Sedibeng District Municipality
Annual Financial statements
for the year ended 30 June, 2021

General Information

Nature of business and principal activities	District Municipality – DC42
Capacity of Municipality	Medium capacity municipality
Accounting Officer	Mr. S. Khanyile - Deceased 03 October 2020 Mr. MJ Makhutle - Acting
Chief Financial Officer	Mrs. KZ Wiese – Acting
Registered office	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Business address	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Postal address	PO Box 471 Vereeniging 1930

Bankers	Nedbank (Primary Account) Standard Bank (previous primary banker)
Auditors	Auditor-General of South Africa
Executive Mayor	Councillor BJ Modisakeng – Decease 07January 2021 Councillor LF Maloka – strting date 12 March 2021
Speaker	Councillor AC Mosai
Chief Whip	Councillor SA Mshudulu – Deceased 31 May 2021
Members of Mayoral Committee	Councillor PB Tsotetsi
	Councillor MD Raikane
	Councillor TS Maphalla
	Councillor LSA Gamede
	Councillor NG Hlongwane
	Councillor ML Khomoeasera
	Councillor YJ Mahommed
	Councillor JM Dlangamandla

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

Abbreviations

DBSA	Development Bank of South Africa

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA Act	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

Every effort has been made to implement the austerity measures which has resulted in restriction of expenditure in certain areas in the financial statements.

We realized that it cannot be business as usual, the District Municipality will have to reduce the list of operations especially the employee cost.

The financial statements set out on pages 4 to 55, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August, 2021 and were signed on its behalf by:

30/11/2021

Mr. KR Netshivhale

Acting Municipal Manager

Performance and Audit Committee Annual Report

We are pleased to present the Annual Audit Committee Report for Sedibeng District Municipality for the financial year ended 30 June 2021. The Audit Committee is an independent statutory committee appointed by the Council. Duties performed by the committee are in line with the approved committee Terms of Reference as outlined in section 166 of the Municipal Finance Management Act.

Integrated Independent Oversight

The Audit committee is established as an independent oversight and advisory body, to advise SDM, Municipal Council ("Council"), Executive Mayor and Mayoral Committee, Accounting Officer and the Management of SDM on governance, risk management and internal controls. The chairpersons report on a quarterly basis, on matters to the Council.

Audit Committee Responsibility

The committee reports that it has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 as amended, and Treasury Regulation 3.1. The committee also reports that it has adopted appropriate formal terms of reference as its charter, has regulated its affairs during the period under review in accordance with these terms of reference and has discharged all its responsibilities as contained therein.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder as well as meeting attended for the FY. The management team, representatives from the internal auditors and external auditors were standing invitees to the committee meetings.

Name of AC Members	Date Appointed	Date of Committee Attendance
Ms. N. Jaxa (Chairperson)	July 2019	2nd February 2021 29th April 2021 15th May 2021
Mr. S. Mofokeng (Deputy Chairperson)	November 2017/ July 2019	2nd February 2021 29th April 2021 15th May 2021
Ms. T. Moja	November 2017/ July 2019	2nd February 2021 29th April 2021 15th May 2021
Ms. A. Socatcha	July 2019	2nd February 2021 29th April 2021 15th May 2021

Effectiveness of Internal Control

The committee has observed that the overall control environment of the SDM has regressed compared to the previous financial year. There are a number of actions required to be taken by management to improve the status of the SDM internal control environment. It is noted that the recommendations of audit findings for both the AGSA and Internal Audit unit were not adequately attended to by management resulting in repeat and recurring findings by internal Audit and the AGSA.

The committee has also noted a number of repeat findings relating to non - compliance with laws particularly in the Supply Chain Management and Contract Management processes. The consistent high levels of Unauthorized, Irregular, Fruitless and Wasteful expenditure (UIFW) remains a matter of concern to the committee. The issue of the vacancy rate at senior management level that is not being addressed in a speedily manner remains a matter of concern and has been reported by both the internal audit unit as well Auditor General.

The Audit Internal Controls and Performance Information

The committee reviews quarterly performance reports prepared by management as well as performance information reports developed by Internal Audit. The reliability and usefulness of performance information is a concern to the committee. The committee further noted a concern relating to Key Performance Indicator (KPI) owners' not adequately complying with the developed performance information KPI Standard Operating Procedures (SOPs), thus exposing the SDM municipality to reporting shortfalls, which has reputational damage impact. The committee is also concerned about the adequacy of the reporting validation procedures applied by the SDM on performance reporting relating to service level performance indicators. Lastly, the committee remains concerned about the overall level of performance achieved in the 2020/21 financial year. Management's effort in bolstering performance and performance information management was noted, however, prolonged vacancies in critical positions were an impediment.

Risk Management

Section 62 (1) (c)(i) of the MFMA requires that:

- The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure that: - the municipality has and maintains effective, efficient and transparent systems - of financial and risk management and internal control."

- Section 62(1)(d) of the MFMA provides that the Accounting Officer must take all reasonable steps to ensure that unauthorized, irregular, fruitless and wasteful expenditure or other losses are prevented.

For the period ended 30 June 2021, the noted the appointment of a risk position. However the committee remains concerned that the risk management function is still not adequately resourced and managed resulting in lapses in the key internal controls.

The capacity of the risk management function requires urgent attention to assist the accounting officer to exercise his responsibilities diligently.

Implementation of Corrective Actions

Internal Audit conducted continuous follow-up audit on previous reported audit findings to give reasonable assurance that committed actions plans are adequately and effectively addressing the root causes of the identified control deficiencies. The committee notes and appreciates the establishment of Operation Clean Audit (OPCA) Steering Committee chaired by the Municipal Manager's Office, which sit to monitor and hold accountable the respective Executive Director on the resolution of both internal and external audit findings

Implementation of Consequence Management

The Audit Committee is aware of the processes in place to remediate the findings raised regarding the Consequence Management processes in place. Furthermore, the committee acknowledges that the Consequence Management Policy and the financial misconduct disciplinary board terms of reference as required by law, has been tabled to Council. However, there should be plans in place to ensure that the action is taken to avoid repeat findings and non – compliance to regulation.

The Quality of S71 and S52 Reports Submitted in Terms of the MFMA

The Audit Committee is satisfied with the content and quality of S71 and S52 reports prepared and issued by the Municipal Manager during the year under review.

Evaluation of 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 that there are no changes to the accounting policies and practices;

- Reviewed the Municipal's compliance with legal and regulatory provisions;

Evaluation of Financial Statements

The committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the
- Annual Report, with the AGSA and the Municipal Manager;
- Reviewed the Audit Report of the AGSA;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Noted and reviewed the AGSA's assessment of the usefulness and reliability of performance information examined
- Reviewed the Municipality's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

Auditor-General South Africa

The committee confirms that it has met with the AGSA and that there are no unresolved issues.

Appreciation

The Audit Committee appreciates the assistance and cooperation of management in assisting the Audit Committee to discharge its responsibility.

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Chairperson of the Audit Committee

Date: 24th January 2022

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2021

1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

2. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had accumulated deficit of R 121,134,565 [R 93,920,959 in 2020] and that the municipality's total liabilities exceed its assets by R 121,134,565.

The ability of the municipality to continue as a going concern is dependent on a number of factors. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

We draw further attention to the fact that at 30 June, 2021, the municipality's current liabilities exceed its current assets with R225,310,620. The municipality also had operating deficit in the current financial year of R 27,213,606 (previous financial year loss of R 52,222,821) which resulted in a decrease in the net asset value.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern and in line with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. 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.

3. Accounting policies

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

4. Accounting Officer

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

Name	Nationality
Mr. Motswaledi Makhutle (Acting)	RSA

5. Bankers

Nedbank Ltd is the appointed Municipality's primary banker.

6. Auditors

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

Statement of Financial Position as at 30 June, 2021

Figures in Rand	Note(s)	2021	2020 as restated
Assets			
Current Assets			
Inventories	5	363,157	473,422
Receivables from exchange transactions	6	1,964,976	4,351,724
VAT receivable	7	70,989	-
Cash and cash equivalents	8	9,571,633	16,130,871
		11,970,754	**20,956,017**
Non-Current Assets			
Property, plant and equipment	2	97,406,165	103,288,666
Intangible assets	3	1,874,950	2,971,890
Heritage assets	4	4,894,941	4,894,941
		104,176,056	**111,155,497**
Total Assets		**116,146,810**	**132,111,514**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	9	20,578,812	13,713,315
Operating lease liability		86,774	258,653
VAT payable	11	-	83,780
Payables from exchange transactions	10	216,615,789	211,976,725
Total Current Liabilities		**237,281,375**	**226,032,473**
Total Liabilities		**237,281,375**	**226,032,473**
Net Assets		**(121,134,565)**	**(93,920,959)**
Net Assets			
Accumulated (deficit) /surplus		(121,134,565)	(93,920,959)

