Rand West City Local Municipality
(Registration number GT485)
Audited Financial Statements
for the year ended June 30, 2021

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Members of Council

Executive Mayor	Cllr. B.Mahuma
Speaker	Cllr. V. Nqina-Mzondeki
Council Whip	Cllr. M. Jokazi
Members of Mayoral Committee	MMC Corporate Support Services: Cllr. S. Moumakwe
	MMC Finance: Cllr. T. Grobler
	MMC LED: Cllr. N. Khenene
	MMC Planning and Human Settlement: Cllr. S. Mazibuko
	MMC Social and Health Services: Cllr. P.S. Mapena-Dlamini
	MMC Water, Energy and Sanitation: Cllr. D. Sithole
	MMC Sports, Recreation, Arts and Culture: Cllr. N.D. Molatlegi
	MMC Roads, Transport and Stormwater: Cllr. G. Khoza
	MMC Parks, Cemetries and Waste Management: Cllr. D. Molebatsi
	MMC Public Safety: Cllr. J. Legoete
Councillors	Cllr. B. Montsho (Ward 01)
	Cllr. M. Mtyotywa (Ward 11)
	Cllr. D. Machaba (Ward 12)
	Cllr. M. Ndamane (Ward 13)
	Cllr. K. Tsotetsi (Ward 14)
	Cllr. D. Mbulula (Ward 16)
	Cllr. T Tlholoe (Ward 18)
	Cllr. M. Sello (Ward 19)
	Cllr. P. Faku (Ward 22)
	Cllr. N. Matiwane (Ward 24)
	Cllr. A. Saba (Ward 25)
	Cllr. W. Matshaya (Ward 26)
	Cllr. W. Njani (Ward 28)
	Cllr. N. Kolo (Ward 29)
	Cllr. M. Ngamntwini (Ward 30)
	Cllr. I. Merabe (Ward 33)
	Cllr. N. Ncele (Ward 34)
	Cllr. N. Baza (Ward 35) (Deceased)
	Cllr. A. Van Tonder (Ward 03)
	Cllr. S Erasmus (Ward 04)
	Cllr. E. De Lange (Ward 08)
	Cllr. C. Harrison (Ward 07)
	Cllr. P. Dick (Ward 09)
	Cllr. G. Samson (Ward 10)
	Cllr. I. Ramphore (Ward 20)
	Proportional Representative Councillors:
	Cllr. G. Kruger
	Cllr. B.C Dreyer

General Information

	Cllr. H. Hild Cllr. J. Marite (Deceased) Cllr. J. Letlhake Cllr. P. Mavuso Cllr. N Williams Cllr. S. Sekhokho Cllr. B Lethlake Cllr. F. Bergman Cllr. M.E. Matlaila Cllr. B. Munyai Cllr. A. Zingela Cllr. J. Matebesi Cllr. B Ramaphala Cllr. M. Ramotlhale Cllr. J. Letsholo Cllr. M. Sethepo Cllr. M. Mthimkhulu Cllr. T.S Mngomezulu Cllr. M. Nkoe Cllr. C. Brough Cllr. T. Seshoka Cllr. T.E. Stefane Cllr. F. Volgraaff Cllr. A. Sityebi-Mabuya Cllr. T. Mazula Cllr. N. Kiewiertz Cllr. P.Chabane Cllr. A. Mosina Cllr. T. Thlagale Cllr. B Green
Grading of local authority	Grade 4
Accounting Officer	T. Goba (On suspension) L Steyn (Acting Accounting Officer)
Chief Financial Officer	N.M. Lion (Resigned) N Madonsela (Acting CFO)
Registered office	Corner Sutherland & Pollock street Randfontein 1760
Postal address	P. O. Box 218 Randfontein 1760
Bankers	First National Bank Ltd
Auditors	Auditor General of South Africa
Attorneys	Bhika Calitz Attorneys Fick Attorneys

General Information

	Geldenhuys Van Ryneveld Attorneys Legwale Attorneys Malatji Attorneys Matseke Attorneys Motlatsi Seleke Attorneys Naidoo and Associates Incorporated Steyn and Steyn Attorneys Thaanyane Attorneys
Currency and rounding off	South African Rand rounding off to nearest Rand
Website	www.randwestcity.gov.za
Telephone and fax number	011 411 0000/ 011 693 1394

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

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
VAT	Value Added Tax of 1991
MFMA	Municipal Finance Management Act 56 of (2003)
MIG	Municipal Infrastructure Grant
UIF	Unemployment Insurance Fund
SARS	South African Revenue Services
SDL	Skills Development Levy

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officers have reviewed the municipality’s cash flow forecast for the year to June 30, 2022 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The audited financial statements set out on pages 9 to109 which have been prepared on the going concern basis, were approved by the Acting Accounting Officer on 31 August 2021 and were signed by him:

Accounting Officer
L. Steyn

Randfontein

Accounting Officer's Report

The accounting officers submit their report for the year ended June 30, 2021.

1. Review of activities

Main business and operations

The municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Dermacation Act, 1998 and operates in South Africa.

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

Net deficit of the municipality was R 136,207,018 (2020: deficit R 213,223,476).

2. Financial sustainability

The municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial committments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraits see note 53 for details. The covid -19 pandemic affected the financial sustainability of the Municipality.

3. Fruitless and wasteful expenditure

Given the current financial position of the municipality, there were instances where the municipality incurred interest due to late payment of creditor aacounts. The interest incurred in this respect was unavoidable and has been disclosed in the note 56.

4. Irregular expenditure

The municipality embarked on an overall review of the supply chain management function with the aim to support and implement a sustainable change within supply chain management. As part of its review, management conducted a detailed review of contracts that were awarded by the municipality. This review included confirming the scope and extent of contracts that were irregular.

5. Going concern

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

The impact of COVID-19 pandemic has significantly casted a doubt on the going concern assumption of the municipality however the governments intervention through the disaster management grant will assist in ensuring that the municipality continues as a going concern.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant is the continued funding by National and Provincial government for operational and capital activities. Refer to note 53 for details.

6. Subsequent events

The accounting officers are not aware of any matter or circumstance arising since the end of the financial year except for those mentioned in note 54.

7. Accounting policies

The audited financial statements prepared in accordance with the Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with Section 122(3) of the Municipal Finance Management Act 56 of 2003.

8. Accounting Officer

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

Name
T. Goba (On suspension)

Accounting Officer's Report

L. Steyn (Acting)	Appointed acting Accounting Officer on 20 May 2021

Accounting Officer's Report

9. Secretary

The secretarial fuction was perfomed by the Department of Corporate Services.

10. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Executive Committee meetings and monitor the municipality's compliance with the code on a monthly basis.

11. Bankers

For the year under review, the primary bank account of Rand West City Local Municipality was First National Bank.

12. Auditors

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

Statement of Financial Position as at June 30, 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	86,294,078	53,942,809
Receivables from exchange transactions	4	204,549,435	182,235,937
Receivables from non-exchange transactions (Statutory receivables)	5	37,099,145	37,100,424
Prepayments	6	1,655,259	1,523,019
Inventories	7	2,093,743	1,757,141
Long term receivables	8	1,288,530	788,105
Investments	9	4,653,587	4,348,310
		337,633,777	**281,695,745**
Non-Current Assets			
Long term receivables	8	1,066,768	431,186
Biological assets that form part of an agricultural activity	10	502,665	498,015
Investment property	11	246,571,520	240,296,760
Property, plant and equipment	12	3,997,715,420	4,011,506,078
Intangible assets	13	6,568,899	6,932,748
Heritage assets	14	3,904,117	3,904,117
		4,256,329,389	**4,263,568,904**
Total Assets		**4,593,963,166**	**4,545,264,649**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	1,354,679,738	1,233,778,024
Payables from non-exchange transactions	16	14,421,203	14,681,908
Vat payable	17	22,096,282	28,164,942
Unspent conditional grants and receipts	18	47,427,563	12,454,739
Consumer deposits	19	58,637,668	57,955,763
Finance lease obligation	20	16,720,942	16,857,116
Provisions	21	16,404,522	14,634,028
		1,530,387,918	**1,378,526,520**
Non-Current Liabilities			
Finance lease obligation	20	1,362,380	18,083,322
Provisions	21	177,102,110	148,585,080
Employee benefit obligation	22	194,376,000	173,128,000
		372,840,490	**339,796,402**
Total Liabilities		**1,903,228,408**	**1,718,322,922**
Net Assets		**2,690,734,758**	**2,826,941,727**
Reserves			
Revaluation reserve	23	1,308,969	1,308,969
Accumulated surplus		2,689,425,789	2,825,632,758
Total Net Assets		**2,690,734,758**	**2,826,941,727**

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Revenue			
Revenue from exchange transactions			
Service charges	24	1,135,926,517	1,126,741,309
Rental of facilities and equipment	25	4,545,064	1,336,727
Interest received - investment	26	1,815,643	2,894,802
Interest received - exchange transactions	27	45,728,675	25,849,393
Income from agency services	28	17,570,145	15,170,056
Other income	29	9,897,290	14,946,560
Total revenue from exchange transactions		**1,215,483,334**	**1,186,938,847**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	255,331,112	221,388,205
Interest received - non-exchange transactions	27	12,155,724	15,592,560
Transfer revenue			
Government grants & subsidies	31	617,637,602	561,950,488
Public contributions and donations	32	685,439	12,355,659
Fines	33	20,882,813	12,202,708
Total revenue from non-exchange transactions		**906,692,690**	**823,489,620**
Total revenue		**2,122,176,024**	**2,010,428,467**
Expenditure			
Employee related costs	34	(564,140,072)	(559,944,896)
Remuneration of councillors	35	(27,229,187)	(27,085,510)
Depreciation and amortisation	36	(194,424,641)	(193,282,759)
Impairment loss of assets	37	(12,958,555)	(26,035,335)
Finance costs	38	(80,422,676)	(69,324,455)
Debt impairment	39	(201,995,087)	(222,583,998)
Assets derecognised	40	(14,804,244)	(57,313,529)
Bulk purchases	41	(925,009,624)	(866,853,459)
Contracted services	42	(134,438,194)	(134,930,373)
General expenses	43	(109,119,761)	(94,136,951)
Total expenditure		**(2,264,542,041)**	**(2,251,491,265)**
Operating deficit		**(142,366,017)**	**(241,062,798)**
Gain or loss on disposal of assets	44	1,083,715	233,634
Fair value adjustments	45	8,802,284	(4,320,947)
Actuarial (gains)/losses	22	(3,727,000)	31,926,635
		6,158,999	**27,839,322**
Deficit for the year		**(136,207,018)**	**(213,223,476)**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Restated* Balance at 01 July 2018	**1,670,942**	**2,929,653,179**	**2,931,324,121**
Changes in net assets			
Prior year adjustments	-	109,203,055	109,203,055
Decrease in revaluation reserve	(361,973)	-	(361,973)
Net income (losses) recognised directly in net assets	(361,973)	109,203,055	108,841,082
Restated* Deficit for the year	-	(213,223,476)	(213,223,476)
Total recognised income and expenses for the year	(361,973)	(104,020,421)	(104,382,394)
Total changes	(361,973)	(104,020,421)	(104,382,394)
Restated* Balance at July 1, 2020	**1,308,969**	**2,873,604,725**	**2,874,913,694**
Changes in net assets			
Correction of errors	-	(47,971,918)	(47,971,918)
Net income (losses) recognised directly in net assets	-	(47,971,918)	(47,971,918)
Deficit for the year	-	(136,207,018)	(136,207,018)
Total recognised income and expenses for the year	-	(184,178,936)	(184,178,936)
Total changes	-	(184,178,936)	(184,178,936)
Balance at June 30, 2021	**1,308,969**	**2,689,425,789**	**2,690,734,758**
Note(s)	23		

