



MODIMOLLE - MOOKGOPHONG LOCAL MUNICIPALITY

O.R TAMBO SQUARE
HARRY GWALA STREET
MODIMOLLE
0510

TEL: (014) 718 2000
WEB: WWW.MODIMOLLE.GOV.ZA
EMAIL: RECORDS@MODIMOLLE.GOV.ZA

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AFS	-	Annual Financial Statements
AG	-	Auditor General
AGSA	-	Auditor General South Africa
ANC	-	African National Congress
APAC	-	Audit and Performance Assessment Committee
B&T	-	Budget and Treasury
CFO	-	Chief Financial Officer
CIPRO	-	Companies and Intellectual Property Registration Office
CoGHSTA	-	Department of Cooperative Governance, Human Settlements and Traditional Affairs
CPMD	-	Consolidated Program for Management Development
DA	-	Democratic Alliance
DTS	-	Department Technical Services
EAP	-	Employee Assistance Program
EEP	-	Employment Equity Plan
EPWP	-	Expanded Public Works Programme
ERM	-	Enterprise Risk Management
EXCO	-	Executive Committee
FBE	-	Free Basic Electricity
FBS	-	Free Basic Services
FBW	-	Free Basic Water
FMG	-	Financial Management Grant
FT	-	Full time
FY	-	Financial year
GRAP	-	General Recognized Accounting Practice
HH	-	Households
ICT	-	Information and Communication Technology
IDP	-	Integrated Development Plan
IIA (SA)	-	Institute of Internal Auditors (SA)
INEP	-	Integrated National Electrification Program
IT	-	Information Technology
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Agency
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
MM	-	Municipal Manager
MPAC	-	Municipal Public Account Committee
MSA	-	Municipal Structures Act
MSA	-	Municipal Systems Act
NERSA	-	National Electricity Regulator South Africa
OHS	-	Occupational Health and Safety
OPCA	-	Operation Clean Audit
PMS	-	Performance Management System
PR	-	Proportional
PT	-	Provincial Treasury
PT	-	Part Time

RDP	-	Reconstruction Development Program
RWS	-	Reticulation Water Scheme
SCM	-	Supply Chain Management
SDBIPs	-	Service Delivery and Budget Implementation Plans
SDP	-	Skills Development Plan
SITA	-	State Information Technology Agency
SLA	-	Service Level Agreement
SMMEs	-	Small, Medium and Micro Enterprises
SP&ED	-	Strategic Planning and Economic Development
WDM	-	Waterberg District Municipality
WSA	-	Water Services Authority
WSP	-	Water Services Provider
WPSP	-	Work Place Skills Plan

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



This Annual Report gives an account of the progress made by the Modimolle-Mookgophong Local Municipality in the financial year spanning from July 2024 to June 2025. This was the eighth financial year since the amalgamation of the two municipalities. Although there are still many challenges, a great deal has been achieved towards ensuring that the municipality delivers affordable and quality services to all residents.

In accordance with the MFMA and the System Act, municipality has embarked in a process of consultation with the local community in person, through media and during stakeholder representative forums in small groups. This Annual Report is therefore the culmination of a lengthy process of consultation with the local stakeholders and community members. The municipality acknowledge the national key performance areas.

We strive to become Limpopo’s leading local municipality in reliable service delivery and sustainable economic growth, Therefore we aim to:

1. Improve the Quality of life for our communities (Basic Service Delivery)

- The municipality has a legal obligation to provide basic services to its communities (water, Sanitation, refuse removal and Electricity) according to section 152 of Constitution of South Africa. The municipality has managed to render services to the community in a sustainable manner. We have established a 24/7 customer care call centre where communities can call to report any service delivery interruptions or queries.
- There are also projects that are implemented through Municipal Infrastructure grant (MIG) and Water Service Infrastructure Grant (WSIG) to improve the infrastructure and ensure that the municipality meets its mandate of providing services in an effective, efficient and sustainable manner. The municipality has spent 100% on both MIG and WSIG in the year under review.

2. Financial Viability and Management

- As a municipality, we have a responsibility to provide an account of how we have delivered services and how we have spent the allocated budget approved by council in 2024/2025 financial year. Annual Reports serves as an instrument for use to provide detailed spending through audited annual financial statements. The report also reflect the performance achievements, performance challenges the municipality encountered and the corrective measure the municipality identified to correct substandard performance.

3. Improve socio Economic development (Local Economic Development)

The municipality continues to make the environment conducive for businesses operating within the jurisdiction which ultimately leads to high job creation by small and big businesses for the local communities. Members of the community are being employed in different sectors of the economy within the municipality i.e. mining, retail, agriculture etc. The municipality further creates jobs through Expanded Public Works Programme (EPWP) and Community work Programme (CWP). The municipality intends on attracting more investors in Modimolle-Mookgophong Local Municipality which will boost our local economy in an immense manner.

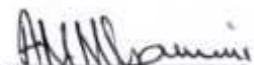
4. Improved capacity of the Municipal Leadership and Management (Transformation & Institutional Development)

The Leadership of the municipality is conducting oversight on the activities of the Municipality through various council Committees. Portfolio committees meet on a regular basis to discuss and consider all the items presented by their respective departments. All the departments in the municipality account to their Portfolio Committees. Municipal Public Account Committee (MPAC) has an obligation to probe the annual report and do an oversight on the annual report.

Management of the Municipality provides administrative leadership to the staff and is responsible for implementation of priorities of council and resolutions thereof. The municipality has filled 4 senior management positions including the position of the municipal manager, however, there were 2 vacant position (Technical Services and Social and Community Services). Council approved an organizational structure. One of the key fundamental roles of the organizational structure is to enable the municipality to employ the relevant candidates to meet its obligation for providing basic services to the communities.

5. Accountable and Transparent Municipality (Good Governance and Public Participation)

Municipality engages communities on a regularly basis through community feedback meetings with regard to the services it renders to the community. Communities are further engaged through public participation meetings to provide their needs for the purpose of compilation of the Integrated Development Planning document. The municipality introduced programmes to respond to community concerns and community feedback such as the state of the ward address where all wards are visited to attend to their queries, integrated service delivery plan, where the mayor calls departments such as Home Affairs, SARS, SASSA and SAPS to attend to issues that communities might have. Furthermore, the mayor also introduced "ditirelo bathong Wednesdays and Thiba mekoti Fridays" program where the mayor visit every ward with the technical team to deal with service delivery issues. The municipality provide more information on the activities of the municipality on the municipal website and through social media such as Facebook page.



CLLR M.A MBOWENI

MAYOR: MODIMOLLE-MOOKGOPHONG MUNICIPALITY

COMPONENT B: ACTING MUNICIPAL MANAGER'S STATEMENT



The 2024/2025 Annual Report is prepared in accordance with section 121 of the Municipal Financial Management Act. The Annual Report of Modimolle-Mookgophong Municipality reflects the performance of the municipality for the period 1st July 2024 to 30th June 2025. The report serves as a key service delivery barometer against the strategic objectives of the municipality as set out in the Integrated Development Plan. The report serves as a valuable instrument for all our stakeholders to assess the performance of the municipality and to understand the real challenges that the municipality was faced with during the year under review.

The municipality has six (6) strategic positions in terms of the approved organizational structure and out of the six (6) only five (5) positions were filled except for the position of senior manager Technical Services. The position of Social and Community Services ended in March 2025 and became vacant till the end of the financial year. The Municipal Manager was put under suspension from May 2025 till the end of financial year.

A strategic planning session was convened for three (3) days in February 2025. All the senior management team, councillors and external Stakeholders were invited to participate and ensure that there is synergy and integration of plans from all sector departments. The strategic planning session resulted in the revision of municipality's vision and mission statement, municipal values and a need to align the service delivery targets and performance indicators to the strategic objectives of the municipality. The Integrated development plan (IDP) and budget (MTREF) of the municipality was subsequently adopted by council in May 2025. The municipality's organizational structure was also adopted by council and received concurrence by the MEC of CoGHSTA.

The Municipality continued with the operation Patela program in the year under review with the aim of improving revenue collection. The municipality has also established War-room meetings, whereby all service delivery departmental heads account on matters of service delivery to our communities. This strategies were put in place to improve services efficiency and to provide a system to manage the assets of the Municipality in a more sustainable manner.

The audited performance scorecard of the municipality is provided in component K of the 2024/2025 Annual Report which shows a slight decline of performance as compared to the previous financial year's performance. The Annual Report illustrate the projects undertaken, the progress as well as corrective measures employed to improve substandard performance.

Thank you

A handwritten signature in black ink, appearing to read 'LC. Malema', written over a horizontal line.

LC. MALEMA
ACTING MUNICIPAL MANAGER

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the Local Government Affairs of the local community.

2.1 POLITICAL GOVERNANCE

The Municipality has established Section 79 Council Committees in terms of Section 79 of the Local Government: Municipal Structures Act of 1998, as amended, to perform its functions effectively and efficiently. Section 79 Council Committee has been re-constituted per Council resolution A548/4/2024 during a Special Council Meeting on 30/4/2024 to improve the effectiveness of the committees. The Committees submit their recommendations on a quarterly basis to Council. In addition to Section 79 Committees are the Municipal Public Accounts Committee (MPAC), Audit Committee and Performance Audit Committee which are functional.

The Audit and Performance Audit Committee are composed of external professionals who are not in the employment of the municipality. The two committees are advisory bodies of Council. The committees must meet at least four times a year. The Municipal Public Accounts Committee is composed / constituted of non-executive Councillors. Council has six (6) full-time Councillors holding the position of the Mayor, Speaker and Exco Members.

2.2 POLITICAL STRUCTURE

FULL-TIME COUNCILLORS



MAYOR



SPEAKER

2.3 EXECUTIVE COMMITTEE



MAYOR

(Terminated on 15 December 2025)



MEMBER

(Appointed as Mayor on 15 December 2025)



MEMBER



MEMBER



MEMBER

The Executive Committee meet once per month to take decisions on matters presented to it from the Council Committees as delegated in terms of Section 59 of Local Government: Municipal Systems Act 32 of 2000.

THE EXECUTIVE COMMITTEE HAS THE FOLLOWING POWERS:

- Identify the needs of the municipality, review and evaluate those needs in order of priority.
- Recommend to the municipal Council Strategies, programmes and services to address priority needs through the integrated development plan and estimated of revenue and expenditure, taking into account any applicable National and Provincial development plans, and
- Recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.
- Evaluate progress against the key performance indicators.
- Monitor the management of the municipality's administration in accordance with the policy directions of the municipal council.
- Oversee the provision of services to communities in the municipality in a sustainable manner.
- Ensure that regard is given to public views and report on the effect or consultation on the decision of the council.
- Annual Report on the involvement of communities and community organisations in the affairs of the municipality.

Other part-time Councillors are expected to play a political role in representing residents and stakeholders representing the community structures. PR Councillors assist the ward councillors with the management of wards. Other part-time Councillors are Chairpersons of Section 79 Council Committees.

2.4. COUNCIL

The Council is constituted of the following Councillors:





COUNCIL COMPRISES OF THE FOLLOWING SECTION 79 COMMITTEES:

- 1) Budget and Treasury Committee
- 2) Technical Services Committee
- 3) Planning and Economic Development
- 4) Social and Community Services Committee
- 5) Corporate Services Committee
- 6) Municipal Public Account Committee
- 7) Audit and Performance Audit Committee
- 8) Rules and ethics committee

THE SECTION 79 COUNCIL PORTFOLIO COMMITTEES MET AS FOLLOWS:

COMMITTEE	2022/2023	2023/2024	2024/2025
BUDGET AND TREASURY PORTFOLIO COMMITTEE	7	8	7
TECHNICAL SERVICES PORTFOLIO COMMITTEE	8	6	4
PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE	6	11	5
SOCIAL AND COMMUNITY SERVICES COMMITTEE	9	4	4
CORPORATE SERVICES COMMITTEE	5	9	5
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	29	28	16
AUDIT AND PERFORMANCE AUDIT COMMITTEE	4	8	7
RULES & ETHICS COMMITTEE	2	1	0

The table above depicts the functionality of section 79 council committees. For 2024/2025 financial year Rules and Ethics council committee sat only once. For the three consecutive years the committee appears to be non-functional.

THE OTHER COMMITTEES OF COUNCIL ARE CONSTITUTED AS FOLLOWS:

PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS
TECHNICAL SERVICES	CLLR E RAMOGALE (CHAIRPERSON) CLLR DS MOTSHWENI CLLR CP PRETORIOUS CLLR SS MOTHABELA CLLR R MAHORO
BUDGET AND TREASURY	CLLR SM MOTSOMANE (CHAIRPERSON) CLLR P DU PLESSIS CLLR L BOTES CLLR R MAHORO CLLR J MASWANGANYI
SOCIAL AND COMMUNITY SERVICES	CLLR K MOIMA (CHAIRPERSON) CLLR AS WAGENER CLLR CJ PRETORIUS CLLR R MAHORO CLLR HE MOTHABELA

PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS
STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT	CLLR J MPEDI(CHAIRPERSON) CLLR P DU PLESSIS CLLR HE MOTHABELA CLLR WL BOTES CLLR R MAHORO
CORPORATE SERVICES	CLLR J MAJOKO (CHAIRPERSON) CLLR CJ PRETORIUS CLLR MUFUNA CLLR J MASWANGANYE CLLR R MAHORO

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- | | | |
|-----------------------|---|-------------|
| 1) Cllr J Shokane | - | Chairperson |
| 2) Cllr MM Kekana | - | Member |
| 3) Cllr AP Mathabathe | - | Member |
| 4) Cllr J Manaka | - | Member |
| 5) Cllr MM Mashishi | - | Member |
| 6) Cllr MS Louw | - | Member |
| 7) Cllr D Phalane | - | Member |

AUDIT AND PERFORMANCE AUDIT COMMITTEE

- | | | |
|------------------------------|---|---------------------------------------|
| 1) Mr V Mthombeni | - | Chairperson (Appointed 01 April 2023) |
| 2) Ms N Laubscher | - | Member (Appointed 01 April 2023) |
| 3) Ms M Le Roux | - | Member (Appointed 01 April 2023) |
| 4) Ms LPV Malumbete - Baloyi | - | Member (Appointed 01 April 2023) |

RISK COMMITTEE CHAIRPERSON

- 1) Mr Moloto Mokwele - Chairperson (Appointed 01 July 2024)

RULES AND ETHICS COMMITTEE

- | | | |
|----------------------|---|-------------|
| 1) Cllr PJ Manaka | - | Chairperson |
| 2) Cllr SM Mothabela | - | Member |
| 3) Cllr DS Motshwene | - | Member |
| 4) Cllr CJ Pretorius | - | Member |
| 5) Cllr Ramogale | - | Member |
| 6) Cllr Motsomane | - | Member |

POLITICAL DECISION-TAKING

Council take political decisions on matters that are delegated to it by legislation, and powers reserved for the Council by way of resolution. Examples of powers reserved for Council by legislation are, passing of by-laws, adoption of council's budget, imposition of rates, taxes, levies and duties, raising of loans and adoption of IDP.

Examples of powers reserved for Council by legislation are, power to approve any excess expenditure on the approved budget, power to approve policy documents, power to approve and amend the municipality's organizational and operational structure, delegating powers to Executive Committee and Municipal Manager Etc.

The Executive Committee is delegated with certain powers by Council to take decision on its behalf. The Executive Committee comprises of five councillors. The Executive Committee decides on matters that are delegated to it by legislation i.e. Local Government: Municipal Structure Act of 1998 Section 49, 50 and 59 and Local Government: Municipal Systems Act of 2000 (Section 30, 39, 60 and 99).

DATES FOR COUNCIL COMMITTEE MEETINGS

POWERS, FUNCTIONS AND DUTIES OF AUDIT COMMITTEE

COUNCIL MEETING 2024/2025		EXCO MEETINGS 2024/2025	
ORDINARY COUNCIL	SPECIAL COUNCIL	ORDINARY EXCO	SPECIAL EXCO
31/07/2024	19/07/2024	26/07/2024	28/08/2024
4/11/2024	29/08/2024	28/10/2024	17/10/2024
31/01/2025	25/09/2024	27/01/2025	17/12/2024
30/04/2025	21/10/2024	25/04/2025	26/02/2025
	18/12/2024		28/03/2025
	28/02/2025		28/05/2025
	31/03/2025		25/06/2025
	15/04/2025		
	30/05/2025		

The Audit Committee's functions and duties in terms of section 166 of the Local Government:

Municipal Finance Management Act 56 of 2003 are:

- Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, the accounting officer and the management staff of the municipal entity.
- Review the Annual Financial Statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency, effectiveness

and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.

- Respond to the council on any issues raised by the Auditor General in the Audit Report.
- Carry out such investigations into the financial affairs of the municipality.
- Perform such other functions as may be prescribed.

POWERS, FUNCTIONS AND DUTIES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Primary functions of the Municipal Public Accounts Committees are as follows:

- To consider and evaluate the content of annual report
- To examine the financial statements and audit report
- Evaluate the extent to which the Audit Committee's and Auditor General's recommendations have been implemented
- To promote good governance, transparency and accountability.
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or Audit Committee.

THE COMMITTEE SHALL HAVE PERMANENT REFERRAL OF DOCUMENTS AS THEY BECOME AVAILABLE RELATING TO:

- In-year reports of the municipality and municipal entities.
- Financial statements of the municipality and entities.
- Audit opinion, other reports and recommendations from the Audit Committee;
- Information relating to compliance in terms of sections 128 and 133 of the MFMA;
- Any information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- Performance information of the municipality and municipal entities.

THE COMMITTEES FUNCTIONS ARE:

- To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report.
- To promote good governance, transparency and accountability on use of municipal resources.
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or Audit Committee.
- To perform any other functions assigned to it through a resolution of Council within its responsibility.
- The Administrative Division endeavour to improve the administrative and the secretariat services to council and its committees.
- The division endeavour to have an effective and efficient administrative support system to Council

FUNCTIONS OF THE MAYOR

- Preside over meetings of the Executive Committee.
- Performs the duties and functions prescribed by legislation, including any ceremonial functions and exercises the powers delegated to the Mayor by the Council or Executive Committee as reflected in the delegation policy of the MLM.
- Preside at Public Meetings and hearings called by the Executive Committee.
- Receive petitions on behalf of the municipality when requested to do so by petitioners.
- Ensure that the Executive Committee reports to council are adequate for facilitating the council's oversight functions in relations to committee and mayors.

FUNCTIONS OF THE SPEAKER

- Presides over meetings of Council; (chair of council meetings)
- Performs the duties and exercise the powers delegated to the Speaker in terms of Section 59 of the MSA; Local: Government Municipal Systems Act 32 of 2000.
- Ensure that Council meets at least quarterly.
- Maintain order during meetings;
- Ensure compliance in the Council and Council Committees with Code of Conduct set out in schedule 1 of MSA;
- Ensure that Council meetings are conducted in accordance with Rules and Orders of the council;
- Provide support to councillors.
- Any function as per delegation register of MLM
- Establishment and functioning of Ward Committees

FUNCTIONS OF THE CHIEF WHIP

- Informs Councillors of Council and Executive Committees meetings called by the Speaker and Mayor respectively;
- Advises the Speaker and Mayor on the agenda of Council meetings;
- Advises the Speaker and the Mayor of urgent motions in writing prior to the commencement of the meeting;
- Ensure that political parties hold party caucuses prior to Council meetings to ensure smooth running of Council meetings;
- Assists the Speaker with counting of votes.
- Political management of Council meetings and committee meetings.
- Ensure that Councillors motions are prepared and timeously table in terms of the procedural rules of council.

2.5 ADMINISTRATIVE GOVERNANCE

The Following Values and Principles govern the Municipal Administration:

- Accountability
- Collaboration
- Innovation
- Integrity
- Responsiveness
- Transparency
- Value for money

A MUNICIPAL ADMINISTRATION MUST ENABLE IT TO:

- Be performance orientated
- Manages the municipality's resources
- Advices the Council and its structures
- Respond to the need of the community
- Make administrative operational policies
- Administrating the affairs of the municipality
- Facilitate a culture of public service and accountability amongst staff.
- Focus on the object and development duties of local government set in the constitution
- Hold the municipal manager accountable for the overall performance of the administration
- Managers operate and maintain the priorities of services in a sustainable and equitable manner
- Assign clear responsibilities for the management and co-ordination of administrative units and mechanism
- Implement the lawful policies, resolutions and by-laws of the municipal council and the policies and laws of other sphere of government

- Align the roles and responsibility of its political structures, political office bearers, managers, and other employees with the priorities and objectives set out in the municipality's integrated development plan

TOP ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER
MR. NB. THOBELA
(Suspended from May 2025)



ACTING MUNICIPAL MANAGER
MR. MP SHIKA
Started acting from June 2025 till August 2025



ACTING MUNICIPAL MANAGER
MR. LC. MALEMA
Started acting from September 2025 to date



CHIEF FINANCIAL OFFICER
MR. LC MALEMA



DIRECTOR: CORPORATE SERVICES
MR. MP SHIKA



ACTING DIRECTOR: CORPORATE SERVICES
MR. TC MASENYA
Started acting from June 2025 till August 2025



DIRECTOR: STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT
MR. NA NKOPUDI



ACTING DIRECTOR: TECHNICAL SERVICES
MS. N.E RAMUTHIVHELI
Started acting from till April 2025



ACTING DIRECTOR: TECHNICAL SERVICES
MS.B. MTHOMBENE
Started acting from 1 May 2025



DIRECTOR: SOCIAL & COMMUNITY SERVICES
MS. MM BERRANGE
Contract ended in March 2025



ACTING DIRECTOR: SOCIAL & COMMUNITY SERVICES
MR ME MOGOANE
Started acting from 1 May 2025

MUNICIPALITY HAVE FIVE DEPARTMENTS WHICH ARE AS FOLLOWS:

- 1) Strategic Planning and Economic Development
- 2) Corporate Services
- 3) Budget and Treasury
- 4) Technical Services
- 5) Social and Community Services

FUNCTIONS OF THE MUNICIPAL MANAGER:

- Advises the structures and functionaries of the Municipality.
- Implements National and Provincial legislation applicable to the Municipality
- Carries out the decision of the structures and functionaries of the Municipality
- Administers and implements the Municipality's by-laws, resolutions and policies
- Ensure that the Municipality complies with applicable Municipal Finance Management Legislation

FUNCTIONS OF THE CHIEF FINANCIAL OFFICER

- Asset Management.
- Manage Supply Chain
- Manage Budget Services
- Manage Revenue Collections
- Manage Expenditure Controls

FUNCTIONS OF CORPORATE SERVICES

- Health and Wellness
- Render HR Management
- Manage public participation

- Institutionalize, manage, and monitor PMS
- Provide legal advisory services
- Occupational Health and Safety
- Provide support to political office bearers
- Provide communication to the municipality
- Manage and maintain municipal administration
- Provide legal support to Council and the Administration
- Provide secretariat service to council and its committees

FUNCTIONS OF TECHNICAL SERVICES

- Water Management
- Electro Technical Management
- Ensure adherence to Council Engineering standard
- Provide Projected Management for implementation of infrastructure development

FUNCTION OF PLANNING AND ECONOMIC DEVELOPMENT

- Render LED service
- Manage annual IDP reviews
- Render Strategic Support Services
- Manage maintain and co-ordinate IGR
- Ensure functionality of the SPLUMA committee
- Co-ordinates all reports relating to the above functions
- Render Spatial Planning and Land Use Management Services.

FUNCTIONS SOCIAL AND COMMUNITY SERVICES

- Parks and cemeteries
- Traffic Protection Services
- Render Waste Management Services
- Renders environmental health services to the community

Renders social services including Library, Sport, Arts and Recreation, Disaster Management

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Municipal Systems Act, Section 3 requires that municipalities exercise their executive and legislative authority within the Constitutional System of co-operative governance envisage in the Constitution Section 41.

2.6 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipal participates in the National Intergovernmental Forums

PROVINCIAL INTERGOVERNMENTAL RELATIONS

The Municipality participated in the Provincial Intergovernmental forums through Premiers' IGR, MM's forum and the Provincial Development Planning forum.

DISTRICT INTERGOVERNMENTAL RELATIONS

There is an established District IGR which Modimolle-Mookgophong had participated together with the District Development Planning forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipal Systems Act, Section 15(b), requires the municipality to establish and organize its administration to facilitate a culture of accountability amongst its staff. Section 16(i) states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18(i) d) requires a municipality to supply its community with information concerning municipal governance, management and development.

PRESIDENTIAL AND PREMIER'S HOTLINES

A comprehensive overview of the performance of Modimolle – Mookgophong Local Municipality on the management of service complaints lodged in respect of the President's and Premier's Hotlines performance by the municipality. Most cases were on water supply, sewer spillages, allocation and illegal occupancy of RDP houses.

BREAKDOWN PERFORMANCE OVERVIEW ON QUARTERLY BASIS:

PRESIDENTIAL HOTLINE

First Quarter July- Sep 2024		Second Quarter Oct – Dec 2024		Third Quarter Jan – March 2025		Fourth Quarter April – June 2025	
Total Number of cases reported	Total Number of Case resolved	Total Number of Cases reported	Total Number of Cases resolved	Total Number of Cases reported	Total Number of Cases resolved	Total Number of Cases reported	Total Number of Cases resolved
2	2	1	1	4	1	0	0

PREMIER'S HOTLINE

First Quarter July- Sep 2024		Second Quarter Oct – Dec 2024		Third Quarter Jan – March 2025		Fourth Quarter April – June 2025	
Total Number of Cases reported	Total Number of Case resolved	Total Number of Cases reported	Total Number of Cases resolved	Total Number of Cases reported	Total Number of Cases resolved	Total Number of Cases reported	Total Number of Cases resolved
0	0	0	0	0	0	0	0

MODIMOLLE-MOOKGOPHONG CALL CENTER

The call centre is operating 24hrs daily on all service delivery complaints. Cases received for 2024/25 financial year were 15 723 whereby 14 193 cases were resolved and 1540 cases are outstanding. Most

cases reported are for rates and taxes, electricity outages, collection of refuse, sewer spillages, water supply and roads.

JULY 2024 TO JUNE 2025

TOTAL COMPLAINTS	1 JULY 2024 – 30 SEPT 2024 Q1	1 OCT 2024 – 31 DEC 2024 Q2	1 JAN 2025 – 31 MAR 2025 Q3	1 APRIL 2025 - 30 JUNE 2025 Q4
TOTAL LOGGED	3379	4342	4302	3700
TOTAL RESOLVED	3103	4006	3799	3285
OUTSTANDING	276	346	503	415

PUBLIC MEETINGS

WARD MEETINGS HELD FOR 2024/2025

WARDS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
WARD 1	No	Yes	No	No	No	No	Yes	Yes	No	No	No	No
WARD 2	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No
WARD 3	No	No	No	No	No	No	No	No	No	No	No	No
WARD 4	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No
WARD 5	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
WARD 6	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No
WARD 7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
WARD 8	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
WARD 9	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No
WARD 10	No	Yes	Yes	No	Yes	No	No	No	Yes	No	No	No
WARD 11	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
WARD 12	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No
WARD 13	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No

WARD 14	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
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WARD COMMITTEE REPORT 2024/2025

The Modimolle-Mookgophong Local Municipality has established 14 ward committees across its 14 wards. During the 2024/2025 financial year, 12 ward committees were fully functional and consistently submitted reports to the Office of the Speaker. Despite several interventions by the Office of the Speaker, 2 wards remain non-functional.

Proposed Interventions

To address the ongoing challenges affecting the functionality of ward committees, the Office of the Speaker proposes the following interventions:

➤ Monthly Monitoring

Implement a structured monthly follow-up programme with councillors and ward secretaries to ensure that all wards convene meetings and submit reports as required.

➤ Strict Reporting Deadlines

Enforce a firm submission deadline of the 15th of every month, supplemented by reminder notices issued prior to the due date.

➤ WhatsApp and Email Reporting

Continue to accommodate report submissions via WhatsApp and email. Designated officials must record, acknowledge, and file all submissions immediately upon receipt.

➤ Quarterly Review Meetings

Conduct quarterly cluster review meetings to evaluate ward performance, address challenges, and enhance accountability and peer learning.

➤ Capacity Building

Offer basic training for councillors and ward secretaries focusing on record keeping, minute taking, and adherence to reporting timelines.

➤ Accountability Measures

Reinforce the existing policy that ward committee members who fail to submit reports will not receive their monthly stipend.

WARD COMMITTEE FUNCTIONALITY – JULY 2024 – JUNE 2025

Ward committees have been partially functional in the 2024/2025 Financial Year as depicted by the table above. Ward 1 and 3 are still struggling to hold their meetings.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The effectiveness of the public meetings was limited. Only nine of the fourteen wards convened their meetings. However, circulating the State of the Ward Address (SOWA) programme to all Ward Councillors and assigning an official from the Office of the Speaker to monitor each meeting strengthens accountability and transparency. These measures help ensure that community concerns are properly recorded, ward

performance is assessed consistently, and meaningful follow-up can take place to improve service delivery and community engagement.

During the 2024/2025 period, a series of community meetings were conducted across 9 wards to engage residents in discussions about local service delivery. These forums provided an opportunity for community members to express their concerns, share feedback, and highlight areas requiring improvement. The issues raised ranged from the quality and accessibility of public services to gaps in infrastructure and community support programs. Following these meetings, comprehensive reports summarizing the concerns and recommendations of residents were compiled and submitted to the relevant departments for review and action. These initiatives aimed to strengthen accountability, promote citizen participation, and ensure that service delivery aligns with the needs and priorities of the community.

IDP PARTICIPATION AND ALIGNMENT

IDP PARTICIPATION AND ALIGNMENT CRITERIA*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 of Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

INTRODUCTION TO CORPORATE GOVERNANCE

SCOPE OF CORPORATE GOVERNANCE

RISK MANAGEMENT

The Municipal Finance Management Act, Section 62(i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of Risk Management. Modimolle-Mookgophong Local municipality is critically aware of the impact of risks on service delivery. As Such, it has developed extensive risk-mitigation measures for both strategic and operational risks that have been identified. This chapter provides a high-level overview of these proactive and reactive plans.

MFMA section 62 (i) (c) requires the municipality to have and maintain an effective, efficient and transparent system of risk management. Both risk management strategy and implementation plan reviewed. Risk management unit has continued to discharge its mandate despite the human resource challenges.

Municipal Manager (Accounting Officer) has appointed a Risk Management Committee with an external person as a chairperson; Four (4) Risk Management Committee meetings were held during the financial year. The Risk Management policy, whistle blowing policy, Anti-fraud and corruption policy, Fraud management policies, and Risk Management committee charter were approved by the Municipal Council.

Furthermore, the Strategic risk register was approved together with the IDP and Budget for the year under review. Below are the Municipal top nine risks where the implementation of the mitigation measures is in progress.

THE TOP NINE STRATEGIC RISKS OF THE MUNICIPALITY ARE AS FOLLOWS:

Risk No	Risk Description	Action plan /Mitigation measures
SR 1	Failure to attract investors and limited economic Development.	1. Engaging Stakeholders to address the issues of bulk services. 2. Conduct land audit and engaging HDA on the land and environmental issues. 3. Implementation of the approved SDF framework and development of the destination marketing strategy. 4. Review of the Modimolle-Mookgophong LED strategy. Partnership with the private sector for the implementation of the LED Strategy. 5. Development of the tourism strategy. 6. Establishment of the investors' summit.
SR2	Ageing Infrastructure (Energy, Roads, storm water& sanitation networks, testing station and sports grounds)	1. Development and implementation of the Infrastructure Master and maintenance Plans 2. Acceleration of the infrastructure grant spending. 3. Conduct water and sanitation Audit.
SR3	Cyber-attack	1. Development and implement of ICT Governance framework. 2. Development and implementation of the ICT strategy and plan. 3. Development and implementation of the disaster recovery plan.
SR4	Poor liquidity	1. Full Implementation of the Revenue Enhancement Strategy, Credit control and Debt collection policy. 2. Community engagements and awareness through mayoral imbizos and public participation. 3. Enhance internal controls over revenue collection processes, ensure regular reconciliation of revenue accounts, and establish procedures for monitoring and addressing discrepancies in revenue collection.
SR 5	High unauthorized expenditure, irregular and fruitless and wasteful expenditure.	1. Implementation of procurement plan. 2. Enforce adherence to approved budget. 3. Adherence to payment arrangement with creditors (payment plan). 4. Strict adherence to SCM policy and Standard operating procedures. 5. Implement measures to ensure timely payment of debts, strengthen budgetary controls to prevent unauthorized spending, and improve monitoring of expenditure to identify

SR6	Negative audit outcome	1. Enforcement of compliance to policies and regulations. 2. To ensure that the developed action plans addresses all the AG findings. 3. Develop and implement standard Operating procedures. 4. Preparing of Interim Annual Financial statements. 5. Preparation of the AFS internally. 6. Develop and implement year end AFS process plan. 7. Management should also ensure timely and accurate record-keeping to support financial statements. 8. Capacity building to be arranged in the first quarter.
SR7	Theft and vandalizing of municipal assets	1. Regular engagement with communities, Community policing forums and municipal forums to address issues of service delivery and complaints. 2. Conduct security risk assessment and security survey. 3. Community Education and awareness. 4. Engage COGHSTA to assist with customer satisfaction survey. 5. Project risk assessment. Ward Councillors to assist in raising awareness.
SR8	High vacancy rate	1. Develop and implement recruitment plan. 2. Review organisational structure in line with the staff regulations. 3. Implementation of the HR policies.
SR9	Service delivery interruptions	1. To develop and implement Business Continuity Plans and Disaster recovery plan. 2. Develop and Implement the ICT back -ups policy. 3. Perform backups daily in order for the organization to recover critical systems timeously.

2.10 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Fraud and Corruption represent a significant potential risk to the Municipality's assets, service delivery efficiency and reputation. The municipality will not tolerate corrupt or fraudulent activities, whether internal or external to the institution and will vigorously pursue and prosecute any parties which engage in such practices or attempt to do so.

For the year under review no cases of fraud and corruption were received that warranted internal/external investigations. The Fraud and Anti-Corruption Strategy and Policy is in place and approved by Council.

SUPPLY CHAIN MANAGEMENT

The Municipal Finance Management Act, Section 110 – 119, Supply Chain Management Regulations 2015; and relevant MFMA circulars enabled the municipality to ensure that the Supply Chain Management Division provided appropriate goods and services, offered best value for money and minimised the opportunities for fraud and corruption.

BY-LAWS

During 2024/2025 financial year, the street trading By-law was gazetted.

The following By-Laws that were planned to be gazetted in the 2024/2025 financial year were not gazetted and will be considered in the 2025/2026 financial year

- Waste Management by-Law to be gazetted during 2025/26 financial year.
- Water Services by-Law to be gazetted during 2025/2026 financial year.

The municipality is looking forward to ensure that By-laws are promulgated in order to provide clear guidelines for both residents and enforcement officials, ensure public order, and give effect to local policies. Amongst other By-laws to be prioritized are as follows:

- Outdoor advertising By-Law
- Keeping/ Controlling of animals By-Law
- Noise pollution By-law

COMMENT OF BY-LAWS

The Municipal Systems Act 32 of 2000, Section 11 (3) (m) provides the municipal council with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

WEBSITE

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
DOCUMENTS PUBLISHED ON THE MUNICIPALITY'S / ENTITY'S WEBSITE	YES / NO	PUBLISHING DATE
All current budget –related policies	Yes	30 May 2025
The previous Annual Report (2023/2024)	Yes	31 January 2025
The Annual Report (2023/2024) published / to be published	yes	31 January 2025
All current Performance Agreements required in terms of Section 57(1)(b) of the Municipal Systems Act (2024/2025) and resulting scorecards	Yes	30 July 2024
All Service Delivery Agreements 2024/2025	No	
All long-term borrowing contracts 2024/2025	No	
All Supply Chain Management contracts above a prescribed value (give value) for 2024/2025	Yes	30 August 2024
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14(2) or (4) during 2024/2025	No	
Contracts agreed in 2024/2025 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section	No	
Public-Private Partnership Agreements referred to in Section 120 made in 2024/25	No	
All quarterly reports tabled in the Council in terms of Section 52(d) during 2024/2025	Yes	11 September 2024

PROPERTY MATTERS

2.15.1 The Property Division has disposed properties in different methods namely lease, sale and donation.

The properties were disposed as follows:

1. Lease

A. PHAGAMENG TOWNSHIP

Description	Organisation	Date contract expire
Erf 3 Phagameng	Sedibeng Happy Angels	
Erf 498 Phagameng	RM Institute	31 January 2028
Erf 503 Phagameng	Victim Support Centre	Indefinite
	Old Age Centre	Indefinite
Erf 504 Phagameng	Potential Development Agency (PTY)LTD	28 February 2030
Erf 7681//34	Skhosi's Pub & Grill	31 August 2030

B. MODIMOLLE

Description	Organisation	Date contract expire
OR Tambo Civic Centre	IEC	30 June 2026
Portion of portion 1 of Nylstroom Town & Town lands 419KR	Seriti Institute	28 February 2035
Erf 220 portion 15	Mr Patrick Shika	31 September 2030

CRECHE'S IN PHAGAMENG

Description	Organisation	Date contract expire
Erf 4	Phagameng Crèche	Until termination of crèche
Erf 3348	Itireleng crèche	Until termination of crèche
Erf 3610	Regaugetswe crèche	Indefinite
Erf 3965	Bophelong Crech	Until termination of crech
Erf 4440	Thusanang Crech	Until termination of Crech
Erf 5021	ABC Crech	Until termination of Crech
Erf 6532	Kopanong Crech	Until termination of Cerch
Erf 6853	Lerato Day Care Centre	Until termination of Crech

C. VAALWATER OFFICE & PARK

Description	Organisation	Date contract expire
Office 16	Department of Labour	31 March 2026
ERF 5030	Delish Park	31 May 2026

D. MODIMOLLE FARMS

Description	Organisation	Date contract expire
Camp System A	Kgabisto's Farmers	31 July 2035
Camp System C	Baruakgomo	31 July 2035
Camp System E (WATRAP) portion 1 of Nylstroom Town & Town lands 419 KR	SJM Bakone Trading	31 July 2035
Camp System H	Selema Mosaka	31 July 2035
Camp System K	Dipudi Project	31 July 2035
Camp System E	Modimolle Piggery	31 July 2035

E. ALMA FARMS

Description	Organisation	Date contract expire
Remainder of portion 5 of the farm Knoipfontein 184 KR	Ukulima Farm 971	31 May 2035
Remainder of portion 5 of the farm Knoipfontein 184 KR	Ukulima Farm 971	31 May 2035

2. Sale

A number of properties were sold to community members after submitting offers to purchase. The following properties were disposed in the 2024/2025 financial year.

Residential stands.

- i. Erf 7829 Ext 9, Phagameng measuring 387m².
- ii. Erf 1027 Ext 2, Mookgophong measuring 740m².
- iii. Erf 7477 Ext 8, Phagameng measuring 374m².
- iv. Erf 2733 Ext 2, Mabatlane measuring 459m².

Business

- i. Erf 2 Ext 2, Phagameng measuring 5296m².

1. South African National Road Agency (SANRAL) acquired land parcels from the municipality for the purpose of the development and widening of provincial road-infrastructure in Modimolle Town, R33 (way to N1) and R101 to Bela-Bela.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

COMPONENT A BASIC SERVICES

STRATEGIC OBJECTIVE	STRATEGIC OUTCOME
Improved Quality of Life	Healthy and good living conditions
Improved Socio-Economic Development	Prosperous community
Improved Socio-Economic Development.	Sustainable communities
Improved Financial Management	Financial sustainability
Improved Quality of Life	Increased accessibility of basic services
Accountable and Transparent Municipality	Good governance
Improved Capacity of the Municipal Leadership and Management.	Improved employee satisfaction and increased productivity

The Modimolle-Mookgophong Local Municipality is composed in such a way that both the purposes of the Constitution and the stipulations from the Systems Act are addressed.

The municipality has three (3) line functions and two (2) supports functional departments that plan, budget and implement projects to maintain and deliver services to the communities around it.

The line function departments are the Technical Services, Social and Community Services and Strategic Planning and Economic Development. Supportive departments are Corporate Services and Financial Services.

MUNICIPAL FUNCTIONS

CONSTITUTION SCHEDULE 4, PART B FUNCTIONS:	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)*
Air Pollution	NO
Building Regulations	YES
Electricity Reticulation	YES
Fire fighting Services	NO
Local Tourism	YES
Municipal Airports	YES
Municipal Planning	YES
Municipal Health Services	NO
Municipal Public Transport	NO
Storm Water Management	YES
Trading Regulation	YES
Potable Water	YES
Sanitation	YES
Billboards and the display of advertisements in public places	YES
Cemeteries, funeral parlours and Crematoria	YES
Cleansing	YES
Control of Public Nuisances	YES
Control of undertakings that sell liquor to the public	YES
Fencing and fences	YES
Local Sport Facilities	YES
Municipal Abattoirs	NO
Municipal Parks and Recreation	YES
Municipal Roads	YES
Noise Pollution	YES
Public Places	YES
Refuse removal, refuse dumps and solid waste disposal	YES
Street Trading	YES
Street Lighting	YES
Traffic and Parking	YES

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

Modimolle-Mookgophong Local Municipality as Water Service Authority supplies potable water to all formal and informal settlement in accordance to the National Water Act, 1998 (Act No 36 of 1998). The portable water supply system consists of five systems, namely Modimolle/Magalies, Mabaleng (Alma), Mabatlane (Vaalwater), Mookgophong and Roedtan. The Modimolle/ Magalies and Mookgophong systems mostly are depended on surface water and augmented by the boreholes. The Mabaleng, Mabatlane and Roedtan systems are completely depended on boreholes.

3.1.1 BULK WATER INFRASTRUCTURE

Source(s)	Design in Million litres per day (ML/d) ML/d	Maximum System Output in Million litres per day (ML/d) ML/d	Current Actual 2024/2025
Donkerpoort WTW	10 ML/day	3.3 ML/day	1.343 ML/day
Magalies Water WTW	42 ML/day	5.3 ML/day	5.35 ML/day
Modimolle Boreholes	2 ML/day	1.2 ML/day	0.38 ML/day
Mookgophong WTW	5 ML/day	2 ML/day	2.21 ML/day
Mookgophong Boreholes	3.7 ML/day	3.2 ML/day	1.88 ML/day
Vaalwater	1.5 ML/day	1.5 ML/day	0.83 ML/day
Alma	1 ML/day	0.20 ML/day	0.128 ML/day
Roedtan	0.4 ML/day	0.05 ML/day	0.046 ML/day

3.1.2 BULK WATER PURCHASES AND WATER LOSSES

Modimolle-Mookgophong total system input was 4 341 997 Kilolitres (KL) for the year, which recorded a decline of 1.08% on last year's input.

Physical water losses for the reported financial year were mainly due to economic losses were caused by illegal meter connections and estimated billing. Total distribution losses and non-revenue water as at June 2025 was recorded between 37.50 – 40.4%.



MODIMOLLE-MOOKGOPHONG LOCAL MUNICIPALITY

2024 / 2025

MONTH	Magalies Water KL	Donkerpoort Plant KL	Mookgophong Plant KL	Mookgophong Boreholes KL	Modimolle BH KL	Mabaleng BH KL	Mabašane BH KL	ROEDTAN BH KL	SYSTEM INPUT VOLUME	TOTAL PURCHASE KL	DISTRIB LOSSES KL	% Water Loss
JULY	43,430	45,000	78,571	40,460	18,112	4,100	35,450	2,360	267,483	207,697	58,786	28.35
AUG	195,630	37,500	73,192	81,309	16,800	4,233	25,630	2,354	436,648	254,162	182,486	41.79
SEPT	158,320	40,500	79,946	79,692	17,100	4,010	24,315	120	404,003	208,711	195,292	48.34
OCT	211,400	39,000	57,016	57,445	2,500	4,100	23,800	0	395,261	313,934	81,327	20.58
NOV	137,880	41,000	6,686	69,159	2,400	4,230	23,500	0	294,655	247,840	46,815	15.92
DEC	117,780	45,000	71,321	64,167	9,164	4,510	24,215	0	331,647	198,137	133,510	40.26
JAN	179,100	31,500	74,205	50,350	8,200	4,600	24,100	1,121	373,176	199,219	173,957	46.62
FEB	135,020	37,500	59,740	30,206	7,250	4,300	23,500	2,314	299,830	283,939	15,891	5.30
MARCH	155,460	43,500	76,120	36,970	7,000	4,100	24,500	2,100	349,750	189,257	160,493	45.89
APRIL	164,000	42,000	54,730	46,075	8,130	4,116	23,320	2,216	344,587	173,392	171,195	49.68
MAY	166,310	37,500	71,865	53,197	7,190	4,100	22,300	2,200	364,662	182,521	182,141	49.95
JUNE	264,890	43,500	94,812	51,493	7,100	4,400	21,800	2,100	490,095	165,423	324,672	66.25
TOTAL	1,929,220	483,500	798,284	660,523	110,946	46,289	296,430	16,885	4,341,997	2,624,032	1,717,965	37.50

WATER SERVICE DELIVERY LEVELS

DESCRIPTION	2023/2024		2024/2025	
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)	38 409	38 409	38 409	38 409
Piped water inside dwelling	24 028	24 028	24 028	24 028
Piped water inside yard (but not in dwelling)	14 381	14 381	14 381	14 381
Using public tap (within 200m from dwelling)	3 907	3 907	3 907	3 907
Other water supply (within 200m)	n/a	n/a	n/a	n/a
Minimum Service Level and Above sub-total	n/a	n/a	n/a	n/a
Minimum Service Level and Above Percentage	83%	83%	83%	83%
Water: (below min level)	7710	7710	7710	7710
Using public tap (more than 200m from dwelling)	n/a	n/a	n/a	n/a
Other water supply (more than 200m from dwelling)	n/a	n/a	n/a	n/a

DESCRIPTION	2023/2024		2024/2025	
No water supply	3 802	3 802	3 802	3 802
Below Minimum Service Level sub-total	n/a	n/a	n/a	n/a
Below Minimum Service Level Percentage	17%	17%	17%	17%
Total number of households*	46119	46119	46119	46119
*To include informal settlements	n/a	n/a	n/a	n/a

EMPLOYEES: WATER SERVICES

EMPLOYEES: WATER SERVICES						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	1	1	7	01	01	09
4 - 6	3	3		03	03	
7 - 9	9	7		07	09	
10 - 12	0	0		0	0	
13 - 15	52	47		45	65	
Total	65	58		56	65	

FINANCIAL PERFORMANCE 2024/2025 WATER					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(107 608 021,26)	(126 017 620,00)	-	(96 988 930,52)	(29 028 689,48)

EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF& COUNCILORS)	29 130 091,62	23 005 316,00	15 604 981,00	18 807 661,91	4 197 654,09
REPAIRS AND MAINTENANCE	4 772 697,75	13 843 186,00	20 867 336,00	29 084 563,73	(15 241 377,73)
OTHER	25 067 286,97	37 734 790,00	37 606 535,00	32 853 921,59	4 880 868,41
TOTAL OPERATIONAL EXPENDITURE	58 970 076,34	74 583 292,00	74 078 852,00	80 746 147,23	(6 162 855,23)
NET OPERATIONAL (SERVICE)EXPENDITURE	(48 637 944,92)	(51 434 328,00)	(74 078 852,00)	(177 735 077,75)	126 300 749,75

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual

CAPITAL EXPENDITURE YEAR 2024/2025 WATER SERVICES R' 000					
CAPITAL PROJECTS	2024/2025				
	BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	VARIANCE FROM ORIGINAL BUDGET	TOTAL PROJECT VALUE
AUGMENTATION OF WATER SUPPLY IN ROEDTAN/THUSANG	13 574 305,00	8 049 630,00	-	5 524 675,00	-

**CAPITAL EXPENDITURE YEAR 2024/2025
WATER SERVICES**

R' 000

AUGMENTATION OF WATER SUPPLY IN VAALWATER	16 614 718,00	-	-	-	-
REPLACEMENT OF ASBESTOS PIPES IN MODIMOLLE	16 614 718,00	-	12 962 410,10	3 652 307,90	-
WATER CONSERVATION AND WATER DEMAND MANAGEMENT	14 385 098,00	-	-	-	-
AUGMENTATION OF WATER SUPPLY IN MODIMOLLE	-	21 141 010,00	-	-	-
AUGMENTATION OF WATER SUPPLY IN MOOKGOPHONG	-	29 849 280,00	21 670 225,33	-	-
INSTALLATION OF STANDBY GENERATORS	-	5 018 565,00	-	-	-
REFURBISHMENT OF THE DONKERPOORT WTW	-	18 297 621,00	1 279 504,21	-	-
REPLACEMENT /INSTALLATION OF WATER METERS IN MODIMOLLE MOOKGOPHONG AND VAALWATER	-	10 000 000,00	2 260 149,37	-	-

CAPITAL EXPENDITURE YEAR 2024/2025**WATER SERVICES****R' 000**

UPGRADING OF THE NYL WATER PUMP STATION AND RESERVOIR MOOKGOPHONG	-	1 456 264,00	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL: Despite lack of adequate resources i.e. vehicles, materials, equipment & tools, the water division managed to provide basic services to the consumers.

3.2 WASTE WATER (SANITATION) PROVISION**INTRODUCTION TO SANITATION PROVISION**

Sanitation Services in the municipality ensures that water resources are protected, used, developed, conserved, managed and controlled as per National Water Act (Act No. 36 of 1998). This is done in order to ensure that the following factors are achieved:

- Collection, conveyance and treatment of waste water.
- Reducing and preventing pollution and deration of water resources.
- Protecting aquatic and associated ecosystem and their biological diversity.

3.2.1 SANITATION BULK INFRASTRUCTURE

TYPES	QUANTITY
WASTEWATER TREATMENT PLANTS	5
SEWER PUMP STATIONS	7
PIPE RETICULATION NETWORK	498 km

Name	Technology	Design Capacity in ML/d	Operational Capacity in ML/d	Variance in ML/d
Modimolle WwTW	Activated Sludge	6.5 ML/day	6.4 ML/day	0.1 ML/day

Mookgophong WwTW	Activated Sludge	3 ML/day	2.8 ML/day	0.2 ML/day
Mabatlane WwTW	BNR/Oxidation Ponds	2 ML/day	1 ML/day	1 ML/day
Mabaleng WwTW	BNR	1.5 ML/day	0.5 ML/day	1.5 ML/day
Roedtan WwTW	Oxidation Ponds	1 ML/day	0.25 ML/day	0.75 ML/day

CAPITAL EXPENDITURE YEAR 2024/2025 SANITATION SERVICES						
No.1	CAPITAL PROJECTS	BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	VARIANCE FROM ORIGINAL BUDGET	TOTAL PROJECT VALUE
1.	Source Development at Modimolle Town and Township	8 036 872,00	-	-	-	-
2.	Upgrade and Refurbishment of Sewer pipelines in Mookgophong	16 614 718,00	-	-	-	-
3.	Upgrading of Modimolle WwTW	17 113 570,00	-	-	-	-
4.	(Phase 1) Upgrading of the Industrial Sewer Outfall in Modimolle	-	332 106,00	-	-	-
5.	Refurbishment of Mabaleng WWTW	-	551 089,00	236 276,23	-	-
6.	Refurbishment of the Nyl Sewer Pump Station	-	483 291,00	-	-	-
7.	Refurbishment of the R101	-	-	-	-	-

	Sewer Pump Station-Mookgophong		2 043 835,00			
8.	Upgrading Ext 5 & 6 Main Sewer Pipeline-Mookgophong	-	4 375 781,00	-	-	-
9.	Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 2)	-	176 937,00	-	-	-
10.	Upgrading of the Main Sewer Outfall Phagameng-Jay Naidoo (Phase 2)	-	363 926,00	11 360 943,01	-	-
11.	Upgrading of the Main Sewer Pipes in Modimolle (Lillian Ngoyi Paul Kruger Van Ri	-	814 664,00	172 487,34	-	-
12.	Refurbishment of Modimolle WWTW (phase 2)	-	-	85 865,22	-	-

The Municipality renders 100% sanitation services to formal settlement. Sanitation provision is still a challenge in areas that are not yet formalized as township. The sanitation gravity network provides waterborne sewer to 36 181 household. Lack of resources such as vehicles, materials in stores and personnel are still a challenge. This leads to increased turn-around time. During the reported financial year, several initiatives were taken to enhance service delivery. The above projects were implemented through the Water Services Infrastructure Grant (WSIG).

ACCESS TO SANITATION	
	PROPORTION OF HOUSEHOLDS WITH ACCESS TO SANITATION
2024/2025	36 181

EMPLOYEES: SANITATION SERVICES

EMPLOYEES: SANITATION SERVICES	
2023/2024	2024/2025

Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	1	1	49	1	1	50
4 - 6	3	3		3	3	
7 - 9	9	9		9	9	
10 - 12	0	0		0	0	
13 - 15	52	3		52	2	
Total	65	16		65	15	

SANITATION SERVICES FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE 2024/2025 - SANITATION					
Details	2023/24	2024/25			
	Actual	Original budget	Adjustment budget	Actual	Variance to Budget
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(50 312 415,60)	(54 531 712,00)	-	(49 642 299,80)	(4 889 412,20)
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF & COUNCILORS)	12 765 754,87	15 651 445,00	18 850 625,00	15 333 691,00	317 754,00
REPAIRS AND MAINTENANCE	5 072 573,59	9 750 127,00	13 921 672,00	8 108 083,56	1 642 043,44
OTHER	5 798 067,51	6 257 722,00	6 342 282,00	10 295 455,45	(4 037 733,45)

TOTAL OPERATIONAL EXPENDITURE	23 636 395,97	31 659 294,00	39 114 579,00	33 737 230,01	(2 077 936,01)
NET OPERATIONAL (SERVICE)EXPE NDITURE	(26 676 019,63)	(22 872 418,00)	39 114 579,00	(15 905 069,79)	(6 967 348,21)

3.2.2 CHALLENGES & RECOMMENDATIONS

Challenges	Recommendation
Ageing infrastructure	Upgrade sewer reticulation network and replace old Asbestos pipes.
Dumping in wastewater treatment and sewer systems	Develop and Enforce By-Laws
Vandalism and theft of existing infrastructure	Improve and tighten security measures
Illegal connections	Community Awareness and By-Law Enforcement
Lack of funding for sanitation capital projects	Development Business Plans to DWS for approval and Increase operations and maintenance budget in the Water & Sanitation Division
Pollution	Monitor Turn-around times & Improve plant efficiency
Lack of resources	Increase operations and maintenance budget

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Despite lack of adequate resources i.e. vehicles, materials, equipment & tools, the division has managed to provide basic services to its consumers.

3.3 ELECTRICITY

Modimolle-Mookgophong Local Municipality is a licensed electricity service provider and currently has a total of 70 Modimolle-Mookgophong Local Municipality is a licensed electricity service provider and currently has

a total of 70 Mega Volt Ampere (MVA) capacity to supply the community. Out of the 60MVA, Modimolle town has 30MVA contracted (Nominal Maximum Demand) NMD of which its optimum utilization is ± 14 MVA. The Vaalwater area has 3.5 MVA contracted (Nominal Maximum Demand) NMD of which its optimum utilization is ± 3 MVA. There is a need for additional capacity of 20MVA in Modimolle Town due the rapid growth of the town and the 10 MVA transformer in Vaalwater is to enable further development. Mookgophong town and surrounding farms has 10.5 MVA contracted (Nominal Maximum Demand) NMD of which its optimum utilization is ± 8 MVA. ESKOM provides electricity to some farming communities and Mookgophong township.

ELECTRICITY SERVICE DELIVERY LEVEL

HOUSEHOLDS			
	2022/2023	2023/2024	2024/2025
DESCRIPTION	Actual No.	Actual No.	Actual No.
ENERGY: (Above minimum level)			
Electricity (at least min. service level)	28765	28776	9 932
Electricity - prepaid (min. service level)			18 862
Minimum service level and above sub-total	28765	28776	28 794
Minimum service level and above percentage	99%	99%	62,2%
Energy: (below minimum level)			
Electricity (< min. service level)	-	-	-
Electricity - prepaid (< min. service level)	-	-	-
Other energy sources			
Below minimum service level sub-total	-	-	-
Below minimum service level percentage	-	-	-
TOTAL NUMBER OF HOUSEHOLDS	28977	28977	46 119

ELECTRICITY SERVICES EMPLOYEES

EMPLOYEES: ELECTRICITY SERVICES EMPLOYEES						
2023/2024				2024/2025		
Job level	Employee s No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
2	2	2	14	02	02	08
14	10	14		10	14	
3	2	1		01	02	
0	0	0		0	0	
21	21	4		18	21	
Total	35	21		31	39	
The above Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.						

