

RAYMOND MHLABA LOCAL MUNICIPALITY

EC 129



AUDITED

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

RAYMOND MHLABA LOCAL MUNICIPALITY

INDEX

<u>Content</u>	<u>Page</u>
General Information	1 - 3
Approval of the Financial Statements	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Statement of comparison of budget and actual amounts	
- Statement of Financial Position	9 - 10
- Statement of Financial Performance	11 - 12
- Cash Flow Statement	13 - 14
Accounting Policies	15 - 48
Notes to the Financial Statements	49 - 112
APPENDICES - Unaudited	
A Schedule of External Loans	113
B Disclosure of Grants and Subsidies	114

RAYMOND MHLABA LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Raymond Mhlaba Local Municipality (EC129) performs the functions as set out in the Constitution.

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality provides functions as included in Schedule 4B and Schedule 5B of the Constitution. It should however be noted that the Water and Sanitation function, which is generally allocated to Category B municipalities, are performed by the District Municipality.

The Minister of Co-operative Governance and Traditional Affairs has requested the Municipal Demarcation Board to re-determine the boundaries of Nkonkobe and Nxuba Municipalities as per section 122 of the Local Government Municipal Demarcation Board.

The Raymond Mhlaba Local Municipality was subsequently established by the amalgamation of Nkonkobe Local Municipality and Nxuba Local Municipality. Operations in the Raymond Mhlaba Local Municipality commenced on 6 August 2016.

JURISDICTION

The Raymond Mhlaba Local Municipality includes the following areas:

Alice	Hogsback	Adelaide	Katberg
Middledrift	Seymour	Bedford	
Fort Beaufort	Balfour	Healdtown	

MEMBERS OF THE COUNCIL

Position	Councillor	Ward / Additional Portfolio
Mayor	Bandile Ketelo	PR Councillor
Speaker	Anele Winifred Ntsangani	PR Councillor
Chief Whip	Nonkazimlo Mlamla	PR Councillor
Councillor	Zukisa Kenneth Qaqawe	Ward 1
Councillor	Mzimkulu Matayo	Ward 2
Councillor	Beauty Blackie	Ward 3
Councillor	Xolani Dyantyi	Ward 4
Councillor	Nandipha Colleen Guzi	Ward 5
Councillor	Singilizwe Alfred Nivi	Ward 6
Councillor	Luyolo Lennox Kiswa	Ward 7
Councillor	Elten Bantam	Ward 8
Councillor	Xola Bethwell Jezile	Ward 9
Councillor	Mlungiseleli Lookington Ndongeni	Ward 10
Councillor	Ntombomzi Klaas	Ward 11
Councillor	Selinah Mkwayimba	Ward 12

RAYMOND MHLABA LOCAL MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE COUNCIL (CONTINUED)

Position	Councillor	Ward / Additional Portfolio
Councillor	Zukiswa Mpendu	Ward 13
Councillor	Songezo Mashengqana	Ward 14
Councillor	Thozama Ngaye	Ward 15
Councillor	Millicent Nonkoliseko Qawu	Ward 17
Councillor	Thobeka Priscilla Mjo	Ward 18
Councillor	Zamikhaya Lunga Papu	Ward 19
Councillor	Lindelwa Doris Penisi	Ward 20
Councillor	Frans Christian	Ward 22
Councillor	Mpho Mahleza	Ward 23
Councillor	Xolile Caswell Badi	Ward 16 / Portfolio Head: Corporate Services
Councillor	Sinethemba Mjakuca	Ward 21 / Portfolio Head: Engineering
Councillor	Mandla Johnson Makeleni	Portfolio Head: Finance
Councillor	Pasika Jack	Portfolio Head: Community Service
Councillor	Sinovuyo Kleyi	Portfolio Head: Sports, Arts and Culture
Councillor	Portia Sabane	Portfolio Head: Strategic Planning & LED
Councillor	Bukelwa Sharon Tyhali	MPAC Chairperson
Councillor	Ernst Lombard	EXCO (PR Councillor)
Councillor	Siphiwo Mavuso	EXCO (PR Councillor)
Councillor	Zingiswa Modelia Rasmeni	PR Councillor
Councillor	Nomonde Mavis Geza	PR Councillor
Councillor	Vuyiswa Ndevu	PR Councillor
Councillor	Nombuyiselo Agreenette Metusa	PR Councillor
Councillor	Nobesutu Makhenyane	PR Councillor
Councillor	Nomthetheleli Vece	PR Councillor
Councillor	Kayaletu Baliso	PR Councillor
Councillor	Cecilia Anne Auld	PR Councillor
Councillor	Sivuyile Mahlengele	PR Councillor
Councillor	Buyiswa Eunice Mfondini	PR Councillor
Councillor	Malixole Ncume	PR Councillor
Councillor	Nomgcobo Kilimani	PR Councillor
Councillor	Sithembele Zuka	PR Councillor

MUNICIPAL MANAGER

Ms Unathi Malinzi

ACTING CHIEF FINANCIAL OFFICER

Ms Ngcwelekazi Hill

RAYMOND MHLABA LOCAL MUNICIPALITY

GENERAL INFORMATION

REGISTERED OFFICE

8 Somerset Street, Fort Beaufort, 5720

POSTAL ADDRESS

PO Box 36, Fort Beaufort, 5720

AUDITORS

Office of the Auditor General (EC)

PRIMARY BANKER

ABSA Bank

PANEL OF ATTORNEYS

Lionel Trichardt & Associates

A A Solwandle Attorneys Inc.

NT Vuba Incorporated

Smith Tabata Attorneys

Siya Cockile Inc.

Kirchmanns Inc.

Gravett Schoeman Inc.

Ntsiki-Pakade Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act

Municipal Systems Act

Municipal Planning and Performance Management Regulations

Water Services Act

Housing Act

Municipal Property Rates Act

Electricity Act

Skills Development Levies Act

Employment Equity Act

Unemployment Insurance Act

Basic Conditions of Employment Act

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019

RAYMOND MHLABA LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these financial statements for the year ended 30 June 2021, which are set out on pages 1 to 114 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and I am satisfied that despite the current financial status, the Municipality can continue in operational existence for the foreseeable future.

Significant measures are currently being put in place to ensure improved revenue collection, revenue enhancement and finally cashflow.

The users should also take note of the financial sustainability matters addressed in note 57 of the financial statements.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Ms Unathi Malinzi
Municipal Manager

31/08/21

Date

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	30 JUNE 2021 R (Actual)	30 JUNE 2020 R (Restated)
ASSETS			
Current Assets		125 541 508	97 716 848
Cash and Cash Equivalents	2	16 663 189	16 527 353
Receivables from exchange transactions	3	34 627 547	22 083 958
Receivables from non-exchange transactions	4	32 017 641	23 153 314
VAT Receivable	5	42 233 131	35 952 223
Operating Lease Assets	6	-	-
Non-Current Assets		774 719 462	724 806 345
Investment Property	7	73 147 474	69 905 474
Property, Plant and Equipment	8.1	679 093 106	640 662 719
Property, Plant and Equipment - Capitalised Restoration Cost	8.2	20 844 853	14 168 152
Heritage Assets	9	70 000	70 000
Intangible Assets	10	1 564 029	-
Total Assets		900 260 970	822 523 194
Current Liabilities		438 836 932	367 645 596
Current Portion of Long-term Liabilities	11	687 896	1 566 878
Consumer Deposits	12	2 696 438	2 473 837
Payables from exchange transactions	13	384 867 960	329 177 423
Unspent Conditional Government Grants	14	16 145 904	3 368 000
Current Employee benefits	15	21 639 621	20 016 079
Provisions	16	12 799 114	11 043 379
Non-Current Liabilities		79 445 377	67 667 634
Long-term Liabilities	11	4 923 400	4 583 214
Employee benefits	17	32 177 000	29 089 000
Non-Current Provisions	18	42 344 977	33 995 420
Total Liabilities		518 282 309	435 313 230
NET ASSETS		381 978 661	387 209 964
COMMUNITY WEALTH			
Accumulated Surplus	19	381 978 661	387 209 964
		381 978 661	387 209 964

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

	Notes	30 JUNE 2021 R (Actual)	30 JUNE 2020 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		419 295 131	373 846 558
Taxation Revenue		103 628 797	108 245 995
Property Rates	20	103 628 797	108 245 995
Transfer Revenue		310 949 029	258 324 359
Government Grants and Subsidies - Capital	21	75 249 011	67 181 030
Government Grants and Subsidies - Operating	21	235 700 018	191 143 330
Other Revenue		4 717 305	7 276 203
Fines	22	62 033	79 840
Actuarial Gains	23	1 413 273	4 433 263
Fair Value Adjustments	24	3 242 000	2 763 100
REVENUE FROM EXCHANGE TRANSACTIONS		120 027 649	123 372 155
Operating Activities		120 027 649	123 372 155
Service Charges	25	84 487 542	84 071 288
Rental of Facilities and Equipment	26	509 853	284 905
Interest Earned - external investments	27	1 552 952	3 341 298
Interest Earned - outstanding debtors	28	24 096 667	27 036 176
Licences and Permits	29	5 738 779	3 565 198
Other Income	30	3 641 856	5 073 290
TOTAL REVENUE		539 322 780	497 218 713
EXPENDITURE			
Employee related costs	31	189 467 804	170 691 468
Remuneration of Councillors	32	18 464 737	18 523 030
Debt Impairment	33	55 065 380	85 996 950
Bad Debts Written Off	33	20 651 660	20 196 823
Depreciation and Amortisation	34	28 568 788	33 212 743
Impairments	35	1 388 910	-
Finance Charges	37	13 435 402	23 994 497
Bulk Purchases	38	69 393 436	65 723 227
Transfers and Grants	39	9 459 905	9 790 360
Other Expenditure	40	136 430 064	112 828 732
Loss on disposal of Assets	41	2 227 997	831 210
TOTAL EXPENDITURE		544 554 083	541 789 040
NET DEFICIT FOR THE YEAR		(5 231 303)	(44 570 327)

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2021

	Note	ACCUMULATED SURPLUS R	TOTAL R
Balance on 1 July 2019		460 128 944	460 128 944
Prior Period Adjustments	42.7	(28 348 653)	(28 348 653)
Restated Balance on 1 July 2019		431 780 291	431 780 291
Net Deficit for the year		(44 570 327)	(44 570 327)
Restated Balance on 30 June 2020		387 209 964	387 209 964
Net Deficit for the year		(5 231 303)	(5 231 303)
Balance on 30 June 2021		381 978 661	381 978 661

RAYMOND MHLABA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

	Notes	30 JUNE 2021 R (Actual)	30 JUNE 2020 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		48 311 364	42 319 339
Service charges		67 228 911	66 339 391
Other Income		20 224 879	23 633 777
Government - operating		232 909 851	188 940 356
Government - capital		89 992 601	70 019 042
Interest Income		12 304 511	6 185 594
Payments			
Suppliers and employees		(381 832 257)	(298 292 362)
Finance charges		(8 980 358)	(19 190 768)
Transfers and Grants		(9 459 905)	(9 790 360)
NET CASH FROM OPERATING ACTIVITIES	43	70 699 596	70 164 008
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of Property, Plant and Equipment		(69 028 667)	(61 544 324)
NET CASH USED INVESTING ACTIVITIES		(69 028 667)	(61 544 324)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		222 600	94 401
Payments			
Long-Term Liabilities repaid		(1 757 692)	(2 227 808)
NET CASH USED FINANCING ACTIVITIES		(1 535 092)	(2 133 407)
NET INCREASE IN CASH HELD		135 837	6 486 278
Cash and Cash Equivalents at the beginning of the year		16 527 353	10 041 076
Cash and Cash Equivalents at the end of the year		16 663 189	16 527 353
NET INCREASE IN CASH HELD		135 837	6 486 278

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO APPROVED BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
ASSETS			
Current assets			
Cash	16 663 189	11 471 976	5 191 213
Consumer debtors	43 064 018	31 009 255	12 054 763
Other Debtors	65 814 301	64 149 719	1 664 582
Total current assets	125 541 508	106 630 950	18 910 558
Non current assets			
Investment property	73 147 474	68 000 000	5 147 474
Property, plant and equipment	699 937 958	804 380 134	(104 442 176)
Heritage Assets	70 000	70 000	-
Intangible Assets	1 564 029	1 187	1 562 843
Total non current assets	774 719 462	872 451 321	(97 731 859)
TOTAL ASSETS	900 260 970	979 082 271	(78 821 301)
LIABILITIES			
Current liabilities			
Borrowing	687 896	-	687 896
Consumer deposits	2 696 438	2 638 898	57 540
Trade and other payables	401 013 864	241 969 856	159 044 008
Provisions and Employee Benefits	34 438 735	29 100 070	5 338 665
Total current liabilities	438 836 932	273 708 824	165 128 108
Non current liabilities			
Borrowing	4 923 400	-	4 923 400
Provisions and Employee Benefits	74 521 977	72 803 768	1 718 209
Total non current liabilities	79 445 377	72 803 768	6 641 609
TOTAL LIABILITIES	518 282 309	346 512 592	171 769 717
NET ASSETS	381 978 662	632 569 679	(250 591 018)
COMMUNITY WEALTH			
Accumulated Surplus	381 978 661	632 569 679	(250 591 018)
TOTAL COMMUNITY WEALTH/EQUITY	381 978 661	632 569 679	(250 591 018)

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)
ASSETS			
Current assets			
Cash	14 471 976	(3 000 000)	11 471 976
Consumer debtors	25 409 255	5 600 000	31 009 255
Other Debtors	20 549 719	43 600 000	64 149 719
Total current assets	60 430 950	46 200 000	106 630 950
Non current assets			
Investment property	40 309 000	27 691 000	68 000 000
Property, plant and equipment	804 380 134	-	804 380 134
Heritage Assets	70 000	-	70 000
Intangible Assets	1 187	-	1 187
Total non current assets	844 760 321	27 691 000	872 451 321
TOTAL ASSETS	905 191 271	73 891 000	979 082 271
LIABILITIES			
Current liabilities			
Consumer deposits	2 638 898	-	2 638 898
Trade and other payables	43 759 976	198 209 880	241 969 856
Provisions and Employee Benefits	29 100 070	-	29 100 070
Total current liabilities	75 498 944	198 209 880	273 708 824
Non current liabilities			
Provisions and Employee Benefits	72 803 768	-	72 803 768
Total non current liabilities	72 803 768	-	72 803 768
TOTAL LIABILITIES	148 302 712	198 209 880	346 512 592
NET ASSETS	756 888 559	(124 318 880)	632 569 679
COMMUNITY WEALTH			
Accumulated Surplus	756 888 559	(124 318 880)	632 569 679
TOTAL COMMUNITY WEALTH/EQUITY	756 888 559	(124 318 880)	632 569 679