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Taxation and fines		228,477,118	252,933,801
Sale of goods and services		1,021,069,640	919,344,048
Grants		652,610,426	561,647,635
Interest income		1,510,366	2,722,532
Other receipts		32,012,499	31,453,343
		1,935,680,049	1,768,101,359
Payments			
Employee and councillors costs		(587,919,202)	(566,863,296)
Suppliers		(1,036,761,013)	(880,751,117)
Finance costs		(53,506,565)	(40,165,650)
		(1,678,186,780)	(1,487,780,063)
Net cash flows from operating activities	46	**257,493,269**	**280,321,296**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(207,347,494)	(262,030,164)
Purchase of investment property	11	3,606,589	-
Proceeds from sale of investment property	11	-	529,169
Purchase of intangible assets	13	-	(210,063)
(Increase)/Decrease long term receivables		(4,544,028)	(408,501)
Net cash flows from investing activities		**(208,284,933)**	**(262,119,559)**
Cash flows from financing activities			
Finance lease payments		(16,857,116)	5,725,311
Net increase in cash and cash equivalents		**32,351,269**	**23,926,149**
Cash and cash equivalents at the beginning of the year		53,942,809	30,016,660
Cash and cash equivalents at the end of the year	3	**86,294,078**	**53,942,809**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,206,207,000	20,991,589	**1,227,198,589**	1,135,926,517	**(91,272,072)**	59.01
Rental of facilities and equipment	1,627,411	(830,111)	**797,300**	4,545,064	**3,747,764**	59.02
Interest received - exchange transactions	45,700,422	-	**45,700,422**	45,728,675	**28,253**	59.03
Income from agency services	26,152,578	-	**26,152,578**	17,570,145	**(8,582,433)**	59.04
Other income	20,644,334	1,680,674	**22,325,008**	9,897,290	**(12,427,718)**	59.05
Interest received - investment	3,391,872	-	**3,391,872**	1,815,643	**(1,576,229)**	59.06
Total	**1,303,723,617**	**21,842,152**	**1,325,565,769**	**1,215,483,334**	**(110,082,435)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	250,220,359	36,726,382	**286,946,741**	255,331,112	**(31,615,629)**	59.07
Interest received - non exchange transactions	-	-	**-**	12,155,724	**12,155,724**	
Transfer revenue						
Government grants & subsidies	425,021,713	5,000,000	**430,021,713**	617,637,602	**187,615,889**	59.08
Public contributions and donations	-	-	**-**	685,439	**685,439**	59.09
Fines	14,713,053	228,799	**14,941,852**	20,882,813	**5,940,961**	59.10
Total	**689,955,125**	**41,955,181**	**731,910,306**	**906,692,690**	**174,782,384**	
Total revenue	**1,993,678,742**	**63,797,333**	**2,057,476,075**	**2,122,176,024**	**64,699,949**	
Expenditure						
Employee related costs	(570,308,147)	9,999,740	**(560,308,407)**	(564,140,072)	**(3,831,665)**	59.11
Remuneration of councillors	(29,713,624)	1,700,000	**(28,013,624)**	(27,229,187)	**784,437**	59.12
Depreciation and amortisation	(178,910,000)	-	**(178,910,000)**	(194,424,641)	**(15,514,641)**	59.13
Impairment loss of Asets	-	-	**-**	(12,958,555)	**(12,958,555)**	59.14
Finance costs	(43,018,618)	-	**(43,018,618)**	(80,422,676)	**(37,404,058)**	59.15
Debt impairment	(237,476,862)	-	**(237,476,862)**	(201,995,087)	**35,481,775**	59.16
Assets derecognised	-	-	**-**	(14,804,244)	**(14,804,244)**	59.17
Bulk purchases	(810,593,467)	-	**(810,593,467)**	(925,009,624)	**(114,416,157)**	59.19
Contracted services	(144,845,754)	(5,069,447)	**(149,915,201)**	(134,438,194)	**15,477,007**	59.20
General expenses	(67,806,033)	(64,967,890)	**(132,773,923)**	(109,119,761)	**23,654,162**	59.22
Total expenditure	**(2,082,672,505)**	**(58,337,597)**	**(2,141,010,102)**	**(2,264,542,041)**	**(123,531,939)**	
Operating Surplus (Deficit)	**(88,993,763)**	**5,459,736**	**(83,534,027)**	**(142,366,017)**	**(58,831,990)**	
Gain on disposal of assets	-	-	**-**	1,083,715	**1,083,715**	59.23
Transfers and subsidies	173,051,300	43,800,000	**216,851,300**	-	**(216,851,300)**	
Fair value adjustments	-	-	**-**	8,802,284	**8,802,284**	59.24
Actuarial gains	-	-	**-**	(3,727,000)	**(3,727,000)**	59.25
	173,051,300	**43,800,000**	**216,851,300**	**6,158,999**	**(210,692,301)**	
Deficit before taxation	**84,057,537**	**49,259,736**	**133,317,273**	**(136,207,018)**	**(269,524,291)**	
Surplus (Deficit) for the year	**84,057,537**	**49,259,736**	**133,317,273**	**(136,207,018)**	**(269,524,291)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4,355,114	(87,016)	**4,268,098**	2,093,743	**(2,174,355)**	
Investments	40,033,000	177,720	**40,210,720**	4,653,587	**(35,557,133)**	
Receivables from non-exchange transactions (Statutory receivables)	-	-	**-**	37,099,145	**37,099,145**	
Other debtors	64,228,928	94,492,555	**158,721,483**	-	**(158,721,483)**	
Prepayments	-	-	**-**	1,655,259	**1,655,259**	
Consumer debtors	231,970,905	(49,439,609)	**182,531,296**	204,549,435	**22,018,139**	
Long term receivables	1,625,683	-	**1,625,683**	1,288,530	**(337,153)**	
Cash and cash equivalents	33,102,235	(18,652,656)	**14,449,579**	86,294,078	**71,844,499**	
	375,315,865	**26,490,994**	**401,806,859**	**337,633,777**	**(64,173,082)**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	704,665	-	**704,665**	502,665	**(202,000)**	
Investment property	290,133,983	-	**290,133,983**	246,571,520	**(43,562,463)**	
Property, plant and equipment	5,396,442,848	(1,116,246,082)	**4,280,196,766**	3,997,715,420	**(282,481,346)**	
Intangible assets	6,681,215	(132,251)	**6,548,964**	6,568,899	**19,935**	
Heritage assets	-	-	**-**	3,904,117	**3,904,117**	
Long term receivables	-	-	**-**	1,066,768	**1,066,768**	
Other non-current assets	-	4,818,781	**4,818,781**	-	**(4,818,781)**	
	5,693,962,711	**(1,111,559,552)**	**4,582,403,159**	**4,256,329,389**	**(326,073,770)**	
Total Assets	**6,069,278,576**	**(1,085,068,558)**	**4,984,210,018**	**4,593,963,166**	**(390,246,852)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	16,720,942	**16,720,942**	
Payables from exchange transactions	563,456,000	(293,124,265)	**270,331,735**	1,354,679,738	**1,084,348,003**	
Taxes and transfers payable (non-exchange)	-	-	**-**	14,421,203	**14,421,203**	
Consumer deposits	47,943,801	(9,999,999)	**37,943,802**	58,637,668	**20,693,866**	
Unspent conditional grants and receipts	-	-	**-**	47,427,563	**47,427,563**	
Provisions	14,970,153	(11,762,302)	**3,207,851**	16,404,522	**13,196,671**	
Vat payable	-	-	**-**	22,096,282	**22,096,282**	
Borrowings	111,895,000	9,091,623	**120,986,623**	-	**(120,986,623)**	
	738,264,954	**(305,794,943)**	**432,470,011**	**1,530,387,918**	**1,097,917,907**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	1,362,380	**1,362,380**	
Employee benefit obligation	-	-	**-**	194,376,000	**194,376,000**	
Provisions	427,021,000	(74,170,697)	**352,850,303**	177,102,110	**(175,748,193)**	
	427,021,000	**(74,170,697)**	**352,850,303**	**372,840,490**	**19,990,187**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total Liabilities	**1,165,285,954**	**(379,965,640)**	**785,320,314**	**1,903,228,408**	**1,117,908,094**	
Net Assets	**4,903,992,622**	**(705,102,918)**	**4,198,889,704**	**2,690,734,758**	**(1,508,154,946)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1,671,000	-	**1,671,000**	1,308,969	**(362,031)**	
Accumulated surplus	4,902,321,622	(705,102,918)	**4,197,218,704**	2,689,425,789	**(1,507,792,915)**	
Total Net Assets	**4,903,992,622**	**(705,102,918)**	**4,198,889,704**	**2,690,734,758**	**(1,508,154,946)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	187,665,269	79,774,433	**267,439,702**	228,477,118	**(38,962,584)**	
Sale of goods and services	904,655,360	259,485,751	**1,164,141,111**	1,021,069,640	**(143,071,471)**	
Grants	598,073,000	48,800,012	**646,873,012**	652,610,426	**5,737,414**	
Interest income	-	-	**-**	1,510,366	**1,510,366**	
Other receipts	62,730,525	19,855,647	**82,586,172**	32,012,499	**(50,573,673)**	
	1,753,124,154	**407,915,843**	**2,161,039,997**	**1,935,680,049**	**(225,359,948)**	
Payments						
Supplies and Employee costs	(1,651,167,184)	(244,447,392)	**(1,895,614,576)**	(1,624,680,189)	**270,934,387**	
Finance costs	(43,018,618)	10,772,926	**(32,245,692)**	(53,506,565)	**(21,260,873)**	
	(1,694,185,802)	**(233,674,466)**	**(1,927,860,268)**	**(1,678,186,754)**	**249,673,514**	
Net cash flows from operating activities	**58,938,352**	**174,241,377**	**233,179,729**	**257,493,295**	**24,313,566**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(194,651,300)	(43,800,070)	**(238,451,370)**	(207,347,494)	**31,103,876**	
Purchase of investment property	-	-	**-**	3,606,589	**3,606,589**	
Decrease (increase) in long term receivables	-	-	**-**	(4,544,028)	**(4,544,028)**	
Net cash flows from investing activities	**(194,651,300)**	**(43,800,070)**	**(238,451,370)**	**(208,284,933)**	**30,166,437**	
Finance Lease payments	-	-	**-**	(16,857,116)	**-**	
Cash and cash equivalents at the end of the year	**-**	**-**	**-**	**(16,857,116)**	**-**	
Reconciliation						
Net cash from (used) financing						
Cash and cash equivalents at the begining						
Cash/cash equivalents at the year begin:			33,850,075	53,942,809	**(20,092,734)**	
Cash/cash equivalents at the year end:			21,557,951	86,294,078	**(64,736,127)**	
					-	

Accounting Policies

Figures in Rand	Note(s)	2021	2020 Restated*

1. Presentation of Audited Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Use of estimates

Management makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing amaterial adjustment to the carrying amounts af assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgements based on historical experience and other factors, including expectations of future events that are believed to reasonable under the circumstatnces. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

In the process of applying Rand West City Local Municipality's accounting policies, management has made the following significant accounting adjustments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.3.1 Classification of leases

All arragements that are classified as leases are evaluated as operating and finance leases. These are then accounted in the annual financial statements in terms of the relevant GRAP standard.

1.3.2 Employee benefits including pension and other post-employmnet benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, 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.

1.3.3 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. This was performed per service identifiable categories across all debtor classes.

1.3.4 Impairment of property , plant and equipment, heritage assets and intangible assets

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Accounting Policies

1.3 Use of estimates (continued)

1.3.5 Provisions, Landfill rehabilitation provision and contigent liabilities

Management's judgement is required when recognising and measuring provisions, landfill rehabilitation provision and contigent liabilities. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

1.3.6 Useful lives of property, plant and equipment and intangible assets

The useful lifes of assets are based on management's estimate. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values are also based on management's judgements 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.

1.4 Budget information

The Municipality is typically subject to the budgetary limits in a form of appropriations or budget authorisations (or equivalent), which is the given effect through MFMA and the appropriate legislation.

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

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

1.5 Receivables from exchange transactions

Receivables from exchange transactions arise revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable which has not yet been paid.

Receivables from exchange transactions are recognised initially at fair value, plus transaction costs and subsequently recognised at amortised cost, using an effective interest rate less provision for impairment. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An estimate for impairment of receivables is determined based on the impairment methodology for receivables using management’s judgement and reasonable estimates.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. The average credit period on services rendered is 30 days from date of invoice. An impairment allowance for impairment of receivables is established when there is objective evidence that Rand West City will not be able to collect all amounts due according to the original terms of receivables. Accordingly the carrying amount of the receivables is reduced through the use of an impairment allowance for impairment of debtors account. The impairment loss or gain is recognised in statement of financial performance.

An impairment allowance is decreased if the decrease can be related objectively to an event occurring after the impairment was recognised. The impairment is reversed by adjusting the allowance account. The reversal does not result in a carrying amount that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Sundry debtors
Sundry debtors are miscellaneous amounts owed to Rand West City and are assessed for impaired which reduces the gross amount

1.6 Receivables from non-exchange transactions(statutory receivables)

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

Receivables from non exchange transactions are recognised initially at fair value, plus transaction costs and subsequently recognised at amortised cost, using an effective interest rate less provision for impairment. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. An estimate for impairment of receivables is determined based on the impairment methodology for receivables using management’s judgement and reasonable estimates.

Accounting Policies

1.6 Receivables from non-exchange transactions(statutory receivables) (continued)

1.6.1 Property rates

Property rates receivables are taxes were economic benefits or service potential are payable to Rand West City, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

1.6.2 Traffic fines

Traffic fines are economic benefits or service potential received or receivable by the municipality, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. The fines are assessed for impairment and recoverabity at the end of each financial year which reduces the gross amount due to Rand West City.

1.6.3 Gauteng Department of Human Settlements

This is a receivable of money gazetted and owing to Rand West City grants and subsidies not yet transferred to the municipality. The receivable is recognised as an asset where the future events are under the municipality's control and until the funds are transferred to Rand West City.

1.7 Prepayments

A prepayment is the settlement of expenditure or capital expenditure before the goods are delivered or services are rendered. A prepayment can either be made for the entire balance of a liability or for an upcoming payment that is paid in advance of the date for which the municipality is contractually obligated to pay. Rand West City Local Municipality recognises prepayments as current assets and subsequently expenses or capitalises them when the goods are received or services are rendered.

Accounting Policies

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

Distribution at no charge or for a nominal charge; or

Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

1.9 Long term receivables

Long term receivables are consumer debtors who enter into an arrangement with the municipality to pay over an agreed period of time. They are recognised as an asset with the current portion being due within 12 months and the non current portion due more than 12 months as at the end of the financial year. The carrying amount is net of debt impairment which is the loss of value in the long term receivable and the impairment is recognised as an expense in the statement of financial performance.

1.10 Construction contracts and receivables

A long-term investment is an account on the asset side of a municipality's statement of financial position that represents the municipality's investments, including stocks, bonds, real estate and cash, that it intends to hold for interest or security.

A current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made.

A long term investment is an investment other than a current investment.

The carrying amount for investments is the market value which generally provides the best evidence of fair value. The increase or decrease in investment is accounted for in the statement of financial performance.

1.11 Biological assets that form part of an agricultural activity

The municipality recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

1.11 Biological assets that form part of an agricultural activity (continued)

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

1.12 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

Fair value

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

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

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

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

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

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.

Accounting Policies

1.12 Investment property (continued)

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

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the audited financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the audited financial statements (see note 11).

1.13 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Accounting Policies

1.13 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	5-100 years
Leasehold property	Straight-line	5-100 years
Plant and machinery	Straight-line	5-100 years
Furniture and fixtures	Straight-line	3 - 10 years
Motor vehicles	Straight-line	3 - 7 years
Office equipment	Straight-line	3 - 50 years
Infrastructure	Straight-line	1 - 100 years

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

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

The depreciation method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

1.13 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

1.14 Intangible assets

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

1.14 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Average useful life
Servitudes	Indefinite
Computer software	3 - 10 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.15 Heritage assets

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as a heritage asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.Revaluation is performed every five years.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Accounting Policies

1.15 Heritage assets (continued)

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.16 Payables from exchange tranasactions

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

Payables from exchange transactions is money owing by the municipality in exchange for goods and services and are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.17 Payables from non exchange transactions

Payables from non exchange transactions is money owing by the municipality for which there was no exchange for goods and services and are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.18 Unspent conditional grants

This is represented funds unspent at the end of the financial year on grants received from national and provincial government or any other external party that can only be spent for the condition for which it was received.The amount is recognised as a current liability until the conditions of the grant are met or the money is transferred back to the funder.

1.19 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.20 Value added tax (VAT)

The municipality accounts for VAT on an accrual basis and is registered with the South African Revenue Services (SARS) for VAT on the payments (cash) basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.21 Leases

At inception of an arrangement, Rand West City Local Municipality determines whether the arrangement is or contains a lease.

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

When a lease includes both land and buildings elements, Rand West City Local Municipality assesses the classification of each element separately. The land and the buildings elements of a lease are considered separately for the purpose of lease classification as finance or an operating lease.

Accounting Policies

1.21 Leases (continued)

Additional text

Finance leases - Rand West City Local Municipality lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease. Lease payment relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue.

Finance leases - Rand West City Local Municipality lessee

Finance lease assets are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as finance lease liability as part of debt.

The capitalised amount is depreciated over the shorter of the lease-term and asset's useful life unless it is reasonably certain that Rand West City Local Municipality will obtain ownership by the end of the lease term, in which case it is depreciated over its useful life.

Lease payments are allocated between capital repayments and finance expenses using the effective interest rate method.

Operating leases - Rand West City Local Municipality lessor

Rand West City Local Municipality presents assets subject to operating leases in the Statement of Financial Position according to the nature of the asset. These assets are depreciated in accordance with Rand West City Local Municipality's normal depreciation policy.