ELECTRICITY SERVICES: FINANCIAL PERFORMANCE 2024/2025

FINANCIAL PERFORMANCE 2024/25 - ELECTRICITY					
	2023/24	2024/25			
DETAILS	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue (excluding tariffs)	(365,760,770.78)	(312,270,079.00)	-	(246,788,523.09)	(65,481,555.91)
Expenditure	-	-	-	-	-
Employees (STAFF & COUNCILORS)	18,605,619.70	23,186,718.00	15,549,683.00	19,798,253.91	3,388,464.09

REPAIRS AND MAINTENANCE	18,890,381.11	16,810,526.00	22,067,366.00	10,786 664.24	6.023,861.76
Other	306,587,769.66	300,778,486.00	299,297,552.00	351,313,022.48	(50,534,536.48)
Total Operational Expenditure	344,083,770.47	340,775,730.00	336,814,600.00	381,897,940.63	(41,122,210.63)
Net Operational (Service) Expenditure	(21,677,00.31)	28,505,651.00	336,814,600.00	135,109,417.54	(106,603,766.54)

CAPITAL EXPENDITURE 2024/2025: ELECTRICITY

CAPITAL EXPENDITURE 2024/2025 : ELECTRICITY SERVICES					
CAPITAL PROJECTS	2024/2025				
	BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	VARIANCE FROM ORIGINAL BUDGET	TOTAL PROJECT VALUE
Mabaleng (InFormal Settlement) High Mast Light X 1	212,642.00	212,642.00	-	-	-
Modimolle 132kv 6km Hv line p2	9,337,000.00	9,337,000.00	3,475,812.50	5,861,187.50	-
Rondalia Dwellers/Malati Park Village 15HH Electrification	600,000.00	600,000.00	39,000.00	561,000.00	-

Thusong (Pre-engineering for Thusang 200HH and Mookgophong Ext.15 90HH)	294,000.00	294,000.00	140, 760.00	153,240.00	-
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COMMENTS: The number of households reported above as having access to electricity are only the ones under the Modimolle Mookgophong local municipality License area. The rest of the clients receive electricity from Eskom and Mogalakwena local municipality.

3.4 SOLID WASTE MANAGEMENT

Social and Community Services is one of the line function departments in Modimolle/Mookgophong Local Municipality. One of the responsibilities of this department is Solid Waste. The division is responsible for the collection and disposal of waste for Modimolle, Vaalwater, Alma, Mookgophong and Roedtan Community, the operation and maintenance of the three landfill site (Mookgophong, Modimolle and Mabatlane Landfill site) and the general cleaning of the streets, public and open spaces and illegal dumping sites around town.

REFUSE REMOVAL/ COLLECTION

There are five (7) Municipal Refuse trucks and two (2) tractors with trailers available to service the community with 28977 total Households. There are three (3) new trucks procured in July 2023, one (1) servicing Modimolle town, businesses and Phagameng Township and extensions, one (1) servicing Vaalwater town, business, Leseding Township and extensions and Alma and one (1) servicing Mookgophong Town, Businesses, and Phomolong (Mookgophong) and extension and Roedtan area. Refuse is collected from Households, private business premises, schools, Government departments and lodges around the towns within the municipal jurisdiction.

The Municipality is currently servicing 27173 household with a backlog of $\pm$ 2000 households which includes new extensions and informal settlements.

Mini Mass 1.75 m³ yellow bins are distributed at strategic places in and around town and are also rented by business premises to contain waste generated by the public and private dwellings. It is the responsibility of the Municipality to ensure that sufficient containers are provided at spaces where the public can dispose of the litter in order to avoid nuisance. The yellow bins are now old and dilapidated requiring new bins and revamping some which are not severely damaged.

LANDFILL SITE MANAGEMENT

The Municipality has three licensed landfill sites, one in Vaalwater, the other in Modimolle/ Phagameng and one in Mookgophong also covering Roedtan area, with a total capacity of 320 000m³ and the total general waste collected is 840 000 m³. Currently there is a need to relocate the Modimolle Town Landfill Site as it is at close proximity to the newly developed extension 10 townships. The legal status of all the three landfill sites in Mookgophong, Vaalwater and the Modimolle town are being compromised.

A new landfill site has been constructed in Modimolle and is awaiting an official opening by the licensing authority for public use. Rehabilitation of old Modimolle landfill site is on hold and still in use due to the incomplete new landfill site.

The Vaalwater landfill site is compromised by the encroachment of Leseding Extension 2 and new Extension 3 development. There is a need to close and rehabilitate Vaalwater landfill site and seek land to open a new site and or a transfer station.

CLEANING SERVICES

The municipality also provides cleaning services which include cleaning of pavements in Central Business area, litter picking in public open spaces, townships and illegal dumping sites. The service mainly focuses in cleaning the Central Business District areas which leaves the residential areas compromised. Litter picking and cleaning of illegal dumping areas is mainly done by with assistance of EPWP beneficiaries.

The Integrated Waste Management Plan is in place, endorsed by MEC for LEDET and is adopted by council in May 2022. The Integrated Waste Management Plan will be reviewed every five (5) years.

SUMMARY OF WASTE MANAGEMENT PERFORMANCE

TASK	DESCRIPTION	PROGRESS/STATUS	RESPONSIBLE PERSON/FUNCTION	MEASURE TO TRACK PERFORMANCE	TARGET
Refuse Removal	Weekly removal of refuse from household and business premises	Refuse removal will improve due to new procured refuse removal trucks	Manager: Environment and Waste Management	Weekly inspections	100% collection rate
Waste Disposal	Management and Operation of waste disposal facilities	All facilities are not in compliance with permit conditions and waste legislation	Manager: Environment and Waste Management	Quarterly Compliance Audits	Compliance with permit conditions
Cleaning Services	Cleaning of pavements in Central Business area, litter picking in public open spaces, townships and illegal dumping sites	Daily cleaning by municipal employees, EPWP	Manager: Environment and Waste Management	Weekly inspections	Clean Environment

SOLID WASTE MANAGEMENT SERVICES EMPLOYEES

EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES						
2023/2024				2024/2025		
Job level	Employee's No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No

0 - 3	2	2	5	2	2	7
4 - 6	2	2		2	2	
7 - 9	9	7		9	7	
10 - 12	5	5		5	5	
13 - 15	50	57		48	57	
Total	68	73		66	73	

The above Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

WASTE DISPOSAL CAPITAL EXPENDITURE 2024/2025

There were no capital expenditure projects for 2024/2025 financial year.

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

- Refuse removal service is not up to required targets due to lack of roads infrastructure and formalizing the informal settlement to allow municipal fleet to access the household. The municipality requires new waste specialized fleet to enable 100% waste collection services.
- Illegal dumping areas both in urban and rural settlements due to lack of waste containers, education and awareness to residence on keeping the environment clean.
- Noncompliance of waste disposal facilities due to lack of specialized equipment for operation and maintenance and operation of the landfill sites. The municipality require more budget to purchase yellow fleet for maintenance and operation of all three landfill sites.
- Increased residential development in urban areas often without concurrent increase in resources (Refuse collection trucks, waste containers and Personnel).
- Non collection of skip bins in public spaces that leads to burning of waste in skips bins, utilization of borrow pits and quarries as dumping sites; and
- No waste management in farm areas that leads to dumping of waste in rivers and wetlands and along the road.

3.5 HOUSING

INTRODUCTION TO HOUSING

Municipalities are required to ensure that people within their municipal areas have access to adequate housing, and to take steps within the framework of the national and provincial policy to realize this objective and also set aside, plan, and manage land for community developments in line with the housing priorities identified in the integrated development plans (IDP).

For the year under review (2024/25), Modimolle-Mookgophong Local Municipality received an allocation of 63 units on low-cost housing units from the housing authority the Limpopo Department of Co-operative

Governance, Human Settlements and Traditional Affairs (COGHSTA). 53 units will be for Vaalwater Ext 5, and 10 units for Phagameng in Modimolle.

EMPLOYEES: HOUSING SERVICES

EMPLOYEES: HOUSING SERVICES							
2023/2024					2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Vacancies (as a % total posts)	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	01	01	(No vacancies)		01	01	(No vacancies)
4 - 6	04	03			04	03	
7 - 9	01	01			01	01	
10 - 12	0	0			0	0	
13 - 15	01	01			01	01	
Total	07	06			07	06	
The above Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost.							

COMMENTS ON HOUSING

According to Section 9(1) of the National Housing Act (Act No. 107 of 1997), all local municipalities in the Republic of South Africa are required to undertake reasonable and necessary steps, as part of their Integrated Development Planning mandate, to enable access to adequate housing for its citizens. The steps in undertaking reasonable and necessary steps include:

- Setting housing delivery goals in respect of its area of jurisdiction,
- Identifying and designating land for housing development,
- Creating and maintaining a public environment conducive to housing development which is financially and socially viable,
- Promoting resolution of conflicts arising from housing development processes,
- Initiating, coordinating, facilitating, promoting, and enabling appropriate housing development in its area of jurisdiction,

It is therefore a priority for the municipality to have the housing chapter in order to set out housing goals and targets that need to be achieved.

Housing backlog

The Municipal Spatial Development Framework, 2021 states that there are approximately 46119 households residing within the municipal area of which 74, 6% reside in formal residential areas and 5% resides in

informal settlement areas. And the IDP estimated the housing backlog to be at around 21 000 houses. The breakdown is as follows:

Area	Estimated backlog
Modimolle	8000
Mookgophong	6500
Vaalwater	3500
Roetan	2000
Alma	1000

Mushrooming of informal settlements

The continuous growth of informal settlements due to land invasion is a very serious concern that needs an urgent intervention through proper forward planning particularly on pieces of land that belongs to the municipality which are as well identified as strategic development areas through Priority Housing Development Areas (PHDAs).

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has developed an indigent policy and register, for households that qualify to be registered as the indigents must have income of R0 to R5 000 per month. The indigents will receive 50kw of electricity, 6kl water and free refuse removal, sewage and property rates. Indigents will be expected to pay for amounts in excess of the free basic services.

FREE BASIC SERVICES

Free Basic Services to Low Income Households									
Number of households									
Households earning less than R4 000 per month/R4 500 per month (2024/2025)									
Financial year	Total	Access (water)	%	Access (electricity)	%	Access (sanitation)	%	Access (refuse)	%
2022/2023	1164	1108	95%	1164	100%	647	56%	482	41%
2023/2024	1678	1678	100%	1678	100%	1326	79%	1678	100%
2024/2025	1512	1062	70%	1512	100%	277	18%	25	1,6%

COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED

FINANCIAL PERFORMANCE 2024/2025 – COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED				
SERVICES DELIVERED	TARGET	ADJUSTMENT	ACTUAL	VARIANCE TO BUDGET
Water	2 166 344		227 050.86	1 939 293.14
Waste Water (Sanitation)	1 846 287	-	284 162.69	1 562 124.31
Electricity	22 735 175	-	889 792.28	21 845 382.72

Solid Waste	1 842 751	-	673 587.9	1 169 163.1
Total	28 590 557	-	2 074 593.73	26 515 963.27

COMPONENT B: ROAD TRANSPORT

The municipality has powers and functions on internal roads in Phagameng, Mabatlane, Modimolle and Alma. Modimolle is accessible to the N1, that links Gauteng Province and Limpopo Province and the R33 is a freight corridor that connects the east and the west. It is used mostly by trucks passing through Modimolle to Lephalale Local Municipality. The road is very narrow and many accidents have occurred due to the amount of trucks.

The R101 continues by way of a right-turn at Potgieter Road in Bela Bela and the route makes a 27 km journey north-east to Modimolle (Nylstroom).

As a straight road passing through Modimolle central, it intersects with the R33. After passing the Phagameng suburb of Modimolle, the R101 turns east towards the bypassing N1 Highway. At Middelfontein, right before the N1 Modimolle north off-ramp, the R101 becomes the road to the west of the N1 (Mookgophong Road, later Modimolle Road) heading north-east. After Kransvlei Farm Resort, the R101 continues by way of a left turn at the T-junction to become the straight road through Mookgophong (Naboomspruit). The distance from Modimolle to Mookgophong is 42 km.

Passing through Mookgophong as Thabo Mbeki Street, it intersects with the R519 at Second Avenue and the R520 at Nelson Mandela Drive. While mostly parallel to the N1, it journeys 51 km north-east to Mokopane (Potgietersrus).

There is a plan to commission a feasibility study on the bypass road to Mookgophong/ Lephalale. The R101 road is a link that connects the south to the east and trucks are restricted to use this road. A fine of R10 000 is being stipulated for non-compliance.

The R519 from Roedtan to Crecy and from Crecy to Mookgophong has severe potholes the road is not user-friendly. Although the R101 from Mookgophong to Mogalakwena is usable it is very bumpy. The accesses road R519 from SPIF chickens also has severe potholes and very bumpy (crucial for Tourism growth because it lead numerous game farms and lodges The highway (N1) has brought lots of relief on the R101 in terms of traffic volumes but the overcrossing bridges are not maintained especially on the sidewalks. municipal roads and stormwater services that are within the MMLM area of jurisdiction, and this is shown in Figure 1.1 below.

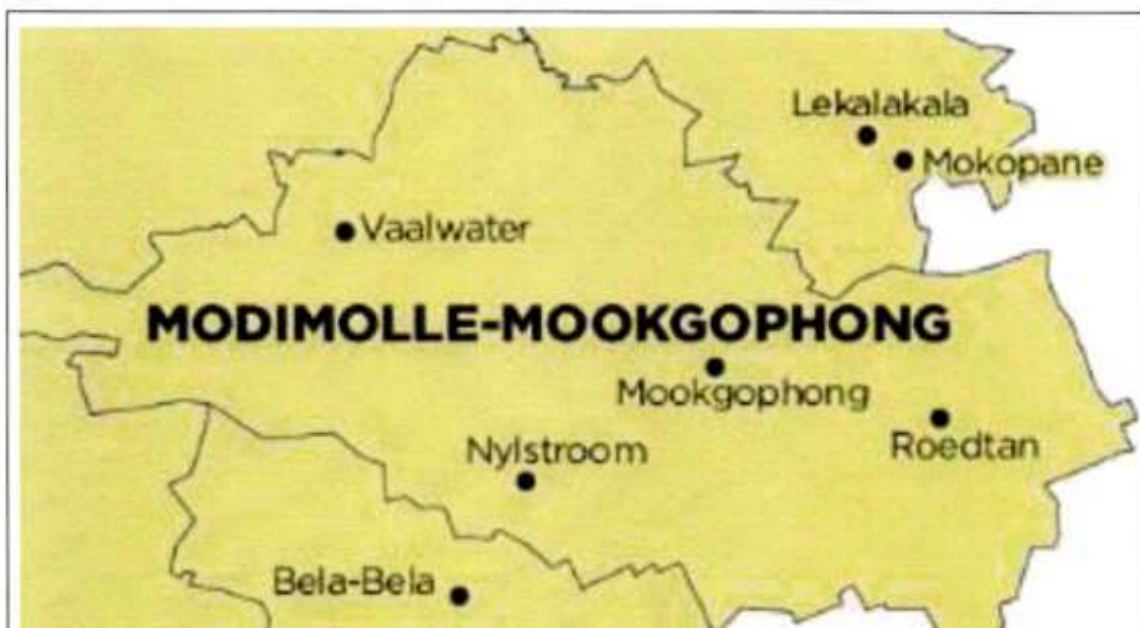


Figure 1.1: Modimolle-Mookgophong Local Municipal Area of Jurisdiction

SOUTH AFRICAN NATIONAL ROADS AGENCY (SANRAL)

The major national routes running through the municipal area are the **N1** and **R101** which links Belabela (Warmbad), Modimolle and Mokopane, there is also **N11** from Marble Hall passing through Roedtan to Mokopane which all under the ownership of South African Roads Agency Limited (SANRAL). SANRAL also taken over the ownership of **Road R33** from Marble Hall, Modimolle to Vaalwater and **Road R520** from Road R510 Junction to Road R33 Junction near Vaalwater. SANRAL and MMLM have a Memorandum of Agreement (MoA) dealing with the shared responsibilities of the Parties where there is a Declaration of a National Road through an Urban Area relating to the following National Roads sections:

- Road R33 Section 13 passes through the town of Modimolle and Vaalwater
- National Road R101 Section 08 passes through the town of Modimolle
- National Road R101 Section 09 passes through the town of Modimolle

SANRAL publishes road conditions of their network on regular basis and for April 2025, the report on different roads in the MMLM are as per Table 2.1, Table 2.2 and Table 2.3. There is currently no information on the condition assessment for R33 and R520 roads.

Table2.1:N1conditionreportforApril2025

National Route	N1
Section	Bela Bela to Polokwane (Great North Toll Road)
Distance	160 km
Description	Four-lane dual carriageway freeway from the Warmbaths/Settlers interchange to the Kranskop toll plaza. Four-lane single carriageway freeway from the Kranskop Toll Plaza to the N1/R71 interchange at Polokwane.
Comments	No Construction
Duration of Work	
Contact for Routine Road Maintenance	NTRV/ Danie Kotze: 082 822 0902

Table 2.2: Road R101 condition report for April 2025

National Route	N11
Section	Groblersdal via Marblehall to Old Mpumalanga / Limpopo Border
Distance	38 km
Description	A two-lane single carriageway road with narrow gravel shoulders
Condition of Road	Good
Comments	Mpumalanga Border towards R101 Construction started
Duration of Work	Ongoing
Contact for Routine Road Maintenance	Obed Monare 072 7469267

National Route	N11
Section	Old Mpumalanga Border (North of Marble Hall) – Mokopane (Potgietersrust) – Groblersdrift Border Post
Distance	276 km
Description	Two-lane single carriageway
Condition of the road	Good
Comments	No Construction
Duration of work	
Contact for Routine Road Maintenance	Stephan du Plessis 084491 1165

National Route	R101
Section	Middelfontein Interchange (Modimole (Nylstroom)) to Mookgopong (Naboomspruit)
Distance	30 km
Description	Two-lane single carriageway with passing lanes
Condition of Road	Good
Comments	Routine Road Maintenance teams may be encountered. Patching
Duration of Work	
Contact for Routine Road Maintenance	George Brand 082 555 8493

National Route	R101
Section	Mookgopong (Naboomspruit) to Mokopane (Potgietersrust)
Distance	68km
Description	Two-lane single carriageway with paved shoulders and passing lanes in places
Condition of Road	Fair
Comments	Routine Road Maintenance teams may be encountered. Patching
Duration of Work	
Contact for Routine Road Maintenance	George Brand 082 555 8493

ROADS AGENCY LIMPOPO (RAL)

RAL Strategic Plan 2020-2025 dated 24 March 2020 aimed to develop short to medium term strategies to respond to the challenges stipulated in the National and Provincial Framework Documents such as the National Development Plan (NDP) 2030, Transport Policy and the African Union (AU) Agenda 2063.

NDP 2030 strives for:

- Improved access to economic opportunities, social spaces and services by bridging geographic distances affordably, reliability and safely;
- Economic development, by supporting the movements of goods from points of production to where they are consumed, facilitating regional and international trade; and
- Greater mobility of people and goods through transport alternatives that support minimized environmental harm.

The Pillar gives practical effect to the RAL Act of 1998. RAL has the duty to provide an accessible, affordable, safe and reliable road network. The Road Infrastructure Programme has four sub-programmes, namely planning and design, R & D, road construction and maintenance. In implementing its strategies, RAL will continue to engage its partners such as Universities and research institutions to provide vital R & D support.

RAL is facing the daunting task of bridging the widening gap in demand for paved roads. The table below give a summary of the road network per region in the province. Top on the waiting list for paved roads is Waterberg with 4983 kilometres of gravel roads, translating to 79.1% of the network in the district. This information is not available at the disaggregated local municipality level.

Table 2.4: Roads Agency Limpopo Road Network (RAL Strategic Plan 2020-2025)

District	Paved (km)	Gravel (km)Total (km)	Total	% Paved	% Gravelled
Capricorn	1223	3283	4506	27.1%	72.9%
Mopani	1165	1704	2869	40.6%	59.4%
Sekhukhune	1173	1481	2654	44.2%	55.8%
Vhembe	1323	2367	3690	35.9%	64.1%
Waterberg	1295	4983	6278	20.6%	79.1%
Total	6179	13818	19997	30.9%	69.1%

MODIMOLLE-MOOKGOPHONG LOCAL MUNICIPALITY ROADS AND STORMWATER

Modimolle-Mookgophong Local Municipality (MMLM) has since its establishment in year 2016 never undertook any project for the development of its Roads and Storm water Master Plan. Prioritising of roads and storm water projects have been done through the IDP consultation and approval processes which more often lack the technical input for the co-ordinated multi-year planning on roads and storm water infrastructure implementation and maintenance as its planning is sorely driven by the available financial resources.

ROAD CLASSIFICATION

The classification of roads into different operational systems, functional classes or geometric types is necessary for communication between engineers, administrators and the general public. Classification is the tool by which a complex network of roads can be subdivided into groups having similar characteristics.

A single classification system, satisfactory for all purposes, would be advantageous but has not been found to be practicable. Moreover, in any classification system the division between classes is often arbitrary and, consequently, opinions differ on the best definition of any class. There are various schemes for classifying roads and the class definitions generally vary depending on the purpose of classification.

Roads Agency Limpopo (RAL) completed classification of all roads in the Limpopo province, as per the Road Infrastructure Strategic Framework for South Africa (RISFSA) classification system. This process was concluded in March 2013, and it was to be followed by the assignment of responsibilities between spheres of government.

The RISFSA classification system classifies road into 6 classes, in terms of strategic function and description of nature of roads. The classification system is done as per table below.

Table 2.5: The RISFSA Road Classification System

Road Class	Strategic Function	Nature of Roads
------------	--------------------	-----------------

1. Primary Distributor	High mobility roads with limited access for rapid movement of large volumes of people, raw materials, manufactured goods, and agricultural produce of national importance	Public Roads: - Between, through and within regions of national importance; Between, through and within provincial capitals and key cities; Between, through and within major city nodes, which have significant economic or social road traffic; Between South Africa and adjoining countries which have significant national economic or social interaction; Providing access to major freight and passenger terminals including major ports and airports.
2. Regional Distributor	Relatively high mobility roads with lower levels of access for the movement of large volumes of people, raw materials, manufactured goods, and agricultural produce of regional importance in rural and urban areas	Public roads: - Between and through centres of provincial importance. Between provincial capitals, large towns and municipal administration centres. Between class 1 roads and key centres which have a significant economic, social, tourism or recreational role. Between South Africa and adjoining countries which carry limited economic or social road traffic. For access to transport hubs of regional importance.
3. District Distributor	Moderate mobility with controlled higher levels of access for the movement of people, raw materials, manufactured goods, agricultural produce in rural and urban areas importance of regional	Public roads: - Between centres, towns, and rural residential areas and villages. Between centres, towns and industrial/ farming areas. Between residential areas and local industrial/commercial areas. Between large residential areas. Which provide linkages between a Class 2 and/or Class 1 routes. Which provide linkage between centres, towns, rural residential, industrial/farming areas and Class 2 or Class 1 routes.
4. District Collector	High levels of access and lower levels of mobility for lower traffic volumes of people, raw materials, manufactured goods, agricultural produce in rural and urban areas of local importance	Public roads: - Between villages, farming areas and scattered rural settlements and communities, which primarily serve local social services as well as access to markets. Within a commercial, residential, industrial areas. Linking Class 3 roads.

Table 2.5: The RISFSA Road Classification System		
Nature of Roads	Nature of Roads	Nature of Roads
5. Access Roads	High access and very low mobility routes for the movement of people and goods within urban and rural areas.	Public roads: Within a residential community. From a Class 3 or 4 to a residential community. To provide direct access to industries and businesses. To provide access to specific destinations such as heritage sites, national parks, mines, forests etc.
6. Non-motorized access ways	Public rights of ways for non- motorized transport providing the basic and dedicated movement	Public right of way: To provide safe access and mobility for pedestrians, cyclists and animal drawn transport. For social, recreational and economic access.

As per RAL's RIFSA road Classification report, the latest version of the draft TRH26. (August 2012) South African Road Classification and Access Management Manual (RCAM) was introduced, which builds and expands on the RISFSA functional road classification system. The TRH26 RCAM Manual has become the official requirement for road classification and access management and supersedes both the draft National Guidelines for Road Access Management in South Africa (COTO, 2005) and the Manual for the Redefinition of the South African Road Network (DOT, 2008). The RCAM Manual has made significant changes to the functional classification descriptions in Chapter 3 of the 2006 RISFSA. All six classes have been split into rural and urban classes with the following descriptions:

RURAL CLASSES URBAN CLASSES

R1	Rural Principal Arterial	U1	Urban Principal Arterial
R2	Rural Major Arterial	U2	Urban Major Arterial
R3	Rural Minor Arterial	U3	Urban Minor Arterial
R4	Rural Collector Road	U4	Urban Collector Street
R5	Rural Local Road	U5	Urban Local Street
R6	Rural walkway	U6	Urban Walkway

SANRAL is mainly responsible for road classes R1, U1, R2 and U2, RAL/Limpopo DPWI are responsible for a combination of road classes R2, U2, R3 and U3, and MMLM is responsible for road classes R4, U4, R5, U5, R6 and U6.

ROAD NETWORK

As part of development of this document, the municipal road network was digitized on the Geo RAMS platform using aerial photography to determine the extent of the municipal road network in the MMLM. **Table 2.6** provides a summary of the road network extent in the MMLM.

Table2.6:Extent of MMLM Municipal Road Network (GeoRAMS)		
Surface Type	Length Km	%of the Network
BLOCK-Surfaced	86.09	19.48%
CONCR-Surfaced	0.19	0.04%
FLEX-Surfaced	105.06	23.77%
EARTH-Unsurfaced	163.32	36.96%
GRAV-Unsurfaced	87.27	19.75%
Total	441.93	100.00%

The table above shows that approximately 191.34 kilometres of the municipal road network are surfaced and approximately 250.59 kilometres are unsurfaced, translating to 43.3% surfaced and 56.7% unsurfaced network, as shown in Figure 2.1 below

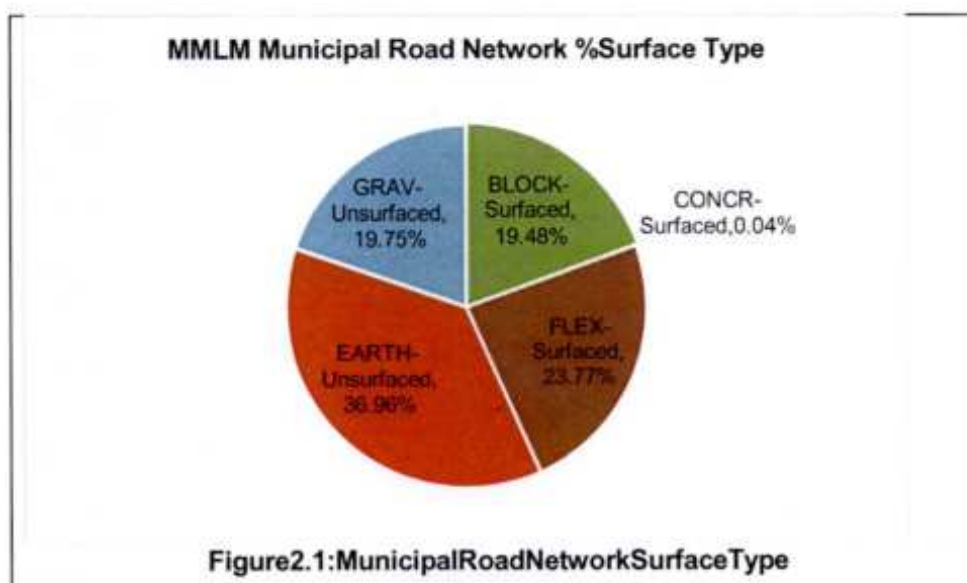


Table 2.7 provides breakdown of the municipal road network per area.

Table2.7:BreakdownoftheMunicipalRoadNetworkExtentPerArea								
Area	Flexible Surface d Roads (Km)	Block Paved Roads (Km)	Concrete Roads (Km)	Grave l Road s (Km)	Earth Roads (Km)	Total Roads Length (Km)	% of Total Road s	% Surfaced Roads
ModimolleTown & Surrounding	53.92	10.34	0.19	20.28	37.51	122.24	27.7%	52.7%
Phagameng Township&Extensions	8.52	30.03	0.00	40.84	9.96	89.35	20.2%	43.1%
Vaalwater	6.14	19.2	0.00	16.57	47.93	89.84	20.3%	28.2%
Alma	0.00	0.93	0.00	0.28	18.98	20.19	4.6%	4.6%

Mookgophong & Surrounding	34.47	23.31	0.00	7.28	42.07	107.13	24.2%	53.9%
Roedtan	2.01	2.28	0.00	2.02	6.87	13.18	3.0%	32.5%
Total	105.06	86.09	0.19	87.27	163.32	441.93	100.0%	43.3%
Total (%)	23.8%	19.5%	0.0%	19.7%	37.0%	100.0%	100.0%	43.3%

Figure 2.2, Figure 2.3, Figure 2.4, Figure 2.5, and Figure 2.6 show maps of municipal road networks for Mookgophong, Modimolle, Roedtan, Vaalwater and Alma, respectively.



Source: GeoRAMS, 2025

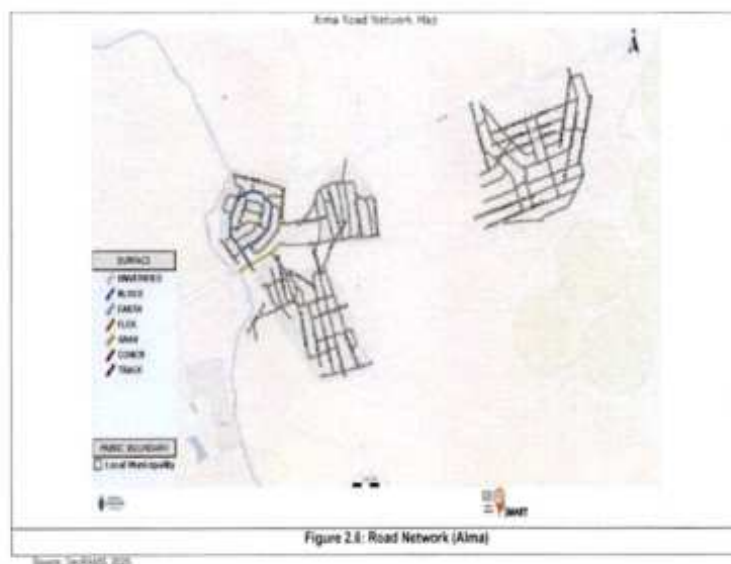


Figure 2.8: Road Network (Alma)

PAVEMENT ASSESSMENT

Pavement condition assessments for the local roads within MMLM were undertaken and adapted to the WDM Rural Roads Asset Management System (RRAMS) programme. Visual assessments cover both the surfaced and unsurfaced road networks.

The TMH9 standard method of visually assessing the condition of flexible pavements (surfaced) in South Africa is used to assess the condition of pre-defined visual segments. A standardised system of rating the degree (seriousness) and extent (of occurrence) of various distresses is used in which surfacing defects, structural defects and functional aspects are recorded. The assessment data, expressing the condition of the surfacing, the structural condition and functional condition through the degree (seriousness) and extent of occurrence of distresses, is used to calculate a single Visual Condition Index (VCI) for each visual segment.

The TMH12 document; Pavement Management Systems: Standard Visual Assessment Manual for Unsealed Roads, Version 1; describes the methods and procedures for visually assessing the condition of unpaved roads in road segments. The document is used in South Africa for unpaved road assessments. The start and end locations of the road segments are determined by intersections, variances in the items being assessed and selected other features. The assessment data expresses the condition and characteristics of the wearing course material and the functional condition of the gravel road as a set of rating scores. The ratings are done on a scale from 1 to 5 where 1 is generally very good and 5 very poor. The rating scores from the assessment data are used to calculate a single Visual Gravel Index (VGI) for each road segment.

The high percentage of network in good and very good condition can be attributed to high number of recently completed projects and low maintenance requirements of the block paved roads. The poor and very poor block paved roads need a combination of blocks replacement, regrouting, drainage improvements and in some cases reconstruction. Routine maintenance, such as sweeping removal of sand and soil deposits, drainage cleaning, etc. are also necessary.

The unsurfaced road network is generally in poor or very poor conditions (over 90%), which could be attributed to general lack of maintenance such as blading, re-gravelling, drainage cleaning, etc. The communities' negative attitude towards implementation of re-gravelling projects also results in collapse and inaccessible unsurfaced road network.

Figure 2.7 and Figure 2.8 provide distribution of road conditions for surfaced (flexible and block paved) and unsurfaced (gravel and earth) roads, respectively.

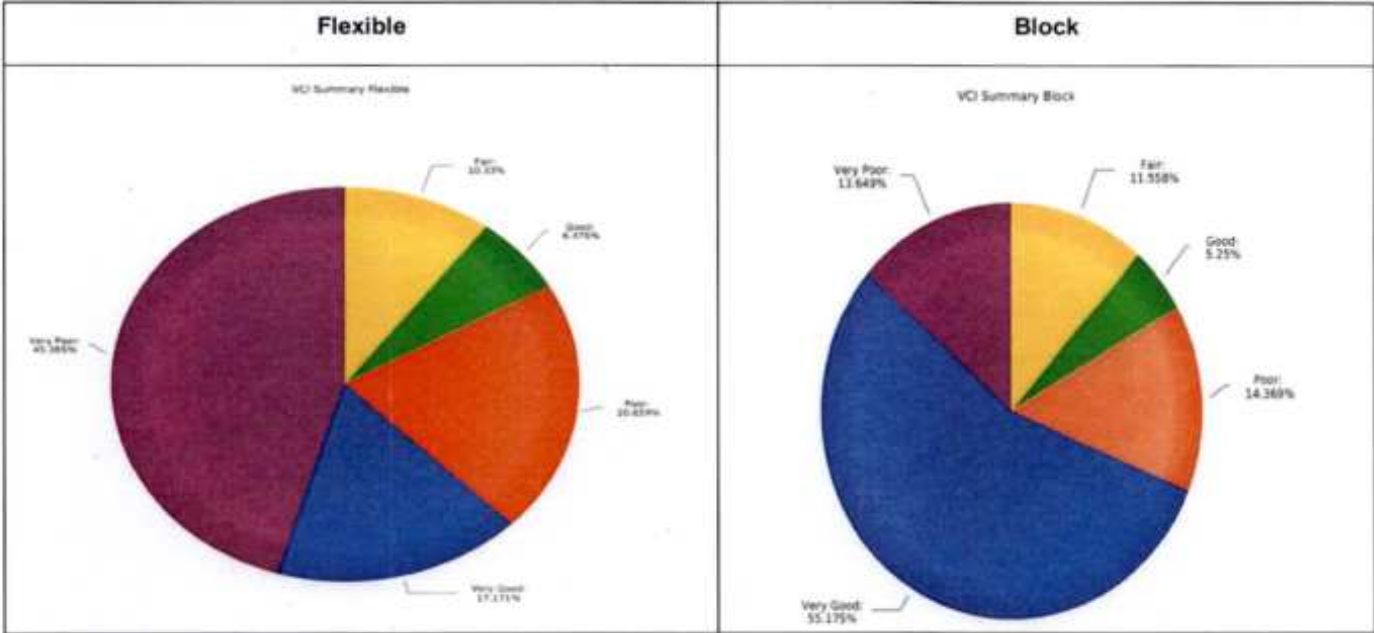


Figure2.7:Graphicalillustrationthedistributionofroadconditionforthesurfaced road within the MMLM



Figure 2.8: Graphical illustration of the distribution of road condition for the unsurfaced roads within the MMLM

STORMWATER STRUCTURES ASSESSMENT

Storm water structures were divided into three categories, namely bridges associated with the roadway, major culverts, and minor culverts.

Data collection for storm water structures was conducted in March 2025. The current number of structures contain in the GeoRAMS are shown in Table 2.8 and Figure 2.9 below.

Table 2.8: Number of Municipal Storm water Structures in the MMLM (GeoRAMS)

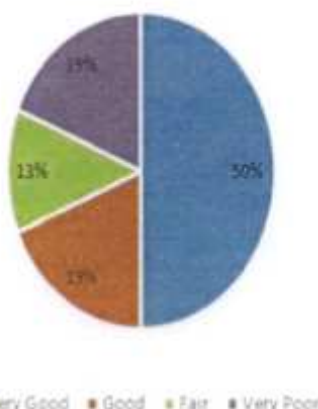
Structure Type	Number of Structures
Bridge	7
Culvert Major	2
Culvert Lesser	7
Grand Total	16

The municipal storm water structures conditions can be summarised in the Table 2.9 table and Figure 2.10 below. There are also 40 kerb inlets identified within the MMLM municipal area.

Table 2.9: Condition of the Municipal Stormwater Structures in the MMLM (GeoRAMS)

Condition	Culvert Lesser	Culvert Major	Bridge	Total
Very Good	4	2	2	8
Good	0	0	3	3
Fair	1	0	1	2
Very Poor	2	0	1	3
Total	7	2	7	16

Stormwater Structures Conditions



TRAFFIC COUNTS

Traffic counts on the provincial network were obtained from RAL's Integrated Road Asset Management System. In total, about 76 000 vehicle kilometers are travelled each day on the MMLM provincial road network (of which about 75% are travelled on the paved road network). In terms of Average Annual Daily Traffic (AADT), the biggest portion of the network (about 30%) falls in the category of 101 to 250 veh/day. The highest AADT recorded on the network is 5,588 veh/day, on road P134/2 in from P1/5 to N1.

The municipal roads traffic counts were conducted in March 2025. Purpose of the traffic counts was to provide updated traffic data for the roads under considerations. The traffic counts focused on obtaining the following information:

- Average Daily Traffic (ADT)
- The type of vehicles composing the traffic
- The traffic composition in terms of the vehicle types

Manual counts were done for a period of 12 hours, and for one weekday only, using the local enumerators. These counts were used to calculate traffic characteristics for the road links on which the counts were performed, using expansion factors contained in the GeoRAMS system. The 12-hour manual traffic counts were undertaken at the strategic locations of the Modimolle-Mookgophong municipal road network.

The manual counts recorded vehicles into various categories, as follows:

- Light vehicles (passenger vehicles, pickups etc.)
- Minibus taxis
- Buses
- Small Trucks
- Medium Trucks
- Large Trucks
- Abnormal Vehicles

Traffic volumes per traffic station are shown in the table and maps. The highest traffic volumes (more than 5000 vehicles/day) were experienced at the following stations:

- Modimolle-Town (Intersection of Nelson Mandela & Thabo Mbeki Drive) Modimolle Town (Intersection of Nelson Mandela & Joe Slovo Street) Modimolle Town (Intersection of Nelson Mandela & Ahmed Kathrada Street) Phagameng township (Magwaza Street)
- MookgophongTown(Intersection of Nelson Mandela Avenue &Thabo Mbeki Drive) Mookgophong Town (Intersection of ThaboMbeki Drive & 7th Avenue) Mookgophong Town (Intersection of Nelson Mandela Avenue & 9th Street) Mookgophong Town (Intersection of 2nd Avenue & 4th Street)
- Mookgophong Town (Intersectionof2ndAvenue&1stStreet)

MAINTENANCE, REHABILITATION AND UPGRADING PROGRAMMES

This section discusses the proposed programme for maintenance, rehabilitation and upgrading of the following aspects:

- SANRAL Roads Projects in the MMLM
- Waterberg District Municipality roads plans in the MMLM.
- RAL roads upgrading programme in the MMLM

- The MMLM municipal roads programme
- MMLM municipal storm water structures

SANRAL ROADS PROJECTS IN MMLM

SANRAL have allocated budgets for the following roads project to commence/continue within the 2024/25 financial year:

- R101 section 8 from Bela Bela (km 0.0) to Modimolle (km 26.8). This project is in the province of Limpopo in the district municipality of Waterberg and local municipality of Bela Bela and Modimolle-Mookgophong.
- R33 road between Kranskop Toll Gate and Modimolle will be resurfaced, and the perimeter of the road will be widened to accommodate the heavy traffic flow. The-offs will be improved, and the road drainage will be attended to simultaneously.
- Road maintenance for R520 road from Lephalale Municipal Boundary to R33 Intersection at Vaalwater.
- SANRAL is also currently undertaking Routine Road Maintenance on the following roads:
- Routine Road Maintenance of National Roads N11 from the Ephraim Mogale Municipal Boundary to Mogalakwena Municipal Boundary, R33 from N11 Intersection to Modimolle, and R101 from Middelfontein to Mogalakwena Municipal Boundary.
- Non-Toll Routine Road Maintenance of National Roads R101 from Bela-Bela to Middelfontein, R516 from Thabazimbi Municipal Boundary to Bela-Bela, R520 from Lephalale Municipal Boundary to R33 Intersection at Vaalwater, and R33 From Modimolle to Lephalale Municipal Boundary.
- Routine Road Maintenance of National Roads N1 Section 23 from Bela-Bela to Cyferfontein, N1 Section 24 from Cyferfontein to Middelfontein, N1 Section 25 from Middelfontein to Rielvlei.

ROADS AGENCY LIMPOPO ROADS PROGRAMME IN MMLM

RAL Annual Performance Plan 2024-2025 identifies the following projects for implementation within the Modimolle-Mookgophong Local Municipality (MMLM):

- RAL/T1165A Preventative Maintenance of Road P134/2 from Mookgopong towards Roedtan.
- RAL/T1334 Regravelling of road D794 from R33 towards Grootspuit. RAL/T1294 Upgrading of Road D180 Alma Road.
- RAL/T1262 Upgrading of Road D2091 from Tuinplaas to Marapyane.

The Road Master Plan and Maintenance Plan provide the municipality with status quo of the existing road network in municipal area of jurisdiction, assess the current conditions of the existing road network, determine and prepare appropriate maintenance, repairs and upgrading actions. The plans assist during the process of preparing costs estimation for budget planning purposes and establish a system of prioritization of maintenance and upgrading needs.

EMPLOYEES: ROAD SERVICES

2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	1	1	07	01	01	08
4 - 6	4	5		03	05	
7 - 9	4	6		04	06	
10 - 12	5	5		05	05	
13 - 15	26	30		25	30	
Total	40	47		39	47	

2024/2025 FINANCIAL PERFORMANCE ROADS

FINANCIAL PERFORMANCE 2024/2025 - ROADS					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(30 510,43)	(797 544,00)	-	(36 424,32)	(761 119,68)
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF & COUNCILORS)	13 919 668,40	16 381 152,00	14 617 742,00	17 171 537,50	(790 385,50)
REPAIRS AND MAINTENANCE	4 683 282,97	8 464 417,00	11 074 470,00	12 138 284,72	(3 673 867,72)
OTHER	11 498 390,90	18 382 635,00	25 411 510,00	18 855 248,23	(472 613,23)

TOTAL OPERATIONAL EXPENDITURE	30 101 342,27	43 228 204,00	51 103 722,00	48 165 070,45	(4 936 866,45)
NET OPERATIONAL (SERVICE)EXPENDITURE	30 070 831,84	42430 660,00	51 103 722,00	48 128 646,13	(5 697 986,13)

3.7 TRANSPORT – VEHICLE LICENCING

INTRODUCTION TO LICENSING

The licensing function is a function that the municipality executes on behalf of the Limpopo Department of Transport and is done on an agency basis through a MOU.

The municipality is required to provide office accommodation as well as personnel to execute the functions and gets a portion of the revenue collected. The provincial department of transport only provides stationary and oversight. The licensing function faced several obstacles during the past year including but not limited to the following:

- Unreliable E-NATIS System
- Shortage of personnel. There are two vacancies, due to disciplinary actions, since 2016. These vacancies are not filled which provided added pressure to the section to perform and deliver services to the community.
- Due to no maintenance the license offices became a sore eye and a non-conducive working environment, e.g. The Air Conditioners are out of order for more than a year, the ceiling is falling out, when raining the roof leaks and at some places it is leaking next to the light installation and the roof is loose.

EMPLOYEES: VEHICLE LICENSING SERVICES

EMPLOYEES: VEHICLE LICENSING SERVICES						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	2	2	(No Vacancies)	02	02	03
4-6	3	4		03	04	
7-9	5	6		04	06	
10-12	0	0		0	0	
13-15	1	1		01	01	
Total	13	13		10	13	

The above Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and

EMPLOYEES: VEHICLE LICENSING SERVICES						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
<i>public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>						

2024/2025 FINANCIAL PERFORMANCE LICENSING

FINANCIAL PERFORMANCE 2024/2025- LICENSING					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(6 159 445,26)	(4 283 285,00)	-	(6 946 699,74)	2 663 414,74
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF & COUNCILORS)	4 583 204,43	4 913 682,00	4 477 497,00	4 622 383,20	291 298,00
REPAIRS AND MAINTENANCE	-	-	-	-	-
OTHER	(68 992,39)	39 052,00	39 052,00	352 110,03	(313 058,03)
TOTAL OPERATIONAL EXPENDITURE	4 514 212,04	4 952 734,00	4 477 497,00	4 974 493,23	(21 759,23)
NET OPERATIONAL (SERVICE)EXPENDITURE	(1 645 233,22)	669 449,00	4 477 497,00	(1 972 206,51)	2 641 655,51

CAPITAL EXPENDITURE TRAFFIC AND LICENSING 2024/2025

There were no capital expenditure projects for 2024/2025.

COMMENT ON VEHICLE LICENSING OVERALL

Lack of adequate staff: Mookgopong is operating with just two (2) license officers (cashiers) and one (1) assistant Superintendent which is too little for the demand of population of clients on daily basis. The situation becomes worse during month ends. Modimolle office has four (4) license officers with one (1) assistant Superintendent.

Enatis network: there are times when clients are frustrated by the poor network that would be experienced as and when RTMC is facing network challenges. Municipality has clients that travel from far distances such as Roedtan to Mookgopong, others from Vaalwater to Modimolle for different transactions respectively.

Office space: Both offices are not able to house clients due to space, at most the clients wait/queue outside the building and get exposed to unfavourable weathers.

Stationery: Department is issuing limited stationery (Face Values) that is collected by municipal officials at Polokwane every fortnight which is costing municipality on travelling costs. Ordinary stationery like blank A4 blank pages, date stamps, pens, arc lever files, stapler and others are procured internally through SCM.

Driving License Centre: Modimolle facility is in good working conditions, however currently there are no operations due to non-availability of examiners. Mookgopong facility is not operational since 2018 due to lack of building and examiners

Vehicle Testing Centre: both stations are not performing roadworthy test due to poor status of facilities and non-availability of relevant examiners. This has a negative effect on revenue.

Poor filling and lack of archive storages: Municipality still has documents that are older than 10 years in both offices and they are not properly filed due to lack of storage. The office space is mostly occupied by older files which most of them are previous application forms for learner licenses, drivers licenses and motor vehicles.

Proposed interventions

Mookgopong offices to be refurbished so that it can accommodate additional staff, more license officers to be appointed in order to address the backlog and to enable clients to feel safe and secured during the process they wait for the services.

Modimolle offices to be extended in order to accommodate number of employees as they share office space with Traffic Officers and Examiners, including filling clerks and cleaners.

Municipality to consider exploring digitalization of data (old application forms), forms can be scanned and be saved on hard drives for safe keeping and archive.

Examiners of driver's license must be appointed permanently to avoid delays in processing of renewals of drivers cards. Also examiners of Vehicles to be appointed.

Driving Licence Testing Centre (DLTC) in Mookgopong to be refurbished and examiners be active so they improve municipal revenue.

3.8 STORM WATER DRAINAGE

EMPLOYEES: STORM WATER SERVICES

EMPLOYEES: STORM WATER SERVICES						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0-3	0	0	(No vacancies)	0	0	(No vacancies)
4-6	0	0		0	0	
7-9	0	0		0	0	
10-12	4	4		4	4	
13-15	0	0		0	0	
Total	4	4		4	4	

FINANCIAL PERFORMANCE: STORM WATER

FINANCIAL PERFORMANCE 2024/2025 - STORM WATER					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE (EXCLUDING TARIFFS)	-	-	-	-	-
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF & COUNCILORS)	967 767,12	2 336 301,00	3 419 316,00	2 591 278,78	(254 977,78)
REPAIRS AND MAINTENANCE	-	-	-	-	-

OTHER	2 612 249,08	63 286,00	(52 024,00)	2 132 861,37	(2 069 575,37)
TOTAL OPERATIONAL EXPENDITURE	3 580 016,20	2 399 587,00	3 367 292,00	4 724 140,15	(2 324 553,15)
NET OPERATIONAL (SERVICE) EXPENDITURE	3 580 016,20	2 399 587,00	3 367 292,00	4 724 140,15	(2 324 553,15)

CAPITAL EXPENDITURE STORM WATER 2024/2025

2024/2025 CAPITAL EXPENDITURE					
CAPITAL PROJECT	BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	VARIANCE FROM ORIGINAL BUDGET	TOTAL PROJECT VALUE
NONE					

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Planning and Development's main functions are to ensure the effective implementation of policies and By-laws that guide development of pieces of land as well as assisting in the management and control over the use of land within the jurisdiction.

3.9. PLANNING

INTRODUCTION TO PLANNING

The Spatial Planning and Land Use Management Unit is one of the strategic unit within the Department of Strategic Planning and Economic Development (SPED) of Modimolle-Mookgophong Local Municipality. It is mandated to manage the spatial planning, built environment and land use management through working together with other key stakeholders, the division seek to guide overall spatial distribution of current & desirable future land uses in order to give effect to sustainable development goals and objectives. The unit is composed of the following sub-units;

- **Spatial Planning and Land Use Management** - To ensure development of a common spatial vision which directs development and capital investment decisions and providing for well-managed,

sustainable and orderly use of land in line with Spatial Planning and Land Use Management Act (SPLUMA).

- **Building Controls-** To ensure that people work and live in safe, clean and healthy environment by enforcement of the National Building Regulations and Building Standards Act No. 103 OF 1977 (as amended).
- **Human Settlements** -To ensure that people have access to adequate housing, setting housing delivery goals and coordinate & facilitate the delivery of housing.
- **Geographic Information System**-To provide spatial information and support to all users within the Municipality in order to facilitate planning efforts and informed decision

The division consists of three (3) town Planners, three (3) building inspectors, one (1) GIS technician and admin clerks. With high number of applications, the municipality receives on daily basis together with community queries, there is an urgent need to augment the current pool of staff with land surveyor, building control officers and more town planners.

APPLICATIONS FOR LAND USE DEVELOPMENT

APPLICATIONS FOR LAND USE DEVELOPMENT						
	FORMALIZATION OF TOWNSHIPS		LAND DEVELOPMENT APPLICATIONS		BUILT ENVIRONMENT	
Detail	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
New Planning applications received	0	0	65	108	138	131
Determination made in year of receipt for the new applications	0	0	48	58	67	71
Determination made in following year	0	0	12	50	12	60
Applications withdrawn	0	0	5	0	0	0
Applications outstanding at year end	0	0	12	50	71	60

EMPLOYEES: PLANNING SERVICES

EMPLOYEES: PLANNING SERVICES

2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0-3	3	3	(No vacancies)	3	3	03
4-6	3	3		3	3	
7-9	6	3		3	6	
10-12	0	0		0	0	
0	0	0		0	0	
Total	12	09		09	12	

FINANCIAL PERFORMANCE: PLANNING SERVICES

FINANCIAL PERFORMANCE 2024/25 - TOWN PLANNING					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(804 505,96)	(994 504,00)	-	(1 942 042,22)	947 538,22
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF & COUNCILORS)	5 432 679,58	7 051 200,00	9 082 470,00	7 362 956,96	(311 756,96)
REPAIRS AND MAINTENANCE	-	-	-	-	-
OTHER	4 771 076,80	108 539,00	184 539,00	142 697,63	(34 158,63)

TOTAL OPERATIONAL EXPENDITURE	10 203 756,38	7 159 739,00	9 267 009,00	7 505 654,59	(345 915,59)
NET OPERATIONAL (SERVICE)EXPENDITURE	9 399 250,42	6 165 235,00	9 267 009,00	5 563 612,37	601 622,63

COMMENTS ON THE PERFORMANCE OF PLANNING SERVICES OVERALL

Land development applications

The Authorized Official has considered a total of 67 of the 137 applications received, both old and new category 2 land development applications during the 2024/25 financial year. The applications include consent use for building line relaxation, second dwelling, and telecommunication, rezoning, SPLUMA certificates, subdivision, consolidation and removal of restrictive title conditions.

Land Use Management Scheme (LUMS)

A land use management scheme is a tool used by municipality to guide and manage development according to the vision, strategies and policies of the Integrated Development Plan (IDP) and Spatial Development Framework (SDF), and in the interests of the general public to promote sustainable development and quality of life. The municipality with the assistance from Department of Agriculture, Rural Development and Land Reform have recently developed and approved a SPLUMA compliant land use management scheme which came into operation on the 1st July 2023

The Land Use Scheme sets out the various Use Zones applicable to land and buildings in the municipality and lists the purpose for which such land may and may not be used, and the purpose for which such land and buildings may only be used with consent of the Council. It sets out, among other things, general conditions applicable to all erven as well as new rules relating to "Spaza" or house shops, home enterprises, subsidiary dwelling units, child care centres on residential erven, land to be used for religious purposes, and conditions relating to agricultural holdings and farm land

Spatial Development Framework (SDF)

An SDF is a framework that seeks to guide, overall spatial distribution of current and desirable land uses within a municipality in order to give effect to the vision, goals and objectives of the municipal IDP. The aims of a Spatial Development Framework are to promote sustainable functional and integrated human settlements, maximise resource efficiency, and enhance regional identity and unique character of a place.

The Modimolle-Mookgophong Municipal SDF identified below mentioned areas as Strategic Development Areas (SDAs). SDAs are areas located relatively close to each other where some form of economic, social and institutional activities, and a substantial number of people are usually found. These growth points seem to have a natural growth potential, but do not develop to their full potential due to the fact that capital investments are made on an ad hoc basis without any long term strategy for the area as a whole. The identified SDAs should be stimulated by amongst others, providing a higher level of service infrastructure which will ensure that appropriate services are available for potential business and service/light industrial

concerns. The higher level of services, relative to other settlements in the area will also attract residential development to these growth points, with the implication that certain threshold values in population be reached, to provide for higher levels of social, physical, institutional and economic services

Built Environment

Although it is still a challenge to fully comply with section 7 of National Building Regulations and Building Standards Act, 103 of 1977 in terms of approving plans within 30days, the municipality has in 2024/25 financial year improved on the overall approvals. Out of 131 submissions, a total of 60 applications were successfully approved which equate to 45.8%

3.10 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

Chapter 7, Section 152 of the Constitution outlines the developmental mandate of local government. Subsection (b) obligates Modimolle-Mookgophong Local Municipality to implement activities that promote the social and economic development of local communities. The municipal local economic development unit aims at developing an integrated strategic plan on economic deliverables and creating a conducive environment for business to prosper. The local economic development function in the municipality offers the following services:

- Street trading management and control
- SMMEs capacity building and SMMEs development
- Issuing business registration and licensing
- Fostering partnership development approach(Public Private Partnership)
- Facilitation of Social Labour Plans/Corporate responsibilities from private sector
- Implementation of Community Work Programme
- Managing the local business hives
- Tourism development, marketing & Promotion

For the purpose of sustainable economic development plans; the municipality relies mainly on working relations with strategic partners such as government sector departments, state owned enterprises and private sectors.