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO APPROVED BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
REVENUE BY SOURCE			
Property rates	103 628 797	106 538 855	(2 910 058)
Service charges	84 487 542	81 642 804	2 844 738
Rental of facilities and equipment	509 853	845 507	(335 654)
Interest earned - external investments	1 552 952	2 382 032	(829 080)
Interest earned - outstanding debtors	24 096 667	18 814 652	5 282 015
Fines	62 033	214 000	(151 967)
Licences and permits	5 738 779	4 525 861	1 212 918
Government Grants and Subsidies - Operating	235 700 018	235 066 624	633 394
Other revenue	8 297 129	23 220 724	(14 923 595)
TOTAL OPERATING REVENUE	464 073 769	473 251 059	(9 177 290)
EXPENDITURE BY TYPE			
Employee related costs	189 467 804	183 004 536	6 463 268
Remuneration of councillors	18 464 737	24 916 501	(6 451 764)
Debt impairment	75 717 040	86 000 000	(10 282 960)
Depreciation & asset impairment	29 957 698	35 000 000	(5 042 302)
Finance charges	13 435 402	3 150 574	10 284 828
Bulk purchases	69 393 436	68 250 000	1 143 436
Grants and subsidies paid	9 459 905	15 000 000	(5 540 095)
Other expenditure	136 430 064	144 580 722	(8 150 658)
Loss on disposal of Assets	2 227 997	-	2 227 997
TOTAL OPERATING EXPENDITURE	544 554 083	559 902 333	(15 348 250)
OPERATING DEFICIT FOR THE YEAR	(80 480 314)	(86 651 274)	6 170 960
Government Grants and Subsidies - Capital	75 249 011	89 251 496	(14 002 485)
NET SURPLUS/(DEFICIT) FOR THE YEAR	(5 231 303)	2 600 222	(7 831 525)

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

ADJUSTMENTS TO APPROVED BUDGET

	2021 R	2021 R	2021 R
	(Approved Budget)	(Adjustments)	(Final Budget)
REVENUE BY SOURCE			
Property rates	106 538 855	-	106 538 855
Service charges	81 642 804	-	81 642 804
Rental of facilities and equipment	845 507	-	845 507
Interest earned - external investments	2 382 032	-	2 382 032
Interest earned - outstanding debtors	18 814 652	-	18 814 652
Fines	214 000	-	214 000
Licences and permits	4 525 861	-	4 525 861
Government Grants and Subsidies -			
Operating	199 160 300	35 906 324	235 066 624
Other revenue	23 220 724	-	23 220 724
TOTAL OPERATING REVENUE	437 344 735	35 906 324	473 251 059
EXPENDITURE BY TYPE			
Employee related costs	183 004 536	-	183 004 536
Remuneration of councillors	24 916 501	-	24 916 501
Debt impairment	20 500 000	65 500 000	86 000 000
Depreciation & asset impairment	28 000 000	7 000 000	35 000 000
Finance charges	3 150 574	-	3 150 574
Bulk purchases	68 250 000	-	68 250 000
Grants and subsidies paid	15 000 000	-	15 000 000
Other expenditure	78 580 722	66 000 000	144 580 722
TOTAL OPERATING EXPENDITURE	421 402 333	138 500 000	559 902 333
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	15 942 402	(102 593 676)	(86 651 274)
Government Grants and Subsidies -			
Capital	76 590 700	12 660 796	89 251 496
NET SURPLUS FOR THE YEAR	92 533 102	(89 932 880)	2 600 222

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO APPROVED BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	48 311 364	63 923 313	(15 611 949)
Service Charges	67 228 911	68 240 905	(1 011 995)
Other Income	20 224 879	28 806 092	(8 581 213)
Government - Operating	232 909 851	235 066 624	(2 156 773)
Government - Capital	89 992 601	89 251 496	741 105
Interest Income	12 304 511	9 907 893	2 396 618
Payments			
Suppliers and Employees	(381 832 257)	(420 751 759)	38 919 502
Finance Charges	(8 980 358)	(24 750 574)	15 770 216
Transfers and Grants	(9 459 905)	(15 000 000)	5 540 095
NET CASH FROM OPERATING ACTIVITIES	70 699 596	34 693 990	36 005 606
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital assets	(69 028 667)	(89 251 496)	20 222 829
NET CASH USED IN INVESTING ACTIVITIES	(69 028 667)	(89 251 496)	20 222 829
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase in consumer deposits	222 600	150 095	72 505
Payments			
Repayment of borrowing	(1 757 692)	-	(1 757 692)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 535 092)	150 095	(1 685 187)
NET INCREASE/(DECREASE) IN CASH HELD	135 837	(54 407 411)	54 543 248
Cash and Cash Equivalents at beginning of the Year	16 527 353	16 527 353	-
Cash and Cash Equivalents at the end of the Year	16 663 189	(37 880 058)	54 543 248

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	63 923 313	-	63 923 313
Service Charges	68 240 905	-	68 240 905
Other Income	28 806 092	-	28 806 092
Government - Operating	199 160 300	35 906 324	235 066 624
Government - Capital	76 590 700	12 660 796	89 251 496
Interest Income	9 907 893	-	9 907 893
Payments			
Suppliers and Employees	(378 751 759)	(42 000 000)	(420 751 759)
Finance charges	(3 150 574)	(21 600 000)	(24 750 574)
Transfers and Grants	(15 000 000)	-	(15 000 000)
NET CASH FROM OPERATING ACTIVITIES	49 726 870	(15 032 880)	34 693 990
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital assets	(76 590 700)	(12 660 796)	(89 251 496)
NET CASH USED IN INVESTING ACTIVITIES	(76 590 700)	(12 660 796)	(89 251 496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase/(decrease) in consumer deposits	218 095	(68 000)	150 095
NET CASH FROM FINANCING ACTIVITIES	218 095	(68 000)	150 095
NET DECREASE IN CASH HELD	(26 645 735)	(27 761 676)	(54 407 411)
Cash and Cash Equivalents at beginning of the Year	9 154 706	7 372 647	16 527 353
Cash and Cash Equivalents at the end of the Year	(17 491 029)	(20 389 029)	(37 880 058)

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Actual and budgeted figures are presented based on the nature of the revenue or expense, unless stated otherwise.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment, Intangible Asset and Heritage Assets where the acquisition cost of an asset could not be determined.

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.05 COMPARATIVE INFORMATION (CONTINUED)

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the actual amounts and approved budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued during March 2020. The improvements affected the following Standards of GRAP:

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2021
GRAP 13	Leases	1 April 2021
GRAP 16	Investment Property	1 April 2021
GRAP 17	Property Plant and Equipment	1 April 2021
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2021
GRAP 31	Intangible Assets	1 April 2021
GRAP 32	Service Concession Arrangements: Grantor	1 April 2021
GRAP 37	Joint Arrangements	1 April 2021
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2021
Directive 7	The Application of Deemed Cost	1 April 2021

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

The effect of the above-mentioned improvements and interpretations to the Standards of GRAP which were early adopted is considered insignificant. The amendments and improvements to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 14 - "The Application of Standards of GRAP by Public Entities that apply IFRS Standards" (effective 1 April 2021) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.1 GRAP 104 (Revised 2019) - Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant. Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant

1.08.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
- (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.09.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, any differences between the carrying amount of the property and its fair value is treated in the same way as a revaluation in accordance with the Standard of GRAP on Property, Plant and Equipment.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.09 INVESTMENT PROPERTY (CONTINUED)

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property and its previous carrying amount is recognised in the Statement of Financial Performance.

To ensure consistency between accounting policies applied by the former municipalities (before merger date), all investment properties will be subsequently measured at fair value. Nxuba Local Municipality previously accounted for investment properties on the cost model.

1.09.3 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.09.4 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land and Buildings	
Land	Indefinite
Buildings	17 - 100
Infrastructure	
Roads and Stormwater	7 - 100
Electricity	11 - 122
Solid Waste	8 - 72
Community Assets	
Park Facilities	24 - 125
Community Assets	
Park Facilities	24 - 125
Lease Assets	
Computer Equipment	2 - 5
Plant and Machinery	3
Motor Vehicles	3
Other Assets	
Plant and Machinery	2 - 23
Motor Vehicles	6 - 18
Computer Equipment	4 - 18
Furniture and Office Equipment	4 - 20
Capitalised Restoration Cost	
Landfill sites	10 - 92

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

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

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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.11 INTANGIBLE ASSETS (CONTINUED)

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

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.11 INTANGIBLE ASSETS (CONTINUED)

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	3

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12 HERITAGE ASSETS

1.12.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.12 HERITAGE ASSETS (CONTINUED)

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

1.12.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.12.3 Depreciation

Heritage assets are not depreciated.

1.12.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

1.13.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.13.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

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

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.14 INVENTORIES (CONTINUED)

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 *Multi-employer defined benefit plans*

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.1.2 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Short-term Benefits

1.15.3.1 *Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.15 EMPLOYEE BENEFITS (CONTINUED)

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.16 PROVISIONS (CONTINUED)

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 derecognised.

1.17 LEASES

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

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.17 LEASES (CONTINUED)

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.17.2.2 *Operating Leases*

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.18 FINANCIAL INSTRUMENTS

1.18.1 **Initial Recognition**

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 **Subsequent Measurement**

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- (i) derivatives;
- (ii) combined instruments that are designated at fair value;
- (iii) instruments held for trading;
- (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 *Financial assets measured at cost*

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

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.4 Derecognition of financial instruments

1.18.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.19 STATUTORY RECEIVABLES (CONTINUED)

1.19.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.3 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.25 **CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS (CONTINUED)**

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 **REVENUE**

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 **Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 *Transfer Revenue*

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 recognised 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, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.26 REVENUE (CONTINUED)

1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued and collected by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued or collected by other government institutes.

1.26.1.4 *Insurance Receipts*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.26 REVENUE (CONTINUED)

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 *Investment income*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 *Rental income*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.26 REVENUE (CONTINUED)

1.26.2.6 *Sale of goods*

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

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

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 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 a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

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

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.34 RELATED PARTIES

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

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

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

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.35 ACCOUNTING BY PRINCIPLES AND AGENTS

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

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

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

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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

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

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

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

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

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

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.35 ACCOUNTING BY PRINCIPLES AND AGENTS (CONTINUED)

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

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

1.36 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

1.37 SEGMENT REPORTINGS

A segment is an activity of the Municipality:

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

Management comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the municipality as a whole.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.37 SEGMENT REPORTINGS (CONTINUED)

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.38.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.38.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.38.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.38.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.38.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.38.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.38.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.38.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.38.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.38.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.38.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
2 CASH AND CASH EQUIVALENTS		
Bank Accounts	5 144 692	16 527 353
Call Deposits	11 518 498	-
Total	16 663 189	16 527 353
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	16 145 904	3 368 000
Working Capital Requirements	517 285	13 159 354
Total	16 663 189	16 527 353
Refer to notes 14 and 21 for more detail relating to unspent conditional grants.		
Bank Accounts		
ABSA Bank Ltd - Current Account - 40 8171 6725		
Bank Statement Balance - Opening Balance	6 659 937	3 870 090
Bank Statement Balance - Closing Balance	4 463 411	6 659 937
Cashbook Balance - Opening Balance	6 572 142	3 818 928
Cashbook Balance - Closing Balance	4 496 097	6 572 142
ABSA Bank Ltd - Current Account - 23 6000 0012		
Bank Statement Balance - Opening Balance	94 057	57 886
Bank Statement Balance - Closing Balance	12 896	94 057
Cashbook Balance - Opening Balance	94 056	57 885
Cashbook Balance - Closing Balance	12 986	94 056
First National Bank Ltd - Current Account - 620 2619 2336		
Bank Statement Balance - Opening Balance	8 054 974	3 685 191
Bank Statement Balance - Closing Balance	31 822	8 054 974
Cashbook Balance - Opening Balance	8 054 974	3 685 191
Cashbook Balance - Closing Balance	31 822	8 054 974
First National Bank Ltd - Current Account - 516 4001 1783		
Bank Statement Balance - Opening Balance	1 806 181	2 479 072
Bank Statement Balance - Closing Balance	603 787	1 806 181
Cashbook Balance - Opening Balance	1 806 181	2 479 072
Cashbook Balance - Closing Balance	603 787	1 806 181

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
2 CASH AND CASH EQUIVALENTS (CONTINUED)		
There were no overdraft facility at the period ending 30 June 2020 and 30 June 2021.		
Call Deposits		
Call Deposits consist out of the following account:		
ABSA Bank Ltd - Call Account - 4100 703 849	11 518 498	-
Total	11 518 498	-

The Call Account attracted interest at 3.10%.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2021

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	178 945 032	164 488 288	14 456 744
Electricity	44 576 025	35 644 517	8 931 508
Refuse	130 612 791	125 182 864	5 429 927
Other Receivables	3 756 216	3 660 907	95 310
Other Receivables	20 170 803	-	20 170 803
Sundry Receivables	1 395 890	-	1 395 890
Accrued Interest	64 563	-	64 563
Eskom Trust Account	5 000 000	-	5 000 000
Eskom Deposits	13 710 350	-	13 710 350
Total	199 115 835	164 488 288	34 627 547

30 JUNE 2020

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	153 454 020	141 237 438	12 216 581
Electricity	37 370 261	29 762 413	7 607 848
Refuse	112 506 541	108 021 755	4 484 785
Other Receivables	3 577 218	3 453 270	123 948
Other Receivables	9 867 376	-	9 867 376
Sundry Receivables	839 091	-	839 091
Eskom Trust Account	5 000 000	-	5 000 000
Eskom Deposits	4 028 286	-	4 028 286
Total	163 321 396	141 237 438	22 083 958

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

The Eskom Deposits relates to connection deposits paid by the municipality to Eskom in areas where electricity services are obtained directly from Eskom (ie High Mast Lights). The Eskom Trust Account relates to funds paid into a trust account of Ntsiki Pakade Attorneys during 2019/20 as bond security for the legal matter against Eskom.