Lease revenue from operating leases is recognised as revenue on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs,including depreciation, incurred in earning the lease revenue are recognised as an expense.

Initial direct costs incurred by Rand West City Local Municipality in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Operating leases - Rand West City Local Municipality lessee

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

Accounting Policies

1.22 Borrowings

Borrowings are long term and short term loans obtained by the municipality from financial institutions for the purpose of capital or operating expenses and interest is charged to the principal debt.

The portion of borrowings due within twelve months of the financial reporting date is disclosed as a current liability and the portion due in more than twelve months of reporting date is disclosed as a non current liability.

1.23 Provisions

A provision is a liability of uncertain timing or amount. Rand West City Local Municipality recognises provisions when:

- the municipality has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

- a reliable estimate can be made of the obligation.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

Long-term provisions are determined by discounting the expected future cash flows to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the Statement of Financial Performance.

Provisions are used only for expenditures for which the provision was originally recognised.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Those which can be settled within twelve months are treated as current liabilities. All other provisions are treated as non-current liabilities.

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.24 Employee benefit obligations

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

Accounting Policies

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.24.1 Short term employee benefits

Remuneration of employees is charged to the Statement of Financial Performance.

Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short term benefits include the paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care.

Short-term employee benefit obligations are measured on an undiscounted basis and are charged to the Statement of Financial Performance as the related service is provided.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

A liability is recognised for accumulated leave, incentive/performance bonuses and other employee benefits when Rand West City Local Municipality has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

1.24.2 Defined contribution pension plan and defined benefit pension plans

Rand West City Local Municipality contributes to defined contribution pension plans and defined benefit pension plans for its employees. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

1.24.3 Retirement benefits

Defined contribution plans are post-employment benefit plans under which Rand West City Local 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.

Contributions to defined contribution pension plans are charged to the Statement of Financial Performance as an employee expense in the period in which related services are rendered by the employee or as they fall due.

Accounting Policies

Contributions that are expected to be wholly settled more than 12 months after the end of the reporting period, in which the employee renders the service, are discounted to their present value.

1.24.4 Defined benefit plans - Post-retirement health care benefits

Rand West City Local Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain of its retirees and their spouses. The entitlement of these benefits is usually based on the employee remaining in service up to retirement age, the completion of a minimum service period of 10 years and the employee continuing to pay their own contributions to the scheme.

Past service costs is recognised in surplus or deficit in the reporting period in which the plan is amended irrespective of whether vesting periods exist.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the project credit method. Independent actuaries perform the calculation of this obligation annually. Actuarial gains or losses are recognised, in the Statement of Financial Performance, in the period that they occur.

1.24.5 Other long term employee benefits

Long-term benefits are those that are provided to employees more than 12 months after the reporting date. Currently Rand West City Local Municipality provides the following additional payments to employees based on certain criteria

1.24.6 Gratuity payment benefits

The municipality provides additional gratuity payments for employees who were not allowed to contribute retirement benefit plans under the apartheid government. This benefit is based on half the basic salary (at retirement) of the employee multiplied by the number of years that the employee was not allowed to contribute retirement benefit plans.

1.24.7 Long service awards

The municipality offers various types of long service awards to its employees, payable on completion of minimum number of years of employment.

Rand West City Local Municipality’s liability is based on an actuarial valuation. Actuarial gains and losses on the long-term incentives are fully accounted for in the Statement of Financial Performance. The projected unit credit method was used to value the obligation.

The present value of the obligation is recognised on the Statement of Financial Position.

1.25 Accumulated surplus

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

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued heritage assets increase or decrease in value every five years. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.27 Revenue from exchange transactions

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

Revenue is recognised when it is probable that future economic benefits or services potential will flow to Rand West City Local Municipality, and when these benefits can be reliably measured.

Accounting Policies

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, service charges, rentals, interest received, grants from national and provincial government and other services rendered.

Revenue is measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the Rand West City Local Municipality and the purchaser or user of the asset or service.

Where the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

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 imputed rate of interest is the more clearly determinable of either:

-The prevailing rate for a similar instrument of an issuer with a similar credit rating; or a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

- Rand West City Local Municipality derives revenue from exchange and non-exchange transactions

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

1.27.1 Service charges:

Rand West City Local Municipality recognises revenue from the rendering of services by reference to the stage of completion method when the outcome of the transaction can be measured reliably. The outcome of the transaction can be reliably measured, that is, when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to Rand West City Local Municipality.

- The stage of completion of the transaction at the reporting date can be measured reliably.

- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Revenue arising from the provisioning of the services which is based on the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis and revenue is recognised when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history or deemed consumption for households. The provisional estimates of consumption are recognised as revenue when billed. Adjustments to provisional estimates of consumption are made in the billing period when meters have been read. These adjustments are recognised as revenue in the billing period.

An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of each reporting period Residential sanitations service charges is based on taking 30kl of water consumption and multiply by applicable tariff for financial period. Business sanitation service charges is based on taking the twelve months water consumption multiply by the applicable. Basic Sewerages is based on taking the area size of the property multiply by the applicable tariff.

Service charges relating to refuse removal are recognised on a monthly basis based on 240l bins collected on a weekly basis.

Revenue from the sale of prepaid electricity and water is recognised at the point of sale less unused electricity and water at the end of the financial period.

1.27.2 Rental of facilities and equipment

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

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

1.27.3 Interest received - investment

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investments.

1.27.4 Interest received - outstanding receivables

Interest earned on outstanding receivables are recognised on a time proportionate basis and receivables are charged an interest rate of 10%.

1.27.5 Income from agency fees

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.27.6 Other income

Other income is miscellaneous revenue generated by the municipality and is recognised on an accrual basis.

1.28 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where Rand West City Local 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.

1.28.1 Property rates

Revenue from property rates is calculated from the date when the legal entitlement to this revenue arises and is recognised when billed. Collection charges are recognised when such amounts are legally enforceable and billed. Penalty interest on unpaid rates is recognised on a time proportion basis. A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

1.28.2 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the conditions have not yet been met, the receipt will be recognised as a liability (Unspent conditional grants and receipts).

1.28.3 Public donations and contributions

Public donations and contributions are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Municipality. Public donations and contributions are measured at fair value.

1.28.4 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued. Traffic fines are measured at fair value, which is based on the value of the fines issued, excluding the value of any early settlement discounts that are likely to be taken up by motorists. Interest is not levied on overdue amounts.

Subsequently, Rand West City Local Municipality evaluates the recoverability of these fines to determine the recoverable amount. This takes into account settlement discounts, reductions in the amount payable are offered, past history in terms of the successful prosecution and recovery of the fines. Rand West City Local Municipality does not recognise services in-kind as assets or revenue.

1.29 Expenditure

Expenditure in the statement of financial performance is operational costs incurred in the normal operations of the municipality. Expenditure is accounted for on an accrual basis that is when the expense is incurred and not when it is paid. The following expenditure classes are applicable to Rand West City Local Municipality:

1.29.1 Employee related costs

Employee related costs is the expense incurred by the municipality to Rand West City employees. It is accounted for the period in which the employees would have worked that is the costs includes any accrued items such as leave and bonuses which will be paid after the financial year.

1.29.2 Remuneration of councillors

Remuneration of councillors is an expense incurred by the municipality to political office bearers and councillors and are set by the upper limits as determined by the framework envisaged in section 219 of the Constitution.

1.29.3 Depreciation and amortisation

Depreciation and amortisation is the portion of the cost of property plant and equipment and intangible assets which are spread over the useful life of the asset.

1.29.4 Impairment loss of assets

Impairment loss of assets is the 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. The expense is recognised in the year is occurs and reversed when the conditions of impairment assessment change.

1.29.5 Finance costs

Finance costs is the interest charged on money owed by the municipality or the time value of money lost and is accounted for in the period in which it occurs

1.29.6 Debt impairment

Debt impairment is the loss in the future economic benefits or service potential of a receivable. At the end of each financial year money owed to the municipality is assessed for recoverability and the portion assessed to be irrecoverable will be expensed in the statement of financial performance.

1.29.7 Assets derecognised

Assets derecognised are items of assets that are written off the municipality's asset register as they will no longer meet the definition of an asset. The derecognition is accounted for in the financial year's statement of financial performance when the assessment occurs.

1.29.8 Bulk purchases

Bulk purchases is the cost of electricity and water the municipality is billed by Eskom and Rand Water respectively in a financial period.

1.29.9 Contracted services

Contracted services are the services the municipality has outsourced and the cost represents the charges in the financial period.

1.29.10 Transfers and subsidies

Transfers and subsidies is the cost of contribution made by Rand West City to SPCA. The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not: receive any goods or services directly in return, as would be expected in a purchase or sale transaction; expect to be repaid in future; or expect a financial return, as would be expected from an investment. These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

Accounting Policies

1.29.11 General expenses

General expenses are the administrative and operational costs incurred by the municipality. These include repairs and maintenance which are generally charged to expenses during the financial period in which they occurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

1.30 Actuarial gains and losses

Actuarial gains and losses comprise the difference between the pension payments actually made by an employer and the expected amount. A gain occurs if the amount paid is less than expected. A loss occurs if the amount paid is higher than expected. The amount is recognised as non operating revenue or (expenditure) in the statements of financial performance.

1.31 Fair value adjustments

Fair value adjustments is the difference of the amount for which an investment property or biological asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction and the opening carrying amount of the investment property or biological asset. The increase or decreased is accounted for in the non operating section of the statement of financial performance.

1.32 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

-Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

-Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.33 Contingent liabilities

A contingent liability is:

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

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

Rand West City Local Municipality does not recognise contingent liabilities. Contingent liabilities are disclosed in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annually Rand West City Local Municipality evaluates the possibility of the outflow of resources or service potential.

1.34 Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Rand West City Local Municipality.

Rand West City Local Municipality does not recognise contingent assets. Contingent assets are disclosed in the notes to the annual financial statements, where an inflow of economic benefits or service potential is probable.

Accounting Policies

Rand West City Local Municipality continually assesses its contingent assets to ensure that developments are appropriately reflected in the financial statements. Where it does become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements in the period in which the change occurs.

1.35 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

1.36 Comparative figures

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

1.37 Financial instruments

Financial instruments are recognised when Rand West City Local Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

1.37.1 Financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition. Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Rand West City Local Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

1.37.2 Financial assets at fair value

Financial assets that are held for trading or non-derivable financial assets with fixed or determinable payments that are designated at fair value at initial recognition. Subsequent to initial recognition, all changes to fair value are recognised through the Statement of Financial Performance.

1.37.3 Financial assets at amortised cost

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates which Rand West City Local Municipality has positive intent and ability to hold to maturity are stated at amortised cost using the effective interest method less any impairment.

1.37.4 Financial assets at cost

Residual interests that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured are stated at cost, less any impairment.

1.37.5 Financial liabilities

After initial recognition, Rand West City Local Municipality measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.37.6 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.38 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

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

1.39 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

1.39 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.40 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Accounting Policies

1.40 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.41 Provisions and contingencies

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

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

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

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

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

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

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

1.41 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating surplus (deficit).

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

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.42 Revenue from exchange transactions

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

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

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

1.43 Revenue from non-exchange transactions

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

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

1.44 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.45 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Should council approve this expenditure, no further action is required.

Where it is determined that this expenditure must be recovered, it is accounted for as revenue in the Statement of Financial Performance. A corresponding asset (receivable) is raised in the Statement of Financial Position which is accounted for in terms of Rand West City Local Municipality’s accounting policy on receivables.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue in the same statement.

1.46 Fruitless and wasteful expenditure

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

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

1.47 Irregular expenditure

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

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the financial period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.48 Revaluation reserve

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

1.49 Events after reporting date

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

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

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

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

Accounting Policies

1.50 Accounting by principals and agents

Identification
An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal. A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal). Identifying whether an entity is a principal or an agent . When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition
The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal agent arrangement in accordance with the requirements of the relevant Standards of GRAP.The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP

Notes to the Audited Financial Statements

Figures in Rand	2021	2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2020	The adoption of this has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact of the standard is not material.
• GRAP 34: Separate Financial Statements	01 April 2020	The impact of the standard is not material
• Guideline: Guideline on accounting for landfill sites	01 April 2020	The impact of the standard is not material.
• IGRAP 20: Accounting for adjustments to revenue	01 April 2020	The impact of the standard is not material.
• Directive 7 (revised): The Application of Deemed Cost	01 April 2020	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset.	01 April 2019	Unlikely there will be a material impact.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Bank balances	27,653,305	22,497,572
Short-term deposits	58,640,773	31,445,237
	86,294,078	**53,942,809**

Cash and cash equivalents held by the entity that are not available for use by the economic entity	7,965,471	7,965,471

The municipality was served with a court order on 31 July 2018 on the matter with Quill and associates due to outstanding interest on the matter of infringement of computer software (BIQ). See note 21 for provision made.