ECONOMIC ACTIVITIES AND EMPLOYMENT BY SECTOR

ECONOMIC ACTIVITIES AND EMPLOYMENT BY SECTOR	
SECTOR	
1	Tourism
2	Agriculture, Forestry and Fishing
3	Mining and Quarrying
4	Manufacturing
5	Wholesale and Retail Trade
6	Finance, Property, etc.
7	Government, Community and Social Services

JOBS CREATED DURING 2024/2025

JOBS CREATED DURING 2024/2025 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)				
TOTAL JOBS CREATED / TOP 3 INITIATIVES	JOBS CREATED NO.	JOBS LOST/DISPLACED BY OTHER INITIATIVES NO.	NET TOTAL JOBS CREATED IN YEAR NO.	METHOD OF VALIDATING JOBS CREATED/LOST NO.
CWP	937	Programme relies on funding by Sponsor-CoGTA.	1315	Site participation reports which is based on allocation by CoGTA.
Municipal Initiatives	-	SANRAL & RAL	163	Number of beneficiaries and or families targeted by the initiatives

JOBS CREATED THROUGH EPWP

JOBS CREATION THROUGH EXPANDED PUBLIC WORKS PROGRAMME (EPWP)		
DETAILS	EPWP PROJECTS NO.	JOBS CREATED THROUGH EPWP PROJECTS NO.
2022/2023	-	1548
2023/2024	-	556
2024/2025	-	386

LOCAL ECONOMIC DEVELOPMENT SERVICE OBJECTIVES TAKEN FROM THE IDP

LOCAL ECONOMIC DEVELOPMENT SERVICE POLICY OBJECTIVES TAKEN FROM THE IDP					
SERVICE OBJECTIVES SERVICE INDICATORS	OUTLINE SERVICE TARGETS	2023/2024		2024/2025	
		TARGET		TARGET	
		PREVIOUS YEAR	ACTUAL	CURRENT YEAR	ACTUAL
Establishment of LED Forum	Establishment of LED Forum	1	LED forum is functional and 4 LED forums held	1	LED forum is functional and 4 LED forums held

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	0		5	01	01	01
4 - 6	0			0	0	
7 - 9	3			03	03	
10 - 12	2			01	02	
13 - 15	0			0	0	
Total	5			05	06	

FINANCIAL PERFORMANCE: LOCAL ECONOMIC DEVELOPMENT SERVICES

FINANCIAL PERFORMANCE 2024/25 - LED					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUALS	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(20 494,10)	(154 561 000,00)	-	(18 539,30)	(154 542 460,70)
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF & COUNCILORS)	3 879 319,30	5 772 724,00	(499 606,00)	4 986 597,68	786 126,32
REPAIRS AND MAINTENANCE	-	1 596 860,00	1 046 860,00	55 817,60	1 541 042,40
OTHER	31 815,67	159 307,00	(31 280,00)	50 476,07	108 830,93
TOTAL OPERATIONAL EXPENDITURE	3 911 134,97	7 528 891,00	515 974,00	3 911 134,97	114 504,97

NET OPERATIONAL (SERVICE)EXPENDITURE	3 890 640,87	7 528 891,00	515 974,00	5 074 352,05	(152 106 461,05)
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There were no capital projects for Local Economic Development Services for the 2024/2025 financial year.

COMMENTS ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

➤ SMME and Cooperative Development

Initiative: Capacity Building and Training Programmes.

Progress: Five training workshops on business management, bill of quantity and tendering process were held in collaboration with SEDFA, NYDA and SARS.

Impact: 121 entrepreneurs trained, improving their business management skills.

➤ Tourism Development

Initiative: Development of a Tourism Marketing Strategy.

Progress: The tender process for the Tourism strategy document was initiated; however, the adjudication process did not result in an appointment. As a result, the tender will be re-advertised to ensure compliance with procurement requirements and to attract a suitable service provider.

➤ Infrastructure and Enabling Environment

Initiative: Development of Agri-node

Progress: Land has been identified, and council has approved leasing of property to Serite Institute for development of Agri-Node. Debussing, fencing off the site and drilling of borehole is completed. The project is still in infant stage.

Progress: The council has approved the development of BIZNIZ in a Box project. The SMMEs were identified and the construction commenced. The project is operational, however, there still a challenge of connection of services e.g. Water and electricity.

Impact: 6 SMMEs supported.

➤ Investment promotion and attraction

Initiative: Meetings Africa Exhibition

Progress: The municipality participated in meetings Africa 2025 to market Modimolle-Mookgophong local Municipality as destination of choice and the municipality attendant with Fumani Game lodge to ensure that they gain Exposure to African and international markets allows businesses to promote their services, explore new destinations, and identify investment opportunities.

Progress: concept document was developed.

➤ Small Town Regeneration strategy implementation

Progress: Conducting readiness assessments in Modimolle town to identify the baseline: infrastructure backlog, service delivery gaps, economic indicators, spatial constraints. Development of the precinct plan and approved by council.

➤ Policy, By-law and strategies

- Street trading By-law is adopted and promulgated.
- Township economy By-law tabled to council for approval
- Tourism Strategy (Tender for the development of the strategy will be Re-advertised).

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.11 INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The key objective of the municipality through its Library services are to create an informed community, educate and inform the public in general and to render an important education service to the community. The target was to ensure that the public has access to books and information sources in close proximity.

The Modimolle/Mookgophong local municipality currently has the following libraries:

- Modimolle town library (Ruth First)
- Mookgophong Town library
- Vaalwater town library
- Phagameng mobile library
- Mookgophong township library (not yet active)but vandalized
- Roedtan library

To accomplish its objectives of informed community in the municipality, the following events are scheduled annually: Library week and World book day.

Modimolle/Mookgophong local municipality has the following Museums:

- JJ Strijdom Museum in Modimolle town. (owned by Provincial department of Sport , Arts & Culture)
- Jan Botha Museum in Vaalwater (owned by Provincial department of Sport , Arts & Culture)
- Rhino Museum in Vaalwater (owned by Provincial department of Sport , Arts & Culture)

EMPLOYEE: LIBRARY SERVICES

EMPLOYEES: LIBRARY SERVICES						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	1	1	(No vacancies)	01	01	3
4 - 6	3	2		02	03	
7 - 9	6	4		04	06	
10 - 12	0	0		0	0	
13 - 15	0	0		0	0	
Total	10	7		7	10	

FINANCIAL PERFORMANCE: LIBRARY SERVICES

FINANCIAL PERFORMANCE 2024/2025 – LIBRARY SERVICES					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(2 701,42)	(57 987,00)	-	(10 601,60)	(47 385,40)
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(STAFF& COUNCILORS)	2 297 488,38	2 865 059,00	2 756 459,00	2 966 553,90	(101 494,90)
REPAIRS AND MAINTENANCE	-	-	-	-	-
OTHER	12 562 734,24	24 402,00	30 102,00	107 258,11	(82 856,11)
TOTAL OPERATIONAL EXPENDITURE	14 860 222,62	2 889 461,00	2 786 561,00	3 073 812,01	(184 351,01)
NET OPERATIONAL (SERVICE)EXPENDITURE	(2 701,42)	2 831 474,00	2 786 561,00	3 063 210,41	(231 736,41)

CAPITAL EXPENDITURE LIBRARY SERVICES 2024/2025

There were no capital projects for Library Services for the 2024/2025 financial year.

CAPITAL EXPENDITURE LIBRARY SERVICES 2024/2025

There were no capital projects for Library Services for the 2024/2025 financial year.

COMMENTS ON PERFORMANCE OF LIBRARIES

Libraries issued books to patrons and school children in accordance with the library mandate. Challenges encountered in the 2024/2025 financial year are as follows:

- Lack of sufficient funding
- Redundant material (Books) in the Library
- Lack of office space and library space
- Lack of IT systems in libraries
- Maintenance of Mookgophong library

3.12 CEMETERIES

INTRODUCTION TO CEMETERIES

In order to accommodate the demands for cemetery services and the challenges faced by Municipal cemetery services; we need to collectively consider our problems for future solutions. The present courses of cemetery development has to be considered in conjunction with the conservation of our natural resources, health, strategic planning, financial and spatial services.

ACTIVE CEMETERIES

- > Alma cemetery
- > Roedtan cemetery
- > Modimolle Town cemetery
- > Thusang cemetery
- > Roedtan cemetery
- > Mookgophong NTK cemetery
- > Mookgophong NYL New cemetery
- > Vaalwater/Mabatlane: The new cemetery has been opened

CLOSED CEMETERIES

- > Modimolle old town cemetery
- > Phagameng township cemetery
- > Mookgophong township old cemetery
- > Vaalwater/ Mabatlane Township cemetery
- > Mookgophong 9 street old township cemetery

CREMATORIUMS

Memorial walls are available at the cemetery for cremated bodies

EMPLOYEES: CEMETERIES

EMPLOYEES: CEMETERIES SERVICES						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No Vacancies
0 - 3	2		(No vacancies)	01	01	02
4 - 6	1			01	01	
7 - 9	0			0	0	
10 - 12	0			0	0	
13 - 15	05			05	07	
Total	08			07	09	

FINANCIAL PERFORMANCE: CEMETERIES

FINANCIAL PERFORMANCE 2024/2025 – CEMETERIES					
DETAILS	2023/24		2024/25		
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE (EXCLUDING TARIFFS)	(305 847,31)	(521 569,00)	-	(446 577,39)	(74 991,61)
EXPENDITURE:	-	-	-	-	-
EMPLOYEES (STAFF & COUNCILORS)	2 231 418,05	2 313 983,00	2 937 643,00	4 567 381,59	(2 253 398,59)
REPAIRS AND MAINTENANCE	-	510 217,00	247 217,00	308 098,80	202 118,20
OTHER	122 968,95	22 124,00	27 894,00	31 514,94	(9 390,94)
TOTAL OPERATIONAL EXPENDITURE	2 354 387,00	2 846 324,00	3 212 754,00	4 906 995,33	(2 060 671,33)
NET OPERATIONAL (SERVICE)EXPENDITURE	(305 847,31)	2 324 755,00	3 212 754,00	4 460 417,94	(2 135 662,94)

COMMENTS ON THE PERFORMANCE OF CEMETERIES

- Shortage of grave diggers and machine operators
- The municipality is still using manual system for booking of graves and many mistakes are committed. Munsoft program is assisting with recording of grave.
- Modimolle cemetery is almost full, new site for burial must be purchased to accommodate Modimolle community with allocation of graves
- Vaalwater cemetery require proper fencing
- Shortage of amenity clerk position at Vaalwater and Mookgophong

CEMETERY CHALLENGES

- There is a shortage of grave diggers and machine operators at the cemeteries
- Electricity must be connected to all Ablution block and the surrounding of the cemeteries must have proper light for visibility.
- Community is not willing to pay for graves, as we receive request every week for donation of graves.
- The Municipality is still using manual system for booking of graves and this results in several in committing several mistakes.
- Municipality has shortage of labourers due to retirement
- Municipality is using pick & shovel to dig graves.
- Ablution blocks must be renovated
- Old equipment e.g. machines for cutting grass, digging machines
- All cemeteries must have clean and upgraded ablution blocks

DISASTER MANAGEMENT

The Modimolle-Mookgophong Local Municipality has developed the new Disaster Management Division and there are open positions that require to be filled and also make allocation for disaster budget (Temporary shelter, blankets, and mattresses) in order to assist our local community.

COMPONENT E: SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Recreation can serve as an entrance activity to sports participation as it plays a role in stimulation of physical activity. Over the past year there has never been a single recreation program. The Major challenges are that resources are not channelled to sport facilities.

As part of youth development and improvement of relationship between the municipality and its communities, the municipality runs different sporting and cultural events like, sports tournaments (Mayor Cup, Wellness programs) and marathons. Lack of sufficient sporting complexes in the municipality nullifies the municipal efforts.

THE FOLLOWING HALLS ARE NOT AT ACCEPTABLE STANDARDS:

- OR Tambo (Modimolle Town)
- Josef Dadoo (Modimolle Indian Township)
- Peter Nchabeleng (Phagameng)
- Thusang hall (Roedtan)
- Mookgophong banquet hall
- One of our halls is being occupied by one family. (Vaalwater)
- All our facilities especially halls need repairs and upgrading.

THE FOLLOWING HALLS ARE AT ACCEPTABLE STANDARDS:

- Mookgophong township hall (renovated but it lacks chairs & tables)
- Leseding Vaalwater (renovated but lacks enough chairs & tables)

3.14 SPORT AND RECREATION

The Division of Sport, Arts, Culture and Recreation develops and manages most of Modimolle/Mookgophong public open spaces, including its parks, cemeteries, recreation, informal & formal sports facilities, landscaped within road reserves and Libraries.

It aims to enhance quality of life by creating a functional and beautiful 'green' environment in which the town citizens and visitors can engage in recreational activities.

There is a public swimming in Ward 7 Yusuf Dadoo hall at Indian town and the swimming pool is not functional it requires serious repairs & maintenance.

COMMUNITY PARKS, SPORT FACILITIES AND STADIUMS

Modimolle/Mookgophong Parks aims to promote pride in our town, and townships by establishing and maintaining its unique 'green' identity. The Department's core activities Centre on developing and upgrading safe and accessible parks for Modimolle/Mookgophong citizens and Visitors. These parks may contain playgrounds, stadium, kick-about areas and multi-purpose hard courts to encourage active physical pursuits for children and adolescents.

Park development and upgrading is undertaken in consultation with communities to ensure that their needs are met and to create a platform for effective service delivery. The Department initiated Facility Maintenance Contracts via community partnerships e.g. Roll ball club, Tennis club, Golf course and Stoei Hall "etc." The municipality has the following parks:

- Boshoff park (Modimolle)
- Limpopo/NTK park (Modimolle)
- Hagen park (Modimolle)
- Alma park (Alma)
- Railway park (Phagameng)
- Phagameng ward 7 park (Phagameng)
- Vodacom Park (Mookgophong)
- Golf park (Mookgophong)
- Mookgophong Township park (Mookgophong)
- Leseding Park (Vaalwater)

FACILITIES

- Roll ball club (Modimolle Town) Facility maintenance contract
- Tennis court (Modimolle Town) Facility maintenance contract
- Golf course (Mookgophong Town) Facility maintenance contract
- Tennis court x 2 (Phagameng vandalized)
- Basketball court x 2 (Phagameng vandalized)
- Volleyball courts X2 (Phagameng vandalized)
- Volleyball Court x1 (Mookgophong vandalized)
- Volleyball court x 1 (Vaalwater)
- Netball courts x 2 (Phagameng)
- Netball court x2 (Mookgophong vandalized)
- Netball court x1 (Vaalwater)
- Mookgophong old stadium (Vandalized but in the process of being renovated)
- Mookgophong new stadium (Vandalized)
- Phagameng stadium
- Thusang stadium (Vandalized)

THEATRES, ZOOS, CHILD CARE & AGED CARE

The municipality does not have no theatres, child care, zoos, aged care owned by the municipality.

SWIMMING POOLS

The municipality owns one (1) public swimming pool, however, there's a need to do full repairs & maintenance to ensure full functionality of the swimming pool.

CAMP SITES

The municipality does not have no camp sites.

PUBLIC OPEN SPACES

The municipality has several municipal properties zoned as public open space/parks where recreational facilities and public furniture have been provided. The municipality also conducts irrigation, litter picking, tree maintenance, weed and pest control, fertilizing and general maintenance along the municipal road reserves entrance of the towns.

EMPLOYEES: SPORT, ARTS & RECREATION

EMPLOYEES: SPORT, ARTS & RECREATION						
2023/2024				2024/2025		
Job level	Employees No.	Posts No.	Vacancies (Full time equivalents) No	Employees No.	Posts No.	Vacancies (Full time equivalents) No
0 - 3	1	1	(No vacancies)	1	1	01
4 - 6	3	3		3	3	
7 - 9	0	0		0	0	
10 - 12	03	01		3	3	
13 - 15	32	35		30	35	
Total	39	39		39	40	

The above Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget.

FINANCIAL PERFORMANCE: SPORT AND RECREATION

FINANCIAL PERFORMANCE 2024/2025 – SPORT AND RECREATION					
DETAILS	2023/24	2024/25			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
TOTAL OPERATIONAL REVENUE(EXCLUDING TARIFFS)	(1 183,11)	(70 058,00)	-	(14 082,73)	(55 975,27)

FINANCIAL PERFORMANCE 2024/2025 – SPORT AND RECREATION					
DETAILS	2023/24		2024/25		
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
EXPENDITURE:	-	-	-	-	-
EMPLOYEES(ST AFF& COUNCILORS)	11 520 321,15	12 094 288,00	9 943 533,00	10 319 341,35	1 774 946,65
REPAIRS AND MAINTENANCE	-	362 397,00	57 397,00	284 815,39	77 581,61
OTHER	1 190 158,37	1 129 238,00	1 088 733,00	437 158,57	692 079,43
TOTAL OPERATIONAL EXPENDITURE	12 710 479,52	13 585 923,00	11 089 663,00	11 041 315,31	2 544 607,69
NET OPERATIONAL (SERVICE)EXPENDITURE	12 710 479,52	13 515 865,00	11 089 663,00	11 027 232,58	2 488 632,42

The capital project for renovation of Mookgophong old stadium for Sport and Recreation (Phase 1) is completed and Phase 2 of the project is being implemented.

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION

Recreation can serve as an entrance activity to sports participation as it plays a role in stimulation of The Major challenges are that resources are not channelled to sport facilities. Halls are vandalized and need repairs. Play parks and sports facilities were maintained during the year at minimum level due to lack of financial muscle.

PARKS AND FACILITIES CHALLENGES

- Lack of sufficient funding for maintenance
- Lack of equipment and machinery
- Lack of adequate sports and recreation facilities
- Lack of equipment e.g. moving machines, TLB, Grader etc.
- Lack of integrated planning and support by other stakeholders
- Vandalism

COMPONENT F: ENVIRONMENTAL PROTECTION

There were no programmes to advance and environmental protection for the 2024/2025 financial year.

COMPONENT G: HEALTH

Environmental health function is under the Waterberg District Municipality.

COMPONENT H: SECURITY AND SAFETY

Security and Safety function is executed by South African Police Services within Modimolle-Mookgophong Local Municipality. The municipality only provides physical security for municipal properties. The security function of the municipality has been outsourced to external security services providers.

The Municipality continues to perform oversight and monitoring to ensure compliance with service level agreements and effective safeguarding of the Municipal assets.

The Municipality continues to maintain close working relationship with the South African Police Services to strengthen the overall security environment. All reported cases and incidents has been formally reported to the SAPS for further investigation and appropriate action. The Municipality also monitors the progress of these cases to ensure accountability and to support law-enforcement efforts where required.

The municipality continues to experience incidents of copper cable theft, with several locations now identified as persistent crime hotspots. These incidents pose a significant risk to service delivery, particularly in electricity. Despite this challenge, the Municipality has noted a decline in the number of vandalism incidents and theft of other municipal property during the reporting period. This positive trend is attributed to increase security oversight, improved community reporting, and strengthened collaboration with law-enforcement agencies.

COMPONENT I: CORPORATE POLICY AND OTHER SERVICES

None

COMPONENT J: MISCELLANEOUS

None

COMPONENT K: ORGANIZATIONAL PERFORMANCE SCORECARD
AUDITED ANNUAL PERFORMANCE REPORT

Summary of Performance per Key Performance Area (KPA)

Target Achieved	
Target Not Achieved	

Summary of performance Per Key Performance Areas (KPAs)

Key Performance Area (KPA)	Annual Targets	Achieved	%	Not Achieved	%
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	19	11	58%	8	42%
BASIC SERVICE DELIVERY	49	21	43%	28	57%
MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION	22	11	50%	11	50%
GOOD GOVERNANCE & PUBLIC PARTICIPATION	7	4	57%	3	43%
SPATIAL RATIONALE	10	6	60%	4	40%
LOCAL ECONOMIC DEVELOPMENT	2	0	0%	2	100%
Total	109	53	49%	56	51%

The table above depicts performance for 2024/2025 financial year. The municipality had a total number of 109 planned targets. Out of the 109 targets only 53 (49%) of the planned targets were achieved whilst 56 (51%) were not achieved. The overall institutional performance for the year under review is 49%.

DETAILED INSTITUTIONAL PERFORMANCE RESULTS FOR 2024/2025 FINANCIAL YEAR PER KEY PERFORMANCE AREA

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT															
STRATEGIC OBJECTIVE: IMPROVED FINANCIAL MANAGEMENT															
OUTCOME STATEMENT: IMPROVING THE FINANCIAL MANAGEMENT OF THE MUNICIPALITY THROUGH THE IMPLEMENTATION OF EFFECTIVE AND EFFICIENT SYSTEMS OF REVENUE COLLECTION, EXPENDITURE AND PROCUREMENT MANAGEMENT.															
ASSET MANAGEMENT															
1	To complete infrastructure assets unbundling	Percentage of completed infrastructure assets unbundled	%	All wards	Operational	Operational	Operational	New	100% Completed infrastructure assets unbundled by 30 June 2025	100%	Achieved 100% Completed infrastructure assets unbundled	None	None	Infrastructure assets unbundling report	BTO
2	To conduct assets verification	Number of assets verification conducted	#	All wards	Operational	Operational	Operational	2	2 asset verification conducted by 30 June 2025	2	Achieved 2 asset verification	None	None	Asset verification report	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											conducted				
3	To update asset register	Percentage of asset register updated	%	All wards	Operational	Operational	Operational	100%	100% asset register updated by 30 June 2025	100%	Achieved 100% asset register updated	None	None	Updated Asset register	BTO
SUPPLY CHAIN MANAGEMENT															
4	To develop and approve procurement plans	Number of procurement plans developed	#	All wards	Operational	Operational	Operational	New	1 procurement plan developed by 30 June 2025	1	Achieved 1 procurement plan developed	None	None	Procurement plan	BTO
5	Procurement of smart meters	Percentage of smart meters procured	%	All wards	5 000 000.00 (Own Funding)	2 500 000,00 (own funding)	2 500 000,00 (own funding)	New	100% smart meters procured by 30 June 2025	0%	Not Achieved 0% smart meters	budget constraints	project put on hold until budget is allocated	Delivery note	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											procured				
6	To award bids within 90 days after advertisement	Percentage of bids awarded within 90 days after advertisement	%	All wards	Operational	Operational	Operational	New	100% bids awarded within 90 days after advertisement by 30 June 2025	53,8%	Not Achieved 53,8% bids awarded within 90 days after advertisement	Due to the volume of responses received for O&M Panels in the first quarter (Average 150 bids received) the committees were unable to finalise on time	Extension for Validity period was sent and accepted by the bidders	Advert & Award letters	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
7	To award bids that are following the supply chain management policy and regulations	Percentage of bids awarded that are following the supply chain management policy and regulations	%	All wards	Operational	Operational	Operational	New	100% bids awarded that are following the supply chain management policy and regulations by 30 June 2025	53,8%	Not Achieved 53,8% bids awarded that are following the supply chain management policy and regulations	Due to the volume of responses received for O&M Panels in the first quarter (Average 150 bids received) the committees were unable to finalise on time	Extension for Validity period was sent and accepted by the bidders	Bids awarded report	BTO
8	Procurement of municipal vehicles (Service delivery and BTO)	Percentage of municipal vehicles purchased (Service delivery and BTO)	%	All wards	5 000 000.00 (Own Funding)	5 000 000.00 (Own Funding)	5 000 000.00 (Own Funding)	New	100% municipal vehicles purchased (Service delivery and BTO) by 30 June 2025	100%	Achieved 100% municipal vehicles purchased (Service delivery)	None	None	Delivery note	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											and BTO)				
BUDGET AND TREASURY															
9	To review and approve budget related policies	Number of Budget related policies reviewed and approved	#	All wards	Operational	Operational	Operational	New	20 Budget related policies reviewed and approved by 20 June 2025	21	Achieved 21 Budget related policies reviewed and approved	None	None	Council resolution	BTO
10	To submit MFMA Section 71 reports to the Mayor and Provincial Treasury by no later than 10	Number of MFMA Section 71 reports submitted to the Mayor and Provincial Treasury by no later than 10 days	#	All wards	Operational	Operational	Operational	12	12 MFMA Section 71 reports submitted to the Mayor and Provincial Treasury by no later than 10 days after each month by	10	Not Achieved 10 MFMA Section 71 reports submitted to the Mayor and Provincial	The June section 71 could not be sent on time to the Mayor due to year-end activities	The report was submitted to the Mayor and Provincial Treasury on 18 July 2025	Proof of Submission to the Mayor and National Treasury	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	days after each month	after each month							30 June 2025		Treasury by no later than 10 days after each month.				
11	To submit MFMA Section 52 reports to council	Number of MFMA Section 52 reports submitted to council	#	All wards	Operational	Operational	Operational	4	4 MFMA Section 52 reports submitted to council by 30 June 2025	4	Achieved 4 MFMA Section 52 reports submitted to council	None	None	Council resolution	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
12	To submit Annual Financial statement prepared and submitted timeously to the Auditor General of South Africa	Number of Annual Financial statement prepared and submitted timeously to the Auditor General of South Africa	#	All wards	Operational	Operational	Operational	1	1 Annual Financial statement prepared and submitted timeously to the Auditor General of South Africa by 31 August 2024	1	Achieved 1 Annual Financial statement prepared and submitted to the AGSA	None	None	Acknowledgment of receipt	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
13	Current ratio	Current ratio (Current assets/current liability)	Ratio	All wards	Operational	Operational	Operational	New	1:5 Current ratio (Current assets/current liability) by 30 June 2025	1:057	Not achieved 1:057 Current ratio (Current assets/current liability)	The municipality's current ratio is below accepted performance of 2:1 due to amounts owed to Magalies and Eskom	The municipality entered into payment plan with most creditors and finalising the reviewed payment plan for Eskom	Statement of financial position	BTO
EXPENDITURE															

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
14	To ensure payment of invoices within 30 days	Percentage of invoices paid within 30 days	%	All wards	Operational	Operational	Operational	New	40% invoices paid within 30 days by 30 June 2025	27,88%	Not achieved 27,88% invoices paid within 30 days	Low collection rate due to slow response by customer's resistance to pay for services.	Implement debt relief program to maximise revenue collection in townships	Creditors report	BTO
REVENUE															
15	To ensure 85% revenue collection	Percentage Revenue collected	%	All wards	Operational	Operational	Operational	65%	85% revenue collected by 30 June 2025	62%	Not achieved 62% revenue collected	Slow response from customers due to aged infrastructure and resistance to pay for services. Limited credit control actions performed	Implementation of credit control in progress, revenue enhance project (operation Patela) implemented, replacement of faulty meters in	Revenue collection report	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												in townships	progress, meter audits completed		
16	To ensure debt collection over 90 days	Percentage of debt over 90 days collected	%	All wards	Operational	Operational	Operational	60%	60% debt over 90 days collected by 30 June 2025	64%	Achieved 64% debt over 90 days collected	None	None	Debt collection report	BTO
17	To update indigent free basic services register and submit to council	Number of indigent register for free basic services updated and submitted to council (GKPI)	#	All wards	Operational	Operational	Operational	1	1 indigent register for free basic services updated and submitted to council by 30 June 2025	1	Achieved 1 indigent register for free basic services updated and submitted	None	None	Indigent register Council register	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											ed to council				
18	To update and approve revenue enhancement strategy by council	Number of revenue enhancement strategy reviewed by Council	#	All wards	Operational	Operational	Operational	1	1 revenue enhancement strategy reviewed by Council by 30 June 2025	1	Achieved 1 revenue enhancement strategy reviewed by Council	None	None	Council Resolution Revenue enhancement strategy	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
19	Households with access to basic level of water, sanitation, electricity and solid waste removal as per billing report	Percentage of households with access to basic level of water, sanitation, electricity and solid waste removal as per billing (GKPI)	%	All wards	Operational	Operational	Operational	100%	100% households with access to basic level of water, sanitation, electricity and solid waste removal as per billing by 30 June 2025	88%	Not Achieved 88% households with access to basic level of water, sanitation, electricity and solid waste removal as per billing	Inability to provide all household with access to level of water, sanitation, electricity and solid waste removal due to dilapidated infrastructure	To review the performance target and Key performance indicator (KPI) in the 2025/26 SDBIP	Billing report	BTO

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
BASIC SERVICE DELIVERY (Social and Community Services)															
STRATEGIC OBJECTIVE: IMPROVED QUALITY OF LIFE															
OUTCOME STATEMENT: IMPROVING THE QUALITY OF LIFE BY PROVIDING BASIC SERVICES IN A SUSTAINABLE MANNER.															
SOLID WASTE															
20	To plan and conduct risk assessment, monitoring and evaluation on landfill sites	Percentage of planned risk assessment, monitoring and evaluation on landfill sites conducted	%	All wards	Operational	Operational	Operational	New	100% planned risk assessment, monitoring and evaluation on landfill sites conducted by 30 June 2025	100%	Achieved 100% planned risk assessment, monitoring and evaluation on landfill sites conducted	None	None	Risk monitoring report	SCS
21	To identify waste disposal facilities licensed and	Percentage of identified waste disposal facilities licensed	%	All wards	Operational	Operational	Operational	New	100% identified waste disposal facilities licensed and well	0%	Not Achieved 0% identified waste	All landfill sites are not complying with permit conditions	The municipality to prioritise purchasing of	Licence and inspection Reports	SCS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	well managed	and well managed							managed by 30 June 2025		disposal facilities licensed are not well managed	due to lack of yellow plant	yellow plant		
22	To plan and conduct researches on new emerging issues	Percentage of planned researches conducted on new emerging issues	%	All wards	Operational	Operational	Operational	New	100% planned researches conducted on new emerging issues by 30 June 2025	100%	Achieved 100% planned researches conducted on new emerging issues	None	None	Research Report	SCS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
23	To facilitate job opportunities through environmental management partnership projects	Number of job opportunities facilitated through environmental management partnership projects.	#	All wards	Operational	Operational	Operational	New	687 job opportunities facilitated through environmental management partnership projects by 30 June 2025	94	Not Achieved only 94 job opportunities facilitated through environmental management partnership projects	The department of forestry and fisheries cancelled jobs opportunities from the invader plant management project due to financial constraint and this was not clearly articulated for us to adjust the target	To align the target with the number of job opportunities facilitate through environmental management partnerships	Job opportunity Report	SCS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
SPORTS, ARTS, CULTURE AND RECREATION SERVICES															
24	To submit library users report to the Department of Sports, Arts and Culture	Number of reports of library users submitted to Department of Sports, Arts and Culture	#	All wards	Operational	Operational	Operational	New	4 reports of library users submitted to Department of Sports, Arts and Culture by 30 June 2025	4	Achieved 4 reports of library users submitted to Department of Sports, Arts and Culture	None	None	Proof of Submission, Report	SCS
25	To coordinate sports, arts, culture and recreation programmes	Number of sports, arts, culture and recreation Programmes coordinated	#	All wards	Operational	Operational	Operational	New	2 sports, arts, culture and recreation Programmes coordinated by 30 June 2025	2	Achieved 2 sports, arts, culture and recreation Programmes	None	None	Agenda & Attendance register	SCS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											coordinated				
PARKS AND CEMETRIES SERVICES															
26	To maintain municipal parks	Number of municipal parks maintained	#	All wards	Operational	Operational	Operational	5	10 Municipal parks maintained by 30 June 2025	10	Achieved 10 Municipal parks maintained	None	None	Reports and Pictures	SCS
27	To maintain municipal cemeteries	Number of municipal cemeteries maintained	#	All wards	Operational	Operational	Operational	5	10 Municipal cemeteries maintained by 30 June 2025	10	Achieved 10 Municipal cemeteries maintained	None	None	Reports and Pictures	SCS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
TRAFFIC AND LICENSING SERVICES															
28	To issue motor vehicle licenses against number of applications received	Number of reports on motor vehicle license issued against number of applications received	#	All wards	Operational	Operational	Operational	New	4 reports on motor vehicle license issued against number of applications received by 30 June 2025	4	Achieved 4 reports on motor vehicle license issued against number of applications received	None	None	Reports	SCS
29	To issue learners licenses against applicants tested	Number of reports on learners licenses issued against number of applicants tested	#	All wards	Operational	Operational	Operational	New	4 reports on learners licenses issued against number of applicants tested by	4	Achieved 4 report on learners licenses issued against number of	None	None	Reports	SCS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
									30 June 2025		applicants tested				
30	To issue drivers licenses against applications reported for tests	Number of reports on drivers licenses issued against number of applications reported for tests	#	All wards	Operational	Operational	Operational	New	4 reports on drivers licenses issued against number of applications reported for tests by 30 June 2025	4	Achieved 4 report on drivers licenses issued against number of applications reported for tests	None	None	Reports	SCS
PROJECT MANAGEMENT UNIT															
31	To utilise Municipal Infrastructure Grant	Percentage Utilisation of Municipal Infrastructure Grant	%	All wards	51 822 500.00	61 612 501.00	61 612 501.00	100%	100% Utilisation of Municipal Infrastructure Grant by	100%	Achieved 100% Utilisation of Municipal	None	None	Expenditure report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
									30 June 2025		Infrastructure Grant				
32	To establish Modimolle Landfill Site	Percentage establishment of Modimolle Landfill site	%	Ward 07&11	4 300 000.00 (MIG)	628 195.80 (MIG)	541 365.80 (MIG)	New	100% establishment of Modimolle Landfill site by 30 June 2025	0%	Not achieved 0% establishment of Modimolle Landfill site	Tender for the project was advertised in April 2025 and closed in May 2025 for Supply Chain Management processes to commence	Appointment of the professional service provider to be done in the first quarter 2025/26	Progress reports	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
33	To upgrade <u>Mookgophong Sports Stadium Phase 2</u>	Percentage Upgrade of <u>Mookgophong Sports Stadium Phase 2</u>	%	Ward 10	10 000 000.00 (MIG)	10 000 000.00 (MIG)	3 500 000.00 (MIG)	New	100% Upgrade of <u>Mookgophong Sports Stadium Phase 2</u> by 30 June 2025	6,66%	Not Achieved 6,66% Upgrade of <u>Mookgophong Sports Stadium Phase 2</u>	Project could not be completed on time due to late appointment of the contractor. Department of sports, arts and culture delayed approval of scope of work.	Scope of work was later approved by Department of sports, arts and culture. Contractor was appointed on the 13th May 2025 and commenced on site on the 20th May 2025	Progress reports	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
34	To construct internal Streets and Stormwater Control for Mookgophong Ext 5 & 6	Percentage Construction of Internal Streets and Stormwater Control for Mookgophong Ext 5 & 6	%	Mookgophong, Ext 5 & 6	10 147 533.35 (MIG)	10 147 533.35 (MIG)	9 962 039.74 (MIG)	73%	100% Construction of Internal Streets and Stormwater Control for Mookgophong Ext 5 & 6 by 30 June 2025	100%	Achieved 100% Construction of Internal Streets and Stormwater Control for Mookgophong Ext 5 & 6	None	None	Progress report and Completion certificate	TS
35	To construct internal Streets and Stormwater Control for Phagame	Percentage Construction of Internal Streets and Stormwater Control for Phagame	%	Phagame Ext 8 Phomolong	14 317 402.64 (MIG)	2 087 523.25 (MIG)	7 351 074.60 (MIG)	New	75% Construction of Internal Streets and Stormwater Control for Phagame Ext 8	22,01%	Not achieved 22,01% Construction of internal Streets and Stormwater	Slow progress in the execution of the works by the contractor due to the inability to access the	Contract or issued with the permit to extract the material.	Progress reports	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	eng Ext 8 Phomolong	ng Ext 8 Phomolong							Phomolong by 30 June 2025		ater Control for Phagam eng Ext 8 Phomolong	borrow pit to extract the material			
36	To construct Internal Streets and Storm water Control for Phagam eng Ext 9 Phomolong	Percentage Construction of Internal Streets and Storm water Control for Phagame ng Ext 9 Phomolong	%	Phagam eng Ext 9 Phomolong	9 779 221.35 (MIG)	24 823 927.07 (MIG)	36 380 606.56 (MIG)	New	100% Construction of Internal Streets and Storm water Control for Phagame ng Ext 9 Phomolong by 30 June 2025	82%	Not achieved 82% Construction of internal Streets and Stormwater Control for Phagam eng Ext 9 Phomolong	Delays due to adverse weather conditions and the inability to access the borrow pit to extract material.	Contract or submitted and is currently implementing acceleration plan. The borrow pit has been licensed and the Contract or issued with the permit to	Progress reports and Completion certificate	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
													extract material.		
37	To do designs for construction of internal Streets and Storm water Control for <u>Mookgophong Ext 3 & 8</u>	Percentage designs for construction of internal Streets and Storm water Control for <u>Mookgophong Ext 3 & 8</u>	%	<u>Mookgophong Ext 3 & 8</u>	0,00	3 712 679.03 (MIG)	3 664 771.72 (MIG)	New	100% designs for construction of internal Streets and Storm water Control for <u>Mookgophong Ext 3 & 8</u> by 30 June 2025	100%	Achieved 100% designs for construction of internal Streets and Storm water Control for <u>Mookgophong Ext 3 & 8</u>	None	None	Detailed designs	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
38	To energise 1 High Mast light in <u>Mabaleng</u> (Informal Settlement)	Number of High Mast light energised in <u>Mabaleng</u> (Informal Settlement)	#	<u>Mabaleng</u> (Informal Settlement)	212 641.50 (MIG)	212 641.50 (MIG)	212 641.50 (MIG)	0	1 High Mast Light energised in <u>Mabaleng</u> (Informal Settlement) by 30 June 2025	0	Not achieved 0 Mast Lights energised in <u>Mabaleng</u> (Informal Settlement)	Delay by Eskom to Energise the High Mast Light due to shortage of material from their side	Follow-up with Eskom to energise the High Mast Light	Progress report	TS
39	To augment Water Supply in <u>Roedtan/Thusang</u>	Percentage augmentation of water supply in <u>Roedtan/Thusang</u>	%	<u>Roedtan/Thusang</u>	13 574 305,08 (WSIG)	8 049 630,26 (WSIG)	8 049 630,26 (WSIG)	New	100% augmentation of water supply in <u>Roedtan/Thusang</u> by 30 June 2025	0%	Not achieved 0% augmentation of water supply in <u>Roedtan/Thusang</u>	Business plan was not approved by Department of Water and Sanitation (DWS)	The municipality engaged department of Water and Sanitation (DWS) on the progress of the submitte	Progress report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
													d business plan		
40	To upgrade pipes in Main Sewer Outfall Phagame ng-Jay Naidoo (Phase 2)	Percentage of pipes in the Main Sewer Outfall Phagame ng-Jay Naidoo (Phase 2) upgraded	%	Ward 7	0,00	363 925.73 (WSIG)	363 925.73 (WSIG)	0 KM	100% pipes in the Main Sewer Outfall Phagame ng-Jay Naidoo (Phase 2) upgraded by 30 June 2025	100%	Achieved 100% pipes in the Main Sewer Outfall Phagame ng-Jay Naidoo (Phase 2) upgraded	None	None	Completion Certificate	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
41	To Upgrade industrial sewer outfall in Modimolle (Phase 1)	Percentage upgrade of industrial sewer outfall in Modimolle (Phase 1)	%	Ward 7	0,00	332 106.22 (WSIG)	332 106.22 (WSIG)	85%	100% upgrade of industrial sewer outfall in Modimolle (Phase 1) by 30 June 2025	0%	Not Achieved 0% upgrade of industrial sewer outfall in Modimolle (Phase 1)	The previous contractor was terminated due to poor performance and the project was stalled due to insufficient budget allocated, and a new contractor must be appointed to complete outstanding works	Appointment of the service provider to be done in the first quarter 2025/26	Progress report	TS
42	To Replace /Install water	Percentage of water meters replaced/l	%	Modimolle, Mookgophong	0.00	10 000 000.00 (WSIG)	10 000 000.00 (WSIG)	0%	50% water meters replaced/	99%	Achieved 99%	None	None	Progress report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	meters in <u>Modimolle</u> , <u>Mookgophong</u> and <u>Vaalwater</u>	Installed in <u>Modimolle</u> , <u>Mookgophong</u> and <u>Vaalwater</u>		<u>and Vaalwater</u>					installed in <u>Modimolle</u> , <u>Mookgophong</u> and <u>Vaalwater</u> by 30 June 2025		water meters replaced /installed in <u>Modimolle</u> , <u>Mookgophong</u> and <u>Vaalwater</u>				
43	To Install stand-by Generators	Percentage of stand-by Generators installed	%	Ward 12	0.00	5 018 565.45 (WSIG)	5 018 565.45 (WSIG)	82%	100% stand-by Generators installed by 30 June 2025	99%	Not Achieved 99% stand-by Generators installed	Project could not be completed on time due to some deficiencies identified. 11 generators are installed and awaiting	Management engaged the contractor to finalize the deficiencies identified	Progress report, Completion Certificate	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												correction of the defects identified			
44	To Upgrade Ext 5 & 6 Main Sewer Pipeline - <u>Mookgophong</u>	Percentage upgrade of Ext 5 & 6 Main Sewer Pipeline- <u>Mookgophong</u>	%	Ward 4	0.00	4 375 781.28 (WSIG)	4 375 781.28 (WSIG)	Practical completion stage	100% upgrade of Ext 5 & 6 Main Sewer Pipeline- <u>Mookgophong</u> by 30 June 2025	0%	Not Achieved 0% upgrade Ext 5 & 6 Main Sewer Pipeline - <u>Mookgophong</u>	This project was reported in the 2023/24 financial year as 100% achieved and at a practical completion stage. Snag list was completed on 20 March 2025 and the project is at a final	Retention money was paid and the completion certificate is in place in the current year	Completion Certificate	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												completion stage			
45	To refurbish the <u>Donkerpoort</u> Water Treatment Works	Percentage refurbishment of the <u>Donkerpoort</u> Water Treatment Works	%	Ward 12	0.00	18 297 620.62 (WSIG)	18 297 620.62 (WSIG)	Service Provider appointed	100% refurbishment of the <u>Donkerpoort</u> Water Treatment Works by 30 June 2025	19%	Not achieved 19% refurbishment of the <u>Donkerpoort</u> Water Treatment Works	Slow progress in execution of works due to contractor experiencing cash flow problems	Contractor entered into a cession with another service provider to assist in completing the works	Progress report	TS
46	To augment Water Supply in <u>Modimolle</u>	Percentage augmentation of Water Supply in <u>Modimolle</u>	%	Ward 11	0.00	21 141 009.68 (WSIG)	21 141 009.68 (WSIG)	55%	100% augmentation of Water Supply in <u>Modimolle</u> by 30 June 2025	98%	Not achieved 98% augmentation of Water Supply in <u>Modimolle</u>	Project could not be completed on time due to service provider experiencing inclement weather	Contractor to submit and implement catch-up plan. The project to be completed in the	Progress report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
													first quarter of 2025/2026		
47	To augment Water Supply in <u>Mookgophong</u>	Percentage augmentation of Water Supply in <u>Mookgophong</u>	%	Ward 4	0.00	29 849 279.77 (WSIG)	29 849 279.77 (WSIG)	63%	100% augmentation of Water Supply in <u>Mookgophong</u> by 30 June 2025	99%	Not achieved 99% augmentation of Water Supply in <u>Mookgophong</u>	Project could not be completed on time due to service provider experiencing inclement weather	Contractor to submit and implement catch-up plan. The project to be completed in the first quarter of 2025/2026	Progress report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
48	To Re-gravel (0.8km) road in <u>Vaalwater Ext 6</u> main road	Kilometres of road re-gravelled in <u>Vaalwater ext 6</u> main road	Km	Ward 3	0,00	1 704 054.00 (MDRG)	1 704 054.00 (MDRG)	New	0,8 Kilometres roads re-gravelled in <u>Vaalwater ext 6</u> main road by 30 June 2025	0.8 Kilometres	Achieved 0.8 Kilometres re-gravelled in <u>Vaalwater main road ext 6</u> main road	None	None	Completion certificate Close out report	TS
49	To re-gravel (1.2km) roads in Alma New Settlement	Kilometres of road re-gravelled in Alma New Settlement	Km	Ward 2	0,00	2 600 000.00 (MDRG)	2 600 000.00 (MDRG)	New	1.2 Kilometres road re-gravelled in Alma New Settlement by 30 June 2025	1.2 Kilometres	Achieved 1.2 Kilometres re-gravelled in Alma New Settlement	None	None	Completion certificate, Close out report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
50	To rehabilitate 0.3Km of road in <u>Roedtan</u> with Asphalt	Kilometres of road rehabilitated with asphalt in <u>Roedtan</u>	Km	Ward 14	0,00	2 300 000.00 (MDRG)	2 300 000.00 (MDRG)	New	0,3 Kilometres road rehabilitated with asphalt in <u>Roedtan</u> by 30 June 2025	0.3 Kilometres	Achieved 0.3 Kilometres road rehabilitated with asphalt in <u>Roedtan</u>	None	None	Completion certificate, Close out report	TS
51	To appoint Service Provider for upgrade of Roads and Storm Water in <u>Phagame ng Ext 7</u>	Percentage appointment of Service Provider for upgrade of Roads and Storm Water in <u>Phagame ng Ext 7</u>	%	Ward 11	0,00	10 800 000.00 (MDRG)	10 800 000.00 (MDRG)	New	100% appointment of Service Provider for upgrade of Roads and Storm Water in <u>Phagame ng Ext 7</u> by 30 June 2025	0%	Not Achieved 0% appointment of Service Provider for upgrade of Roads and Storm Water	Delays in the procurement of the service provider due to late appointment of BID committee members	Appointment of the service provider to be done in the first quarter 2025/26	Appointment letter	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											in Phagame ng Ext 2				
52	To appoint service provider for Upgrade of access Roads and storm water in Phagame ng Ext 13	Percentage appointment of service provider for Upgrade of access Roads and storm water in Phagame ng Ext 13	%	Ward 6	0,00	8 500 000.00 (MDRG)	8 500 000.00 (MDRG)	New	100% Appointment of service provider for Upgrade of access Roads and storm water in Phagame ng Ext 13 by 30 June 2025	0%	Not Achieved 0% appointment of service provider for Upgrade of Access Roads and storm water in Phagame ng Ext 13	Delays in the procurement of the service provider due to late appointment of BID committee members	Appointment of the service provider to be done in the first quarter 2025/26	Appointment letter	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
53	To appoint service provider for upgrade of Internal Roads and Storm Water in <u>Phagam eng Ext 13</u>	Percentage appointment of service provider for upgrade of Internal Roads and Storm Water in <u>Phagame ng Ext 13</u>	%	Ward 6	0,00	9 620 000.00 (MDRG)	9 620 000.00 (MDRG)	New	100% appointment of service provider for upgrade of Internal Roads and Storm Water in <u>Phagame ng Ext 13</u> by 30 June 2025	0%	Not Achieved 0% appointment of service provider for upgrade of Internal Roads and Storm Water in <u>Phagam eng Ext 13</u>	Delays in the procurement of the service provider due to late appointment of BID committee members	Appointment of the service provider to be done in the first quarter 2025/26	Appointment letter	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
54	To replace Phagame eng Sub-Station BTU	Number of Phagame eng Sub-Station BTU replaced	#	Ward 6, 7, 8, 11, 13	0,00	420 000.00 (MDRG)	420 000.00 (MDRG)	New	1 Phagame eng Sub-Station BTU replaced by 30 June 2025	1	Achieved 1 Phagame eng Sub-Station BTU replaced	None	None	Delivery notes	TS
WATER AND SANITATION															
55	To develop and approve Water Services Development plan	Number of Water Services Development Plan developed and approved	#	All wards	Operational	Operational	Operational	New	1 Water Services Development Plan developed and approved by 30 June 2025	0	Not Achieved 0 Water Services Development Plan developed and approved	The service provider could not conclude the Water Services Development Plan due to delays in accessing information in GIS format.	Inception report is in place and the Service Provider is finalizing the plan and anticipate to finish by December 2025	Approved Water Services Development Plan	TS
56	To comply	Percentage	%	All Wards	Operational	Operational	Operational	New	100% Compliance	0%	Not Achieved	The 2023/24	The municipal	Blue drop	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	with blue drop and green drop status	compliance of blue drop and green drop status							ce of blue drop and green drop status by 30 June 2025		0% Compliance of blue drop and green drop status	blue drop and green drop audits are performed by the Department of Water and Sanitation and are released prospectively in the 2024/2025 financial year. (December 2025). Draft feedback audit reports was received and awaiting	lity is waiting for the final audit report from Department of Water and Sanitation by December 2025	and green compliance report	

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												final audit reports			
57	To reduce water losses	Percentage reduction of water losses	%	All Wards	Operational	Operational	Operational	New	22% reduction of water losses by 30 June 2025	37,50%	Not Achieved 37,50% reduction of water losses	High water losses due to non-technical losses incurred. Non-revenue water and water losses are high as a results of unbilled authorised consumption (non-technical). The intermittent water due to rotations (demand exceeding supply)	Implementation of Water Conservation and Water Demand Management Strategy	Water loss Report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												increases potential pipe burst, lowering water use efficiently (technically) Electricity			
Electricity															
58	To review Energy Master Plan	Number of Energy Master Plan reviewed	#	All Wards	Operational	Operational	Operational	New	1 Energy Master Plan reviewed by 30 June 2025	0	Not Achieved 0 Energy Master Plan reviewed	Due to an unforeseen circumstances (severe weather conditions)the Operation and maintenance budget for the review of energy master	The Energy Master Plan will be reviewed in 2026/ 2027	Council Resolution Reviewed Energy Master plan	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												plan was alternatively used to fix the infrastructure that was damaged by heavy rains, hence the energy master plan could not be reviewed as planned			
59	To utilise Integrated National Energy Plan Grant	Percentage Utilisation of Integrated National Energy Plan Grant	%	All Wards	10 231 000.00	10 231 000.00	10 231 000.00	0%	100% Utilisation of Integrated National Energy Plan Grant by 30 June 2025	44%	Not Achieved 44% Utilisation of integrated National Energy Plan	Delays in the appointment of the service providers due to late response from ESKOM for the budget	Management received the budget quote from ESKOM to commence with	Integrated National Energy Plan Report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											Grant for the three planned projects	quote. The municipality requested the budget quote to pay ESKOM for the construction of the line to supply from the old substation to the new substation	the construction of the line		
60	To restore planned outages within industry standard timeframes	Percentage of planned outages that are restored within industry standard	%	All Wards	Operational	Operational	Operational	New	100% planned outages that are restored within industry standard timeframes	100%	Achieved 100% planned outages that are restored within industry standard	None	None	Electricity shutdown Notice Report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
		timeframes							es by 30 June 2025		d timeframes				
61	To electrify 15 households in <u>Rondalia Dwellers/Malati Park</u> village	Percentage electrification of 15 households in <u>Rondalia Dwellers/Malati Park</u> village	%	<u>Rondalia Dwellers/Malati Park</u> village	600 000.00 (INEP)	600 000.00 (INEP)	600 000.00 (INEP)	New	100% electrification of 15 households in <u>Rondalia Dwellers/Malati Park</u> village by 30 June 2025	0%	Not Achieved 0% electrification of 15 households in <u>Rondalia Dwellers/Malati Park</u> village	Project terminated due to the owner of the land halting the construction because of the eviction notice that was served to residents	Management applied for a rollover of unspent conditional grant (INEP)	Progress report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
62	To do Pre engineering designs for 200 Households in <u>Thusang</u>	Percentage Pre engineering designs for 200 Households in <u>Thusang</u>	%	<u>Thusang</u>	294 000.00 (INEP)	294 000.00 (INEP)	294 000.00 (INEP)	New	100% Pre engineering designs for 200 Households in <u>Thusang</u> by 30 June 2025	100%	Achieved 100% Pre engineering designs for 200 Households in <u>Thusang</u>	None	None	Pre engineering designs report / detailed design report	TS
63	To construct <u>Modimolle</u> 132kv 6km HV line p2	Percentage construction of <u>Modimolle</u> 132kv 6km HV line p2	%	Ward 11& 13	9 337 000.00 (INEP)	9 337 000.00 (INEP)	9 337 000.00 (INEP)	New	100% construction of <u>Modimolle</u> 132kv 6km HV line p2 by 30 June 2025	0%	Not Achieved 0% construction of <u>Modimolle</u> 132kv 6km HV line p2	Delays in the appointment of the service providers due to late response from ESKOM for the budget quote. The municipality requested the budget	Management received the budget quote from ESKOM to commence with the construction of the line	Progress report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												quote to pay ESKOM for the construction of the line to supply from the old substation to the new substation			
ROADS															
64	To develop and approve Roads and Storm Water Master plan	Number of Roads and Storm Water Master Plan developed and approved	#	All Wards	Operational	Operational	Operational	New	1 Roads and Storm Water Master Plan developed and approved by 30 June 2025	0	Not Achieved 0 Roads and Storm water Master Plan developed and approved	The service provider could not conclude the Roads and Storm water Master Plan on time due to delays in consultati	The Roads and Storm water Master Plan to be approved by council in the second	Council resolution Road and Storm water Master Plan	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
												ons and investigations however draft Roads and Storm water Master Plan is in place	quarter 2025/26		
65	To grade unsurfaced road	Kilometres of unsurfaced road graded	Km	All Wards	Operational	Operational	Operational	New	20 Kilometres of unsurfaced road graded by 30 June 2025	16,94 Kilometres	Not Achieved 16,94 Kilometres of unsurfaced road graded	Breakdown of grader and front end loader to complete the works	grader and front end loader repaired and works will commence in the first quarter 2025/26	Progress Report	TS
66	To resurface and reseal	Kilometres of municipal road	Km	All Wards	Operational	Operational	Operational	New	20 Kilometres of municipal	0	Not Achieved	Breakdown of grader and	The works will start in the	Progress Report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	municipal road	resurfaced and resealed							road resurfaced and resealed by 30 June 2025		0 kilometres of resurfaced and resealed municipal road	front end loader to complete the works	2026/2027 financial year		
67	To create Expanded Public Works Programme work opportunities (EPWP)	Number of Expanded Public Works Programme work opportunities (EPWP) created (GKPI)	#	All Wards	Operational	Operational	Operational	556	355 Expanded Public Works Programme work opportunities (EPWP) created by 30 June 2025	386	Achieved 386 Expanded Public Works Programme work opportunities (EPWP) created	None	None	Progress Report	TS
68	To repair Square Meters of	Square Meters of potholes repaired	M ²	All Wards	Operational	Operational	Operational	17218 M ²	5 000M ² of potholes repaired	3 846.82 M ²	Not achieved 3 846.82	Inclement weather in the form of heavy rains	To combine the operations and	Progress Report	TS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	potholes								by 30 June 2025		1st of potholes repaired	hindered repairing of potholes as planned	maintenance teams to catch-up with the current backlog		
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION															
STRATEGIC OBJECTIVE: IMPROVED CAPACITY OF THE MUNICIPAL LEADERSHIP AND MANAGEMENT															
OUTCOME STATEMENT: IMPROVING THE QUALITY OF LIFE BY PROVIDING BASIC SERVICES IN A SUSTAINABLE MANNER															
EXECUTIVE AND COUNCIL SUPPORT															
69	To hold Ordinary Council meetings as per legislation	Number of Ordinary Council meetings held as per legislation	#	All wards	Operational	Operational	Operational	11	4 Ordinary Council meetings held as per legislation by 30 June 2025	12	Achieved 4 ordinary and 8 Special council meetings held	None	None	Attendance register Minutes	CS
70	To implement council resolutions	Percentage of Council Resolutions	%	All wards	Operational	Operational	Operational	100%	100% Council Resolutions monitored	70,8%	Not Achieved 70,8% Council Resolutions	Slow implementation of Council Resolutions due to	Follow-ups with Departments on outstanding	Council resolution register	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
		implemented							implemented by 30 June 2025		ons monitored timeously	budget constraints	resolutions		
71	To Procure furniture and equipment	Percentage of furniture and equipment procured	%	All wards	1 000 000 (Own funding)	1 000 000 (Own funding)	1 000 000 (Own funding)	New	100% furniture and equipment procured by 30 June 2025	100%	Achieved 100% furniture and equipment procured	None	None	Delivery notes	CS
72	To complete Building renovations	Percentage of building renovations completed	%	All wards	4 000 000.00 (Own funding)	4 000 000.00 (Own funding)	4 000 000.00 (Own funding)	New	100% building renovations completed by 30 June 2025	0%	Not Achieved 0% building renovations completed	Building renovations could not be done due to budget constraints	The project is put on hold until budget is allocated	Progress Report	CS
73	To ensure ward committees are	Percentage of ward committees that	%	All wards	Operational	Operational	Operational	80%	100% of ward committees that are	31,5%	Not achieved 31,5% ward	Not all ward councillors hold regular	To encourage ward councillors to hold	Attendance register	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
75	To submit Oversight report to council	Number of Oversight on 2023/2024 annual report submitted to council	#	All wards	Operational	Operational	Operational	4	1 Oversight on 2023/2024 annual report submitted to council by 31 March 2025	1	Achieved 1 Oversight on 2023/2024 annual report submitted to council	None	None	Oversight report Council resolution	CS
76	To ensure Municipal Public Accounts Committee meetings are held	Number of Municipal Public Accounts Committee meetings held	#	All wards	Operational	Operational	Operational	4	4 Municipal Public Accounts Committee meetings held by 30 June 2025	15	Achieved 15 Municipal Public Accounts Committee meetings held	None	None	Attendance register Minutes	CS
HUMAN RESOURCE MANAGEMENT/DEVELOPMENT															
77	To ensure	Percentage of	%	All wards	Operational	Operational	Operational	0%	100% budgeted	0%	Not Achieved	Minimal adherence	vigorous implementation	Advert and	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	budgeted vacant posts are filled within 3 months of advertisement	budgeted vacant posts filled within 3 months of advertisement							vacant posts filled within 3 months of advertisement by 30 June 2025		0% budgeted vacant posts filled within 3 months of advertisement	to the implementation of the Recruitment strategy	ation of recruitment strategy & Development of the recruitment plan	Appointment letter	
78	To ensure administrative staff declare their financial interest	Percentage of administrative staff who have declared their financial interests	%	All wards	Operational	Operational	Operational	New	100% administrative staff who have declared their financial interests by 30 June 2025	12,7%	Not Achieved 12,7% administrative staff who have declared their financial interests	Communication to all staff to declare financial interest for 2024/25 financial year was not adequately issued	To ensure that all administrative staff declare their financial interest	Declaration of interest form and Report	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
79	To spend training budget on implementation of workplace skills plan	Percentage of training budget spent on implementation of workplace skills plan (WSP) (GKPI)	%	All wards	Operational	Operational	Operational	New	100% training budget spent on implementation of workplace skills plan by 30 June 2025	142%	Achieved 142% training budget spent on implementation of workplace skills plan	None	None	Expenditure report, Work Skills Plan	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
80	To establish Employment Equity Committee	Number of Employment Equity Committee established	%	All wards	Operational	Operational	Operational	0	1 Employment Equity Committee established by 30 June 2025	0	Not Achieved 0% Employment Equity Committee established	Employment Equity Committee is not functional, however, Employment Equity matters are handled under the Human Resource Development Sub-Committee	The municipality to resuscitate the dysfunctional Employment Equity Committee	Appointment letters of Committee members Terms of Reference (TOR)	CS
81	To gazette the approved municipal by-laws	Percentage of approved municipal by-laws gazetted.	%	All wards	Operational	Operational	Operational	New	100% approved municipal by-laws gazetted by 30 June 2025	0%	Not Achieved 0% approved municipal by-	Budget constraints	By-laws to be gazetted once budget is available	Gazetted by-laws	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											laws gazette				
82	To ensure functionality of the Local Labour Forum	Number of labour forum meetings held	%	All wards	Operational	Operational	Operational	New	4 labour forum meetings held by 30 June 2025	3	Not Achieved 3 labour forum meetings	The union did not honour the invitation, and the meeting was postponed in the first quarter	The meeting was subsequently scheduled for the second quarter	Minutes and Attendance register	CS
83	To ensure legal disputes are resolved through mediation	Number of labour case report submitted to council	#	All wards	Operational	Operational	Operational	New	4 labour case report submitted to council by 30 June 2025	4	Achieved 4 labour case reports submitted to council	None	None	Progress Report and Council Resolution	CS
INFORMATION TECHNOLOGY															
84	To ensure ICT	Number of ICT steering	#	All wards	Operational	Operational	Operational	1	4 ICT steering committee	2	Not Achieved	The delay in holding the ICT	Regular meetings schedule	Minutes	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	steering committee meetings are held	committee meetings held.							e meetings held by 30 June 2025		2 ICT steering committee meetings held	steering committee in the second quarter is due to the finalisation of implementation of previous meeting's resolutions and unavailability of the chairperson in the fourth quarter	d for 2025/26 financial year	Attendance register	
85	To develop and approve ICT policies	Number of ICT policies developed and approved	#	All wards	Operational	Operational	Operational	New	6 ICT policies developed and approved by 30 June 2025	6	Achieved 6 ICT policies developed and	None	None	ICT Policies	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											approved				
86	To <u>Procure computers</u> (Laptops and desktops)	Percentage of computers (Laptops and desktops) procured	%	All wards	2 000 000.00 (Own funding)	2 000 000.00 (Own funding)	2 000 000.00 (Own funding)	7 desktops and 23 laptops	100% computers (Laptops and desktops) procured by 30 June 2025	0%	Not Achieved 0% computers (Laptops and desktops) procured	Delay of the appointment of the service provider due to Supply Chain Management (SCM) processes	Awaiting Supply Chain Management (SCM) to finalise appointment	Delivery notes	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
PERFORMANCE MANAGEMENT SYSTEM															
87	To develop SDBIP submitted to the Mayor for signature within 28 days after approval of the budget	Number of SDBIP developed and submitted to the Mayor for signature within 28 days after approval of the budget	#	All wards	Operational	Operational	Operational	1	1 SDBIP developed and submitted to the Mayor for signature within 28 days after approval of the budget	1	Achieved 1 SDBIP developed and submitted to the Mayor for signature within 28 days after approval of the budget	None	None	Signed SDBIP by the Mayor	CS
88	To sign Performance Agreements for senior managers	Number of Performance Agreements for senior managers signed	#	All wards	Operational	Operational	Operational	6	6 Performance Agreements for senior managers signed by 30 June 2025	6	Achieved 6 Performance Agreements for senior managers	None	None	Signed Performance Agreements	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
											rs signed				
89	To submit Annual Report submitted to council for consideration	Number of Annual Report submitted to council for consideration	#	All wards	Operational	Operational	Operational	1	1 Annual Report submitted to council for consideration by 30 June 2025	1	Achieved 1 Annual Report submitted to council for consideration	None	None	Council Resolution	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
90	To submit approved reports to the Department of Cooperative Governance and Traditional Affairs.	Percentage of approved reports submitted to the Department of Cooperative Governance and Traditional Affairs.	%	All wards	Operational	Operational	Operational	New	100% of approved reports submitted to the Department of Cooperative Governance and Traditional Affairs by 30 June 2025	100%	Achieved 100% of approved reports submitted to the Department of Cooperative Governance and Traditional Affairs	None	None	Acknowledgment of receipt	CS

