156 766
Annual Bonus	-	61 121
	393 798	1 505 311
Remuneration of Acting Director - Local Economic Development and Tourism: M Letebele (From November 2022 to April 2023)		
Basic Salary	-	845 892
Car/ Travel Allowance	-	409 826
Contribution to UIF	-	2 125
Contribution to Pension Fund	-	152 853
Acting Allowance	-	464 022
Annual Bonus	-	70 491
	-	1 945 209
Remuneration of Acting Director - Local Economic Development and Tourism: N Chakane (From August 2022 to October 2022)		
Basic Salary	-	845 892
Car/ Travel Allowance	-	398 794
Contribution to UIF	-	2 125
Contribution to Medical Aid	-	60 084
Contribution to Pension Fund	-	152 261
Acting Allowance	-	26 434
Annual Bonus	-	70 491
	-	1 556 081
Environmental Health and Emergency Services		
Remuneration of Director - Environmental Health and Emergency Services: Mrs GPM Phoofolo (From September 2023 to June 2024)		
Basic Salary	908 530	-
Car/ Travel Allowance	443 484	-
Contribution to UIF	1 771	-
Contribution to Pension Fund	126 266	-
	1 480 051	-
Remuneration of Acting Director - Environmental Health and Emergency Services: Mr M Mathibe (May 2023 to August 2023)		
Basic Salary	148 596	845 892
Car/ Travel Allowance	72 321	407 289
Contribution to UIF	354	2 125
Contribution to Medical Aid	6 596	41 018

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
17. Employee related costs (continued)		
Contribution to Pension Fund	26 851	152 853
Acting Allowance	147 061	139 491
Annual Bonus	74 298	70 491
	476 077	1 659 159
Remuneration of Acting Director - Environmental Health and Emergency Services: Mr A van Zyl (September 22 to April 2023)		
Basic Salary	-	845 892
Car/ Travel Allowance	-	407 289
Contribution to UIF	-	2 125
Contribution to Medical Aid	-	60 084
Contribution to Pension Fund	-	152 853
Acting Allowance	-	464 022
Annual Bonus	-	70 491
	-	2 002 756
Remuneration of Director - Environmental Health and Emergency Services: Mrs N Baleni (from July 2022 to September 2023)		
Basic Salary	-	297 472
Car/ Travel Allowance	-	82 619
Contribution to UIF	-	531
Contribution to Medical Aid	-	9 848
Contribution to Pension Fund	-	53 545
	-	444 015
18. Remuneration of councillors		
Executive Major	998 851	998 851
Seconded Councillors	363 429	446 283
Mayoral Committee Members	2 545 228	2 396 473
Speaker	462 090	462 090
Councillors	3 558 903	3 801 908
	7 928 501	8 105 605

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
18. Remuneration of councillors (continued)		
In-kind benefits		
The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and Speaker each have the use of separate Council owned vehicles for official duties.		
Executive Mayor Cllr. D Khasudi		
Basic Salary	955 651	955 651
Cellphone Allowance	43 200	43 200
	998 851	998 851
Speaker Cllr. S Pittaway		
Basic Salary	462 090	462 090
Cllr. SM Matwa - MMC Corporate Services		
Basic Salary	574 205	578 897
Car Allowance	142 533	138 162
Cellphone Allowance	43 200	43 200
	759 938	760 259
Cllr. Makhema - MMC: Finance (From August 2023 to June 2024)		
Basic Salary	288 622	-
Car Allowance	69 065	-
	357 687	-
Cllr. T Mofokeng - MMC: Finance (Until July 2023)		
Basic Salary	15 759	334 452
Car Allowance	3 940	79 858
	19 699	414 310
Cllr. C Serfontein - MMC: Environmental Health, Emergency and Public Safety		
Basic Salary	339 712	334 452
Car Allowance	74 598	79 858
	414 310	414 310
Cllr. ND Muller - MMC: Community		
Basic Salary	339 712	334 452
Car Allowance	74 598	79 858
	414 310	414 310
Cllr. NP Mokodutlo -MPAC Chairperson (From November 2023 to June 2024)		
Basic Salary	459 665	-
Cellphone Allowance	33 600	-
	493 265	-
Cllr. A Motaung - MPAC Chairperson (Until October 2023)		
Basic Salary	66 835	317 521