Figures in Rand	2021	2020 Restated*

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2021	June 30, 2020	June 30, 2019
FNB - Primary account - 62738742982	9,095,393	3,351,026	5,705,602	10,393,899	3,354,520	6,073,176
FNB - Consumers account - 62738744045	14,526,509	11,726,858	13,314,264	15,102,014	11,726,858	13,979,500
FNB - Licensing account - 62738744607	1,632,275	215,768	1,354,099	1,547,742	630,528	1,354,099
FNB - Fines account - 62738745811	19,706	2,651	304,363	16,851	2,651	304,363
FNB - Prepaid account - 62756388510	592,799	598,648	2,898	592,799	598,648	2,898
FNB - Call account - 62738951377	51,277,606	30,487,822	1,278,439	51,277,606	30,487,822	1,278,439
Investec - Call account	7,019,774	6,804,703	6,443,478	7,019,774	6,804,703	6,443,478
FNB - Investment account - 71038605740	-	-	33,755	-	-	33,755
FNB - Investment account - 71038284304	-	-	72,323	-	-	72,323
FNB - Investment account - 71038284297	-	-	148,859	-	-	148,859
NEDCOR - Investment account - 11812875	68,605	66,594	63,048	68,605	66,594	63,048
NEDBANK - Investment account - 11987622	110,990	110,990	110,990	110,990	110,990	110,990
NEDBANK - Investment account - 19770842	81,595	79,199	74,932	81,595	79,199	74,932
STANDARD Bank - Investment account - 28633016	75,642	73,772	70,399	75,642	73,772	70,399
STANDARD Bank - Investment account - 328634174	6,561	6,524	6,401	6,561	6,524	6,401
Total	**84,507,455**	**53,524,555**	**28,983,850**	**86,294,078**	**53,942,809**	**30,016,660**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

4. Receivables from exchange transactions

Gross balances		
Electricity	150,446,250	133,657,612
Water	228,087,357	176,375,686
Sewerage	91,250,978	65,654,290
Refuse	94,138,735	70,830,224
VAT	73,153,872	58,159,997
Other (Rental, interest, reconnection fees)	283,637,068	230,818,410
	920,714,260	**735,496,219**
Less: Allowance for impairment		
Electricity	(61,674,071)	(64,238,494)
Water	(179,207,452)	(128,669,333)
Sewerage	(83,313,204)	(60,063,874)
Refuse	(87,659,657)	(63,792,914)
VAT	(62,453,463)	(47,791,504)
Other (Rental, interest, reconnection fees)	(241,856,978)	(188,704,163)
	(716,164,825)	**(553,260,282)**
Net balance		
Electricity	88,772,179	69,419,118
Water	48,879,905	47,706,353
Sewerage	7,937,774	5,590,416
Refuse	6,479,078	7,037,310
VAT	10,700,409	10,368,493
Other (Rental, interest, reconnection fees)	41,780,090	42,114,247
	204,549,435	**182,235,937**
Electricity		
Current (0 -30 days)	82,439,491	71,723,015
31 - 60 days	5,765,712	5,196,305
61 - 90 days	3,185,807	4,331,335
91 - 120 days	3,185,363	7,228,438
121 - 365 days	11,357,668	18,386,933
> 365 days	44,512,210	26,791,586
Less: Allowance for impairment	(61,674,072)	(64,238,494)
	88,772,179	**69,419,118**
Water		
Current (0 -30 days)	45,515,799	41,771,288
31 - 60 days	13,175,483	16,649,427
61 - 90 days	12,622,563	7,602,394
91 - 120 days	6,202,383	5,975,043
121 - 365 days	38,077,118	31,717,501
> 365 days	112,494,010	72,660,032
Less: Allowance for impairment	(179,207,451)	(128,669,332)
	48,879,905	**47,706,353**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

4. Receivables from exchange transactions (continued)

Sewerage

Current (0 -30 days)	7,553,990	5,530,533
31 - 60 days	3,867,552	2,929,632
61 - 90 days	3,158,680	2,711,244
91 - 120 days	3,390,785	2,632,666
121 - 365 days	17,618,057	14,290,204
> 365 days	55,661,914	37,560,010
Less: Allowance for impairment	(83,313,204)	(60,063,873)
	7,937,774	**5,590,416**

Refuse

Current (0 -30 days)	6,271,251	5,526,278
31 - 60 days	3,922,103	3,430,837
61 - 90 days	2,466,379	2,979,821
91 - 120 days	3,223,122	2,941,669
121 - 365 days	18,824,237	15,201,856
> 365 days	59,431,644	40,749,763
Less: Allowance for impairment	(87,659,658)	(63,792,914)
	6,479,078	**7,037,310**

VAT

Current (0 -30 days)	10,673,189	9,622,676
31 - 60 days	3,594,905	3,466,495
61 - 90 days	2,848,338	2,628,300
91 - 120 days	2,385,176	2,998,695
121 - 365 days	12,509,940	11,002,909
> 365 days	41,142,323	28,440,923
Less: Allowance for impairment	(62,453,462)	(47,791,505)
	10,700,409	**10,368,493**

Other (Rental, interest, reconnection fees)

Current (0 -30 days)	9,932,511	7,822,429
31 - 60 days	8,924,976	5,026,243
61 - 90 days	6,870,299	4,792,760
91 - 120 days	7,038,774	5,894,792
121 - 365 days	43,566,912	29,437,395
> 365 days	207,303,597	177,844,794
Less: Allowance for impairment	(241,856,979)	(188,704,166)
	41,780,090	**42,114,247**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

4. Receivables from exchange transactions (continued)

Summary of Receivables from exchange transactions by customer classification

Consumers		
Current (0 -30 days)	36,900,113	56,035,558
31 - 60 days	24,077,582	16,543,044
61 - 90 days	17,153,018	14,547,364
91 - 120 days	17,072,176	15,186,607
121 - 365 days	108,048,934	84,475,730
> 365 days	430,937,833	319,811,095
	634,189,656	506,599,398
Less: Allowance for impairment	(564,690,719)	(412,907,058)
	69,498,937	**93,692,340**

Industrial/ commercial		
Current (0 -30 days)	119,949,068	79,744,426
31 - 60 days	13,563,999	18,864,989
61 - 90 days	12,275,055	9,239,611
91 - 120 days	7,083,943	9,767,891
121 - 365 days	23,512,342	30,540,202
> 365 days	71,370,465	47,725,263
	247,754,872	195,882,382
Less: Allowance for impairment	(124,672,752)	(115,963,730)
	123,082,120	**79,918,652**

National and provincial government		
Current (0 -30 days)	3,122,855	5,590,305
31 - 60 days	957,553	946,551
61 - 90 days	988,241	1,059,951
91 - 120 days	720,216	2,550,058
121 - 365 days	2,780,355	3,761,915
> 365 days	5,534,246	5,732,072
	14,103,466	19,640,852
Less: Allowance for impairment	(3,553,596)	(4,334,352)
	10,549,870	**15,306,500**

Total		
Current (0 -30 days)	161,179,133	141,996,219
31 - 60 days	38,924,932	36,698,940
61 - 90 days	30,784,189	25,045,854
91 - 120 days	25,150,968	27,671,303
121 - 365 days	138,147,782	120,036,798
> 365 days	526,527,256	384,047,108
	920,714,260	735,496,222
Less: Allowance for impairment	(716,164,825)	(553,260,285)
	204,549,435	**182,235,937**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(553,260,282)	(426,726,397)
Contributions to allowance	(162,904,543)	(126,533,885)
	(716,164,825)	**(553,260,282)**

4. Receivables from exchange transactions (continued)

Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security for liabilities.

Credit quality of receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.The municipality continiously monitors consumers and identified groups by reference to average payment history and incoperates this information into its credit risk control.No external credit rating is performed.

Receivables from exchange transactions impaired

As of June 30, 2021, receivables from exchange transactions of R 920 714 260 (2020: R 735 496 219) were assessed for impairment and provided for.

The amount of the allowance for impairment was R 716 164 826 as of June 30, 2021 (2020: R 553 260 282).

Rand West City Local Municipality has not discounted receivables from exchange transactions.

Figures in Rand	2021	2020 Restated*

5. Receivables from non-exchange transactions (Statutory receivables)

Fines	713,993	174,239
Property rates	36,385,152	36,926,185
	37,099,145	**37,100,424**

Receivables from non-exchange transactions pledged as security:
No receivables from non-exchange transactions were pledged as security for liabilities.
Credit quality of receivables from non-exchange transactions:
The credit quality of receivables from non-ecxhange transactions that neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.
Receivables from non-exchange transactions past due but not impaired:
As of 30 June 2021, receivables from non-exchange transactions of R 37 099 145 (2020: R 37 100 424) were assessed for impairment and provided for: The amount of the provision was R 116 311 131 for property rates, R 13 006 869 for traffic fines.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

5. Receivables from non-exchange transactions (Statutory receivables) (continued)

The ageing of receivables in respect to property rates is as follows:		
Current (0 -30 days)	14,328,485	13,083,782
31 - 60 days	5,015,625	5,355,970
61 - 90 days	4,766,174	4,438,007
91 - 120 days	4,078,863	3,889,732
121 - 365 days	24,661,707	19,128,355
>365 days	99,845,426	80,233,853
Less: Allownace for impairment	(116,311,131)	(89,203,515)
	36,385,149	**36,926,184**

Summary of receivables from property rates by customer classification		
Consumers		
Current (0 -30 days)	8,271,306	7,099,595
31 - 60 days	3,475,991	3,022,100
61 - 90 days	2,942,263	2,592,730
91 - 120 days	2,789,005	2,376,315
121 - 365 days	17,008,612	13,280,660
>365 days	60,351,057	50,352,589
Less: Allownace for impairment	(82,097,011)	(66,127,151)
	12,741,223	**12,596,838**

Industrial / commercial		
Current (0 -30 days)	5,972,088	5,821,668
31 - 60 days	1,459,171	2,177,562
61 - 90 days	1,806,623	1,689,549
91 - 120 days	1,272,570	1,033,654
121 - 365 days	7,578,282	4,949,690
>365 days	22,033,319	13,496,932
Less: Allownace for impairment	(33,386,823)	(22,147,128)
	6,735,230	**7,021,927**

National and provincial government		
Current (0 -30 days)	85,092	162,520
31 - 60 days	80,464	156,308
61 - 90 days	17,289	155,729
91 - 120 days	17,289	479,763
121 - 365 days	74,813	898,004
>365 days	17,461,050	16,384,332
Less: Allownace for impairment	(827,297)	(929,235)
	16,908,700	**17,307,421**

Reconciliation of allowance for impairment		
Opening balance	(89,203,515)	(73,504,353)
Contribution to Allowance	(27,107,616)	(15,699,162)
	(116,311,131)	**(89,203,515)**

Traffic Fines		
Reconciliation of gross balance to net balances		
Receivables from traffic fines	13,720,862	16,603,207
Less: Allowance for Impairment	(13,006,869)	(16,428,968)
	713,993	**174,239**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

5. Receivables from non-exchange transactions (Statutory receivables) (continued)

Reconciliation of allowance for impairment

Opening balance	(16,428,968)	(45,587,449)
Contribution to allowance	3,422,100	29,158,481
	(13,006,868)	**(16,428,968)**

Summary of allowance for impairment in the Statement of Financial Performance

Property rates	27,107,616	15,699,162
Traffic fines	3,422,100	(29,158,481)
	30,529,716	**(13,459,319)**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

6. Prepayments

	1,655,259	1,523,019

Rand West City Local municipality has insured its assets with Sankofa insurance brokers for 36 months. The total premium for the 12 months duration is R 5 710 642(vat inclusive). During the 2019/2020 financial period the munucipality paid the total amount of R 5 710 642(vat inclusive) to the insurer which resulted in a prepayment of R 1 655 259 for the remaining months of the insurance term.

7. Inventories

Consumable stores	1,407,584	1,152,254
Milk	1,300	3,380
Water	684,859	601,507
	2,093,743	**1,757,141**

Inventory pledged as security

No inventory was pledged as security for facilities.

8. Long term receivables

Consumer receivables with long term arrangements	2,355,297	1,219,290
Reconciliation of gross balances to net balances		
Long term receivables	9,421,190	4,877,162
Allowance for impairment	(7,065,893)	(3,657,872)
	2,355,297	**1,219,290**
Reconciliation of allowance for impairment		
Opening balance	(3,657,872)	(3,351,496)
Decrease or (increase) in allowance for impairment	(3,408,021)	(306,376)
	(7,065,893)	**(3,657,872)**
Non current portion	1,066,768	431,186
Current portion	1,288,530	788,105
	2,355,298	**1,219,291**

Long term receivables:

Long term receivables are consumers who enter into an arrangement to pay off their debts over an agreed period of time as per the approved credit control policy. All long term receivables that are past due were considered to be impaired. At 30 June 2021 all long term receivables that were past due were impaired.

Long term receivables pledged as security:

No long term receivables were pledged as security for liabilities.

Long term receivables impaired:

At 30 June 2021, long term receivables of R 9 421 190 (2020: R 4 877 162) were assessed for impairment and provided for.

The amount of provision was R 7 065 893 as of 30 June 2020 (R 2020: R 3 657 872).

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

9. Investments

Residual interest at cost		
Bond investment	4,653,587	4,348,310
The above is a zero coupon bond investment held with Stanlib for a period of 20 years from 2 July 1998. The bond matured and the municipality withdrew it partially.During the current financial year the investment increased by R 305 277 which is interest income received. Management kept the investment as current asset to gain interest on the available balance on the investment and to have immediate access to fund internal operations when deemed necessary by management.		
Current assets		
At amortised cost	4,653,587	4,348,310

Investments pledged as collateral

Collateral

Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	-	-

The above investment is not pledged as security on any borrowings.

10. Biological assets that form part of an agricultural activity

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	502,665	-	502,665	498,015	-	498,015

Reconciliation of biological assets that form part of an agricultural activity - 2021

	Opening balance	Gains or losses arising from changes in fair value	Total
Dairy cattle	498,015	4,650	502,665

Reconciliation of biological assets that form part of an agricultural activity - 2020

	Opening balance	Gains or losses arising from changes in fair value	Total
Dairy cattle	528,054	(30,039)	498,015

Details of biological assets

Cows in production	35	25
Cows not in production	5	9
Heifers	21	22
Calves	5	14
	66	**70**

Reconciliation of cows during 2020	**Opening Balance**	**Death**	**Birth**	**Total**
Cows in production	25	(4)	-	21
Cows not in production	9	(2)	-	7
Heifers	22	(3)	-	19
Calves	14	-	5	19
	70	**(9)**	**5**	**66**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The total number of biological assets reduced from 70 cows in 2020 to 66 cows in 2021 as a result of the above stated number of deaths(9) and additions of (5)cows.

Pledged as security

No biological assets were pledged as security for liabilities.

10. Biological assets that form part of an agricultural activity (continued)

Details of valuation

The effective date of the valuations was 30 June 2021. Valuations were performed by an independent valuer, Marius Terblanche who is independent and is not connected to the municipality.He has recent experience in the valuation of biological assets.

The valuation was based on open market values were cows are verified and assessed on an individual basis.

The nature of the biological assets in cows held for milk production at 30 June 2021 produced an output of 250 litres of milk selling at R5,20 per litre..

11. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	246,571,520	-	246,571,520	240,296,760	-	240,296,760

Reconciliation of investment property - 2021

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	240,296,760	(2,522,872)	8,797,632	246,571,520

Reconciliation of investment property - 2020

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	244,883,201	(295,533)	(4,290,908)	240,296,760

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 30 June 2021. Revaluations were performed by an independent valuer,Tinus J Nel – Professional Valuer 2SACPVP (6990/2). registered with South African Council for Property Valuer Profession(SACPVP) as a prefessional valuer and also a member of the South African Institute of Valuers.Tinus J Nel is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

During the year no repairs and maintenance expenditure was incurred on investment properties and there were no commitments for the purchase of investment property at year end.