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 as restated
Revenue			
Revenue from exchange transactions			
Sale of goods		2,689,618	3,093,395
Rental of facilities and equipment	13	225,220	421,549
Agency services	14	68,732,595	62,929,418
Other income	16	1,088,598	1,408,127
Interest received - investment	18	1,717,724	3,307,133
Commission received	16	3,260,201	4,456,488
Gain on disposal of assets		15,587	-
Inventories adjustment		7,031	-
Total revenue from exchange transactions		**77,736,574**	**75,616,110**
Revenue from non-exchange transactions			
Non-exchange revenue			
Licenses and permits	15	2,351,000	1,445,000
Government grants & subsidies	20	296,096,293	284,387,586
Total revenue from non- exchange transactions		**298,447,293**	**285,832,586**
Total revenue	11	**376,183,867**	**361,448,696**
Expenditure			
Employee related costs	21	(293,774,621)	(286,347,020)
Remuneration of councillors	22	(12,448,450)	(13,197,742)
Depreciation and amortisation	23	(12,438,191)	(16,834,094)
Lease rentals on operating lease	24	(7,897,690)	(7,425,027)
Debt Impairment	25	(5,476)	-
Contracted services	26	(38,199,642)	(48,381,546)
Transfers and Subsidies	19	(2,055,150)	-
Loss on disposal of assets		-	(853,410)
Impairment loss		(214,609)	(325,163)
Inventory losses/ write-downs		-	(283,588)
Cost of sales	28	(2,487,682)	(2,626,483)
General Expenses	27	(33,875,961)	(37,397,444)
Total expenditure		**(403,397,473)**	**(413,671,517)**
Operating surplus / (deficit) for the year		**(27,213,606)**	**(52,222,821)**

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus
Opening balance as previously reported		**(42,856,292)**
Change in accounting estimates on PPE	34.1	2,987,242
Correction of errors	34.1	(1,829,088)
Balance at 1 July, 2019 as restated*		**(41,698,138)**
Changes in net assets		
Surplus (Deficit) for the year		(52,222,821)
Total recognised income and expenses for the year		(52,222,821)
Opening balance as previously reported		**(95,566,625)**
Change in accounting estimates on PPE	34.1	3,474,754
Correction of errors	34.1	(1,829,088)
Balance at 1 July, 2020 as restated*		**(93,920,959)**
Surplus (Deficit) for the year		(27,213,606)
Total recognised income and expenses for the year		(27,213,606)
Balance at 30 June, 2021		**(121,134,565)**

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 as restated
Cash flows from operating activities			
Receipts			
Grants & subsidies		301,627,000	283,829,152
Interest income		1,717,724	3,307,133
Other receipts		10,715,580	28,840,096
License Receipts		274,122,761	213,789,218
		588,183,065	529,765,599
Payments			
Employee costs		(306,223,071)	(299,544,762)
Suppliers		(90,777,360)	(104,209,422)
Licensing Authority		(192,084,103)	(130,772,369)
		(589,084,534)	(534,526,553)
Net cash flows from operating activities	30	**(901,469)**	**(4,760,954)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5,536,647)	(629,981)
Proceeds from sale of property, plant and equipment		35,649	47,933
Purchase of other intangible assets	3	(156,771)	(30,429)
Net cash flows from investing activities		**(5,657,769)**	**(612,477)**
Net increase/(decrease) in cash and cash equivalents		**(6,559,238)**	**(5,373,431)**
Cash and cash equivalents at the beginning of the year		16,130,871	21,504,302
Cash and cash equivalents at the end of the year	8	**9,571,633**	**16,130,871**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sale of goods	3,780,000	(1,603,376)	**2,176,624**	2,689,618	**512,994**
Rental of facilities and equipment	735,079	(520,271)	**214,808**	225,220	**10,412**
Agency services	87,237,672	(12,353,343)	**74,884,329**	68,732,595	**(6,151,734)**
Commissions received	7,700,000	(4,539,836)	**3,160,164**	3,260,201	**100,037**
Other income - (rollup)	833,308	98,166	**931,474**	1,088,598	**157,124**
Interest received - investment	2,700,000	(956,888)	**1,743,112**	1,717,724	**(25,388)**
Total revenue from exchange transactions	**102,986,059**	**(19,875,548)**	**83,110,511**	**77,713,956**	**(5,396,555)**
Revenue from non-exchange transactions					
Licenses and permits	1,575,000	772,000	**2,347,000**	2,351,000	**4,000**
Government grants & subsidies	313,062,190	(9,440,000)	**303,622,190**	296,096,293	**(7,525,897)**
Total revenue from non-exchange transactions	**314,637,190**	**(8,668,000)**	**305,969,190**	**298,447,293**	**(7,521,897)**
Total revenue	**417,623,249**	**(28,543,548)**	**389,079,701**	**376,161,249**	**(12,918,452)**
Expenditure					
Personnel	(285,791,831)	(4,947,227)	**(290,739,058)**	(293,774,621)	**(3,035,563)**
Remuneration of councillors	(13,836,308)	579,294	**(13,257,014)**	(12,448,450)	**808,564**
Depreciation and amortisation	(11,271,875)	-	**(11,271,875)**	(12,438,191)	**(1,166,316)**
Debt impairement			**-**	(5,476)	**(5,476)**
Impairment losses	-	-	**-**	(214,609)	**(214,609)**
Transfer payments other	(15,825,000)	15,825,000	**-**	-	**-**
Lease rentals on operating lease	(6,228,621)	(899,713)	**(7,128,334)**	(7,897,690)	**(769,356)**
Contracted Services	(47,560,656)	5,014,302	**(42,546,354)**	(38,199,640)	**4,346,714**
Transfers and Subsidies	-	(1,214,000)	**(1,214,000)**	(2,055,150)	**(841,150)**
Cost of sale	(2,914,269)	1,021,552	**(1,892,717)**	(2,487,682)	**(594,965)**
General Expenses	(33,792,611)	(820,582)	**(34,613,193)**	(33,875,964)	**737,229**
Total expenditure	**(417,221,171)**	**14,558,626**	**(402,662,545)**	**(403,397,473)**	**(734,928)**
Operating deficit	**402,078**	**(13,984,922)**	**(13,582,844)**	**(27,236,223)**	**(13,653,379)**
(Loss)/Gain on disposal of assets and liabilities	100,000	-	**100,000**	15,587	**(84,413)**
Inventories losses/write downs	-	-	**-**	7,031	**7,031**
	100,000	**-**	**100,000**	**22,618**	**(77,382)**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**502,078**	**(13,984,922)**	**(13,482,844)**	**(27,213,606)**	**(13,730,762)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Current Assets					
Inventories	157,000	315,612	**472,612**	363,157	**(109,455)**
Receivables from exchange transactions	1,040,000	572,801	**1,612,801**	1,964,976	**352,175**
VAT Receivable	-	676,623	**676,623**	70,989	**(605,634)**
Cash and cash equivalents	23,315,454	(11,871,349)	**11,444,105**	9,571,633	**(1,872,472)**
	24,512,454	**(10,306,313)**	**14,206,141**	**11,970,756**	**(2,235,385)**
Non-Current Assets					
Property, plant and equipment	92,814,315	1,086,715	**93,901,030**	97,406,165	**3,505,135**
Intangible assets	1,303,329	73,888	**1,377,217**	1,874,950	**497,733**
Heritage assets	4,894,941	-	**4,894,941**	4,894,941	**-**
	99,012,585	**1,160,603**	**100,173,188**	**104,176,056**	**4,002,868**
Total Assets	**123,525,039**	**(9,145,710)**	**114,379,329**	**116,146,810**	**1,767,481**
Liabilities					
Current Liabilities					
Operating lease liability	-	430,532	**430,532**	86,774	**(343,758)**
Payables from exchange transactions	152,280,000	57,004,980	**209,284,980**	216,615,789	**7,330,809**
Unspent conditional grants and receipts	-	13,713,316	**13,713,316**	20,578,812	**6,865,496**
	152,280,000	**71,148,828**	**223,428,828**	**237,281,375**	**13,852,547**
Total Liabilities	**152,280,000**	**71,148,828**	**223,428,828**	**237,281,375**	**13,852,547**
Net Assets	**(28,754,961)**	**(80,294,538)**	**(109,049,499)**	**(121,134,565)**	**(12,085,066)**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	(28,754,961)	(80,294,538)	**(109,049,499)**	(121,134,565)	**(12,085,066)**
Total Net Assets	(28,754,961)	(80,294,538)	**(109,049,499)**	(121,134,565)	**(12,085,066)**

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Grants	313,062,190	(9,440,000)	**303,622,190**	301,627,000	**(1,995,190)**
Interest income	2,700,000	(956,888)	**1,743,112**	1,717,724	**(25,388)**
Other receipts	102,073,069	(68,266,568)	**33,806,501**	10,715,580	**(23,090,921)**
License Receipts	-	298,680,680	**298,680,680**	274,122,761	**(24,557,919)**
	417,835,259	**220,017,224**	**637,852,483**	**588,183,065**	**(49,669,418)**
Payments					
Employee costs	(299,628,139)	(4,367,933)	**(303,996,072)**	(306,223,071)	**(2,226.999)**
Suppliers	(119,542,980)	4,367,933	**(115,175,047)**	(90,777,360)	**24,397,687**
Licensing Authority	-	(219,728,132)	**(219,728,132)**	(192,084,103)	**27,644,029**
	(419,171,119)	**(219,728,132)**	**(638,899,251)**	**(589,084,534)**	**49,814,717**
Net cash flows from operating activities	**(1,335,860)**	**289,092**	**(1,046,768)**	**(901,469)**	**145,299**
Cash flows from investing activities					
Purchase of property, plant and equipment	(2,150,000)	(1,590,000)	(3,740,000)	(5,536,647)	(1,796,647)
Proceeds from sale of property, plant and equipment	100,000	-	100,000	35,649	(64,351)
Purchase of other intangible assets	-	-	-	(156,771)	(156,771)
Net cash flows from investing activities	(2,050,000)	(1,590,000)	(3,640,000)	(5,657,769)	(2,017,769)
Net increase/(decrease) in cash and cash equivalents	(3,385,860)	(1,300,908)	**(4,686,768)**	(6,559,238)	(1,872,470)
Cash and cash equivalents at the beginning of the year	27,045,334	(10,914,461)	16,130,873	16,130,871	(2)
Cash and cash equivalents at the end of the year	**23,659,474**	**(12,215,369)**	**11,444,105**	**9,571,633**	**(1,872,472)**