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
18. Remuneration of councillors (continued)		
Car Allowance	19 184	75 763
	86 019	393 284
Part time Councillors		
Cllrs: PMM Modikoe, F Scholtz, ML Makhanda, MM Green, AN Radebe, MA Radebe, LL Moalusi, MJ Mochela, GS Malherbe, NE Masiteng, NP Mokodutlo (from 1 July 2023 to 05/11/2023), Cllr MN Mnaba (12/06/2024-30/06/2024)		
Basic Salary	2 830 263	3 035 187
Car Allowance	292 109	291 521
Cellphone Allowance	436 530	475 200
	3 558 902	3 801 908
Seconded Councillors		
Cllrs: WB Gumede, A Tsotetsi, JM Makhema (from 1/7/23 to 15/08/23), TL Soetsang, LL Nhlapo, LA Makhefu, MJ Ramoolla, MA Khotle, RD Tau, DJ Serapela, IM Magashule, SLMoseme, K Khumalo, ME Sefako,		
Basic Salary	363 429	446 283
19. Depreciation and amortisation		
Property, plant and equipment	9 319 328	7 614 904
Intangible assets	296 963	331 455
	9 616 291	7 946 359
20. Finance costs		
Finance leases	97 531	64 166
Other interest paid	-	147 415
Post retirement benefit	3 825 000	3 717 000
	3 922 531	3 928 581
21. Contracted services		
Presented previously		
Consultants	1 221 204	526 662
Legal fees	1 838 919	1 747 220
Rural roads asset management service	1 941 304	2 341 000
	5 001 427	4 614 882
22. Impairment loss		
Impairments		
Property, plant and equipment	321 114	437 872
Reversal of impairments		
Property, plant and equipment	(430 901)	(577 317)
Total impairment losses (recognised) reversed	(109 787)	(139 445)

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
23. General expenses		
Accommodation	835 412	1 026 917
Advertising	325 443	363 118
Artists and Performance	-	36 000
Auditors remuneration	5 321 732	4 189 014
Bank charges	76 315	81 801
Cleaning	386 802	259 181
Car hire	368 331	73 836
Remuneration of Sec.79 Committee Members	109 930	217 290
Gardening Service	-	71 315
Donations	1 236 024	1 461 540
Cellphone costs	1 263 871	1 512 324
Energy Efficiency implementation capacity	-	3 282 578
Hire	29 313	137 240
Insurance	875 218	760 298
Conferences and seminars	116 823	171 206
Sports and recreation	27 888	199 205
IT expenses	416 073	328 235
Vehicle tracking	24 680	44 914
Motor vehicle licenses and registration	21 904	20 351
Toll-gate fees	52 709	58 669
Postage and courier	1 235	3 022
Printing and stationery	550 115	498 883
Protective clothing	378 585	234 116
Public campaigns & awareness expenses	6 522	39 980
Stage and sounds	56 500	46 700
Security (Guarding of municipal property)	17 408	82 010
Software expenses	1 021 119	1 176 044
Subscriptions and membership fees	1 336 945	1 287 885
Telephone and fax	437 372	407 933
Transport and freight	57 550	172 657
Training	185 660	328 096
Travel and subsistence allowance	1 821 503	2 160 408
Workmans compensation fund	488 442	473 580
Staff recruitment costs	217 039	184 160
Municipal services	1 389 752	1 333 729
Tourism development	-	32 010
Catering services	1 011 347	1 704 037
Bursaries non-employees	398 098	683 015
Employee wellness	40 433	17 130
Sampling and specimens	29 987	-
SDL	1 014 859	974 939
Bursaries employees	201 596	401 523
Rental premises	53 287	311 799
Air travel	89 363	65 592
Resettlement costs	29 500	-
	22 322 685	26 914 280

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
24. Cash generated from operations		
Surplus	22 164 452	12 884 597
Adjustments for:		
Depreciation and amortisation	9 616 291	7 946 359
Loss on derecognition of assets and liabilities	2 081	127 656
Actuarial gains	(3 344 288)	(6 017 195)
Finance costs	3 822 531	3 717 000
Impairment reversals	(109 787)	(139 445)
Movements in retirement benefit assets and liabilities	557 230	3 339 708
Other non-cash items	2 906 406	(6 954 325)
Changes in working capital:		
Receivables from exchange transactions	(218 932)	3 859 595
Other receivables from non-exchange transactions	1 745 117	1 430 177
Payables from exchange transactions	(6 864 473)	136 978
VAT	(584 724)	297 206
Movement in employee benefit	(1 143 000)	806 000
	28 548 904	21 434 311