Notes to the Audited Financial Statements

Figures in Rand

12. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	910,596,973	(30,571,036)	880,025,937	910,596,973	(30,510,608)	880,086,365
Buildings	417,549,681	(362,246,045)	55,303,636	405,635,434	(357,200,236)	48,435,198
Infrastructure	6,099,147,944	(3,345,055,196)	2,754,092,748	5,862,119,287	(3,171,897,706)	2,690,221,581
Community	545,780,685	(363,594,518)	182,186,167	631,958,504	(365,835,464)	266,123,040
Landfill sites	162,677,659	(109,876,410)	52,801,249	144,170,740	(106,096,721)	38,074,019
Leased assets	50,137,342	(17,435,341)	32,702,001	50,137,342	(8,846,981)	41,290,361
Library books	13,730,961	(12,033,681)	1,697,280	13,730,961	(11,453,475)	2,277,486
Other property, plant and equipment	134,528,344	(95,621,942)	38,906,402	134,587,320	(89,589,292)	44,998,028
Total	**8,334,149,589**	**(4,336,434,169)**	**3,997,715,420**	**8,152,936,561**	**(4,141,430,483)**	**4,011,506,078**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Donations	WIP Movement	Landfill site Valuation	Assets Derecognised	Depreciation	Impairment loss	Total
Land	880,086,365	-	-	-	-	-	-	(60,428)	880,025,937
Buildings	48,435,200	11,570,476	464,722	-	-	-	(4,504,332)	(670,905)	55,295,161
Infrastructure	2,756,529,512	382,273,599	-	(204,986,461)	-	(12,468,877)	(157,905,368)	(9,341,181)	2,754,101,224
Community	199,815,107	-	-	(2,071,137)	-	(2,046,564)	(12,757,067)	(754,173)	182,186,166
Landfill sites	38,074,019	-	-	-	18,506,919	-	(3,692,808)	(86,881)	52,801,249
Leased assets	41,290,361	-	-	-	-	-	(8,588,360)	-	32,702,001
Library books	2,277,486	-	-	-	-	-	(580,205)	-	1,697,281
Other property, plant and equipment	44,998,028	2,054,196	220,717	-	-	(288,903)	(6,032,650)	(2,044,987)	38,906,401
	4,011,506,078	**395,898,271**	**685,439**	**(207,057,598)**	**18,506,919**	**(14,804,344)**	**(194,060,790)**	**(12,958,555)**	**3,997,715,420**

Notes to the Audited Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Donations	WIP Movement	Landfill Valuation	Assets Derecognised	Depreciation	Impairment loss	Total
Land	880,086,365	-	-	-	-	-	-	-	880,086,365
Buildings	54,618,529	-	-	-	-	(9,814)	(5,867,220)	(306,295)	48,435,200
Infrastructure	2,399,548,968	80,641,982	10,666,565	467,677,345	-	(54,576,334)	(144,587,048)	(2,841,966)	2,756,529,512
Community	256,004,959	-	-	(12,172,240)	-	(2,670,549)	(18,459,989)	(22,887,074)	199,815,107
Landfill sites	72,880,210	-	-	-	(25,864,702)	-	(8,941,489)	-	38,074,019
Leased assets	29,416,357	19,908,045	-	-	-	-	(8,034,041)	-	41,290,361
Library books	2,920,667	-	-	-	-	-	(643,181)	-	2,277,486
Other property, plant and equipment	45,854,696	3,644,629	1,689,094	-	-	(56,832)	(6,133,559)	-	44,998,028
	3,741,330,751	**104,194,656**	**12,355,659**	**455,505,105**	**(25,864,702)**	**(57,313,529)**	**(192,666,527)**	**(26,035,335)**	**4,011,506,078**

Pledged as security

Carrying value of assets pledged as security:

Assets subject to finance lease (Net carrying amount)

leased Assets - Motor vehicles and compactors	32,702,001	41,290,361

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

12. Property, plant and equipment (continued)

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

Property, Plant and Equipment Under Construction 2021, Accumulated expenditure included in carrying value of property, plant and equipment	Infrastrusture assets	Community assets	Total
Opening balance	424,106,540	11,864,433	435,970,973
Additions	162,241,740	-	162,241,740
Capitalised	(369,748,053)	-	(369,748,053)
Impairment loss	-	(2,071,137)	(2,071,137)
	216,600,227	**9,793,296**	**226,393,523**

Property, Plant and Equipment Under Construction 2020, Accumulated expenditure included in carrying value of property, plant and equipment	Infrastructure assets	Community assets	Total
Opening balance	246,460,713	30,409,853	276,870,566
Additions	215,728,346	818,541	216,546,887
Capitalised	(15,435,266)	-	(15,435,266)
Correction of errors	(22,647,253)	-	(22,647,253)
Impairment Loss	-	(19,363,961)	(19,363,961)
	424,106,540	**11,864,433**	**435,970,973**

Carrying value or property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Droogeheuwel and Middelvlei bulk water supply	-	170,198,998
Electrification of Mohlakeng ext 5	45,763,108	-
Development of houses in Mohlakeng and Bekkersdal	4,809,131	4,809,131
Design and construction management of Bandeg Road (Finsbury)	1,190,436	1,190,436
Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	1,951,171	1,951,171
UPGRADING OF STORMWATER MOHLAKENG AND TOEKOMSRUS	1,563,673	1,563,673
Construction of Toekomsrus sports complex	2,855,431	-
1215 Construction of Old Mohlakeng Roads in Ext11 Phase 4	1,565,217	-
Roads: 1215 Construction of Roads and Stormwater in Badirile Phase 3	125,249	-
MV Substations: Borwa Substation	46,888,361	-
Installation and replacement of water Meters	8,458,268	8,458,268
Water Supply in Greater Randwest 7220	4,284,657	-
Zuurbekom Multi-Purpose Sport&Recreation Community Centre(So	828,438	-
1215 Access road to Westonaria cemetery	1,300,297	-
Township establishment	565,000	-
Refurbishment of Madala Hostel (Two rooms)	-	2,071,137
	122,148,437	**190,242,814**

Social housing: CONTAINER (RESIDENTIAL UNITS)-Refurbishment of madala: The project is complete

Electrification of Mohlakeng ext 5: Was put on hold due to lack of funds.

Droogheuwel and Middelvlei: The project is complete.

Water and sanitation services in Mohlakeng extension 5 was put on hold due to lack of funds.

Construction of Brandeg road was not yet implemented as at 30 June 2019 due to lack of funds and only designs were done which amounted to the carrying amount reflected.

Water Treatment Works: upgrading of bulk services Bekkersdal Water Tower and Badirile Treatment Plant Designs: Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

12. Property, plant and equipment (continued)

Storm water Conveyance: Upgrading of storm water Mohlakeng and Toekonsrus: Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus: Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Development of houses in Mohlakeng and Bekkersdal is on hold due financial constraints.

Outdoor Facilities: Construction of Toekomsrus Stadium: Two contractors appointed failed to complete the construction as a result the project is halted

1215 Construction of Old Mohlakeng Roads in Ext11 Phase 4: Was put on hold due to lack of funds

Water and sanatation services in Mohlakeng extension 5 was put on hold due to lack of funds.

Construction of Toekomsrus sports complex: Was put on hold due to lack of funds .

Roads: 1215 Construction of Roads and Stormwater in Badirile Phase 3: Was put on hold due to lack of funds

MV Substations: Borwa Substation: Budget constrains

Installation and replacement of water Meters:

Only designs and planning phase are complete and the construction hasn't started due to budget constrains.

Water Supply in Greater Rand west: Was put on hold due to lack of funds .

Zuurbekom Multi-Purpose Sport&Recreation Community Centre(So: Was put on hold due to lack of funds.

Township establishment: Was put on hold due to lack of funds

PPE Halted	2021	2020
	2,855,431	2,855,431

Reconciliation of Work-in-Progress 2020

	Total
Opening balance	298,721,320
Additions/capital expenditure	294,154,597
Other movements [specify]	(272,001,274)
	320,874,643

Expenditure incurred to repair and maintain various classes of property, plant was as follows:

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	2021	2020
Buildings	473,706	537,066
Community Assets	7,908,232	2,250,194
Infrastructure Assets	3,728,931	13,568,284
Other property, plant and equipment	46,263,963	22,385,623
	58,374,832	**38,741,167**

Impairment loss / (reversal) of property plant and equipment

Figures in Rand	2021	2020 Restated*

12. Property, plant and equipment (continued)

Property, plant and equipment impaired for the year ended 30 June 2020 amounted to R 12 958 555-(2019: R 26 035 335). The reasons per class of assets are detailed below:

Buildings: Bekkersdal Municipal Offices Building Structure - Wall and Floor was impaired due to bad condition and not performing at its optimal capacity**,** Elandsfontein Farm RC Structure, Tank, Floor, Building Structure -Roofs was impaired due to bad condition and not performing at its optimal capacity, Staff Housing: 7 Fowler street, Westonaria was impaired due to non-functionality -illegal dwellers at the House, Westonaria Depots & Stores - Parks, waste, cemetery dept Road structural layer, Carports were impaired due to Bad condition and not performing at its optimal capacity, Westonaria Local Municipality (Municipal offices) Fire protection was due to Non-functionality -expired, Westonaria Stores Air conditioning was impaired due to Non- functionality -Not working, Westonaria Testing Grounds Electrical installation was impaired due to Non- functionality -Not working.

Infrastructure assets:**:** Diamant Std 2090 Switching Station Battery Charger was impaired due to Bad condition and not performing at its optimal capacity , Drowell Substation MV Switchgear - Circuit Breaker and MV Transformer was impaired due to Non-functionality, Mohlakeng Ext 5 Switching Station Battery Charger was impaired due to Non-functionality, Road: Schoeman Drive RC Structure, channel, masonry structure, kerb Inlet, pipe- stormwater and speed hump due to Non-functionality and Road under construction Std 36 Bussing Str Substation MV Transformer was impaired due to Non-functionality, Std 60 Foden Str Substation MV Transformer Non-functionality, Venterspos Sewer Pump Station Fire protection was impaired due to Non-functionality, Westergloor Substation Battery Charger was impaired due to Non-functionality and WWTW: Badirele Wastewater Treatment Works Water Meter was impaired due to Non-functionality

Community Assets:Badirile Community Hall Plumbing was impaired due to Bad condition and not performing at its optimal capacity, Bekkersdal Solid Waste Transfer station Sign – regulatory was impaired due to non-Performance, Glenharvie Library Fire protection was impaired Non-functionality -expired, Kocksoord Library & Museum Fire and Perimeter Protection was impaired due to Bad condition and not performing at its optimal capacity , Kocksoord Park Landscaping was impaired due to Bad condition and not performing at its optimal capacity, Mohlakeng Cemetery Building was impaired due to Bad condition and not performing at its optimal capacity, Mohlakeng Ext 7 Library Fire protection, air conditioning and security system was impaired due to Bad condition and not performing at its optimal capacity, Toekomsrus Library and Randgate Library Security devices was impaired due to Bad condition and not performing at its optimal capacity, Westonaria Fire Department car ports was impaired due to Bad condition and not performing at its optimal capacity, Toekomstus Sports Complex Fire Protection were impaired due non-functionality -expired, Toekomsrus park (Diamant street) Perimeter Protection was impaired due to top park missing as a result no economic benefit, Mohlakeng Recreation Centre Fire protection was impaired due to Non-functionality -expired, Mohlakeng Stadium Fire protection, building structure roof, walls, electrical installation and floor were impaired due to Bad condition and not performing at its optimal capacity, New Randfontein Community Library Air conditioning was impaired due to Non- functionality -Not working, Randfontein Library Sign – general was impaired due to Signage letters are missing not performing at its optimal capacity, Randfontein Libraryand Infrastructure Building external lighting was impaired due to Front lights not working, Randgate Library Fire protection and external lighting were impaired due to Badly damaged -condition and non-functionality fire protection expired.

13. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	8,522,452	(8,099,599)	422,853	8,522,452	(7,735,750)	786,702
Servitudes	6,146,046	-	6,146,046	6,146,046	-	6,146,046
Total	**14,668,498**	**(8,099,599)**	**6,568,899**	**14,668,498**	**(7,735,750)**	**6,932,748**

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	786,702	(363,849)	422,853
Servitudes	6,146,046	-	6,146,046
	6,932,748	**(363,849)**	**6,568,899**

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Impairment loss	Total
Computer software	1,192,872	210,063	(616,233)	786,702
Servitudes	6,146,046	-	-	6,146,046
	7,338,918	**210,063**	**(616,233)**	**6,932,748**

13. Intangible assets (continued)

Details of intangible assets

A register containing the information required by section 63 of Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Servitudes recognised in the Rand West City Local Municipality's asset register represent an intangible right of way claimed on a portion of land to access a specific item of infrastructure, with their values dependent on the extent of and accessibility to the portion of land on which the right of way is claimed. As such, the lifespan of the right of way is linked to the portion of land as this right is likely to exist beyond the effective lifespan of the asset. With this direct link of the intangible asset to lifespan of the land portion over which the right has been claimed, the lifespans of servitudes are therefore deemed to be indefinite.

During the current financial year, the was R 210 062 addittions of computer software.

During the year no repairs and maintenance expenditure was incurred on intangible assets and there were no commitments for the purchase of intangible assets at year end.

14. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings and other artifacts	3,904,117	-	3,904,117	3,904,117	-	3,904,117

Reconciliation of heritage assets - 2021

	Opening balance	Total
Paintings and other artifacts	3,904,117	3,904,117

Reconciliation of heritage assets 2020

	Opening balance	Transfers	Total
Paintings and other artifacts	4,266,090	(361,973)	3,904,117

Pledged as security

No heritage assets pledged as security:

14. Heritage assets (continued)

Revaluations

Paintings and other artifacts

The effective date of the revaluation was 30 June 2020. Revaluations were performed by independent valuer, Mr Paul Myson (IFAAAA) Fellow International Fine Art and Antiques Appraiser Association the next valuation will be performed on 30 June 2025.

Mr Paul Myson is not connected to the municipality and has recent experience in the valuation of heritage assets. The valuation was based on open market value.

The revaluation will be performed every five years.

Details of Heritage assets.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

During the year no repairs and maintenance expenditure was incurred on heritage assets and there were no commitments for the purchase of heritage assets at year end.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

15. Payables from exchange transactions

Trade payables	1,131,706,665	1,015,099,076
Retention monies payable	27,671,518	45,246,038
Payroll accruals	22,696,685	26,332,897
Accrued leave	60,996,033	58,303,935
Accrued bonus (13th cheque)	10,301,253	10,158,294
Payments received in advance	9,191,097	7,863,899
Sale of stands received in advance	734,913	735,000
Consumer debtors with credit balances	91,381,574	70,038,885
	1,354,679,738	**1,233,778,024**

Included in the consumer debtors with credit balances is the mines the municipality currently owes due to the reversal of the property rates billed to them.

16. Payables from non-exchange transactions

Unallocated receipts	13,989,195	14,249,900
Security deposit for debt collection	432,008	432,008
	14,421,203	**14,681,908**

17. Vat payable

	22,096,282	28,164,942

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Gauteng Department of Human Settlements Grant	34,224,781	-
Gauteng Department of Social Development Grant	8,462,946	8,462,946
Public Contribution	3,990,216	3,990,216
Aids District Programme	748,043	-
Energy Efficiency and Demand Side Management Grant	1,577	1,577
	47,427,563	**12,454,739**

See note 30 for reconciliation of grants from National/Provincial Government.