Sedibeng District Municipality
Financial Statements for the year ended 30 June, 2021
Figures in Rand

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance								
Investment revenue	2,700,000	-956,888	1,743,112	1,743,112	1,717,724	-25,388	99%	64%
License and Permits	1,575,000	772,000	2,347,000	2,347,000	2,351,000	4,000	100%	149%
Transfers recognised - operational	313,062,190	-10,040,000	303,022,190	303,022,190	293,452,733	-9,569,457	97%	94%
Other own revenue	100,386,059	-18,918,660	81,467,399	81,467,399	76,018,850	-5,448,549	93%	76%
Total revenue (excluding capital transfers and contributions)	**417,723,249**	**-29,143,548**	**388,579,701**	**388,579,701**	**373,540,307**	**-15,039,394**	**96%**	**89%**
Employee costs	-285,791,831	-4,947,227	-290,739,058	-290,739,058	-293,774,621	-3,035,563	101%	103%
Remuneration of councillors	-13,836,308	579,294	-13,257,014	-13,257,014	-12,448,450	808,564	94%	90%
Debt impairment				-	-5,476	-5,476	-	-
Depreciation and asset impairment	-11,271,875	-	-11,271,875	-11,271,875	-12,438,191	-1,166,316	110%	110%
Transfers and grants	0	-1214000	-1,214,000	-1,214,000	-2,055,150	-841,150	169%	
Other expenditure	-106,321,157	20,140,559	-86,180,598	-86,180,598	-82,675,585	3,505,013	96%	78%
Total expenditure	**-417,221,171**	**14,558,626**	**-402,662,545**	**-402,662,545**	**-403,397,473**	**-734,928**	**100%**	**97%**
Surplus/(Deficit) for the year	**502,078**	**-14,584,922**	**-14,082,844**	**-14,082,844**	**-29,857,166**	**-15,774,322**	**212%**	**-5947%**
Transfer recognised – capital	**-**	**600,000**	**600,000**	**600,000**	**2,643,560**	**2,043,560**	**194%**	
Surplus (Deficit) after capital transfers and contributions	**502,078**	**-13,984,922**	**-13,482,844**	**-13,482,844**	**-27,213,606**	**-13,730,762**	**198%**	**-5330%**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital Expenditure and funds sources								
Total capital expenditure	2,150,000	1,590,000	3,740,000	3,740,000	5,693,418	1,953,418	152%	265%
Sources of capital funds								
Internally generated funds	2,150,000	990,000	3,140,000	3,140,000	3,049,858	-90,142	97%	142%
Grant funding	-	600,000	600,000	600,000	2,643,560	2,043,560	441%	
Total sources of capital funds	**2,150,000**	**1,590,000**	**3,740,000**	**3,740,000**	**5,693,418**	**1,953,418**	**152%**	**265%**
Cash Flows								
Net cash from (used) operating	-1,335,860	289,092	-1,046,768	-1,046,768	-901,469	145,299	86%	67%
Net cash from (used) investing	-2,050,000	-1,590,000	-3,640,000	-3,640,000	-5,657,769	-2,017,769	155%	276%
Net increase/(decrease) in cash and cash equivalents	**-3,385,860**	**-1,300,908**	**-4,686,768**	**-4,686,768**	**-6,559,238**	**-1,872,470**	**140%**	**194%**
Cash and cash equivalents at the beginning of the year	27,045,334	-10,914,461	16,130,873	16,130,873	16,130,871	-2	100%	60%
Cash and cash equivalents at year end	**23,659,474**	**-12,215,369**	**11,444,105**	**11,444,105**	**9,571,633**	**-1,872,472**	**84%**	**40%**

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions

GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date
GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 18 -	Segment reporting
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party Disclosures
GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 100 –	Discontinued operations
GRAP 109 -	Principles and Agents
GRAP 27 -	Agriculture

The following GRAP statements have been approved but are not yet effective:

GRAP 104 - Financial instruments

Offsets

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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

1.2 PRESENTATION CURRENCY

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

1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

1.3.1 Going Concern

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

1.3.2 Significant Estimates, Judgments and Assumptions

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 12: Provisions

Note 28: Contingencies

Note 10: Lease classification

Note 24: Debt Impairment

1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost less subsequent depreciation.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is available for use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

1.5.2 De-recognition, Sale & Disposal

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Community Assets	**Years**
Community halls	30
Recreation facilities	20 – 30

Other Assets	**Years**
Motor vehicles	5
Plant and equipment	5
Security measures	5
Buildings	30
IT equipment	5
Furniture and office equipment	7
Specialised vehicles	10

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit is less than its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

A financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.9 FINANCIAL INSTRUMENTS

1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the 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 used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

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

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

1.13 EMPLOYEE BENEFITS

1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality 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.

1.13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.14.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be 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.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principal has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

Sale of Goods

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

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

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.14.4 Other

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

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and

- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as they are not under common control.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

The Municipality does not have and associates nor any joint ventures or any other form of association that may be defined as related party relation.

1.22 HERITAGE ASSETS

A heritage asset is as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. 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. The cost of a purchased heritage asset comprises:

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.
- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential are expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.23 BUDGET INFORMATION

The 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.

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

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

The approved budget covers the fiscal period from 01 July 2020 to 30 June 2021.

The 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 (see page 9 - 11)

1.24 SEGMENT REPORTING

GRAP 18 defines a segment as a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information. This is done to evaluate the entity's past performance in achieving its objectives and as a basis for decisions about the future allocation of resources.

2. Property, plant and equipment

	2021			2020		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	41,299,080	(12,279,296)	29,019,784	41,299,080	(12,279,296)	29,019,784
Buildings	75,805,435	(32,270,179)	43,535,256	75,609,712	(29,786,821)	45,822,891
Plant and machinery	11,714,119	(9,621,331)	2,092,788	11,444,690	(8650,718)	2,793,972
Furniture and fixtures	19,382,679	(15,646,942)	3,735,737	18,989,403	(14,439,741)	4,549,662
Motor vehicles	9,161,025	(6,019,734)	3,141,292	7,458,431	(6,270,392)	1,188,039
Electronic equipment	79,898,022	(68,530,021)	11,368,001	77,499,717	(63,354,834)	14,144,883
Infrastructure	67,418,202	(62,904,895)	4,513,307	67,418,202	(61,648,767)	5,759,435
Total	**304,678,563**	**(207,272,398)**	**97,406,165**	**299,719,235**	**(196,430,569)**	**103,288,666**

Reconciliation of property, plant and equipment – 2021

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	45,822,891	195,723	-	(2,483,358)	-	43,535,256
Plant and machinery	2,793,972	269,429	-	(970,613)	-	2,092,788
Furniture and fixtures	4,549,662	416,706	(3,168)	(1,227,464)	-	3,735,736
Motor vehicles	1,188,039	2,236,908	(10,474)	(58,572)	(214,609)	3,141,292
Electronic equipment	14,144,883	2,417,883	(6,420)	(5,188,345)	-	11,368,001
Infrastructure	5,769,435	-	-	(1,256,127)	-	4,513,308
	103,288,666	**5,536,649**	**(20,062)**	**(11,184,479)**	**(214,609)**	**97,406,165**

Reconciliation of property, plant and equipment – 2020

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	49,282,954	-	-	(2,584,976)	(875,088)	45,822,891
Plant and machinery	3,802,199	47,799	-	(1,056,027)	-	2,793,972
Furniture and fixtures	5,645,355	218,350	(598)	(1,313,445)	-	4,549,662
Motor vehicles	1,558,022	-	-	(44,819)	(325,163)	1,188,039
Electronic equipment	20,458,813	363,832	(25,657)	(6,652,104)	-	14,144,883
Infrastructure	9,275,047	-	-	(3,505,612)	-	5,769,435
	119,042,174	**629,981**	**(26,255)**	**(15,156,983)**	**(1,200,251)**	**103,288,666**

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.

Included in the fixed asset register are items with zero-rand book value. Management has assessed at reporting date if there is a need to revise the useful lives of assets. The asset currently held at R0.00 book value is impaired based on the conditional assessment and are earmarked for disposal.

The municipality also incurred **repair and maintenance** on the assets as outlined below.