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
STRATEGIC OBJECTIVES: ACCOUNTABLE AND TRANSPARENT MUNICIPALITY															
OUTCOME STATEMENT: IMPROVING THE REPUTATION OF THE MUNICIPALITY THROUGH THE PROMOTION OF ACCOUNTABILITY, TRANSPARENCY AND PROFESSIONALISM															
INTERNAL AUDIT															
91	To review and approve internal audit plan by Audit Committee	Number of internal audit plan reviewed and approved by Audit Committee	#	All wards	Operational	Operational	Operational	1	1 internal audit plan reviewed and approved by Audit Committee by 30 June 2025	0	Not Achieved 0 internal audit plan reviewed and approved by Audit Committee	Reviewed Internal Audit Plan was not approved by APAC by 30 June 2025, due to APAC meeting not taken place	Reviewed Internal audit plan will be presented to Audit Committee in July 2025 for approval	Minutes of APAC	OMM

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
92	To review and approve Audit committee Methodology/Charter	Number of Audit Committee Methodology/Charter reviewed and approved.	#	All wards	Operational	Operational	Operational	1	1 Audit Methodology & Audit Committee /Charter reviewed and approved by 30 June 2025	0	Not Achieved 0 Audit Methodology & Audit Committee /Charter reviewed and approved	Reviewed Audit Committee Methodology/Charter was not approved by APAC by 30 June 2025, due to APAC meeting not taken place	Reviewed Audit Committee Methodology/Charter will be presented to Audit Committee in July 2025 for approval	Council Resolution	OMM
93	To ensure Audit Committee meetings are held	Number of Audit Committee meetings held.	#	All wards	Operational	Operational	Operational	4	4 Audit Committee meetings held by 30 June 2025	7	Achieved 7 Audit Committee meetings held	None	None	Attendance register Minutes	OMM

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
94	To submit Audit Committee reports to council	Number of Audit Committee reports submitted to Council.	#	All wards	Operational	Operational	Operational	4	4 Audit Committee reports submitted to Council by 30 June 2025	4	Achieved 4 Audit Committee reports submitted to Council	None	None	Council resolution and AC reports	OMM
RISK MANAGEMENT															
95	To review strategic risks registers	Number of strategic risks registers reviewed.	%	All wards	Operational	Operational	Operational	100	1 strategic risks register reviewed by 30 June 2025	1	Achieved 1 strategic risks register reviewed	None	None	Strategic risks register Council resolution	OMM
96	To ensure Risk Management Committee meeting held.	Number of Risk Management Committee meeting held.	#	All wards	Operational	Operational	Operational	New	4 Risk Management Committee meeting held by	3	Not Achieved 3 Risk Management Committee	The fourth quarter meeting could not take place due to the unavailability	The meeting to be scheduled in the 2025/26	Attendance registers Minutes	OMM

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	meetings are held								30 June 2025		tee meeting	ity of the chairperson	first quarter		
97	To review Risk management policies	Number of Risk Management Policies reviewed	#	All wards	Operational	Operational	Operational	4	4 Risk Management policies reviewed by 30 June 2025	5	Achieved 4 Risk Management policies and 1 charter reviewed	None	None	Council resolution, Risk Management Policies	OMM

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
SPATIAL RATIONALE															
STRATEGIC OBJECTIVE: IMPROVED SOCIO-ECONOMIC DEVELOPMENT															
OUTCOME STATEMENT: TO ENSURE THE PROMOTION OF SOCIAL AND ECONOMIC DEVELOPMENT THROUGH ENVIRONMENTAL MANAGEMENT, SPATIAL INTEGRATION AND ECONOMIC TRANSFORMATION															
TOWN PLANNING															
98	To approve building plans within 30 days	Percentage of building plans approved within 30-60 days	%	All wards	Operational	Operational	Operational	50%	100% building plans approved within 30-60 days by 30 June 2025	10,8%	Not achieved 10,8% building plans approved within 30-60 days	Slow turnaround time for comments by internal departments	To prioritize and fast-track the circulation process for other departments comments	Building Plan register and report	SP&ED
99	To consider land use applications	Number of land use applications considered by authorised official	#	All wards	Operational	Operational	Operational	48	50 applications considered by authorised official by 30 June 2025	72	Achieved 72 applications considered by authorised official	None	None	Land use application on register and Authorised Officials	SP&ED

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
														Reports	
100	To attend municipal planning tribunal meetings	Number of municipal planning tribunal meetings attended	#	All wards	Operational	Operational	Operational	4	4 municipal planning tribunal meetings attended by 30 June 2025	1	Not Achieved 1 municipal planning tribunal meetings attended	The tribunal was dysfunctional during the year, and it was re-established in the fourth quarter	1 meeting was held since the establishment of the tribunal	agenda and attendance register	SP&ED
PROPERTIES															

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
101	To submit land applications received to council for approval	Percentage of land application received and submitted to Council for approval	%	All wards	Operational	Operational	Operational	100%	100% of land application received and submitted to Council for approval by 30 June 2025	65%	Not Achieved 65% of land application received and submitted to Council for approval	35% of the applications were not considered by council due to further consultation processes of the land applications	Consultation processes initiated and they will be considered in the next council seating	Report and Council resolution	SP&ED
102	To ensure lease agreements are concluded for farms to promote emerging	Number of Lease Agreements concluded for farms to promote emerging farmers	#	All wards	Operational	Operational	Operational	New	10 lease Agreements concluded for farms to promote emerging farmers by 30 June 2025	0	Not Achieved 0 lease Agreements concluded for farms to promote	Lease Agreements were prepared however they could not be signed on time due to the suspension of the	Lease Agreements to be signed by the acting Accounting officer in the first quarter	Copies of lease agreements	SP&ED

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	g farmers										emerging farmers	accounting officer	of 2025/2026		
INTERGRATED DEVELOPMENT PLANNING															
103	To approve IDP/PMS/Budget Process Plan by Council	Number of IDP/PMS/Budget Process Plan approved by Council	#	All wards	Operational	Operational	Operational	1	1 IDP/PMS/Budget Process Plan approved by Council by 30 June 2025	1	Achieved 1 IDP/PMS/Budget Process Plan approved	None	None	Process Plan Council Resolution	SP&ED
104	To hold IDP/Budget Rep Forum Meetings	Number of IDP/Budget Rep Forum Meetings held	#	All wards	Operational	Operational	Operational	2	4 IDP/Budget Rep Forum Meetings held by 30 June 2025	4	Achieved 4 IDP/Budget Rep Forum Meetings held	None	None	Minutes Attendance Register	SP&ED

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
105	To hold IDP Budget Steering Committee meetings	Number of IDP/ Budget Steering Committee meetings held	#	All wards	Operational	Operational	Operational	2	4 IDP/ Budget Steering Committee meetings held by 30 June 2025	4	Achieved 4 IDP/ Budget Steering Committee meetings held	None	None	Minutes Attendance Register	SP&ED
106	To conduct strategic planning session	Number of strategic planning session conducted	#	All wards	Operational	Operational	Operational	1	1 strategic planning session conducted by 30 June 2025	1	Achieved 1 strategic planning session conducted	None	None	Strategic Planning Resolutions attendance registers	SP&ED
107	To attend IDP meetings by sector departments	Percentage of IDP meetings attendance by sector departments and	%	All wards	Operational	Operational	Operational	New	100% of IDP meetings attendance by sector departments and	100%	Achieved 100% of IDP meetings attendance by	None	None	Invitations Attendance Register	SP&ED

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
	and government parastatals	government parastatals							government parastatals by 30 June 2025		sector departments and government parastatal			Minutes	
LOCAL ECONOMIC DEVELOPMENT															
108	Council to approve township economy By-law	Number of township economy By-law approved by council	#	All Wards	Operational	Operational	Operational	New	1 township economy By-law approved by council by 30 June 2025	0	Not Achieved 0 township economy By-law approved by council	The public participation process was concluded after the ordinary council meeting	The township economy By-law will be approved in the first quarter 2025/26	Council Resolution	SP&ED
109	To develop Tourism strategy	Number of Tourism strategy developed	#	All wards	Operational	Operational	Operational	New	1 Tourism Strategy developed and approved by council by end of	0	Not Achieved 0 Tourism Strategy develop	Delay in appointment of service provider due to not attracting	Re-advertisement of the bid	Tourism strategy and council resolution	SP&ED

KPI No.	Projects /Programme Description	Key Performance Indicators	Unit of Measurement	Location and Ward	Original Budget	Adjusted Budget	Special adjustment budget	Baseline 2023/2024	Annual Target 2024/2025	Actual performance as at 30 June 2025	Performance comments	Performance Challenges	Corrective measures	POE	DPT
									30 June 2025		ed and approved by council	a suitable bidder			

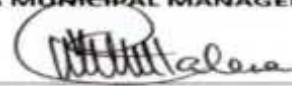
9. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, L.C Malema, Acting Municipal Manager of Modimolle-Mookgophong Local Municipality, hereby certify that:

The adjusted Annual Performance Report for 2024/2025 has been prepared in accordance with section 46 of Municipal Systems Act 32 of 2000 and Regulations made under the Act. I hereby further certify that the report is a true reflection of the Municipality's performance against the Revised Service Delivery and Budget Implementation Plan targets for the 2024/25 financial year as approved by Council.

NAME: LEKUBU CHARLES MALEMA
ACTING MUNICIPAL MANAGER

SIGNATURE:



DATE:

19 November 2025

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

Workplace Skills Plan is developed annually to identify skills needs and to close skills gaps.

Annual Training Report was submitted to LGSETA on the 30th of April 2024. Monthly implementation report of Workplace Skills Plan and challenges of non-achievement are also submitted to LGSETA. Skills Development seeks to improve productivity, curb absenteeism. It also seeks to equip employees with knowledge, skills and personal growth which will result in improved services and maximum performance output which will add value back to the organization.

Organizational Development is a systematic approach to organizational improvement that applies behavioural science theory and research in order to increase individual and organizational well-being and effectiveness. It is a way of linking the human resources and potential of an organization to its technology, structure, and management processes. The emphasis of Organizational Development is on achieving goals.

EMPLOYEES						
DESCRIPTION	2023/2024			2024/2025		
DEPARTMENT	EMPLOYEES NO.	VACANCIES NO.	VACANCIES %	EMPLOYEES	VACANCIES No.	VACANCIES %
OFFICE OF THE MUNICIPAL MANAGER	37	2	5.4%	33	4	12.1%
PLANNING & ECONOMIC DEVELOPMENT SERVICES	22	4	18.1%	18	4	22.2%
TECHNICAL SERVICES	201	16	7.9%	185	16	8.6%
SOCIAL & COMMUNITY SERVICES	192	26	13.5%	175	17	9.7%
CORPORATE SERVICES	57	12	21.0%	55	2	3.6%
BUDGET & TREASURY	74	9	12.1%	72	2	2.7%
Totals	583	69	11.8%	538	45	8.3%

TURN OVER RATE

TURN OVER RATE			
DETAILS	TOTAL APPOINTMENTS AS OF BEGINNING OF FINANCIAL YEAR	TERMINATIONS DURING THE FINANCIAL YEAR	TURN-OVER RATE*
2022/2023	536	26	4,8%
2023/2024	510	21	4,1%
2024/2025	489	45	9.2%

* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year

COMMENT ON VACANCIES AND TURNOVER:

Staff establishment for 2024/25 was **489**, terminated positions were **45** and the turnover rate is sitting at **9.2%**

COMPONENT B: WORKFORCE MANAGEMENT

4.2. Human Resource Policies and Plans

HR POLICIES				
No.	NAME OF POLICIES	COMPLETED %	REVIEWED %	DATE OF APPROVAL OR COMMENT ON FAILURE TO ADOPT
1.	Recruitment and Selection	100%	Reviewed	30/05/2025
2.	Medical Aid	100%	Reviewed	30/05/2025
3.	Leave Policy	100%	Reviewed	30/05/2025
4.	Long Service	100%	Reviewed	30/05/2025
5.	Acting in Others Posts	100%	Reviewed	30/05/2025
6.	Memorial and Funeral Policy	100%	Reviewed	30/05/2025
7.	Staff Retention	100%	Reviewed	30/05/2025
8.	Transfer Policy	100%	Reviewed	30/05/2025
9.	Municipal Dress Policy	100%	Reviewed	30/05/2025
10.	Attendance and Punctuality	100%	Reviewed	30/05/2025

HR POLICIES				
No.	NAME OF POLICIES	COMPLETED %	REVIEWED %	DATE OF APPROVAL OR COMMENT ON FAILURE TO ADOPT
11.	Employment Equity	100%	Reviewed	30/05/2025
12.	Private Work and Declaration of Interest	100%	Reviewed	30/05/2025
13.	Human Resource Strategy	100%	Reviewed	30/05/2025
14.	Succession Plan Policy	100%	Reviewed	30/05/2025
15.	Travelling Allowance Policy for Officials and Councillors	100%	Reviewed	30/05/2025
16.	Skills Development Policy	100%	Reviewed	30/05/2025
17.	Employee Assistance Programme Policy	100%	Reviewed	30/05/2025
18.	Occupational Health and Safety Policy	100%	Reviewed	30/05/2025
19.	Cell Phone Allowance Policy for Officials and Councillors	100%	Reviewed	30/05/2025
20.	Bursary Policy	100%	Reviewed	30/05/2025
21.	Customer Care Policy	100%	Reviewed	30/05/2025
22.	Overtime worked and overtime rates policy	100%	Reviewed	30/05/2025
23.	Subsistence and Travel Policy	100%	Reviewed	30/05/2025
24.	Disciplinary Policy	100%	Reviewed	30/05/2025
25.	Intoxication on duty Policy	100%	Reviewed	30/05/2025
26.	Consultants Policy	100%	Reviewed	30/05/2025
27.	Consultants Reduction Policy plan	100%	Reviewed	30/05/2025
28.	Way Leave Policy	100%	Reviewed	30/05/2025

HR POLICIES				
No.	NAME OF POLICIES	COMPLETED %	REVIEWED %	DATE OF APPROVAL OR COMMENT ON FAILURE TO ADOPT
29.	Staff sport and Recreation	100%	Reviewed	30/05/2025
30.	Temporary worker, casuals, student and volunteer	100%	Reviewed	30/05/2025
31.	Retrenchment	100%	Reviewed	30/05/2025
32.	Smoking in the work place	100%	Reviewed	30/05/2025
33.	Sexual Harassment	100%	Reviewed	30/05/2025
34.	Provisioning and use of protective clothing	100%	Reviewed	30/05/2025
35.	HIV/AIDS	100%	Reviewed	30/05/2025
36.	Incapacity due to ill health/ injury	100%	Reviewed	30/05/2025
37.	Performance Management Development System Policy	100%	Reviewed	30/05/2025
38.	Legal Aid Policy	100%	Reviewed	30/05/2025
39.	Placement Policy	100%	Reviewed	30/05/2025
40.	Records Management Policy	100%	Reviewed	30/05/2025
41.	Registry Procedure Manual	100%	Reviewed	30/05/2025
42.	Travel Policy for Councillors	100%	Reviewed	30/05/2025
43.	POPIA (Protection of Personal Information Act)	100%	Reviewed	30/05/2025
44.	PAIA (Promotion of Access to Information)	100%	Reviewed	30/05/2025
45.	BACK UP POLICY	100%	Reviewed	30/05/2025
46.	ICT Change Management Policy	100%	Reviewed	30/05/2025

HR POLICIES				
No.	NAME OF POLICIES	COMPLETED %	REVIEWED %	DATE OF APPROVAL OR COMMENT ON FAILURE TO ADOPT
47.	User Account Management Policy	100%	Reviewed	30/05/2025
48.	ICT Security Policy	100%	Reviewed	30/05/2025
49.	User Access Management Policy	100%	Reviewed	30/05/2025
50.	Baseline Standard Policy	100%	Reviewed	30/05/2025
51.	OPMS Policy (Organisational Performance Management Policy)	100%	Reviewed	30/05/2025
52.	Municipal Land and Sale Policy	100%	Reviewed	30/05/2025
53.	Fleet Management Policy	100%	Reviewed	30/05/2025

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Municipality reviewed a total of twenty (53) Human resource policies for the 2024/25 financial year.

4.2.1 Number and Cost of Injuries on Duty

July 2024 to June 2025 Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	31	5	0,89%	10	R30 965,04
Temporary total disablement	0	0	0%	0	R0
Permanent disablement	0	0	0%	0	R0
Fatal	0	0	0%	0	R0
Total	31	5	0,89%	10	R30 965,04

4.2.2. NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees
	Days	%	No.	No.	Days
(Levels 13-15)	149	N/A	18	297	03
(Levels 9-12)	82	N/A	20	98	05
(Levels 6-8)	63	N/A	29	95	04
(Levels 3-5)	60	N/A	43	72	05
(Levels 1-2)	28	N/A	16	28	06
MM and S56	0	N/A	0	05	00
Total	382	N/A	126	595	23

COMMENT ON INJURY AND SICK LEAVE:

- Leave Management has been improved.
- Employees who have exhausted their sick leave, the Collective Agreement Rule of converting is adhered to.

SUSPENSIONS

The municipality had a total of 7 suspensions recorded for the 2024/25 financial year.

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

None of the suspension cases in the 2024/2025 were financial misconduct cases.

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

4.3. SKILLS DEVELOPMENT AND TRAINING

List of learning interventions: Employed – July 2024 to June 2025						
Intervention Name (e.g. PFMA)	Intervention Type (e.g. Skills Programme)	Funder	Employed (18.1)/ Unemployed (18.2)	Number of People with Disabilities	Number of learners	Entered/ Completed
Construction Road works	Learnership	LGSETA Discretionary Grant	Employed	None	6	In progress
Supply chain management	Learnership	LGSETA Discretionary Grant	Employed	None	7	In progress
Construction health and safety	Skills Programme	LGSETA Discretionary Grant	Employed	None	29	Completed
Construction health and safety	Skills Programme	LGSETA Discretionary Grant	Employed	None	17	In progress
Municipal Finance and Administration	Skills Programme	LGSETA Discretionary Grant	Employed	None	10	Completed
End User computer	Skills Programme	LGSETA Discretionary Grant	Employed	None	09	Completed

Horticulture	Skills Programme	LGSETA Discretionary Grant	Employed	None	15	Completed
Municipal Financial Management Programme	Skills Programme	Municipal / Mandatory Grant	Employed	None	10	Completed
Safety Health & Environment Representative Training	Skills Programme	Municipality	Employed	None	33	Completed
Employment Equity Plan & Occupational Health and Safety Committees Workshop	Workshop	COGHSTA	Employed	None	49	Completed
Certificate: Municipal Financial Management	Learnership	LGSETA Discretionary Grant	Employed	None	20	In progress
Basic Computer	Skills Programme	COGHSTA	Councilors	None	3	Completed
Bid Committee (SCM)	Skills Programme	COGHSTA	Employed	None	2	Completed
Auditing	Skills Programme	COGHSTA	Councilors	None	3	Completed
Supply Chain Management	Skills Programme	COGHSTA / NSG	Employed	None	01	Completed

Plumbing	Skills Programme: Artisan Recognition of Prior learning	Waterberg District Municipality	Employed	None	04	Completed
Electrician	Skills Programme: Artisan Recognition of Prior learning	Waterberg District Municipality	Employed	None	09	Completed
Plumbing	Skills Programme: Artisan Recognition of Prior learning	Waterberg District Municipality	Employed	None	15	Completed

List of learning interventions: Unemployed – July 2024 to June 2025						
Intervention Name (e.g. PFMA)	Intervention Type (e.g. Skills Programme)	Funder	Employed (18.1)/ Unemployed (18.2)	Number of People with Disabilities	Number of learners	Entered/ Completed
Internship	Skills Programme	Budget & Treasury	Unemployed	None	05	In progress
Construction Road works	Learnership	LGSETA Discretionary Grant	Employed	None	13	In progress
Horticulture	Skills Programme	LGSETA Discretionary Grant	Employed	None	10	Completed
Graduated Professional Programme	Internship	NSF/SAASI	Unemployed	None	35	In progress

Graduated In-serve Programme	Internship	NSF/SAASI	Unemployed	None	12	In progress
Municipal Financial Management Programme	Learnership	Municipal / Financial Management Grant	Unemployed (<i>Interns</i>)	None	05	Completed
Diploma: Logistics and Supply Chain Management	Internship	LGSETA Discretionary Grant	Unemployed	None	2	Completed
National Diploma: Financial Management	Internship	LGSETA Discretionary Grant	Unemployed	None	5	Completed
National Certificate: Professional Driving	Skills Programme	LGSETA Discretionary Grant	Unemployed	None	8	Completed
National Certificate: Municipal Integrated Development Planning	Learnership	LGSETA Discretionary Grant	Unemployed	None	30	Completed
WIL ND: Human Resource Management	Skills Programme	Lephalale TVET / FASSET, INSETA & ETDPSSETA	Unemployed	None	15	Completed
WIL ND: Financial Management	Skills Programme	Lephalale TVET / FASSET & INSETA	Unemployed	None	02	In progress

National Diploma: Electrical Engineering Studies	Work Integrated Learning	Lephalale TVET	Unemployed	None	14	Completed
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COMPONENT D: MANAGING WORKFORCE EXPENDITURE

4.4. WORKFORCE EXPENDITURE:

During the year 2024/2025, the salary bill of the Municipality was R258 655 192. The workforce expenditure per category is depicted in the table below:

Total Salaries

CATEGORY	TOTAL SALARIES PAID FOR 2022/2023	TOTAL SALARIES PAID FOR 2023/2024	TOTAL SALARIES PAID FOR 2024/2025
EMPLOYEES	252 223 086	244 429 259	262 490 576
COUNCILLORS	13 639 687	14 225 933	14 601 643
TOTAL	265 862 773	258 655 192	277 092 219

The Municipality uses Pay Day Payroll System. The pay day for the Municipality is the 25th of every month.

PERFORMANCE REWARDS

The municipality did not pay any performance rewards for the 2024/2025 financial year.

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality. The municipality is currently experiencing cash flow problems and this has negatively impacted also on its financial status.

The municipality monitors the performance of budget versus actual on a monthly basis through the section 71 monthly reporting which reflects material variances. These variances are investigated and remedial action is taken where required.

The municipality has outsourced the preparation of annual financial statements and the assets verification in the 2024/2025 financial year.

Consultancy Arrangements with the Highest Cost Implications for 2023/2024		
Consultancy arrangement	Cost	Reason for engagement
Cathu	R8 736 462.54	Compilation of fixed asset register
Max prof	Commission based(Monthly Average: R505 000	VAT Recovery

INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognized Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 Of 2003). The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of significant accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document.

Financial performance

The municipality reflects an operating surplus of R561 million for the 2024/25 after capital transfers financial year. The total revenue of R1 017 billion has been recognized in the 2024/25 financial year. The municipality's revenue sources comprises of operating and capital transfers from the national government. Equitable share comprises the bulk of these operating transfers and are utilized at the municipality's discretion to provide basic services to poor communities within its jurisdiction. The municipality's revenue collection is very low, at 62%, which places a large burden on the municipality in provision of basic services.

Financial Position

The liquidity of the municipality is sustained by transfers from the national government. Revenue enhancement strategies are in place to improve the own revenue. The municipality has also adopted and implemented a financial recovery plan. The municipality's liquidity ratio has remained stagnant with 0.5. The

ratio is still below the norm and indicates vulnerability and high risk in the event of financial shocks or setbacks. The largest asset remains the property plant and equipment at R1.6 billion.

BUDGET SUMMARY

Reconciliation of Table A1 Budget Summary

LIM368 Modimolle-Mookgopong - Table C1 Monthly Budget Statement Summary - M12 - June

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	160,883	157,207	157,207	14,352	123,687	157,207	(33,521)	-21%	157,207
Service charges	541,304	520,167	520,167	38,237	418,531	520,167	(101,637)	-20%	520,167
Investment revenue	1,419	1,154	1,154	222	2,216	1,154	1,062	92%	1,154
Transfers and subsidies - Operational	153,212	162,295	162,295	1,335	163,234	162,295	939	1%	162,295
Other own revenue	668,244	107,980	107,980	(1,384)	74,205	107,980	(33,775)	-31%	-
Total Revenue (excluding capital transfers and contributions)	1,525,063	948,804	948,804	52,762	781,872	948,804	(166,931)	-18%	948,804
Employee costs	254,834	272,981	251,709	30,637	263,280	251,709	11,571	5%	251,709
Remuneration of Councilors	14,661	13,468	12,849	1,126	13,833	12,849	984	8%	12,849
Depreciation and amortisation	85,329	49,602	50,026	4,607	52,289	50,026	2,263	5%	50,026
Interest	50,256	8,504	6,004	8,162	50,441	8,004	44,437	740%	6,004
Inventory consumed and bulk purchases	268,845	302,949	303,150	55,471	300,917	303,150	(2,233)	-1%	303,150
Transfers and subsidies	-	105	105	-	-	105	(105)	-100%	105
Other expenditure	512,583	282,990	310,081	14,159	196,612	310,081	(113,469)	-37%	310,081
Total Expenditure	1,186,489	930,608	933,924	114,161	877,373	933,924	(56,552)	-6%	933,924
Surplus/(Deficit)	338,574	18,196	14,880	(61,398)	(95,500)	14,880	(110,380)	-742%	14,880
Transfers and subsidies - capital (monetary)	171,182	165,008	210,742	18,438	113,337	210,742	(97,404)	-46%	210,742
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & Share of surplus/ (deficit) of associate	509,756	183,203	225,621	(42,960)	17,837	225,621	(207,784)	-92%	225,621
Surplus/ (Deficit) for the year	509,756	183,203	225,621	(42,960)	17,837	225,621	(207,784)	-92%	225,621
Capital expenditure & funds sources									
Capital expenditure	201,770	182,908	225,742	22,165	109,632	225,742	(116,110)	-31%	225,742
Capital transfers recognised	162,345	165,008	210,742	17,487	100,959	210,742	(109,782)	-52%	210,742
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	19,137	17,900	15,900	4,678	8,672	15,900	(6,328)	-42%	15,900
Total sources of capital funds	181,502	182,908	225,742	22,165	109,632	225,742	(116,110)	-31%	225,742
Financial position									
Total current assets	878,081	1,690,398	1,694,040		1,140,493				1,694,040
Total non current assets	2,741,736	1,627,932	1,671,545		2,799,079				1,671,545
Total current liabilities	1,721,021	1,350,154	1,362,179		2,036,699				1,362,179
Total non current liabilities	139,553	5,793	119,348		139,553				119,348
Community wealth/Equity	1,759,243	1,962,383	1,884,058		1,763,339				1,884,058
Cash flows									
Net cash from (used) operating	850,711	196,838	276,342	37,406	597,801	264,333	(333,488)	-126%	276,342
Net cash from (used) investing	194,948	(182,008)	(225,952)	(9,943)	(108,085)	(225,952)	(117,866)	52%	(225,952)
Net cash from (used) financing	(30,300)	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	1,773,606	58,834	54,950	-	511,911	42,942	(468,969)	-1092%	72,584
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	53,433	37,000	38,362	30,506	32,449	29,716	29,583	1,253,634	1,504,584
Creditors Age Analysis									
Total Creditors	113,747	20,853	30,163	33,522	13,583	52,579	1,868	1,218,212	1,484,526

FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

Financial Performance of Operational Services						
Description	R '000					
	2023/24	2025/25		2024/25 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	62 788	75 088	74 583	65 041	-15.45%	-14.67%
Waste Water (Sanitation)	21 933	24 204	31 659	34 255	29.34%	7.58%
Electricity	338 293	344 737	340 776	384 251	10.28%	11.31%
Waste Management	24 939	30 207	29 903	28 957	-4.32%	-3.27%
Housing	-	-	-	-	0.00%	0.00%
Component A: sub-total	447 953	474 236	476 921	512 504	7.47%	6.94%
Waste Water (Stormwater Drainage)	1 657	1 432	2 400	4 040	64.55%	40.59%
Roads	26 691	35 709	44 306	48 306	26.08%	8.28%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	28 348	37 141	46 706	52 346	29.05%	10.77%
Planning	13 944	20 795	16 877	13 990	-48.64%	-20.64%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component B: sub-total	13 944	20 795	16 877	13 990	0.00%	0.00%
Planning (Strategic & Regulatory)	3 575	2 772	5 070	5 235	47.05%	3.15%
Local Economic Development	5 755	5 052	7 160	7 506	0.00%	0.00%
Component C: sub-total	9 330	7 824	12 230	12 741	38.58%	4.01%
Community & Social Services	15 397	10 418	10 272	12 219	14.74%	15.93%
Environmental Protection	-	-	-	-	0.00%	0.00%
Health	-	-	-	-	0.00%	0.00%
Security and Safety	15 261	20 038	18 657	14 179	-41.32%	-31.58%
Sport and Recreation	12 304	16 082	13 586	10 727	-49.92%	-26.65%
Corporate Policy Offices and Other	-	-	-	-	0.00%	0.00%
Component D: sub-total	42 962	46 538	42 515	37 125	-25.35%	-14.52%
Total Expenditure	542 537	586 534	595 249	628 706	6.71%	5.32%

COMMENTS ON FINANCIAL PERFORMANCE

Other revenue

Included in the other revenue actual amount is traffic fines issued during the financial year under review. The municipality appointed a service provider to manage the traffic through installation of cameras around Modimolle-Mookgophong busy roads.

Transfers and subsidies

Transfers and subsidies consist of grants for equitable share, financial management grant and EPWP.

Finance charges

Interest payment related to long outstanding debts, especially on Eskom accounts. The actual amount decrease as the municipality entered into payment agreement with Eskom where the interest will be suppressed.

Bulk purchase

This item is driven by the usage and consumption of services by consumers. During the financial year 2024/25, the usage and consumption is more than what is budgeted

Other expenditure

This line item relate to general operational costs for the everyday running of the institution. This came as results of high repairs and maintenance and outsourced services. Stringent measures need to be put in place to ensure unnecessary expenditure is avoided going forward.

Grants

Grant Performance						R' 000
Description	2023/24	2024/25		2024/25 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	286 896	275 396	275 396	269 671		
Equitable share	144 925	154 561	154 561	154 561	0.00%	0%
Finance Management	2 650	2 600	2 600	2 600	0.00%	0%
Municipal Demarcation Transfer	-	-	-	-		
Expanded Public Works Programme	1 757	1 641	1 641	1 641	0.00%	0%
Water Services Infrastructural Grant (WSI)	96 947	42 023	42 023	42 023	0.00%	0%
Integrated National Electrification Programme (INEG)	10 231	10 231	10 231	4 506	55.96%	56%
Municipal Infrastructure Grant (MIG)	40 617	64 340	64 340	64 340	0.00%	0%
Municipal Systems Improvement Grant	-	-	-	-	0	0%
Provincial Government:	1 509	1 817	1 817	1 817		
Skills Education & Training Grant	1 509	1 817	1 817	1 817	0.00%	0%
Housing	-	-	-	-		
Ambulance subsidy	-	-	-	-		
Sports and Recreation	-	-	-	-		
Municipal Systems Improvement Grant	-	-	-	-		
District Municipality:	-	-	-	-		
[insert description]						
Other grant providers:	-	-	-	-		
[insert description]						
Total Operating Transfers and Grants	288 405	277 213	277 213	271 488		

COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality received 3 operating grants in the 2024/2025 financial year namely equitable share, Financial Management Grant and EPWP. The Financial Management Grant (FMG) and EPWP grants are conditional and are fully spent.

ASSET MANAGEMENT

The municipality has an Asset Management Policy approved by Council. The policy outlines the process of acquisition, depreciation and disposal of municipal assets. The section has a Divisional Manager, accountant, officer and asset clerk responsible for the verification and maintenance of the asset register.

COMMENTS ON ASSET MANAGEMENT

The division incurred challenges surrounding land no longer in control of the Municipality during the 2024/2025 financial year. The division will focus on identifying these portions of land and rectifying their valuation on the fixed assets register during the 2025/2026 financial year.

REPAIR AND MAINTENANCE EXPENDITURE: 2024/2025

Expenditure incurred to repair and maintain Property, Plant and Equipment	Amount
Buildings and Facilities	1 619 576
Equipment	1 723 173
Unspecified Assets	44 217 133
Total	47 559 882

Reconciliation of Property, Plant and Equipment 2024/2025

Reconciliation of Property, Plant and Equipment - 2024/ 2025

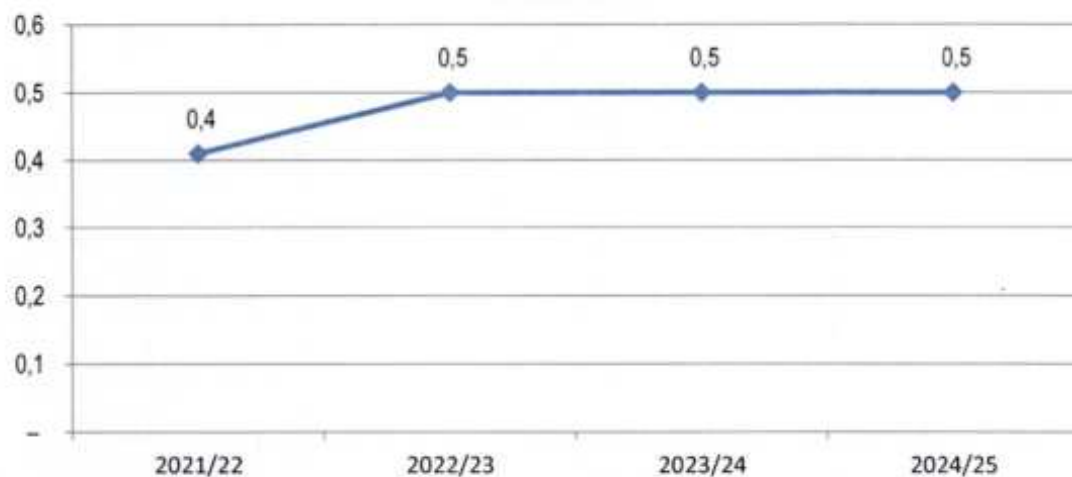
Asset Category	Restated Carrying amount	Additions	Disposals/Writ e-Off	Depreciation	Impairment	Total
Land	111 349 001.00	-	-	-	-	111 349 001.00
Community Assets	50 244 273.37	-	- 6 142.06	- 2 006 128.76	- 725 944.68	47 506 057.87
Infrastructure	910 845 817.71	36 109 740.62	- 308 456.60	- 41 524 818.90	- 2 015 020.54	903 107 262.30
Solid waste (Landfill sites)	30 333 326.42	5 480 001.00	-	- 870 452.57	- 47 622.51	34 895 252.34
Work in progress (under construction)	223 079 969.85	109 943 249.31	- 32 805 303.36	-	- 5 958 214.85	294 259 700.95
Buildings	24 159 856.27	-	- 0.00	- 834 774.51	- 1 000 199.92	22 324 881.84
Movable Assets	36 498 884.69	6 668 898.12	-	- 7 127 610.92	-	36 040 171.89
Leased Assets	1 399 771.74	-	-	- 840 323.50	-	559 448.25
	1 387 910 901.05	158 201 889.05	-33 119 902.02	-53 204 109.16	-9 747 002.50	1 450 041 776.42

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

Repairs and maintenance Expenditure has been underspent due to cash flow challenges of the municipality.

FINANCIAL RATIOS

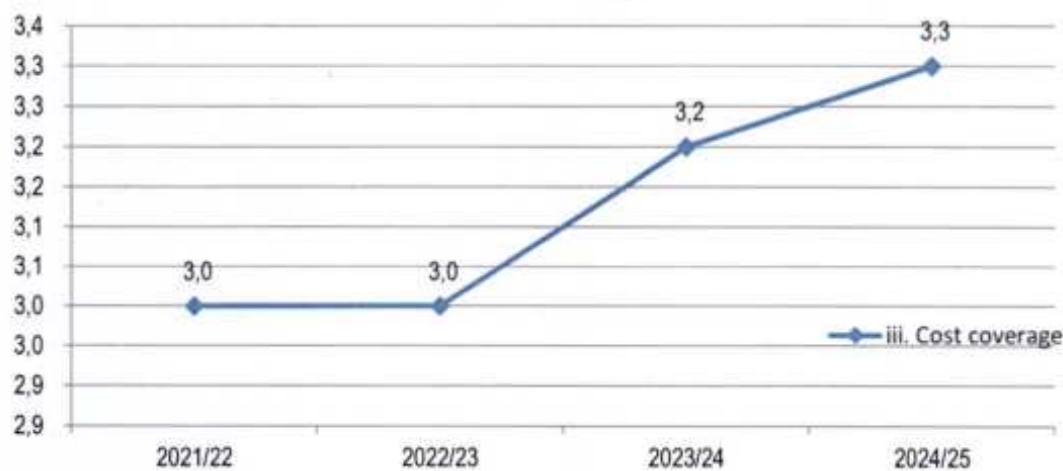
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

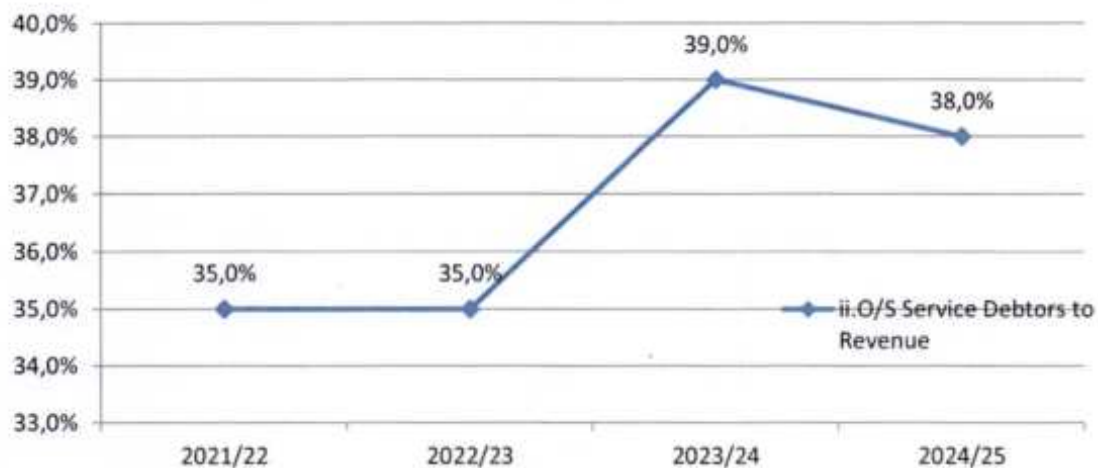
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

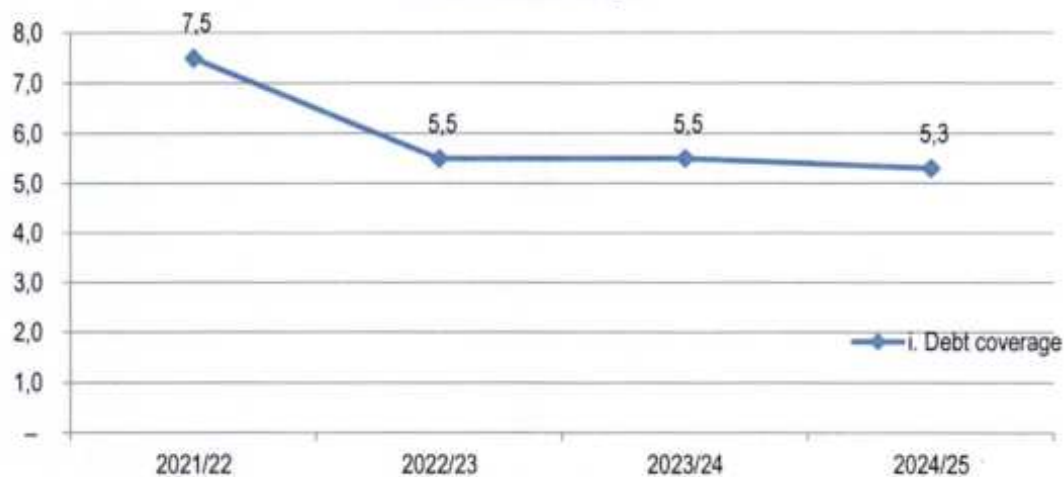
Data used from MBRR SA8

Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

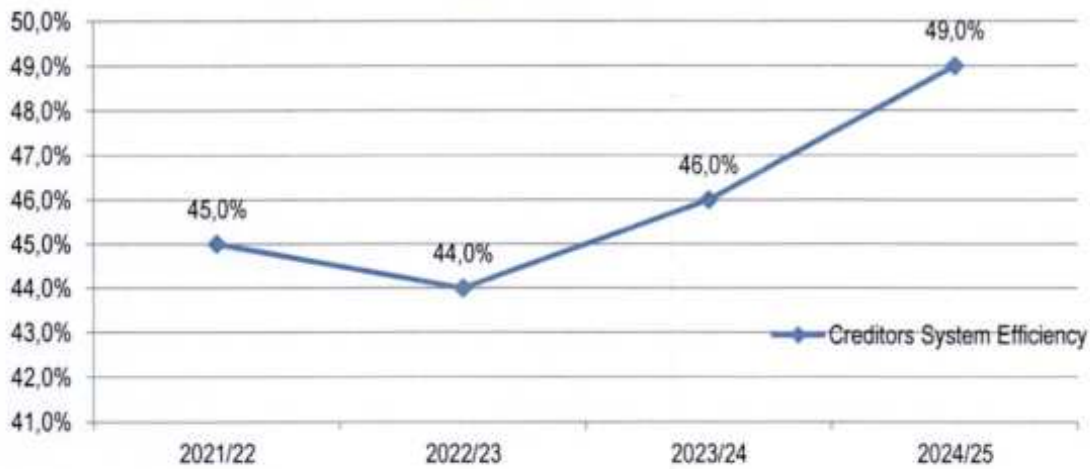
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

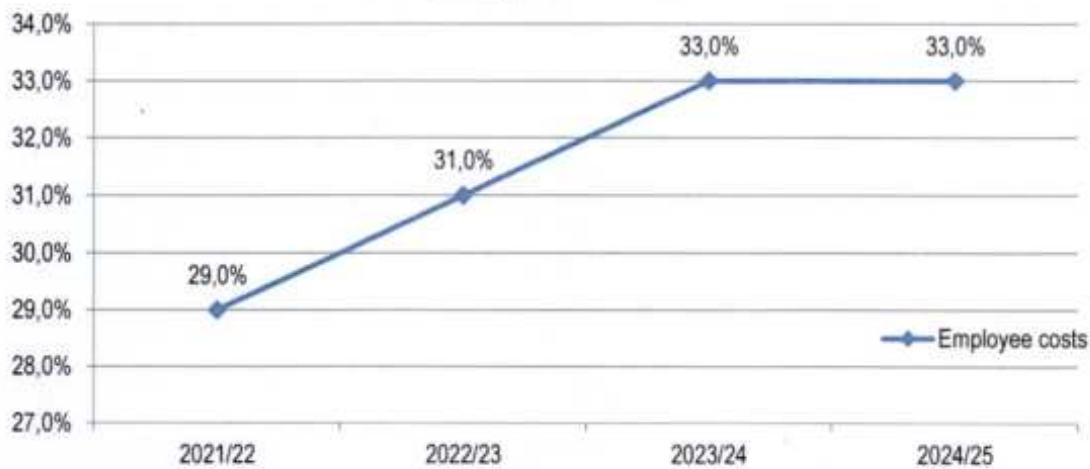
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

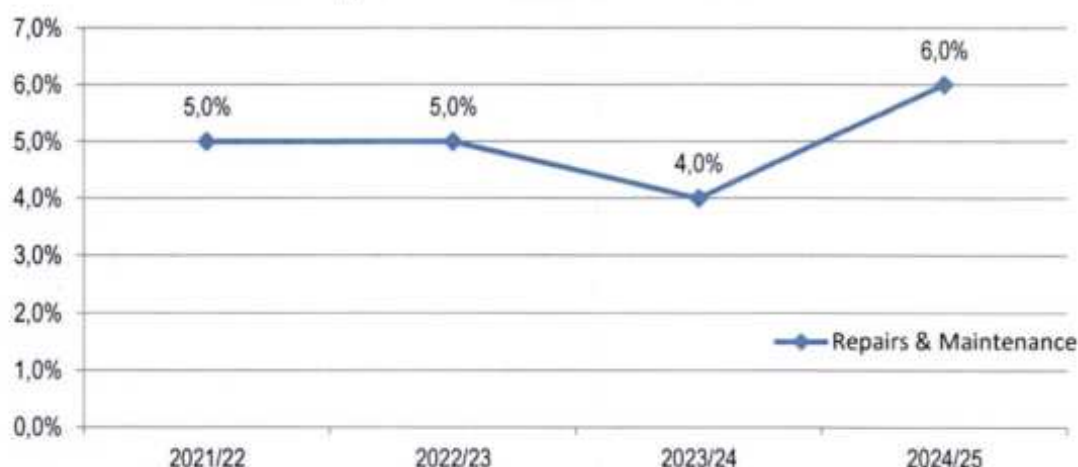
Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

COMMENTS ON FINANCIAL RATIOS

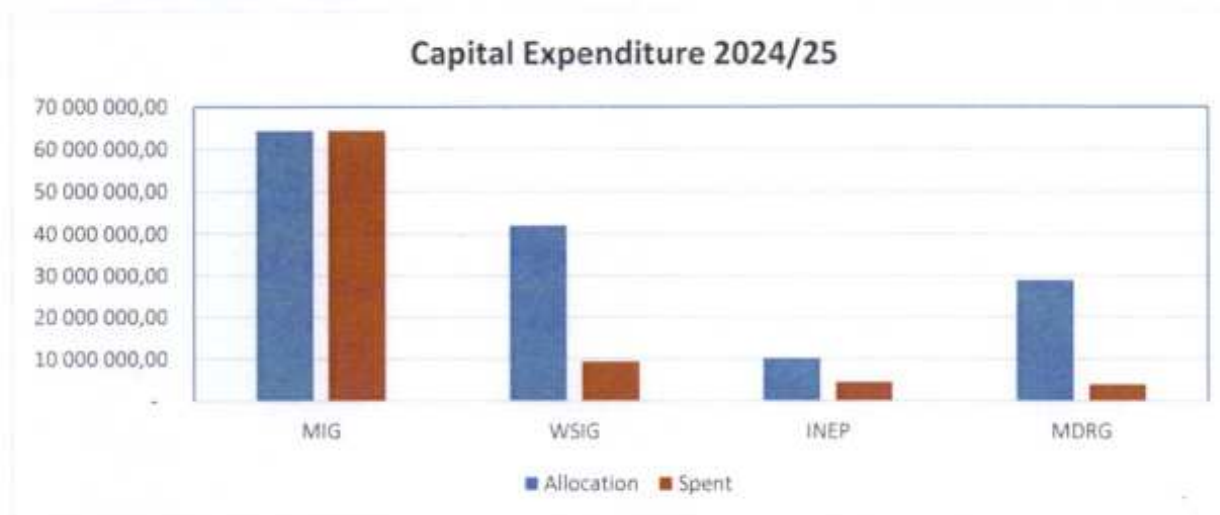
- 1) The liquidity ratio is unfavourable at 0.5:1. The norm for a good liquidity ratio would be 2: 1 to ensure the municipality will be able to settle their short term liabilities through their current assets.
- 2) However the current assets do not exceed its current liabilities which indicate that the Municipality will struggle to settle their debts as they become due and payable.
- 3) The cost coverage ratio is unfavourable at 3.3%. This means that available resources of the municipality cannot cover the expenditure as intended.
- 4) The ratio for total outstanding services debtors is unfavourable at 38% indicating that the municipality is failing to recover the amounts due for services rendered.
- 5) The debtor's coverage ratio is unfavourable as it indicates that the debt cannot be easily accommodated within operating revenue.
- 6) The employee cost ratio is at 33%, indicating that the Municipality is labour intensive and it is therefore expected that the bulk of operational expenses covers employee costs.
- 7) The repairs and maintenance to OPEX ratio of 6% is acceptable within the Municipality, however the National Treasury norm requires the municipalities to spent 8% of total assets on repairs and maintenance. This is not possible for the municipality as there is a challenge of financial constraints.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION

The Municipal Infrastructure Grant (MIG) is fully utilized. In respect of WSIG, the municipality is appointed as implementing agent. The unspent grant was carried into the next financial year. In respect of Municipal Disaster Relief Grant and Integrated National Electrification Programme Grant (INEP), the municipality spent 26% and 44% respectively. The municipality applied for roll over and it was approved.