25. Financial instruments disclosure

Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follows:

2024

Financial assets

	Carrying amount	Amortised cost
Trade and other receivables from exchange transactions	3 103 428	3 103 428
Receivables from non-exchange transactions	2 159 590	2 159 590
Cash and cash equivalents	126 332 245	126 332 245
	131 595 263	131 595 263

Financial liabilities

	Carrying amount	Amortised cost
Trade and other payables from exchange transactions	3 180 508	3 180 508
Unspent conditional grant	6 562 215	6 562 215
Finance lease obligation	657 220	657 220
	10 399 943	10 399 943

2023

Financial assets

	Carrying amount	Amortised cost
Trade and other receivables from exchange transactions	2 884 496	2 884 496
Receivables from non-exchange transactions	320 523	320 523
Cash and cash equivalents	103 700 633	103 700 633

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
25. Financial instruments disclosure (continued)	106 905 652	106 905 652
Financial liabilities		
	Carrying amount	Amortised cost
Payables from exchange transactions	9 753 437	9 753 437
26. Commitments		
This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.		
Authorised capital expenditure		
Authorised operational expenditure		
• Implementation of energy efficiency & demand management side programme	-	717 422
• Implementation of the RRAMS	5 341 340	-
• Multi-functioning printing devices (Photocopy Machines)	896 626	1 374 825
	6 237 966	2 092 247
Total operational commitments		
Already contracted for but not provided for	6 237 966	2 092 247
Total commitments		
Total commitments		
Authorised operational expenditure	6 237 966	2 092 247

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

27. Contingencies

The municipality have the following contingent liabilities :

FDDM / SAMWU obo P Setseli - Labour case	10 000 000	5 216 134
FDDM/Adv Charlton Rex	-	628 400
FDDM / Ngwane Attorney	-	125 458
FDDM / Du Plooy and another and 2 others	-	2 150 000
FDDM / Noge Attorney	866 828	866 828
FDDM / Sibanda Senzo	9 500 000	9 500 000
N Chakane (Acting Allowance)	-	205 577
K Khonkhe (Acting Allowance)	-	268 871
	20 366 828	18 961 268

Litigation is the process against the municipality relating to various matters as detailed below with a potential liability of R20 366 828 (2023: R18 961 268) as detailed above. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as likely and as such the litigation is proceeded with.

Details are as follows:

1. SAMWU obo P.Setsheli//FDDM (Case Number 0 JR 2555/201)

Applicant (Setheli) approached the Labour Court after an unsuccessful bid at the SALBC with ruled in favour of FDDM. She took the decision on review the outcomes, the matter currently pending before the Johannesburg Labour Court

2. Adv Charlton Rex// FDDM

Adv Rex issued summons against the Municipality in the amount of R628 400 for services rendered

3. Ngwane Attorney// FDDM

Ngwane issued a provisional sentence summons against the Municipality for payment of R125 458.30 for professional services rendered

4. Du Plooy & Another // FDDM (Case Number - 2965/2018)

Mandate of Peyper Attorneys terminated, newly appointed Attorneys is Ngwane Attorneys with the following details: Claim in respect of death as a result of potholes and poor signage- Bloemfontein High Court - Free State Division.

5. Noge Attorneys// FDDM

Noge Attorneys issued summons against the Municipality for payment in the amount of R866 827.80 for professional services

6. Senzo Sibanda//FDDM

Senzo Sibanda issued a claim against the Municipality in the amount of R9 500 000.00. Sibanda avers that the Municipality had a legal duty to maintain the relevant road on which the Plaintiff was in an accident.

7. N Chakane and K Khonkhe(Acting allowance) - Matter investigated internally, acting allowance was not correctly calculated. Based on the calculations made no money is owed to the employee. Matter finalised.

Cases not disclosed under contingent liabilities

1 FDDM-Review Application against the appointment of Internal Auditor

This involves failure by the Municipality to follow the correct processes in appointing an internal auditor. In accordance with circular 65 of the MFMA an audit committee must in relation to internal audit, concur with any appointment or termination of an internal auditor. the municipality does not want to prejudice seriously the position of both parties involved in the dispute.