	2021	2020 as restated
Buildings, Fences and Sites	2,931,815	1,906,061
Plant and Equipment	379,376	440,908
Infrastructure	2,131,980	3,036,611
Vehicle	384,067	401,336
Total repair and maintenance	**5,827,238**	**5,784,916**

3. Intangible assets

	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	14,702,199	(12,827,249)	1,874,950	14,545,429	(11,573,539)	2,971,890

Reconciliation of intangible assets – 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	2,971,890	156,771	(1,253,710)	1,874,950

Reconciliation of intangible assets – 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	4,618,569	30,429	(1,677,109)	2,971,890

4. Heritage assets

	2021			2020		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	1,527,941	(19,000)	1,508,941	1,527,941	(19,000)	1,508,941
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000
Total	**4,913,941**	**(19,000)**	**4,894,941**	**4,913,941**	**(19,000)**	**4,894,941**

Reconciliation of heritage assets 2021

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	-	1,508,941
Historical monuments	3,386,000	-	-	3,386,000
	4,894,941	**-**	**-**	**4,894,941**

Reconciliation of heritage assets 2020

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	-	1,508,941
Historical monuments	3,386,000	-	-	3,386,000

	4,894,941	-	-	4,894,941

5. Inventories

Fuel – Airport
Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome

	2021	2020 as restated
Aviation Fuel	363,157	473,422
	363,157	473,422

6. Receivables from exchange transactions

	Note	2021	2020 as restated
Employee costs corrections	6.1	125,216	177,440
Prepayments	6.2	1,096	3,174
NYDA – Youth grant	6.3		1,618,436
Recoveries from staff	6.4	8,187	34,714
Unprocessed bank transactions	6.5	-	5,476
Interest Receivable on bank account	6.6	59,838	62,555
Agency services	6.7	1,681,670	1,244,735
Vat on accruals	6.8	88,969	1,205,194
Gross amount		**1,964,976**	**4,351,724**

	2021	2020 as restated
6.1 Employee cost recoverable		
Current (0 – 30 days)	10,656	14,004
>91	114,560	163,436
Total Employee cost recoverable	**125,216**	**177,440**
6.2 Pre payments		
Current (0 – 30 days)		
>91	1,096	3,174
Total Pre payments	**1,096**	**3,174**
6.3 NYDA – Youth grant		
Current (0-30days)		1,618,436
6.4 Recoveries from staff		
Current (0 – 30 days)	8,187	34,714
6.5 Unprocessed bank transactions		
Current (0 – 30 days)	5,476	5,476
Less: Debt Impairment	(5,476)	
	-	**5,476**
6.6 Interest receivable		
Current (0 – 30 days)	59,838	62,555
6.7 Agency services		
Current (0 – 30 days)	1,681,670	1,244,735
>120 days	954,100	954,100
Less: Debt Impairment	(954,100)	(954,100)
Total Local Municipalities Agency services	**1,681,670**	**1,244,735**
6.8 Vat on Accruals		
Current (0 – 30 days)	88,969	1,205,194

	2021	2020 as restated

7. VAT receivable

	2021	2020 as restated
VAT	70,989	-

Council is registered on the cash basis for VAT, This amount is due from SARS based on submitted returns

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020 as restated
Cash on hand	40,825	40,825
Cash book balances	9,530,808	16,090,046
	9,571,633	**16,130,871**

The municipality had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June, 2021	**30 June, 2020**	**30 June, 2021**	**30 June, 2020**
STANDARD BANK – Cheque Account - 21777667	129,238	1,537,412	129,238	1,537,412
STANDARD BANK - Licensing Account - 21781494	466,915	515,788	466,915	515,788
NEDBANK - Primary Account - 1152944835	2,123,968	8,771,317	2,140,436	8,745,007
NEDBANK - Licensing account - 1152944606	6,794,219	5,291,839	6,794,219	5,291,839
Total	**9,514,340**	**16,116,356**	**9,530,808**	**16,090,046**

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2021	2020 as restated
Unspent conditional grants and receipts		
Provincial Grants	18,200,198	12,891,374
National Grants	2,378,614	821,941
	20,578,812	**13,713,315**

Movement during the year

	2021	2020 as restated
Balance at the beginning of the year	13,713,315	12,526,313
Additions during the year	19,795,000	15,330,152
Income recognition during the year	(12,107,503)	(14,143,150)
Grant Reversal / forfeit	(822,000)	-
	20,578,812	**13,713,315**

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The municipality has applied for a roll-over of the grants as stipulated above, however approval was only granted for a total amount of R3,041,376 while the remaining amount must be surrendered

See note 21 for reconciliation of grants from National/Provincial Government.

Figures in Rand	2021	2020 as restated

10. Payables from exchange transactions

Trade payables	3,400,963	4,179,908
Accrued leave pay	32,632,736	28,253,973
Department of Transport (License fees)	129,974,801	129,787,951
Local Municipalities Accounts	50,427,413	40,892,817
Vat Accrued on Debtors	-	8,635,658
Refundable town hall rental deposits	105,596	118,796
Unclaimed Salaries	72,286	105,633
Unknown deposits	1,989	1,989 8
	216,615,789	**211,976,725**

11. VAT Payable

Tax refunds payables	-	83,780
	-	**-**

Council is registered on the cash basis for VAT, This amount is due to SARS based on submitted returns

12. Revenue

Sale of goods	2,689,618	3,093,395
Rental of facilities and equipment	225,220	421,549
Agency services	68,732,595	62,929,418
Licenses and permits	2,351,000	1,445,000
Commissions received	3,260,201	4,456,488
Inventory reversal	7,031	-
Other income	1,088,598	1,408,127
Interest received - investment	1,717,724	3,307,133
Gain on disposal of assets	15,587	-
Government grants & subsidies	296,096,293	284,387,58
	376,183,867	**361,448,696**

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods – Aviation Fuel	2,689,618	3,093,395
Rental of facilities and equipment	225,220	421,549
Agency services	68,732,595	62,929,418
Commissions received	3,260,201	4,456,488
Other income	1,088,598	1,408,127
Gain on disposal of assets	15,587	-
Inventory reversal	7,031	
Interest received - investment	1,717,724	3,307,133
	77,736,574	**75,616,110**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Licenses and permits	2,351,000	1,445,000
Transfer revenue		
Government grants & subsidies	296,096,293	284,387,586
	298,447,293	**285,832,586**

	2021	2020 as restated

13. Rental of facilities and equipment

Facilities and equipment		
Facilities & equipment	2,589	226,528
Garages and parking		
Parking	222,631	195,021
	225,220	421,549

14. Agency services

Information Technology services	6,617,761	10,963,559
Department of Transport	62,114,834	51,965,859
	68,732,595	**62,929,418**

15. Licenses and permits (from non-exchange transactions)

Air quality emission fees	2,351,000	1,445,000
	2,351,000	**1,445,000**

16. Other Revenue

Commissions received	3,260,201	4,456,488
Other income - (consolidated)	1,088,598	1,408,127
	4,348,799	**5,864,615**

17. Other income – (consolidated)

Insurance refunds	18,874	198,216
Skills Levy Income	317,471	403,403
Incidental income	340,190	368,404
Tender Income	1,226	5,609
Commission on Salaries	231,790	154,384
Staff recoveries	179,047	278,111
	1,088,598	**1,408,127**

18. Investment revenue

Interest revenue		
Bank	1,717,724	3,307,133

19. Grants and subsidies paid

Other subsidies		
NYDA Learnership and internships programme	2,055,150	-
	2,055,150	-

20 Government grants and subsidies received

Operating grants		
Equitable share	281,832,000	268,626,000
HIV and AIDS Grants	6,717,202	7,943,152
EPWP Grant	1,000,000	1,173,000
Rural Roads Grant	360,560	1,831,579
Grant in Kind – Emfuleni Local Municipality	743,619	-

	2021	2020 as restated
National Grants	650,251	983,272
Youth grant	2,149,101	3,711,583
Disaster Management Grant	-	80,050
	293,452,733	**284,348,636**
Capital Grants		
Disaster Management Grant	-	38,950
Rural Roads Grant	66,516	
HIV / AIDS Grant	2,106,522	
Grant in Kind – Emfuleni Local Municipality	470,522	
	2,643,560	**38,950**
	296,096,293	**284,387,586**

Equitable Share

	2021	2020 as restated
Current-year receipts	(281,832,000)	(268,626,000)
Conditions met - transferred to revenue	281,832,000	268,626,000
	-	**-**

Provincial Grants

	2021	2020 as restated
Balance unspent at beginning of year	12,891,374	12,469,521
Current-year receipts	15,339,000	10,458,152
Conditions met - transferred to revenue	(10,030,176)	(10,036,299)
Grants forfeited	-	-
	18,200,198	**12,891,374**

Conditions still to be met - remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2020	**Grants Received 2020/21**	**Grants Spent/ forfeit 2020/21**	**Unspent Grants June 2021**
LED Project	119.378			119.378
HIV/AIDS	-	11,148,000	(8,823,724)	2,324,276
Sport and Recreation	421,853	2,654,000	(1,206,452)	1,869,401
Agriculture	79,718	-	-	79,718
Transfer of Informal Settlements	12,270,425	-	-	12,270,425
Aerotropolis Grant	-	1,537,000	-	1,537,000
	12,891,374	**15,339,000**	**(10,030,176)**	**18,200,198**

National Grants

	2021	2020 as restated
Balance unspent at beginning of year	821,941	56,792
Current-year receipts	4,456,000	4,872,000
Conditions met - transferred to revenue	(2,077,327)	(4,106,851)
Grant Forfeit	(822,000)	-
	2,378,614	**821,941**

Conditions still to be met - remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2020	Grants Received 2020/21	Grants Spent/Forfeit 2020/21	Unspent Grants June 2021
Municipal Finance Management Grant	16,728	1,000,000	(667,039)	349,689
EPWP Grant	-	1,000,000	(1,000,000)	-
Rural Roads	805,213	2,456,000	(1,232,288)	2,028,925
	821,941	**4,456,000**	**(2,899,327)**	**2,378,614**

In kind grants

	2021	2020 as restated
Balance unspent at beginning of year	-	-
Current-year receipts	1,214,141	-
Conditions met - transferred to revenue	(1,214,141)	-
	-	**-**

An in kind grant was received by Emfuleni local municipality whereby the rates hall, currently owned by Sedibeng was refurbish

Changes in level of government grants.