CAPITAL EXPENDITURE (2024/2025)



CAPITAL EXPENDITURE OF LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2024/25			Variance: Current 2024/25	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Construction of Internal Streets and Stormwater Control for Phagameng Ext 9 Phomolong	9 779 221	22 223 927	22 223 927	-127%	0%
Construction of Internal Streets and Stormwater Control for Mookgophong Ext 5 & 6	10 147 533	10 147 533	10 147 533	0%	0%
Upgrading of Mookgophong Sports Stadium Phase 2	10 000 000	10 000 000	10 000 000	0%	0%
Construction of Internal Streets and Stormwater Control for Mookgophong Ext 5 & 6	14 317 403	6 528 398	6 528 398	54%	0%
Modimolle Establishment of Landfill Site	4 300 000	2 500 000	2 500 000	42%	0%
* Projects with the highest capital expenditure in 2023/24					
Name of Project - A	Construction of Internal Streets and Stormwater Control for Phagameng Ext 9 Phomolong				
Objective of Project	To provide better roads for the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	All Modimolle community				
Name of Project - B	Construction of Internal Streets and Stormwater Control for Mookgophong Ext 5 & 6				
Objective of Project	To provide better roads for the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	All Mookgophong community				
Name of Project - C	Upgrading of Mookgophong Sports Stadium Phase 2				
Objective of Project	To provide recreational facility to the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Modimolle community				
Name of Project - D	Construction of Internal Streets and Stormwater Control for Phagameng Ext 8 Phomolong				
Objective of Project	To provide better roads for the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	All Modimolle community				
Name of Project - E	Modimolle Establishment of Landfill Site				
Objective of Project	To provide hazard free landfill site for the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Modimolle community				
T 5.7.1					

Capital Expenditure - Funding Sources: Year 2024/25						
Details	R' 000					
	2023/24 Actual	Original Budget (OB)	Adjustment Budget	2024/25		
				Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	–	–	–	–	0.00%	0.00%
Public contributions and donations	–	–	–	–	0.00%	0.00%
Grants and subsidies	173 552	104 077	152 538	120 300	46.56%	15.59%
Other	–	–	–	–	0.00%	0.00%
Total	173 551 771.00	104 077	152 538	120 300	46.56%	15.59%
Percentage of finance						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital expenditure						
Water and sanitation	96 347	42 023	42 023	42 023	0.0%	0.0%
Electricity	5 796	10 231	10 231	4 506	0.00%	-55.96%
Housing	–	–	–	–	0.00%	0.00%
Roads and storm water	67 411	51 823	64 340	64 340	24.15%	24.15%
Other	3 998	–	35 944	9 431	0.00%	0.00%
Total	173 551 771.00	104 077	152 538	120 300	24.15%	-31.60%
Percentage of expenditure						
Water and sanitation	55.5%	40.4%	27.5%	34.9%	0.0%	0.0%
Electricity	3.3%	9.8%	6.7%	3.7%	0.0%	0.0%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	38.8%	49.8%	42.2%	53.5%	0.0%	0.0%
Other	2.3%	0.0%	23.6%	7.8%	0.0%	0.0%

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes				
R'000				
Description	2023/24	Current: 2024/25		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	347 798	634 282	673 726	716 550
Government - operating	153 212	164 105	164 105	164 105
Government - capital	76 674	163 198	208 932	142 792
Interest	1 446	1 154	1 154	1 030
Payments				
Suppliers and employees	(335 799)	(784 260)	(783 583)	(882 518)
NET CASH FROM/(USED) OPERATING ACTIVITIES	243 330	234 601	264 333	141 958
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(221 433)	(175 238)	(225 952)	(125 397)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(221 433)	(175 238)	(225 952)	(125 397)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Repayment of other financial liabilities	-	-	-	(5 956)
Finance lease payments	-	-	-	(867)
Increase (decrease) in consumer deposits				
Payments				
Employee benefit obligation payments		-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(6 823)
NET INCREASE/ (DECREASE) IN CASH HELD	21 897	59 363	38 382	9 739
Cash/cash equivalents at the year begin:	30 415	38 613	4 560	22 191
Cash/cash equivalents at the year end:	52 313	97 976	42 942	31 930

COMMENT ON CASHFLOW OUTCOMES

The municipality is experiencing severe financial difficulties and this necessitated the municipality to implement cost cutting measured and revenue enhancement strategy so that the expenditure can be curbed as low as possible and that the collection rate can be improved. These measures have been implemented and the municipality anticipate to generate positive cash flow in the next financial year.

CHAPTER 6: 2024/2025 AUDITOR'S REPORT

Report of the auditor-general to Limpopo Provincial Legislature and the council on Modimolle-Mookgophong Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Modimolle-Mookgophong Local Municipality set out on pages 240 to 369, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget and actual and appropriation statement amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Modimolle-Mookgophong Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not have adequate systems in place to maintain records of land in accordance with GRAP 17, Property, plant and equipment. I identified land belonging to the municipality that was illegally occupied and still included in the underlying accounting records and financial statements at full value and land was carried at overstated values. Consequently, Property, plant and equipment disclosed in note 12 to the financial statements overstated by R57 348 000 (2024: R63 252 300).
4. The municipality did not have adequate systems in place to maintain records of land in accordance with GRAP 17, Property, plant and equipment. I identified land belonging to the municipality that was incorrectly disposed/removed from the underlying accounting records and financial statements. Consequently, Property, plant and equipment disclosed in note 12 to the financial statements is understated by R91 937 600.

Investment property

5. The municipality did not have adequate systems in place to maintain records of land in accordance with GRAP 16, Investment property. I identified investment property (land) belonging to the municipality that was illegally occupied and still included in the underlying accounting records and financial statements at full value and other investment property was incorrectly

valued. Consequently, Investment property disclosed in note 11 to the financial statements is overstated by R271 851 246 (2024: R453 665 000)

6. The municipality did not have adequate systems in place to maintain records of land in accordance with GRAP 16, Investment property. I identified investment property (land) belonging to the municipality that was incorrectly disposed/removed from the underlying accounting records and financial statements. Consequently, Investment property disclosed in note 11 to the financial statements is understated by R218 552 722

Receivables from non-exchange transaction

7. The provision for impairment of debtors was not calculated in accordance with the standards of GRAP 104, Financial Instruments as the municipality included paying customers in the calculation of the debt impairment provision. Consequently, receivables from non-exchange transactions disclosed in note 6 to the financial statements are understated by R63 030 409 and provision for debt impairment are overstated by the same amount.

8. During 2024, I identified differences identified between the underlying records and the source documentations amounting to R36 645 241. I could not confirm whether all non-exchange transactions had been recorded by alternative means. Consequently, I was unable to determine whether any further adjustments to non-exchange transactions stated at R105 376 120 in note 6 to the financial statements were necessary and I could not confirm this by alternative means. My audit opinion on the financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the revenue from exchange transactions for the current period.

Receivables from exchange transactions

9. The provision for impairment of debtors was not calculated in accordance with the standards of GRAP 104, Financial Instruments as the municipality included paying customers in the calculation of the debt impairment provision. Consequently, receivables from exchange transactions disclosed in note 7 to the financial statements are understated by R137 794 638 and provision for debt impairment are overstated by the same amount.
10. During 2024, I identified differences identified between the underlying records and the source documentations amounting to R122 904 597. I could not confirm whether all exchange transactions had been recorded by alternative means. Consequently, I was unable to determine whether any further adjustments to non-exchange transactions stated at R366 485 948 in note 7 to the financial statements were necessary. My audit opinion on the financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the revenue from exchange transactions for the current period.

Revenue from exchange transactions

11. The municipality did not recognise service charges as required by GRAP 9, *Revenue from exchange transactions*. Customer accounts were identified for which service charges (electricity) were under-billed. Consequently, revenue from exchange transactions as stated in note 22 to the financial statements is understated by R16 381 114.
12. During 2024, the municipality did not recognise the service charges, as required by GRAP 9, *Revenue from exchange transactions*. Accounts were identified for which the service charges were not billed and recorded. I could not confirm whether all services charges had been recorded by alternative means. Consequently, I was unable to determine whether any further adjustments to revenue from exchange transactions stated at R424 568 134 in note 22 to the financial statements were necessary. My audit opinion on the financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the revenue from exchange transactions for the current period.

Net cash flows from operating activities

13. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R138 654 392 (2024: R262 062 085) in the financial statements were necessary.

Statement of changes in net assets

14. The municipality did not correctly disclose statements of changes in net assets as required Standards of GRAP 1, *Presentation of financial statements* I identified significant differences between the statement of changes in net assets and the underlying records. Consequently, I was unable to determine whether any adjustments to statement of changes in net assets in the financial statements were necessary.

Segment reporting

15. The amounts allocated to reported segment deficit, assets and liabilities were not allocated on a reasonable basis as required by GRAP 18, *Segment reporting*. I identified significant differences between the segment report and the underlying records. Consequently, I was unable to determine whether any adjustments to Segment Reporting disclosed in note 58 to the financial statements were necessary.

Prior period errors

16. Not all prior period errors disclosed in note 48 to the financial statements were supported, as required by GRAP 3, *Accounting policies, estimates and errors*. I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 48 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

Context for opinion

17. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
18. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
19. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

20. I draw attention to the matters below. My opinion is not modified in respect of these matters.
21. As disclosed in note 19 to the financial statements, the municipality materially underspent the conditional grants by R32 442 057 on Municipal Disaster Relief Grant (MDRG) and Integrated National Electrification Programme Grant (INEP)
22. As disclosed in note 39 to the financial statements, a material impairment of R616 145 527 was incurred as a result of impairment of receivables from exchange and non-exchange transactions.
23. With reference to note 46 to the financial statements, the municipality is a defendant in a number of lawsuits. The municipality is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.
24. I draw attention to note 50 in the financial statements. On 05 July 2025, the municipal banker released R12 838 326 to a service provider based on the writ of execution. The detail of the transaction is further described in the disclosure note. The matter was treated as an adjusting subsequent event. My opinion is not modified in this regard.
25. I draw attention to note 49 in the financial statements, which deals with the possible effects of the future implications of budget and cash flow constraints on the municipality's performance and operations. Management have also described how they plan to deal with these events and circumstances. My opinion is not modified in respect of this matter.
26. As disclosed in note 55 to the financial statements, material electricity losses of R49 149 712 (2023-24: R51 420 713) were incurred, which represent 16% (2023-24: 17%) of total electricity purchased. Electricity loss is due to theft, distribution losses, illegal tampering of electricity meters and insufficient maintenance.
27. As disclosed in note 55 to the financial statements, material water losses of R19 275 567 (2023-24: R20 193 437) were incurred, which represent 40% (2023-24: 37%) of total water purchased. The water distribution loss is due to theft, lack of maintenance and illegal tampering of water meters.

Other matters

28. I draw attention to the matters below. My opinion is not modified in respect of these matters.
29. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.
30. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

31. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
32. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

33. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
34. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

Report on the audit of the annual performance report

35. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
36. I selected the following Key Performance Area (KPA) presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery	87-156	Improving the quality of life by providing basic services in a sustainable manner

37. I evaluated the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
38. In performing the audit, my procedures focused on the material indicators relating to water, sanitation, human settlements and related infrastructure.
39. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
 - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported measures taken to improve performance.
40. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
41. I did not identify any material findings on the reported performance information for the selected Key Performance Area (KPA).

Other matters

42. I draw attention to the matters below.

Achievement of planned targets

43. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
44. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic service delivery

Targets achieved: 50%		
Budget spent: 106%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage Augmentation of Water Supply in Roedtan / Thusang	100%	0%
Percentage upgrade of industrial sewer outfall in Modimolle (Phase 1)	100%	0%
Percentage Refurbishment of the Donkerpoort Water Treatment Works	100%	10%
Percentage Augmentation of Water Supply in Modimolle	100%	98%
Percentage Augmentation of Water Supply in Mookgophong	100%	99%
Percentage Construction of Internal Streets and Storm Water Control for Phagameng Ext 9 Phomolong	100%	82%
Percentage Construction of Internal Streets and Storm Water Control for Phagameng Ext 8 Phomolong	75%	22.01%

Targets achieved: 50%		
Budget spent: 106%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage appointment of service provider for upgrade of Roads and Storm Water in Phagameng Ext 7	100%	0%
Percentage appointment of service provider for upgrade of access Roads and Storm Water in Phagameng Ext 13	100%	0%
Percentage appointment of service provider for upgrade of Internal Roads and Storm Water in Phagameng Ext 13	100%	0%
Percentage compliance of blue-drop and green drop status	100%	0%
Percentage electrification of 15 households in Rondalia Dwellers / Matati park village	100%	0%
Percentage Construction of Modimolle 132 kv 6km HV line p2	100%	0%
Kilometres of unsurfaced road graded	20km	16.94km
Kilometres of municipal resurfaced and resealed	20km	0
Number of High Mast light energised in Mabaleng (informal settlement)	1	0

Material misstatements

45. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic service delivery. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

46. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
47. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
48. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
49. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, annual performance report and annual report

50. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of payables, expenditure and disclosures identified by the auditors in the submitted financial statements were subsequently corrected and supporting records were provided subsequently, but the uncorrected material misstatement and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

51. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
52. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
53. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Expenditure management

54. Reasonable steps were taken to ensure that money owed by the municipality was not always paid within 30 days, as required by section 65(2)(a) of the MFMA.
55. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.
56. Reasonable steps were not taken to prevent irregular expenditure amounting to R14 170 196 as disclosed in note 52 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by the extension of contracts over and beyond the recommended period and the non-compliance with supply chain management procedures.
57. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R670 990 776, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by inadequate budgeting for non-cash items.
58. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R57 441 417, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by non-payment and late payment of supplier invoices which resulted to interest and penalties charged.
59. Expenditure was incurred without an approved budget, in contravention of section 57(3) of the MFMA.

Revenue management

- 60. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.
- 61. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Asset management

- 62. An effective system of internal control for assets including an asset register was not in place, as required by section 63(2)(c) of the MFMA.
- 63. Capital assets were disposed of without the municipal council having, in a meeting open to the public decided on whether the assets were still needed to provide the minimum level of basic municipal services or considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section sections 14(2)(a) of the MFMA.

Consequence management

- 64. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 65. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- 66. Losses resulting from irregular expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.
- 67. Fruitless and wasteful expenditure was certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Strategic planning and performance management

- 68. The performance management system and related controls were inadequate as it did not prevent the deficiencies on the reported achievement performance, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

- 69. The accounting officer is responsible for the other information included in the annual report which includes the accounting officer's report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
- 70. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 71. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 72. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

73. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
74. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
75. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements and annual performance report as numerous material misstatements were identified that required material adjustments.
76. The municipality developed a plan to address internal and external audit findings, but the appropriate level of management did not timeously monitor adherence to the plan.
77. The municipality did not adequately review and monitor compliance with applicable procurement legislation and the MFMA.
78. There were inadequate monitoring and implementation of policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the MFMA.
79. The accounting officer did not ensure that the delegation of powers is reviewed and approved annually.
80. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.
81. There was inadequate control measures and proper asset management especially on land and investment property.

Material irregularities

82. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularity in progress

Ineffective Management of the Modimolle landfill site likely to cause harm to the public

83. The material irregularity relates to the environmental harm caused by the Modimolle landfill site. On the 22nd of October 2024, we visited the Modimolle landfill site. We observed that the landfill site was in a critical state due to the visible impact and harm to the environment.
84. This is in contravention with section 28(1) of National Environmental Management Act 107 of 1998 (NEMA) and section 16(1) of the National Environmental Management: Waste Act 59 of 2008. Additionally, I performed another site visit on the 27th of May 2025 at the Modimolle landfill site to confirm the current conditions/status of the site. According to my observations the landfill site has gotten worse from the previous year's visit.
85. I notified the accounting officer of the material irregularity, and resultant non-compliances on 07 April 2025. The accounting officer provided a written response on 09 May 2025, indicating that the municipality is in process of requesting funding for the completion of the Establishment of new Modimolle Landfill site and the municipality will appoint a new contractor to rectify errors identified. The rehabilitation of the old Modimolle landfill site will resume after the completion of the new Modimolle landfill site.
86. The lack of monitoring and ensuring compliance with the applicable legislations has a negative impact on the environment, and this will potentially cause a likely substantial harm to the environment and the public which include health risks of the individuals living around the landfill site.
87. My recent site visit on 27 May 2025 and 20 October 2025 indicated that the Modimolle landfill site is still in a critical state and in need of proper maintenance and rehabilitation. The site and its surroundings are severely polluted and impacted with waste not properly disposed of, treated, and rehabilitated. The pollution has adverse consequences on the health, safety, and livelihoods of various affected communities.
88. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken including possible referral to the Department of Forestry, Fisheries and Environment for further investigation as provided for in section 5(1A) of the PAA.

Auditor General

Polokwane

30 November 2025



Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the Municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure. Section 1 - Definition: service delivery and budget implementation plan. Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b) Parent municipality with ME: Sections 93B(a), 93B(b)

Legislation	Sections or regulations
	Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1), 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

APPENDICES DESCRIPTIONS

APPENDIX A-COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCIL MEMBERS	FULL TIME / PART TIME	COMMITTEES ALLOCATED	WARD	PERCENTAGE COUNCIL MEETINGS ATTENDANCE	PERCENTAGE APOLOGIES FOR NON-ATTENDANCE
	FT/PT			%	%
Cllr S A Sebolai	FT	Mayor - Chairperson: EXCO	PR	100	0
Cllr MS Langa	FT	Speaker - Chairperson: Council	PR	100	0
Cllr M S Dayimani	PT	Chief Whip	Ward 11	100	0
Cllr J Majoko	PT	Chairperson: Council Committee for Corporate Services	Ward 02	100	0
Cllr E Ramogale	PT	Chairperson: Council Committee for Technical Services	Ward 04	100	0
Cllr J Shokane	PT	Chairperson: MPAC	PR	100	0
Cllr J Mpedi	PT	Chairperson for planning and economic development	Ward 06	100	0
Cllr HP Louw	PT	member: Exco	Ward 05	100	0
Cllr MM Kekana	PT	Member: MPAC	Ward 14	100	0
Cllr AP Mathabathe	PT	Member: MPAC	Ward 9	100	0
Cllr SP Mafuna	PT	Member: Council committee corporate services	PR	100	0
Cllr MS Louw	PT	Member: MPAC	PR	100	0
Cllr DS Motshwene	PT	Member: Council Committee for Technical Services	PR	100	0
Cllr RJ Mahoro	FT	Member of Council Committee Corporate,	Ward 8	100	0

COUNCIL MEMBERS	FULL TIME / PART TIME	COMMITTEES ALLOCATED	*WARD	PERCENTAGE COUNCIL MEETINGS ATTENDANCE	PERCENTAGE APOLOGIES FOR NON-ATTENDANCE
	FT/PT			%	%
		Technical, Budget, Social and Planning			
Cllr K Moima	PT	Chairperson: Council Committee for Social & Community Services	Ward 1	100	0
Cllr LW Monyela	PT	Member of EXCO	PR	100	0
Cllr SM Motsomane	PT	Chairperson: Finance	Ward 3	100	0
Cllr W Botes	PT	Member: Council Committee Budget and Planning	PR	100	0
Cllr J Maswanganyi	PT	Member: Council Committee Corporate and Budget	PR	100	0
Cllr PJ Manaka	PT	Chairperson: Rules & ethics Committee and MPAC	Ward 10	100	0
Cllr M M Mothabela	PT	Member: Council Committee Technical, Social & Community Services and Planning	PR	100	0
Cllr D Phalane	PT	Member: Council Committee for MPAC	PR	100	0
Cllr J P Prinsloo	FT	Member of EXCO	PR	100	0
Cllr CJ Pretorius	PT	Member: Council Committee for Social & Community Services, Technical and Corporate Services	PR	100	0
Cllr MA Mboweni	PT	Member: Exco	Ward 7	100	0
Cllr M M Mashishi	PT	Member: Council Committee MPAC	PR	100	0
Cllr AS Wagener	PT	Member: Council Committee for Social & community services	PR	100	0
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Council Committee for Budget and Treasury	To advise Council on financial matters
Council Committee for Technical Services	To advise Council on Technical matters
Council Committee for Planning & Economic Development	To advise Council on Town Planning and LED matters
Council Committee for Social & Community Services	To advise Council on Social & Community matters
Council Committee for Corporate Services	To advise Council on Administrative, HR and Legal matters
Rules & Ethics Committee	To advise Council on the Code of Conduct for Councilors
Municipal Public Account Committee	To advise Council on the Municipal Oversight matters
Audit Committee	Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality
	Review the Annual Financial Statements to provide the Council of the municipality with an authoritative and credible view of the financial position on the municipality, its efficiency, effectiveness, and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.
	Respond to the Council on any issues raised by the Auditor General in the Audit Report.
	Carry out such investigations into the financial affairs of the municipality as requested
	Perform such other functions as may be prescribed
Performance Audit Committee	To advise Council on Organizational Management matters

APPENDIX C – THIRD TIER STRUCTURE JULY 2024 TO JUNE 2025

THIRD TIER STRUCTURE	
DIRECTORATE	DIRECTORATE
Municipal Manager (suspended in May 2025)	- Mr. NB Thobela - Mr MP Shika - Mr LC Malema
Acting Municipal Manager	
Acting Municipal Manager	
Acting Director: Corporate Services	Mr TC Masenya

Director: Strategic Planning and Economic Development	Mr NA Nkopodi
Director: Social and Community Services (contract ended in March 2025)	Ms. MM Berrange
Acting Director: Social and Community Services	Mr ME Mogoane
Acting Director: Technical Services Acting Director: Technical Services	- Ms E Ramuthivheli - Ms B Mthombene
Chief Financial Officer	Mr LC Malema

APPENDIX D - Municipal / ENTITY FUNCTIONS

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	Yes	No
Fire fighting services	ON AGENCY	No
Local tourism	No	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	No
Trading regulations	No	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No

Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	No
Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No

APPENDIX E – WARD REPORTING JULY 2024 TO JUNE 2025

FUNCTIONALITY OF WARD COMMITTEES					
Ward Name/ Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr Moima	YES	1	1	1
Ward 2	Cllr Majoko	YES	8	8	1
Ward 3	Motshomane	YES	0	0	0
Ward 4	Ramogale	YES	4	4	0
Ward 5	M Louw	YES	12	12	3
Ward 6	Mpedi	YES	5	5	1
Ward 7	Mboweni	YES	7	7	2
Ward 8	RJ Mahoro	YES	10	10	0
Ward 9	Mathabathe	YES	6	6	0
Ward 10	Manaka	YES	4	4	0
Ward 11	Dayimane	YES	10	10	6
Ward 12	Botes	YES	9	9	1
Ward 13	Shokane	YES	10	10	2
Ward 14	Cllr Kekana	YES	11	11	4

APPENDIX F: WARD INFORMATION

CAPITAL PROGRAMME BY PROJECT BY WARD:2024/2025		
CAPITAL PROJECT	WARD	WORKS COMPLETED (YES/NO)
Upgrading of Mookgophong Sports Stadium Phase 1	10	YES
Upgrading of Mookgophong Sports Stadium Phase 2	10	NO
Construction of Internal Streets and Storm water Control for Mookgophong Ext 5 & 6	4	YES
Construction of Internal Streets and Storm water Control for Phagameng Ext 8 Phomolong	8	NO
Construction of Internal Streets and Storm water Control for Phagameng Ext 9 Phomolong	13	NO
Modimolle Establishment of the Landfill site	10	NO
Mabaleng (Informal settlement) high mast light	2	NO
Installation of stand-by Generators	All Wards	NO
Upgrading Ext 5 & 6 Main Sewer Pipeline- Mookgophong	4	YES
Refurbishment of the Donkerpoort Water Treatment Works	12	NO
Augmentation of Water Supply In Modimolle	12	NO
Augmentation of Water Supply In Mookgophong	5	NO
Upgrading of the Industrial Sewer Outfall in Modimolle	12	NO
Replacement /Installation of water meters in Modimolle, Mookgophong and Vaalwater	All wards	NO
Upgrading of the Main Sewer Outfall Phagameng-Jay Naidoo (Phase 2)	8	YES
Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 1)	7	NO
Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 2)	7	YES
Replacement /Instillation of water meters in Modimolle, Mookgophong and Vaalwater	All Wards	NO
Upgrading of the Nyl Water Pump Station and Reservoir - Mookgophong	14	YES
Refurbishment of the R101 Sewer Pump Station- Mookgophong	5	YES
Instillation of stand-by Generators	ALL	NO
Upgrading Ext 5 & 6 Main Sewer Pipeline- Mookgophong	4	YES
Refurbishment of the Donkerpoort WTW	2	NO
Augmentation of Water Supply in Modimolle	12	NO
Augmentation of Water Supply in Mookgophong	5	NO
Asphalt Rehabilitation(0.3KM)	14	YES
Re-Gravelling (1,2) Km Vaalwater and Alma Ward 02 new settlement	2	YES
Re-Gravelling (0,8) Km Regravelling of Vaalwater and Alma Ward 03 EXT 06 main road	3	YES
Upgrading of roads and storm water in Phagameng (Marapong) Ward 11 – 1.20 km	11	NO
Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 2)	6	NO
Upgrading of internal roads and storm water management in Phagameng EXT 13 (Jasper) Ward 6 – 1.3Km	6	NO

NO	Resolutions	Status quo	Responsible Manager	Action date
	"encouraged" to sign the performance agreement but rather sign "voluntarily". e. Misalignment between APR and the Adjusted SDBIP be corrected. f. Implementation of annual targets be augmented as there is poor performance. g. That issues raised by AGSA in 2022/23 financial year be included in the ARP. h. On a section which deals with the assessment of service providers, there was no indication of whether management was satisfied with the assessment or not, and that there was also a scoring of two (2) and three (3) which did not had criteria and definitions, all these be corrected. i. Colour coding and legends be clear on the report. j. KPI number 30, highlighted in green and target not achieved, be changed to correct colour k. Reported information must be useful and the PoE must also be adequate and consistent with the set target.			
18.	<u>a. Page 05 and 06 Audit Committee report</u> i. APAC meetings be changed from 4 to 7 as listed on the draft AFS. ii. On page 06 first paragraph, the internal controls were not fully effective and King III report to be changed to King IV. iii. On last paragraph of page 06, the Chairperson of APAC should revise the paragraph before signing off the report.	Completed	CFO	30 August 2025

NO	Resolutions	Status quo	Responsible Manager	Action date
	<u>b. Page 09 statement of financial position</u> i. Current liabilities for 2023 financial year was zero and management to revisit the item. <u>c. Page 10 Statement of Financial Performance</u> i. There should be a note references on fair value adjustment, inventory reversal and gain on disposal of PPE. <u>d. Page 12 Cash Flow Statement</u> i. Revisit R19 Million figure which is reported as a negative on the Other income line <u>e. Page 13 and 15 Budget Comparison</u> i. Cash flow statement actuals does not agree to figures in the actual cash flow statement, this should be corrected. <u>f. Page 18 Note 10 and 19, Statement of Comparison of Budget and Actual Amounts</u> i. Paragraphs had spelling errors and should be revisited. ii. The effect of load shedding on last paragraph to be removed. <u>g. Page 19 Statement of Comparison of Budget and Actual Amount</u> i. Numbering not in order and be corrected. <u>h. Page 66 Note 6, Receivables from Non-exchange Transactions</u> i. Totals for 2024 and 2023 financial years not correlated with statement of financial position and that reconciliations totals does not correlate to the balance sheet, this to be corrected.			

NO	Resolutions	Status quo	Responsible Manager	Action date
	<u>i. Page 70 Note 8, VAT receivable</u> i. Totals for 2024 and 2023 financial years did not correlate with statement of financial position and to be corrected. <u>j. Page 70 Note 9, Deposits</u> i. Totals for 2023 financial years did not correlate with statement of financial position, to be corrected. <u>k. Page 75 Note 12, Property, plant and equipment</u> i. The purchase of PPE on cash flow statement, page 12, does not show these balances in the note e.g. cash flow statement was R219 135 933 for purchase of PPE but additions on the note indicated R166 749 962, and management was advised to reconcile the item again. <u>l. Page 78 Note 13, Intangible Assets</u> i. Reasons for writing off servitudes fully in 2023 financial year to be explained on the notes. <u>m. Page 79 Note 14, Heritage Assets</u> i. There was a Case ware rounding error of one in the additions column and management to correct so that the total correlate with Balance Sheet balance of R1 286 788. <u>n. Page 80 Note 15, Other Financial Assets</u> i. Reconciliations for 2023 and 2024 financial years did not correlate with statement of financial position. <u>o. Page 89 Note 24, Interest Earned</u> i. Exchange interest amounts for 2024 and 2023 financial years did not correlate with the Income Statement			

NO	Resolutions	Status quo	Responsible Manager	Action date
	p. <u>Page 90 Note 28, Property rates</u> i. There was a reduction on Residential property development and management to confirm the figures prior submission. q. <u>Page 94 Note 33, Employee related costs</u> i. Total amount for 2024 did not compare with statement of financial performance, this to be corrected. r. <u>Page 96 Note 36, Impairment of assets</u> i. A statement which read as follows, "describe the events and circumstances that led to the recognition or reversal of the impairment loss" should be revisited. s. <u>Page 98 Note 46, Contingencies</u> i. Next APAC meeting should discuss Balimi Barui Trading (PTY) LTD for a rescission application against default judgement of R44 million lodged on 23 May 2018. t. <u>Page 99 Note 46, Contingencies</u> i. Management should ensure that contingencies agrees to litigation report so that the contingencies reported are complete. u. <u>Page 100 Note 47, Related Parties</u> i. APAC resolved that related parties balance on municipal accounts in arrears must correlate with note 56 on page 113; ii. APAC also resolved that management must deduct money from councillor's salaries whose municipal accounts were in arrears.			

NO	Resolutions	Status quo	Responsible Manager	Action date
	iii. APAC also indicated that on page 101, Councillors salaries does not correlate with the totals reported on note 34, the statement of financial performance for both 2024 and 2023 financial years i.e. R14 528 179 versus R12 737 054 v. <u>Page 103 Restatements</u> i. The following items listed below were restated and the amounts did not correlate with the Statement of financial performance and financial position: 1. Investment property R830 175 201 vs. R831 307 000 2. Finance lease obligations R778 671 vs. R2 279 405 3. Interest received R1 495 602 vs. R1 395 852 4. Impairment loss (R488 303) vs. R8 872 549 5. Debt impairment R79 794 899 vs. R120 945 096 6. General expenses R65 192 044 vs. R62 731 224 w. <u>Page 105 Note 49, Prior year adjustments</u> i. Last sentence on provision should be revisited. ii. On depreciation and amortisation, the amount/value be added on the paragraph. x. <u>Page 106 Note 49, Prior-year adjustments</u> i. On General expenditure there was an error of 2021 financial year which must be changed to correct financial year. y. <u>Page 108 Note 52 Unauthorized expenditure, Page 109 Note 53 Irregular expenditure and Page 110 Note 54 Fruitless and wasteful expenditure</u>			

NO	Resolutions	Status quo	Responsible Manager	Action date
	i. APAC concerned that nothing was written off, recovered or condoned for 2023 financial year, and therefore this matter to be given attention. ii. APAC indicated that lack of a report by MPAC for the whole financial year demonstrated ineffectiveness of the committee which it has been reporting throughout the financial year. z. <u>Page 110 Note 56, Additional disclosure in terms of Municipal Finance Management Act</u> i. Amount for Water distribution losses still the same as 2023 financial year and management must correct. aa. <u>Page 113 Note 56, Additional disclosure in terms of Municipal Finance Management Act</u> i. Councillors had outstanding debts and that money should be recovered before the end of councillor's term. bb. <u>Page 115 Note 56, Additional disclosure in terms of Municipal Finance Management Act</u> i. Investment amount did not correlate with note 10. i.e. R15 855 291 vs. R1 182 925, management to correct this. cc. <u>Page 116 Note 57, Financial instruments disclosure</u> i. Balance did not correlate with statement of financial position and management to correct dd. <u>Page 117 Note 58, Risk Management</u> i. Balance did not correlate with statement of financial position and management to correct. ee. <u>Page 119 Note 59, Segment information</u>			

NO	Resolutions	Status quo	Responsible Manager	Action date
	i. APAC indicated that balances did not correlate with statement of financial position, and management to correct. ii. Salaries and wages did not correlate with total of employee salaries and Councillors salaries when added up, management to correct. ff. Page 125 Note 65, Other receivables from exchange transactions i. Notes states an undefined difference that should be updated and corrected by management			
23 January 2025				
19.	Management to insert column of legal costs paid to attorneys on the litigation report	Completed	Director Corporate Services	30 June 2025
20.	Resolutions with "in- progress" and or "on-going" to include narrations "On-going" and "in-progress" actions to be quantified by percentages. Action date to be captured on all resolutions.	Completed	CFO/ All Directors	30 June 2025
21.	Management to proofread reports in order to avoid lawsuits.	Completed	CFO/ All Directors	30 June 2025
22.	Management to adhere to internal control system established to avoid findings issued by AGSA.	Completed	CFO/ All Directors	30 June 2025
23.	Management to revisit the top layer of the SDBIP and develop the departmental SDBIP.	Completed	CFO/ All Directors	30 June 2025
24.	Management to include the executive summary/ narratives to the ICT Governance report.	Completed	Director Corporate Service	
25.	Audit action plan to be incorporated In the draft annual report.	Completed	Manager PMS	

NO	Resolutions	Status quo	Responsible Manager	Action date
26.	Annual report should be presented to Council with the inclusion of all annexures.	Completed	Manager PMS	
27.	That the picture of the Municipal Manager was in poor quality, and therefore needed to be changed in the draft annual report.	Completed	Manager PMS	
28.	Management to proofread reports in order to avoid lawsuits.	Completed	CFO/ All Directors	
29.	Management should adhere to internal control system established to avoid findings issued by AGSA.	Completed	CFO/ All Directors	
30.	Management should revisit the top layer of the SDBIP and develop the departmental SDBIP.	Completed	CFO/ All Directors	
31.	CAE should audit all completed resolutions.	In progress	CAE	30 June 2025
32.	Management to insert column of legal costs paid to attorney on the litigation report.	In progress	Director Corporate Services	30 June 2025
33.	Management to include the executive summary/ narratives to the ICT Governance report.	In progress	Director Corporate Services	30 June 2025
29 January 2025				
34.	Page numbers to be inserted on the Mid- year report to show quick reference	Completed	CFO	31 January 2025
35.	Align figures on the Mid- year report to get correct percentages	Completed	CFO	31 January 2025
36.	Management should also ensure that the action plans addresses the audit findings	Completed	CFO/All Directors	30 June 2025
37.	Management should deal with the root causes of all audit findings to avoid recurring findings	Completed	CFO/All Directors	30 June 2025

NO	Resolutions	Status quo	Responsible Manager	Action date
38.	Management was also advised to approach the National Treasury with regard to legacy issues on the opening balances of cash balance	Completed	CFO	30 June 2025
39.	Unauthorised, irregular or fruitless and wasteful expenditure should be reported to municipal council on a quarterly basis	Completed	CFO	31 March 2025
40.	Proposed audit action plan should be submitted to AGSA to confirm that findings are adequately addressed	Completed	CFO/CAE	28 February 2025
41.	R37million of the unallocated deposits should be resolved by issuing notices on the newspapers to create awareness to the community to assist in identifying the unallocated deposits	Completed	CFO	30 June 2025
42.	Staff debts to be recovered from the employees' salaries	Completed	CFO	30 June 2025
43.	Adjustment budget should be presented to APAC to assess the mid- year performance versus proposed adjustment budget	Completed	CFO	30 June 2025
44.	Management should also deal with the root causes of the audit findings to avoid recurring findings	Completed	CFO	
45.	Proposed audit action plan should be submitted to AGSA to confirm that findings are adequately addressed	Completed	CFO/CAE	
46.	Management was also advised to approach the National Treasury with regard to legacy issues on the opening balances of cash balance	Completed	CFO	
47.	Unauthorised, irregular or fruitless and wasteful expenditure should be investigated and reported as per Annexure A template provided by National Treasury	Completed	CFO	

NO	Resolutions	Status quo	Responsible Manager	Action date
48.	Risk mitigation on cyber risks with long term mitigation plans to be revisited	Completed	CRO	
49.	Unauthorised, irregular or fruitless and wasteful expenditure should be reported to municipal council on a quarterly basis	Completed	CFO	
50.	Mitigations of risks with financial implications to be prioritised during the review of the draft budget and IDP	Completed	CRO/CFO/All Directors	
51.	Risk mitigation on cyber risks with long term mitigation plans to be revisited	Completed	CRO	
52.	Adjustment budget should be presented to APAC to assess the mid- year performance versus proposed adjustment budget	In Progress	CFO	28 February 2025
53.	Management should ensure that by 30 June 2025, the audit action plans are fully implemented and closed	In Progress	CFO/All Directors	08 August 2025
54.	Management was advised to benchmark with the City of eThekweni Metropolitan municipality in Kwazulu-Natal on the policy relating to legacy issues on the opening balances	In Progress	CFO	
55.	Unauthorised, irregular or fruitless and wasteful expenditure should be investigated and reported as per Annexure A template provided by National Treasury	In Progress	CFO	
56.	Interim financial statements for six month was due and should be presented to APAC for reviews in the next meeting	In Progress	CFO	17 April 2025
57.	Ward councillors to be engaged to assist with sharing a list of unallocated deposits to the community at ward meetings for identifications	Completed	CFO	
58.	Root cause analysis should be done on long outstanding debts and identification of debtors with	In Progress	CFO	

NO	Resolutions	Status quo	Responsible Manager	Action date
	repayment plans and those without plans be done in order to map a way forward			
29 May 2025				
59.	Completed action plans should be removed from the register	Completed	CAE	30 June 2025
60.	Action date should be changed, it cannot be 30 June 2025 on all actions dates;	Completed	CAE	30 June 2025
61.	In-progress actions should be quantified in percentages and be colour coded i.e. red – not yet started, yellow – in progress and green – completed;	Completed	CAE	30 June 2025
62.	Progress on the internal audit plan should be presented in percentages	Completed	CAE	30 June 2025
63.	Internal Audit Unit (IAU) should audit all completed action plans	Completed	CAE	30 June 2025
64.	APAC indicated that executive summary should be included in the Litigation report	Completed	Director Corporate Service	30 June 2025
65.	Internal audit action plan should be developed to ensure that all findings raised are resolved and also to avoid/ track recurring findings	Completed	CAE	30 June 2025
66.	Internal Audit action plan should be presented to APAC quarterly	In Progress	CAE	
67.	APAC members indicated that the special meeting should be held on the 1st week of June 2025 to discuss items listed below: a. Risk Management quarterly report and policies; b. IDP 2025/2026; c. MTREF 2025/2026.	Completed	CRO/CAE/All Directors	30 June 2025
68.	Management to use Dropbox to send the pack at once for APAC meeting	In Progress	CAE	31 August 2025

APPENDIX H – LONG TERM CONTRACTS PUBLIC PRIVATE PARTNERSHIPS ENTERED

Public Private Partnerships Entered into during Year 2024/2025					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	R' 000 Value 2024/2025
None					

APPENDIX I – MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE

MIG PROJECTS FOR 2024/2025 FY PROGRESS

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
1.	Upgrading Mookgophong Sports Stadium Phase 2	Ayema Projects	Moshopane Business Enterprises	20 May 2025	22 September 2025	R3 500 000.00 Revised R1 283 112.50	Athletic tracts, combi courts, Spectator boundary fence, grandstand	6,6%	100% R1 283 112.50	Slow progress by the contractor.	2
2.	Construction of Internal Streets and Storm water Control for Mookgophong Ext 5 & 6	Sizeya Consulting Engineers	Hleketani Construction	18 September 2023	06 June 2024 EoT - 14 August 2024	R9 962 039.74	Construction of paved road and storm water control at Mookgophong Ext 5&6	100%	100% R 9 962 039.74	Completed	4
3.	Construction of Internal Streets and Storm water Control for Phagameng Ext 8 Phomolong	T2 – Tech Engineers	Baphalaborwa Projects	15 August 2024	29 August 2025	R7 351 074.60 Revised R 8 602 972.18	Construction of 3, 6 km internal streets and storm water control.	22,01%	100% R 8 602 972.18	Slow progress by the contractor.	2

APPENDIX G – AUDIT COMMITTEE RESOLUTION REGISTER FOR 2024/2025

NO	Resolutions	Status quo	Responsible Manager	Action date
1.	The municipality to pay ESKOM R25 million from equitable shares.	Completed	CFO	30 June 2025
2.	A short-fall of R17 million for the month of May/June 2024 to be paid not later than 08 August 2024 to ESKOM.	Completed	CFO	30 June 2025
3.	Review ESKOM payment plan and pay current account in full.	Completed	CFO	30 June 2025
4.	UIFW to be submitted to all stakeholders.	Completed	CFO	30 June 2025
5.	All cases /UIFWs referred to MPAC for investigation and MPAC report to be tabled in council for consideration.	Completed	CFO	30 June 2025
6.	Management to write an executive summary with regard to progress made on litigation register so as to guide members on issues to deliberate on.	Completed	DCS	30 June 2025
7.	SITA submitted all outstanding invoices and the municipality to settle them before the end of the 2024/25 financial year.	Completed	CFO	30 June 2025
8.	Circular 127 dealing with APAC tool kit issued by National Treasury and the municipality advised to utilise it starting from current financial year.	Completed	CAE	30 June 2025
9.	IAU to review the Audit Methodology before January 2025 so as to align with Circular 127 and IA Standards.	Completed	CAE	30 June 20225

NO	Resolutions	Status quo	Responsible Manager	Action date
10.	APAC members requested the municipality to provide SARS documents for filing purposes.	Completed	CAE	30 June 2025
11.	Audit action plan to be incorporated In the draft annual report.	Completed	Manager PMS	30 January 2025
12.	Annual report be presented to Council with the inclusion of all annexures.	Completed	Manager PMS	30 January 2025
13.	Picture of the Municipal Manager in poor quality, and therefore to be changed in the draft annual report.	Completed	Manager PMS	30 January 2025
14.	Invoices sourced from Microsoft to be paid as and when money sufficient.	In-progress	CRO	30 June 2025
15.	Risk management Hotline report be included in the report.	In-progress	CRO	30 June 2025
16.	IT and Ethics reports be presented to Risk Management Committee.	In-progress	CRO	30 June 2025
24 August 2024				
17	a. That Quality Assurance be done prior submission to AGSA. b. On page 04, under "Introduction and performance management process" there was a capitalisation error, the word "council" be capitalised. c. On page 05, under table 1, "Summary of Performance Per Key Performance Areas (KPA's) and Departments", on the last paragraph, the word "sitting" should be removed on the paragraph. d. Page 10, Table 4 "Challenges and Remedial Actions: Corporate Services" on line number three, management should decide whether the Councillors submit the report or minutes of the monthly meeting and on line number four employees should not be	Completed	Manager PMS	30 August 2025

NO	Resolutions	Status quo	Responsible Manager	Action date
	"encouraged" to sign the performance agreement but rather sign "voluntarily". e. Misalignment between APR and the Adjusted SDBIP be corrected. f. Implementation of annual targets be augmented as there is poor performance. g. That issues raised by AGSA in 2022/23 financial year be included in the ARP. h. On a section which deals with the assessment of service providers, there was no indication of whether management was satisfied with the assessment or not, and that there was also a scoring of two (2) and three (3) which did not had criteria and definitions, all these be corrected. i. Colour coding and legends be clear on the report. j. KPI number 30, highlighted in green and target not achieved, be changed to correct colour k. Reported information must be useful and the PoE must also be adequate and consistent with the set target.			
18.	<u>a. Page 05 and 06 Audit Committee report</u> i. APAC meetings be changed from 4 to 7 as listed on the draft AFS. ii. On page 06 first paragraph, the internal controls were not fully effective and King III report to be changed to King IV. iii. On last paragraph of page 06, the Chairperson of APAC should revise the paragraph before signing off the report.	Completed	CFO	30 August 2025

NO	Resolutions	Status quo	Responsible Manager	Action date
	<u>b. Page 09 statement of financial position</u> i. Current liabilities for 2023 financial year was zero and management to revisit the item. <u>c. Page 10 Statement of Financial Performance</u> i. There should be a note references on fair value adjustment, inventory reversal and gain on disposal of PPE. <u>d. Page 12 Cash Flow Statement</u> i. Revisit R19 Million figure which is reported as a negative on the Other income line <u>e. Page 13 and 15 Budget Comparison</u> i. Cash flow statement actuals does not agree to figures in the actual cash flow statement, this should be corrected. <u>f. Page 18 Note 10 and 19, Statement of Comparison of Budget and Actual Amounts</u> i. Paragraphs had spelling errors and should be revisited. ii. The effect of load shedding on last paragraph to be removed. <u>g. Page 19 Statement of Comparison of Budget and Actual Amount</u> i. Numbering not in order and be corrected. <u>h. Page 66 Note 6, Receivables from Non-exchange Transactions</u> i. Totals for 2024 and 2023 financial years not correlated with statement of financial position and that reconciliations totals does not correlate to the balance sheet, this to be corrected.			

NO	Resolutions	Status quo	Responsible Manager	Action date
	<u>i. Page 70 Note 8, VAT receivable</u> i. Totals for 2024 and 2023 financial years did not correlate with statement of financial position and to be corrected. <u>j. Page 70 Note 9, Deposits</u> i. Totals for 2023 financial years did not correlate with statement of financial position, to be corrected. <u>k. Page 75 Note 12, Property, plant and equipment</u> i. The purchase of PPE on cash flow statement, page 12, does not show these balances in the note e.g. cash flow statement was R219 135 933 for purchase of PPE but additions on the note indicated R166 749 962, and management was advised to reconcile the item again. <u>l. Page 78 Note 13, Intangible Assets</u> i. Reasons for writing off servitudes fully in 2023 financial year to be explained on the notes. <u>m. Page 79 Note 14, Heritage Assets</u> i. There was a Case ware rounding error of one in the additions column and management to correct so that the total correlate with Balance Sheet balance of R1 286 788. <u>n. Page 80 Note 15, Other Financial Assets</u> i. Reconciliations for 2023 and 2024 financial years did not correlate with statement of financial position. <u>o. Page 89 Note 24, Interest Earned</u> i. Exchange interest amounts for 2024 and 2023 financial years did not correlate with the Income Statement			

NO	Resolutions	Status quo	Responsible Manager	Action date
	p. <u>Page 90 Note 28, Property rates</u> i. There was a reduction on Residential property development and management to confirm the figures prior submission. q. <u>Page 94 Note 33, Employee related costs</u> i. Total amount for 2024 did not compare with statement of financial performance, this to be corrected. r. <u>Page 96 Note 36, Impairment of assets</u> i. A statement which read as follows, "describe the events and circumstances that led to the recognition or reversal of the impairment loss" should be revisited. s. <u>Page 98 Note 46, Contingencies</u> i. Next APAC meeting should discuss Balimi Barui Trading (PTY) LTD for a rescission application against default judgement of R44 million lodged on 23 May 2018. t. <u>Page 99 Note 46, Contingencies</u> i. Management should ensure that contingencies agrees to litigation report so that the contingencies reported are complete. u. <u>Page 100 Note 47, Related Parties</u> i. APAC resolved that related parties balance on municipal accounts in arrears must correlate with note 56 on page 113; ii. APAC also resolved that management must deduct money from councillor's salaries whose municipal accounts were in arrears.			

NO	Resolutions	Status quo	Responsible Manager	Action date
	i. APAC concerned that nothing was written off, recovered or condoned for 2023 financial year, and therefore this matter to be given attention. ii. APAC indicated that lack of a report by MPAC for the whole financial year demonstrated ineffectiveness of the committee which it has been reporting throughout the financial year. <u>z. Page 110 Note 56, Additional disclosure in terms of Municipal Finance Management Act</u> i. Amount for Water distribution losses still the same as 2023 financial year and management must correct. <u>aa. Page 113 Note 56, Additional disclosure in terms of Municipal Finance Management Act</u> i. Councillors had outstanding debts and that money should be recovered before the end of councillor's term. <u>bb. Page 115 Note 56, Additional disclosure in terms of Municipal Finance Management Act</u> i. Investment amount did not correlate with note 10. i.e. R15 855 291 vs. R1 182 925, management to correct this. <u>cc. Page 116 Note 57, Financial instruments disclosure</u> i. Balance did not correlate with statement of financial position and management to correct <u>dd. Page 117 Note 58, Risk Management</u> i. Balance did not correlate with statement of financial position and management to correct. <u>ee. Page 119 Note 59, Segment information</u>			

NO	Resolutions	Status quo	Responsible Manager	Action date
	i. APAC indicated that balances did not correlate with statement of financial position, and management to correct. ii. Salaries and wages did not correlate with total of employee salaries and Councillors salaries when added up, management to correct. ff. <u>Page 125 Note 65, Other receivables from exchange transactions</u> i. Notes states an undefined difference that should be updated and corrected by management			
23 January 2025				
19.	Management to insert column of legal costs paid to attorneys on the litigation report	Completed	Director Corporate Services	30 June 2025
20.	Resolutions with "in- progress" and or "on-going" to include narrations "On-going" and "in-progress" actions to be quantified by percentages. Action date to be captured on all resolutions.	Completed	CFO/ Directors All	30 June 2025
21.	Management to proofread reports in order to avoid lawsuits.	Completed	CFO/ Directors All	30 June 2025
22.	Management to adhere to internal control system established to avoid findings issued by AGSA.	Completed	CFO/ Directors All	30 June 2025
23.	Management to revisit the top layer of the SDBIP and develop the departmental SDBIP.	Completed	CFO/ Directors All	30 June 2025
24.	Management to include the executive summary/ narratives to the ICT Governance report.	Completed	Director Corporate Service	
25.	Audit action plan to be incorporated In the draft annual report.	Completed	Manager PMS	

NO	Resolutions	Status quo	Responsible Manager	Action date
26.	Annual report should be presented to Council with the inclusion of all annexures.	Completed	Manager PMS	
27.	That the picture of the Municipal Manager was in poor quality, and therefore needed to be changed in the draft annual report.	Completed	Manager PMS	
28.	Management to proofread reports in order to avoid lawsuits.	Completed	CFO/ All Directors	
29.	Management should adhere to internal control system established to avoid findings issued by AGSA.	Completed	CFO/ All Directors	
30.	Management should revisit the top layer of the SDBIP and develop the departmental SDBIP.	Completed	CFO/ All Directors	
31.	CAE should audit all completed resolutions.	In progress	CAE	30 June 2025
32.	Management to insert column of legal costs paid to attorney on the litigation report.	In progress	Director Corporate Services	30 June 2025
33.	Management to include the executive summary/ narratives to the ICT Governance report.	In progress	Director Corporate Services	30 June 2025
29 January 2025				
34.	Page numbers to be inserted on the Mid- year report to show quick reference	Completed	CFO	31 January 2025
35.	Align figures on the Mid- year report to get correct percentages	Completed	CFO	31 January 2025
36.	Management should also ensure that the action plans addresses the audit findings	Completed	CFO/All Directors	30 June 2025
37.	Management should deal with the root causes of all audit findings to avoid recurring findings	Completed	CFO/All Directors	30 June 2025

NO	Resolutions	Status quo	Responsible Manager	Action date
38.	Management was also advised to approach the National Treasury with regard to legacy issues on the opening balances of cash balance	Completed	CFO	30 June 2025
39.	Unauthorised, irregular or fruitless and wasteful expenditure should be reported to municipal council on a quarterly basis	Completed	CFO	31 March 2025
40.	Proposed audit action plan should be submitted to AGSA to confirm that findings are adequately addressed	Completed	CFO/CAE	28 February 2025
41.	R37million of the unallocated deposits should be resolved by issuing notices on the newspapers to create awareness to the community to assist in identifying the unallocated deposits	Completed	CFO	30 June 2025
42.	Staff debts to be recovered from the employees' salaries	Completed	CFO	30 June 2025
43.	Adjustment budget should be presented to APAC to assess the mid- year performance versus proposed adjustment budget	Completed	CFO	30 June 2025
44.	Management should also deal with the root causes of the audit findings to avoid recurring findings	Completed	CFO	
45.	Proposed audit action plan should be submitted to AGSA to confirm that findings are adequately addressed	Completed	CFO/CAE	
46.	Management was also advised to approach the National Treasury with regard to legacy issues on the opening balances of cash balance	Completed	CFO	
47.	Unauthorised, irregular or fruitless and wasteful expenditure should be investigated and reported as per Annexure A template provided by National Treasury	Completed	CFO	

NO	Resolutions	Status quo	Responsible Manager	Action date
48.	Risk mitigation on cyber risks with long term mitigation plans to be revisited	Completed	CRO	
49.	Unauthorised, irregular or fruitless and wasteful expenditure should be reported to municipal council on a quarterly basis	Completed	CFO	
50.	Mitigations of risks with financial implications to be prioritised during the review of the draft budget and IDP	Completed	CRO/CFO/All Directors	
51.	Risk mitigation on cyber risks with long term mitigation plans to be revisited	Completed	CRO	
52.	Adjustment budget should be presented to APAC to assess the mid- year performance versus proposed adjustment budget	In Progress	CFO	28 February 2025
53.	Management should ensure that by 30 June 2025, the audit action plans are fully implemented and closed	In Progress	CFO/All Directors	08 August 2025
54.	Management was advised to benchmark with the City of eThekweni Metropolitan municipality in Kwazulu-Natal on the policy relating to legacy issues on the opening balances	In Progress	CFO	
55.	Unauthorised, irregular or fruitless and wasteful expenditure should be investigated and reported as per Annexure A template provided by National Treasury	In Progress	CFO	
56.	Interim financial statements for six month was due and should be presented to APAC for reviews in the next meeting	In Progress	CFO	17 April 2025
57.	Ward councillors to be engaged to assist with sharing a list of unallocated deposits to the community at ward meetings for identifications	Completed	CFO	
58.	Root cause analysis should be done on long outstanding debts and identification of debtors with	In Progress	CFO	

NO	Resolutions	Status quo	Responsible Manager	Action date
	repayment plans and those without plans be done in order to map a way forward			
29 May 2025				
59.	Completed action plans should be removed from the register	Completed	CAE	30 June 2025
60.	Action date should be changed, it cannot be 30 June 2025 on all actions dates;	Completed	CAE	30 June 2025
61.	In-progress actions should be quantified in percentages and be colour coded i.e. red – not yet started, yellow – in progress and green – completed;	Completed	CAE	30 June 2025
62.	Progress on the internal audit plan should be presented in percentages	Completed	CAE	30 June 2025
63.	Internal Audit Unit (IAU) should audit all completed action plans	Completed	CAE	30 June 2025
64.	APAC indicated that executive summary should be included in the Litigation report	Completed	Director Corporate Service	30 June 2025
65.	Internal audit action plan should be developed to ensure that all findings raised are resolved and also to avoid/ track recurring findings	Completed	CAE	30 June 2025
66.	Internal Audit action plan should be presented to APAC quarterly	In Progress	CAE	
67.	APAC members indicated that the special meeting should be held on the 1st week of June 2025 to discuss items listed below: a. Risk Management quarterly report and policies; b. IDP 2025/2026; c. MTREF 2025/2026.	Completed	CRO/CAE/All Directors	30 June 2025
68.	Management to use Dropbox to send the pack at once for APAC meeting	In Progress	CAE	31 August 2025

APPENDIX H – LONG TERM CONTRACTS PUBLIC PRIVATE PARTNERSHIPS ENTERED

Public Private Partnerships Entered into during Year 2024/2025					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	R' 000 Value 2024/2025
None					

APPENDIX I – MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE

MIG PROJECTS FOR 2024/2025 FY PROGRESS

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
1.	Upgrading Mookgophong Sports Stadium Phase 2	Ayema Projects	Moshopane Business Enterprises	20 May 2025	22 September 2025	R3 500 000.00 Revised R1 283 112.50	Athletic tracts, combi courts, Spectator boundary fence, grandstand	6,6%	100% R1 283 112.50	Slow progress by the contractor.	2
2.	Construction of Internal Streets and Storm water Control for Mookgophong Ext 5 & 6	Sizeya Consulting Engineers	Hleketani Construction	18 September 2023	06 June 2024 EoT - 14 August 2024	R9 962 039.74	Construction of paved road and storm water control at Mookgophong Ext 5&6	100%	100% R 9 962 039.74	Completed	4
3.	Construction of Internal Streets and Storm water Control for Phagameng Ext 8 Phomolong	T2 – Tech Engineers	Baphalaborwa Projects	15 August 2024	29 August 2025	R7 351 074.60 Revised R 8 602 972.18	Construction of 3, 6 km internal streets and storm water control.	22,01%	100% R 8 602 972.18	Slow progress by the contractor.	2

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
4.	Construction of Internal Streets and Storm water Control for Phagameng Ext 9 Phomolong	Ayema Projects (PTY) LTD	Bothlabatsi Group 001 C	08 July 2024	20 May 2025 1 st revised : 16 June 2025 2 nd revised: 21 July 2025 3 rd revised: 31 August 2025	R 46 982 233.00 Revised R 38 099 063.86	Construction of 4, 5 km internal streets and storm water control.	82%	100% R38 099 063.86	Contractor could not complete in time.	3
5.	construction of Internal Streets and Storm water Control for Mookgophong Ext 3 & 8	KIPP Consulting Engineers North	TBC	TBC	TBC	R 3 664 771.72	Construction of paved road and storm water control at Mookgophong Ext 3&8	0% (Designs completed)	100% R 3 664 771.72	Designs completed	3
6.	Mabaleng (Informal Settlement) High Mast Light x 1	Mulanga Consulting Engineers	Tooka Cleaning and Projects	03 July 2023	30 June 2025 (Revised date: TBC)	R 212 641.50	Installation of high mast light and connection to Eskom line.	0%	100% R0.00	Delay on the part of Eskom for power supply.	1