2 Elgin Femele // FDDM

This is a Review Application launched by the Applicant at the Labour Court. The municipality does not want to prejudice seriously the position of both parties involved in the dispute.

Contingent assets

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

27. Contingencies (continued)

The municipality have the following contingent assets:

FDDM // A.M Mini Case number: 1836/2021	120 000	120 000
FDDM//G. Mashiyi Case number:1835/2021	143 262	143 262
FDDM // M A Olifant Case Number: 504/2021	5 857 521	5 857 521
	6 120 783	6 120 783

- 1.FDDM // A.M Mini Claim for recovery of irregular expenditure
2. FDDM // G. Mashiyi Claim for recovery of irregular expenditure
3. FDDM // M A Olifant Claim for recovery of irregular expenditure

28. Related parties

Relationships

Accounting Officer

Executive Council Members

Member of Key Management

Refer to accounting officers' report note

The remuneration to councillors have been included
Refer to note Renumeration of councillors 18

No other payments are made outside the contractual employment payments from employment. Refer to note Employee cost note 17

There were related party transaction for 2023/24 financial year. Amount included in receivable from non-exchange regarding related parties

Johan Reyneke 414 154.17

Mbali Letebele 414 154.17

29. Prior-year adjustments

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

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Cash and cash equivalent		103 700 633	-	103 700 633
Receivables from exchange transactions	Error 1	4 200 119	(1 315 623)	2 884 496
Receivables from non-exchange transactions	Error 12	320 523	-	320 523
PPE	Error 13	80 305 681	(371 071)	79 934 610
Intangibles	Error 13	982 136	14 330	996 466
Payables from exchange transactions	Error 3	(22 115 761)	(222 261)	(22 338 022)
Unspent Conditional Grant		(1 678 050)	-	(1 678 050)
Finance lease		(1 037 886)	-	(1 037 886)
Employee benefit obligation	Error 9	(32 208 435)	915 000	(31 293 435)
VAT payables	Error 2	-	(297 206)	(297 206)
Revaluation reserve		(12 311 470)	-	(12 311 470)
Accumulated surplus	Error 4	(120 157 490)	1 276 831	(118 880 659)
		-	-	-

Statement of financial performance

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

29. Prior-year adjustments (continued)

2023

	Note	As previously reported	Correction of error	Restated
Other income	Error 5	929 550	14 916	944 466
Interest received-investment	Error 6	6 614 803	313 224	6 928 027
Actuarial gains	Error 10	5 102 195	915 000	6 017 195
Government grants & subsidies		175 815 950	-	175 815 950
Employee related cost	Error 11	(120 571 489)	859 883	(119 711 606)
Remuneration of councillors		(8 105 605)	-	(8 105 605)
Depreciation and amortisation	Error 14	(6 773 098)	(1 173 261)	(7 946 359)
Reversal of impairments		(275 350)	414 795	139 445
Finance costs		(3 928 581)	-	(3 928 581)
Repairs and maintenance	Error 7	(640 398)	529	(639 869)
Inventory consumed	Error 8	-	(3 179 557)	(3 179 557)
Contracted services	Error 7	(4 614 882)	-	(4 614 882)
Loss on disposal of assets and liabilities		-	(127 656)	(127 656)
General expenses	Error 8	(30 093 837)	3 179 557	(26 914 280)
Surplus for the year		13 459 258	1 217 430	14 676 688

Cash flow statement

2023

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services		4 054 856	1 127 663	5 182 519
Grants		173 494 000	1 430 177	174 924 177
Interest income		6 614 803	(65 234)	6 549 569
Employee costs		(124 749 903)	4 320 647	(120 429 256)
Suppliers		(35 327 850)	(9 253 267)	(44 581 117)
Finance costs		(3 864 415)	3 652 834	(211 581)
	Error 15	20 221 491	1 212 820	21 434 311
Cash flow from investing activities				
Purchase of property, plant and equipment		2 093 330	-	2 093 330
Cash flow from financing activities				
Finance lease payments	Error 15	973 720	(1 212 820)	(239 100)