	30 JUNE 2021	30 JUNE 2020
	R	R
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	3 752 858	2 540 434
Past Due (31 - 60 Days)	2 068 596	2 130 184
Past Due (61 - 90 Days)	1 653 599	1 760 117
Past Due (90 Days +)	37 100 972	30 939 526
Total	44 576 025	37 370 261
Refuse Ageing		
Current (0 - 30 days)	1 866 039	1 807 308
Past Due (31 - 60 Days)	1 752 186	1 719 648
Past Due (61 - 90 Days)	1 689 710	1 661 059
Past Due (90 Days +)	125 304 856	107 318 525
Total	130 612 791	112 506 541
Other Services Ageing		
Current (0 - 30 days)	33 731	27 710
Past Due (31 - 60 Days)	31 625	27 526
Past Due (61 - 90 Days)	29 966	52 132
Past Due (90 Days +)	3 660 893	3 469 850
Total	3 756 216	3 577 218

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2021

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	1 683 958	2 373 136	1 595 535
Past Due (31 - 60 Days)	1 641 832	872 768	1 337 807
Past Due (61 - 90 Days)	1 615 808	686 489	1 070 978
Past Due (90 Days +)	128 612 406	24 739 626	12 714 689
Sub-Total	133 554 004	28 672 019	16 719 009
Less Allowance for Impairment	(128 668 863)	(25 144 764)	(10 674 661)
Total	4 885 141	3 527 255	6 044 348

Ageing per Customer Classification - 30 June 2020

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	1 642 818	1 652 967	1 079 668
Past Due (31 - 60 Days)	1 569 565	1 199 587	1 108 207
Past Due (61 - 90 Days)	1 539 325	976 966	957 017
Past Due (90 Days +)	111 140 287	20 933 689	9 653 925
Sub-Total	115 891 994	24 763 209	12 798 817
Less Allowance for Impairment	(111 993 083)	(21 805 183)	(7 439 172)
Total	3 898 911	2 958 026	5 359 645

30 JUNE 2021

R

30 JUNE 2020

R

Reconciliation of Allowance for impairment

Opening Balance	141 237 438	126 130 636
Contribution to the provision	23 250 850	28 574 610
Electricity	5 882 104	14 614 658
Refuse	17 161 109	13 806 226
Other Receivables	207 637	153 726
Bad Debts Written off	-	(13 467 808)
Electricity	-	(10 673 929)
Refuse	-	(2 704 742)
Other Receivables	-	(89 137)
Balance at the end of the year	164 488 288	141 237 438

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2021

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	341 559 897	312 952 623	28 607 274
Rates	341 559 897	312 952 623	28 607 274
Other Receivables	3 410 367	-	3 410 367
Accrued Interest	1 700	-	1 700
Sundry Receivables	3 408 667	-	3 408 667
Total	344 970 264	312 952 623	32 017 641

30 JUNE 2020

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	299 053 518	278 806 399	20 247 120
Rates	299 053 518	278 806 399	20 247 120
Other Receivables	2 906 194	-	2 906 194
Accrued Interest	1 700	-	1 700
Sundry Receivables	2 904 494	-	2 904 494
Total	301 959 713	278 806 399	23 153 314
Balance Previously Reported	305 297 305	278 806 399	26 490 906
Prior Period Adjustment - Refer to note 42.1	(3 337 592)	-	(3 337 592)
Restated Balance on 30 June 2020	301 959 713	278 806 399	23 153 314

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.		
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	6 250 516	6 339 399
Past Due (31 - 60 Days)	10 540 646	6 168 100
Past Due (61 - 90 Days)	5 987 594	6 065 618
Past Due (90 Days +)	318 781 140	280 480 402
Total	341 559 897	299 053 518

Ageing per Customer Classification - 30 June 2021

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	3 215 007	445 861	2 589 649
Past Due (31 - 60 Days)	6 675 388	759 685	3 105 573
Past Due (61 - 90 Days)	2 760 066	250 775	2 976 753
Past Due (90 Days +)	138 562 321	12 384 644	167 834 176
Sub-Total	151 212 782	13 840 965	176 506 151
Less Allowance for Impairment	(140 882 029)	(12 760 889)	(159 309 705)
Total	10 330 753	1 080 075	17 196 445

Ageing per Customer Classification - 30 June 2020

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	3 531 790	463 228	2 344 381
Past Due (31 - 60 Days)	3 400 447	393 115	2 374 539
Past Due (61 - 90 Days)	3 338 178	364 956	2 362 484
Past Due (90 Days +)	132 807 190	11 571 511	136 101 700
Sub-Total	143 077 605	12 792 810	143 183 104
Less Allowance for Impairment	(138 150 573)	(11 972 721)	(128 683 105)
Total	4 927 032	820 089	14 499 999

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
Reconciliation of Allowance for impairment		
Opening Balance	278 806 399	206 519 959
Contribution to the provision	54 797 885	79 015 455
Bad Debts Written off	(20 651 660)	(6 729 015)
Balance at the end of the year	312 952 623	278 806 399

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

5 VAT RECEIVABLE

Vat Receivable	42 233 131	35 952 223
Balance Previously Reported	-	35 470 268
Prior Period Adjustment - Refer to note 42.2	-	481 955
Total	42 233 131	35 952 223

VAT is accounted for on the payment/cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

6 OPERATING LEASES

6.1 OPERATING LEASE ASSETS

Operating Lease Assets	-	-
------------------------	---	---

All operating leases have expired and continue on month to month basis.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
7 INVESTMENT PROPERTY		
Investment Property - Carrying Value	73 147 474	69 905 474
Balance Previously Reported		83 745 433
Prior Period Adjustment - Refer to note 42.3		(13 839 959)
The movement in investment properties is reconciled as follows:		
Opening Fair Value	69 905 474	67 493 374
Fair Value Adjustment	3 242 000	2 763 100
Disposals	-	(351 000)
Closing Carrying Value	73 147 474	69 905 474
Fair Value	73 147 474	69 905 474

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

There are no work in progress balances to be report on any financial period under review.

The fair value is based on the market value of the relevant property. The value is guided by the IVSC (International Valuation Standards Committee) in their definition of market value, as revised in 2000. This definition, which has been generally accepted by the South African property valuation profession reads as follows:

Market value is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

8.1 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2021	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Disposals R	Closing Balance R	
Land and Buildings	110 349 057	-	-	-	110 349 057	7 670 394	1 373 603	-	-	9 043 997	-	-	-	101 305 060
Land	49 241 810	-	-	-	49 241 810	-	-	-	-	-	-	-	-	49 241 810
Buildings	61 107 246	-	-	-	61 107 246	7 670 394	1 373 603	-	-	9 043 997	-	-	-	52 063 250
Infrastructure	596 193 763	-	(1 964 798)	89 012 802	683 241 767	316 537 727	18 034 406	(882 679)	-	333 689 453	1 723 950	-	1 723 950	347 828 364
Roads and Stormwater	492 362 259	-	-	75 851 276	568 213 535	268 039 515	15 062 364	-	-	283 101 879	-	-	-	285 111 656
Electricity	99 676 415	-	(1 964 798)	13 161 526	110 873 144	46 532 549	2 813 539	(882 679)	-	48 463 409	-	-	-	62 409 735
Solid Waste	4 155 089	-	-	-	4 155 089	1 965 663	158 503	-	-	2 124 166	1 723 950	-	1 723 950	306 973
Community Assets	138 881 988	-	-	3 669 585	142 551 574	26 029 861	4 569 878	-	-	30 599 739	-	-	-	111 951 835
Cemetery	5 388 062	-	-	-	5 388 062	1 383 458	142 895	-	-	1 526 353	-	-	-	3 861 709
Recreation Grounds	36 410 658	-	-	-	36 410 658	7 152 003	1 354 862	-	-	8 506 865	-	-	-	27 903 792
Community Halls and Centres	97 083 269	-	-	3 669 585	100 752 854	17 494 399	3 072 121	-	-	20 566 521	-	-	-	80 186 334
Lease Assets	10 382 469	1 218 896	(2 123 222)	-	9 478 143	4 603 760	1 637 283	(2 123 222)	-	4 117 822	-	-	-	5 360 321
Computer Equipment	2 817 302	1 218 896	(2 123 222)	-	1 912 976	2 636 464	534 778	(2 123 222)	-	1 048 020	-	-	-	864 955
Plant and Machinery	5 324 886	-	-	-	5 324 886	1 471 154	823 967	-	-	2 295 121	-	-	-	3 029 765
Motor Vehicles	2 240 282	-	-	-	2 240 282	496 142	278 538	-	-	774 680	-	-	-	1 465 601
Other Assets	59 927 173	547 201	(3 182 593)	-	57 291 781	36 092 585	2 167 456	(2 036 715)	-	36 223 326	-	-	-	21 068 456
Plant and Machinery	42 567 695	225 805	(1 350 307)	-	41 443 193	28 346 071	1 081 885	(986 219)	-	28 441 738	-	-	-	13 001 455
Motor Vehicles	10 560 639	-	(1 341 536)	-	9 219 103	2 891 398	623 044	(612 423)	-	2 902 019	-	-	-	6 317 083
Computer Equipment	2 021 008	303 398	(310 504)	-	2 013 902	1 474 876	188 668	(270 946)	-	1 392 598	-	-	-	621 304
Furniture and Office Equipment	4 777 832	17 998	(180 246)	-	4 615 584	3 380 240	273 858	(167 128)	-	3 486 970	-	-	-	1 128 614
Work in Progress	132 787 766	66 674 913	(15 188 846)	(92 682 388)	91 591 445	-	-	-	-	-	15 201 221	(15 188 846)	12 375	91 579 070
Total	1 048 522 216	68 441 010	(22 459 459)	-	1 094 503 767	390 934 326	27 782 627	(5 042 616)	-	413 674 337	16 925 171	(15 188 846)	1 736 325	679 093 106

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

8.1 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2020	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Disposals R	Closing Balance R	
Land and Buildings	110 350 657	-	(1 600)	-	110 349 057	6 263 992	1 406 402	-	-	7 670 394	-	-	-	102 678 663
Land	49 243 410	-	(1 600)	-	49 241 810	-	-	-	-	-	-	-	-	49 241 810
Buildings	61 107 246	-	-	-	61 107 246	6 263 992	1 406 402	-	-	7 670 394	-	-	-	53 436 853
Infrastructure	512 365 866	-	(1 093 203)	84 921 100	596 193 763	294 979 718	22 235 038	(677 029)	-	316 537 727	1 723 950	-	1 723 950	277 932 086
Roads and Stormwater	412 042 651	-	(641 645)	80 961 253	492 362 259	249 729 321	18 831 870	(521 676)	-	268 039 515	-	-	-	224 322 744
Electricity	96 168 126	-	(451 558)	3 959 847	99 676 415	43 544 277	3 143 625	(155 353)	-	46 532 549	-	-	-	53 143 866
Solid Waste	4 155 089	-	-	-	4 155 089	1 706 120	259 543	-	-	1 965 663	1 723 950	-	1 723 950	465 476
Community Assets	138 881 988	-	-	-	138 881 988	21 301 534	4 728 326	-	-	26 029 861	-	-	-	112 852 128
Cemetery	5 388 062	-	-	-	5 388 062	1 238 458	144 999	-	-	1 383 458	-	-	-	4 004 604
Recreation Grounds	36 410 658	-	-	-	36 410 658	5 595 283	1 556 721	-	-	7 152 003	-	-	-	29 258 654
Community Halls and Centres	97 083 269	-	-	-	97 083 269	14 467 793	3 026 606	-	-	17 494 399	-	-	-	79 588 869
Lease Assets	11 311 542	-	(771 250)	(157 823)	10 382 469	3 324 329	2 164 611	(771 250)	(113 929)	4 603 760	-	-	-	5 778 709
Computer Equipment	3 746 375	-	(771 250)	(157 823)	2 817 302	2 457 032	1 064 611	(771 250)	(113 929)	2 636 464	-	-	-	180 838
Plant and Machinery	5 324 886	-	-	-	5 324 886	649 060	822 094	-	-	1 471 154	-	-	-	3 853 732
Motor Vehicles	2 240 282	-	-	-	2 240 282	218 236	277 906	-	-	496 142	-	-	-	1 744 139
Other Assets	55 174 942	5 045 154	(450 746)	157 823	59 927 173	34 623 459	1 743 507	(388 310)	113 929	36 092 585	-	-	-	23 834 589
Plant and Machinery	42 570 297	-	(2 602)	-	42 567 695	27 372 279	976 143	(2 352)	-	28 346 071	-	-	-	14 221 624
Motor Vehicles	5 919 553	4 641 086	-	-	10 560 639	2 523 431	367 967	-	-	2 891 398	-	-	-	7 669 241
Computer Equipment	1 959 503	264 045	(360 363)	157 823	2 021 008	1 528 736	137 517	(305 307)	113 929	1 474 876	-	-	-	546 132
Furniture and Office Equipment	4 725 589	140 023	(87 780)	-	4 777 832	3 199 012	261 879	(80 651)	-	3 380 240	-	-	-	1 397 591
Work in Progress	161 209 696	56 499 170	-	(84 921 100)	132 787 766	-	-	-	-	-	15 201 221	-	15 201 221	117 586 545
Total	989 294 692	61 544 324	(2 316 799)	-	1 048 522 216	360 493 031	32 277 884	(1 836 589)	-	390 934 326	16 925 171	-	16 925 171	640 662 719
Balance previously Reported	987 357 507	65 728 884	(2 316 799)	-	1 050 769 592	360 173 247	30 564 128	(1 836 589)	-	388 900 786	2 526 668	-	2 526 668	659 342 138
Prior Period Adjustment - Refer to note 42.4	1 937 185	(4 184 561)	-	-	(2 247 376)	319 783	1 713 756	-	-	2 033 540	14 398 503	-	14 398 503	(18 679 418)
Restated on 30 June 2019	989 294 692	61 544 324	(2 316 799)	-	1 048 522 216	360 493 031	32 277 884	(1 836 589)	-	390 934 326	16 925 171	-	16 925 171	640 662 719

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

		30 JUNE 2021	30 JUNE 2020
		R	R
8.1	PROPERTY PLANT AND EQUIPMENT (CONTINUED)		
	No property, plant and equipment is used as security for long term liabilities, except assets acquired in terms of a finance lease agreement as disclosed in note 11 to the financial statements		
	Included in Work in Progress on reporting date are projects amounting to R 1 754 820 (2020 - R 1 754 820) which are experiencing significant delays to complete. Insufficient available funding is the main contributor to these significant delays being experienced.		
	Work in progress amounting to R 15 188 846 were written off during the 2020/21 financial year. This is due to the fact that the condition of these projects deteriorated to such an extent that there were no future economic benefits associated with these projects anymore (mainly due to vandalism). Availability of funding also hampered the completion of these projects.		
8.2	PROPERTY, PLANT AND EQUIPMENT - CAPITALISED RESTORATION COST		
	Capitalised Restoration Cost - Carrying Value	20 844 853	14 168 152
	The movement in capitalised restoration cost is reconciled as follows:		
	Opening Balance	14 168 152	14 708 867
	Additions	8 609 248	418 088
	Disposals	-	(23 944)
	Depreciation for the year	(543 638)	(934 859)
	Impairments for the year	(1 388 910)	-
	Closing Carrying Value	20 844 853	14 168 152
	Cost	37 599 962	28 990 714
	Accumulated Depreciation	(13 977 901)	(13 434 263)
	Accumulated Impairment	(2 777 208)	(1 388 298)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Raymond Mhlaba Local Municipality.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
PROPERTY, PLANT AND EQUIPMENT - CAPITALISED		
8.2 RESTORATION COST		