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

21. Employee related costs

Employee related cost exclusive of Section 57 employees	186,018,133	178,861,876
13th Cheques	14,348,645	13,962,559
Medical aid - company contributions	17,683,782	17,092,336
UIF	989,013	1,015,498
Other payroll levies	3,547,507	3,410,609
Leave pay provision charge	5,771,324	6,119,713
Defined contribution plans	36,876,185	35,545,955
Overtime payments	379,024	883,622
Inconvenience allowance	3,035,003	2,292,354
Car allowance	10,261,649	9,752,832

	2021	2020 as restated
Housing benefits and allowances	1,676,996	1,589,923
Telephone Allowances	10,800	10,800
Standby Allowance	195,971	206,770
EPWP Stipends	956,432	1,203,102
HIV/AIDS Stipends	6,220,287	7,163,021
Termination benefits	2,023,841	1,995,929
	289,994,592	**281,106,899**

Remuneration of Municipal Manager

	2021	2020 as restated
Annual Remuneration	420,272	1,681,103
Car Allowance	45,000	180,000
Contributions to UIF, Medical and Pension Funds	446	1,785
Other	30	112
Acting allowances paid to Acting incumbents	45,526	
	511,274	**1,863,000**

The Municipal Manager position is vacant since 3 October 2020 due to the death of the previous Municipal Manager

Remuneration of Chief Financial Officer

	2021	2020 as restated
Annual Remuneration	-	250,217
Car Allowance	-	60,000
Contributions to UIF, Medical and Pension Funds	-	632
Acting allowance paid to Acting incumbents	118,339	-
	118,339	**310,849**

The CFO is vacant since October 2019 and employees are acting in this position.

Remuneration of Executive Director – Corporate services

	2021	2020 as restated
Annual Remuneration	830,864	831,247
Car Allowance	178,357	178,357
Contributions to UIF, Medical and Pension Funds	1,932	1,896
Other	12,141	9,985
	1,023,294	**1,021,485**

-

Remuneration of Executive Director – Community services

	2021	2020 as restated
Annual Remuneration	840,455	840,497
Car Allowance	180,000	180,000
Contributions to UIF, Medical and Pension Funds	1,932	1,896
Other	-	-
	1,022,387	**1,022,393**

Remuneration of Executive Director – Strategic Planning and Economic development

	2021	2020 as restated
Annual Remuneration	733,086	733,128
Car Allowance	176,951	176,951
Contributions to UIF, Medical and Pension Funds	110,418	110,418
Other	1,932	1,897
	1,022,387	**1,022,394**

Remuneration of Executive Director – Transport, Infrastructure and Environment (Vacant since May 2019)

Annual Remuneration	-	-

	2021	2020 as restated
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Acting allowance paid to Acting incumbents	82,348	
	82,348	**-**
Total personnel cost	**293,774,621**	**286,347,020**

The executive directors were all newly appointed in 2017 and are being remunerated in accordance with the upper limit gazette number 40118 of 4 July 2016.

22. Remuneration of Councillors

Executive Mayor	866,492	1,048,360
Mayoral Committee Members	5,865,506	6,552,319
Speaker	846,182	766,387
Councillors	4,870,270	4,980,912
	12,448,450	**13,347,978**

In-kind benefits (tools of trade)

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

Executive Mayor Modisakeng passed on in January 2021 and therefore the reduction in salary for the Mayor and Mayoral committee members in the 2020/21 financial year

23. Depreciation and amortisation

Property, plant and equipment	11,184,481	15,153,248
Intangible assets	1,253,710	1,680,846
	12,438,191	**16,834,094**

24. Lease rentals on operating lease

Premises		
Contractual amounts	6,300,493	5,886,670
Motor vehicles		
Contractual amounts	867,871	1,079,438
Plant and equipment		
Contractual amounts	139,972	95,171
Ad-hoc amounts	589,354	363,748
	7,897,690	**7,425,027**

25. Debt impairment

Debtors	5,476	-
	5,476	**-**

26. Contracted services

	2021	2020 as restated
Outsourced Services		
Municipal Health services	19,194,814	18,712,804
Fire Services	23,680	133,322
Hygiene Services	287,478	106,930
ICT Services	893,133	895,550
Security Services	7,967,996	16,600,835
Consultants and Professional Services		
Business and Advisory	296,666	1,847,334
Legal Cost	2,758,561	3,609,319
Contractors		
Employee wellness	285,000	-
Catering Services	345,205	477,063
Event Promoters	235,244	52,750
Fire Protection	57,327	3,758
Inspection Fees	-	85,965
Maintenance of Buildings and Facilities	2,931,815	1,906,061
Maintenance of Equipment	2,511,356	3,477,519
Pest Control and Fumigation	24,948	45,500
Stage and Sound Crew	8,050	25,500
Transportation	378,367	401,336
	38,199,640	**48,381,546**

27. General expenses

Figures in Rand	2021	2020 as restated
Advertising	34,957	26,681
Assessment rates & municipal charges	5,440,485	6,207,038
Auditors remuneration	3,532,346	3,411,447
Bank charges	3,361,281	2,910,013
Computer expenses	725,413	759,294
Consulting and professional fees	354,500	181,500
Consumables	3,692,330	3,579,633
Insurance	1,476,832	2,296,729
IT expenses	3,917,356	4,094,052
Levies	1,985,357	1,912,828
Printing and Publications	707,201	655,484
Protective clothing	43,680	-
Royalties and license fees	69,387	103,967
Subscriptions and membership fees	2,388,206	2,760,247
Telephone and fax	4,431,136	4,721,324
Training	292,713	1,703,225
Subsistence & Travel	99,189	115,547
Public Participation	138,227	769,299
Congresses & Meetings	8,000	65,723
WCA Contribution	1,177,367	1,123,413
	33,875,961	**37,397,444**

28. Sale of Goods

	2021	2020 as restated
Sale of goods		
Cost of Aviation fuel	2,487,682	2,626,463

Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome.

29. Auditors' remuneration

	2021	2020 as restated
Fees	3,532,346	3,411,447

30. Cash generated from operations

	2021	2020 as restated
Deficit	(27,213,606)	(52,222,821)
Adjustments for:		
Depreciation	12,438,191	16,834,094
Loss / (Gain) on sale of assets and liabilities	(15,586)	853,410
Debt impairment	5,476	
Impairment deficit	214,609	325,163
Movements in operating lease assets and accruals	(171,879)	88,443
Changes in working capital:		
Inventories	110,265	30,360
Receivables from exchange transactions	2,386,748	2,392,475
Debt Impairment – Related party debtors	(5,476)	52,407,122
Payables from exchange transactions	4,639,064	(26,867,299)
VAT	(154,769)	211,098
Unspent conditional grants and receipts	6,865,497	1,187,002
	(901,465)	**(4,760,954)**

31. Risk management

31.1 Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

Credit risk

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

Categories of Financial Instruments	2021	2020 as restatec
Financial Assets		
Cash and cash equivalents	9,571,633	16,130,871
Inventories	363,157	473,422
Trade and other receivables from exchange transactions	1,964,976	4,351,724
VAT Receivable	70,989	-
	11,970,755	**20,956,017**
Financial Liabilities		
Unspent conditional grants and receipts	20,578,812	13,713,315
VAT Payable	-	83,780
Trade and other payables from exchange transactions	216,615,789	211,976,725
Total Liabilities	**237,194,601**	**225,773,820**

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2021		**2020**	
Floating Rate Financial Assets	**Rate %**	**Effect on Surplus**	**Rate %**	**Effect on Surp**
Cash and cash equivalents	**1%**	95,716	**1%**	161,309
Inventories	**1%**	3,632	**1%**	4,734
Trade and other receivables from exchange transactions	**1%**	19,650	**1%**	43,517
Floating Rate Financial Liabilities				
Unspent conditional grants and receipts	**1%**	(205,788)	**1%**	(137,133)
Trade and other payables from exchange transactions	**1%**	(2,166,158)	**1%**	(2,119,767)

32. Commitments

32.1 Contracted capital and operating expenditure

Figures in Rand	2021	2020 as restated
Unspent conditional grants and receipts		
Provincial Grants	1,504,376	12,891,374
National Grants	-	821,941
	1,504,376	**13,713,315**

The current unspent conditional grants are all committed funds which still need to be utilized in order to meet the conditions as stipulated in the various government gazettes.

32.2 Operating leases - as lessee (expense)

	2021	2020 as restated
Minimum lease payments due		
Within one year	1,562,484	4,599,011
Later than one year but not later than five years		1,562,484

Operating lease payments represent rentals payable by the municipality for certain of its office properties.

32.3 Operational expenses

	2021	2020 as restated
Operational expenses		
Within one year	9,587,130	3,325,800
Later than one year but not later than five years	772,914	125,649

33. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet being issued against those claims.