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand		2024	2023	
29. Prior-year adjustments (continued)				
2024				
	Note	As previously reported	Correction of error	Restated
Note 4 Receivables from exchange transactions				
Accrued interest		287 749	328 140	615 889
Note 5 Receivables from non-exchange transactions				
Receivables from non-exchange transactions		320 523	-	Restated 320 523
Note 7 Property, plant and equipment				
				Restated
Land		2 650 000	-	2 650 000
Buildings		24 260 709	-	24 260 709
Machinery and equipment		299 117	144 300	443 417
Furniture and office equipment		735 832	163 001	898 833
Motor vehicles		3 718 068	(396 098)	3 321 970
Computer equipment		1 603 660	(116 890)	1 486 770
Infrastructure		45 995 592	59 924	46 055 516
Work of Art and Paintings		32 020	7 712	39 732
Leased assets		1 010 683	(233 020)	777 663
		80 305 681	(371 071)	79 934 610
Assets subject to finance lease (Net carrying amount)				
Lease assets		-	1 010 683	1 010 683
Note 8 Intangible assets				
Computer software		982 136	14 330	996 466
Note 42 VAT receivable				
VAT receivable/payable		-	(297 206)	(297 206)
Note 14 Other income				
Tender Documents Sale		13 122	-	13 122
Recoveries from staff		344 810	-	344 810
Insurance refund		163 777	-	163 777
Skills Development Levy		178 439	14 916	193 355
Third Party Refunds		34 217	-	34 217
Management Fees		195 185	-	195 185
		929 550	14 916	944 466
Note 15 Investment revenue				
		As previously reported	Correction of error	Restated
Bank		6 614 803	313 224	6 928 027
Note 25 General expenses				
		As previously reported	Correction of error	Restated
Catering services		1 696 225	7 812	1 704 037
Consumables		2 374 382	(2 374 382)	-
Fuel and oil		812 987	(812 987)	-
		4 883 594	(3 179 557)	1 704 037

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

29. Prior-year adjustments (continued)

Note 26 Cash generated from operations

	As previously reported	Correction of error	Restated
Surplus	13 459 258	(574 661)	12 884 597

Note 27 Financial instruments disclosure

	As previously reported	Correction of error	Restated
Receivables from exchange transactions	4 200 119	(1 315 623)	2 884 496
Receivables from non-exchange transactions	320 523	-	320 523
Trade and other payables from exchange transactions	2 650 556	(254 051)	2 396 505
Other payables	6 800 471	476 312	7 276 783
	13 971 669	(1 093 362)	12 878 307

Note 43 Inventory consumed

	As previously reported	Correction of error	Restated
Inventory consumed	-	3 179 557	3 179 557

Errors

The following prior period errors adjustments occurred:

Error 1

An error occurred when calculating accrued interest and prepaid expenses on one of the bank account and that affected the total amount of receivables from exchange transaction. Comparative figures have been restated as follows

Statement of Financial Position

Receivables from exchange transactions	-	(1 314 623)
Accumulated Surplus	-	1 314 623
	-	-

Error 2

An error occurred when finalising the AFS the VAT amount reflected nil on the statement of Financial position. Comparative figures have been restated as follows

Statement of Financial Position

Accumulated Surplus	-	297 206
VAT payable	-	(297 206)
	-	-

Error 3

An error occurred when capturing - transaction was captured in the incorrect financial year and fleet journal for 2022 financial year not captured on the system. Comparative figures have been restated as follows

Statement of Financial Position

Payables from exchange transactions (fleet)	-	228 710
Payables from exchange transactions	-	(6 449)
Accumulated surplus	-	(222 261)
	-	-

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

29. Prior-year adjustments (continued)

Error 4

The errors captured affected accumulated surplus as indicated. Comparative figures have been restated as follows

Statement of Financial Position

Accumulated surplus	-	1 276 831
Receivables from exchange transactions	-	(1 315 623)
VAT receivable	-	(297 206)
Payables from exchange transactions	-	(222 261)
PPE	-	(371 071)
Intangibles	-	14 330
Employee benefit obligation	-	915 000
	-	-

Error 5

An error occurred when capturing the the bank reconciliation Skills levy amount was captured as Interest received investment. Comparative figures have been restated as follows