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 18 for more detail relating to this asset financed by way of a provision

9 HERITAGE ASSETS

Heritage Assets - Carrying Value

70 000

70 000

The municipality holds heritage assets, but was unable to obtain fair values of such assets, as there are no active market for these assets. These assets are disclosed herein in terms of GRAP 103.17 which states that if an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

The following Heritage Assets were identified:

Dr John Knox Bokwe Graves	Alice	-	-
Fort Woburn	Alice	-	-
Nkonkobe Garden of Remembrance	Alice	-	-
Fort Armstrong	Balfour	-	-
Maqoma Great Place	Balfour	-	-
Ntsikana Grave	Balfour	-	-
Oliver Shreiner House	Balfour	-	-
Fort Beaufort Historical Museum	Fort Beaufort	-	-
Fort Fordyce Fallen Site	Fort Beaufort	-	-
Infantry Barracks	Fort Beaufort	-	-
Lake's Man Fort	Fort Beaufort	-	-
Lord Charles Somerset House	Fort Beaufort	-	-
Mansonic Lodge	Fort Beaufort	-	-
Martello Tower	Fort Beaufort	-	-
Mater Hill	Fort Beaufort	-	-
Military Museum	Fort Beaufort	-	-

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

		30 JUNE 2021	30 JUNE 2020
		R	R
9	HERITAGE ASSETS (CONTINUED)		
	Military Hospital	-	-
	Officers Quarters	-	-
	The Fort	-	-
	The Officers Mess	-	-
	Ecology Shrine	-	-
	Fort Michel	-	-
	Eland Post	-	-
	Christmas Day Massacre Memorial	-	-
	Tyali's Great Place	-	-
	The Presidency Sundial	-	-
	Nontetha's Grave	-	-
	Monument	35 000	35 000
	Monument	35 000	35 000
	Total	70 000	70 000
10	INTANGIBLE ASSETS		
	Intangible Assets - Carrying Value	1 564 029	-
	Opening Balance	-	-
	Additions	1 806 553	-
	Amortisation for the year	(242 524)	-
	Closing Carrying Value	1 564 029	-
	Cost	1 869 021	62 468
	Accumulated Depreciation	(304 991)	(62 468)

Intangible Assets consist only out of software and licenses

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

11 LONG-TERM LIABILITIES

Finance Lease Liabilities	5 611 296	6 150 092
Sub-Total	5 611 296	6 150 092
Less: Current portion of Long-term Liabilities	687 896	1 566 878
Finance Lease Liabilities	687 896	1 566 878
Total	4 923 400	4 583 214

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Aloe Office - 17 Laptops	30.65%	31/Mar/20
2	Aloe Office - 65 Xerox Machines	16.54%	31/Aug/20
3	Absa Vehicle Management Solutions - 14 Vehicles	28.32%	28/Aug/21
4	Aloe Xerox - 65 Xerox Machines	17.20%	7/Dec/23

After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier if the contract is cancelled. Assets relating to redeemed contract were still in possession of municipality on 30 June 2021 and 30 June 2020.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset	Carrying Value of Asset	Carrying Value of Liability	Carrying Value of Liability
	30 JUNE 2021 R	30 JUNE 2020 R	30 JUNE 2021 R	30 JUNE 2020 R
1	-	-	-	-
2	-	180 838	-	231 265
3	4 495 366	5 597 871	4 583 214	5 918 827
4	864 955	-	1 028 082	-
	5 360 321	5 778 709	5 611 296	6 150 092

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 8.1.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
11 LONG-TERM LIABILITIES (CONTINUED)		
Finance Lease Liabilities are payable as follows:		
Payable within one year	5 362 077	3 091 787
Payable within two to five years	740 782	4 839 172
Total amount payable	6 102 859	7 930 959
Less: Outstanding Future Finance Charges	(491 563)	(1 780 867)
Present value of finance lease liabilities	5 611 296	6 150 092
12 CONSUMER DEPOSITS		
Electricity	2 696 438	2 473 837
Total	2 696 438	2 473 837
The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.		
13 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	340 855 890	277 282 749
Balance Previously Reported	-	272 710 684
Prior Period Adjustment - Refer to note 42.5	-	4 572 065
Debtors with credit balances	23 791 637	17 425 422
Unidentified Deposits	19 082 787	33 094 201
Sundry Creditors	1 137 646	1 375 051
Total	384 867 960	329 177 423
Payables are being recognised net of any discounts received		
As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.		
Payables are not secured.		
14 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	-	824 481
Provincial Government	16 145 904	2 543 519
Total	16 145 904	3 368 000

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
14 UNSPENT CONDITIONAL GOVERNMENT GRANTS (CONTINUED)		
Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.		
Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
15 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits	498 000	704 000
Current Portion of Long-Service Provisions	1 168 000	1 375 000
Bonuses	4 154 002	3 045 868
Staff Leave	15 819 619	14 891 211
Balance Previously Reported		16 630 910
Prior Period Adjustment - Refer to note 42.6		(1 739 698)
Total	21 639 621	20 016 079
The movement in current employee benefits are reconciled as follows:		
<u>Bonuses</u>		
Opening Balance	3 045 868	2 732 705
Contribution during the year	8 596 738	6 932 289
Payments made	(7 488 604)	(6 619 126)
Closing Balance	4 154 002	3 045 868
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at period end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
<u>Staff Leave</u>		
Opening Balance	14 891 211	10 866 298
Contribution during the year	2 497 078	5 187 030
Payments made	(1 568 670)	(1 162 117)
Closing Balance	15 819 619	14 891 211

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
15 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.		
16 PROVISIONS		
Current Portion of Rehabilitation Provision - Landfill Sites	12 799 114	11 043 379
Total	12 799 114	11 043 379
Refer to note 18 for more detail relating to the provision.		
17 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	25 178 000	22 674 000
Long Service Awards	8 665 000	8 494 000
Sub-Total	33 843 000	31 168 000
Less: Current portion of Employee Benefits	1 666 000	2 079 000
Post Retirement Medical Benefits	498 000	704 000
Long Service Awards	1 168 000	1 375 000
Total	32 177 000	29 089 000
17.1 Post Retirement Medical Benefits		
The movement in Post Retirement Medical Benefits are reconciled as follows:		
Opening Balance	22 674 000	23 943 164
Contribution during the year	3 658 000	3 766 723
Current Service Cost	1 253 000	1 502 275
Interest Cost	2 405 000	2 264 448
Payments made	(559 744)	(652 529)
Actuarial Gain	(594 256)	(4 383 358)
Total balance at year-end	25 178 000	22 674 000
Less Current Portion	498 000	704 000
Total	24 680 000	21 970 000

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

	30 JUNE 2021	30 JUNE 2020
In-service members	186	184
Continuation members	11	15
Total	197	199

	30 JUNE 2021	30 JUNE 2020
	R	R

The liability in respect of past service has been estimated to be as follows:

In-service members	20 357 000	15 680 000
Continuation members	4 821 000	6 994 000
Total Unfunded Liability	25 178 000	22 674 000

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	30 JUNE 2019	30 JUNE 2018	30 JUNE 2017
	R	R	R
In-service members	16 828 356	22 301 865	22 626 444
Continuation members	7 114 808	6 454 908	5 475 048
Total Unfunded Liability	23 943 164	28 756 773	28 101 492

Experience adjustments were calculated as follows:

	30 JUNE 2021	30 JUNE 2020
	R m	R m
Liabilities: (Gain)/Loss	(2.660)	0.969
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	30 JUNE 2019	30 JUNE 2018
	R m	R m
Liabilities: (Gain)/Loss	(6.165)	(1.065)
Assets: Gain/(Loss)	-	-

The entity was established on 6 August 2016. No further comparative information (other than the items disclosed above) relating to historical liabilities and experience adjustments are available for disclosure as required by GRAP 25.

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

30 JUNE 2021

30 JUNE 2020

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	10.41%	10.77%
Health Care Cost Inflation Rate	7.02%	6.78%
Net Effective Discount Rate	3.17%	3.74%
Maximum Subsidy Inflation Rate	4.89%	4.71%
Net-of-maximum-subsidy-inflation discount rate	5.26%	5.79%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 (2020 - 1) year of age was used by the actuaries.

Average Retirement Age

It has been assumed that in-service members will retire at age 62 (2020 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 28 August 2021.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	20.357	4.821	25.178	
Health care inflation				
+ 1%	24.149	5.245	29.394	17%
- 1%	17.208	4.452	21.660	-14%
Discount rate				
+ 1%	17.225	4.466	21.691	-14%
- 1%	24.351	5.235	29.586	18%
Post-retirement mortality				
+ 1 year	19.821	4.641	24.462	-3%
- 1 year	20.887	5.003	25.890	3%
Average retirement age				
- 1 year	22.200	4.821	27.021	7%
Continuation of membership at retirement				
- 10%	17.769	4.821	22.590	-10%

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	1.441	2.596	4.037	
Health care inflation				
+ 1%	1.744	3.035	4.779	18%
- 1%	1.188	2.230	3.418	-15%
Discount rate				
+ 1%	1.197	2.447	3.644	-10%
- 1%	1.757	2.761	4.518	12%
Post-retirement mortality				
+ 1 year	1.404	2.521	3.925	-3%
- 1 year	1.478	2.670	4.148	3%
Average retirement age				
- 1 year	1.527	2.788	4.315	7%
Continuation of membership at retirement				
- 10%	1.263	2.326	3.589	-11%

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	30 JUNE 2021 R	30 JUNE 2020 R
Opening Balance	8 494 000	7 498 477
Contribution during the year	1 581 000	1 372 652
Current Service Cost	1 027 000	786 688
Interest Cost	554 000	585 964
Payments made	(590 983)	(327 224)
Actuarial Loss/(Gain)	(819 017)	(49 905)
Total balance at year-end	8 665 000	8 494 000
Less Current Portion	1 168 000	1 375 000
Total	7 497 000	7 119 000

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

	30 JUNE 2021	30 JUNE 2020
In-service members	<u>505</u>	<u>422</u>

The liability in respect of past service has been estimated to be as follows:

	30 JUNE 2021 R	30 JUNE 2020 R
In-service members	<u>8 665 000</u>	<u>8 494 000</u>
Total Unfunded Liability	<u>8 665 000</u>	<u>8 494 000</u>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	30 JUNE 2019 R	30 JUNE 2018 R	30 JUNE 2017 R
In-service members	<u>7 498 477</u>	<u>6 933 890</u>	<u>6 196 501</u>
Total Unfunded Liability	<u>7 498 477</u>	<u>6 933 890</u>	<u>6 196 501</u>

Experience adjustments were calculated as follows:

	30 JUNE 2021 R m	30 JUNE 2020 R m
Liabilities: (Gain)/Loss	0.900	0.466
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	30 JUNE 2019 R m	30 JUNE 2018 R m
Liabilities: (Gain)/Loss	0.259	0.505
Assets: Gain/(Loss)	-	-

The entity was established on 6 August 2016. No further comparative information (other than the items disclosed above) relating to historical liabilities and experience adjustments are available for disclosure as required by GRAP 25.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	9.20%	7.08%
General Salary Inflation (long-term)	5.78%	3.82%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.23%	3.14%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Last Valuation

The last valuation was performed on 28 August 2021.

Average Retirement Age

It has been assumed that in-service members will retire at age 62 (2020 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	8.665	
General salary inflation		
+ 1%	9.171	6%
- 1%	8.204	-5%
Discount rate		
+ 1%	8.188	-6%
- 1%	9.198	6%
Average retirement age		
+ 2 years	9.392	8%
- 2 years	7.863	-9%
Withdrawal rates		
x 200 %	6.972	-20%
x 50 %	9.814	13%

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	1.230	0.745	1.975	
General salary inflation				
+ 1%	1.318	0.791	2.109	7%
- 1%	1.150	0.702	1.852	-6%
Discount rate				
+ 1%	1.158	0.777	1.935	-2%
- 1%	1.310	0.707	2.017	2%
Average retirement age				
+ 2 years	1.298	0.811	2.109	7%
- 2 years	1.142	0.672	1.814	-8%
Withdrawal rates				
x 200 %	0.914	0.589	1.503	-24%
x 50 %	1.454	0.850	2.304	17%

17.3 Other Pension Benefits

Defined Benefit Plans	30 JUNE 2021 R	30 JUNE 2020 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	14 478 504	11 225 065
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100.0% (30 June 2019 - 100.7%).		
Total	14 478 504	11 225 065

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

17 EMPLOYEE BENEFITS (CONTINUED)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Pension Fund is a Multi Employer fund defined as a defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	30 JUNE 2021	30 JUNE 2020
	R	R
Defined Benefit Plans		
Council contributes to the following defined benefit plans:		
Government Employees Pension Fund	23 153	21 791
SALA Pension Fund	1 904 974	1 708 171
SAMWU National Provident Fund	1 545 688	1 564 079
Municipal Workers Fund	685 613	463 583
Total	4 159 428	3 757 624

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	42 344 977	33 995 420
Total	42 344 977	33 995 420

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
18 NON-CURRENT PROVISIONS (CONTINUED)		
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	45 038 799	42 738 565
Contribution during the year	10 105 292	2 300 234
Additions	8 609 248	418 088
Disposals and Reductions	-	(71 170)
Interest Cost	1 496 044	1 953 316
Total balance at year-end	55 144 091	45 038 799
Less Current Portion	12 799 114	11 043 379
Total	42 344 977	33 995 420

The timing of the outflow of resources relating this provision is uncertain, but management expects the timing to be in line with the legal requirements subsequent to the expected closure date of the site as indicated below.

The total obligation at period-end can be attributed to the following sites:

Site	Expected Closure Date		
Alice	2050	22 735 608	17 655 743
Middledrift	2100	5 937 742	4 849 875
Seymour	2028	5 047 548	4 228 928
Adelaide	2018	12 799 114	11 043 379
Bedford	2031	8 624 078	7 260 874
Total		55 144 091	45 038 799

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is based on the Earthworks Index as published by Statssa which increased by 3.32% (2020 - 4.57%) during the year under review.