19. Consumer deposits

Electricity and water	57,514,121	56,832,216
Municipal halls and sports complex	31,951	31,951
Rental of facilities	1,091,596	1,091,596
	58,637,668	**57,955,763**

Figures in Rand	2021	2020 Restated*
20. Finance lease obligation		
Minimum lease payments due		
- within one year	17,413,410	18,757,966
- in second to fifth year inclusive	1,377,340	18,790,749
	18,790,750	37,548,715
less: future finance charges	(707,427)	(2,608,277)
Present value of minimum lease payments	**18,083,323**	**34,940,438**
Present value of minimum lease payments due		
- within one year	16,720,942	16,857,116
- in second to fifth year inclusive	1,362,380	18,083,322
	18,083,322	**34,940,438**
Non-current liabilities	1,362,380	18,083,322
Current liabilities	16,720,942	16,857,116
	18,083,322	**34,940,438**

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The municipality acquired a new finance lease in 2018/2019 financial year on a three year lease term and the effective borrowing rate was at prime rate of 10.25% as provided by the service provider on the 26th of April 2019 which is the effective date on which the finance lease commenced. The finance lease was for compactor trucks.

Interest rates are linked to prime at the contract date. All leases do not escalate and include additional charges for contigent rent which are administration fees, insurance and maintenance costs.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 12.

21. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Landfill site	148,585,080	-	10,010,111	18,506,919	177,102,110
Legal proceedings	10,581,203	1,640,086	-	-	12,221,289
Performance bonuses	4,052,825	-	-	-	4,052,825
Minor claims	-	130,408	-	-	130,408
	163,219,108	**1,770,494**	**10,010,111**	**18,506,919**	**193,506,632**

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Landfill site	161,533,593	-	(25,864,702)	12,916,189	148,585,080
Legal proceedings	9,161,215	1,419,988	-	-	10,581,203
Performance bonuses	4,052,825	-	-	-	4,052,825
	174,747,633	**1,419,988**	**(25,864,702)**	**12,916,189**	**163,219,108**

	2021	2020 Restated*
Non-current liabilities	177,102,110	148,585,080
Current liabilities	16,404,522	14,634,028
	193,506,632	**163,219,108**

Landfill site provision

The valuation was done by Seakle Godschalk who is a professional enviromental scientist from Enviroment and Sustainability Solutions CC, He holds a masters degree in Accounting. Seakle Godschalk is an independent valuer and is registered with the South African Council for Natural Scientific Professions as well as with the South African Institute of Ecologists and Enviromental Scientits.The current expected remaining useful life of the landfill is estimated at 6 years and 3 years for the Libanon and Uitvalfontein landfills respectively.

Legal proceedings provision

Legal proceedings provision represents an amount litigated by Quill and Associates against the municipality. This case emanated from interest charged on the licencing agreement settlement on the BIQ system that was previously used by the municipality. The system use was paid for in December 2016, however there is a court order against the municipality on the interest from the date of claim of July 2013 to date. The municipality has appealed the matter relating to interest that the applicant is claiming from the date of summons in 2013 to the date of judgement of 2015. Pending finalisation of that aspect the matter will be concluded. As per the initial judgement the municipality paid the capital amount and interest from date of judgement to the date of payment.

Performance bonuses provision

During the current financial year. Executive management took a decision that no provision will be made due to the financial status of the municipality and the assessment that there will be no bonus payments and no budget was provided for in the next three financial years.The provision for performance bonus is categorised as a provision based on the fact that the perfomance bonus will only be paid once an executive manager has met the performance condition. Therefore it is uncertain wether all the qualifying executives for the perfomance bonus will meet the award criteria. In addition the bonus has to be approved by Council.

21. Provisions (continued)

Minor claims provision

During the current financial year the municipality incurred R 117 746 for minor claims.

22. Employee benefit obligations

Details of valuation

An **actuarial valuation** has been performed for Rand West City Local Municipality's unfunded liability in respect of the entitlement of employees to Long Service Awards.

The **effective date of this valuation is 30 June 202**1 and its purpose is to enable the Municipality to provide appropriate disclosure in their Financial Statements in respect of this liability.

The valuation was perfomed by Chanan Weiss who is an approved pension fund valuator and a member of the Actuarial Society of South Africa (ASSA). Chanan Weiss is an independent valuer and is not connected to the municipality.

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(160,570,000)	(139,582,000)
Present value of the defined benefit obligation-partly or wholly funded	(33,806,000)	(33,546,000)
	(194,376,000)	**(173,128,000)**

Post retirement medical benefits.

The Municipalty offers employees and continuation members the opportunity of belonging to one of several medical aid schemes. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death in retirement, the surviving dependents may continue membership of the medical aid scheme. Qualifying members receive a post employment subsidy for which the municipality is liable.

The municipality operates an unfunded defined benefit plan for these qualifying employees.

The present value of the defined benefit obligation, and the related current service cost and the past service cost , were measured using the Projected Unit Credit method.

Entity's own financial instruments [state each category]		
Assets used by the entity		
In-service (employee) members:	1,000	1,047
In-service (employee) non-members:	181	205
Continuation (retiree and widow) members	121	103

The current service cost are estimated at R 6 655 000 for the current financial year ending 30 June 2021 (2021: R 7 724 305)

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

Opening balance	139,582,000	142,945,632
Benefits paid	(4,488,000)	(4,321,865)
Net expense recognised in the statement of financial performance	25,476,000	958,233
	160,570,000	**139,582,000**

Figures in Rand	2021	2020 Restated*

22. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	6,655,000	7,724,305
Past service cost	-	11,288,000
Interest cost	14,646,000	13,351,027
Actuarial (gains) losses	4,175,000	(31,405,099)
	25,476,000	**958,233**

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	6.88 %	6.67 %
Discount rates used	10.23 %	10.66 %
Expected rate of return on assets	3.13 %	3.74 %
The average retirement age used in years was	62	62

Long service awards liability.

The municipality offers employees a long service bonus for every completed ten year period of service. The long service awards are paid on retirement,resignation or death. The amount payable is reviewed periodically and is assumed to increase in line with expected CPI inflation

The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the Projected Unit Credit Method.

As at the financial year end 1181 (30 June 2020:1252) employees were eligible for long service awards. The current service cost for the financial year ended 30 June 2020 is estimated to be R 2 923 000(30 June 2020: R 3 543 371).

Key assumptions used at the reporting date:

Discount rates used	9 %	7.00 %
Expected inflation	6 %	4.00 %
Net effective discount rate	3 %	3.00 %

Changes in the present value of the long service award obligation are as follows:		
Opening Balance	33,546,000	37,612,795
Benefits paid	(4,475,000)	(3,994,219)
Net expense recognised in the statement of financial performance	4,735,000	(72,576)
	33,806,000	**33,546,000**

Net expense of the long service awards obligation recognised in the statement of financial performance:		
Current service cost	2,923,000	3,543,371
Curtailment	-	(5,986,000)
Interest cost	2,260,000	2,891,589
Actuarial (gain)/Losses	(448,000)	(521,536)
	4,735,000	**(72,576)**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

22. Employee benefit obligations (continued)

Actuarial (losses)/gains reconciliation

Post retirement medical benefits	(4,175,000)	31,405,099
Long service awards	448,000	521,536
	(3,727,000)	**31,926,635**

23. Revaluation reserve

The revaluation reserve increases or decreases based on the revaluations of the heritage assets. see note 14

Opening balance	1,308,969	1,308,969

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

24. Service charges

Sale of electricity	668,473,557	670,685,185
Sale of water	305,539,514	327,488,237
Sewerage and sanitation charges	81,040,699	57,261,623
Refuse removal	80,872,747	71,306,264
	1,135,926,517	**1,126,741,309**

25. Rental of facilities and equipment

Premises		
Rental of facilities	45,839	217,286
Rental of buildings	41,028	94,177
Rental of equipment	3,807,368	1,020,926
Rental of land	650,829	4,338
	4,545,064	**1,336,727**

26. Interest received - investment

Interest revenue		
Interest received - Investment	1,815,643	2,894,802

Interest received from investments was mainly due to grant funds which were invested in the FNB and Investec call accounts and earned an average of 6% interest per annum.

27. Interest received - outstanding receivables

Interest received - exchange transactions	45,728,675	25,849,393
Interest received - non-exchange transactions	12,155,724	15,592,560
	57,884,399	**41,441,953**

During the current financial year all consumers were charged interest at a rate of 10% on the arrear accounts as per the Rand West City credit control policy.

28. Income from agency services

Gauteng Department of Transport	17,570,145	15,170,056

The municipality is a party to a principal-agent arrangement. The municipality act as an agent for the department, whereby it administer the registration of vehicles and collection of funds thereof, on behalf of the Gauteng department of transport within the municipal juridisctions.

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 17 570 145 (2020: R 15 170 056).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

All categories

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

28. Income from agency services (continued)

Amount collected on behalf of the principal	R 70 280 580	R 60 680 612
Amounts transferred to the principal	(R 70 280 580)	(R 60 680 612)
- -		

All categories

Cash paid on behalf of the principal	R 70 280 580	R 60 680 612
Amounts transferred to the principal	(R 70 280 580)	(R 60 680 612)

29. Other income

	2021	2020
Administration fees	1,373,794	3,273,767
Advertising	257,163	244,329
Building plan fees	2,611,125	3,509,885
Burial fees	2,417,323	1,390,167
Clearance certificates	1,646,399	592,444
Commission earned	273,651	5,346
Copies income	29,156	256,764
Escorting fees	-	37,209
Farming income	886	20,770
Insurance claims	562,103	5,283,853
Landfill site income	-	212
Licences and permits	81,094	66,022
Membership fees	63,585	61,609
Recovery monies	345	9,535
Staff parking	75,912	26,469
Sundry surpluses	277,122	41,806
Tender documents	201,871	79,185
Town planning	25,761	35,484
Traffic control	-	11,704
	9,897,290	**14,946,560**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

30. Property rates

Rates received

Assessment rates	269,323,790	237,348,969
Less: Income forgone (rebates)	(13,992,678)	(15,960,764)
	255,331,112	**221,388,205**

Valuations R'000

Agricultural	1,357,797	1,463,949
Business and commercial	2,477,765	2,946,072
Government	1,665,956	1,259,660
Residential	11,711,996	10,852,641
Vacant land	154,707	118,807
	17,368,221	**16,641,129**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate as approved for in the Property Rates Policy is applied to property valuations to determine assessment rates. Rebates are granted to certain property owners in accordance with the Property Rates Policy.

Rates are calculated on an annual basis, levied monthly and payable by the 7th day of the following month.Interest as determined by Council is levied on outstanding rates.

The municipality was granted a two year extension by the member of Executive Council of the Gauteng Department of Corporative and Traditional Affairs and the new general valuation will be implemented on the 01 July 2021. This is done in line with section 32(2)(b)(ii) of the Municipal Property Rates Act no 29 of 2014.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

31. Government grants and subsidies

Operating grants		
Equitable Share	330,064,000	303,723,001
Municipal Infrastructure Grant	2,421,849	2,830,673
Finance Management Grant	2,000,000	2,500,000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	28,362,000	26,516,533
Skills Development Grant	598,666	918,709
Expanded Public Works Programme	2,471,000	3,191,109
Gauteng Department of Corporative Governance Grant	-	1,000,000
Aids District Programme	2,843,317	2,630,136
Municipal Disaster Management Grant	49,041,000	1,192,000
	417,801,832	**344,502,161**
Capital grants		
Municipal Infrastructure Grant	127,001,151	88,324,327
Municipal Water Infrastructure Grant	38,460,000	64,891,000
Integrated National Electrification Programme	10,000,000	30,850,000
Gauteng Department of Human Settlements Grant	20,775,219	33,383,000
Energy Efficiency and Demand Side Management Grant	3,599,400	-
	199,835,770	**217,448,327**
	617,637,602	**561,950,488**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of 100% rebate on property rates and taxes up to the market value of R 450 000, 100% rebate on refuse and sewer tariffs, 50 kilowatts of electricity and 6 kilolitres of water.

Municipal Infrastructure Grant

Current-year receipts	129,423,000	91,155,000
Conditions met - transferred to operational revenue	(2,421,849)	(2,830,672)
Conditions met - transferred to capital revenue	(127,001,151)	(88,324,328)
	-	-

The purpose of this grant is to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprise and social institutions servicing poor communities.

Finance Management Grant

Current-year receipts	2,000,000	2,500,000
Conditions met - transferred to revenue	(2,000,000)	(2,500,000)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in the municipality to implement the municipal finance management act (MFMA).

Figures in Rand	2021	2020 Restated*

31. **Government grants and subsidies (continued)**

Integrated National Electrification Programme

Current-year receipts	10,000,000	30,850,000
Conditions met - transferred to revenue	(10,000,000)	(30,850,000)
	-	-

The purpose of this grant is to adress the electrification backlog of permanetly occupied residential dwellings.

Gauteng Department of Human Settlements Grant

Current-year receipts	55,000,000	33,383,000
Conditions met - transferred to revenue	(20,775,219)	(33,383,000)
	34,224,781	-

The purpose of this grant is to provide funding for the creation of sustainable human settlements.

Municipal Water Infrastructure Grant

Current-year receipts	38,460,000	64,891,000
Conditions met - transferred to revenue	(38,460,000)	(64,891,000)
	-	-

The purpose of this grant is to supplement the gaps, and focus on the functionality of water infrastructure.

Gauteng Department of Corporative Governance Grant

Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)
	-	-

The purpose of this grant is to assist the municipalty to perform its functions and stabilise institutional and governace system as required in the Municipal Systems Act and related legislation.

Gauteng Department of Sports, Recreation, Arts and Culture Grant

Current-year receipts	28,362,000	26,516,533
Conditions met - transferred to revenue	(28,362,000)	(26,516,533)
	-	-

The purpose of this grant is to support the municipality with its administration of libraries.

Gauteng Department of Social Development Grant

Balance unspent at beginning of year	8,462,946	8,462,946

The purpose of the grant is to promote social development within the communities.

Public Contribution

Balance unspent at beginning of year	3,990,216	3,990,216

The purpose of public contribution is to assist in minimising infrastructure backlogs.

Figures in Rand	2021	2020 Restated*

31. Government grants and subsidies (continued)

Aids District Programme

Balance unspent at beginning of year	-	122,744
Current-year receipts	3,591,360	2,507,392
Conditions met - transferred to revenue	(2,843,317)	(2,630,136)
	748,043	-

The purpose of this grant is to enhance awareness programmes offered communities to prevent and mitigate the impact of HIV/AIDS.

Expanded Public Works Programme

Balance unspent at beginning of year	-	180,109
Current-year receipts	2,471,000	3,011,000
Conditions met - transferred to revenue	(2,471,000)	(3,191,109)
	-	-

The purpose of thie grant is to provide expanded public works programme funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Skills Development Grant

Current-year receipts	598,666	918,709
Conditions met - transferred to revenue	(598,666)	(918,709)
	-	-

The purpose of this grant is to provide skills development within the municipality.