WSIG PROJECTS FOR 2024/2025 FY PROGRESS

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	WSIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
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No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
1.	Upgrading Main Sewer Outfall Phagameng-Jay Naidoo (Phase 2)	FUBU Africa Engineers 05 February 2020 Appointed	KMC Minerals 28 June 2023 Appointed	10/07/2023	30/11/2023 Revised date: 28/01/2025	R 363 925.73	Refurbish Pump Station 12x Manholes 1200 m x 160mmØ Pipeline Construction PVC 530 m x 110mm Cleaning & Testing	100%	0% R0.00 (Part of the remaining scope of works was funded through OPEX) WSIG allocation was intended to cover professional fees	Final Completion	3
2.	Replacement of water meters in Modimolle, Mookgophong and Vaalwater	FUBU Africa Engineers 05 August 2022 Appointed	Basie Civils & Projects (For Supply & Delivery) 08 Dec 2023	08 Dec 2023	05/08/24 Revised date: 31-Aug-2025	10 000 000.00	Install smart prepaid meters=1400 x 15x20mm =50 x 50mm	98%	80% R 7 966 589.86	Waiting for Practical completion.	3
3.	Installation of stand-by Generators	SGG Consulting Engineers	Top Cherry 10 August 2023	28/08/2023	31/07/2024 (Revised: 31-Aug-2025)	R 5 018 565.45	11x Supply, Delivery, Installation & Commissioning	99%	67% R6 718 709.82	Slow progress in execution of works.	1

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
		02 August 2022 Appointed	Appointed							No new acceleration plan submitted. Non-performance letter issued.	
4.	Upgrading of Ext 5 & 6 Main Sewer Pipeline-Mookgophong	Batatise Consulting Engineers 22 July 2022 Appointed	Brooklyn Projects 21 06 June 2023 Appointed	25/08/2023	09/04/2024 (Revised date: 20/05/2025)	R 4 375 781.28	Construction of the (2970 m x 250 mm, 550 m x 300mm, 558m x 300mm & 522mx 355mm GRP pipeline) 49x GRP Sewer Manholes	100%	100% R 4 375 781.28	Project completed.	4
5.	Refurbishment of the Donkerpoort WTW	Ziyanda Consulting Engineers 24 October 2022 Appointed	Zerbacraft 15 May 2024 Appointed	24/06/2023	05/12/2024 (Revised date: 23-Sep-2025)	R 18 297 620.62	Civil Works Mechanical Works Electrical Works & Instrumentation	19%	09% R1 770 276.81	Slow progress of the contractor.	1
6.	Augmentation of Water Supply in Modimolle	Atiso Consulting Engineers 24 October 2022 Appointed	Top Cherry 06 June 2023	12/07/2023	31/09/2024 (Revised: (31-Aug-2025)	R21 141 009.68	Construction of the (11000m x 350mm GRP pipeline) Upgrading 3X Pump Stations Electrical & Mechanical Works	98%	91% R21 141 009.68	Slow progress in execution of works. No new acceleration plan submitted. Non-performance letter issued.	3

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
7.	Augmentation of Water Supply in Mookgophong	Speke Consulting Services 24 October 2022 Appointed	Mintirho Business Enterprise 02 June 2023 Appointed	29 June 2023	31/07/2024 (Revised: (31-Aug-2025)	29 849 279.77	Civil Works Mechanical Works Electrical Works & Instrumentation @ Frikkie Geyser, Mookgophong WTW & Nyl Well field	99%	82% R29 849 279.77	Slow progress in execution of works. Contractor submitted the recovery plan.	3

MDRG PROJECTS FOR 2024/2025 FY PROGRESS

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MDRG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
1.	Re-gravelling (0.8km) road in Vaalwater Ext 06 main road	AYEMA	MVI	22-Mar-24	26-Sep-24	R 1 704 054.00	Re-gravelling (0,8) km re-graveling of Vaalwater and Alma ward 03 ext 06 main road	100%	100% R 1 704 054.00	Completed	4
2.	Re-gravelling of (1.2km) roads in Alma New Settlement	AYEMA	MVI	22-Mar-24	26-Sep-24	R 2 600 000.00	Re-gravelling (1,2) km Vaalwater and alma ward 02 Alma New Settlement	100%	100% R 2 600 000.00	Completed	4
3.	Asphalt Rehabilitation of roads in Roedtan (0.3km)	AYEMA	MVI	22-Mar-24	26-Sep-24	R 2 300 000.00	Asphalt Rehabilitation(0.3KM)	100%	100% R 2 300 000.00	Completed	4

No.	Project name and Approved Amount	Consultant	Contractor	Start Date	Completion Date	MIG Registration Funds	Planned Scope	% progress	% Expenditure	Comments	Rating of Contractor
4.	Replacement of Phagameng Sub-Station BTU	MMLM	Sonke Engineering	22-Mar-24	22-Nov-25	R 420 000.00	Supply and Installation of damaged transformers Supply and installation of damaged cable	100%	100% R 420 000.00	Completed	4

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

DISCLOSURES OF FINANCIAL INTERESTS		
PERIOD 1 JULY 2024 - 30 JUNE 2025		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS* (NIL / OR DETAILS)
Councillors	Cllr Sechele Aaron Sebolai	None
	Cllr Mashishi Meriam Morongwa	None
	Cllr Sinah Mokgaetjie Langa	None
	Cllr Jack Shokane	None
	Cllr Maphuti Margaret Mothabela	Informal taxi business
	Cllr D S Motswene	JRV Project and Trading
	Cllr Prinsloo Johan	AM TO HER / JP PRINSLOO Trans
	Cllr HP Louw	Pensioner (SANDF)
	Cllr RJ Mohoro	Modipreneurs Learning Academy Tharu Funeral Service. Tharu Trading. Phagameng Cleaning Services
	Cllr Motsomane Simon Mangwedi	Kidcave day care, Simon & Funkie, Non Genercis
	Cllr Maishibe Maria Kekana	None
	Cllr L W Monyela	Previously director of Dinoko currently transferred to family and spouse
	Cllr Mathabathe Athandi Piet	None
	Cllr John Mahlaba Majoko	None
	Cllr D Phalane	Ledile- Roy PTY LTD Ikageng community programme (NPO)
	Cllr Wagener Antoinette Susanna	None
	Cllr E Ramogale	None
	Cllr Cornelius Johannes Pretorius	None
	Cllr Mokgadi Sophie Dayimani	Moshutwa trading enterprises Kona Semorwa security and cleaning services
	Cllr Mafuna Selomo Patrick	Selomo Patrick Mafuna retired as educator from DBE as from 1 st August 2022
	Cllr Botes Wiets Lourens	Contact my bookkeeper: tjoast@integritus.co.za
	Cllr Moima Khalimi Sebetios	None
	Cllr Louw Margrietha Susanna	Koeboebessie PTY Lim 2021/954047/07
	Cllr PJ Manaka	Mokoldi trading

	Cllr MA Mboweni	None
	Cllr Joel Mpedi	Mpedi Chickens
Municipal Manager	Mr N B Thobela	Thobela consulting engineers and project managers
Chief Financial Officer	LC Malema	None
Other S57 Officials including acting	Ms E Ramuthivheli	None
	Mrs M Berrange	None
	Mr MP Shika	None
	Mr N Nkopodi	None
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i) – REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R'000	2023/24	Current: 2024/25			2024/25 Variance	
Vote Description	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Vote 2 - Municipal Manager	20	66	66	18	-261%	-261%
Vote 3 - Budget and Treasury	748 934	245 974	245 974	188 552	-30%	-30%
Vote 4 - Planning and Economic Development	147 507	167 428	167 428	301 956	45%	45%
Vote 5 - Technical Services	688 826	651 121	686 855	402 887	-62%	-70%
Vote 6 - Corporate Services	2 763	1 007	1 007	2 662	62%	62%
Vote 7 - Community and Social Services	108 392	48 216	48 216	38 348	-26%	-26%
Total Revenue by Vote	1 696 442	1 113 812	1 149 546	934 424	-19%	-23%
Variances are calculated by dividing the difference between actual and original/adjustment budget by actual. This table is aligned to MBRR table A3						
TK 1						

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE

APPENDIX K (ii) – REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Source						
R'000	2023/24	Current: 2024/25		2024/25 Variance		
Vote Description	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Property rates	160 886	157 207	157 207	147 184	-7%	-7%
Property rates - penalties & collection charges						
Service charges - electricity revenue	356 519	307 878	307 878	242 385	-27%	-27%
Service charges - water revenue	107 507	125 896	125 896	96 966	-30%	-30%
Service charges - sanitation revenue	48 439	54 532	54 532	49 522	-10%	-10%
Service charges - refuse revenue	28 851	31 861	31 861	30 388	-5%	-5%
Service charges - other						
Rental of facilities and equipment	234	557	557	545	-2%	-2%
Interest earned - external investments	1 419	1 154	1 154	1 813	36%	36%
Interest earned - outstanding debtors	85 901	82 767	82 757	117 853	30%	30%
Dividends received						
Fines	71 393	11 168	11 168	310	-3499%	-3499%
Licences and permits	8 236	4 316	4 316	144	-2892%	-2892%
Agency services				6 947		
Transfers and subsidies recognised - operating	153 212	162 295	162 295	163 993	1%	1%
Other revenue	502 664	9 183	9 183	76 374	88%	88%
Gains on disposal of PPE						
Total Revenue (excluding capital transfers and contributions)	1 525 261	948 814	948 804	934 424	-2%	-2%

Variances are calculated by dividing the difference between actual and original/adjustment budget by actual. This table is aligned to MBRR table A4

APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

APPENDIX L - CONDITIONAL GRANTS : EXCLUDING MIG			
Conditional Grants : excluding MIG			
Details	Budget 2024/25	Adjustment Budget 2024/25	Actual

Financial Management Grant	2 600	2 600	2 600
Expanded Public Works Programme	1 641	1 641	1 641
Integrated National Electrification Grant			4 204
Water Service Infrastructure Grant	102 954	102 954	37 776
Other/Specify (Disaster grant)	35 944	35 944	9 745
Other/Specify (LGSETA subsidy)	766	766	766
Total	143 905	143 905	56 731

APPENDIX M (i) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital expenditure - New assets programme							
Description	2023/24	2024/25			Planned capital expenditure		
	Actuals	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
Capital expenditure by Asset class	147 455	155 391	196 600	136 146	144 505	153 369	150 279
Infrastructure Roads transport -Total	54 248	34 243	76 716	68 096	25 268	39 328	29 647
Roads	54 248	34 243	76 716	68 096	25 268	39 328	29 647
Storm water							
Infrastructure Electricity - Total	7 759	10 444	10 444	3 739	16 000	16 000	11 497
Generation							
Substation							
HV Substations							
HV Transmission conductors		10 444	10 444	3 739	12 000	11 000	11 497
LV Networks	7 759				4 000	5 000	
Infrastructure Water - Total	52 128	74 226	96 312	39 029	71 828	85 000	85 000
Dams & Reservoirs							
Distributions	4 857	74 226	96 312	39 029	50 000	85 000	85 000
Reticulation							
Boreholes							
Pump stations	47 271				21 828		
Capital spares							
Infrastructure Sanitation - Total	6 999	17 114		16 679			

Reticulation	631	17 114		16 679			
Sewerage purification	6 368						
Infrastructure Other - Total	26 321	19 364	13 128	8 603	31 409	13 041	24 135
Landfill sites		4 300	628		12 358		
Transportation							
Gas							
Other	26 321	15 064	12 500	8 603	19 051	13 041	24 135
Total Capital expenditure - New programmes	147 455	155 391	196 600	136 146	144 505	153 369	150 279

APPENDIX M (ii) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital expenditure - Upgrade / Renewal programme							
Description	2023/24	2024/25			Planned capital expenditure		
	Actuals	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
Capital expenditure by Asset class	50 017	16 615	215 742		202 998	176 421	178 734
Infrastructure Roads transport -Total	649						
Roads	649						
Storm water							
Infrastructure Electricity - Total	-	-	-	-	-	-	-
Generation							
Substation							
HV Substations							
HV Transmission conductors							
LV Networks							
Infrastructure Water - Total	13 487						
Dams & Reservoirs	10 738						
Distributions							
Reticulation							
Boreholes							
Pump stations	2 749						
Infrastructure Sanitation - Total	35 881	16 615	9 142		51 472	23 052	28 455

Reticulation	35 301	16 615	9 142		51 472	23 052	28 455
Sewerage purification	580						
Infrastructure Other - Total							
Landfill sites							
Transportation							
Gas							
Other							
Community Assets	153 831	165 393	206 600		151 526	153 369	150 279
Parks & Garden							
Sportfield and Stadia							
Community halls							
Fire safety & emergency							
Swimming pools							
Libraries							
Cemeteries							
Social rental houses							
Recreational facilities							
Other	153 831	165 393	206 600		151 526	153 369	150 279
Total Capital expenditure - Renewal / Upgrade programmes	203 848	182 008	215 742		202 998	176 421	178 734

APPENDIX N-CAPITAL PROJECT BY PROGRAMME FOR 2010/2024

Capital Programme by Project: 2024/25					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water Distribution	61 189	93 812	43 035		
Augmentation of Water Supply in Roedtan/Thusang	13 574	8 050	2 384	-70%	-82%
Augmentation of Water Supply in Vaalwater	16 615	-	-	-	-
Replacement of Asbestos pipes in Modimolle	16 615	-	-	-	-
Water Conservation and Water Demand Management	14 385	-	-	-	-
Augmentation of Water Supply In Modimolle	-	21 141	13 372	-37%	-
Augmentation of Water Supply In Mookgophong	-	29 849	23 272	-22%	-

Installation of stand-by Generators		5 019			
Refurbishment of the Donkerpoort WTW	-	18 298	1 280	-93%	-
Replacement /Installation of water meters in Modimolle Mookgophong and Vaalwater	-	10 000	2 260	-77%	-
Upgrading of the Nyl Water Pump Station and Reservoir - Mookgophong	-	1 456	-	-	-
Drilling and Equipping of Boreholes in Vaalwater	-	-	467	-	-
Waste Water management	41 765	9 142	17 827	-57%	-99%
Source Development at Modimolle Town and Township	8 037	-	-	-	-
Upgrade and Refurbishment of Sewer pipelines in Mookgophong	16 615	-	-	-	-
Upgrading of Modimolle WwTW	17 114	-	86		-99%
Refurbishment of Mabaleng WWTW	-	551	236	-57%	
Refurbishment of the Nyl Sewer Pump Station	-	483	-	-	-
Refurbishment of the R101 Sewer Pump Station- Mookgophong	-	2 044	-	-	-
Upgrading Ext 5 & 6 Main Sewer Pipeline- Mookgophong	-	4 376	-	-	-
Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 2)	-	177	-	-	-
Upgrading of the Main Sewer Outfall Phagameng-Jay Naidoo (Phase 2)	-	364	11 568	-	-
Upgrading of the Main Sewer Pipes in Modimolle (Lillian Ngoyi Paul Kruger Van Ri (Phase 1) Upgrading of the Industrial Sewer Outfall in Modimolle		815	172	-79%	
		332			
Storm water Conveyance: Upgrading Of Internal Storm water & Paving of Streets Ext 3			5 764		
Electricity	10 444	10 444	9 182	-146%	-146%

Mabaleng (Informal Settlement) High Mast Light x 1	213	213	-	-	-
Modimolle 132kv 6km HV line p2	9 337	9 337	-	-	-
Rondalia Dwellers/Malati park village 15HH electrification	600	600	39	-94%	-94%
Thusong (Pre-engineering for Thusang 200HH and Mookgophong Ext. 15 90HH)	294	294	141	-52%	-52%
LV Networks: Alma High Mast Lights	-	-	3 476	-	-
LV Networks: LV Networks	-	-	1 152	-	-
LV Networks: Mabaleng formal settlement high mast light x 1 ward2	-	-	4 009	-	-
Reservoirs: Steel Reservoir at Mabaleng 3.3ML	-	-	366	-	-
Roads	34 243	93 303	62 490	-20%	270%
Construction of Internal Streets and Storm water Control for Mookgophong Ext 5 &	10 425	9 962	12 501	25%	20%
Construction of Internal Streets and Storm water Control for Phagameng Ext 8 Phom	14 317	7 351	3 187	-57%	-78%
Construction of Internal Streets and Storm water Control for Phagameng Ext 9 Phomolong	9 500	36 381	40 611	12%	327%
Disaster Relief Grant	-	35 944	6 191	-83%	-
Construction of Internal Streets and Storm water Control for	-	3 665	-	-	-
Others	34 367	19 041	11 669	-216%	-235%
Buildings Renovations	4 000	4 000			
Computers (Laptops and desktops)	2 000	2 000	1 489	-26%	-26%
Furniture and Equipment	1 000	1 000	902	-10%	-10%
Municipal Vehicles (Service delivery and BTO)	5 000	5 000	3 773	-25%	-25%
Smart metering(water meters)	5 000	2 500	130	-95%	-97%
Rehabilitation and Development of Park for Old Mo	3 066	-	-	-	-

Upgrading of Mookgophong Sports Stadium	10 002	3 500	2 232	-36%	-78%
Modimolle Establishment of Landfill Site	4 300	541	-	-	-
Purchasing of Kudu Mowing machines x 12	-	500	375	-25%	-
Mookgophong Office Building	-	-	2 769	-	-
Total capital programme	182 008	225 742	144 203	-	-

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/2025

CAPITAL PROGRAMME BY PROJECT BY WARD:2024/2025		
CAPITAL PROJECT	WARD	WORKS COMPLETED (YES/NO)
Upgrading of Mookgophong Sports Stadium Phase 1	10	YES
Upgrading of Mookgophong Sports Stadium Phase 2	10	NO
Construction of Internal Streets and Storm water Control for Mookgophong Ext 5 & 6	4	YES
Construction of Internal Streets and Storm water Control for Phagameng Ext 8 Phomolong	8	NO
Construction of Internal Streets and Storm water Control for Phagameng Ext 9 Phomolong	13	NO
Modimolle Establishment of the Landfill site	10	YES
Mabaleng (Informal settlement) high mast light	2	NO
Installation of stand-by Generators	All Wards	NO
Upgrading Ext 5 & 6 Main Sewer Pipeline- Mookgophong	4	YES
Refurbishment of the Donkerpoort Water Treatment Works	12	NO
Augmentation of Water Supply In Modimolle	12	NO
Augmentation of Water Supply In Mookgophong	5	NO
Upgrading of the Main Sewer Outfall Jay Naidoo (Phase 2)		YES
Upgrading of the Industrial Sewer Outfall in Modimolle	12	NO
Replacement /Installation of water meters in Modimolle, Mookgophong and Vaalwater	All wards	NO
Upgrading of the Main Sewer Outfall Phagameng-Jay Naidoo (Phase 2)	8	YES
Refurbishment of the Nyl Sewer Pump Station	14	YES
(Phase 1)Upgrading of the Industrial Sewer Outfall in Modimolle	7	NO
Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 2)	7	YES
Replacement /Instillation of water meters in Modimolle, Mookgophong and Vaalwater	All Wards	NO
Upgrading of the Main Sewer Pipes in Modimolle (Lillian Ngoyi, Paul Kruger, Van Riebeck, Limpopo & Joe Slovo Street)	13	YES
Upgrading of the Nyl Water Pump Station and Reservoir - Mookgophong	14	YES
Refurbishment of the R101 Sewer Pump Station- Mookgophong	5	YES
Instillation of stand-by Generators	ALL	NO

CAPITAL PROGRAMME BY PROJECT BY WARD:2024/2025

CAPITAL PROJECT	WARD	WORKS COMPLETED (YES/NO)
Upgrading Ext 5 & 6 Main Sewer Pipeline- Mookgophong	4	YES
Refurbishment of the Donkerpoort WTW	2	NO
Augmentation of Water Supply in Modimolle	12	NO
Augmentation of Water Supply in Mookgophong	5	NO
Asphalt Rehabilitation(0.3KM)	14	YES
Re-Gravelling (1,2) Km Vaalwater and Alma Ward 02 new settlement	2	YES
Re-Gravelling (0,8) Km Regravelling of Vaalwater and Alma Ward 03 EXT 06 main road	3	YES
Upgrading of roads and storm water in Phagameng (Marapong) Ward 11 – 1.20 km	11	NO
Upgrading of the Industrial Sewer Outfall in Modimolle (Phase 2)	6	NO
Upgrading of internal roads and storm water management in Phagameng EXT 13 (Jasper) Ward 6 – 1.3Km	6	NO

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

SERVICE BACKLOGS AT SCHOOLS AND CLINICS				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
All schools in the municipal township areas are provided for municipal services.				
Schools in rural areas are catered for by the Department of Education				
Clinics (NAMES, LOCATIONS)				
No clinics with municipal service backlogs				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				

T P

APPENDIX Q –

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

APPENDIX Q - SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	Mobile Clinics service areas where no clinics are	Not certain
Housing:	Large scale of tin houses	Hard to establish
Licencing and Testing Centre:	A Private testing centre supplements the official centre	None
	Post Office issues renewed vehicle licenses	
Reservoirs	Vaalwater, Phagameng & Alma	Irregular water supply
		Low pressure when water is available
Schools (Primary and High):	An emerging need for a school in Phagameng	Travelling distance to school is cumbersome
Sports Fields:	A number of fields exist but are not fully developed	Fields not in a state of hosting events for visiting teams
		T Q

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
N/A	N/A	N/A	N/A	N/A

APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

NONE

APPENDIX T – PRESIDENTIAL OUTCOME FOR LOCAL GOVERNMENT

PRESIDENTIAL OUTCOME FOR LOCAL GOVERNMENT		
Outcome / Output	Progress to date	Number of Percentage Achieved
Improving access to basic services	All interruptions in the provisioning of basic services were addressed and resolved through the customer care system	100%
Implementation of the Community Work Programme	The CWP programme was implemented within the municipality although there were challenges with regard to the appointed implementing Agent	60%
Deepen democracy through a refined Ward Committee model	The 12 Ward Committees met regularly for the 2024/2025 financial year. When services breakdowns occurred in December – followed by public unrest, no ward committee meetings were held up to Election Date	20%
Administrative and financial capability	Administratively the Agendas and Minutes of meetings and correspondence were tended to. Financial reporting was timeously done on a monthly base. Revenue Collection was less than budgeted for, expenditure overspent and Supply Chain Division did not submit all required reports.	100%
		100%

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025



Modimolle-Mookgophong Local Municipality
(Registration number LIM 368)
Annual Financial Statements
for the year ended 30 June 2025

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

General Information

Nature of business and principal activities

Modimolle-Mookgophong Local Municipality was established in terms of Section 12 of the Municipal Structures Act (112 of 1998). The merger took place on 11 August 2016.

The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community:

General services - All types of services rendered by the municipality, excluding the supply of housing of the community.

Waste Management Services - The collection, disposal and recycling of waste.

Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality.

Waste water management - Collection and purification of waste water.

Water Services - Supply of water.

Registered office

Harry Gwala Street
OR Tambo Square
Modimolle
South Africa
0510

Business address

Harry Gwala Street
OR Tambo Square
Modimolle
South Africa
0510

Postal address

Private Bag X 1008
Modimolle
0510

Bankers

First National Bank

Auditors

The Auditor General of South Africa

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

General Information

Councillors

The following were the elected councillors in office during the financial year:

SA Sebolai - Mayor
SM Dayimani - Chief Whip
MS Langa - Speaker
HP Louw - EXCO Member
AS Wagener
JP Prinsloo - EXCO Member
SP Mafuna
D Phalane
MM Kekana
DE Ramogale
MA Mboweni - EXCO Member
LW Monyela - EXCO Member
SM Motsomane
JM Mpedi
RJ Mahoro
MS Louw
P Du Plessis
DS Motshwene
JM Shokane
JM Majoko
PJ Manaka
AP Mathabathe
MM Mothabela
KS Moima
MM Mashishi
WL Botes
CJ Pretorious
MJ Maswanganye
MP Shika (Acting)
LC Malema

Accounting Officer
Chief Financial Officer

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

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

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COID	Compensation for Occupational Injuries and Diseases
AFS	Annual Financial Statements
VAT	Value Added Tax
UIF	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
GRAP	Generally Recognised Accounting Practice
DORA	Division of Revenue Act 5 of 2022
AGSA	Auditor-General of South Africa
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
PPE	Property, Plant and Equipment
SARS	South African Revenue Service
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
INEP	Integrated National Electrification Programme
WSIG	Water Services Infrastructure Grant

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 are 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(ASB).

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

The accounting officers acknowledge that they are 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 officers 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 officers are 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 officers have reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the owns funds and national revenue allocations for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, there is assurance provided by internal audit and the municipality's external auditors.

The external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements. The annual financial statements have been audited by the municipality's external auditors and their report will be presented on page 7.

The annual financial statements set out from page 10 to 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer
MP Shika (Acting)

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2025.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four (4) times per annum as per Audit Committee Charter approved by the municipal council. The committee has met 7 times during the financial year as special audit committees were held.

Name of member	Designation	Term of Office
Mr Mthombeni V	Chairperson	01/04/2023 - 31/03/2026
Ms Laubscher N	Member	01/04/2023 - 31/03/2026
Ms Malumbete-Baloyi LPV	Member	01/04/2023 - 31/03/2026
Ms Le Roux M	Member	01/04/2023-31/03/2026

During the financial year under review, seven (7) meetings were held as follows:

Meeting No.	Date of the meeting	Type of the meeting	Attendees
1.	25 July 2024	Ordinary	Mr Mthombeni V Ms Malumbete Baloyi LPV Ms Le Roux M
2.	28 August 2024	Special Review of AFS & APR	Mr Mthombeni V Ms Laubscher N Ms Malumbete Baloyi LPV Ms Le Roux M
3.	10 October 2024	Special Meeting with AGSA	Mr Mthombeni V Ms Laubscher N Ms Malumbete Baloyi LPV Ms Le Roux M
4.	29 November 2024	Special Meeting with AGSA	Mr Mthombeni V Ms Laubscher N Ms Malumbete Baloyi LPV
5.	23 January 2025	Ordinary	Mr Mthombeni V Ms Malumbete Baloyi LPV Ms Le Roux M
6.	29 January 2025	Special	Mr Mthombeni V Ms Laubscher N Ms Malumbete Baloyi LPV Ms Le Roux M
7.	29 May 2025	Ordinary	Mr Mthombeni V Ms Malumbete Baloyi LPV Ms Le Roux M

Audit committee responsibility

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

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

Evaluation of annual financial statements

The audit committee has:

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

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

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Mr V Mthombeni (Chairperson of the Audit Committee)

Date: _____

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Modimolle-Mookgophong area. Modimolle-Mookgophong local municipality was established in terms of section 12 of the Municipal Structures Act (112 of 1998) and the merger took place on 11 August 2016.

The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community:

General services - all types of services rendered by the municipality, excluding the supply of housing of the community.

Waste management services - the collection, disposal and recycling of waste.

Electricity services - electricity is bought in bulk from Eskom and distributed to the consumers by the municipality.

Waste water management - collection and purification of waste water.

Water services - supply of water.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and were satisfactory. The financial position of the municipality is stable although there is continued cashflow constraints affecting day to day operational requirements.

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R620 230 471 and that the municipality's total assets exceed total liabilities by R620 230 471.

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.

Although material uncertainties exist regarding the going concern assumption, the ability of the municipality to continue as a going concern is dependent on a number of factors:

The municipality is funded by national government to continue its operations and the municipality is currently implementing a financial recovery in terms of section 137(1)(c) of the MFMA.

The municipality is constantly implementing optimal revenue enhancement strategies and credit control and debt collection policy along with cost containment policy to improve liquidity.

Additional disclosures related to the going concern assessment is included in the note 50 to these annual financial statements.

3. Subsequent events

The Accounting Officer is not aware of any matter(s) or circumstance(s) arising since the end of the financial year that could require significant adjustments to the annual financial statements.

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

4. Accounting Officers' interest in contracts

In terms of the Supply Chain Management Policy of the municipality, councillors and officials are prohibited from entering into commercial transactions with the municipality.

Councillors and officials are required to disclose any business interest which they may have elsewhere.

The register of declaration of interest is available in the office of the Speaker for inspection.

Consistent with the Supply Chain Management Policy of the municipality, none of the councillors or officials entered into any commercial transaction with the municipality during the period under review. The Accounting Officer does not have any interest(s) in contracts.

5. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

The accounting policies are developed and used by the municipality in the preparation of the annual financial statements are consistent with prior periods.

6. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Date Appointed	Date when acting ended/resigned
Mr. NB Thobela	01 September 2022	30 May 2025 (On suspension)

	South African	The Accounting Officer was appointed on an Acting capacity
MP Shika (Acting)	South African	Appointed Sunday, 01 June 2025

7. Auditors

The Auditor General of South Africa is mandated by the constitution to audit the public sector which includes the municipality and will therefore continue in the next financial period.

8. Non-compliance with applicable legislation

Instances of non-compliance with the MFMA and related regulations occurred and were identified during the year and include among others:

Non-compliance with SCM Regulations that resulted in Irregular expenditure reported these annual financial statements.

Monies owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Unauthorised, Irregular, Fruitless and wasteful expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA. The MPAC committee has finalised investigation of several instances of UIFW and recommended for writeoff during the year.

The annual financial statements set out on page 10 - 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer
MP Shika (Acting)

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	2 238 594	2 299 191
Other receivables	4	11 962 730	4 534 538
Other statutory receivables	5	2 489 366	74 648 721
Receivables from non-exchange transactions	6	4 863 124	105 376 120
Receivables from exchange transactions	7	63 493 715	366 485 948
VAT Receivable	8	449 565 479	369 533 573
Deposits	9	1 935 140	1 908 938
Cash and cash equivalents	10	31 930 134	22 191 371
		568 478 282	946 978 400
Non-Current Assets			
Investment property	11	852 969 900	872 470 920
Property, plant and equipment	12	1 446 679 771	1 387 500 893
Intangible assets	13	9	10
Heritage assets	14	161 314	161 315
Other financial assets	15	145 639	141 707
		2 299 956 633	2 260 274 845
Total Assets		2 868 434 915	3 207 253 245
Liabilities			
Current Liabilities			
Other financial liabilities	61	-	5 955 750
Finance lease obligation	60	633 546	867 189
Payables from exchange transactions	16	1 697 430 704	1 433 563 869
Consumer deposits	17	13 777 575	13 606 890
Employee benefit obligation	18	4 021 000	4 068 000
Unspent conditional grants and receipts	19	32 442 057	7 227 854
Provisions	20	4 098 015	3 960 048
Long service awards	21	4 234 000	2 668 000
VAT Payable	8	327 887 356	271 572 632
		2 084 524 253	1 743 490 232
Non-Current Liabilities			
Finance lease obligation	60	-	633 546
Employee benefit obligation	18	88 957 000	75 451 000
Provisions	20	53 429 191	43 263 909
Long service awards	21	21 294 000	20 205 000
		163 680 191	139 553 455
Total Liabilities		2 248 204 444	1 883 043 687
Net Assets		620 230 471	1 324 209 558
Accumulated surplus		620 230 471	1 324 209 558
Total Net Assets		620 230 471	1 324 209 558

* See Note 48

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	419 182 139	424 568 134
Rental of facilities and equipment	23	547 941	234 162
Interest Earned - trading	24	82 978 166	69 600 320
Agency services	25	7 062 346	6 619 159
Recoveries		36 424	555 036
Sundry Income	26	4 665 701	5 903 939
Interest received - investment	27	1 888 552	1 483 035
Gain on disposal of assets and liabilities		-	3 406 117
Fair value adjustments		-	437 803 204
Inventories reversal		1 807	75 413
Total revenue from exchange transactions		516 363 076	950 248 519
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	28	147 183 569	160 918 234
Licences and Permits	29	28 608	15 217
Interest - Property rates	24	34 796 791	30 780 983
Transfer revenue			
Government grants & subsidies	30	280 918 559	324 393 221
Fines, Penalties and Forfeits	31	310 401	60 749 159
Other transfer revenue	32	37 887 297	-
Total revenue from non-exchange transactions		501 125 225	576 856 814
Total revenue		1 017 488 301	1 527 105 333
Expenditure			
Employee related costs	33	(269 507 243)	(254 384 425)
Remuneration of councillors	34	(14 601 643)	(14 661 104)
Depreciation and amortisation	35	(53 239 911)	(45 896 864)
Impairments	36	(9 747 006)	(25 347 084)
Finance costs	37	(72 929 323)	(59 183 250)
Lease rentals on operating lease	38	(446 952)	(758 293)
Debt impairment	39	(616 145 527)	(324 696 282)
Bulk purchases	40	(295 746 691)	(259 631 977)
Contracted services	41	(184 757 102)	(108 271 473)
Loss on disposal of assets and liabilities		(6 864 256)	-
Fair value adjustments	11	(19 501 020)	-
General Expenses	42	(61 427 241)	(65 176 517)
Total expenditure		(1 604 913 915)	(1 158 007 269)
(Deficit) surplus for the year		(587 425 614)	369 098 064

* See Note 48

Modimolle-Mookgophong Local Municipality

(Registration number LIM 368)

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2023	955 111 494	955 111 494
Changes in net assets		
Surplus for the year	369 098 064	369 098 064
Total changes	369 098 064	369 098 064
Opening balance as previously reported	1 745 886 383	1 745 886 383
Adjustments		
Prior year adjustments	(538 230 298)	(538 230 298)
Balance at July 1, 2024	1 207 656 085	1 207 656 085
Changes in net assets		
Surplus for the year	(587 425 614)	(587 425 614)
Total changes	(587 425 614)	(587 425 614)
Balance at 30 June 2025	620 230 471	620 230 471

* See Note 48

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Fines, Penalties and Forefeits		8 362 208	505 459
Service charges, Property rates and other services		552 358 244	460 436 521
Government grants and subsidies		306 132 762	329 199 592
Interest income		1 884 620	1 480 559
Other receipts		4 730 733	6 474 192
		<u>873 468 567</u>	<u>798 096 323</u>
Payments			
Employee costs		(275 402 383)	(253 107 902)
Suppliers		(403 321 365)	(240 422 269)
Finance costs		(56 090 427)	(44 374 418)
		<u>(734 814 175)</u>	<u>(537 904 589)</u>
Net cash flows from operating activities	44	<u>138 654 392</u>	<u>260 191 734</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(122 480 385)	(261 424 906)
Deposits realised		(26 202)	(637 179)
Net cash flows from investing activities		<u>(122 506 587)</u>	<u>(262 062 085)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(6 055 765)	5 955 750
Finance lease payments		(353 277)	(119 633)
Net cash flows from financing activities		<u>(6 409 042)</u>	<u>5 836 117</u>
Net increase/(decrease) in cash and cash equivalents		<u>9 738 763</u>	<u>3 965 766</u>
Cash and cash equivalents at the beginning of the year		22 191 371	18 225 605
Cash and cash equivalents at the end of the year	10	<u>31 930 134</u>	<u>22 191 371</u>

* See Note 48

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
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Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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

Service charges	520 167 377	-	520 167 377	419 182 139	(100 985 238)	Note 1
Rental of facilities and equipment	557 312	-	557 312	547 941	(9 371)	
Interest received (trading)	82 766 537	-	82 766 537	82 978 166	211 629	Note 2
Agency services	-	-	-	7 062 346	7 062 346	Note 3
Recoveries	-	-	-	36 424	36 424	
Other sundry income	9 171 507	-	9 171 507	4 665 701	(4 505 806)	Note 4
Interest received - investment	1 153 900	-	1 153 900	1 888 552	734 652	Note 5
Total revenue from exchange transactions	613 816 633	-	613 816 633	516 361 269	(97 455 364)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	157 207 415	-	157 207 415	147 183 569	(10 023 846)	Note 6
Licences and Permits (Non-exchange)	4 315 974	-	4 315 974	28 608	(4 287 366)	Note 7
Interest, Dividends and Rent on Land	-	-	-	34 796 791	34 796 791	Note 2

Transfer revenue

Government grants & subsidies	373 036 825	-	373 036 825	280 918 559	(92 118 266)	Note 8
Fines, Penalties and Forfeits	11 168 429	-	11 168 429	310 401	(10 858 028)	Note 3
Other transfer and subsidies revenue	-	-	-	37 887 297	37 887 297	Note 9

Total revenue from non-exchange transactions	545 728 643	-	545 728 643	501 125 225	(44 603 418)	
Total revenue	1 159 545 276	-	1 159 545 276	1 017 486 494	(142 058 782)	

Expenditure

Personnel	(272 991 056)	21 282 788	(251 708 268)	(269 507 243)	(17 798 975)	Note 12
Remuneration of councillors	(13 465 921)	616 947	(12 848 974)	(14 601 643)	(1 752 669)	Note 13
Depreciation and amortisation	(49 602 172)	(424 000)	(50 026 172)	(53 239 911)	(3 213 739)	Note 14
Impairment loss/ Reversal of impairments	-	-	-	(9 747 006)	(9 747 006)	Note 15
Finance costs	(8 504 118)	2 500 000	(6 004 118)	(72 929 323)	(66 925 205)	Note 16
Lease rentals on operating lease(Other material)	-	-	-	(446 952)	(446 952)	Note 17
Debt Impairment	(115 000 000)	15 000 000	(100 000 000)	(616 145 527)	(516 145 527)	Note 18
Bulk purchases	(272 290 138)	-	(272 290 138)	(295 746 691)	(23 456 553)	Note 19

* See Note 48

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Contracted Services	(91 568 398)	(39 803 125)	(131 371 523)	(184 757 102)	(53 385 579)	Note 20
Transfers and Subsidies	(104 900)	-	(104 900)	-	104 900	Note 21
General expenses	(107 081 215)	(2 487 832)	(109 569 047)	(61 427 241)	48 141 806	Note 22
Total expenditure	(930 607 918)	(3 315 222)	(933 923 140)	(1 578 548 639)	(644 625 499)	
Operating deficit	228 937 358	(3 315 222)	225 622 136	(561 062 145)	(786 684 281)	
Loss on disposal of assets and liabilities	-	-	-	(6 864 256)	(6 864 256)	
Fair value adjustments	-	-	-	(19 501 020)	(19 501 020)	
Inventories losses/write-downs	-	-	-	1 807	1 807	
	-	-	-	(26 363 469)	(26 363 469)	
Deficit before taxation	228 937 358	(3 315 222)	225 622 136	(587 425 614)	(813 047 750)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	228 937 358	(3 315 222)	225 622 136	(587 425 614)	(813 047 750)	

Statement of Financial Position

Assets

Current Assets

Inventories	19 603 000	-	19 603 000	2 238 594	(17 364 406)	Note 23
Other receivables	-	4 535 000	4 535 000	11 962 730	7 427 730	Note 24
Receivables from non-exchange transactions	660 672 000	-	660 672 000	4 863 124	(655 808 876)	Note 25
Statutory receivables	-	-	-	2 489 366	2 489 366	Note 26
Consumer debtors	837 410 000	15 000 000	852 410 000	63 493 715	(788 916 285)	Note 27
VAT Receivable	113 878 000	-	113 878 000	449 565 479	335 687 479	Note 28
Deposits	-	-	-	1 935 140	1 935 140	Note 29
Cash and cash equivalents	58 834 000	(15 892 000)	42 942 000	31 930 134	(11 011 866)	Note 30
	1 690 397 000	3 643 000	1 694 040 000	568 478 282	(1 125 561 718)	

Non-Current Assets

Investment property	27 233 000	(424 000)	26 809 000	852 969 900	826 160 900	Note 31
Property, plant and equipment	1 597 325 000	33 734 000	1 631 059 000	1 446 679 771	(184 379 229)	Note 32
Intangible assets	3 375 000	-	3 375 000	9	(3 374 991)	Note 33
Heritage assets	-	161 000	161 000	161 314	314	Note 34
Other financial assets	-	142 000	142 000	145 639	3 639	Note 35
	1 627 933 000	33 613 000	1 661 546 000	2 299 956 633	638 410 633	

Total Assets	3 318 330 000	37 256 000	3 355 586 000	2 868 434 915	(487 151 085)	
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Liabilities

Current Liabilities

Other financial liabilities	-	867 000	867 000	-	(867 000)	
Finance lease obligation	-	-	-	633 546	633 546	Note 36
Payables from exchange transactions	1 328 147 000	5 600 000	1 333 747 000	1 697 430 704	363 683 704	Note 37
Taxes and transfers payable (non-exchange)	2 449 000	(2 449 000)	-	-	-	
VAT payable	15 774 000	(5 600 000)	10 174 000	-	(10 174 000)	
Consumer deposits	-	13 607 000	13 607 000	13 777 575	170 575	Note 38
Employee benefit obligation	-	-	-	4 021 000	4 021 000	Note 39
Unspent conditional grants and receipts	-	-	-	32 442 057	32 442 057	Note 39
Provisions	3 784 000	-	3 784 000	4 098 015	314 015	Note 39
Long service awards	-	-	-	4 234 000	4 234 000	Note 39
VAT Payable	-	-	-	327 887 356	327 887 356	

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	1 350 154 000	12 025 000	1 362 179 000	2 084 524 253	722 345 253	
Non-Current Liabilities						
Employee benefit obligation	-	75 451 000	75 451 000	88 957 000	13 506 000	Note 39
Provisions	5 793 000	37 471 000	43 264 000	53 429 191	10 165 191	Note 40
Long service awards	-	-	-	21 294 000	21 294 000	Note 39
Other liability 2	-	634 000	634 000	-	(634 000)	
	5 793 000	113 556 000	119 349 000	163 680 191	44 331 191	
Total Liabilities	1 355 947 000	125 581 000	1 481 528 000	2 248 204 444	766 676 444	
Net Assets	1 962 383 000	(88 325 000)	1 874 058 000	620 230 471	(1 253 827 529)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 962 383 000	(88 325 000)	1 874 058 000	620 230 471	(1 253 827 529)	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Fines and penalties	-	-	-	8 362 208	8 362 208	
Service charges, property rates and other services	551 133 000	18 474 000	569 607 000	552 358 244	(17 248 756)	Note 42
Government Grants	327 302 000	45 735 000	373 037 000	306 132 762	(66 904 238)	Note 43
Interest income	1 154 000	-	1 154 000	1 884 620	730 620	Note 44
Other receipts	83 150 000	20 969 000	104 119 000	4 730 733	(99 388 267)	Note 45
	962 739 000	85 178 000	1 047 917 000	873 468 567	(174 448 433)	
Payments						
Employees	(286 456 977)	14 807 424	(271 649 553)	(275 402 383)	(3 752 830)	Note 46
Suppliers	(470 940 023)	(34 989 424)	(505 929 447)	(403 321 365)	102 608 082	Note 46
Finance costs	(8 504 000)	2 500 000	(6 004 000)	(56 090 427)	(50 086 427)	Note 47
	(765 901 000)	(17 682 000)	(783 583 000)	(734 814 175)	48 768 825	
Net cash flows from operating activities	196 838 000	67 496 000	264 334 000	138 654 392	(125 679 608)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(182 008 000)	(33 944 000)	(215 952 000)	(122 480 385)	93 471 615	Note 48
Deposits	-	-	-	(26 202)	(26 202)	
Net cash flows from investing activities	(182 008 000)	(33 944 000)	(215 952 000)	(122 506 587)	93 445 413	
Cash flows from financing activities						

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Repayments of other liabilities	-	-	-	(6 055 765)	(6 055 765)	
Finance lease payments	-	-	-	(353 277)	(353 277)	
Net cash flows from financing activities	-	-	-	(6 409 042)	(6 409 042)	
Net increase/(decrease) in cash and cash equivalents	14 830 000	33 552 000	48 382 000	9 738 763	(38 643 237)	
Cash and cash equivalents at the beginning of the year	44 004 000	(39 444 000)	4 560 000	22 191 371	17 631 371	
Cash and cash equivalents at the end of the year	58 834 000	(5 892 000)	52 942 000	31 930 134	(21 011 866)	

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Note 1

Revenue from service charges (electricity, water, sanitation and refuse) was billed and accounted for based on active accounts during the financial period. The actual for water, sewer and refuse services is considered to be reasonable as the actual revenue is not significantly varied from the forecasts. The variation in water is due to unforeseen movements in consumptions and is viewed to be reasonable.

The budget for electricity was more than the realised actual for the year as there was lower consumption of electricity. The Kilo watts consumed decreased by 23,8m Kwh from prior year and this cannot be attributable to any conditions controllable by the municipality with the main cause being the increased load shedding over the financial period.

Note 2

The variance of actual from the budget has been accepted to be reasonable as some of the transactions are ad hoc and could not be forecast with reasonable certainty.

Note 3

The budget includes interest to be earned from non-exchange receivables that is reclassified on the annual financial statements to a separate line item for presentation purposes. Overall, the budget for interest earned was lower than the eventual actual amount earned due to the continued slow payment and effective increase in debtors.

Note 4

The budget is combined to include the 20% agency fee on licencing of motor vehicles and the Licences and Permits. The actuals are however presented separately under revenue from exchange transactions and non-exchange transactions. The actual is reasonable and a reflection of the levels of licencing fees during the financial year.

Note 5

The municipality anticipated to realise more from sales of property however this did not materialise. The actual sundry income earned is therefore reasonable.

Note 6

The actual is reasonable and a reflection of the levels of investment made during the financial year.

Note 7

The budget is more as the municipality expected to correct the valuation roll and have more properties billed but despite this exercise what was realised is the reflection of the updated billing.

Note 8

Government grants is separated into two, the operational grants and capital grants. Included in this line item is operational transfers and subsidies and the budget was based on the expected DORA allocation for the financial year. The LGSETA grant was not budgeted for hence the variance as well as own spending under MIG operational. The municipality did not receive all the capital allocation on the capital transfers and the actuals were below the budgeted amount due to the unspent grants (delayed implementation of capital projects).

Note 9

No budget was provided as the transactions were not anticipated.

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Note 10

Traffic fines, penalties and forfeits were above the projected budget as the budget for traffic fines was not based on the probability test of traffic fines to be recognised. The budget was as a result less than what was eventually deemed to be the appropriate amount to be recognised as revenue.

Note 12

The actual reported employee costs is more than the budget due to the maximum subsidy removed of R13 742 000 that was determined by the Actuary performing the valuation of Post Employment Medical Subsidy Benefit Obligation. There was no budget as there was no anticipation of this adjustment at the time of budgeting.

Note 13

Remuneration to councillors was above the projected budget due to subsistence and refunds that were not budgeted for.

Note 14

There was over-budgeting for depreciation, and this resulted in significant variation with the eventual calculated amount.

Note 15

No budget was provided for impairment and included in this line item is impairment of traffic fines receivables and property, plant and equipment. The impairment was provided based on judgement and is reasonable.

Note 16

The municipality had negotiated for lifting of the levying of interest however, Eskom reinstated the levying of interest due to defaulting on the payment arrangement. As a consequence, there was no budget for interest resulting in the significant variance between budget and actual.

Note 17

No budget was provided for the operating lease rentals and as a result no comparison. The actual is however, correct expenditure incurred during the financial period.

Note 18

There was significant under-budgeting for debt impairment as at the time of budgeting there was anticipation of improved collection of debtors, however the debtors continue to increase and the risk of default is therefore high as a result impairment was determined to be higher.

Note 19

The line item on the annual financial statements include bulk purchases for water which is budgeted for as inventory consumed on the budget schedule. An amount of R30 411 740 is therefore part of the budget which result in overall budget of R230 464 728 and the budget exceed the actual incurred. The bulk purchases of electricity is driven by the demand for power and the actual incurred is less than the budget mainly due to the effect of load shedding affecting supply.

Note 20

The budget for contracted services was higher however the municipality continues to reduce reliance on use of consultants thus minimising the costs.

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Note 21

The variance is reasonable as the actual is variable depending on supply and interruptions of load shedding.

Note 19.1

Inventory consumed is presented under Bulk Purchases line item on the AFS. The budget of R30 411 740 is significantly above actual incurred for the year amounting to R20 123 329. The budget was incorrect considering that the actual incurred in the prior year was R20 632 890.

Note 22

The budget for general is below expectation considering that actual expenditure in the prior year was already reported at R64 307 685 before adjustments. The variance is therefore owing to under-budgeting and there was no likelihood of lowering the costs during the financial period.

Note 23

Inventory was over-budgeted for as there is no expectation of holding a balance of this much at the end of the financial period.

Note 24

No budget line provided in the budget schedule and thus the item was not budgeted for.

Note 25

The budget did not fully factor the significant impairment that was subsequently raised at year-end to account for the non-recovery of the debtors. As a result, the receivables balance was over projected for.

Note 26

No budget was provided for statutory receivables.

Note 27

The budget did not fully factor the significant impairment that was subsequently raised at year-end to account for the non-recovery of the debtors. As a result, the receivables balance was over projected for.

Note 28

No budget line provided in the budget schedule and thus the item was not budgeted for.

Note 29

No budget line provided in the budget schedule and thus the item was not budgeted for.

Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Note 30

The budget provided was not to be achieved due to the on-going cash constraint challenges with significant amounts owing to creditors being long over-due.

Note 31

The budget was incorrect as there was no expected significant movement in investment properties held at cost less accumulated depreciation.

Note 32

There was under-budgeting for PPE balance to be reported at the end of the 2023 financial period despite an expectation that the additions would have been more based on the DORA allocation of conditional grants for project construction. There were assets received during the year that were not budgeted for and this also contributed to the variance.

Note 33

The movement is reasonable and as expected.

Note 34

The movement is reasonable and as expected.

Note 35

The movement is reasonable and as expected.

Note 36

The line item was not supposed to be budgeted for as the lease liability is paid up.

Note 37

The municipality is struggling to produce a funded budget and as a result the trade payables were budgeted lower than what the municipality already owed in the prior periods and there was no realistic expectation of lowering despite a payment arrangement with Eskom and other suppliers. The balance reported is reasonable and an indication of continuing lack of servicing of creditors especially the Eskom liability on which the municipality defaulted on the payment arrangement and interest that was suspended in prior year was levied during the year thus increasing the liability further.

Note 38

Consumer deposits are slightly over-budgeted as there was no huge expectation of new accounts being opened during the financial year. The balance reported includes deposits to be refunded on accounts that are already closed.

Note 39

No budget was provided for the line item and as a result the variance is the entire reported balance. The budget schedule do not provide for the budgeting of the line item which is presented as a separate line on the AFS.

Note 40

The line item was over-budgeted for and the variance is therefore significant. The budget line item appears to have included other financial liabilities and post-employment obligation which are presented separately on the financial statements. If all the liabilities are added and compared to the budget, the effective variance is reasonable.

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Note 41

The municipality overbudgeted for the proceeds from property rates. The receivables from non-exchange continue to default and the amount received is a reflection of what is collectable from the billed and accumulated debtors.

Note 42

There was overbudgeting due to an expectation of improved collection rate however, debtors continue to default, and the amount received is a reflection of what is collectable from the billed and accumulated debtors.

Note 43

Government grants were budgeted at the allocated amounts per the DORA, however not all allocated funds were received, and this resulted in the cashflow variance.

Note 44

The interest was budgeted to be earned based on the level of funds invested in the banks. The amount received is reasonable and a reflection of the interest earned on positive bank balances during the financial period.

Note 45

The other income is ad hoc and the actual receipts is reasonable based on what was earned during the year. The income was over budgeted for relative to recent year receipts.

Note 46

The budget for payment to suppliers is included as one line item with payment of employees, however on the annual financial statements the presentation is done on separate line items. The combined actual amounts to R477 385 610 and is below the projected amount. The municipality experiences cash constraints during the financial period resulting in lower payments to suppliers.

Note 47

Although finance costs were budgeted for, it is impractical to separate interest charged on overdue accounts and to present it as a separate line item on the cashflow statement. The payments related to interest are therefore factored as part of payments to suppliers as they are within the trade payables balance.

Note 48

The payments for the acquisition of PPE is relative to the conditional grants received for the financial period. The municipality received R92 263 958 for project implementation during the financial year. The budget was based on the DORA allocation, however some of the funds allocated were not received from the fiscus.

Note 49

There was not budget provided for the payment of employee benefits vesting during the financial period.

Modimolle-Mookgophong Local Municipality

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Accounting Policies

Figures in Rand

Note(s)

1. Presentation of Annual Financial Statements

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.

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 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.4 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.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes. Significant judgements include:

Trade receivables

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

The impairment for trade receivables is calculated on an individual basis, based on collection ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the account.

Impairment testing

Value in use of cash generating assets:

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

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

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

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. These estimates are based on industry norms 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 depreciation charge where useful lives are more than previously estimated useful lives.

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.

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

The municipality used the prime interest rate or rate implicit in the contract to discount future cash flows.

Allowance for doubtful debts

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

Recognition and Derecognition of Land

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow:

The land is occupied by residents in terms of RDP housing and transfer of title at the deeds office has not been registered.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied include the proportion of fees in the arrangement.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

An impairment loss recognised in prior periods for a statutory receivable are 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.

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

- (a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or
- (b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

1.5 Investment property

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

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

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

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

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

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

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

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Accounting Policies

1.5 Investment property (continued)

Fair value

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

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

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

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

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

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- Whether the municipality uses the land and/or buildings to provide goods or services in accordance with its mandated functions specified in legislation or similar means.
- Assess the nature of the fee charged, particularly whether the fee is for the use of the property, or a fee for the goods or services it provides. If the fee charged relates to goods or services provided, then the property is used to provide goods or services rather than for rental.
- Whether it holds the land and/or buildings for disposal, through sale or transfer, in its ordinary course of operations, e.g. an entity that frequently acquires and transfers or sells land to beneficiaries of a land redistribution programme.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

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

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

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

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

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

Property, plant and equipment 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
Electrical Infrastructure	Straight-line	3 - 50 years
Roads Infrastructure	Straight-line	3 - 50 years
Storm Water Infrastructure	Straight-line	10 - 50 years
Water Infrastructure	Straight-line	3 - 50 years
Solid Waste Infrastructure	Straight-line	5 - 100 years
Sanitation Infrastructure	Straight-line	10 - 50 years
Airports	Straight-line	10 - 60 years
Cemeteries / Crematoria	Straight-line	10 - 60 years
Clinics / Care Centres	Straight-line	10 - 60 years
Other	Straight-line	10 - 60 years
Crèches / Schools / Universities	Straight-line	10 - 60 years
Driver And Vehicle Testing Centre	Straight-line	10 - 60 years
Fire Station	Straight-line	10 - 60 years
Libraries	Straight-line	10 - 60 years
Markets / Stalls / Shops	Straight-line	10 - 60 years
Sport and Recreational	Straight-line	10 - 60 years
Stadium	Straight-line	10 - 60 years
Taxi Ranks / Bus Terminals	Straight-line	10 - 60 years
Residential	Straight-line	10 - 60 years
Non Residential Building	Straight-line	10 - 60 years

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Accounting Policies

1.6 Property, plant and equipment (continued)

Housing	Straight-line	10 - 60 years
Computer Equipment	Straight-line	3 - 5 years
Furniture And Office Equipment	Straight-line	3 - 15 years
Machinery And Equipment	Straight-line	5 - 15 years
Transport	Straight-line	5 - 20 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 depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

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

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

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

1.7 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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Accounting Policies

1.8 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.

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Amortisation 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, other	Straight-line	3 years
Electrical servitudes	Straight-line	Indefinite
Sanitation servitudes	Straight-line	Indefinite
Stormwater servitudes	Straight-line	Indefinite

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

Intangible assets are derecognised:

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

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.9 Heritage assets (continued)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, 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 heritage asset.

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Accounting Policies

1.9 Heritage assets (continued)

Impairment

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

Derecognition

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

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

1.10 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

- cash;

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1.10 Financial instruments (continued)

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

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

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.

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.10 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
Other receivables from exchange transactions	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
Cash and cash equivalents	Financial asset measured at amortised cost
Cash and cash equivalents	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
Consumer deposits	Financial liability measured at amortised cost
Unspent Conditional Grants	Financial liability measured at amortised cost

1.11 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.

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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:

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1.11 Statutory receivables (continued)

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

- Default trends and other significant financial difficulty of the debtor

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.

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1.11 Statutory receivables (continued)

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.

1.12 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense another systematic basis determined in the contract. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

1.14 Impairment of cash-generating assets

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

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1.14 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

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

Useful life is either:

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

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

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1.14 Impairment of cash-generating assets (continued)

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

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1.14 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.16 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.16 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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 entity 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

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.

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Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

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

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1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by the entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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

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

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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1.16 Employee benefits (continued)

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

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

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

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit-years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

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.

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Accounting Policies

1.16 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Other post retirement obligations

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

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

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

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

The 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;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Accounting Policies

1.16 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.17 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.

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.

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.

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1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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

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

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

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

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

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date.

Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

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

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1.17 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

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

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

1.18 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.

1.19 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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1.19 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

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 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

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

1.20 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.