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
18 NON-CURRENT PROVISIONS (CONTINUED)		
The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m ²):		
Alice	32 031	32 031
Middledrift	4 836	4 836
Seymour	3 317	3 317
Adelaide	20 553	20 553
Bedford	14 477	14 477
The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m ²):		
Alice	710	551
Middledrift	1 228	1 003
Seymour	1 522	1 275
Adelaide	623	537
Bedford	596	502
	30 JUNE 2021	30 JUNE 2020
	R	R
19 COMMUNITY WEALTH		
Accumulated Surplus	381 978 661	387 209 964
Total	381 978 661	387 209 964
20 PROPERTY RATES		
Total Property Rates	103 628 797	108 245 995
Total	103 628 797	108 245 995
Property rate levied are based on the following rateable valuations:		
Agricultural	1 648 396 100	2 289 146 774
Business, Commercial and Industrial	548 889 600	486 369 000
Government	3 655 743 977	3 649 782 773
Municipal	206 908 300	206 932 452
Public Benefit Organisations (Including Churches and Place of Worship)	175 867 700	177 674 739
Public Service Infrastructure	27 002 900	21 655 850
Residential	1 785 413 300	1 873 918 926
Vacant Land	128 751 400	80 128 850
Properties used for Multi Purpose	12 741 000	37 910 000
Sectional Title	31 888 500	31 895 850
Total Valuation	8 221 602 777	8 855 415 214

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

20 PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2019.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

The following rates are applicable to the valuations above:

	30 JUNE 2021	30 JUNE 2020
Agriculture	0.008370 c / R	0.008370 c / R
Business, Commercial and Industrial	0.017250 c / R	0.017250 c / R
Government	0.025120 c / R	0.025120 c / R
	Based on	Based on
Properties used for multi purpose	Predominant Use	Predominant Use
Public Benefit Organization (Including Churches and Place of Worship)	Exempt	Exempt
Public service infrastructure	0.002090 c / R	0.002090 c / R
Residential (Small holding and Privately Owned Town)	0.008370 c / R	0.008370 c / R
Vacant land	0.011930 c / R	0.011930 c / R
Sectional Title	0.008374 c / R	0.008374 c / R
Municipal properties	Exempt	Exempt

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
21 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	218 472 782	174 140 000
Equitable Share	218 472 782	174 140 000
Conditional Grants - National Government	56 425 302	61 480 744
Municipal Finance Management Grant	2 500 000	3 000 000
Municipal Infrastructure Grant	31 546 000	39 232 000
Integrated National Electrification Programme (INEP)	16 554 000	11 465 731
Energy Efficiency and Demand Side Management Grant	-	4 000 000
Expanded Public Works Program	3 309 000	2 766 000
Municipal Disaster Relief Grant	-	456 711
National Treasury Audit Fees Grant 1%	2 283 789	482 474
LG-SETA	232 513	77 828
Conditional Grants - Provincial Government	36 050 946	22 703 615
Office of the Premier	15 003 331	19 554 352
Alien Plant Removal (EPWP)	4 641 941	-
Housing Disaster Grant	1 499 263	1 499 263
Library Grant	1 650 000	1 650 000
Department of Roads	13 256 410	-
Total	310 949 029	258 324 359
Disclosed as:		
Government Grants and Subsidies - Capital	75 249 011	67 181 030
Government Grants and Subsidies - Operating	235 700 018	191 143 330
Total	310 949 029	258 324 359
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	218 472 782	174 140 000
Budget and Treasury Office	6 666 302	3 560 302
Community Services	-	1 650 000
Technical Services	85 809 946	78 974 057
Total	310 949 029	258 324 359

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
The movements per grant can be summarised as follows:		
21.01 Equitable Share		
Grants Received	218 472 782	174 140 000
Transferred to Revenue - Operating	(218 472 782)	(174 140 000)
Closing Unspent Balance	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
21.02 Municipal Finance Management Grant		
Grants Received	2 500 000	3 000 000
Transferred to Revenue - Operating	(2 500 000)	(3 000 000)
Closing Unspent Balance	-	-
To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).		
21.03 LG-SETA		
Grants Received	232 513	77 828
Transferred to Revenue - Operating	(232 513)	(77 828)
Closing Unspent Balance	-	-
The LG SETA Grant is utilised to cover expenditure relating to training.		
21.04 Municipal Infrastructure Grant		
Grants Received	31 546 000	39 232 000
Transferred to Revenue - Capital	(30 435 270)	(36 160 947)
Transferred to Revenue - Operating	(1 110 730)	(3 071 053)
Closing Unspent Balance	-	-
The Grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.		

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
21.05 Integrated National Electrification Programme (INEP)		
Opening Balance	536 192	1 923
Grants Received	16 554 000	12 000 000
Transferred to Revenue - Capital	(16 554 000)	(11 465 731)
Funds returned to National Treasury	(536 192)	-
Closing Unspent Balance	<u>-</u>	<u>536 192</u>
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
21.06 Energy Efficiency and Demand Side Management Grant		
Grants Received	-	4 000 000
Transferred to Revenue - Operating	-	(4 000 000)
Closing Unspent Balance	<u>-</u>	<u>-</u>
The Energy Efficiency and Demand-side Management funding program is aimed at promoting the implementation of more energy-efficient technologies, processes and behaviours amongst all electricity consumers.		
21.07 Expanded Public Works Program		
Grants Received	3 309 000	2 766 000
Transferred to Revenue - Operating	(3 309 000)	(2 766 000)
Closing Unspent Balance	<u>-</u>	<u>-</u>
To incentivise municipalities to increase job creation efforts in infrastructure, environment and culture programmes through the use of labour-intensive methods and the expansion of job creation in line with the Expanded Public Works Programme (EPWP) guidelines.		
21.08 Municipal Disaster Relief Grant		
Opening Balance	288 289	-
Grants Received	-	745 000
Transferred to Revenue - Operating	-	(456 711)
Funds returned to National Treasury	(288 289)	-
Closing Unspent Balance	<u>-</u>	<u>288 289</u>

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
The grant was allocated to the municipality to provide immediate relief to the required needs arising from the COVID 19 pandemic.		
21.09 National Treasury Audit Fees Grant		
Grants Received	2 283 789	482 474
Transferred to Revenue - Operating	(2 283 789)	(482 474)
Closing Unspent Balance	-	-
This grant is received from National Treasury to assist municipalities with their outstanding audit fees payable to the Auditor General of South Africa.		
21.10 Library Grant		
Grants Received	1 650 000	1 650 000
Transferred to Revenue - Operating	(1 650 000)	(1 650 000)
Closing Unspent Balance	-	-
To provide the municipality with finance for the operation and administration of Community Libraries.		
21.11 Office of the Premier		
Opening Balance	162	1 696 419
Grants Received	15 003 331	17 858 095
Transferred to Revenue - Capital	(15 003 331)	(19 554 352)
Closing Unspent Balance	162	162
This grant is allocated to municipalities directly from the Office of the Premier. The fund were utilised in two projects namely the Alice Revitalisation Project and the Green Energy Farming Project.		
21.12 Alien Plant Removal (EPWP)		
Grants Received	5 000 000	-
Transferred to Revenue - Operating	(4 641 941)	-
Closing Unspent Balance	358 059	-
This is a provincial grant received by the municipality to support the eradication of alien vegetation through the use of the expanded public works program.		

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
21.13 Department of Roads		
Grants Received	28 000 000	-
Transferred to Revenue - Capital	(13 256 410)	-
Closing Unspent Balance	14 743 590	-
This is a provincial grant received by the municipality to upgrade roads infrastructure in the municipal area.		
21.14 Housing Disaster Grant		
Opening Balance	1 508 737	-
Grants Received	-	3 008 000
Transferred to Revenue - Operating	(1 499 263)	(1 499 263)
Closing Unspent Balance	9 474	1 508 737
The grant is aimed at providing immediate relief in the event of a disaster.		
21.15 Other Provincial Allocations		
Opening Balance	1 034 620	1 034 620
Closing Unspent Balance	1 034 620	1 034 620
Other Provincial Allocations includes other grants (DDEAT Mining, Quarry Mining Grant, ECDLGTA - Greening and Beautification and LSDF - Middledrift Spatial Development Framework)		
21.16 Total Grants		
Opening Balance	3 368 000	2 732 961
Grants Received	324 551 415	258 959 398
Transferred to Revenue - Capital	(75 249 011)	(67 181 030)
Transferred to Revenue - Operating	(235 700 018)	(191 143 330)
Funds returned to National Treasury	(824 481)	-
Closing Unspent Balance	16 145 904	3 368 000
22 FINES		
Traffic Fines	62 033	79 840
Total	62 033	79 840
23 ACTUARIAL GAINS		
Long Service Awards	819 017	49 905
Post Retirement Medical Benefits	594 256	4 383 358
Total	1 413 273	4 433 263

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
24 FAIR VALUE ADJUSTMENTS		
Investment Property	3 242 000	2 763 100
Total	3 242 000	2 763 100
25 SERVICE CHARGES		
Electricity Revenue	68 113 308	68 404 877
Refuse Removal Revenue	22 793 054	21 661 359
Total Revenue	90 906 361	90 066 236
Less: Rebates	(6 418 820)	(5 994 947)
Refuse Removal Revenue	(6 418 820)	(5 994 947)
Total	84 487 542	84 071 288
<p>Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.</p>		
26 RENTAL OF FACILITIES AND EQUIPMENT		
Hall Rental	26 107	83 036
Municipal Houses	78 529	55 608
Equipment	879	10 874
Properties	346 616	89 649
Billboards	57 721	45 738
Total	509 853	284 905
27 INTEREST EARNED - EXTERNAL INVESTMENTS		
Short-Term Investments and Current Accounts	1 552 952	3 341 298
Total	1 552 952	3 341 298
28 INTEREST EARNED - OUTSTANDING DEBTORS		
Interest Earned - Service Debtors	6 598 474	8 372 159
Interest Earned - Penalty Interest on Property Rates	17 498 194	18 664 017
Total	24 096 667	27 036 176
29 LICENCES AND PERMITS		
Learners and Drivers Testing	5 738 779	3 565 198
Total	5 738 779	3 565 198

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
30 OTHER INCOME		
Connections - Electricity	109 417	123 968
Building Plan Fees	179 511	136 357
Burial and Cemetery fees	106 757	62 616
Commission Received	-	312 121
Discount Received	-	123 513
Tender Deposits	112 348	201 392
Valuation Certificates	35 010	21 933
Unknown Receipts Recognised as Revenue	2 014 845	2 593 387
Sundry Income	1 083 968	1 498 003
Total	3 641 856	5 073 290

Sundry income represents a wide range of revenue items which is not considered material to warrant separate disclosure in the financial statements.

31 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	136 018 034	119 166 419
Pension and UIF Contributions	16 363 073	15 084 233
Medical Aid Contributions	6 467 279	6 008 235
Overtime	6 312 782	5 278 185
Annual Bonus	8 596 738	6 932 289
Motor Vehicle Allowance	6 947 195	6 563 122
Housing Allowances	661 682	728 973
Other benefits and allowances	3 323 942	3 454 018
Payments in lieu of leave	2 497 078	5 187 030
Long service awards	1 027 000	786 688
Post Retirement Medical Benefits	1 253 000	1 502 275
Total	189 467 804	170 691 468

Remuneration of Key Personnel

All Managers are appointed on a 5-year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

Remuneration of the Municipal Manager

Basic Salary	1 053 806	1 033 857
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	606 812	547 641
Other benefits and allowances	-	27
Total	1 662 402	1 583 310

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
31 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of the Chief Financial Officer		
Basic Salary	215 328	452 614
Pension and UIF Contributions	299	1 041
Motor Vehicle Allowance	-	27 565
Housing Allowances	-	110 259
Cellphone Allowance	-	27 565
Payments in lieu of leave	-	301 713
Other benefits and allowances	-	27
Total	215 626	920 784
Remuneration of the Acting Chief Financial Officer		
Acting Allowance	1 623	9 165
Total	1 623	9 165
Remuneration of the Technical Services Manager		
Basic Salary	821 566	734 847
Pension and UIF Contributions	1 785	1 636
Motor Vehicle Allowance	337 152	256 812
Housing Allowances	180 273	154 086
Other benefits and allowances	112	103
Total	1 340 887	1 147 483
Remuneration of the Acting Technical Services Manager		
Acting Allowance	-	16 085
Total	-	16 085
Remuneration of the Corporate Services Manager		
Basic Salary	812 659	652 469
Pension and UIF Contributions	1 785	1 487
Medical Aid Contributions	167 484	145 917
Motor Vehicle Allowance	359 139	243 195
Housing Allowances	-	-
Cellphone Allowance	-	-
Total	1 341 067	1 043 067
Remuneration of the Acting Corporate Services Manager		
Acting Allowance	-	1 365
Total	-	1 365

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
31 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of the Strategic and LED Manager		
Basic Salary	1 012 656	970 114
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	337 152	279 782
Other benefits and allowances	-	27
Total	1 351 592	1 251 708
<p>The Strategic and LED Manager acted as CEO of Raymond Mhlaba Economic Development Agency during the year under review.</p>		
Remuneration of the Community Services Manager		
Basic Salary	821 566	802 253
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	337 152	279 782
Housing Allowances	180 273	167 869
Other benefits and allowances	112	111
Total	1 340 888	1 251 800
32 REMUNERATION OF COUNCILLORS		
Councillor Allowance	16 438 101	16 487 830
Cell Phone Allowance	2 026 636	2 035 200
Total	18 464 737	18 523 030
Mayor	922 701	924 641
Speaker	733 088	735 442
Chief Whip	413 384	708 443
Executive Committee Members	3 065 218	3 212 698
Councillors	12 920 846	12 521 805
Traditional Leaders	409 500	420 000
Total	18 464 737	18 523 030
In-kind Benefits		