33.1 Contingent assets & liabilities

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATION/DISPUTE	WHAT HAPPENED	COMMENCEMENT DATE	EXPECTED VALUE/ LIABILITY	PROGRESS
1. S. Suleman Attorneys	Collection obo municipality/ Cheth Trust	The defendant had leased a building in Fresh Produce Market and failed to pay rental fees and civil action was instituted and he was eventually evicted from the leased building.	Apr-09 Mandate of the previous attorney was terminated due to poor service.	R1 145 432.38 (Income for SDM)	Legal action still ongoing and waiting for further progress report. This matter commenced in 2009 and 10 years later it is still not yet finalized. The attorneys were instructed to evict and recover the arrear rental fees from the tenant. The attorneys managed to evict the tenant and struggle to recover the money to and payable to the SDM. This kind of collection matter should have been finalized within a period of 3 or 4 years. It has therefore taken unnecessary long time to be finalized. From the

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATION/DISPUTE	WHAT HAPPENED	COMMENCEMENT DATE	EXPECTED VALUE/ LIABILITY	PROGRESS
		Currently the council attorneys are busy trying to recover the outstanding rental fees			discussions Legal dept had with the Council attorneys, it appears as if there are not good prospects of recovering the money from the debtor and it is therefore recommended that this debt to be written off. In the event that the amount is not written off, the matter will remain dormant.
2. S. Suleman Attorneys	Collection obo municipality/ N. Shongwe	Collection of the money owed by the employee (Cashier at FPM) to the municipality	Mar-18	R52 240.79 plus interest (Income for SDM)	Summons were issued against the debtor which she failed to defend and default judgement against her. The debtor was summoned to the court for emoluments attachment hearing and she failed to appear in court and the warrant of arrest against her was issued. The execution of the warrant of arrest was suspended due to Covid 19 outbreak. We are still waiting for further progress report in this regard.
3. Mokhare report on investigation	Recovery of Irregular expenditure	An investigation conducted on behalf of MEC CoGTA resulted in possible recoveries of money	August 2020 financial year	G Modise R3,765,110 Prince Mudau R4,182,226 Mafoko Security R14,565,638 Income for SDM	Letters of demand has been issued.

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATION/DISPUTE	WHAT HAPPENED	COMMENCEMENT DATE	EXPECTED VALUE/ LIABILITY	PROGRESS
4.Meise Nkaiseng Attorneys	Debt collection	Litigation against the managing Director of Tsogang Basadi enterprise for the recovery of part of the money which was erroneously paid to this company by the Finance department.	Jul-19	R15000,00 Income to SDM	In view of the value of the debt the Council attorneys were instructed to institute legal action against the debtor by issuing a letter of demand and to telephonically contact the debtor and legal costs not to exceed an amount of R1000,00. The debtor failed to respond to the letter of demand and summons and thereafter default judgment was taken against the debtor and on the 5 May 2020 application for default judgement was applied against the defendant and granted on the 28 May 2020. Council attorneys were instructed to issue a warrant of execution against the debtor and the sheriff issued a Nula bona return because no assets belonging to the company could be attached. In the light of this the Council attorneys have advised the Council to close the file to save the money and to blacklist the company from doing any business with the State.
5. S. Suleman Attorneys	Transfer of Council property to Gauteng Provincial Government	The SDM Council has agreed to donate Erf 2527, Erf 2531, Erf 2532 and Erf 2533 to Gauteng Provincial Government	30-Aug-19	Province to be liable for the transfer fees and the figure is unknown at this stage (No Liability to SDM)	On 4 March 2021 the Conveyancers sent the estimates costs for the rates and taxes in respect of the property to Public Works for settlement for the clearance certificate to be obtained. Further progress report in this regard has been requested from the Conveyancers.
6.Legal Services Department	Application interdicting and restraining SDM from effecting any transfer of registration of ownership or title in certain vehicles and to effect restrictions to the e-Natis records of the vehicles involved in the legal dispute.	This is a legal matter between private individuals and relief is sought against SDM as a government body to prevent it from further effecting registration of transfer of ownership or title in relation to the relevant mortgaged assets. The municipality to abide with the decision of the court.	02-Aug-19	No liability to SDM	The Matter scheduled for hearing in the High Court Gauteng Local Division, Johannesburg on the 13th August 2019 and interim order was obtained against the municipality. The licensing department of the SDM was advised accordingly of the interdict against the municipality and have been advised to do the necessary in accordance with the court order. The court order granted in this matter to remain in force until further notice.
7.TO. Maleka Attorneys	Litigation against the municipality for outstanding payment.	The litigation relates to the civil action instituted by Reabusa Construction in the High court for outstanding payments for services rendered in the one of the municipality's project which was managed by Mr. Sello Maetso	Nov-15	R1 281 959.40	The Plaintiff's attorneys failed/neglected to arrange the pre- trial conference and the trial date.
				Plus legal costs (Liability)	In view of the above, the Council attorneys have advised that they are proceeding to apply for the dismissal of the Plaintiff's case.
8.Lateral Unison Insurance Brokers	Motor Vehicle Accident	The Summons were issued against the	Sep-18	R25 935.87 plus legal costs	The matter was referred to the insurance company of the municipality and it is currently being handled

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATION/DISPUTE	WHAT HAPPENED	COMMENCEMENT DATE	EXPECTED VALUE/ LIABILITY	PROGRESS
		municipality following a motor vehicle accident between the Council's vehicle which was driven at the time of accident by the employee, BP Kele and MN Monone's motor vehicle on 12 October 2017. The Council employee was allegedly driving the vehicle within the course and scope of employment.		(liability)	by the Insurance lawyers. The report received confirms that the parties are currently still exchanging the pleadings. Further progress report has been requested from the Insurance company.
9.Lateral Unison Insurance Brokers	Motor vehicle accident	A certain member of the public and a mechanic Mr. CA Burger sustained serious injuries during the truck test at the Vereeniging licensing Centre on the 15 September 2017. Mr. Burger's lawyers are suing the SDM on the basis that their client was injured as a result of the negligent conduct of the Council employee, Mr. Mbhele.	06-Dec-20	R1 000 000,00 plus legal costs (Liability)	The matter has been defended by the Insurance Company on behalf of the SDM. Legal dept assisted Mr. Mbhele to draft the statement explaining the circumstances relating to this accident.
10.Lateral Unison Insurance Brokers	Motor vehicle belonging to DJ Vosloo was damaged by a pothole on the road under the control and management of Emfuleni	Letter of demand followed by Summons issued against the Emfuleni and SDM. SDM has been cited and issued with the letter of demand followed by the summons erroneously.	20-Sep-19	R653 778,00 plus legal costs (Liability)	After receiving the letter of demand the legal department of the municipality contacted the lawyers acting for the Plaintiff and tried to advise and negotiate for the withdrawal of the letter against the SDM but our advice and request were ignored. A copy of the summons were then issued against both Emfuleni and SDM. We tried again to negotiate for withdrawal of the summons but lawyers appeared not to understand the basis of our request withdrawal of summons against the SDM. In the light of the lawyers actions the matter was referred to the insurance company of the municipality for further handling. Progress report has been requested from the Insurance company.

34. Prior year amendments

34.1 Correction of errors

See below detail of corrections. The total correction amounts to R 1,645,666

The correction of the error(s) and change in accounting estimates results in adjustments are as follow:

Statement of changes in net assets

Closing balance 1 July 2019	**-42,856,296**
Debtors Overstated	-84,706
Creditors overstated	371,388
Creditors understated	-2,115,770
Intangible assets understated – Change in accounting estimate	884,232
PPE assets understated – Change	2,103,010
Restated closing balance 1 July 2019	**-41,698,138**
Opening balance as previously reported 1 July 2020	**-95,566,625**
Debtors Overstated	-84,706
Creditors overstated	371,388
Creditors understated	-2,115,770
Intangible assets understated – Change in accounting estimate	835,003
PPE assets understated – Change	2,639,751
Restated Closing balance 1 July 2020	**-93,920,959**
Surplus (Deficit) for the year 2020 Previously reported	**-52,710,333**
Depreciation and Amortisation understated	487,512
Restated Surplus (Deficit) for the year 2020	**-52,222,821**

Expenditure changes	2020 Restated	2020 Previous Year Stated	Variance
Depreciation & amortisation - understated	(16,834,094)	(17,321,606)	(487,512)
Deficit for the year	(52,222,821)	(52,710,333)	(487,512)
Classification corrections			
Employee related costs	(286,347,020)	(277,980,897)	8,366,123
Transfers and Subsidies	-	(8,366,123)	(8,366,123)
Total Corrections			**1,645,666**

35. Going concern

We draw attention to the fact that at 30 June, 2021, the municipality had accumulated deficit of R 121,134,565 and that the municipality's total liabilities exceed its assets by R 121,134,565.

The 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.

As a District Municipality based on our powers and functions we are completely grant dependent. No other main revenue source is obtainable. Over the last 9 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 9 years was increase far lessor than the CPI for each financial period. In addition the South African Local Bargaining Council was implementing salary increases at a higher rate than the equitable share growth allocated to municipalities over the last 8 years – Uncontrollable to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 7 years which is still in place. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2021, the municipality's current liabilities exceed its current assets with R225,305,145. The municipality also had operating deficit in the current financial year of R 27,213,606 (previous financial year loss of R 52,222,821) which resulted in a decrease in the net asset value.

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the District. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions. The Council has recently approved that it (Sedibeng District Municipality) should perform the section 84(1) powers and functions of the Municipal Structures Act 117 of 1998.

The municipality does not have any fixed-term borrowing or short term loans and therefore does not put reliance on borrowings.

The municipality does have comprehensive insurance on its assets as set out in the asset register.