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Prior-year adjustments (continued)		
Statement of Financial Performance		
Increase in Other Income	-	14 916
Decrease in Interest received investment	-	(14 916)
	-	-
Error 6		
An error occurred when calculating accrued interest on one of the bank account and that affected the total amount of receivables from exchange transaction. Comparative figures have been restated as follows		
Statement of Financial Performance		
Increase in Interest received investment	-	328 140
Increase in Other Income	-	(14 916)
Decrease in Accumulated Surplus	-	(313 224)
	-	-
Error 7		
Classification of the expenditure in terms of mSCOA. Comparative figures have been restated as follows.		
Statement of Financial Performance		
Decrease in repairs and maintenance	-	(529)
Increase in contracted services	-	529
	-	-
Error 8		
Classification of the expenditure in terms of mSCOA. Comparative figures have been restated as follows.		
Statement of Financial Performance		
Increase in inventory consumed	-	3 179 557
Decrease in general expenses	-	(3 179 557)
	-	-
Error 9		
An error occurred in accounting for employee benefit after an updated valuation report was issued. Comparative figures have been restated as follows.		
Statement of Financial Position		
Decrease in employee benefit obligation	-	915 000
Increase in accumulated surplus	-	(915 000)
	-	-
Error 10		
An error occurred in accounting for employee benefit after an updated valuation report was issued. Comparative figures have been restated as follows.		
Statement of Financial Performance		
Increase in Actuarial gains	-	915 000
Increase in accumulated surplus	-	(915 000)
	-	-

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Prior-year adjustments (continued)		
Error 11		
An error occurred when restating salaries for 2022 financial year it is overstated with R932 208 and 2023 was understated with same amount. Comparative figures have been restated as follows.		
Statement of Financial Performance		
Decrease in Employee related costs	-	(859 883)
Increase in Accumulated Surplus	-	859 883
	-	-
Error 12		
Statement of Financial Position		
Increase in Receivables from non-exchange transactions	-	1
Decrease in Employee related costs	-	(1)
	-	-
Error 13		
Change in estimates and reversal of impairment resulted in increase in PPE. Comparative figures have been restated as follows.		
Statement of Financial Position		
Increase in Property, plant and equipment	-	(371 071)
Increase in Intangible assets	-	14 330
Accumulated surplus	-	356 741
	-	-
Error 14		
Change in estimates and reversal of impairment resulted in increase in PPE and increase in depreciation. Comparative figures have been restated as follows		
Statement of Financial Performance		
Increase in Depreciation and amortisation	-	1 173 261
Accumulated surplus	-	(1 173 261)
	-	-
Error15		
Recalculation of net cash flows from operating activities resulted in cashflow restated. Comparative figures have been restated as follows		
Statement of Cash Flows		
Increase net cash flows from operating activities	-	1 212 820
Decrease net cash flows from financing activities	-	(1 212 820)
	-	-

30. Risk management

Financial risk management

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

30. Risk management (continued)

Liquidity risk

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.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	15 473 549	-	-	-
Finance lease obligation	425 773	231 444	-	-
Employee benefit obligation	1 578 000	-	29 325 213	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	22 338 022	-	-	-
Finance lease obligation	380 699	425 773	231 447	-
Employee benefit obligation	2 721 000	-	28 572 435	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2024	2023
Cash and Cash Equivalents	126 332 245	103 700 633
Receivables from exchange	3 103 428	2 884 496

Market risk

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.

31. Going concern

We draw attention to the fact that at 30 June 2024, the municipality conducted going concern assessment for the purpose of preparation of these financial statements. It is management's view that all factors relating to going concern assessment as covered in the report are sufficient and relevant to enable management to make an informed judgement with regard to preparation of the 2023/24 annual financial statements on a going concern basis.

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.

We, however draw attention to the fact that the financial statements include the recognition of the stadium as a capital asset. This asset is recognised in the financial statements of the municipality, pending uncertainty with regards to ownership, control and the capacity of the municipality to control such asset. This may result in future derecognition of the asset from the financial statements of the municipality.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

32. Events after the reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Financial Statements

33. Unauthorised expenditure

Opening balance as previously reported	61 368 112	55 880 466
Add: Unauthorised expenditure - current	6 569 167	5 487 646
Closing balance	67 937 279	61 368 112

The unauthorised expenditure incurred in the current financial year are still to be presented to council

Analysed as follows: non-cash

Depreciation and amortisation	6 569 167	-
-------------------------------	-----------	---

Unauthorised expenditure: Budget overspending – per municipal department:

Council General	6 575 245	3 400 351
Municipal Manager's	-	274 682
Finance	-	1 504 969
Public Works and Project Management	-	307 643
	6 575 245	5 487 645