The Executive Mayor, Speaker and Executive committee members are full-time. They are provided with secretarial support and an office each at the cost of the Council.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
33 DEBT IMPAIRMENT AND BAD DEBTS WRITTEN OFF		
Receivables from exchange transactions	23 250 850	28 574 610
Receivables from non-exchange transactions	54 797 885	79 015 455
Sub-Total	78 048 735	107 590 065
Less VAT Portion impaired	(2 331 694)	(1 396 292)
Total	75 717 040	106 193 772
Disclosed as:		
Debt Impairment	55 065 380	85 996 950
Bad Debts Written off	20 651 660	20 196 823
Total	75 717 040	106 193 772
34 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	27 782 627	32 277 884
Intangible Assets	242 524	-
Property, Plant and Equipment - Capitalised Restoration Cost	543 638	934 859
Total	28 568 788	33 212 743
35 IMPAIRMENTS		
Property, Plant and Equipment - Capitalised Restoration Cost	1 388 910	-
Total	1 388 910	-
36 REPAIRS AND MAINTENANCE		
The Accounting Standards Board (ASB) issued a FAQ during the prior year which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, repairs and maintenance are now included in the relevant line item based on nature.		
However, In line with the requirements of GRAP 17, the repairs and maintenance related expenditure identified by the municipality can still be attributed to the following asset classes:		
Furniture, Office Equipment and Tools	766 384	331 986
Buildings and Commonage	821 330	1 059 645
Plant, Machinery and Vehicles	919 007	1 303 923
Infrastructure: Roads and Stormwater	112 860	208 559
Infrastructure: Electricity	41 463 429	19 687 353
Total	44 083 011	22 591 466

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
37 FINANCE CHARGES		
Finance Lease Liabilities	1 639 123	2 125 084
Post Retirement Medical Benefits	2 405 000	2 264 448
Long Service Awards	554 000	585 964
Rehabilitation Provision - Landfill Sites	1 496 044	1 953 316
Creditors	7 341 235	17 065 685
Total	13 435 402	23 994 497
38 BULK PURCHASES		
Electricity	69 393 436	65 723 227
Total	69 393 436	65 723 227
39 TRANSFERS AND GRANTS		
Indigent Subsidy (Eskom Consumers)	6 559 089	5 911 401
Indigent Subsidy (Paraffin Hampers)	-	197 700
Raymond Mhlaba Economic Development Agency (RMEDA)	2 900 816	3 681 260
Total	9 459 905	9 790 360
40 OTHER EXPENDITURE		
Advertising	408 615	287 927
Audit Committee Allowances	237 656	374 447
Audit fees	4 422 954	4 760 033
Bank Charges	376 976	306 218
Commissions Paid	693 759	851 895
Consumables	185 470	372 681
Entertainment costs	88 837	58 957
Employee Wellness	77 867	566 583
Events	29 238	313 189
Fuel and Oil	2 376 181	3 075 771
Insurance	1 842 408	1 529 962
Job creation projects	4 327 445	3 529 300
Legal fees	8 554 033	1 460 848
License fees - Vehicles	420	91 693
Maintenance Materials and Small Tools	44 083 011	22 591 466
Operating Grant Expenditure	15 679 155	5 980 198
Financial Management Grant (FMG)	2 581 342	1 882 391
Expanded Public Works Program	4 630 212	-
Provincial Department of Roads	7 792 657	-
Municipal Disaster Relief Grant	674 944	-
Integrated National Electrification Programme (INEP)	-	417 414
Energy Efficiency and Demand Side Management Grant	-	3 680 393

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
40 OTHER EXPENDITURE (CONTINUED)		
Postage and Courier	28 174	110 774
Printing & Stationery	638 989	541 971
Professional & Consultancy Fees	19 785 611	24 344 915
Protective Clothing	844 751	655 569
Rental of Equipment	2 006 496	2 314 561
Refuse Removal	2 155 019	1 947 692
Refuse Bags	109 596	232 778
Security Services	937 383	304 345
Service Charges	6 755 471	14 958 361
Special Programmes	559 241	1 646 870
Subscriptions and Membership Fees	2 309 374	2 338 994
Subsistence & Travel	702 171	1 076 559
Telephone Cost	4 663 426	4 959 301
Training	401 417	816 433
Tourism Development	82 421	587 696
Valuation Costs	2 773 960	1 559 199
Ward Committees	4 383 417	4 379 020
General Expenses	3 909 121	3 902 525
Total	136 430 064	112 828 732
41 LOSS ON DISPOSAL OF ASSETS		
Property, Plant and Equipment	2 227 997	480 210
Investment Property	-	351 000
Total	2 227 997	831 210
42 PRIOR PERIOD ADJUSTMENTS - ERRORS IN TERMS OF GRAP 3		
42.1 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Balance Previously Reported		26 490 906
Correction of Rates incorrectly raised up to 30 June 2019 - Refer to note 42.7		(2 899 435)
Correction of Rates and interest incorrectly raised during 2019/20 - Refer to note 42.8		(438 157)
Restated Balance on 30 June 2020		23 153 314

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

30 JUNE 2020
R

42 PRIOR PERIOD ADJUSTMENTS - ERRORS IN TERMS OF GRAP 3 (CONTINUED)

42.2 VAT RECEIVABLE

Balance Previously Reported	35 470 268
Recognise Payables not raised up to 30 June 2020 - Refer to note 42.5	528 092
Payables incorrectly raised up to 30 June 2020 - Refer to note 42.5	(46 137)
Restated Balance on 30 June 2020	35 952 223

42.3 INVESTMENT PROPERTY

Balance Previously Reported	83 745 433
Account for investment property incorrectly accounted for up to 30 June 2019 - Refer to note 42.7	(13 068 459)
Account for fair value on investment property incorrectly accounted for during 2019/20 - Refer to note 42.8	(771 500)
Restated Balance on 30 June 2020	69 905 474

42.4 PROPERTY PLANT AND EQUIPMENT

Balance Previously Reported	659 342 138
Recognise Payables not raised up to 30 June 2020 - Refer to note 42.5	216 573
Maintenance expenditure incorrectly capitalised during 2019/20 - Refer to note 42.8	(224 741)
Operating Grant Expenditure (EEDMS) incorrectly capitalised during 2019/20 - Refer to note 42.8	(3 680 393)
Community assets incorrectly capitalised - Refer to note 42.8	(496 000)
Correction of 2019/20 Depreciation (Other Assets) - Refer to note 42.8	14 404
Work in progress previously not capitalised up to 30 June 2019	-
Effect on Work in Progress	(46 817 075)
Effect on Roads and Stormwater	35 710 329
Effect on Recreation Grounds	11 106 746
Work in progress previously not capitalised during 2019/20	-
Effect on Work in Progress	(35 589 973)
Effect on Roads and Stormwater	35 589 973
Correction of Accumulated Depreciation up to 30 June 2019 - Refer to note 42.7	(319 783)
Effect on Roads and Stormwater	(30 998)
Effect on Electricity	(125)
Effect on Recreation Grounds	(280 965)
Effect on Buildings	(7 695)
Correction of Depreciation during 2019/20 - Refer to note 42.8	(1 728 161)
Effect on Roads and Stormwater	(1 189 651)
Effect on Recreation Grounds	(546 313)
Effect on Buildings	7 804

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

30 JUNE 2020
R

42 PRIOR PERIOD ADJUSTMENTS - ERRORS IN TERMS OF GRAP 3 (CONTINUED)

Work in Progress incorrectly not impaired up to 30 June 2019 - Refer to note 42.7	(14 398 503)
Recognise land previously not recorded on 30 June 2019 - Refer to note 42.7	2 425 685
Recognise/Derecognise buildings previously recorded on 30 June 2019 - Refer to note 42.7	(738 500)
Recognise Community Halls (Land) previously not recorded on 30 June 2019 - Refer to note 42.7	250 000
Restated Balance on 30 June 2020	640 662 719

42.5 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance Previously Reported	324 605 358
Recognise Payables not raised up to 30 June 2020	4 938 384
Effect on Property Plant and Equipment - Refer to note 42.4	216 573
Effect on Accumulated Surplus - Refer to note 42.7	207 237
Effect on Statement of Financial Performance - Refer to note 42.8	3 986 481
Effect on Statement of Taxes - Refer to note 42.2	528 092
Payables incorrectly raised up to 30 June 2020	(366 319)
Effect on Accumulated Surplus - Refer to note 42.7	(607 581)
Effect on Statement of Financial Performance - Refer to note 42.8	287 399
Effect on Statement of Taxes - Refer to note 42.2	(46 137)
Restated Balance on 30 June 2020	329 177 423

42.6 CURRENT EMPLOYEE BENEFITS

Balance Previously Reported	21 755 777
Correction of leave incorrectly accounted for on 30 June 2020 - Refer to note 42.8	(1 739 698)
Restated Balance on 30 June 2020	20 016 079

42.7 ACCUMULATED SURPLUS

Balance Previously Reported	425 417 346
Prior Period Adjustments relating to the 2018/2019 financial year - Refer to note 42.8	(9 858 729)
Corrections up to 30 June 2019	(28 348 653)
Correction of Rates incorrectly raised up to 30 June 2019 - Refer to note 42.1	(2 899 435)
Recognise Payables not raised up to 30 June 2020 - Refer to note 42.5	(207 237)
Payables incorrectly raised up to 30 June 2020 - Refer to note 42.5	607 581
Correction of Accumulated Depreciation up to 30 June 2019 (Immovable Assets) - Refer to note 42.4	(319 783)

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

30 JUNE 2020
R

42 PRIOR PERIOD ADJUSTMENTS - ERRORS IN TERMS OF GRAP 3 (CONTINUED)

Work in Progress incorrectly not impaired up to 30 June 2019 - Refer to note 42.4	(14 398 503)
Recognise land previously not recorded on 30 June 2019 - Refer to note 42.4	2 425 685
Recognise/Derecognise buildings previously not recorded on 30 June 2019 - Refer to note 42.4	(738 500)
Recognise Community Halls (Land) previously not recorded on 30 June 2019 - Refer to note 42.4	250 000
Account for investment property incorrectly accounted for up to 30 June 2019 - Refer to note 42.3	(13 068 459)
Restated Balance on 30 June 2020	387 209 964

42.8 STATEMENT OF FINANCIAL PERFORMANCE

Net Deficit previously reported	(34 711 598)
Correction of Rates and interest incorrectly raised during 2019/20 - Refer to note 42.1	(438 157)
Effect on Property Rates	(407 184)
Effect on Interest Earned - outstanding debtors	(30 973)
Recognise Payables not raised up to 30 June 2020 - Refer to note 42.5	(3 986 481)
Operating Grant Expenditure (EEDMS) incorrectly capitalised during 2019/20 - Refer to note 42.4	(3 680 393)
Effect on Other Expenditure	(3 680 393)
Effect on Government Grants and Subsidies - Capital	(4 000 000)
Effect on Government Grants and Subsidies - Operating	4 000 000
Community assets incorrectly capitalised - Refer to note 42.4	(481 596)
Effect on Other Expenditure	(496 000)
Effect on Depreciation and Amortisation	14 404
Payables incorrectly raised up to 30 June 2020 - Refer to note 42.5	(287 399)
Maintenance expenditure incorrectly capitalised during 2019/20 - Refer to note 42.4	(224 741)
Correction of Depreciation during 2019/20 - Refer to note 42.4	(1 728 161)
Account for fair value on investment property incorrectly accounted for during 2019/20 - Refer to note 42.3	(771 500)
Correction of leave incorrectly accounted for on 30 June 2020 - Refer to note 42.6	1 739 698
Restated Deficit on 30 June 2020	(44 570 327)

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
43 NET CASH FROM OPERATING ACTIVITIES		
Net Deficit for the year	(5 231 303)	(44 570 327)
Adjusted for:		
Non-Cash Expenditure	91 706 119	124 844 631
Debt Impairment	55 065 380	85 996 950
Depreciation and Amortisation	28 568 788	33 212 743
Impairments	1 388 910	-
Finance Charges	4 455 044	4 803 728
Loss on disposal of PPE	2 227 997	831 210
Non-Cash Revenue	(4 655 273)	(7 243 590)
Actuarial Gains	(1 413 273)	(4 433 263)
Decrease in Rehabilitation Provision	-	(47 227)
Fair Value Adjustments	(3 242 000)	(2 763 100)
Contributions - Provisions and Employee Benefits	13 373 816	14 408 282
Post Retirement Medical Benefits	1 253 000	1 502 275
Long Service Awards	1 027 000	786 688
Bonuses	8 596 738	6 932 289
Staff Leave	2 497 078	5 187 030
Expenditure - Provisions and Employee Benefits	(10 208 002)	(8 760 996)
Post Retirement Medical Benefits	(559 744)	(652 529)
Long Service Awards	(590 983)	(327 224)
Bonuses	(7 488 604)	(6 619 126)
Staff Leave	(1 568 670)	(1 162 117)
Other adjustments	(824 481)	-
Grants returned to Treasury	(824 481)	-
Operating Surplus before changes in working capital	84 160 877	78 678 001
Movement in working capital	(13 461 281)	(8 513 993)
Receivables from exchange and non-exchange transactions	(76 473 296)	(93 172 663)
Payables from exchange transactions	55 690 537	91 931 425
Unspent Conditional Government Grants	13 602 386	635 038
VAT Receivable	(6 280 907)	(7 907 793)
Cash Flow from Operating Activities	70 699 596	70 164 008

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
44 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Bank Accounts	5 144 692	16 527 353
Total	5 144 692	16 527 353

Refer to note 2 for more details relating to cash and cash equivalents.

45 BUDGET COMPARISONS

45.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Actuarial Gains and Other Income.

Debt Impairments also includes Bad Debts written off during the year.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

45 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

45.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Consumer debtors	Align balance to audited result of 30 June 2020 taking into account current year billing as well as recovery rate of receivables.
Other Debtors	Align balance to audited result of 30 June 2020.
Investment Property	Align balance to audited result of 30 June 2020.
Trade and Other Payables	Align trade and other payables to projected outstanding balance on 30 June 2020. (Mainly taking into account Eskom Debt which was expected not to be settled)
Accumulated Surplus	Align balance to audited result of 30 June 2020 and projected operating result for the year.