36. Events after the reporting date

None

37. Unauthorised expenditure

	2021	2020 as restated
Opening balance	1,246,785	12,512,574

Figures in Rand	2021	2020 as restated
Add: expenditure identified – current period	9,291,094	1,246,785
Add: expenditure identified - prior period	12,947,539	-
Less: Approved by Council	-	(12,512,574)
	23,485,418	**1,246,785**
Analysis follow: Cash		
Employee related cost	7,218,047	-
Other expenses	2,390,161	1,246,785
Lease rentals	769,356	
Grant expenses	2,264,709	
Transfer and subsidies paid	2,055,150	
	14,697,423	**1,246,785**

Analysis follow: Non Cash		
Depreciation	7,541,210	
	7,541,210	

38. Fruitless and wasteful expenditure,

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 49,629 is currently being recovered from an employee related to salary cost recoverable. See annual report for details on all recoveries during the year.

Opening balance	248,142	446,655
Paid off during the year	(198,513)	(198,513)
-Fruitless and wasteful expenditure identified during the year	-	-
	49,629	**248,142**

39. Irregular expenditure

Irregular expenditure was incurred in the financial year based on appointments made in deviating from SCM legislation where Irregular expenditure was also incurred on Sect 56 employee-related costs during the financial year.

Opening Balance	15,257,905	18,451,807
Add: expenditure identified during the year	19,916,342	13,661,779
Add: expenditure – prior period identified during the year	18,090,638	1,596,126

	2021	2020 as restated
Less: Approved by Council	-	(18,451,807)
	53,264,885	**15,257,905**

Instances and cases in the current year

Supply chain processes	36,803,160	9,938,588
Contract and acting Employee		1,967,166
Sect 56 & 57 Employee cost above threshold	1,203,820	3,041,302
Sect 56 employee not an RSA citizen		310,849
	38,006,980	**15,257,905**

Cases under investigations

Investigations are conducted by MPAC oversight committee on the 2019/20 financial year balance of R15,257,905

40. Additional disclosure in terms of Municipal Finance Management Act

40.1 PAYE and UIF & Skills levy

Current year subscription / fee	48,994,394	47,111,678
Amount paid - current year	(48,994,394)	(47,111,678)
	-	-

40.2 Pension and Medical Aid Deductions

Current year subscription / fee	83,571,044	81,295,495
Amount paid - current year	(83,571,044)	(81,295,495)
	-	-

40.3 VAT

VAT payable		83,780
VAT receivable	70,989	-
	70,989	**83,780**

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

40.4 Television sets in terms of the Television License Regulations under the Broadcasting act no 4 of 1999, as amended

Description	Number of sets	Period that sets were in entity’s possession
Owned television sets	48	48 sets were used for the full year;
Rented or leased television sets	-	
Number of sets donated/ alienated	-	
TOTAL	**48**	

Figures in Rand	2021	2020 as restated

40.5 Related party transactions

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 22.

Section 56 employees' (Key Management) remuneration packages are shown separately in note 21. Section 57 employees are required to enter into an annual performance contract where pre-determined objectives are linked to the integrated development Plan. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

40.6 Principles and Agents

40.6.1 Gauteng Department of Transport

The municipality is acting as an agent for the Gauteng Department of Transport by rendering services related to motor vehicle license registrations and renewals, driver license applications and renewals. The municipality also collect AARTO fees as part of the function. Direct expenses related to the licensing function is as follow:

Breakdown of transactions		
Collections made on NATIS system	273,935,911	223,573,394
Less:		
Refunds to Province	194,190,631	157,386,930
Refunds to AARTO	8,803,623	6,485,260
VAT payable on collections	8,683,583	7,787,113
Refunds to customers	143,238	
Amount retained by Council	62,114,835	51,914,091
Total Amount	**273,935,910**	**223,573,394**

Expenses related to the Licensing center		
Employee related costs	61,086,540	58,685,436
Depreciation and amortisation	298,928	170,460
Lease rentals on operating lease	139,972	95,171
General Expenses	5,883,613	5,000,250
Total expenditure	**67,409,053**	**63,951,317**

Liability to Principle		
Total liability	**129,974,801**	**129,787,951**

40.6.2 Fresh Produce Market

The municipality is acting as an agent by rendering management services at the fresh produce market where fresh produce are being sold by the market agent on behalf of the farmers. The municipality is managing the financial affairs and are managing two bank accounts on behalf of the agents. The current balances on the bank accounts are as follow:

Account number	Amount as per bank confirmation
Nedbank- Current Account (115944363)	R600,250
Standard bank (21779589)	R8,708
Total	R608,958

Breakdown of transactions

	2021	2020 as restated
Commission on transaction handling fees	3,260,201	4,456,488
Total Amount	**3,260,201**	**4,456,488**

Expenses related to the Fresh Produce Market

	2021	2020 as restated
Employee related costs	10,401,102	10,155,990
Depreciation and amortisation	1,076,465	1,051,219
General Expenses	459,675	584,285
Total expenditure	**11,937,242**	**11,791,494**

40.7 COVID-19 impact and related expenses

The breakdown of the expenses is as follow:

	Budget allocation	Amount spent
PPE Consumables & Sanitation – All Staff	385,000	103,589
PPE Consumables & Sanitation– Licensing centres	750 000	343,775
Total COVID-19 allocation	**1,135,000**	**447,364**

40.8 Declaration of business conducted to close family members of persons in the service of the state

The below table list the awards to close family members of persons in the service of the state and awards to persons in the service of the state.

1. **Awards to close family members of persons in the service of the state**

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Africa Shades Construction	N	Monga	Assistant Manager Networks (00518)	Son of the Director/Shareholder	R65,858
Panorama Bloemiste	CS	Heunes	Snr Accountant	Husband to the Director/Shareholder	R22,138
TOTAL					**R 87,996**

2. **Awards to persons in the service of the state**

No awards given to people in service of the state

40.9 Segment reporting

The municipality has identified the licensing centers and fresh produce market in terms of GRAP 18 as a unit with distinguishable activities of the municipality for which it is appropriate to separately report financial information. See note 40.6 for a detail breakdown.

41. Changes in accounting estimate

During the assessment of useful lives and residual values at the beginning of the 2020/21 financial period the municipality had to correct the carrying amount of the affected assets. These assets were Depreciated and amortized using the straight-line method over the useful live of the asset. Subsequently the assets lifespan has increased with another 3 years.

The following information regarding the depreciable assets for the following years are as follow:

Depreciation and amortisation of affected assets in the 2019/20 financial year prior to change in estimate	R17,321,606
Depreciation correction due to change in estimate	-R487,512
Total depreciation and amortisation on the affected assets due to change in estimate	R16,834,094

The correction of the affected assets resulted in an increase to the carrying amount on assets to the value of R3,474,754 as at 30 June 2020

42. Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

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 16 and 17 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 financial statements.

SEDIBENG DISTRICT MUNICIPALITY APPROVED DEVIATIONS REGISTER FOR 2020/21 YTD

Applicable paragraph in SCM Policy		Name of Supplier	Date of the order	Month	Reason for deviation	Approved by:	Cluster	Amount	SCM Comments
1	*"33.2.1.7. The possibility that the security of the state could be compromised"*	JMP SECURITY SOLUTION	30-Oct-20	Oct-20	Urgently required additional security measures	Municipal Manager	Corporate Services	R 295,281.57	SCM Regulation 36 approved by Municipal Manager; 3 x quotations sourced
2	*"33.2.1.4. The interruption of essential services, **including transportation** and communication*	HI-TEC MAG REPAIRS CC	No P/O obtained; Service Provider not CSD registered	Dec-20	The services were required and procured outside working hours Saturday, 19 September 2020	Municipal Manager	Corporate Services	R 3,450.00	SCM Regulation 36 approved by Municipal Manager; 3 x quotations **NOT** sourced; Supplier **NOT** CSD registered.

SEDIBENG DISTRICT MUNICIPALITY APPROVED DEVIATIONS REGISTER FOR 2020/21 YTD									
Applicable		Name of	Date of	Month	Reason for deviation	Approved by:	Cluster	Amount	SCM Comments
	facilities or support services critical to the effective functioning of the SDM as a whole"								
3	"33.2.1.1. The possibility of human injury or death"	DOTCOM TRADING 318 (PTY) LTD	09-Feb-21	Feb-21	Relocation of electrical distribution board after electrocution of employee. P/O was issued on estimate basis and no formal written quotation bidding was conducted due to the imminent endangering of staff and public	Municipal Manager	Corporate Services	R 41,894.50	SCM Regulation 36 approved by Municipal Manager; 3 x quotations sourced however, not all suppliers responded
					SUB-TOTAL FOR THE YTD OF 2020/2021			**R 340,626.07**	

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	**DATE**	**ORDER NO**	**SUPPLIERS AWARDED**	**ORDER AMOUNT**	**NO OF QUOTATIONS RECEIVED**	**REASON**	**DESCRIPTION**
1	03-07-20	1038957	Mooivaal Media (Pty) Ltd	R 13,000.00	One (01)	Only one quote received for local newspaper publication	Advertisments For Tariff 2020/21 In Local Newspaper Sedibeng Ster, 91000 Distribution 20CM D X 12CM W; B&W
2	07-07-20	1038959	Mooivaal Media (Pty) Ltd	R 9,600.00	One (01)	Only one quote received for local newspaper publication	Advert: 20cm down x 12cm wide
3	13-07-20	1038962	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face value forms (box) 19/29
4	13-07-20	1038963	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face value forms (box) 19/29
5	13-07-20	1038964	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face value forms (box) 19/29