Energy Efficiency and Demand Side Management Grant

Balance unspent at beginning of year	1,577	1,577

The purpose of this grant is to provide positive returns to energy consumers and the enviroment through the reduction of enviromental pollution and the carbon footprint of the energy sector and by enhancing energy security.

Municipal Disaster Management Grant

Current-year receipts	49,041,000	1,192,000
Conditions met - transferred to revenue	(49,041,000)	(1,192,000)
	-	-

The purpose of this grant is to enable a timely response to immediate needs after a disaster has occured. Covid-19 response grant.In this curent year this grant was included in the equitable share allocations and has been reported as such.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

32. Public contributions and donations

Property, plant and equipment	685,439	12,355,659

Property Plant and equipment

During the current financial year the following donations were received:

Guard Risk donated a laptop R 12 907.

Tumelo Fleet Solution donated Machinery and Equipment amounting R 152 220.

The Sports Trust donated fixed office container offices to Mohlakeng Stadium(Ace Ntsoelengoe) amounting to R 464 722..

The Sports Trust donated Furniture and Office Equipment to Mohlakeng Stadium(Ace Ntsoelengoe) amounting to R 26 622.5.

Pule Ramasimong Development Consultants & Project Managers donated two laptops amounting to R 28 967.88.

33. Fines

Traffic fines	19,084,361	12,130,581
Consumer fines	1,798,452	72,127
	20,882,813	**12,202,708**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

34. Employee related costs

Acting allowances	6,866,059	178,713
Basic	352,826,478	360,573,992
Bonus (13th cheque)	26,799,025	26,308,813
Cellphone allowances	1,466,382	2,667,311
Defined contribution plans	62,253,452	64,070,278
Group insurance	2,874,147	150,346
Housing benefits and allowances	3,324,238	3,239,023
Leave pay	10,204,944	6,962,551
Medical aid - company contributions	36,421,589	52,218,882
Overtime payments	23,524,015	13,620,215
SDL	4,742,825	4,496,594
Standby allowances	2,996,474	2,495,071
Sundry allowances	7,349,912	105,000
Travel allowances	20,286,208	20,575,962
UIF	2,204,324	2,282,145
	564,140,072	**559,944,896**

Remuneration of Municipal Manager: Mr. T. Goba

Annual Remuneration	1,578,573	1,578,573
Car Allowance	120,000	120,000
Cellphone Allownace	31,500	30,000
Contributions to UIF, Medical and Pension Funds	15,049	15,034
	1,745,122	**1,743,607**

The Municipal Manager was appointed on 01 June 2017.On the 20th of May 2021 the council took a resolution to place the Municipal Manager on precautionery suspension until futher notice.

The Chief Operations Officer Mr Larry Steyn has been acting municipal manager from 01 June 2021 to date and has been paid an acting allowance of R 31 381,38.

Remuneration of Chief Financial Officer: Ms. N.M Lion

Annual Remuneration	330,033	198,020
Travel allowance	109,583	65,750
Acting allowance	-	101,239
Leave pay	77,780	-
Cellphone allowance	10,500	6,000
Contributions to UIF, Medical and Pension Funds	4,629	2,308
	532,525	**373,317**

In the current year the Chief Financial Officer Ms. N.M Lion resigned on the 30 November 2020 and has been paid R 532 525. Ms Naledi Madonsela was acting Chief Financial Officer from 01 March 2021 to date and was paid an acting allowance of R 35 615

In the prior financial year, From 01 July 2019 to 31 October 2019 Ms. N. Madonsela was acting Chief Financial Officer and was paid an acting allowance of R 19 976 and Mr. Z. Katikiti was acting Chief Financial Officer from 01 November 2019 to 31 March 2020 and was paid an acting allowance R 81 267. The Chief Financial Officer Ms. N.M Lion was appointed on the 01 April 2020 and was paid a total remuneration of R 272 078 in the current financial year.

Figures in Rand	2021	2020 Restated*

34. Employee related costs (continued)

Remuneration of Executive Infrastructure Services: Mr. B. Nkambule

Annual Remuneration	1,178,642	1,178,642
Travel allowance	248,817	248,817
Cellphone allowance	25,200	24,000
Contributions to UIF, Medical and Pension Funds	14,322	14,404
	1,466,981	**1,465,863**

The executive manager Infrastructure was appointed on 04 August 2016.

Remuneration of Executive Manager Corperate Support Services: Mr. L.M Nkele

Annual Remuneration	1,229,039	1,322,924
Travel allowance	96,000	96,000
Cellphone allowance	25,200	24,000
Contributions to UIF, Medical and Pension Funds	12,430	12,168
Bonus	118,955	-
	1,481,624	**1,455,092**

The Executive Manager Corperate Support Services was appointed on 01 October 2017.

Remuneration of Chief Operating Officer: Mr. L. Steyn

Annual Remuneration	1,280,345	1,280,345
Travel allowance	147,249	147,114
Acting allowance	31,381	13,531
Leave pay	25,596	187,163
Cellphone allowance	25,200	24,000
Contributions to UIF, Medical and Pension Funds	13,760	15,197
	1,523,531	**1,667,350**

The Chief Operating Officer was appointed on 04 August 2016.

Remuneration of Executive Manager Community Services: Ms. L.A. Modiba

Annual Remuneration	1,379,459	1,379,459
Travel allowance	48,000	48,000
Cellphone allowance	25,200	24,000
Contributions to UIF, Medical and Pension Funds	14,542	14,530
	1,467,201	**1,465,989**

The Executive Manager Community Services was appointed on 01 August 2017.

Remuneration of Executive Manager Development and Planning: Mr. M.G. Sitei

Annual Remuneration	1,116,504	1,234,448
Travel allowance	192,000	192,000
Cellphone allowance	25,200	24,000
Contributions to UIF, Medical and Pension Funds	12,992	12,931
Bonus	118,955	-
	1,465,651	**1,463,379**

The Executive Manager Development and Planning was appointed on 01 October 2017.

Figures in Rand	2021	2020 Restated*

34. Employee related costs (continued)

Remuneration of the Chief of Staff: Mr. C.H. Stoffels

Annual Remuneration	1,287,449	1,287,449
Travel allowance	140,010	140,010
Cellphone allowance	25,200	24,000
Contributions to UIF, Medical and Pension Funds	14,358	14,346
	1,467,017	**1,465,805**

The Chief of Staff was appointed on 04 August 2016.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

35. Remuneration of councillors

Councillors	27,229,187	27,085,510

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2021	Appoinment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. B. Mahuma (Executive Mayor)	Thursday, August 4, 2016	644,604	214,868	44,400	903,872
Cllr. D. Sithole (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. V. Nqina-Mzondeki (Speaker)	Thursday, August 4, 2016	515,686	171,887	44,400	731,973
Cllr. M. Jokazi (Council whip)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. J. Legoete (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. D. Molebatsi (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. T. Grobler (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. S. Mazibuko (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. S. Moumakwe (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. N. Molatlhegi (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. G. Khoza (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. P.S. Mapena-Dlamini (MMC)	Thursday, August 4, 2016	496,891	147,714	44,400	689,005
Cllr. S.N. Khenene (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. A. Sityebi (MPAC Chairperson)	Thursday, August 4, 2016	469,271	156,427	44,400	670,098
Cllr. B. Montsho	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Mtyotywa	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. D. Machaba	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Ndamane	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. K. Tsotetsi	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. D. Mbulula	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. T. Tlholoe	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Sello	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. P. Faku	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Matiwane	Thursday, August 4, 2016	203,998	67,991	44,400	316,389

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

35. Remuneration of councillors (continued)

Cllr. A. Saba	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. W. Matshaya	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. W. Njani	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Kolo	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Ngamntwini	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. I. Merabe	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Ncele	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. N. Baza (Deceased June 2021)	Thursday, August 4, 2016	188,811	65,725	42,920	297,456
Cllr. A. Van Tonder	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. S. Erasmus	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. E. De Lange	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. C. Harrison	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. P. Dick	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. G. Samson	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. I. Ramphore	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. G. Kruger	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. H. Hild	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Williams	Thursday, August 4, 2016	260,657	11,332	44,400	316,389
Cllr. P. Mavuso	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. S. Sekhokho	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B.A Mosina (Appointed February 2021)	Thursday, August 4, 2016	88,838	29,609	19,335	137,782
Cllr. F. Bergman	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Munyai	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. A. Zingela	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Matebesi	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Ramaphala	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Letlhake	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Letsholo	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Sethepo	Thursday, August 4, 2016	203,998	67,991	44,400	316,389

35. Remuneration of councillors (continued)

Cllr. M. Mthimkhulu	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Nkoe	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Chabane	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. C. Brough	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Letlhake	Saturday, April 1, 2017	203,998	67,991	44,400	316,389
Cllr. M. Ramotlhale	Thursday, June 1, 2017	203,998	67,991	44,400	316,389
Cllr. T.M. Mngomezulu	Saturday, December 1, 2018	203,998	67,991	44,400	316,389
Cllr. B.C. Dreyer	Monday, April 1, 2019	203,998	67,991	44,400	316,389
Cllr. F. Volgraaff	Saturday, June 1, 2019	260,657	11,332	44,400	316,389
Cllr. M.E. Matlaila	Saturday, June 1, 2019	203,998	67,991	44,400	316,389
Cllr. T. Seshoka	Monday, July 8, 2019	203,998	67,991	44,400	316,389
Cllr. T.E. Stefane	Monday, July 8, 2019	203,998	67,991	44,400	316,389
Cllr. M.J. Marite (Deceased Jaunary 2021)	Wednesday, July 10, 2019	107,483	35,823	23,393	166,699
Cllr. N.C. Kiewietz	Wednesday, August 7, 2019	203,998	67,991	44,400	316,389
Cllr. A.T. Mazula	Wednesday, August 7, 2019	203,998	67,991	44,400	316,389
Cllr. T.G. Tlhagale	Sunday, December 1, 2019	203,998	67,991	44,400	316,389
Cllr B.E Green (Appointed September 2020)	Monday, May 1, 2017	249,323	-	40,700	332,818
		18,588,715	**5,583,723**	**3,056,748**	**27,271,981**

2020	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. B. Mahuma (MMC from 01 July 2020 - 31 July 2020 and appointed Executive mayor from 31 July 2019)	Thursday, August 4, 2016	631,176	210,391	44,400	885,967
Cllr. D. Sithole (MMC) (Executive mayor July 2019)	Thursday, August 4, 2016	525,259	161,142	44,400	730,801
Cllr. V. Nqina-Mzondeki (Speaker)	Thursday, August 4, 2016	515,686	171,887	44,400	731,973
Cllr. M. Jokazi (Council whip)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. J. Legoete (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. D. Molebatsi (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. T. Grobler (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. S. Mazibuko (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005

35. Remuneration of councillors (continued)

Cllr. S. Moumakwe (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. N. Molatlhegi (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. G. Khoza (MMC)	Thursday, August 4, 2016	483,463	161,142	44,400	689,005
Cllr. P.S. Mapena-Dlamini (MMC)	Thursday, August 4, 2016	643,029	-	44,400	687,429
Cllr. S.N. Khenene (MMC)	Thursday, August 4, 2016	460,174	153,379	44,400	657,953
Cllr. A. Sityebi (MPAC Chairperson)	Thursday, August 4, 2016	447,165	149,057	44,400	640,622
Cllr. B. Montsho	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Mtyotywa	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. D. Machaba	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Ndamane	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. K. Tsotetsi	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. D. Mbulula	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. T. Tlholoe	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Sello	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. P. Faku	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Matiwane	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. A. Saba	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. W. Matshaya	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. W. Njani	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Kolo	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Ngamntwini	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. I. Merabe	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Ncele	Thursday, August 4, 2016	271,989	-	44,400	316,389
Cllr. N. Baza	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. S. Erasmus	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. E. De Lange	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Baza	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. C. Harrison	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. P. Dick	Thursday, August 4, 2016	271,989	-	44,400	316,389

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

35. Remuneration of councillors (continued)

Cllr. G. Samson	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. I. Ramphore	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. G. Kruger	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. H. Hild	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. N. Williams	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. P. Mavuso	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. P. Francis (Resigned 31 August 2019)	Thursday, August 4, 2016	34,000	11,331	7,400	52,731
Cllr. S. Sekhokho	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Biyela	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. F. Bergman	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Munyai	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. A. Zingela	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Matebesi	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Ramaphala	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Letlhake	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Letsholo	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Mthimkhulu	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Nkoe	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B. Letlhake	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Chabane	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. C. Brough	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. J. Letlhake	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M. Ramotlhale	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. T.M. Mngomezulu	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. B.C. Dreyer	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. F. Volgraaff	Thursday, August 4, 2016	203,998	67,991	44,400	316,389
Cllr. M.E. Matlaila	Saturday, April 1, 2017	203,998	67,991	44,400	316,389
Cllr. T. Seshoka	Thursday, June 1, 2017	200,086	66,687	43,549	310,322
Cllr. T.E. Stefane	Saturday, December 1, 2018	200,086	66,687	43,549	310,322

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

35. Remuneration of councillors (continued)

Cllr. M.J. Marite	Monday, April 1, 2019	198,968	66,315	42,802	308,085
Cllr. N.C. Kiewietz	Saturday, June 1, 2019	183,645	61,207	39,970	284,822
Cllr. A.T. Mazula	Saturday, June 1, 2019	183,645	61,207	39,970	284,822
Cllr. T.G. Tlhagale	Thursday, August 4, 2016	118,999	39,661	25,900	184,560
		18,477,488	**5,567,682**	**3,040,340**	**27,085,510**

In-kind benefits

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

The Mayor, Speaker and Chief Whip each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards and the Speaker has one full-time bodyguard.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

36. Depreciation and amortisation

Property, plant and equipment	194,060,791	192,666,526
Intangible assets	363,850	616,233
	194,424,641	**193,282,759**

37. Impairment loss of assets

Property, plant and equipment	12,958,555	26,035,335

38. Finance costs

Trade and other payables	47,961,776	32,981,941
Finance leases	1,900,850	3,635,767
Interest due to discounting of receivables	3,643,939	3,547,942
Interest cost on employee benefit obligations	16,906,000	16,242,616
Interest cost on landfill site provision	10,010,111	12,916,189
	80,422,676	**69,324,455**

39. Debt impairment

Contributions from receivables from exchange transactions	162,904,546	126,533,886
Contributions from long term receivables	3,408,021	306,376
Contributions from receivables from non exchange transactions	23,869,043	(13,459,319)
Bad written off	11,813,477	109,203,055
	201,995,087	**222,583,998**

The debt impairment calculation has resulted in an increase in number of debtors that were impaired as a result of non-payment of debtors due to covid-19 pandemic and the Municipality's inability to collect on its debtors, when the assumptions of impairement were assessed on debtors this increased out debt impairment significantly.