Statement of financial position - Budget versus Actual

Consumer Debtors	The budget incorporated higher debt impairment than actual results.
Investments Property	Correction of prior year audit finding
Property Plant and Equipment	Underspending of Capital budget combined with various corrections not fully incorporated into budget.
Trade and Other Payables	Budget did not adequately take into account the cash position of the municipality and ability to settle payables when it becomes due.
Borrowing (Current and Non-Current)	Finance lease liability incorrectly not budgeted for.
Provisions and Employee Benefits (Current)	Did not accurately account in line with audited results
Provisions and Employee Benefits (Non-Current)	Did not accurately account in line with audited results

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

45 BUDGET COMPARISONS (CONTINUED)

Accumulated Surplus	Accumulated surplus significantly overstated in budget with reference to prior year results and projected surplus included in the budget.
---------------------	---

Statement of financial performance - Budget Adjustments

Government Grants and Subsidies - Operating	Additional revenue from National Treasury (Equitable Share and Audit fees grant)
Debt Impairment	Due to COVID 19 lock down regulations, the municipality could not enforce revenue enhancement strategies to collect revenue, which resulted to the increase in provision for bad debts
Depreciation & Asset Impairment	Align budget to 2020 audited results
Other Expenditure	The municipality increased its expenditure due to emergency work on repairs and maintenance
Government Grants and Subsidies - Capital	The adjustment was as a result of the additional revenue from Provincial Department and other adjustments made on capital grants

Statement of financial performance - Budget versus Actual

Interest earned - outstanding debtors	The municipality under budgeted on interest earned on debtors. Also refer to debt impairment.
Other Revenue	Revenue expectation incorporate into budget too optimistic.
Employee Related Cost	No budget allocation made for Overtime
Remuneration of Councillors	Budget assumptions included an escalation percentage which far exceeded the actual expenditure that materialised.
Debt Impairment	Refer to consumer debtors. Significant debt was also written of in current year.
Depreciation & Asset Impairment	Budget expectation did not materialise.
Finance Charges	Significant interest paid to Eskom not budgeted for.
Grants and Subsidies Paid	Budget overstated and not taking into account budget constraints of the municipality.
Other Expenditure	Budget overstated and not taking into account budget constraints of the municipality.
Government Grants and Subsidies - Capital	Variance partially due to grants not fully spent on 30 June 2021.

Cash Flow Statement - Budget Adjustments

Government - Operating	Additional revenue from National Treasury (Equitable Share and Audit fees grant)
Government - Capital and Capital Assets	The adjustment was as a result of the additional revenue from Provincial Department and other adjustments made on capital

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

45 BUDGET COMPARISONS (CONTINUED)

Suppliers and Employees	The municipality increased its expenditure due to emergency work on repairs and maintenance
Finance charges	Align to audited results of 2019/20
Cash and Cash Equivalents at beginning of the Year	Align to audited results of 2019/20

Cash Flow Statement - Budget versus Actual

Property Rates and Other Income	Budget projection to optimistic and not in line with recovery rate.
Suppliers and Employees, Transfers and Grants and Finance Charges	Underspending due to cash constraints
Capital Assets	Variance partially due to grants not fully spent on 30 June 2021.

30 JUNE 2021
R

30 JUNE 2020
R

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

46.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	234 108 580	234 108 580
Unauthorised expenditure current year	-	-
Approved by Council	-	-
Unauthorised expenditure awaiting approval	234 108 580	234 108 580

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R
Unauthorised expenditure - Operating			
Municipal Council	26 174 810	28 381 335	-
Accounting Officer	25 528 450	33 875 418	-
Budget and Treasury Office	227 493 680	228 753 668	-
Technical Services	188 946 238	190 028 614	-
Community Services	76 410 905	78 863 298	-
Total	544 554 083	559 902 333	-

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R
Unauthorised expenditure - Capital			
Accounting Officer	75 023	80 000	-
Budget and Treasury Office	3 271 822	3 300 000	-
Technical Services	75 509 966	89 248 165	-
Community Services	-	500 000	-
Total	78 856 811	93 128 165	-
		30 JUNE 2021	30 JUNE 2020
No disciplinary steps or criminal proceedings were instituted		R	R

46.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	77 632 585	58 256 792
Fruitless and wasteful expenditure incurred	24 948 886	19 375 793
Approved by Council	-	-
Fruitless and wasteful expenditure awaiting approval	102 581 470	77 632 585

Details of Fruitless and wasteful expenditure incurred :

Other	15 442 679	-
Legal Fees	253 833	-
Work In Progress Written off	15 188 846	-
Penalties	2 164 971	2 310 108
SARS - PAYE, UIF and SDL	2 081 594	2 310 108
SARS - VAT	83 378	-
Interest on late payments	7 341 235	17 065 685
SARS - PAYE, UIF and SDL	251 222	396 694
SARS - VAT	9 722	-
Eskom	6 373 750	15 947 561
Auditor General	706 535	721 402
Other	6	28
Total	24 948 886	19 375 793

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021 R	30 JUNE 2020 R
46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
46.3 IRREGULAR EXPENDITURE		
Irregular expenditure consist out of the following:		
Opening balance	268 283 784	244 673 209
Irregular expenditure incurred	7 827 589	23 610 576
Approved by Council	-	-
Irregular expenditure awaiting approval	276 111 374	268 283 784
Details of Irregular expenditure incurred :		
Supplier not registered on CSD	19 533	122 710
Non-compliance with Supply Chain Regulations - Bidding Process not followed	-	1 573 708
Rates clearance certificates for service providers who were awarded contracts were not included	-	5 187 684
Non-compliance with Section 74(1) of the MFMA - Non-submission of information	-	92 000
Supplier's Tax clearance pin expired at time of the audit and could not be verified	31 663	662 098
Non-submission of losing quotes and tax clearance certificate	-	121 003
CAAT's - Trading with suppliers that are prohibited in terms of section 112(j) of the MFMA	-	125 892
Payments made on contracts where the contract amount were exceeded	5 921 571	-
Payments made on contracts where the bid adjudication committee was not constituted in accordance to SCM Regulation 29(2)	-	13 075 122
Non-compliance with Section 7(1) of the Remuneration of Public Office Bearers Act (Upper Limits Exceeded)	1 720 393	1 595 659
Deviations approved by municipality considered to be irregular expenditure	134 430	1 054 700
Total	7 827 589	23 610 576

The prior year irregular expenditure was restated from R 14 874 213 to R 23 610 576 to include instances of irregular expenditure that was incorrectly omitted from the disclosure in the prior year.

All prior year Irregular, Fruitless and Wasteful and Unauthorised was relating to prior years was written of after year-end

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The irregular expenditure incurred for the year under review will be referred to internal audit and MPAC for further investigations. All prior year unauthorised, irregular and fruitless and wasteful expenditure relating to prior years was written-off after year end.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	30 JUNE 2021	30 JUNE 2020
47.1 MATERIAL LOSSES		
Electricity distribution losses		
- Units purchased (Kwh)	58 441 309	61 527 556
- Units distributed (Kwh)	39 934 955	40 957 614
- Units lost during distribution (Kwh)	18 506 354	20 569 942
- Units lost considered within norm (10%)	5 844 131	6 152 756
- Units lost in excess of norm	12 662 223	14 417 186
- Percentage lost during distribution	21.67%	23.43%
- Rand Value of Loss	12 784 220	13 619 480
	30 JUNE 2021	30 JUNE 2020
	R	R
47.2 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	7 248 334	6 170 259
Expenditure incurred	2 156 074	2 278 075
Payments	-	(1 200 000)
Outstanding Balance	9 404 408	7 248 334
47.3 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	10 016 602	5 852 561
Expenditure incurred	5 999 794	6 297 629
Audit Fees	4 422 954	4 760 033
Interest on outstanding audit fees	706 535	721 402
VAT	870 305	816 194
RMEDA Grant	1 379 077	681 260
National Treasury Rebate	(2 283 789)	(482 474)
Settlement Discount	-	(123 513)
Payments	(2 398 412)	(2 208 860)
Outstanding Balance	12 713 273	10 016 602

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
47.4 VAT [MFMA 125 (1)(c)]		
Opening balance	3 020 587	775 780
Amounts received during the year	(13 845 305)	(7 629 920)
Amounts claimed - current year	12 196 430	9 874 726
Outstanding Balance	1 371 712	3 020 587
Vat in suspense due to cash basis of accounting	40 861 419	32 931 637
<p>VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.</p>		
47.5 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Opening Balance	2 908 439	4 374 860
Payments due to SARS	29 911 454	26 385 677
Interest and Penalties Raised	2 332 816	2 706 802
Payments	(27 669 415)	(30 558 900)
Outstanding Balance	7 483 294	2 908 439
47.6 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Opening Balance	-	1 339 196
Payments due to pension fund and medical aid	38 868 353	32 884 702
Payments	(38 868 353)	(34 223 899)
Outstanding Balance	-	-
47.5 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]		
<p>The following Councillors had arrear account outstanding for more than 90 days at year end:</p>		
Councillor SA Nivi	8 199	6 494
Councillor E Bantam	9 561	7 523
Councillor ML Ndongeni	-	1 849
Councillor XC Badi	-	1 540
Councillor B Ketelo	1 749	44
Councillor CA Auld	9 010	12 476
Councillor BE Mfondini	-	11 018
Councillor N Blake	9 288	7 157
Councillor LD Penisi	1 684	1 614
Councillor S Mavuso	-	9 200
Outstanding Balance	39 492	58 914

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
47.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM		
Approved deviations from Supply Chain Management Regulations were identified on the following categories:		
<u>Deviations from the Supply Chain Management Regulations per Directorate:</u>		
Municipal Council	-	-
Accounting Officer	257 913	1 719 249
Budget and Treasury Office	-	47 014
Corporate Services	115 915	570 609
Technical Services	1 468 289	9 573 471
Community Services	1 951 754	439 411
Total	3 793 870	12 349 754

The reasons for the deviations can be summarised as follows:

	Emergency	Impractical	Sole Supplier
	R	R	R
Municipal Council	-	-	-
Accounting Officer	199 813	-	58 100
Budget and Treasury Office	-	-	-
Corporate Services	102 850	-	13 065
Technical Services	555 092	661 475	251 722
Community Services	1 499 263	420 004	32 487
Total	2 357 017	1 081 479	355 374

Deviations from the Supply Chain Management Regulations per Supplier:

	Emergency	Impractical	Sole Supplier
	R	R	R
Actom	-	-	27 462
Blue Ladder Maintenance and Construction	-	420 000	-
Buffalo Toyota	-	-	13 065
Conlog Pty	-	-	99 766
East Coast Asphalt	233 572	-	-
Edabini Suppliers CC	-	39 000	-
Ezamacirha General Trading	-	40 000	-
Forte Community radio	-	-	50 100
Jury Services and Suppliers	286 560	-	-
Knickelbein Construction cc	34 960	65 360	124 494
Kwanda Renaissance Construction	1 499 263	-	-
Mashwababa General Trading	102 850	-	-

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	Emergency R	Impractical R	Sole Supplier R
Misa Services and Suppliers	-	42 000	-
Mzala Supply and Construction	-	420 664	-
Ngqushwa FM	-	-	8 000
Tanci General Dealers	-	54 455	-
The CO-OP	199 813	-	-
Truvelo Manufactures Pty	-	-	21 274
Variprint Systems	-	-	11 213
Total	2 357 017	1 081 479	355 374

47.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

The municipality did not comply with section 65 (2) (e) of the MFMA. All reasonable steps to ensure, that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, was not taken.

47.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44):

<u>Name (State institution)</u>	<u>Supplier name</u>	30 JUNE 2021 R	30 JUNE 2020 R
None		-	-

During the period under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45):

<u>Name</u>	<u>State institution (Nature of Relationship)</u>	30 JUNE 2021 R	30 JUNE 2020 R
N. Tom	Siduli & Jama (Aunt)	51 880	78 040
A. Boqwana	Tyume Blocks & Retail CC (Brother)	-	1 567 747
G. Booi	Falcon General CC (Owner)	-	80 404
O. Sotyato	Dulukhanyo Trading (Director)	2 032 634	-
Total		2 084 514	1 726 191

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
48 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	<u>46 039 785</u>	<u>29 184 541</u>
This expenditure will be financed from:		
Municipal Infrastructure Grant	22 728 502	25 461 190
Office of the Premier (OTP)	-	3 723 351
Department of Transport	23 311 283	-
Total	<u><u>46 039 785</u></u>	<u><u>29 184 541</u></u>

49 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

49.1 Credit Risk

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

The following financial assets are exposed to credit risk:

	30 JUNE 2021	30 JUNE 2020
	R	R
Cash and Cash Equivalents	16 663 189	16 527 353
Receivables from exchange transactions	34 627 547	22 083 958
Total	<u><u>51 290 736</u></u>	<u><u>38 611 311</u></u>

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

49 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

49.2 Currency risk (Market Risk)

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

The financial instruments of the municipality is not directly exposed to any currency risk.

49.3 Interest rate risk (Market Risk)

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

	30 JUNE 2021	30 JUNE 2020
	R	R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	5 144 692	16 527 353
Long-term Liabilities (Including Current Portion)	(5 611 296)	(6 150 092)
Net balance exposed	(466 604)	10 377 261

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
49 FINANCIAL RISK MANAGEMENT (CONTINUED)		
Potential effect of changes in interest rates on surplus and deficit for the year:		
0.5% (0.5% - 2020) increase in interest rates	(2 333)	51 886
0.5% (0.5% - 2020) decrease in interest rates	2 333	(51 886)

A slowdown in Local and International economic activity (due to the COVID 19 pandemic) have prompted the Reserve Bank to cut interest rates during the current and prior financial year to support the economy. Management does not foresee significant interest rate movements the next 12 months.