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
6	13-07-20	1038965	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face value forms (box) 19/29
7	13-07-20	1038966	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) "provision of goods or services to the municipality from another organ of State"	Face value forms (box) 19/29
8	31-08-20	1038983	JUTA AND COMPANY LTD	R 765.00	One (01)	Sole supplier of Road traffic legislation RS51	Road traffic legislation RS51
9	29-09-20	1039048	WORKSHOP ELECTRONICS (PTY) LTD	R 14,779.00	One (01)	Sole supplier of LSC equipment	General items service and calibration for a gradex1
10	29-09-20	1039049	WORKSHOP ELECTRONICS (PTY) LTD	R 14,899.00	One (01)	Sole supplier of LSC equipment	General items service and calibration for a grade
11	29-09-20	1039050	PREMIER SCALE SERVICES (PTY) LTD	R 17,020.00	One (01)	Sole supplier of LSC weighbridge equipment	Calibration of weighbridge equipment
12	30-09-20	1039053	TOX-A-KLEEN (PTY) LTD	R 25,432.25	Two (02)	Only two suppliers responded to request for quotations	Calibrate 2 x meters (excluding repairs)

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
13	02-11-20	1039122	MOOIVAAL MEDIA (PTY) LTD	R 9,500.00	One (01)	Only one quote received for local newspaper publication	Sedibeng Ster Advertisment: IDP Public Participation 11 November 2020
14	18-12-20	1039214	Africa Shades Construction	R 14,449.56	Two (02)	Insurance claim repair-works	Panelbeating Isuzu Cabstar(XTX 861 GP)
15	18-12-20	1039215	Africa Shades Construction	R 5,916.00	Two (02)	Insurance claim repair-works	Panelbeating Jurgens Trailer (CR 12 DB GP)
16	23-12-20	1039222	New Vaal Motors (Pty) Ltd	R 25,802.60	One (01)	Other suppliers did not have stock readily available	Replacement of four tyres (245/35 R19 and 275/30 R19) for Mercedes Benz E250 FK 24 PG GP
17	23-12-20	1039223	New Vaal Motors (Pty) Ltd	R 23,688.10	One (01)	Due to pending festive season, other suppliers could not assist with vehicle repair-works	Repairs and maintenance of Mercedes Benz E250 FK 24 PG GP
18	22-01-21	1039246	Workshop Electronics (Pty) Ltd	R 15,696.52	One (01)	Sole supplier for the service	Remove, rewire and installation of motor for the brake tester
19	22-01-21	1039247	Workshop Electronics (Pty) Ltd	R 12,860.00	One (01)	Sole supplier for the service	Service & calibration of grade a testing equipment

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
20	28-01-21	1039259	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) “provision of goods or services to the municipality from another organ of State”	Face value forms
21	28-01-21	1039260	Gauteng Department Of Roads And Transport	R 25,172.40	One (01)	MFMA 110(2) “provision of goods or services to the municipality from another organ of State”	Face value forms
22	26-02-21	1039300	Workshop Electronics (Pty) Ltd	R 8,405.00	One (01)	Sole supplier for the service due to warranties on equipment	Repairs to brake tester
23	12-03-21	1039339	SAGE WISE 1041 (PTY) LTD T/A NANDOS VEREENIGING	R 9,400.00	One (01)	Catering arranged for Council sitting that ran into excess of five hours	Lunch for council meeting
24	18-03-21	1039356	PANORAMA BLOEMISTE CC	R 22,137.50	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Medium wreaths

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
25	25-03-21	1039360	SAGE WISE 1041 (PTY) LTD T/A NANDOS VEREENIGING	R 3,360.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Catering for Sedibeng roads and transport intermodal projects (26/03/2021)
26	26-03-21	1039363	BK'S IT SOLUTIONS CC	R 51,750.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Transport for Human Rights Day (Sharpeville)
27	26-03-21	1039364	TEMOSO TRADING 1031 CC	R 44,999.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Cleaning of City Hall, Over Flow & Chamber
28	26-03-21	1039365	SILVER SOLUTIONS 2514 CC	R 10,350.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Portable toilets

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
29	26-03-21	1039366	LEBOTSENG TRADING CC	R 5,100.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Lunch
30	26-03-21	1039367	GOLUMA PROJECTS (PTY)LTD	R 8,000.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Bottled still water 500ml
31	26-03-21	1039368	OM15TAU	R 9,900.00	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Transport
32	29-03-21	1039371	RAMBUTINK (PTY) LTD	R 26,973.60	One (01)	Commemorative event – SDM requested to cover costs when department reduced their scope of involvement. Insufficient time to source multiple quotes	Disinfecting offices/toilet and hall

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
33	08-04-21	1039391	SAGE WISE 1041 (PTY) LTD T/A NANDOS VEREENIGING	R 4,510.00	One (01)	Halal caterer	Catering
34	08-04-21	1039392	AV ACTIVE (PTY) LTD	R 25,000.00	One (01)	Short notice - suppliers did not respond to request to quote on time	Equipment Hire And Audio Visual Services For Minister's Dialogue With Students And Dcc Members 9/04/2021
35	13-04-21	1039397	AV ACTIVE (PTY) LTD	R 55,000.00	One (01)	Short notice - suppliers did not respond to request to quote on time	AV + PA System
36	13-04-21	1039400	TL APPLIANCES AND LAWNMOWERS	R 2,780.00	One (01)	Strip, quote and repair	Strip & Quote, Repair Service
37	23-04-21	1039417	WORKSHOP ELECTRONICS (PTY) LTD	R 6,150.50	One (01)	Sole supplier for the service	Supply & Fit Spares To Repair Brake Tester
38	23-04-21	1039418	WORKSHOP ELECTRONICS (PTY) LTD	R 28,978.50	One (01)	Sole supplier for the service	Supply And Fit Exchange Roller Set For Brake Tester
39	27-05-21	1039490	AV ACTIVE (PTY) LTD	R 57,050.50	One (01)	Short notice - suppliers did not respond to request to quote on time	AV + PA System; (The order was subsequently cancelled as the event did not take place)

	LESS THAN 3 QUOTES REGISTER FOR 2020/2021						
NO.	DATE	ORDER NO	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
SUB-TOTAL FOR THE YTD OF 2020/2021				R 759,459.43			

43. Budget differences

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2021

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	**2,176,624**	2,689,618	512,994	23.57%	Due to Covid-19 budget was reduced but the Aerodrome manage to operate sooner than expected
Rental of facilities and equipment	**214,808**	225,220	10,412	4.85%	Due to Covid-19 no transaction took place from 27 March till end June 2021 except for parking fees
Agency services	**74,884,329**	68,732,595	(6,151734)	(8.21%)	Decrease in licensing fees as a result of increase in collection agencies instituted by Department of Transport. Licensing centers were also closed from to time due to COVID-19
Commissions received	**3,160,164**	3,260,201	100,037	3.17%	Market sales down due to economic trends and only one market agent current operating at the market
Other income - (rollup)	**931,474**	1,088,598	157,124	18.87%	Higher than anticipated income based on increase in

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2021

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
					ad-hoc income
Interest received - investment	**1,743,112**	1,717,724	(25,388)	(1.46%)	Interest lower than anticipated based on rate reductions
Total revenue from exchange transactions	**83,110,511**	**77,713,956**	**-5,396,555**	(6.49)%	
Licenses and permits	**2,347,000**	2,351,000	4,000	0.17%	
Government grants & subsidies	**303,622,190**	296,096,293	**(7,525,897)**	(2.48%)	
Total revenue from non-exchange transactions	**305,969,190**	**298,447,293**	**(7,521,897)**	(2.46%)	
Total revenue	**389,079,701**	**376,161,249**	**(12,918,452)**	(2.79%)	
Expenditure					
Personnel	**(290,739,058)**	(293,774,621)	**(3,035,563)**	1.04%	Leave days provision increase due to COVID-19
Remuneration of councillors	**(13,257,014)**	(12,448,450)	**808,564**	(6.10%)	Due to the death of the previous Executive Mayor their was a reduction in salaries for Mayoral Committee members based on the act
Depreciation & impairment	**(11,271,875)**	(12,438,191)	**(1,166,316)**	7.82%	Increase amount due to useful life adjustment
Debt impairment		(5,476)	**(5,476)**		

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2021

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget
Impairment losses	**-**	(214,609)	**(214,609)**		
Lease rentals on operating lease	**(7,128,334)**	(7,897,690)	**(769,356)**	10.79%	Increase due to unsuccessful negotiations with the landlord to reduce the rates.
Contracted Services	**(42,546,354)**	(38,199,640)	**4,346,714**	(10.22%)	Decrease due to reduction in activities
Transfers and Subsidies	**(1,214,000)**	(2,055,150)	**(841,150)**	69.29%	Increase in spending due to NYDA programme
General Expenses	**(36,505,910)**	(36,363,646)	**142,264**	(0.39%)	Higher than anticipated municipal services accounts
Total expenditure	**(402,662,545)**	(403,397,473)	**(734,928)**	0.18%	Refer to note 39
(Loss)/Gain on disposal of assets and liabilities	100,000	15,587	(84,413)		
Inventories losses/write downs	-	7,031	7,031		
	100,000	**22,618**	**(77,382)**		
Operating deficit	**(13,482,844)**	**(27,213,606)**	**(13,730,762)**	101.80%	