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 arises 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.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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

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

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.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

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.

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

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

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

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

Transfers

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

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

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

Conditional Grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Fines

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

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

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

Gifts and donations, including goods in-kind

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

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Services in-kind

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

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

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

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

1.21 Investment income

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

1.22 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

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Accounting Policies

1.22 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

1.23 Comparative figures

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

1.24 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.26 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 municipality's supply chain management policy.

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Accounting Policies

1.26 Irregular expenditure (continued)

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register.

1.27 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.

Measurement

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

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

1.28 Commitments

An asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.29 Budget information

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

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Accounting Policies

1.29 Budget information (continued)

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

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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.

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

Comparative information is not required.

1.30 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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.

1.31 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).

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Accounting Policies

1.31 Events after reporting date (continued)

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.

1.32 Value Added Tax (VAT)

The municipality is registered for VAT on cash basis and VAT is only declared to SARS when amount is received or/and paid

Accrual Input VAT

The accrual input VAT is accounted for as a current assets for all taxable supplies of goods or services (which do not qualify for the zero rate, an exemption or another exception), the importation of goods by any person, and (in certain instances) the importation of services. There is no higher VAT rate or any reduced VAT rate (except for the zero rate). Once the payment is made the amount will be transferred to statutory VAT receivable and claim input VAT from SARS.

Accrual output VAT

The accrual output VAT is accounted for as a current liability for all taxable supplies made unless the supply is for a zero rated and exempt supplies. A VAT rate of 15% is applied for all taxable supplies

Accrual output VAT for current and prior periods is, to the extent payment was not received from clients, recognised as a liability. Once the payment is received the amount will be transferred to statutory VAT payables and declared to SARS.

Statutory VAT receivables

The Municipality is registered under category C of VAT and therefore processes VAT returns on Monthly basis. The returns are processed on cash basis in terms of section 15 of the VAT act (Act 89 of 1991). The amount due from SARS on cash basis is accounted as statutory receivables and it is not offset against accrual input VAT or accrual output VAT.

1.33 Cash and cash equivalents

The municipality is measured at amortised costs and it consist of the following:

Primary bank account and all current accounts held for operations in terms of the Bank Act

Short term deposits and cash investments held with registered institutions in terms of the Bank Act

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any standards and/or interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and Interpretations early adopted

The municipality has not chosen to early adopt any of the following GRAP Standard and/or Interpretation.

Background

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

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

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

GRAP 21 addresses the following two issues:

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

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

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

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

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

Amendments include,

GRAP 5 – Borrowing Costs

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
 - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

GRAP 13 – Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21

GRAP 16 – Investment Property

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading "Classification of property as investment property" (par 6 and 7) & delete existing headings

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Investment property under construction (within scope of GRAP 16)
 - Added heading "Guidance on initially measuring self-constructed investment property at fair value"
 - Added clarification that investment property is measured at fair value at earliest of:
 - o completion of construction or development; or
 - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from investment property
 - Change in use involves an assessment on whether:
 - o property meets, or ceases to meet definition of investment property and
 - o evidence exists that a change in use has occurred
 - List of examples of a change in use is regarded as non-exhaustive

GRAP 17 – Property, Plant and Equipment

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
 - Land has an unlimited useful life and cannot be consumed through its use

GRAP 20 – Related Party Disclosures

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
 - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
 - If an entity obtains management services from another entity ("the management entity") the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
 - Management services are services where employees of management entity perform functions as "management" as defined

GRAP 24 – Presentation of Budget Information in Financial Statements

- Terminology amended
 - Primary financial statements amended to "financial statements" or "face of the financial statements"

GRAP 31 – Intangible Assets

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
 - Both under cost model or revaluation model

GRAP 32 – Service Concession Arrangements: Grantor

- Clarify disclosure requirement for service concession assets
 - Disclose carrying amount of each material service concession asset recognised at the reporting date

GRAP 37 – Joint Arrangements

- Application guidance clarified
 - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
 - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

Directive 7 – The Application of Deemed Cost

- Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.

The municipality expects to adopt the improvements for the first time in the 2022/2023 annual financial statements.

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2. New standards and interpretations (continued)

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods but are not applied:

GRAP Pronouncement	Effective date
GRAP 1 on preparation of Financial Statements (amended 2022)	To be determined
GRAP 103 on Heritage assets (amended)	To be determined
GRAP 104 on Financial Instruments (amended)	1 April 2025
GRAP 105 on Transfer of Functions Between Entities under common control	To be determined
"GRAP 106 on Transfer of Functions Between Entities Not under common control (amended)"	"To be determined"
"GRAP 107 on Mergers (amended)"	"To be determined"
IGRAP 22 on Foreign Currency Transactions and Advance Consideration	1 April 2025

3. Inventories

Consumable stores	1 370 116	1 470 387
Maintenance materials	447 648	447 648
Water for distribution	420 830	381 156
	2 238 594	2 299 191

Inventories recognised as an expense during the year (5 170 645) (7 077 197)

Inventory pledged as security

No inventory was pledged as security for overdraft facilities of the municipality.

Water for distribution

Opening balance	381 156	244 108
System input volume	48 717 206	51 549 005
Authorised consumption	(29 441 639)	(31 355 568)
Water losses	40 (19 275 567)	(20 193 437)
Non-revenue water	39 674	137 048
Closing balance	420 830	381 156

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4. Other receivables

Other receivables	4 548 397	313 866
Prepaid expenses	7 414 333	4 220 672
	11 962 730	4 534 538

5. Other statutory receivables

The municipality had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Other statutory receivable - Traffic Fines	211 859 469	220 532 078
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The municipality embarked on enhanced law enforcement of the traffic by-laws and this resulted in increased volume of traffic fines issued during the previous and current financial year. The majority of traffic fines were issued for speeding along the the R101 road and the municipality has employed the services of Altron Traffic Management Technologies SA Group to manage the issuance and collection of fines.

Other statutory receivable - Traffic Fines Impairment	(209 370 103)	(145 883 357)
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The impairment methodology is based on the Recovery Rate (RR) of the traffic fines issued by the traffic centers in the preceding financial year. The Recovery Rate (RR) is defined as the proportion of traffic fines issued in the preceding financial year that have been paid and is discounted to present value.

2 489 366	74 648 721
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Current assets	2 489 366	74 648 721
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Statutory receivables general information

Transaction(s) arising from statute

There are commonly two types of traffic fines that are issued:

Fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO Act).

Fines issued in terms of the Criminal Procedures Act.

Traffic fines are issued in terms of the AARTO Act by way of notices to offenders which specify the value of the fine that must be paid, along with any discount that can be applied if the fine is paid within a specific period of time.

Determination of transaction amount

Traffic fines are determined as stipulated in the statutes and the municipality applies the principles contained in GRAP 23 for initial measurement of the of the revenue from the non-exchange transaction.

Interest or other charges levied/charged

No interest was levied on any of the outstanding traffic fines receivables.

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5. Other statutory receivables (continued)

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

There is no explicit GRAP guidance on the subsequent measurement of the receivables for the reporting period. The municipality is required to develop its own accounting policy for the subsequent measurement of these receivables using Directive 5 Determining the GRAP Reporting Framework and GRAP 3. Impairment is when there is an indication that the collection of the fine amount has been reduced or no longer collectible. Impairment tests will need to be performed to determine the further collectability of receivables raised.

The impairment methodology is based on the Recovery Rate (RR) of the traffic fines issued by the traffic centers in the preceding financial year. The Recovery Rate (RR) is defined as the proportion of traffic fines issued in the preceding financial year that have been paid by the 30th June of the reporting financial year expressed as a proportion of the total traffic fines issued.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(145 883 356)	(105 922 447)
Provision for impairment	(63 486 745)	(39 960 909)
	(209 370 101)	(145 883 356)

6. Receivables from non-exchange transactions

Property Rates(Taxes)	276 978 645	271 317 546
Less: Impairment	(272 115 521)	(165 941 426)
	4 863 124	105 376 120

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 to historical information about default rates:

Receivables from non-exchange transactions

Ageing of Property rates(Taxes) receivables

Current (0 -30 days)	11 120 665	9 353 742
31 - 60 days	6 467 639	6 897 318
61 - 90 days	6 218 174	5 226 006
91 - 120 days	5 703 606	6 840 631
121 - 365 days	43 804 413	49 386 713
> 365 days	203 664 147	195 214 502
Impairment	(272 115 521)	(165 941 426)
	4 863 123	106 977 486

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6. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property Rates is levied in terms of the approved policy and tariffs of the municipality.

The Property Rates policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.

In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No. 108 of 1996), a municipality may impose rates on property.

In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with:-

- a) Section 2(1), may levy a rate on property in its area; and
- b) Section 2(3), must exercise its power to levy a rate on property subject to:-
 - i. Section 229 and any other applicable provisions of the Constitution;
 - ii. The provisions of the Property Rates Act and any regulations promulgated in terms thereof; and
 - iii. The rates policy.

In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

In terms of Section 62(1) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

Certain Exemptions, Reductions and Rebates are applied accordingly in terms of the approved policy.

The municipality shall prepare a new valuation roll every 4 (four) years, with the option to extend the validity of the valuation roll to 5 (five) years with the approval of the MEC for Local Government for and Housing in the province.

Supplementary valuations will be done on a continual basis to ensure that the valuation roll is properly maintained.

Rate payers may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable.

Determination of transaction amount

Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

Certain Exemptions, Reductions and Rebates are applied accordingly in terms of the approved policy.

Interest or other charges levied/charged

Interest is levied on property rates levied and have become in arrears. The interest rate is determined and fixed at the beginning of each financial year after being reviewed by council at adoption of budget.

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

The municipality applies the principles contained in GRAP 108 to assess and test whether a statutory receivable from non exchange transactions is impaired.

The methodology for impairment has been developed and adopted for financial reporting purposes.

Modimolle-Mookgophong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
6. Receivables from non-exchange transactions (continued)		
Discount rate applied to the estimated future cash flows		
The discount rate applied to the estimated future cash flows is the rate levied/charged on outstanding accounts.		
Receivables from non-exchange past due but not impaired		
Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2025, R 16 622 880 (2024: R 12 123 325) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
2 months past due	8 997 318	6 897 318
3 months past due	7 625 562	5 226 007
Factors the entity considered in assessing receivables from non-exchange transactions past due but not impaired		
Defaults not more than 3 months are due to economic factors and considered to be relatively recoverable.		
Receivables from non-exchange transactions impaired		
As of 30 June 2025, Statutory receivables of R272 115 521 (2024: R165 941 426) were impaired and provided for.		
The ageing of these receivables is as follows:		
1 to 12 months	37 174 137	7 603 635
Over 12 months	234 941 384	158 337 791
Factors the entity considered in assessing receivables from non-exchange transactions impaired		
The municipality considered the default trend and the likelihood of recovery of the account depending on the nature of the client.		
Reconciliation of provision for impairment for receivables from non-exchange transactions		
Opening balance	(165 941 426)	(160 575 126)
Contribution to Provision for impairment	(106 174 095)	(5 366 300)
	(272 115 521)	(165 941 426)

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Notes to the Annual Financial Statements

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6. Receivables from non-exchange transactions (continued)		
Category of Receivables from non-exchange transactions		
Household Consumers		
Current (0 -30 days)	5 837 726	4 355 739
31 - 60 days	3 518 228	3 275 425
61 - 90 days	3 179 118	2 752 318
91 - 120 days	3 232 463	2 821 345
121 - 365 days	23 501 791	21 407 210
> 365 days	82 793 164	89 821 545
Impairment	(119 919 349)	(76 931 608)
	2 143 141	47 501 974
Industrial/ commercial		
Current (0 -30 days)	4 840 741	4 299 486
31 - 60 days	2 790 769	2 978 395
61 - 90 days	2 924 265	1 844 126
91 - 120 days	2 404 432	3 476 219
121 - 365 days	19 603 937	24 785 772
> 365 days	105 484 737	99 219 109
Impairment	(135 605 403)	(80 735 450)
	2 423 478	55 867 657
National and provincial government		
Current (0 -30 days)	442 198	698 516
31 - 60 days	158 641	643 497
61 - 90 days	114 791	629 563
91 - 120 days	66 711	543 067
121 - 365 days	698 684	3 193 731
> 365 days	15 406 246	10 646 497
Impairment	(16 590 768)	(8 274 368)
	296 503	8 080 503
Total		
Current (0 -30 days)	11 120 665	9 353 741
31 - 60 days	6 467 639	6 897 317
61 - 90 days	6 218 174	5 226 007
91 - 120 days	5 703 606	6 840 631
121 - 365 days	43 804 413	49 386 713
> 365 days	203 664 147	195 214 503
Impairment	(272 115 521)	(165 941 426)
	4 863 123	106 977 486

None of the balances of receivables from non-exchange transactions have been pledged as securities for debts or obligations of the municipality.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(165 941 427)	(160 575 126)
Provision for impairment	(106 174 094)	(5 366 301)
	(272 115 521)	(165 941 427)

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Figures in Rand	2025	2024
7. Receivables from exchange transactions		
Gross balances		
Electricity	86 464 783	119 067 602
Water	352 685 278	323 916 223
Waste water management	120 626 903	110 488 152
Waste management	78 864 948	71 335 710
Other services	550 605 737	430 290 008
	1 189 247 649	1 055 097 695
Less: Allowance for impairment		
Electricity	(75 581 282)	(63 259 608)
Water	(343 261 701)	(205 299 667)
Waste water	(117 258 316)	(67 772 928)
Waste management	(76 693 444)	(44 758 045)
Other Services	(512 959 191)	(307 521 499)
	(1 125 753 934)	(688 611 747)
Net balance		
Electricity	10 883 501	55 807 994
Water	9 423 577	118 616 556
Waste water management	3 368 587	42 715 224
Waste management	2 171 504	26 577 665
Other Services	37 646 546	122 768 509
	63 493 715	366 485 948
Electricity		
Current (0 -30 days)	13 824 468	13 689 503
31 - 60 days	5 351 515	15 501 031
61 - 90 days	8 038 442	44 643 229
91 - 120 days	2 620 336	5 791 582
121 - 365 days	19 511 893	10 165 008
> 365 days	37 118 129	25 627 707
Impairment	(75 581 282)	(63 259 608)
	10 883 501	52 158 452
Water		
Current (0 -30 days)	6 277 015	8 823 609
31 - 60 days	6 198 543	8 307 652
61 - 90 days	6 133 640	6 242 823
91 - 120 days	5 367 042	6 628 235
121 - 365 days	59 368 393	59 461 414
> 365 days	269 340 644	235 746 503
Impairment	(343 261 701)	(205 299 667)
	9 423 576	119 910 569

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Figures in Rand	2025	2024
7. Receivables from exchange transactions (continued)		
Waste water management		
Current (0 -30 days)	3 653 013	3 602 408
31 - 60 days	2 803 179	2 859 055
61 - 90 days	2 645 972	2 758 299
91 - 120 days	2 569 773	2 641 559
121 - 365 days	21 232 244	21 071 155
> 365 days	87 722 723	77 832 262
Impairment	(117 258 316)	(67 772 928)
	3 368 588	42 991 810
Waste management		
Current (0 -30 days)	2 619 486	2 028 376
31 - 60 days	2 088 918	1 564 092
61 - 90 days	1 461 285	1 499 731
91 - 120 days	1 414 395	1 450 137
121 - 365 days	11 912 767	11 495 627
> 365 days	59 368 096	56 292 398
Impairment	(76 693 444)	(44 758 045)
	2 171 503	29 572 316
Others		
Current (0 -30 days)	14 271 697	4 163 496
31 - 60 days	12 254 049	6 849 253
61 - 90 days	12 270 473	15 793 391
91 - 120 days	11 239 171	12 664 887
121 - 365 days	93 342 472	10 218 244
> 365 days	407 227 874	380 671 470
Impairment	(512 959 191)	(307 521 499)
	37 646 545	122 839 242

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
7. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Households Consumers		
Current (0 -30 days)	24 342 832	20 548 174
31 - 60 days	20 576 631	18 346 619
61 - 90 days	19 447 905	27 542 285
91 - 120 days	18 325 462	16 976 293
121 - 365 days	165 144 374	135 903 141
> 365 days	748 968 490	659 151 859
	<u>996 805 694</u>	<u>878 468 371</u>
Less: Allowance for impairment	(943 586 420)	(561 782 563)
	53 219 274	316 685 808
Industrial/ commercial		
Current (0 -30 days)	13 231 513	9 056 418
31 - 60 days	6 320 864	4 970 056
61 - 90 days	9 310 730	23 971 464
91 - 120 days	3 292 275	6 190 818
121 - 365 days	26 474 128	19 069 534
> 365 days	91 445 239	52 630 576
	<u>150 074 749</u>	<u>115 888 866</u>
Less: Allowance for impairment	(142 062 286)	(89 037 149)
	8 012 463	26 851 717
National and provincial government		
Current (0 -30 days)	3 071 334	(1 779 698)
31 - 60 days	1 798 710	8 317 900
61 - 90 days	1 791 177	15 908 731
91 - 120 days	1 592 981	1 264 956
121 - 365 days	13 749 266	6 919 546
> 365 days	20 363 737	30 527 362
	<u>42 367 205</u>	<u>61 158 797</u>
Less: Allowance for impairment	(40 105 227)	(37 792 034)
	2 261 978	23 366 763
Total		
Current (0 -30 days)	40 645 679	27 824 895
31 - 60 days	28 696 204	31 634 576
61 - 90 days	30 549 812	67 422 481
91 - 120 days	23 210 718	24 432 068
121 - 365 days	205 367 767	161 892 222
> 365 days	860 777 469	741 891 453
	<u>1 189 247 649</u>	<u>1 055 097 695</u>
Less: Allowance for impairment	(1 125 753 934)	(688 611 747)
	63 493 715	366 485 948
Reconciliation of allowance for impairment		
Balance at beginning of the year	(688 611 747)	(450 665 984)
Contributions to allowance	(437 142 187)	(237 945 763)
	<u>(1 125 753 934)</u>	<u>(688 611 747)</u>

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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7. Receivables from exchange transactions (continued)

Consumer debtors pledged as security

No consumer debtors were pledged as security for overdraft facilities or any facilities of the municipality.

Credit quality of consumer debtors

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

Consumer debtors(exchange receivables) past due but not impaired

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

1 month past due	41 273 832	41 273 832
2 months past due	71 820 473	71 820 473
3 months past due	30 635 326	30 635 326

Consumer debtors(exchange receivables) impaired

As of 30 June 2025, consumer debtors of 1 125 753 934 (2024: 688 611 747) were impaired and provided for.

The amount of the provision was 1 125 753 934 as of 30 June 2025 (2024: 688 611 747).

The ageing of these debtors is as follows:

1 to 6 months	-	96 706 157
6 to 12 months	-	63 945 495
Over 12 months	814 064 804	502 005 682

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(688 611 747)	(450 665 983)
Allowance for impairment	(437 142 187)	(237 945 764)
	(1 125 753 934)	(688 611 747)

8. VAT Receivable/(Payable)

Input VAT Accrual	449 565 479	369 533 573
Output VAT Accrual	(327 887 355)	(271 572 632)

The municipality is registered for VAT on a cash basis.

VAT is payable/receivable on the receipts and payment basis. Only once payment is received from debtors, VAT is paid over to SARS. The amount presented in the annual financial statements and this note includes VAT accounted for on an accrual basis and thus not recoverable from SARS.

The VAT on cash basis has a (payable)/receivable balance of -R3 989 413 (2024: R 4 420 148).

9. Deposits

The deposit is held by Eskom and Magalies Water on accounts opened for bulk services rendered to the municipality.

The below deposits are unsecured.

Eskom Deposit	756 396	730 194
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Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
9. Deposits (continued)		
Magalies Water Deposit	<u>1 178 744</u>	<u>1 178 744</u>
	<u>1 935 140</u>	<u>1 908 938</u>

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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 572 039	21 127 145
Short-term deposits	24 358 095	1 064 226
	31 930 134	22 191 371

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for Water account	900 000	900 000
Fixed deposit amounting to R900 000 has been made in the name of the municipality but pledged to Magalies Water for as deposit for bulk water account. This was done at the time when the account is opened and was based on one month consumption estimate. The investment is renewable annually and will only be withdrawn when the bulk account is closed. The fixed deposit is held with First National Bank, account number 710 5722 0470.		

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Standard Bank- Primary Account - 330 506 137	-	43 024	101 583	-	43 024	101 583
Standard Bank- Eskrow Account - 0312 350 18	-	3 895	1 388 616	-	3 895	1 388 616
FNB Primary - 63047597307	5 815 699	21 025 245	74 919	6 649 829	21 025 245	74 919
FNB Eskrow - 63057915383	920 064	37 607	-	920 064	37 607	-
FNB Traffic - 63057915391	1 905	16 108	-	1 905	16 108	-
Standard Bank- 32 Days Account - 0388 3585 1007	-	5	6 783	-	5	6 783
Standard Bank- 32 Days Account - 0388 3585 1009	-	4 983	6 331 590	-	4 983	6 331 590
FNB Dep of Transport	241	-	-	241	-	-
First National Bank - Fixed Deposit Account - 710 5722 0470	900 000	1 007 165	936 899	900 000	1 007 165	936 899
Standard Bank - Traffic Account - 083147608	-	1 390	7 462	-	1 390	7 462
Standard Bank - Current Account - 0388 3585 1008	-	7 376	9 372 638	-	7 376	9 372 638
5048	-	5 387	5 048	-	5 387	5 048
First National Bank - Call Account - 63059482140	1 228 896	10 890	-	1 228 896	10 890	-
First National Bank Call account 630 5948 2968	22 177 196	28 297	-	22 177 196	28 297	-
First National Bank - Call Account - 63114285942	43 491	-	-	43 491	-	-
First National Bank - Call Account - 63114285942	8 512	-	-	8 512	-	-
Total	31 096 004	22 191 372	18 225 538	31 930 134	22 191 372	18 225 538

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

11. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	852 969 900	-	852 969 900	872 470 920	-	872 470 920

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	872 470 920	(19 501 020)	852 969 900

Reconciliation of investment property - 2024

	Opening balance	Fair Value Adjustments	Impairments	Total
Investment property	831 037 000	240 424 392	(198 990 472)	872 470 920

Pledged as security

None of the carrying value of the above Investment property is pledged as security.

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.

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Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	111 349 001	-	111 349 001	111 349 001	-	111 349 001
Other property, plant and equipment	121 581 431	(63 377 102)	58 204 329	112 521 088	(52 023 073)	60 498 015
Infrastructure	1 423 551 198	(519 139 005)	904 412 193	1 385 997 358	(475 151 539)	910 845 819
Community	99 267 665	(52 010 890)	47 256 775	100 261 675	(50 266 686)	49 994 989
Work-in-progress	290 002 772	-	290 002 772	223 079 971	-	223 079 971
Solid waste disposal	38 789 596	(3 894 343)	34 895 253	30 141 523	191 804	30 333 327
Finance lease assets	2 520 970	(1 961 522)	559 448	2 520 970	(1 121 199)	1 399 771
Total	2 087 062 633	(640 382 862)	1 446 679 771	1 965 871 586	(578 370 693)	1 387 500 893

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	111 349 001	-	-	-	-	-	111 349 001
Other property, plant and equipment	60 498 015	6 668 898	-	-	(7 962 385)	(1 000 199)	58 204 329
Infrastructure	910 845 819	388 237	(308 456)	37 062 233	(41 560 620)	(2 015 020)	904 412 193
Community assets	49 994 989	-	(6 142)	-	(2 006 128)	(725 944)	47 256 775
Work-in-progress	223 079 971	109 943 249	-	(37 062 233)	-	(5 958 215)	290 002 772
Solid waste disposal	30 333 327	5 480 001	-	-	(870 452)	(47 823)	34 895 253
Finance lease assets	1 399 771	-	-	-	(840 323)	-	559 448
Total	1 387 500 893	122 480 385	(314 598)	-	(53 239 908)	(9 747 001)	1 446 679 771

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Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	111 349 001	-	-	-	-	111 349 001
Other property, plant and equipment	52 589 515	26 372 142	-	(8 690 462)	(9 773 180)	60 498 015
Infrastructure	828 753 406	92 966 835	34 818 708	(33 825 272)	(11 867 858)	910 845 819
Community assets	55 400 900	-	-	(1 783 594)	(3 622 317)	49 994 989
Work-in-progress	120 104 429	137 794 250	(34 818 708)	-	-	223 079 971
Solid waste disposal	26 880 285	4 291 679	-	(754 908)	(83 729)	30 333 327
Finance lease assets	2 242 397	-	-	(842 626)	-	1 399 771
	1 197 319 933	261 424 906	-	(45 896 862)	(25 347 084)	1 387 500 893

Pledged as security

None of the Carrying value of assets is pledged as security

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed at year-end and the changes were accounted for as change in estimate and the effect of the change is disclosed on the note for change in estimates.

The depreciation methods and average useful lives of property, plant and equipment have been assessed at the end of the annual financial year as follows and there is no significant changes from those in the accounting policy except for minor adjustments which resulted in changes disclosed in note 48:

Assets subject to finance lease (Net carrying amount)

Computer Equipment	559 448	1 399 771
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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
12. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed or developed		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Refurbishment of Donkerpoort treatment plant The project could not be fully implemented due to lack of funding as the funds that were budgeted and allocated were previously misallocated. The project is planned to commence implementation during the 2023 financial year.	4 437 711	3 158 207
Mabaleng High Mast Lights - Informal Settlement The project was stalled due to the electricity connection approval from Eskom. The approval was received at the end of June 2024. The project will be completed within the 2024/2025 financial year.	70 029	70 029
Phagameng Ext 13 MV Overhead Line Feeder and Substation - The project was stalled due to the Eskom electricity connection approval. The project will be completed within the 2025/2026 financial year.	3 605 641	-
New Modimolle Substation The project was stalled due to the Eskom electricity connection approval. The project will be completed within the 2024/2025 financial year.	63 942 132	63 942 132
Establishment of Modimolle Landfill Site The inception date was June 2019 and the anticipated completion date was end of July 2021 from inception, however the project was not completed and is still in progress. The practical completion certificate has not been issued to ensure the licencing of the landfill site as the there were budget shortfalls to pay the contractor and engineer.	32 796 568	36 717 782
Rehabilitation of the old Modimolle Landfill Site The project can not be completed before the opening of the New Modimolle Landfill Site.	8 499 615	9 034 651
Water Augmentation in Modimolle - Abandoned project. Awaiting confirmation from COGHSTA to close the project The project was not completed in the budget year. The project must be included in the budget for the 2025/2026 financial year.	1 555 424	-
	114 907 120	112 922 801

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Figures in Rand 2025 2024

12. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Solid Waste Disposal assets	Included within Other PPE	Total
Opening balance	163 416 271	22 945 917	36 717 783	-	223 079 971
Additions	106 058 923	1 115 750	-	2 768 576	109 943 249
Impairment	(1 501 965)	(535 036)	(3 921 214)	-	(5 958 215)
Transferred to PPE	(32 805 303)	-	-	-	(32 805 303)
	<u>235 167 926</u>	<u>23 526 631</u>	<u>32 796 569</u>	<u>2 768 576</u>	<u>294 259 702</u>

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Solid Waste Disposal assets	Total
Opening balance	67 396 363	15 990 284	36 717 782	-
Additions/capital expenditure	130 838 616	6 955 633	-	-
Transferred to PPE	(34 818 708)	-	-	-
	<u>163 416 271</u>	<u>22 945 917</u>	<u>36 717 783</u>	<u>223 079 970</u>

Expenditure incurred to repair and maintain property, plant and equipment

Included in Statement of Financial Performance

Infrastructure	26 396 835	10 878 397
Other property, plant and equipment	1 560 115	1 100 636
	<u>27 956 950</u>	<u>11 979 033</u>

Funding of property, plant and equipment acquisitions

Additions to property, plant and equipment was funded from the following sources:

Funding Type

Infrastructure Assets

Conditional Government grant	Municipal Infrastructure Grant	-	27 601 166
Conditional Government grant	Integrated National Electrification Programme Grant	-	28 510 844
Conditional Government grant	Water Services Infrastructure Grant	-	9 530 113
Conditional Government grant	Energy Efficiency and Demand Side Management Grant	-	3 478 260

Community Assets

Conditional Government grant	Municipal Infrastructure Grant	-	626 047
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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Notes to the Annual Financial Statements

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13. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 164 926	(7 164 917)	9	3 258 582	(3 258 572)	10

Reconciliation of intangible assets - 2025

	Opening balance	Impairment loss	Total
Computer software, other	10	(1)	9

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Impairment loss	Total
Computer software, other	578 341	(121 838)	(456 493)	10

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Notes to the Annual Financial Statements

Figures in Rand

14. Heritage assets

Heritage assets which fair values cannot be reliably measured: (Para .94)

Art Collections, antiquities and exhibits

2025			2024		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
161 314	-	161 314	161 315	-	161 315

Reconciliation of heritage assets 2025

Heritage assets which fair values cannot be reliably measured: (Para .94)

Art Collections, antiquities and exhibits

Opening balance	Additions through transfer of functions / mergers	Total
161 315	(1)	161 313

Reconciliation of heritage assets 2024

Heritage assets which fair values cannot be reliably measured: (Para .94)

Art Collections, antiquities and exhibits

Opening balance	Revaluation increase/(decr ease)	Total
1 266 788	(1 125 473)	161 315

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15. Other financial assets

Designated at fair value

NTK Shares	145 639	141 707
The shares are preference and are held for the purposes of holding an account with the entity. The NTK shares earn dividends that are payable to the municipality every 15 years. The shares are unsecured.		

Non-current assets

NTK Shares	145 639	141 707
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Financial assets at fair value

Reconciliation of financial assets at fair value through surplus or deficit

Reconciliation of financial assets at fair value through surplus or deficit measured in level 3 - 2025

	Opening balance	Gains or losses in Statement of changes in Net assets	Closing balance
Class 1 Normal shares	5 000	-	5 000
Class 2 Preferential shares	32 767	-	32 767
Class 3 Preferential shares	77 919	-	77 919
Security Investments	23 547	2 476	26 023
	139 233	2 476	141 709

Reconciliation of financial assets at fair value through surplus or deficit measured in level 3 - 2024

	Opening balance	Gains or losses in surplus or deficit	Closing balance
Class 1 Normal shares	5 000	-	5 000
Class 2 Preferential shares	32 678	89	32 767
Class 3 Preferential shares	77 919	-	77 919
Security Investments	21 847	1 700	23 547
	137 444	1 789	139 233

16. Payables from exchange transactions

Trade payables	1 529 819 951	1 289 100 690
Payments received in advanced	62 310 644	45 008 225
Salary control	1 272 023	1 195 324
Accrued leave pay	32 230 009	30 757 873
Accrued bonus	6 024 515	5 500 117
Retentions	22 658 464	17 075 136
Tax control	4 093 003	3 175 646
Pension funds control	3 849 472	3 560 284
Medical aid control	2 340 457	2 135 963
Other Creditors #4	165 400	26 400
Unallocated deposits	32 666 766	36 028 211
	1 697 430 704	1 433 563 869

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17. Consumer deposits		
Electricity and water	13 777 575	13 606 890
18. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(92 978 000)	(79 519 000)
Non-current liabilities	(88 957 000)	(75 451 000)
Current liabilities	(4 021 000)	(4 068 000)
	(92 978 000)	(79 519 000)
Defined benefit plan		
Post retirement medical aid plan		
The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.		
Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.		
Continuation members and their eligible dependants receive a 70% subsidy.		
The post-employment subsidies are not limited to a maximum Rand value/subsidy.		
Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.		
Valuation method		
The Projected Unit Credit Method has been used to value the liabilities. The liability for eligible employees is accrued over their expected working lifetimes. The average expected remaining working lifetime of eligible employees is 14.1 years. The liability is valued by an Independent and qualified Actuary, Chanan Weiss from ARCH Actuarial Consulting.		
There are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.		
The unfunded liability in respect of past service has been estimated to be as follows:		
In-service (employee) members	44 239 000	34 435 000
In-service (employee) non-members	6 350 000	5 941 000
Continuation (retiree and widow) members	42 389 000	39 143 000
Carrying value	92 978 000	79 519 000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	79 519 000	73 887 000
Net expense recognised in the statement of financial performance	2 719 000	5 632 000
	82 238 000	79 519 000

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Figures in Rand	2025	2024
18. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	2 697 000	2 519 000
Interest cost	9 460 000	8 974 000
Actuarial (gains) losses	(5 370 000)	(2 250 000)
Expected return on plan assets	(4 068 000)	(3 611 000)
	2 719 000	5 632 000
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(5 370 000)	(2 250 000)
Key financial assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11.10 %	12.20 %
Health care cost inflation rate	5.20 %	6.19 %
Net discount rate	3.80 %	4.19 %
Demographic assumptions		
Average retirement age	62	62
Mortality during employment	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010	SA 85-90 PA(90) -1 with a 1% mortality improvement p.a. from 2010
Mortality post-employment		
Proportion with a spouse dependant at retirement	60%	60%
Continuation of membership at retirement	75%	75%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	15%	15%

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18. Employee benefit obligations (continued)

Sensitivity analysis

The liability at the Valuation Date was recalculated to show the effect of:

(i) a one percentage point increase and decrease in the assumed rate of health care cost inflation;

(ii) a one percentage point increase and decrease in the discount rate;

(iii) a one-year age increase and decrease in the assumed rates of post-employment mortality;

(iv) a one-year decrease in the assumed average retirement age; and

(v) a decrease of ten percentage points in the assumed proportion of in-service members that remain members at retirement.

Sensitivity Analysis on the Accrued Liability (R

Millions)

Assumption	Change	Eligible Employees	Continuation Members	Total	%Change
Central assumptions		50,589	42,389	92,978	
Health care inflation rate	+1%	60,608	46,147	106,755	15%
	-1%	42,912	39,241	70,342	-12%
Discount rate	+1%	34,408	36,342	70,750	-11%
	-1%	47,878	42,374	90,252	13%
Post-employment mortality	+1 yr	39,404	37,837	77,241	-3%
	-1 yr	41,333	40,453	81,786	3%
Average retirement age	-1 yr	44,419	39,143	83,562	5%
Membership continuation	-10%	35,273	39,143	74,416	-6%

History of liability is as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	92 978 000	79 519 000	73 887 000	60 241 000	57 192 000
Surplus (deficit)	(2 250 000)	(2 370 000)	(5 398 000)	(10 144 000)	(1 125 838)
Adjustments on plan liabilities	-	(13 742 000)	-	-	-

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Integrated National Electrification Programme Grant (INEP)	5 725 016	-
Energy Efficiency and Demand Side Management Grant (EEDSM)	203 800	203 800
Municipal Disaster Relief Grant (MDRG)	26 513 241	7 024 054
	32 442 057	7 227 854

Movement during the year

Balance at the beginning of the year	7 227 854	2 813 483
Additions during the year	149 755 133	182 765 681
Income recognition during the year	(124 540 930)	(177 959 333)
Withheld and off-set against equitable share	-	(391 977)
	32 442 057	7 227 854

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19. Unspent conditional grants and receipts (continued)

See note 31 for reconciliation of grants from National/Provincial Government. The following conditional grants were fully spent during the financial period:

- Financial Management (FMG)
- Expanded public works programme (EPWP)
- Municipal infrastructure grant (MIG) and LG SETA Grant

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

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20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Interest charge	Reduction due to re- measurement of costs	Total
Environmental rehabilitation	47 223 957	4 823 247	5 480 002	57 527 206

Reconciliation of provisions - 2024

	Opening Balance	Interest charge	Reduction due to re- measurement of costs	Total
Environmental rehabilitation	43 109 187	3 658 681	456 089	47 223 957
Non-current liabilities			53 429 191	43 263 909
Current liabilities			4 098 015	3 960 048
			57 527 206	47 223 957

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20. Provisions (continued)

Environmental rehabilitation provision

The provision for the rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal.

The valuation for the landfill site was performed by Seakle K.B. Godschalk, a Professional Engineer from Environmental and Sustainability Solutions(ESS).

The sites under consideration and valuations are as follows:

Site Name	2025	2024
Vaalwater landfill	23 400 877	19 957 447
Naboomspruit landfill	8 089 076	4 076 364
Nylstroom landfill	26 037 253	23 190 146

The liability calculated using the General Landfill Closure Costing Model (GLCCM) includes costs associated with:

- Pre-closure planning and approvals (four cost elements)
- Final rehabilitation and closure (seven cost elements)
- 30 years post-closure monitoring (seven cost elements)

Financial Assumptions used:

Unit costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

Consumer Price Index (CPI)

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last three months amounted to 2.8878%.

Consumer Price Index (CPI)

Discount rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material.

GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability.

Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined Benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality).

Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used.

As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.

For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used. i.e 5.5% above CPI

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20. Provisions (continued)

For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used.

For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used. i.e 5.75% above CPI

Key financial assumptions summary

Assumption	Nylstroom landfill	Vaalwater landfill	Naboomspruit landfill
CPI	2.89%	2.89%	2.89%
Discount rate	8.39%	8.39%	8.63%
Net effective discount rate	5.50%	5.50%	5.75%

21. Long service awards

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

Total unfunded liability	25 528 000	22 873 000
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Long Service Awards(LSA)

The municipality offers employees leave day LSA for every five years of service completed, from 10 years of service to 45 years of service, inclusive. In the month that each "Completed Service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/250th of annual earnings per day.

The employees' basic salaries, referred to as "earnings" are used to determine the Rand value of leave day LSA.

An employee with five or more years' service with the municipality, who leaves the service of the municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro-rata LSA for any uncompleted (five-year) period of service. The pro-rata factor applicable is the number of years of service since an employee's most recent service milestone, divided by five.

Completed Service (In Years)	Long Service Award (% of Annual Earnings)	Description
5	2%	5/250 x annual earnings
10	6%	15/250 x annual earnings
15	10%	25/ 250 x annual earnings
25, 30, 35, 40, 45	14%	35 / 250 x annual earnings

Long Service Cash Awards

The municipality also offers all employees long service cash awards for every five years of service completed, from five years of service to 45 years of service, inclusive.

Completed Service (In Years)	Long Service Cash
Award	
5	1 000
10	2 000
15	3 000
20	4 500
25, 30, 35, 40, 45	7 500

These amounts will increase by 5% every 5 years and that the next such 5% increase is expected in August 2025. Employees will also be eligible to receive a long service voucher upon reaching 25 years of service, with a maximum value of half of the monthly earnings of the recipient.

Valuation Method

Per the Accounting Standards Board (ASB) Directive 5, the municipality may account for this liability under the Statement of Generally Recognised Accounting Practice 25(GRAP 25)

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21. Long service awards (continued)

The LSA liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability

The Projected Unit Credit Method has been used to value the liabilities

Changes in the present value of the long service liability is:

	2025	2024
Opening balance	22 873 000	18 709 000
Net expense recognised in the statement of financial performance	2 655 000	4 164 000
	25 528 000	22 873 000
Current liability	4 234 000	2 668 000
Non-current liability	21 294 000	20 205 000
	25 528 000	22 873 000

Net expense recognised in the financial statement performance

Current service cost	1 807 000	1 522 000
Interest cost	2 336 000	1 968 000
Expected employee benefit vesting	(2 668 000)	-2 339 000
Actuarial (gain)/loss	1 180 000	-395 000
Past service costs	-	3 048 000
	2 655 000	3 804 000

Amounts for the current and previous year are as follows

Unfunded accrued liability	25 528 000	22 873 000
Average liability per employee	47 752	36 779

The Current-Service Cost reflects the additional liability that is expected to accrue in respect of employees' service over the corresponding year.

The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefits vesting, over the corresponding year. This arises because all future LSA benefits are one year closer to payment.

The average liability has increased by 30% since the last valuation primarily due to the policy amendments and furthermore there was:

- an increase in average earnings; and
- an increase in the average past service cost in a significant increase.

These impacts were partially offset by:

- an increase in the net discount rate

The total liability has increased by 20% (or R 3 748 000) due to the above, partially offset by a decrease in the number of eligible employees since the last valuation.

There are Past Service Costs due to amendments in policy. 3 408 000 0

Key Assumptions

Key financial assumptions

Discount rate	9.50%	10.83%
General earnings inflation rate (long-term)	4.50%	4.98%
Net effective discount rate	4.80%	4.57%

Key demographic assumptions

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21. Long service awards (continued)		
Average retirement age	62	62
Pre-retirement mortality	SA85-90	SA85-90
Withdrawal from service (sample annual rates)	Age	Male & Female
	20	9%
	30	6%
	40	5%
	50	3%
	60	0%

Summary of eligible employees

Comparison of eligible employees

Number of eligible employees	483	473
Average annual earnings	R 310 781	R 289 478
Average age	47.9	47.9
Average past service	14.5	14.5

There were 168 female and 315 male eligible employees and there were 18 new and 29 exits during the current financial period.

Sensitivity analysis

The liability at the Valuation Date was recalculated to show the effect of:

- (i) a one percentage point increase and decrease in the assumed general earnings inflation rate;
- (ii) a one percentage point increase and decrease in the discount rate;
- (iii) a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- (iv) a two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		25 528 000	
General earnings inflation rate	+1%	26 760 000	5%
	-1%	24 395 000	-4%
Discount rate	+1%	24 285 000	-5%
	-1%	26 899 000	5%
Average retirement age	+2 yrs	27 190 000	7%
	-2 yrs	23 733 000	-7%
Withdrawal rates	x2	22 885 000	-10%
	x0.5	27 187 000	6%

22. Service charges

Sale of electricity	242 305 963	243 893 334
Sale of water	96 966 209	106 269 776
Sewerage and sanitation charges	49 521 741	48 492 676
Refuse removal	30 388 226	25 912 348
	419 182 139	424 568 134

23. Rental of facilities and equipment

Premises

Premises	49 113	60 375
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23. Rental of facilities and equipment (continued)		
Facilities and equipment		
Rental of facilities	498 828	173 787
	547 941	234 162
24. Interest earned		
Interest Received - Property rates	34 796 791	30 780 983
Interest Received - Trading	82 978 166	69 600 320
	117 774 957	100 381 303
25. Agency services		
Vehicle Registration and Licensing	7 062 346	6 619 159
The municipality entered arrangement with the department of transport whereby the municipality is the agent for the licencing of vehicles and is entitled to 20% of the fee. The municipality records the 20% fee and recovers the receivables from the Department of Transport.		
26. Sundry income		
Advertising boards	18 272	19 628
Building plan approval fees	1 942 042	804 506
Cemetery fees	446 577	305 847
Clearance and valuation certificate	402 966	446 822
Library fees	10 602	2 701
Other income	124 055	85 719
Tender documents	90 304	1 173 438
Handling fees	351 292	2 385 050
Connection and reconnection fees	79 153	58 303
Insurance proceeds	750 113	-
Staff recoveries	450 325	621 925
	4 665 701	5 903 939
27. Investment revenue		
Interest revenue		
Bank	1 888 552	1 483 035

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28. Property rates		
Rates received		
Property rates	171 930 826	188 877 268
Less: Income forgone(rebates)	(24 747 257)	(27 959 034)
	147 183 569	160 918 234
Valuations		
Business and Commercial	1 492 528 000	1 417 401 675
Farm Properties - Agricultural Purposes	8 393 456 000	8 393 788 773
Farm Properties - Eco Properties	824 084 731	809 627 000
Mining	42 361 000	42 361 000
Industrial Properties	63 521 000	62 551 000
Multi Purposes use/Municipal Properties	9 314 000	10 849 000
Private Open Space	89 670 000	79 876 470
Public Open Space	2 660 000	2 660 000
Public Benefit Organisations	13 295 000	13 295 000
Public Service Infrastructure	17 703 000	73 029 500
Religious Use Property	52 702 000	54 019 000
Public Service Purposes	215 978 000	215 741 000
Residential Properties - Developed	5 573 320 624	7 719 914 734
Residential Properties - Vacant land	813 940 835	1 624 140 068
	17 604 534 190	20 519 254 220

In terms of Section 32 (1) (b) Municipal Property Rates Act 2004, valuations on land and buildings are to be performed every 5 years. The last general valuation came into effect on 1 July 2019. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Different rates(tariffs) are applied to property valuations to determine assessment rates based on the category of property. Rebates are granted also depending on the category of the property per the valuations above.

Rates are levied on an annual and monthly basis with the final date for payment being the last day of the month billed. Interest at 12.65% per annum, (2023) at 12.65% is levied on rates outstanding after due date.

The new general valuation will be implemented on 01 July 2024.

29. Licences and permits (non-exchange)

Road and Transport	28 608	15 217
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Figures in Rand	2025	2024
30. Government grants and subsidies		
Operating grants		
Equitable share	154 561 000	144 925 000
Financial Management Grant	2 600 000	2 650 000
Municipal Infrastructure Grant	2 727 500	2 370 822
LGSETA Skills Grant	1 816 629	1 508 910
Expanded Public Works Programme Grant	1 641 000	1 757 000
	163 346 129	153 211 732
Capital grants		
Municipal Infrastructure Grant (MIG)	61 612 500	62 619 178
Integrated National Electrification Programme Grant (INEP)	4 505 984	2 421 483
Water Services Infrastructure Grant (WSIG)	42 023 133	96 346 682
Municipal Disaster Response Grant (MDRG)	9 430 813	3 997 946
Energy Efficiency and Demand Side Management Grant	-	5 796 200
	117 572 430	171 181 489
	280 918 559	324 393 221
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	126 357 559	179 468 221
Unconditional grants received	154 561 000	144 925 000
	280 918 559	324 393 221
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The Equitable Share is an unconditional grant. The allocation as per the DORA for the financial year was R 154 764 800 (2024: R 144 925 000).		
All registered indigents receive a monthly subsidy of which is funded from the grant.		
Equitable share reconciliation		
Amount as per DORA	154 561 000	145 316 977
Off-set against Unspent INEP	-	(391 977)
Net receipts	154 561 000	144 925 000
Municipal infrastructure grant (MIG)		
Current-year receipts	64 340 000	64 990 000
Conditions met - transferred to revenue	(64 340 000)	(64 990 000)
	-	-
The Municipal infrastructure grant is used to provide specific capital finance for the basic municipal infrastructural backlog for poor household, micro enterprise and social institution servicing poor communities. The allocation as per the DORA for the financial year was R 54 550 000 (2024: R 64 990 000) and an additional amount of R9 790 000 was provided through an adjustment due to all conditions met.		
Conditions are full met in current financial year		

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Figures in Rand	2025	2024
30. Government grants and subsidies (continued)		
Water Services Infrastructure Grant (WSIG)		
Current-year receipts	42 023 133	96 346 682
Conditions met - transferred to revenue	(42 023 133)	(96 346 682)
	-	-

To facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities. Provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection and groundwater development. The amount allocated per DORA is R102 954 000 and since the grant is an indirect grant as per Schedule 6B of DORA, the municipality claimed an amount of R42 023 133 as per the conditions met. The department of Water Services is responsible for reallocation of funds during a financial year.

Conditions are full met in current financial year and recognised as revenue

Municipal Disaster Response Grant (MDRG)

Balance unspent at beginning of year	7 024 054	-
Current-year receipts	28 920 000	11 022 000
Conditions met - transferred to revenue	(9 430 813)	(3 997 946)
	26 513 241	7 024 054

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

To rehabilitate and reconstruct municipal infrastructure damaged by a disaster. The municipality has made an application to the Department of COGHSTA for a grant to rehabilitate roads and electricity infrastructure destroyed by storm. The amount allocated as per DORA for the current year is R28 920 000 (2024: R11 022 000)

Expanded public works programme (EPWP)

Current-year receipts	1 641 000	1 757 000
Conditions met - transferred to revenue	(1 641 000)	(1 757 000)
	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas: road maintenance and the maintenance of buildings, low traffic volume roads and rural roads, basic services infrastructure, including water and sewer reticulation, sanitation, pipelines(excluding bulk infrastructure), other economic and social infrastructure, tourism and cultural industries, waste management, parks and beautification, sustainable land-based livelihoods, social services programme, health service programme and community safety programme. The allocation as per the DORA for the financial year was R 1 641 000 (2024: R 1 757 000) and the municipality received the full allocation and spent in accordance with the conditions of the grant.

Conditions are full met in current financial year and recognised as revenue

Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	-	2 813 482
Current-year receipts	10 231 000	-
Conditions met - transferred to revenue	(4 505 984)	(2 421 505)
Withheld and off-set against Equitable share	-	(391 977)
	5 725 016	-

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

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30. Government grants and subsidies (continued)

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, clinics and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply. The DORA allocation in the current year is R10 231 000 (2024 - R0).

LGSETA Skills Grant

Current-year receipts	1 816 629	1 508 910
Conditions met - transferred to revenue	(1 816 629)	(1 508 910)
	-	-

The levy grant scheme aims to expand the knowledge and competencies of the labour force resulting in improvements in employability and productivity.

All conditions has been met.

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Figures in Rand	2025	2024
30. Government grants and subsidies (continued)		
Financial Management (FMG)		
Current-year receipts	2 600 000	2 650 000
Conditions met - transferred to revenue	(2 600 000)	(2 650 000)
	-	-

To promote and support reforms in financial management by building capacities in municipalities to implements the Municipal Finance Management Act (MFMA).

The allocation as per the DORA for the financial year was R 2 600 000 (2024: R 2 650 000) and the municipality received the full allocation. All conditions of the grant has been met

Energy Efficiency and Demand Side Management Grant

Balance unspent at beginning of year	203 800	-
Current-year receipts	-	6 000 000
Conditions met - transferred to revenue	-	(5 796 200)
	203 800	203 800

The grant is used to provide subsidies to municipalities to implement energy efficiency and demand-side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

No allocation was made as per the DORA for the financial year. (2024: R6 000 000) and no amount was repaid to the national revenue fund. The unspent amount will be utilised in the 2025/26 year with the new allocation to be received.

31. Fines, Penalties and Forfeits

Traffic Fines	310 401	60 749 159
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32. In-kind donations and assistance

National Treasury Smart Metering Grant (RT 29)

Other transfer revenue	37 887 297	-
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The municipality has received an in kind donation for installation of smart metering including vending and support services for a period of three years. During the current financial year, 7500 smart meters were installed. The portion of the grant with condition not met is not disclosed and will be disclosed when conditions are met. The total amount received in the current year amounts to **R37 128 667**

In addition the municipality received donation in kind (Furniture for the boardroom) from a service provider to an amount of **R758 630**.

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Figures in Rand

33. Employee related costs

Basic	148 858 182	144 481 154
Bonus	12 184 335	11 598 383
Medical aid - company contributions	12 891 359	11 507 573
Contributions for UIF, Pensions and Provident fund	32 596 149	31 060 856
Workmen's Compensation Fund	2 460 870	6 152 927
Skills Development Levies(SDL)	4 773 820	1 908 157
Other payroll levies(Bargaining council)	69 812	66 596
Leave pay provision charge	3 095 673	1 496 833
Post employment medical contribution plans	3 184 799	1 066 431
Overtime payments	23 059 467	19 949 890
Long-service awards	2 114 131	5 436 949
Acting allowances	486 903	544 686
Subsistence, travel and car allowances	18 267 840	14 134 230
Housing benefits and allowances	1 505 360	1 384 210
Tools Allowance	6 428	6 357
Standby allowance	3 952 115	3 577 657
Cell phone allowance	-	11 536
	269 507 243	254 384 425

34. Remuneration of councillors

Mayor	1 119 534	1 147 389
Chief Whip	517 551	534 411
Executive Committee Members	3 280 958	3 032 222
Speaker	863 918	871 589
Councillors	8 819 682	9 075 493
	14 601 643	14 661 104

Remuneration of Councillors

The Mayor, Speaker and Mayoral Committee Members are full-time councillors and each is provided with an office and secretarial support at the cost of the Council. The cost of support staff is included under employee related costs.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Adjustments were made during the financial period to ensure that the salaries are within the limits as gazetted.

35. Depreciation and amortisation

Property, plant and equipment	53 239 911	45 775 026
Intangible assets	-	121 838
	53 239 911	45 896 864

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Figures in Rand	2025	2024
36. Impairment of assets		
Impairments		
Property, plant and equipment	9 747 006	24 890 591
Impairment was provided on damaged projects that have been carried as work in progress for significantly longer time as management believe the recoverable amounts has been negatively impacted.		
Intangible assets	-	456 493
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		
	9 747 006	25 347 084
37. Finance costs		
Trade and other payables	56 090 427	44 374 418
Finance leases	119 634	208 151
Current borrowings	100 015	-
Provisions	4 823 247	3 658 681
Post retirement benefits and long service awards	11 796 000	10 942 000
	72 929 323	59 183 250
38. Lease rentals on operating lease		
Motor vehicles		
Contractual amounts	446 864	758 293
Plant and equipment		
Contractual amounts	88	-
	446 952	758 293
39. Debt impairment		
Contributions to debt impairment provision	543 316 281	283 272 974
Bad debts written-off	72 829 246	41 423 308
	616 145 527	324 696 282
40. Bulk purchases		
Electricity - Eskom	273 843 905	237 091 721
Water - Magalies Water Board	21 902 786	22 540 256
	295 746 691	259 631 977
41. Contracted services		
Outsourced Services		
Administrative and Support Staff	394 305	30 358
Burial Services	67 500	30 000
Security Services	17 989 947	18 851 733
Water Takers	58 357	-
Consultants and Professional Services		
Business and Advisory	30 234 215	24 984 386
Legal Cost	33 020 681	19 804 203

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Figures in Rand	2025	2024
41. Contracted services (continued)		
Contractors		
Maintenance of Buildings and Facilities	1 619 576	1 453 866
Maintenance of Equipment	1 723 173	106 250
Maintenance of Unspecified Assets	47 458 040	27 806 332
Prepaid Electricity Vendors - RT29	37 128 667	-
Transportation	14 875 641	12 261 544
Sewerage Services	187 000	2 942 801
	184 757 102	108 271 473
42. General expenses		
Advertising	243 809	342 036
Auditors remuneration	8 452 817	6 992 547
Bank charges	1 334 424	790 692
Commission paid	10 703 263	15 335 576
Consumables	8 318 905	9 213 201
Fines and penalties	-	667 068
Insurance	6 372 832	7 555 431
Conferences and seminars	1 714 987	874 395
Printing and stationery	16 315	4 947
Protective clothing	947 575	2 883 793
Membership and Subscription	-	21 379
Telephone and fax	5 182 200	2 730 699
Travel - local	3 538 198	2 664 927
Indigent relief subsidy	-	28 883
Bargaining Council	2 990 611	3 200 546
Municipal services	9 968 305	9 928 397
Ward committees	1 643 000	1 942 000
	61 427 241	65 176 517
43. Auditors' remuneration		
Audit Fees	8 452 817	6 992 547

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
44. Cash generated from operations		
(Deficit) surplus	(587 425 614)	369 098 064
Adjustments for:		
Depreciation and amortisation	53 239 911	45 896 864
Fair value adjustments	19 501 020	(437 803 204)
Finance costs	(16 838 896)	(14 808 832)
Impairment loss	9 747 006	25 347 084
Movement in provisions	10 303 249	4 114 770
Inventory reversals	(1 807)	(75 413)
Debt impairment movement	616 145 527	324 696 282
Movements in employee benefits	13 459 000	5 632 000
Movement in long service awards	2 655 000	4 164 000
Transfer payments - Non cash	(37 887 297)	-
Other Non cash movements	(78 355 283)	83 410 126
Changes in working capital:		
Inventories	60 597	(722 398)
Other receivables	(7 428 192)	1 561 406
Receivables from exchange transactions - Consumer debtors	(133 731 609)	(289 900 499)
Receivables from non-exchange transactions	(5 661 099)	57 616 028
Statutory receivables	8 672 609	(60 243 700)
Receivable from non exchange	(5 661 099)	57 616 028
VAT Receivable	(23 717 182)	10 436 726
Payables from exchange transactions	263 866 835	130 571 276
Unspent conditional grants and receipts	25 015 676	4 414 371
Consumer deposits	170 685	192 900
	138 654 392	260 191 734
45. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	66 455 606	55 301 049
Total capital commitments		
Already contracted for but not provided for	66 455 606	55 301 049
Total commitments		
Total commitments		
Authorised capital expenditure	66 455 606	55 301 049

This committed expenditure relates to property and will be financed by funding from government grant capital allocations.