49.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

30 JUNE 2021	PAYABLE		
	Within 1 Year	Two to five years	After five years
Finance Lease Liabilities	5 362 077	740 782	-
Payables from exchange transactions	341 993 536	-	-
Total	347 355 613	740 782	-
30 JUNE 2020	PAYABLE		
	Within 1 Year	Two to five years	After five years
Finance Lease Liabilities	3 091 787	4 839 172	-
Payables from exchange transactions	278 657 800	-	-
Total	281 749 587	4 839 172	-

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
49 FINANCIAL RISK MANAGEMENT (CONTINUED)		
49.5 Other price risk (Market Risk)		
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.		
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
<u>Financial Assets</u>		
Cash and Cash Equivalents	16 663 189	16 527 353
Receivables from exchange transactions	34 627 547	22 083 958
Total	51 290 736	38 611 311
<u>Financial Liabilities</u>		
Current Portion of Long-term Liabilities	687 896	1 566 878
Payables from exchange transactions	341 993 536	278 657 800
Long-term Liabilities	4 923 400	4 583 214
Total	347 604 832	284 807 892
50 STATUTORY RECEIVABLES		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
Receivables from Non-Exchange Transactions		
Rates	341 559 897	299 053 518
VAT Receivable	42 233 131	35 952 223
Total	383 793 028	335 005 742
Refer to note 4 for more detail relating to the Rates Receivables, including any provision for impairment raised against the gross amounts as disclosed above		

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
51	EVENTS AFTER REPORTING DATE	
	The national state of disaster has been extended until 15 September 2021. Refer to note 57 where the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.	
52	IN-KIND DONATIONS AND ASSISTANCE	
	None	
53	PRIVATE PUBLIC PARTNERSHIPS (PPP's)	
	The municipality did not enter into any PPP's in the current and prior year.	
54	CONTINGENT LIABILITIES	
	The municipality were exposed to the following contingent liabilities at year end:	
	<u>Claim 1</u>	
	Prince Queen Marry Trading Enterprise vs Nkonkobe Municipality -The plaintiff instituted legal action against the municipality for money in the sum of R 118 222, which is allegedly due to it in terms of a contract with the municipality. The municipality is appealing the court's judgement against the municipality.	- 300 000
	<u>Claim 2</u>	
	A claim was lodged by the former Municipal Manager of Nxuba Local Municipality, SC Gaca, for payment of alleged severance package after his resignation. The matter is still to be enrolled in the High Court.	- 500 000
	<u>Claim 3</u>	
	Summons issued against the Municipality in respect of services rendered and loss of income arising out of tender awarded to the Plaintiff. The matter is still pending in the High Court.	- 731 739
	<u>Claim 4</u>	
	The Amathole Forestry Company (Pty) Ltd took the municipality to court as there were insufficient fire resources (In particular a fire truck) which posed a high fire risk to the forestry. The claimant wants to recover costs from the municipality relating to legal costs incurred in the matter. The claim will be opposed.	- 3 000 000

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	R	R
54		
CONTINGENT LIABILITIES (CONTINUED)		
<u>Claim 5</u>		
A claim was lodged against the municipality for damages suffered due to a pothole that were struck in the municipal area.	2 095	-
<u>Other Contingent Liabilities</u>		
The municipality have not yet renewed the licence relating to the Adelaide landfill site and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	-	-
Total	2 095	4 531 739
55		
CONTINGENT ASSETS		
The municipality identified the following contingent assets at year-end:		
The municipality successfully obtained a interdict order to restrain its workers from engaging in an unprotected SAMWU strike in December 2015. The attorneys confirmed that the court has issued the final order and the attorneys are in the process of recovering the cost. The inflow of funds is now considered to be possible	100 000	100 000
56		
RELATED PARTIES		
Related parties are defined in note 1.34		
All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.		
There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
Remuneration of related parties are disclosed in notes 31 and 32		
<u>Raymond Mhlaba Economic Development Agency</u>		
The municipality owns a 100% stake in the Raymond Mhlaba Economic Development Agency. The Municipality provides grants to the agency to assist with the operations of the entity as well as to settle the audit fees payable to the Auditor General.		
Refer to note 39 for grants paid during the period under review		
The municipality owns buildings which are occupied and utilised by Raymond Mhlaba Economic Development Agency at no consideration.		

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

56 RELATED PARTIES (CONTINUED)

The municipality leases a building at no consideration to the entity. The entity in turn leased out this building to a third party (Mazoyi). The market related rent not charged amounts to R 88 200.

The municipality seconded a CEO to the Raymond Mhlaba Economic Development Agency for no consideration. The estimated cost associated with this arrangement amounts to R 540 637.

57 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current liabilities at year end exceeded the current assets and this could result in the municipality being unable to settle all of its liabilities.

Management will continue to put measures in place to ensure that municipal current assets are in excess of the current liabilities. Expenditure patterns and budget control measures will be enforced to reduce the expenditure that lead to an increase in current liabilities.

The municipality is experiencing very low payment percentages from consumers which is very indicative of the economic environment in the municipal area.

The municipality experienced material losses in electricity usage to the value of R 12 784 220 (2020 - R 13 619 480) for the year ending 30 June 2021. This represents a distribution loss of 21.67 % (2020 - 23.43 %).

Other Indicators

The municipality has incurred unauthorised, irregular and fruitless & wasteful expenditure as shown in note 46 above.

There are material Contingent Liabilities on each respective reporting period. Refer to note 54 above.

Impact of COVID 19

Raymond Mhlaba Local Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect the current economic environment, especially on the recovery rate of receivables.

Municipal Disaster Relief Grant amounting to R745 000 was received during 2019/20 which was effectively spent in the fight against the COVID-19 pandemic. No funding received in current year.

Assessment

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this municipality have been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

57 FINANCIAL SUSTAINABILITY (CONTINUED)

The financial results however may indicate that the going concern assumption of this municipality may be in serious doubt. The amounts promulgated in the DORA have a serious impact on the level of services that this municipality can render and it may well raise doubt about the future financial sustainability of this municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.

58 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- None

59 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

Department of Transport

The Municipality acts as an agent for the Department of Transport and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of principle-agent arrangement:

Revenue collected from third parties on behalf of the Department	9 636 951	6 623 996
Commission earned on vehicle registrations as per note 29	5 738 779	3 565 198
Collections payable to the Department at year-end	53 167	15 405

60 SEGMENT REPORTING

60.1 General information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

60 SEGMENT REPORTING (CONTINUED)

The municipal departments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Finance and administration	Supply administrative and related support to all segments
2	Public Safety	Traffic control and Law Enforcement
3	Planning and Development	Corporate wide strategic planning
4	Community and social services	Library Services and facility management
5	Road transport	Road management regulation and civil works.
6	Sport and recreation	Community park and sport facility management
7	Energy sources	Electricity Services
8	Waste management	Refuse removal and landfill sites

60.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

60.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. towns), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

60.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

60 SEGMENT REPORTING (CONTINUED)

30 JUNE 2021	Finance and administration R	Public Safety R	Planning and Development R	Community and social services R	Road transport R	Sport and recreation R	Energy sources R	Waste management R	Total R
REVENUE									
External Revenue from Non-Exchange Transactions	333 423 153	62 033	-	-	69 255 946	-	16 554 000	-	419 295 131
Property Rates	103 628 797	-	-	-	-	-	-	-	103 628 797
Government Grants and Subsidies	225 139 083	-	-	-	69 255 946	-	16 554 000	-	310 949 029
Contributed Assets	-	-	-	-	-	-	-	-	-
Fines	-	62 033	-	-	-	-	-	-	62 033
Actuarial Gains	1 413 273	-	-	-	-	-	-	-	1 413 273
Fair Value Adjustments	3 242 000	-	-	-	-	-	-	-	3 242 000
External Revenue from Exchange Transactions	29 583 886	-	-	-	5 846 996	-	68 222 425	16 374 342	120 027 649
Service Charges	300	-	-	-	-	-	68 113 008	16 374 234	84 487 542
Rental of Facilities and Equipment	508 973	-	-	-	879	-	-	-	509 853
Interest Earned - external investments	1 552 952	-	-	-	-	-	-	-	1 552 952
Interest Earned - outstanding debtors	24 096 667	-	-	-	-	-	-	-	24 096 667
Licences and Permits	-	-	-	-	5 738 779	-	-	-	5 738 779
Other Income	3 424 994	-	-	-	107 337	-	109 417	108	3 641 856
TOTAL REVENUE	363 007 039	62 033	-	-	75 102 942	-	84 776 425	16 374 342	539 322 780
EXPENDITURE	247 579 964	10 752 315	15 794 574	14 333 710	61 747 989	3 642 443	160 343 595	30 359 494	544 554 083
Employee related costs	76 324 612	9 925 801	12 017 147	13 613 398	36 713 751	3 151 463	27 883 719	9 837 913	189 467 804
Remuneration of Councillors	8 425 422	364 437	509 075	485 824	2 092 873	123 456	5 434 652	1 028 998	18 464 737
Debt Impairment	55 017 710	-	-	-	-	-	5 204 688	15 494 643	75 717 040
Bad Debts Written Off	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	28 568 788	-	-	-	-	-	-	-	28 568 788
Impairments	1 388 910	-	-	-	-	-	-	-	1 388 910
Finance Charges	13 435 402	-	-	-	-	-	-	-	13 435 402
Bulk Purchases	-	-	-	-	-	-	69 393 436	-	69 393 436
Transfers and Grants	-	-	2 900 816	-	-	-	6 559 089	-	9 459 905
Other Expenditure	62 191 123	462 077	367 536	234 488	22 941 365	367 524	45 868 011	3 997 940	136 430 064
Loss on disposal of Assets	2 227 997	-	-	-	-	-	-	-	2 227 997
TOTAL EXPENDITURE	247 579 964	10 752 315	15 794 574	14 333 710	61 747 989	3 642 443	160 343 595	30 359 494	544 554 083
NET SURPLUS/(DEFICIT) FOR THE YEAR	115 427 075	(10 690 282)	(15 794 574)	(14 333 710)	13 354 953	(3 642 443)	(75 567 170)	(13 985 152)	(5 231 303)
CAPITAL EXPENDITURE FOR THE YEAR	3 306 055	1 481	2 068	1 974	48 779 870	502	18 151 432	8 613 429	78 856 811

RAYMOND MHLABA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

60 SEGMENT REPORTING (CONTINUED)

30 JUNE 2020	Finance and administration R	Public Safety R	Planning and Development R	Community and social services R	Road transport R	Sport and recreation R	Energy sources R	Waste management R	Total R
REVENUE									
External Revenue from Non-Exchange Transactions	293 142 661	79 840	-	1 650 000	63 508 326	-	15 465 731	-	373 846 558
Property Rates	108 245 995	-	-	-	-	-	-	-	108 245 995
Government Grants and Subsidies	177 700 302	-	-	1 650 000	63 508 326	-	15 465 731	-	258 324 359
Contributed Assets	-	-	-	-	-	-	-	-	-
Fines	-	79 840	-	-	-	-	-	-	79 840
Actuarial Gains	4 433 263	-	-	-	-	-	-	-	4 433 263
Fair Value Adjustments	2 763 100	-	-	-	-	-	-	-	2 763 100
External Revenue from Exchange Transactions	35 537 468	-	-	-	3 639 431	-	68 528 844	15 666 412	123 372 155
Service Charges	-	-	-	-	-	-	68 404 877	15 666 412	84 071 288
Rental of Facilities and Equipment	274 031	-	-	-	10 874	-	-	-	284 905
Interest Earned - external investments	3 341 298	-	-	-	-	-	-	-	3 341 298
Interest Earned - outstanding debtors	27 036 176	-	-	-	-	-	-	-	27 036 176
Licences and Permits	-	-	-	-	3 565 198	-	-	-	3 565 198
Other Income	4 885 962	-	-	-	63 359	-	123 968	-	5 073 290
TOTAL REVENUE	328 680 129	79 840	-	1 650 000	67 147 757	-	83 994 575	15 666 412	497 218 713
EXPENDITURE	279 527 920	9 914 724	20 394 822	11 148 531	43 643 964	3 069 679	149 868 678	24 220 723	541 789 040
Employee related costs	70 691 448	9 100 163	12 786 555	10 238 590	31 294 112	2 835 795	26 980 255	6 764 549	170 691 468
Remuneration of Councillors	9 556 679	338 971	697 271	381 153	1 492 128	104 948	5 123 806	828 074	18 523 030
Debt Impairment	79 196 048	-	-	-	-	-	14 204 081	12 793 644	106 193 772
Bad Debts Written Off	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	33 212 743	-	-	-	-	-	-	-	33 212 743
Impairments	-	-	-	-	-	-	-	-	-
Finance Charges	23 994 497	-	-	-	-	-	-	-	23 994 497
Bulk Purchases	-	-	-	-	-	-	65 723 227	-	65 723 227
Transfers and Grants	197 700	-	3 681 260	-	-	-	5 911 401	-	9 790 360
Other Expenditure	62 017 502	469 166	3 216 523	521 565	10 829 449	126 947	31 828 816	3 818 765	112 828 732
Loss on disposal of Assets	661 303	6 423	13 213	7 223	28 275	1 989	97 093	15 691	831 210
TOTAL EXPENDITURE	279 527 920	9 914 724	20 394 822	11 148 531	43 643 964	3 069 679	149 868 678	24 220 723	541 789 040
NET SURPLUS/(DEFICIT) FOR THE YEAR	49 152 208	(9 834 884)	(20 394 822)	(9 498 531)	23 503 794	(3 069 679)	(65 874 103)	(8 554 311)	(44 570 327)
CAPITAL EXPENDITURE FOR THE YEAR	4 928 300	2 095	22 942	2 356	49 744 337	649	6 838 526	423 207	61 962 412

RAYMOND MHLABA LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2021

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2020 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2021 R
<u>FINANCE LEASE LIABILITIES</u>						
Aloe Office - 65 Xerox Machines	16.54%	31/Aug/20	231 265	-	(231 265)	-
Absa Vehicle Management Solutions - 14 Vehicles	28.32%	28/Aug/21	5 918 827	-	(1 335 613)	4 583 214
Aloe Xerox - 65 Xerox Machines	17.20%	7/Dec/23	-	1 218 896	(190 814)	1 028 082
Total Finance Lease Liabilities			6 150 092	1 218 896	(1 757 692)	5 611 296
Total Long-Term Liabilities			6 150 092	1 218 896	(1 757 692)	5 611 296

RAYMOND MHLABA LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2021

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	FUNDS RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	218 472 782	(218 472 782)	-	-	-
Municipal Finance Management Grant	-	2 500 000	(2 500 000)	-	-	-
Municipal Infrastructure Grant	-	31 546 000	(1 110 730)	(30 435 270)	-	-
Expanded Public Works Program	-	3 309 000	(3 309 000)	-	-	-
Integrated National Electrification Programme (INEP)	536 192	16 554 000	-	(16 554 000)	(536 192)	-
Municipal Disaster Relief Grant	288 289	-	-	-	(288 289)	-
LG-SETA	-	232 513	(232 513)	-	-	-
National Treasury Audit Fees Grant	-	2 283 789	(2 283 789)	-	-	-
Total National Government Grants	824 481	274 898 083	(227 908 813)	(46 989 270)	(824 481)	-
PROVINCIAL GOVERNMENT						
Library Grant	-	1 650 000	(1 650 000)	-	-	-
OTP Alice Revitalisation	162	15 003 331	-	(15 003 331)	-	162
Department of Roads	-	28 000 000	-	(13 256 410)	-	14 743 590
Alien Plant Removal (EPWP)	-	5 000 000	(4 641 941)	-	-	358 059
Housing Disaster Grant	1 508 737	-	(1 499 263)	-	-	9 474
DDEAT - Mining Projects	77 000	-	-	-	-	77 000
ECDLGTA - Greening and Beautification	707 664	-	-	-	-	707 664
LSDF - Middledrift Spatial Development	147 392	-	-	-	-	147 392
Quarry Mining Grant	102 563	-	-	-	-	102 563
Total Provincial Government Grants	2 543 519	49 653 331	(7 791 204)	(28 259 742)	-	16 145 904
ALL SPHERES GOVERNMENT	3 368 000	324 551 415	(235 700 018)	(75 249 011)	(824 481)	16 145 904