34. Fruitless and wasteful expenditure

Opening balance as previously reported	5 766 980	4 118 634
Add: Fruitless and wasteful expenditure identified - current	55 258	14 712
Add: Fruitless and wasteful expenditure identified - current by AG	-	1 643 763
Less: Amount recovered - current	-	(10 129)
Closing balance	5 822 238	5 766 980

Fruitless and wasteful expenditure is presented inclusive of VAT

The fruitless and wasteful expenditure incurred in the current financial year are still to be presented to council

35. Irregular expenditure

Opening balance as previously reported	70 795 041	43 308 209
Add: Irregular expenditure - current	20 725 953	24 210 875
Add: Irregular expenditure - identified in the current relating prior period	10 195 642	3 275 957
Less: Amount recoverable	(1 792 092)	-
Less: Amount written off by Council	(10 749 835)	-
Closing balance	89 174 709	70 795 041

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

35. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings	
3 quotes not obtained	-	60 649
Account but no contract	675 813	16 095
The deviation was not recorded and approved by a delegated official	-	250 600
Appointment of candidates who did not meet the requirements advertised	-	3 510 556
No SCM processes were followed	670 400	-
Reason for deviation(emergency, sole provider, impractical)	-	2 018 791
Written price quotations were not obtained from at least three different prospective provider	-	50 000
No signed 3 year contract	-	2 367 557
Procurement and contract management: RRAMS - -instances of non-compliance and control deficiencies identified in tender process	1 941 304	-
Procurement and contract management: Quotations - instances of non-compliance and control deficiencies identified	288 136	-
Deviations: Non-compliance identified on transactions that deviated from SCM process	1 226 668	-
Payments made to prior year irregular contracts not disclosed on register	-	714 335
Procurement and contract management: Quotations - instances of non-compliance identified	111 334	-
Contract Management: instances of non-compliance and control deficiencies identified	406 083	-
Car allowance-Excessive car allowance	13 954 512	-

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
35. Irregular expenditure (continued)		
Senior Managers' remuneration exceed Upper limits	1 451 702	-
Car Rental for the Executive Mayor's Vehicle due to unavailability of FDDM fleet	-	49 912
Payments made to existing irregular contracts	-	1 911 127
The procurement was not economical - the goods/ services were not obtained at a reasonable price	-	193 200
Employee Cost	-	11 081 259
Employee cost- remuneration of senior managers for comparative year overpayment	-	1 307 591
The points scored for the specific goal was not added to the points scored for price Awards more than R 200 000 or long-term contracts were not procured through a competitive bidding process	-	257 464
Bids were not only disqualified in accordance with pre-determined requirements as stipulated in the bid invitation/ bid documents.	-	876 945
payments exceeds contract amount	-	495 638
	-	356 746
	20 725 952	25 518 465

The full extent of the irregular expenditure is in the process of being determined

36. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 336 944	1 275 489
Amount paid - current year	(1 336 944)	(1 275 489)
	-	-

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
36. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Current year subscription / fee	5 321 732	4 189 014
Amount paid - current year	(5 321 732)	(4 189 014)
	-	-
PAYE and UIF		
Current year subscription / fee	29 143 367	26 365 989
Amount paid - current year	(29 143 367)	(26 365 989)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	32 520 102	30 039 866
Amount paid - current year	(32 520 102)	(30 039 866)
	-	-

37. Deviation from supply chain management regulations

In terms of regulation 36 of Municipal Supply Chain Management Regulations, the Accounting Officer may dispense with the official procurement process established by the policy and procure any required goods or services through any convenient process, including ratification of minor technical breaches of procurement processes by an official or committee acting in terms of delegated powers or duties.

The information below provides details of categories of deviations approved by the Accounting Officer as provided for in terms of regulation 36.

Urgent	93 756	-
Other exceptional cases	1 275 915	383 928
	1 369 671	383 928

38. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

1 Other income – actual is less than the budget because of some insurance claims being rejected by insurer

2 Investment revenue – the major contribution factor to this increase in interest received was as a result of high cash flow in current account and also earning some interest on MIG amount.