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Figures in Rand	2025	2024
46. Contingent liabilities		
Description of matter	2025	2024
Voltex	154 192	154 192
Case No. 69/2019- Claim for outstanding payment for the delivery of electrical material		
Arabest 121 CC	35 849 535	35 849 535
Alleged termination of contract without following the proper procedure and or provision of the contract regarding termination.		
Henque 1378 cc and 2 others	33 719 319	33 719 319
Claim against the municipality for damages suffered as a result of veld fires which allegedly started on the Municipality's property.		
Mookgophong Square Ontwinkeling	1 172 297	
High Court Plk - Case No 8697/2021		
Elaine Jacobs	9 981	9 981
Case No. 460/2018- Claim for damages to vehicleby pothole		
Lesperance Sebenzani JV	4 654 002	4 654 002
Case 1272/2014-Claim for loss of profit due to cancellation of contract.		
M M Matjiu	7 190 000	7 190 000
Claim for damage and suffering caused by sewerage spillage and loss of income at Erf 1077 Ext 1, Mookgophong.		
N J Moagi	3 000 000	3 000 000
Claim for defamation of character against the previous Municipal Manager brought by Mr N J Moagi.		
Akhile Management and Consulting (Pty) Ltd	5 123 253	5 123 253
Case No. 7654/2017 - Non-payment of outstanding invoices for Professional Services rendered to assist with compilation of Annual Financial Statements for the period 2015 to 2017		
Maria Sprout	235 000	235 000
Case No. LP/MDM/RC 27/2019-This is damages claim against the municipality for the alleged injuries sustained as a result of an uncovered manhole.		
ABSA Vecicle Management Solution	7 101 876	
Claim for payment for services rendered. Case No 8806/2024		
Genesis Land Development		1 784 928
Claim for payment of services rendered		
MKE Makgato N O & TS Makgato NO obo Kgolo Business Trust	1 267 913	1 267 913
Case No. 2287/2018 - Amount claimed in terms of acknowledgement of debt.		
Balimi Barui Trading (Pty) Ltd	44 024 033	44 024 033
Case No. 4315/2017-Amount claimed for damages suffered as a result of non-payment for services rendered namely, debt collection. Default judgment granted in favour of the applicant. A rescission application against default judgment for R44 million lodged on 23/5/2018		
Tlou E Kgolo Construction	78 890	78 890
Non-payment of outstanding invoices for services rendered-building and/or renovation of Donkerpoort Dam		
CXMI (Pty) Ltd & Adv G Malindi NO	13 595 750	13 595 750
Case No. 70315/2018- Arbitration Award was made against the municipality for repudiating the Service Level Agreement for provision, installation and maintenance of 7500 units of water reading meters and 7500 units of electricity reading meters.		

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Figures in Rand	2025	2024
46. Contingent liabilities (continued)		
Molebogeng Eva & MS Seloana		128 748
Claim for damages to the amount of R128 748 suffered as a result of unlawful and illegal and/or disconnection of electricity supply		
Abeba Nure Aliye		
Case No 4123/2024 - Damages against Interdict to open Spaza shop	-	75 000
Basarwa		
Case No 9228/2023 - Non payment of certificate 1 for alleged services rendered	0	409 754
Lupikopi Trading and Projects	240 915	240 915
Claim for payment of outstanding amount for services rendered		
Endecon Ubuntu		
Claim for professional services rendered	-	256 036
SPO Consulting (Pty) Ltd	529 915	529 915
Claim against the municipality for non-payment of invoices for services rendered		
Elphash Trading Enterprise	952 050	952 050
Claim against the municipality for non-payment of retention fee.		
Transnet vs MMLM		
Case No 11761/2024. Claim for damages cused to Transnet railway infrastructure at Phagameng location	12 860 411	
GTL Wholesalers		
Case No 514/2017. Claim for damages against the municipality for alleged removal of advertising boards	13 100	13 100
Tracker Connect		
Case No 20/2024 - Claim for damages as a result of accident caused by the municipality	48 247	48 247
Martha van der Berg		
Case 72/2024 - Claim for damages due to potholes	-	24 667
Triatic Protection		
Application proceedings for alleged monies by the municipality for service rendered	11 670 258	11 670 258
Kabe Consulting Engineers CC	1 898 860	1 898 860
Claim against the municipality for monies owed for services rendered.		
Ketlole Etsweletse JV	2 594 290	
Case No 4130/2024 - Claim for unpaid services for capital project - Phagameng Phase Upgrading of main sewer privately owned farm		
D3 Construction		
Case No 5637/2019 - Claim for unjustified enrichment against the municipality	21 761 740	
Within Africa Protection		
Case No 9928/2023 - Proceedings brought by the company for alleged monies owed by the municipality	1 870 322	
Eternity Star Investments 231 CC	2 661 614	
Claim against the municipality for the retention monies and interim payment certificate		
Geyser and Ferreira		
Claim against the municipality for legal fees		12 838 326
	214 277 763	179 772 672

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2025

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47. Related parties

Relationships

Accounting Officers

Mayor

Speaker

EXCO Members

Refer to accounting officers' report note

Councillor SA Sebolai

Councillor MS Langa

Councillor J Prinsloo (JP Prinsloo Trans, Autohek)

Councillor MA Mboweni (Radikgomo Agricultural

Primary Cooperative, Mmametse Cooperative

Limited)

Councillor LW Monyela

Councillor HP Louw (L EN L Gas Dienste)

Councillor MS Dayimani

(Moshutwa Trading Enterprise, Kona Semorwa

Security and Cleaning Services, Dikgoshi Cleaning

Services and Mmametse Cooperative Limited)

Councillor MM Kekana

Councillor MM Mothabela (Appointed 7 December

2023)

Councillor WL Botes (Greenville Trading 406,

Waterberg Healthcare HUB, Executive Medical

Services, Botes Vakansie Beleggings)

Councillor P Du Plessis (Appointed 11 September

2023)

Councillor MS Louw(Kaeboebessie Pty Ltd)

Councillor SP Mafuna (Powerful BSC)

Councillor RJ Mahoro(Resigned as EXCO Member

on 24 November 2023 - (Monotong Primary

Cooperative Limited, Tharu Funeral Services)

Councillor JM Majoko (Majammogo Primary

Cooperative Limited)

Councillor PJ Manaka (Debo Shop)

Councillor MM Mashihhi (Appointed 21 December

2023) - Rihanna Solutions)

Councillor MJ Maswanganye (Appointed 7 December

2023) - Khumo Charlie Traders

Councillor AP Mathabathe

Councillor KS Moima

Councillor SM Matsomane (Majammogo Primary

Cooperative Limited, Ntasa Agricultural Primary

Cooperative Limited, Morongwa Communal Property

Ass)

Councillor JM Mpedi (Paradise Cooperative Limited,

Shop in Wholesale Primary Cooperative Limited)

Councillor D Phalane

(Ikageng Community Programme)

Councillor CJ Pretorius

Councillor DS Motshwene

(JRV Projects and Trading)

Councillor DE Ramogale

Councillor J Shokane

Councillor AS Wagener

Members of key management

NB Thobela - Municipal Manager - Suspended on 30

May 2025

LC Malema - Chief Financial Officer

MP Shika - Corporate Services Director and Acting

MM (June 2025)

NA Nkopodi - Strategic Planning Director

M Berrange - Social Services Director

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47. Related parties (continued)

Ramuthivheli NE - Acting Technical Services Director
(01 July 2024 to 30 March 2025)
B Mthombeni - Acting Technical Services Director (01
April 2025 to 30 June 2025)
AW Classens - Acting Social Services Director
(March 2025)
EM Mogoane - Acting Social Services Director (01
April 2025 to 30 June 2025)
TC Masenya - Acting Corporate Services Director (01
June 2025)

Related party balances

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

Arrear accounts for municipal services	316 150	352 728
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Detailed balances of councillors' arrear accounts are disclosed in note 56. There were no guarantees given or received.

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Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

47. Related parties (continued)

Remuneration of management

Management class: Councillors

2025

Name	Basic salary	Travel allowances	Skills Development Contributions	Cellphone allowances	Subsistence allowances	Total
Executive Committee	2 288 951	729 474	28 936	172 800	60 797	3 280 958
Councillors	6 043 637	1 306 531	79 595	907 200	482 718	8 819 681
Mayor	769 093	243 094	10 068	43 200	54 080	1 119 535
Chief Whip	322 125	101 711	3 984	43 200	46 531	517 551
Speaker	615 916	194 474	8 147	43 200	2 181	863 918
	10 039 722	2 575 284	130 730	1 209 600	646 307	14 601 643

2024

Name	Basic salary	Travel allowances	Skills Development Contributions	Cellphone allowances	Subsistence allowances	Total
Executive Committee	2 178 967	623 947	26 645	169 600	33 063	3 032 222
Councillors	6 361 550	1 232 508	79 406	874 800	527 229	9 075 493
Mayor	777 793	235 996	9 786	42 400	81 414	1 147 389
Chief Whip	334 347	98 742	3 925	42 400	54 997	534 411
Speaker	632 389	188 797	8 003	42 400	-	871 589
	10 285 046	2 379 990	127 765	1 171 600	696 703	14 661 104

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Figures in Rand

47. Related parties (continued)

Management class: Executive management

2025

Name	Acting Allowance	Basic salary	Travel(car) allowance	Contributions to SDL and UIF	Contributions to Bargaining council	Subsistence and other Refunds	Total
LC Malema - Chief Financial Officer	-	979 950	303 577	12 626	143	14 634	1 310 930
NB. Thobela - Municipal Manager	-	971 461	594 216	16 237	144	-	1 582 058
M. Berrange - Social Services Director	-	932 823	227 072	11 425	107	-	1 171 427
MP Shika - Corporate Services Director	-	979 950	303 577	12 626	143	18 279	1 314 575
NA. Nkopodi - Strategic Planning Director	-	777 597	239 561	11 818	143	8 758	1 037 877
Mthombene BF- Acting Technical Services Director (01 April 2025 to 30 June 2025)	2 475	-	-	-	-	-	2 475
Classens AW - Acting Social Services Director (1 April 2025 to 30 April 2025)	1 147	-	-	-	-	-	1 147
NE Ramuthivheli - Acting Technical Services Director (01 July 2024 to 31 March 2025)	12 678	-	-	-	-	-	12 678
Mogoane EM - Acting Social Services Director (01 April 2025 to 30 June 2025)	2 475	-	-	-	-	-	2 475
	18 775	4 641 781	1 668 003	64 732	680	41 671	6 435 642

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47. Related parties (continued)

2024

Name	Acting Allowance	Basic salary	Travel (Car) Allowance	Medical Contributions	Contributions to SDL and UIF	Contributions to Bargaining Council	Subsistence and Other Refunds	Total
NB Thobela - Municipal Manager	-	923 339	578 456	-	15 640	136	21 875	1 539 446
LC Malema - Chief Financial Officer	-	919 295	290 471	-	12 653	137	20 863	1 243 419
M. Berrange Social Services Director	9 544	957 059	295 526	-	12 470	136	-	1 274 735
MP Shika - Director Corporate Services	-	935 165	295 525	-	12 189	136	11 988	1 255 003
NA Nkopodi - Director Strategic Planning	-	721 716	233 208	2 725	11 236	136	3 871	972 892
A Mananga (Acting Director Technical Services)	-	-	-	-	-	-	246 740	246 740
MW Magana - Acting Technical Directors (May 2024)	1 227	-	-	-	-	-	-	1 227
NE Ramuthivheli - Acting Technical Director (June 2024)	1 111	-	-	-	-	-	-	1 111
	11 882	4 456 574	1 693 186	2 725	64 188	681	305 337	6 534 573

48. 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

Modimolle-Mookgophong Local Municipality

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Figures in Rand

2025

2024

48. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Other statutory receivables		7 320 262	67 328 459	-	74 648 721
Receivables from non-exchange transactions		106 977 488	(1 601 368)	-	105 376 120
Receivables from Exchange transactions		366 904 293	(418 335)	-	366 485 958
Deposits		1 319 565	589 373	-	1 908 938
VAT Receivable		99 630 568	(1 669 627)	271 572 632	369 533 573
Investment Property		1 284 972 000	(412 501 080)	-	872 470 920
Property, plant and equipment		1 459 132 143	(71 631 250)	-	1 387 500 893
VAT Payable		-	-	(271 572 632)	578 341
Payables from exchange transactions		1 429 560 209	4 003 659	-	1 433 563 868
		4 755 816 528	(415 900 169)		- 4 612 067 332

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Service charges		541 265 658	(116 697 524)	424 568 134
Agency services		8 220 527	(1 601 368)	6 619 159
Fair Value Adjustments		481 614 000	(43 810 796)	437 803 204
Fines, Penalties and Forfeits		71 393 094	(10 643 935)	60 749 159
Depreciation and amortisation		54 173 315	(8 276 451)	45 896 864
Impairments loss		31 156 141	(5 809 057)	25 347 084
Lease rentals on operating lease		12 324 973	(11 566 680)	758 293
Debt Impairment		349 467 842	(24 771 560)	324 696 282
Contracted services		95 436 256	12 261 544	107 697 800
General expenditure		61 746 530	3 429 986	65 176 516
Surplus for the year		1 706 798 336	(207 485 841)	1 499 312 495

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Figures in Rand	2025	2024	
48. Prior-year adjustments (continued)			
Cash flow statement			
2024			
	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Taxation	253 080 177	(253 080 177)	-
Sale of goods and services	207 911 925	252 524 596	460 436 521
Interest income	1 483 035	(2 476)	1 480 559
Grants	328 807 592	392 000	329 199 592
Other income	36 647 485	(30 173 293)	6 474 192
Fines, penalties and forfeits	-	505 459	505 459
Employee costs	(259 699 529)	6 591 627	(253 107 902)
Suppliers	(298 642 189)	58 219 920	(240 422 269)
Finance costs	(59 183 250)	14 808 832	(44 374 418)
	210 405 246	49 786 488	260 191 734
Cash flow from investing activities			
Purchase of property, plant and equipment	(211 616 559)	(49 808 347)	(261 424 906)
Deposits	-	(637 179)	(637 179)
	(211 616 559)	(50 445 526)	(262 062 085)
Cash flow from financing activities			
Finance lease payments		(778 670)	660 037

Statutory receivables

The municipality had incorrectly accounted for impairment of statutory receivables due to future cashflows not considered in the calculation.

A retrospective restatement to the provision of doubtful debts and impairment loss to an amount of R 67 328 459.

The above adjustment is made up of the following:

Increase in the provision of statutory receivables by an amount of R67 328 459.

Decrease in impairment loss to an amount of R24 771 559 and accumulated surplus decreased with an amount of R42 556 899

Receivables from Non Exchange Transactions

The customer balances for property rates have been corrected as the payments made were incorrectly recorded as revenue in the previous year. Both the revenue from licenses and receivables were overstated in the previous year due to incorrect recording of receipts to an amount of R1 601 368.24.

Receivables from exchange transactions

The municipality has reviewed billing made on service charges to ensure completeness and validity. The net effect of the billing corrections on receivables from exchange transactions amount to a decrease of R418 335.

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48. Prior-year adjustments (continued)

VAT Receivable and Payables

The municipality have corrected VAT on operating leases and vehicle costs. The net effect of the corrections resulted in an increase of VAT receivable to an amount of R1 669 627.

The municipality has reclassified VAT to show separately VAT receivable and payable on outstanding output VAT and Input VAT. The reclassification resulted in VAT receivable increased by an amount of R271 572 632 with a corresponding increase of VAT Payables.

Investment property

Land to the value of R 432 002 100 was correctly accounted for after assets verification was done and assets correctly valued and classified. The municipality also retrospectively accounted for investment property on revaluation method instead of cost.

Deposits

The deposits paid on bulk account for Magalies was mistated in the previous year with an amount of R589 372 when compared to statements.

Property, Plant and Equipment

Correction of classification of properties and removal of properties not controlled by the municipality, changes of PPE values, removal of properties not owned, correction of impairments and new identified PPE accounted for. Carrying value of PPE was reduced by an amount of R69 236 030

Service Charges

The municipality has incorrectly accounted for opening balances of electricity from EMS system (Netelek) against revenue in the previous year. The total amount that was overstating service charges equates to R116 697 524.

Agency Fees

An amount received from a debtor for rates and taxes was incorrectly credited against the revenue from agency fees in the previous year. The correction was debited against the agency fees and the debtors account reduced by an amount of R1 601 368.

Fair value adjustments

The municipality has corrected and removed properties not controlled by the municipality. The fair value adjustment that was accounted for the properties in the previous year was reversed resulting in an amount of R63 316 196 corrected.

Traffic Fines

The adjustment was made to traffic fines due to the fact that the amount disclosed did not agree to the calculated traffic fines as per the methodology adopted. The correction resulted in the reduction of traffic fines revenue with an amount of R10 643 935

Depreciation and amortisation

The municipality has reviewed the all assets during the year and ensured that depreciation charged in the previous financial year was correctly accounted for. This resulted in an adjustment to the depreciation and related accumulated depreciation of assets to an amount of R 12 365 653

Impairment loss

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48. Prior-year adjustments (continued)

The municipality had impaired all properties that are not controlled by municipality but still owned as per the deeds office. This are properties that have been illegally occupied and RDP stands not yet transferred. the impairment was increased by an amount of R28 783 444.

Lease rentals

The municipality has erroneously classified/ recorded vehicle costs as lease rentals in the previous year. A reclassification journal was processed resulting in an increase of R11 566 680 in contracted services and decrease in lease rentals by the same amount.

Debt impairment

During the determination of debt impairment for statutory receivables in the prior year, the municipality erroneously did not consider future cashflows when computing the recoverable amount of receivables. The debt impairment was as a result overstated by an amount of R24 771 560.

Contracted services

The municipality has erroneously classified/ recorded vehicle costs as lease rentals in the previous year. A reclassification journal was processed resulting in an increase of R11 566 680 in contracted services and decrease in lease rentals by the same amount.

General Expenditure

The municipality has accounted for unpaid invoices at end of the previous year to an amount of R3 429 986.53 which was not included as accruals and expenditure as invoices were received late

Cashflow Statements

The restatement of cashflows was necessitated by adjustments made to other line items on the annual financial statements.

Payables from Exchange

The expenditure relating to the prior year not accounted for as accruals at year end now accounted for to an amount of R4 003 659

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48. Prior-year adjustments (continued)

Irregular expenditure

Adjustments made

5 104 769

-

Adjustments were made to prior year reported balance of irregular expenditure due to an omission of irregular expenditure in the 30 June 2024 financial statements.

Transactions amounting to a balance of R 5 104 769 of irregular expenditure was identified by the AGSA and has been included on the register and the AFS.

Fruitless and Wasteful Expenditure

Adjustments made

3 918 350

-

Adjustment made to opening balance of fruitless and wasteful expenditure commitments is to ommitments made. The incidences were identified by the AGSA and has been updated accordingly.

Contingent liabilities

Adjustments made

12 838 326

-

Adjustments was made due to a case of Geyser and Ferreira that was ommitted on the list. The Claim B was still on the court roll in the previous financial year.

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49. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R620 230 471 and that the municipality's total assets exceed liabilities by R620 230 471.

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.

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

The following significant indicators indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern ability, evident as per the statement of financial performance and statement of financial position. These uncertainties cast significant doubt regarding the going concern of the municipality as of 30 June 2023 and thus management have assessed and disclosed these herewith:

- The municipality experienced significant cashflow constraints throughout the financial period ended 30 June 2024. The cashflow challenges is due to poor collection of revenues for services billed.
- The municipality's current liabilities exceed its current assets by a significant value and creditors were not paid within 30 days as legislated. The municipality owes Eskom a significant amount as of 30 June 2024 and did not honour the debt payment agreement. There is also significant balances due to Magalies Water Board, AGSA and other trade creditors.
- The Medium Term Revenue and Expenditure Framework(MTREF) Budget for the 2024 and 2025 financial periods is not funded due to the constraints as the municipality has significant commitments to Eskom, Magalies and other creditors.

The municipality's financial performance resulted in a significant deficit during the financial period and cash and non-cash expenditure are likely to get worse if not contained.

The municipality has many litigations and as a result significant contingent liabilities which could severely impact the municipality's cash outflows should the alleged actions become successful.

• Mitigations of Uncertainties:

The municipality has undertaken the following actions to mitigate the uncertainties casting doubt on going concern ability:

The Accounting Officer has developed and is in the process of implementing a Financial Recovery Plan(FRP). The financial recovery plan is prepared as a result of the Section 139 intervention. The FRP is part of the National and Provincial spheres of government's intervention strategy to place Modimolle-Mookgophong in a sustainable financial position. This will enable the institution to regain its financial stability and institutional functionality.

Management has prepared a projected 12-month cashflow forecast and budget for the 2023/24 financial period and the forecasts indicate that the municipality will be able to generate adequate cashflows to cover the short-term liabilities and obligations as they arise.

The municipality is constantly implementing optimal revenue enhancement strategies and credit control and debt collection policy along with cost containment policy to improve liquidity.

After due consideration and above assessment and evaluation, the annual financial statements are prepared on a going concern basis as the municipality likely will continue operations in the next financial period and beyond.

50. Events after the reporting date

Geyser and Ferreira attorneys launched an urgent application under case no. 1735/2023 against the municipality for the non-payment of the amount already acknowledged by the erstwhile Municipal Manager on 28 October 2021, the case was enrolled on 13 March 2023 and subsequently struck off the roll due to lack of urgency.

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50. Events after the reporting date (continued)

On 01 November 2024, the High Court of South Africa (Limpopo division) issued an order in favour of the applicant (Geyser and Ferreira attorneys) for payment of the capital amount of R9 786 334 and interest on the amount from 01 January 2023 to the final payment. On November 2024, the High Court of South Africa (Limpopo division) issued a writ of execution in favour of the applicant (Geyser and Ferreira attorneys) for the sheriff to attach and take into execution movable goods to a maximum of R9 786 344.73, to be realised in a public auction and the same writ of execution was instructed on the bank.

On 05 July 2025, First National Bank released R12 838 326.03 to Geyser and Ferreira attorneys based on the writ of execution.

The above transaction was accounted for as a creditor at year end

51. Unauthorised expenditure

Opening balance as previously reported	478 802 812	429 059 228
Opening balance as restated	478 802 812	429 059 228
Add: Expenditure identified - current	670 990 776	49 743 584
Closing balance	1 149 793 588	478 802 812

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

Non-cash	555 471 548	8 154 537
Cash	115 519 228	41 589 047
	670 990 776	49 743 584

Analysed as follows: non-cash

Fair value adjustments	19 501 020	-
Depreciation and amortisation	3 213 739	-
Finance costs	-	41 589 047
Loss on disposal of property, plant and equipment	6 864 256	-
Debt impairment	516 145 527	8 154 537
Impairment losses	9 747 006	-
	555 471 548	49 743 584

Analysed as follows: cash

Other expenditure	29 042 377	-
Contracted services	-	10 182 727
General expenditure	-	10 411 726
Employee related costs	17 798 976	10 411 726
Remuneration of councillors	1 752 669	1 494 353
Lease rentals on operating lease	-	3 421 392
Finance costs	66 925 205	12 478 755
Inventory consumed	-	2 092 733
	115 519 227	50 493 412

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51. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Public Office Bearers	1 752 669	-
Community and Social Services	6 303 371	-
Corporate Services	8 633 116	26 838 020
Technical Services	74 265 625	14 751 026
Budget and Treasury	580 035 995	8 154 537
	670 990 776	49 743 583

Recoverability steps taken/criminal proceedings

The investigation of UIF expenditure was not concluded at the end of the financial year and as a result no amounts were authorised for write-off or recovery.

52. Irregular expenditure

Opening balance as previously reported	182 941 891	155 834 973
Correction of prior period error	5 104 769	-
Opening balance as restated	188 046 660	155 834 973
Add: Irregular Expenditure - current	14 170 196	27 106 918
Less: Amount written off - current	(175 301 008)	-
Closing balance	26 915 848	182 941 891

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

	Disciplinary steps taken/criminal proceedings		
Extension of contract beyond the recommended service period.	None	5 055 969	5 147 713
Deviation non compliant to Regulation 36	None	937 653	2 251 943
Evaluation on local production and content not performed		-	5 799 008
The bidders evaluated have quoted their bidding prices using different pricing methods and with no basis of comparison, methods used by the bidders		2 936 205	5 440 519
Bidding process not fair, equitable, transparent and cost effective		3 664 772	8 467 735
No demonstrable discounts or benefits for regulation 32 appointment	None	1 575 597	-
		14 170 196	27 106 918

Amounts recoverable

No amounts were determined to be recoverable by Council after investigation by MPAC as no officials and councillors were found not to regulations and legislation.

Amounts written-off

During the prior financial period, after the council committee investigations, Council took a resolution to write off the expenditures to an amount of R 175 301 008 as irrecoverable as Councillors and Officials were found not have committed any negligent acts and it was proven without reasonable doubt that the amount was not recoverable.

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53. Fruitless and wasteful expenditure		
Opening balance as previously reported	147 739 085	103 297 214
Correction of prior period error	3 918 350	224 204
Opening balance as restated	151 657 435	103 521 418
Add: Expenditure identified - current	57 441 417	44 217 667
Less: Amount written off - current	(147 739 085)	-
Closing balance	61 359 767	147 739 085

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Interest on Eskom debt	None	48 288 128	39 341 564
Interest overdue creditors accounts	None	3 609 377	3 561 132
Interest and Penalties on SARS VAT	None	1 809 457	515 968
Interest and Penalties on SARS PAYE, UIF and SDL		378 646	799 003
Interest on legal cases - Settlements	None	3 355 809	-
		57 441 417	44 217 667

Amounts recoverable

No amounts have been determined to be recoverable as no official and councillors was confirmed to be liable for the municipality incurring the fruitless and wasteful expenditure.

Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 144 237 823 - from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

54. Deviation from supply chain management regulations

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

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

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Reasons for deviations	2025	2024
Deviations as a result of emergency procurement, sec 36(1)(b)	2 233 515	11 810 947
Impractical or impossible to follow the official procurement processes	203 163	4 568 650
	2 436 678	16 379 597

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55. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government association (SALGA)

Opening balance	21 533 783	18 733 333
Current year subscription / fee	3 141 875	2 800 450
	24 675 658	21 533 783

Electricity and Water Distribution losses

Electricity distribution losses

Units purchased kWh	135 068 312	134 052 134
Units sold kWh	113 698 872	111 695 302
Distribution loss(units)	21 369 440	22 356 832
Percentage loss	16%	17%
Average purchase price(cents/kWh)	2.30	2.30
	49 149 712	51 420 713

The electricity loss is due to theft, distribution losses and illegal tampering of electricity meters and Technical Losses due to insufficient maintenance.

Water distribution losses

2025

Units purchased KL	4 341 997	4 716 286
Units sold KL	2 624 032	2 868 762
Distribution loss KL	1 717 965	1 847 524
Percentage loss/(gain)	40%	37%
Average tariff(R)	11.22	10.00

Water loss in rand value

19 275 567 **20 193 437**

Water losses

The water distribution loss is mainly due to theft, lack of maintenance and illegal tampering of water meters.

Audit fees

Opening balance	15 641 154	20 581 488
Fees - current year	9 720 739	7 592 264
Interest - current year	1 427 486	2 067 027
Amount paid - current year	(11 500 000)	(14 599 625)
Interest written off	(3 047 196)	-
	12 242 183	15 641 154

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	3 203 039	18 765 901
Current year deductions (PAYE, UIF & SDL)	41 456 890	39 517 584
Penalties & Interest - Current year	348 760	686 267
Penalties & Interest - Allocated to prior years	-	145 639
Amount paid - current year	(40 567 899)	(36 999 997)
Amount paid - Allocated to prior years	-	(18 811 314)
	4 440 790	3 304 080

The disclosure includes SDL as it is not possible to separate the SARs deductions particularly when it comes to the allocation of payments.

Pension and Medical Aid Deductions

Opening balance	5 744 338	5 482 006
Current year deductions	72 992 626	67 837 625
Amount paid - current year	(66 802 697)	(62 093 288)
Amount paid - previous years	(5 696 247)	(5 482 005)
	6 238 020	5 744 338

VAT

VAT receivable	99 630 568	108 397 667
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VAT output payables and VAT input receivables are shown in note 8.

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

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Ramogale DE	2 968	5 855	8 823
Councillor Wagener HPG	2 789	-	2 789
Councillor Mafuna SP	908	-	908
Councillor Phalane R A	4 611	44 827	49 438
Councillor Kekana MM	5 731	45 865	51 596
Councillor Mathiane K	3 812	63 720	67 532
Councillor Monyela ME	2 528	3 605	6 133
Councillor Motsomane MJ	2 488	32 492	34 980
Councillor Motshwene DS	1 761	-	1 761
Councillor Prinsloo JP	5 004	-	5 004
Councillor Du Plessis P	4 112	-	4 112
	36 712	196 364	233 076

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Dayimani M S	810	18 979	19 789
Councillor Louw HP	260	-	260
Councillor Louw HP	2 430	-	2 430
Councillor Wagener (A S) HPG	1 835	-	1 835
Councillor Langa MS	2 585	38 942	41 527
Councillor Mafuna SP	777	-	777
Councillor Phalane D (RA)	4 481	13 214	17 695
Councillor Kekana MM	4 979	24 796	29 775
Councillor Mathabathe A P (Mathiane K)	4 059	34 925	38 984
Councillor Mboweni BJ	3 212	35 508	38 720
Councillor Monyela ME	585	-	585
Councillor Sebolai S A	4 636	27 768	32 404
Councillor Motsomane MJ	1 266	15 184	16 450
Councillor Mahoro R J	528	-	528
Councillor Pretorius C J	818	9 474	10 292
Councillor Molongwane SS (Molekoa M P)	6 645	72 916	79 561
Councillor Groenewalt S	876	-	876
Councillor Motshwene DS	431	691	1 122
Councillor Shokane JM	825	14 821	15 646
Councillor Majoko RG	160	3 312	3 472
	42 198	310 530	352 728

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)

Non-compliance with the Municipal Finance Management Act

Instances of non-compliance with the MFMA and related regulations occurred and were identified during the year and include among others:

Non-compliance with SCM Regulations that resulted in irregular expenditure reported these annual financial statements.

Monies owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Unauthorised, Irregular, Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

The municipality has not prepared a funded budget as required in terms of the MFMA.

56. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Other financial assets	141 707	141 707
Trade and other receivables from exchange transactions	374 758 865	374 758 865
Trade and other receivables from non-exchange transactions	127 994 624	127 994 624
Cash and cash equivalents	34 879 924	34 879 924
Deposits	1 935 140	1 935 140
	539 710 260	539 710 260

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56. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 663 147 106	1 663 147 106
Unspent conditional grants	32 243 530	32 243 530
Consumer deposits	13 777 575	13 777 575
	1 709 168 211	1 709 168 211

2024

Financial assets

	At amortised cost	Total
Other financial assets	139 231	139 231
Trade and other receivables from exchange transactions	314 949 557	314 949 557
Other receivables from non-exchange transactions	168 358 448	168 358 448
Cash and cash equivalents	18 225 605	18 225 605
Deposits	1 271 759	1 271 759
	502 944 600	502 944 600

Financial liabilities

	At amortised cost	Total
Other financial liabilities	5 955 750	5 955 750
Trade and other payables from exchange transactions	1 302 992 593	1 302 992 593
Unspent conditional grants	2 813 483	2 813 483
Consumer deposits	13 413 990	13 413 990
	1 325 175 816	1 325 175 816

Financial instruments in Statement of financial performance

2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	108 601 830	108 601 830
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(59 183 250)	(59 183 250)
	49 418 580	49 418 580

2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	82 865 725	82 865 725
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(91 101 818)	(91 101 818)
	(8 236 093)	(8 236 093)

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57. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments and liabilities. The municipality manages liquidity risk through an ongoing review of future commitments and working capital requirements. In terms of the MFMA, the municipality is required to pay creditors within 30 days from the issuing of invoice.

Cash flow forecasts are prepared and monitored to ensure that the municipality do not significantly default on it's obligations.

The table below analyses the municipality's financial liabilities and the extent of exposure. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Current	30 days	60 days	90 days	Over 120 days
Trade and other payables	(93 532 571)	(32 422 734)	(27 442 248)	(21 922 044)	(1 085 235 279)
At 30 June 2024	Current	30 days	60 days	90 days	Over 120 days
Trade and other payables	(17 036 117)	(17 036 117)	(19 839 472)	(16 635 144)	(792 607 394)

The municipality has significant liquidity exposure and is experiencing cash constraints to service current liabilities as they fall due. As a result the municipality has long outstanding creditors and has not always complied with the requirements of the MFMA to pay creditors within 30 days.

Credit risk

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

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

Financial instrument	2025	2024
Receivables from non-exchange transactions	4 863 124	106 977 488
Receivables from exchange transactions	63 493 715	366 904 293
Other financial assets	145 639	141 707
Deposits	1 935 140	1 319 565
Other receivables	7 803 480	11 854 800

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57. Risk management (continued)

Market risk

Interest rate risk

The municipality is exposed to interest rate risks as it levies interest on outstanding debtors and incurs interest on outstanding payments to creditors.

The municipality has significant debt due to Eskom for the electricity bulk supplies and has negotiated for a waiver of interest in the current year, however due to the continued subsequent default on the payment arrangement, Eskom has reinstated the levying of interest on the outstanding debt.

Cash flow interest rate risk

Financial instrument	Current interest rate	Current	31-60 days	61-90 days	91-120 days	121-365 days	Over 365 days
Trade and other receivables from exchange transactions - normal credit terms	12,65 %	27 824 895	31 634 576	67 422 481	24 432 068	161 892 222	742 309 798
Trade and other receivables from non exchange transactions - normal credit terms	12,65 %	9 353 742	6 897 318	5 226 006	6 840 631	49 386 713	195 214 502
Trade and other payables - normal credit terms	10,00 %	(93 532 571)	(32 422 734)	(27 442 248)	(21 922 044)		- 1 085 235 279)

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58. Segment information

General information

Identification of segments

The municipality is organised into four functional directorates for management purposes. The directorates are Council & Executive, Finance and Admin, Community and Social Services and Technical Services. The directorates are further classified into functional classification as follows:

Governance and Administration

Community Services and Public Safety

Economic and Environmental services

Trading Services

The Community and Social Services and Technical Services directorates have been identified as reportable segments as they generate economic services and benefits to the municipality.

The municipality has also identified all the functions to be reportable segments to be included in this disclosure note.

Management monitors the operating results of these units/functions to make decisions about resource allocations and assessment of performance.

Revenues and expenditures relating to these units/functions are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to the other respective functions hence their reported separately as a segment. Segments activities were aggregated for reporting purposes into the four reportable segments.

The four reportable segments comprise of:

- Community and Public Safety, which include community and social services, sport and recreation, housing, public safety, street cleaning and cemeteries; and

- Trading Services, which relates to Technical services and include energy sources, water management, and waste water management.

- Council and Administration, which includes the governance and administration of the institution.

- Economic and Environmental services, which includes planning and development and environmental protection services

Management does not monitor financial performance geographically and does not have reliable separate financial information for geographical areas in the municipal area.

Aggregated segments

The municipality operates in Limpopo Province in the Waterberg District municipality.

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Waterberg were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

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

Reportable segment

Community and public safety

Economic and environmental services

Governance and administration

Trading services

Goods and/or services

Services include community and social services, sport and recreation, housing, public safety, street cleaning and cemeteries

Includes planning and development and environmental protection services

Governance and administration of the institution

Technical services and include energy sources, water management, and waste water management.

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58. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Segment surplus or deficit

2025

	Revenue from non- exchange transactions	Revenue from exchange transactions	Total Segment revenue	Salaries and wages	Depreciation and amortisation	Other expenses	Total Segment expenditure	Total segment (deficit) surplus
Revenue								
Community and public safety	399 054	37 942 993	38 342 047	65 496 758	2 386 599	47 165 046	115 048 403	(76 706 356)
Economic and environmental services	156 202 000	1 960 581	158 162 581	19 934 116	829 310	888 251	21 651 677	136 510 904
Governance and administration	187 043 589	87 257 408	274 300 997	111 786 771	7 653 907	545 680 398	665 121 076	(390 820 079)
Trading services	157 484 111	389 196 754	546 680 865	78 957 725	41 581 156	656 773 882	777 312 763	(230 631 898)
Total	501 128 754	516 357 736	017 486 490	276 175 370	52 450 972	250 507 577	579 133 919	(561 647 429)
Entity's revenue			017 486 490					
Entity's Surplus (deficit) for the period								(561 647 429)

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58. Segment information (continued)

2024

	Revenue from non- exchange transactions	Revenue from exchange transactions	Total Segment revenue	Salaries and wages	Depreciation and amortisation	Other expenses	Total Segment expenditure	Total segment (deficit) surplus
Revenue								
Community and public safety	15 263 257	21 326 344	36 589 601	57 694 884	2 242 874	16 707 745	76 645 503	(40 055 902)
Economic and environmental services	167 218 005	1 270 139	168 488 144	19 836 353	1 314 247	2 384 688	23 535 288	144 952 856
Governance and administration	194 160 607	20 230 050	214 390 657	106 141 727	1 715 229	103 154 655	211 011 611	3 379 046
Trading services	185 069 385	360 028 880	545 098 265	58 210 251	44 213 974	572 857 338	675 281 563	(130 183 298)
Total	561 711 254	402 855 413	964 566 667	241 883 215	49 486 324	695 104 426	966 473 965	(21 907 298)
Entity's revenue			964 566 667					
Entity's Surplus (deficit) for the period								(21 907 298)

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58. Segment information (continued)

Segment assets and liabilities

2025

	Investment in associates (equity method)	Investment Properties	Capital expenditure	Other 1	Other 2	Total segment assets	Total segment liabilities
	Investment property	Property, Property, plant and Equipment	Trade Receivables from exchange & non exchange transactions	Other	Total segment assets	Total segment liabilities	
Community and public safety	-	113 296 644	55 285 241	35 984 786	204 566 672	(19 154 729)	
Economic and environmental services	27 117 120	538 213 010	-	878 994 489	1 444 324 619	(112 978 009)	
Governance and administration	(1 131 799)	15 607 083	(47 595 289)	(456 237 934)	(489 357 939)	(355 127 061)	
Trading services	258 986 679	792 015 406	466 191 829	(321 142 813)	2 196 051 101	(1 120 207 596)	
Total segment assets	284 972 000	1 459 132 143	473 881 781	137 598 528	3 355 584 453	(1 607 467 395)	
Total as per Statement of financial Position					3 355 584 453	(1 607 467 395)	

2024

Investment property	Property, Property, plant and Equipment	Trade Receivables from exchange & non exchange e transactions	Other	Total segment assets	Total segment liabilities
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Modimolle-Mookgophong Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

58. Segment information (continued)

	Investment property	Property, Property, plant and Equipment	Trade Receivables from exchange & non exchange transactions	Other	Total segment assets	Total segment liabilities
Community and public safety	-	108 536 801	61 326 151	2 604 246	172 467 197	(12 418 250)
Economic and environmental services	27 117 120	539 123 051	-	665 791 538	1 232 031 708	(18 670 147)
Governance and administration	(1 082 266)	17 530 012	148 455 139	(481 766 475)	(316 863 590)	(412 738 722)
Trading services	805 272 146	685 502 945	273 526 715	(38 373 621)	1 725 928 185	(1 013 377 539)
Total segment assets	831 307 000	1 350 692 809	483 308 005	148 255 688	2 813 563 500	(1 457 204 658)
Total as per Statement of financial Position					2 813 563 500	(1 457 204 658)

Other information

2025

	Capital expenditure
Community and public safety	10 571 448
Governance and administration	2 176 168
Trading services	153 072 775

2024

	Capital expenditure
Community and public safety	11 554 025
Economic and environmental services	1 200 000
Governance and administration	1 690 343

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58. Segment information (continued)

Trading services

159 656 678

59. Other revenue

Debt impairment recovered

36 424 555 036

Other income - (rollup)

4 665 701 5 903 939

4 702 125 6 458 975

60. Finance lease obligation

Minimum lease payments due

- within one year

633 546 867 189

- in second to fifth year inclusive

- 633 546

Present value of minimum lease payments

633 546 1 500 735

Non-current liabilities

- 633 546

Current liabilities

633 546 867 189

633 546 1 500 735

The municipality is in a leasing arrangements for printing machines for a period of 36 months period ending 28 February 2026.

The average lease term is 3 years and the average effective borrowing rate was 10% (2024: 10%).

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

61. Other financial liabilities

At amortised cost

Cigi Cell (Pty) Ltd

- 5 955 750

This is a short term unsecured loan from CigiCell with interest charged at 6% - 10% of the amount advanced. No other conditions attached to the advanced amount. The amount was fully settled in July 2024

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Figures in Rand	2025	2024
61. Other financial liabilities (continued)		
Current liabilities		
At amortised cost	-	5 955 750
62. Fair value adjustments		
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	(19 501 020)	437 803 204

Financial Year: 2024/2025

Annexure: Matters Affecting Audit Report

Audit Action Plan Status: All

Implementation Status: Not Yet Started | In Progress | Completed | Agreed Findings Addressed

Reference	Section	Finding	Due Date Imp	Action Plan
AAP88399-2025	Misstatements in annual financial statements	COMAF 23 - Cash flow statement misstated	14/Mar/2025	1. Prepare 6 months / 9 months interim financial statements and ensure that material corrections as per AGSA report are addressed. Process prior period error journals accordingly2. Recalculate the cash flow statements for the 2024/25 and 2025/26 financial years and ensure that cash flow working paper is prepared to support the cash flow statement3. Ensure that correct formulas are applied as per caseware template and engage Caseware to ensure that items like finance costs and VAT are shown separately on the face of the cash flow statement4. Prepare accurate cash flow statement monthly as per Section 71 report and ensure that all segments that are cash related are designed as such on the Munsoft
AAP89062-2025	Non-compliance with laws and regulations	COMAF 32 - Project management -- Delays in completion of projects	31/Mar/2026	1. Develop acceleration plan to complete all projects on WIP2. Request additional funds for the projects without sufficient funds3. Implement measures in terms of the GCC4. Report project progress for all running and WIP projects on a monthly basis to the accounting officer
AAP89851-2025	Misstatements in annual financial statements	COMAF 19 - Investment property - Disposal of Municipal Property without council resolution	31/Mar/2026	1. Revisit the entire population of 'disposed' properties2. Engage with Property Department to obtain prior council resolutions for properties that have been sold/transferred3. Engage with Planning Department to obtain support for all demarcated/sub-divided properties4. Draft an item to council with proper support to 'dispose' of the properties no longer in the name of the Municipality/or no longer exists

AAP89854-2025	Misstatements in annual financial statements	COMAF 12 - Investment property – Illegal occupation of municipal land, Overstatement of investment property, Incorrect values, Occupied property recognised in full.	31/Mar/2026	1. Management will revisit the entire population to identify those properties that are no longer in the control of the Municipality 2. Management will engage with the Property Department to establish all the illegally occupied properties. All investment properties identified will also be physically verified to determine control and identify illegally occupied or leased properties3. Management will fair value those properties that are illegally occupied and not controlled by the municipality to R1 until the process of transfers are finalised4. Management will write an item to council to donate/ leased stands to the schools, creches, churches and hospitals (All properties legally occupied)5. Management will write off the donations from the FAR and those leased will be also included in the lease register6. Management will determine the valuation of the land and buildings and separate them on the FAR.
AAP89881-2025	Misstatements in annual financial statements	COMAF 32 - Revenue from exchange transactions – Sewer charge prior period error,	20/Feb/2026	1. Obtain munsoft reports for accounting for netelek opening balances in the accounting records in February 2024. For the above specif accounts, investigate the balances and ensure they were correctly brought foward2. Ensure that correct accounting entries were processed, ensure that when customers accounts were debited the revenue account was not credited. If it was credited obtain all supporting documentation and process a correcting entry to properly account for balances from Netelek3. Review the prior period journal processed in the 2024/25 financial year and ensure that it was accurate and correctly processed.3. Ensure that the old ledger account used for balancing of netelek balances is cleared and revenue is not misstated with the balances from Netelek. Prepare a file for the correction and prepare prior period error working papers.

				MPAC Audit action plan on the UIFW1. MPAC to prepare a report indicating investigations conducted from 2021/22- 2024/2025 financial year in line with UIFW expenditures already written off and expenditures to be referred to the Financial Misconduct Board for further investigation;2. Present MPAC report to council for noting and approval; 3. Investigation of UIFW expenditures by the Financial Misconduct Board; 4. Presentation of the investigation report by the Financial Misconduct Board to the Council for noting and approval.
AAP89901-2025	Misstatements in annual financial statements	COMAF 22 - Consequence management - Unauthorized expenditure, irregular expenditure and fruitless wasteful expenditure incurred not adequately investigated	31/Mar/2026	1. Ensure that the financial misconduct board is properly established in terms of the regulations and appointment letter issued.2. Prepare terms of reference for the financial misconduct board and ensure that the board sit quarterly to investigate the referred UIFW
AAP89906-2025	Non-compliance with laws and regulations	COMAF 22 - Consequence management - Financial misconduct board not in place for last part of the financial year	31/Mar/2026	1. Recompute the segment reporting schedule as per the AGSA recommendation as at 30 June 2024 and 30 June 2025. Prepare a working paper for the note. 2. Review all vote line items to ensure that vote line items are properly segmented as per mSCOA. Obtain a report directly from Munsoft as at 30 December 2025 and 30 March 2026 and recompute the segment report for the interim financial statements3. Update the segment reporting working paper for AFS preparations at year end
AAP90007-2025	Misstatements in annual financial statements	COMAF 27 - Segment reporting - Differences identified in the segment reporting	31/Mar/2026	1. Prepare 6 months / 9 months interim financial statements and ensure that material corrections as per AGSA report are addressed. Process prior period error journals accordingly2. Recalculate the statement of changes in net assets for the 2024/25 and 2025/26 financial years and ensure that the working paper is prepared to support the statement of changes in net assets statement3. Ensure that correct formulas are applied as per caseware template
AAP90020-2025	Misstatements in annual financial statements	COMAF 16 - Statement of Changes in Net Assets - Differences identified in the Statement of Changes in Net Assets	31/Mar/2026	

AAP90031-2025 Non-compliance with laws and regulations

COMAF 15 - Water

Distribution losses - Water distribution losses are over the normal range, Electricity distribution losses - Electricity distribution losses are over the normal range

31/Mar/2026

1. Develop Municipal Water Balance (IWA)2. Installation of Bulk Water Meters (SIV Actual Measurement)3. Quantify water supplied by/to communal taps, water tankers, municipal buildings.4. Installation of bulk electricity meters at all minisubs and transformers to monitor electricity supply versus the volume of electricity received from Eskom. 5. Installation of electricity smart remote meters to ensure that customer consumption is monitored regularly in an endeavour to identify illegal connections. This will also ensure that illegal connections are identified and monitored. 6. Replacement of all faulty and tampered electricity meters and conversion of postpaid meters to smart metering. 7. Perform regular customer audits to identify and remove all electrical supply points illegally connected. T8. Calculating losses on an annual basis to ensure that monitoring is done when losses are higher.9. Identifying all areas with consistent provision of basic services not billed. Perform data capturing for all areas for billing of flat rate and basic charges whilst funding for meters is sought

				Implementation of the revenue enhancement strategy in full and Operation patella committee meetings held to monitor the implementation of the strategy to achieve 75% collection rate by end of June 2026 Ensure that 100% of the project plan for DBSA intervention plan is achieved by year end Obtain funding for conversion of 4000 electricity meters and 2000 water meters in the 2025/26 financial year. To replace all faulty meters to ensure accurate billing and conversion of post paid meters to prepaid To us Electricity service as a tool for collection and ensure that 40% of prepaid electricity sold is ring fenced to settling old outstanding debts
AAP90033-2025	Misstatements in annual financial statements	COMAF 15 - Fruitless expenditure incurred/financial loss - Delays in settling the amount owing to Eskom, Magalies Water, AGSA and other service providers	31/Mar/2026	
AAP90051-2025	Misstatements in annual financial statements	COMAF 18 - PPE - Land owned by the municipality incorrectly disposed from the asset register - (ISS.66)	31/Mar/2026	1. Revisit the entire population of 'disposed' properties and confirm ownership and control . Ensure that completeness by confirming with the deeds office and valuation roll to confirm ownership for both years (2025 and 2026)2. Engage with Property Department to obtain prior council resolutions for properties that have been sold/transferred3. Engage with Planning Department to obtain support for all demarcated/sub-divided properties4. Draft an item to council with proper support to 'dispose' of the properties no longer in the name of the Municipality/or no longer exists5. Process a correcting journal to account for all properties owned and controlled by the Municipality and dispose those not owned 6. Physically verify all properties to confirm control and identify leased and illegally occupied properties

AAP90074-2025	Misstatements in annual financial statements	COMAF 8 - Receivables from non-exchange transactions - Property rates (note 6)	31/Mar/2026	1. Review findings raised by the AGSA in the 2023/24 financial year and correct individual debtors account as per AGSA recommendations. Process necessary adjustments taking into account prior period error adjustments made in 2024/25 financial year. 2. Reconcile the opening balance and closing balance of receivables from non-exchange transactions between the age analysis and the ledger/ trial balance. 3. Review the debtor's impairment methodology for non-exchange debtors to ensure that methodology agrees to of GRAP 104 and interpretation notes. 4. Recompute the impairment of debtors individually taking into account all conditions and criteria as documented in the impairment methodology. 5. Process necessary correcting journals in the previous and current financial year under review.
AAP90078-2025	Misstatements in annual financial statements	COMAF 26 - Revenue from non-exchange transactions - Misstatement of property rates revenue	31/Mar/2026	1. Monthly billing reconciliations will be performed to ensure approved correct tariffs are applied to the property rates categories. 2. The 2024/25 population will be revisited to ensure that the finding is corrected as recommended by the auditor. 3. The 2025/26 population will be reviewed before submission of the AFS for audit to ensure completeness of the disclosed figures.
AAP90079-2025	Misstatements in annual financial statements	COMAF 28 - Revenue from exchange transactions – Sewer charge and Sales of electricity not billed for twelve months	31/Mar/2026	1. Monthly billing reconciliations will be performed to strengthen the controls and completeness of the billing. 2. The tariff reconciliation will be performed to ensure that all services are billed according for completeness. 3. Monthly debtors reconciliations of all service charges will be performed to ensure completeness of the debtors book. 4. The service charges population will be revisited for 2024/25 FY to address the finding raised by the auditors.
AAP90080-2025	Misstatements in annual financial statements	COMAF 28 - Receivables from no-exchange transactions – Traffic fines - (ISS.93)	31/Mar/2026	1. The report received from the traffic department will be reviewed to ensure that figures used for impairment calculation purposes. 2. The figures used in the calculation of the impairment will be reviewed before the AFS are submitted to auditors to ensure the correct disclosures. 3. The recalculation of impairment for 2024/25 will be performed and the whole population will be visited for completeness.

AAP90097-2025	Misstatements in annual financial statements	COMAF 8 - Receivables from non-exchange transactions – Water (note,7)	31/Mar/2026	1. The Impairment policy will be reviewed as recommended by the auditors to ensure non-recurrence of the findings2. The re-calculation of the impairment figures will be done to address the differences that were identified between the figures disclosed in the AFS and the auditors recalculated figures. The re-calculation will include all the categories of the debtors as raised by the auditor3. The receivables from non exchange population will be reviewed to address the issues raised in the finding for 2024/25 FY and for 2025/26 to avoid recurrence of the finding4. The reviews will be submitted to auditors before the preparation of 2025/26 AFS to ensure that the correct figures are disclosed..
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AAP90099-2025	Misstatements in annual financial statements	COMAF 8 - Receivables from non-exchange transactions – Waste Management(refuse) (note 7)	31/Mar/2026	1. In 2025/26, the debtors will be reviewed in line with the Policy on provision for doubtful debt and writing off of irrevocable, to ensure the correct application of the policy and debtors that are impaired, as follows:Evidence of ImpairmentThe following accounts are specifically excluded from impairment testing: · Receivable accounts with a combined credit balance at reporting date.· Receivable accounts where the combined balance at reporting date is zero.· Receivable accounts where the municipality is the owner; and· Receivable accounts that have no balance outstanding longer than 30 days at reporting date as these accounts are considered not to be past due. Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired. · Where the last payment date by the customer was before 1 May of each year.· Accounts handed over to debt collectors and/or power of attorney.· All accounts indicated as in-active accounts on the system.· When accounts have been formally presented to the CFO or Mayoral Committee for write off; and· All accounts with balances outstanding 90 days and longer as these accounts are considered to be past due2. The 2024/25 population will be revisited for review to ensure completeness and correct application of the policy
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AAP90101-2025	Misstatements in annual financial statements	COMAF 8 - Receivables from non-exchange transactions – Other services (note 7)	31/Mar/2026	1. In 2025/26, the debtors will be reviewed in line with the Policy on provision for doubtful debt and writing off of irrevocable, to ensure the correct application of the policy and debtors that are impaired, as follows: Evidence of Impairment The following accounts are specifically excluded from impairment testing: • Receivable accounts with a combined credit balance at reporting date. • Receivable accounts where the combined balance at reporting date is zero. • Receivable accounts where the municipality is the owner; and • Receivable accounts that have no balance outstanding longer than 30 days at reporting date as these accounts are considered not to be past due. Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired. • Where the last payment date by the customer was before 1 May of each year. • Accounts handed over to debt collectors and/or power of attorney. • All accounts indicated as in-active accounts on the system. • When accounts have been formally presented to the CFO or Mayoral Committee for write off; and • All accounts with balances outstanding 90 days and longer as these accounts are considered to be past due 2. The 2024/25 population will be revisited for review to ensure completeness and correct application of the policy
AAP90553-2025	Non-compliance with laws and regulations	COMAF 31 - Performance Audit - No guarantees and warranties for installed equipment	31/Mar/2026	1. All guarantees and warranties to be available upon completion of the project

AAP93265-2025	Misstatements in annual financial statements	COMAF 19 - Investment property - Investment property owned by the municipality incorrectly disposed from the investment property register - (ISS.61)	31/Mar/2026	1. Obtain the deeds report indicating all properties owned by the municipality as at 30 June 2024 and 30 June 2025 (Use all difference names of the municipality including the old Modimolle and Mookgophong TLC's) 2. Compare the deed office report to the asset register to identify additional properties that are owned and not in the register. 3. Inspect the properties and have proper location documented. Keep copies of the picture 4. Determine if properties are occupied and confirm classification accordingly. If illegally occupied keep separate register and account for them as R1 in the accounting records 5. For remaining properties, determine the value of properties and process necessary accounting journals to account for the properties either as investment properties or PPE 6. To confirm completeness, check the municipal owned properties on the valuation roll and identify missed properties and account for them accordingly
AAP93491-2025	Misstatements in annual financial statements	COMAF 18 - Land – Occupied property recognised in full - (ISS.67)	31/Mar/2026	1. Identify all land/ property owned by the municipality using both the deeds register information and valuation roll 2. Physically verify all properties to determine the intended use of properties and to confirm ownership 3. For all owned and controlled properties, determine the deemed cost price/ value of the land and also separately for the buildings and improvements 4. Ensure that the valuation of properties are supported by proper valuation methodology taking into account the size, use and location of the property. These should be documented for each property 5. Process a journal to account correctly the value of land and buildings separately 6. For illegal occupied and uncontrolled land and buildings, impair to R1 and start the process of disposing the properties accordingly.

AAP93492-2025	Misstatements in annual financial statements	COMAF 18 - Land PPE – Incorrect values - (ISS.68)	31/Mar/2026	1. Identify all land/ property owned by the municipality using both the deeds register information and valuation roll 2. Physically verify all properties to determine the intended use of properties and to confirm ownership 3. For all owned and controlled properties, determine the deemed cost price/ value of the land and also separately for the buildings and improvements4. Ensure that the valuation of properties are supported by proper valuation methodology taking into account the size, use and location of the property. These should be documented for each property
		COMAF 18 - PPE - Disposal of municipal land without council resolution-not resolved - (ISS.65)		1. Revisit the entire population of 'disposed' properties in the previous and current year under review2. Engage with Property Department to obtain prior council resolutions for properties that have been sold/transferred3. Engage with Planning Department to obtain support for all demarcated/sub-divided properties
AAP93519-2025	Misstatements in annual financial statements		31/Mar/2026	4. Draft an item to council with proper support to 'dispose' of the properties no longer in the name of the Municipality/or no longer exists5. Process necessary accounting correcting journals to account for disposed land in both current and prior year.