3 Transfers and subsidies – the actual amount is materially increased due to allocation of Mafube MIG during the financial year

4 Employee related cost- year to date actual is less than the budgeted amount, due to mainly the fact that vacant post not filled during the year

5 Remunerations of councillors – year to date actual is less than the budgeted amount due to less than initially planned travel claims by councillors

6 Depreciation and amortization- Actual expenditure is more because of the under budgeting for depreciation during budget process.

7 Finance charges – was initially under budgeted due to budgetary constraints hence the actual amount from actuarial report was higher than what was budgeted.

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

38. Budget differences (continued)

8 Inventory consumed - is less than the budgeted amount due to a steady decline in a price of petrol. Furthermore, saving was due to no load shedding in last quarter of the year.

9 Contracted services – materially lower than actually than budgeted amount due to reduction in legal cost and MIG for Mafube projects was not fully implemented

10 Transfers and subsidies- the actual amount is materially increased due to allocation of Mafube MIG during the financial year and WIP recognition.

11 General expenses – better control by management as well as the implementation of cost containment policy hence the reduction in expenses.

12 Actuarial gains/losses – no provision for actuarial gains initially made in the budget

13 Trade and other receivables from exchange transactions – budget provision was made in the budget statement of financial position actual was more due to unforeseen/unplanned events

14 Receivables from non-exchange transactions – the difference is not material.

15 VAT Receivable – provisional budgeted was made and assessment from SARS was below the budgeted amount

16 Cash and cash equivalents – it is more than budget due to not spending all Mafube MIG and cost containment caused some savings.

17 Property, plant and equipment – budgeted more but unable to implement the planned improvement that were estimated delays in supplies due unavailability of material suppliers in the country and delays in implementation on Mafube projects .

18 Intangible assets – budget was more however report for the status of ICT infrastructure of the institution was prepared late hence no spending made

19 Finance lease - budget provision is more than the actual amount over budgeting on leases

20 Payables from exchange transactions – it is more than the budget provision was made due to paying of outstanding payables.

21 Retirement benefits obligation – was initially under budgeted due to budgetary constraints hence the actual amount from actuarial report was higher than what was budgeted.

22 Unspent conditional grants receipts and payment –budget provision was made and the unspent is more due to less spending on MIG

23 Revaluation reserve- insufficient budget provision made in the budget statement of financial position

24 Accumulated surplus / (deficit) – Insufficient budget provision made in the budget statement of financial position. A surplus increased as a result of unspent cash at the end of the year.

25 Cash receipts from government grants – all grants were received as per budgeted amounts no material under/over collection.

26 Investment revenue – the major contribution factor to this increase in interest receipts was as a result of high cash flow in current account that was expected to pay suppliers so that cash generated more interest than it was anticipated.

27 Other cash received – actual is more than the budget because of unforeseen income for the fire service and air quality emission from local industries that are not complying'.

28 Employee cost – year to date actual is less than the budgeted amount, due to mainly the fact that vacant post of Directors were filled later during the year

Fezile Dabi District Municipality

(Registration number DC20)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

38. Budget differences (continued)

29 Payment to suppliers – Actual payments lower than initially anticipated due to late appointments of suppliers hence cash flow increased and interest received increased.

30 Finance charges — was initially under budgeted due to budgetary constraints hence the actual amount from actuarial report was higher than what was budgeted

31 Purchase of property, plant and equipment – actual expenditure less than the budgeted amount due to change in acquisitions plans for certain types of ICT Infrastructure required. Budget was more .however, report for the status of ICT infrastructure from independent professional advisor was prepared late hence no spending made.

32 Finance charges — was initially under budgeted due to budgetary constraints hence the actual amount from actuarial report was higher than what was budgeted

33Net increase/ (decrease in cash and cash equivalents – insufficient budget provision made due to generally inadequate provision for anticipated in and out flow of cash

34 Cash and cash equivalents at the beginning of the year - amount is immaterial .

Changes from the approved budget to the final budget

39. Segment information

General information

Identification of segments

The municipality does not have any separate identifiable segments, as the whole of the municipality is operated and reported as one. Fezile Dabi district municipality operates within the following towns: Sasolburg and Frankfort. Please refer to the statement of financial performance mentioned above for the revenue from exchange and non exchange transactions and total expenditure. Refer to the statement of financial position for non current assets.

40. VAT payable

VAT payables	-	297 206
--------------	---	---------

41. Inventory consumed

Inventory consumed	2 433 205	3 179 557
--------------------	-----------	-----------