In the prior year 2020 include in the bad debt written off is the is the debt write off for traffic fines of R 48 697 581 nd the indigent write off for exchange and non exchange transaction for R 48 990 827 and the write off of the interest expense excluded in the contribution to allowance for R 11 514 647 amounting to a total written off for R 109 203 055.

40. Assets derecognised

Property, plant and equipment	14,804,244	57,313,529

41. Bulk purchases

Electricity	665,442,521	576,625,792
Water	259,567,103	290,227,667
	925,009,624	**866,853,459**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

42. Contracted services

Outsourced Services		
Credit cost control	10,148,286	5,271,150
Fleet management	6,962,813	15,920,790
IT support	6,048,741	4,495,314
Meter Management	1,046,901	24,222,712
Repairs and maintenance	64,113,645	36,771,566
Security Services	38,358,989	37,462,780
Water purification contract	-	4,330,827
Prepaid vending costs	7,758,819	6,455,234
	134,438,194	**134,930,373**

43. General expenses

Advertising and communication	198,370	130,246
Audit committee costs	195,054	287,943
Auditors remuneration	9,958,114	8,198,318
Bank charges	5,008,364	5,170,235
Burial expenses	115,720	117,713
Bursary expenses	782,697	441,136
Cleaning	26,138	37,791
Commission paid and discounts allowed	814,601	158,567
Consulting and professional fees	19,331,413	12,539,066
Consumables	1,533,857	2,143,454
Farming	446,646	253,749
Fuel and oil	7,522,834	7,390,496
Insurance	5,817,838	4,267,987
Library programs	-	53,990
Motor vehicle expenses	1,912,967	1,453,487
Municipal events and improvements	144,498	1,050,113
Municipal service charges	31,073,753	23,059,196
Occupational health	205,000	54,348
Postage and courier	1,420,108	1,907,947
Printing and stationery	52,713	167,528
Software licences	10,483,056	7,484,890
Subscriptions and membership fees	5,724,180	5,615,288
Telephone and Fax	1,136,039	2,518,913
Training	171,300	1,881,124
Travel and subsistence	151,772	305,693
Uniforms	1,657,574	1,106,085
Water research levy	3,235,155	6,341,648
	109,119,761	**94,136,951**

44. Gain on disposal of assets

Gain or loss on initial recognition of biological asset	1,083,715	233,634

During the previous financial year the gain on disposal of R 233 634 was as a result of Investment property with a carrying value of R 27 235,96 resulting a sale of stand disposed for R 300 000(Vat inclusive)

45. Fair value adjustments

Investment property	8,797,634	(4,290,908)
Biological assets	4,650	(30,039)
	8,802,284	**(4,320,947)**

Figures in Rand	2021	2020 Restated*

46. Cash generated from operations

Deficit	(136,207,018)	(213,223,476)
Adjustments for:		
Depreciation and amortisation	194,424,641	193,282,759
Gain on disposal of assets	(1,083,715)	(233,634)
Fair value adjustments	(8,802,284)	4,320,947
Finance costs - landfill site and employee benefit	26,916,111	29,158,805
Interest income	(305,277)	(172,270)
Actuarial gains	3,727,000	(31,926,635)
Public contributions and donations	(685,439)	(12,355,659)
Impairment loss of assets	12,958,555	26,035,335
Debt impairment	201,995,085	222,583,998
Current service costs	9,578,000	11,267,676
Accrued bonus (13th cheque) and Accrued leave	2,835,057	11,913,518
Movements in employee benefit obligation	(8,963,000)	(3,014,084)
Movements in provisions	20,277,413	(24,444,714)
Assets derecognised	14,804,244	57,313,529
Changes in working capital:		
Inventories	(336,602)	994,307
Receivables from exchange transactions	(197,031,519)	(229,479,783)
Receivables from non-exchange transactions	(23,867,764)	5,883,569
Prepayments	(132,240)	(616,311)
Payables from exchange transactions	118,066,657	270,146,138
VAT	(6,068,660)	(30,908,854)
Payables from non-exchange transactions	(260,705)	(7,189,721)
Unspent conditional grants and receipts	34,972,824	(302,853)
Consumer deposits	681,905	1,288,709
	257,493,269	**280,321,296**

47. Commitments

Already contracted for but not yet spent

Already contracted for but not provided for		
• Buildings	815,068	815,068
• Community Assets	12,176,154	12,138,310
• Infrastructure Assets	214,841,537	246,375,559
	227,832,759	**259,328,937**

Total capital commitments		
Already contracted for but not provided for	227,832,759	259,328,937

Total commitments

Total commitments		
Authorised capital expenditure	227,832,759	259,328,937

This committed expenditure relates to capital expenditure and will be financed by grants and internally generated funds.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

48. Contingencies

Contingent liabilities

Claim by Ashken for damages due to cancellation of an appointment as a service provider	41,335,330	41,335,330
Claim by Mr Grobler against the municipality for eviction application	6,500,000	6,500,000
Claim by N.B. Ngova for personal injuries sustained due to an uncovered hole	2,460,000	2,460,000
Claim by L.N. Khwaphuna over injuries sustained due to falling into an uncovered manhole	2,460,000	2,460,000
Claim by M.T. Mafokane for injuries sustained caused by an uncovered manhole in Westonaria	2,460,000	2,460,000
Claim by M.T. Mafokane for injuries sustained caused by an uncovered manhole in Westonaria	2,372,205	2,372,205
Claim by Pipe Jack for services rendered	2,394,103	2,394,103
Claim by Van Greunen Ann Marie for damages and loss of income due to negligence that caused the death of her husband.	1,698,928	1,698,928
Claim by Enzani Technologies for services rendered	1,597,226	1,597,226
Claim by Muaz Dludla Décor and projects for the outstanding payment for the services rendered to the municipality	1,500,000	1,500,000
Claim by Proplan against the Municipality for outstanding invoices on 3 projects	1,451,884	1,451,884
Claim by Nomsa Yoyo for injuries suffered by the Plaintiff due to stepping into an uncovered manhole	1,300,000	1,300,000
Claim by L.M. Sobandi for damages relating to injuries suffered by the Plaintiff due to an open access hole	1,170,000	1,170,000
Claim by P.Z. Ndaba for damages due to injuries sustained by stepping into an open manhole	1,075,000	1,075,000
Claim by Tyler Julius for electrocution	1,010,000	1,010,000
Claim by Maureen Sila as a result of failure to have covered/repaired an open manhole that she fell into	773,000	773,000
Claim by Aranda Textile for loss of income due to power outages	612,513	612,513
Claim by Thembakazi Buso as a result of failure to have covered/repaired an open manhole that she fell into	550,000	550,000
Claim by Patrick Mpisekhaya for wrongful death of a minor due to negligence of the employees of the Municipality	530,000	530,000
Claim by Advidatta trading for economic loss and misrepresentation	500,000	500,000
Claim by L.M. Zibula for injuries sustained due to falling into an open drain	450,000	450,000
Claim by Mahlaba Ramogohlo Welhemina as a result of failure to have covered/repaired an open manhole that she fell into	400,000	400,000
Claim by Wendy Lindiwe Mlambo for wrongfully and unlawfully being attacked by a group of unidentified protestors	400,000	400,000
Claim by Josephine Bolani for an injury on duty	400,000	400,000
Claim by Mokoduo Incorporated for legal services rendered	399,595	399,595
Claim by Matlakala Martha Kgarudi as a result of failure to have covered/repaired an open manhole that she fell into	360,000	360,000
Claim Seshibe Makiletjie Gideon damages caused by an alleged assault by the traffic officer	300,000	300,000
Claim by Alinah Motshidisi Nakedi for an injury on duty	300,000	300,000
Claim by Otilian Carlos as a result of falling into amanhole that the municipality failed to alert	250,000	250,000
Claim by B. Munyai for unfair labour practice.	288,000	288,000
Claim by Marilinn Brenda Lokna for damages to her vehicle due to a pothole	141,464	141,464
Claim by Katsura Solutions (PTY) LTD for the repayment of historical debt of a previous owner paid in order to obtain a clearance certificate.	137,086	137,086
Claim by Demper Star (PTY) LTD for the repayment of historical debt of a previous owner paid in order to obtain a clearance certificate.	116,070	116,070
Claim by L.C.M. Orton for unlawful/wrongful arrest	100,000	100,000
Claim by PPB Mosing for damages due to municipality's failure to clear a refuse dump	87,410	87,410

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*
48. Contingencies (continued)		
Claim by T. Radebe for unfair labour practice	778,841	77,841
Claim by Robert Vusi Martens for damages on his vehicle due to a pothole	62,391	62,391
Claim by Forms media independent africa (pty) ltd for unpaid invoices.	55,594	55,954
Claim by Christo Dekker as a result of failure to have covered an open manhole that he fell into	50,000	50,000
Claim by Andrew Pepetta for damages to plaintiff's vehicle due to a pothole.	39,813	39,813
Claim by Susanna Wagenaar for damages to his property due to a damaged water pipe.	33,502	33,502
Claim by N.M. Ndlovu for damages to the car due to council having failed to close or barricade a ditch	33,402	33,402
Claim by R J Panel beaters against the municipality for services rendered	31,831	31,831
Claim by Duane Grobler for unpaid Mayoral Bursary Scheme	23,584	23,584
Claim by Jan Adriaan Van der Walt for a damage caused on his vehicle colliding with protruding tar on the tar road within the municipality’s jurisdication.	20,296	20,296
Claim by DJB Coetzee for the damages caused to his vehicle when a municipal vehicle driven by an official collided with his vehicle	11,025	11,025
Claim by Oudorp Beleggings for repayment of historical debt of a previous owner paid in order to obtain a clearance certificate	4,084	4,084
Claim by Boz Auto Electrical for damages caused when a vehicle driven by a municipal official collided with the Plaintiff’s vehicle.	73,947	-
Claim by P. Semono for injuries sustained due to stepping into an open water drain.	2,763,681	-
Claim by Go West Auto (pty)ltd for damages caused by a pothole.	67,283	-
Claim by Voster in respect of damages caused by a pothole.	15,916	-
Claim by Ursula Mahlangu and 14 others in respect of unfair discrimination in the Labour Court	87,728	-
Claim by Fleet Africa for application for a default judgement.	1,537,358	-
	83,570,090	**78,323,537**

Contingent liabilities with unknown claim amounts

Claim by SAMWU on behalf of Mpshe for unfair labour practice.
Claim by N.V Sikhokane for unfair labour practice.
Claim by Z. Mfaze for unfair labour practice.
Claim by P. Mafika for unfair labour practice.
Claim by Sibanye Gold and 5 others for disputes on rates.
Claim by Randgate Spar in respect of service account.
Claim by T. Moeketsi for a review application and setting aside an arbitration award.
Claim by Zwane for a review application and setting aside an arbitration award.

Contingent assets

During the current financial year the municipality opened with an unspent conditional grant of R 34 522 395 which is an amount which has not yet been transferred by Gauteng Department of Human Settlement for a grant that was gazetted for in 2017/2018 financial year and only transferred R 15 686 250 to the municipality in the 2018/2019 financial year and this results in a possible asset that may arise because of a gain that is contingent on future events that are not under the municipality's control.

Figures in Rand	2021	2020 Restated*

49. Related parties

Relationships	
Accounting Officers	Refer to accounting officers' report note
Executive Mayor	Refer to note
Speaker	Refer to note
Council Whip	Refer to note
Councillors	Refer to note 34
Inter govermental relations	Refer to note 30
Members of key management	Refer to note 33
Employees and organisations in which they have a direct or indirect material interest.	Refer to related party transactions below

Related party transactions

Purchases from (sales to) related parties		
Shumba Event Solutions cc: Councillor	-	15,500
Lido Electrical (Johannesburg)	18,906	-

For the above related parties , the transactions were within the normal course of business and there no balances outstanding as at 30 June 2021.

Councillors/Mayoral committee members

Refer to note 34 " Remuneration of councillors". The total amount paid to councillors was R 27 248 192(2020: R 27 085 510)

Executive Management

Refer to note 33" Employee related costs". The total amount paid to Municipal Manager and Executive Managers was R 12 384 395 (2020: R 11 372 480)

50. Change in estimate

Property, plant and equipment

The useful lives of certain property, plant and equipment items on the asset register were assessed during the current financial year and it was found that certain assets are being utilized for periods that extent beyond their original expected useful lives.This resulted in the remaining useful lives of these particular assets being adjusted downwards to accommodate the prolonged utilisation. The effect of this revision has resulted in the depreciation charge changing as shown below:

CHANGE IN ESTIMATE	**Depreciation before adjusment in useful lives**	**Depreciation after adjusment in useful lives**	**Effect of the in estimate**
Library Books	(226,691)	164,575	(62,115)
Software	(540,475)	264,395	(276,079)
Infrastracture	34,074,485	(35,793,951)	(1,719,466)
	33,307,319	**(35,364,981)**	**(2,057,660)**

51. Prior period errors

Recieavables from exchange and service charges: The receivables from exchange transactions have been restated by R 7 221 739 as a result of using incorrect tariff code of electricity as opposed to tariff code for property rates on account number 0201050467. The correction was done in 2020/2021 however it relates to revenue incurred in 2019/2020.

Receivables from non-exchange transactions and traffic fines were restated by R 116 542 for traffic fines which was duplicate transactions as a result of the change in the traffic management system in the 2019/2020 which was only corrected in 2020/2021 financial period.

Property, Plant and Equipment was restated by a cumulative amount of R 37 158 343 as a result of **depreciation** of assets for an amount of R 8 582 049, **repairs and maintance** of R 5 882 093, **derecognition** of assets for R 34 815 965 and **Impairment loss** of assets of R 357 579.

Investment property was restated by an amount of R 268 297 as a result of **derecognition** of investment property in the prior year.

Payables from exchange transactions have been restated by R 5 964 477 as a result of interest of R 1 838 713 relating to prior years penalities waived by SARS and was recovered by the municipality, contracted services of R 4 209 091 and general expenses of R 42 254 for prior year expenditures which was not captured in 2019/2020 financial period. The was a reclassification of sundry debtors with credit balances of R 8 954 103 from payables from non-exchange transactions to payables from exchange transactions.

Payables from non - exchange transactions: The was a reclassification of sundry debtors with credit balances of R 8 954 103 from payables from non-exchange transactions to payables from exchange transactions.

Debt Impairment: Debt impairment is restated by R 109 203 055**,**In the prior year 2020 included in the bad debt written off is the debt write off for traffic fines of R 48 697 581 nd the indigent write off for exchange and non exchange transaction for R 48 990 827 and the write off of the interest expense excluded in the contribution to allowance for R 11 514 647 amounting to a total written off for R 109 203 055. **See COAF 100 for 2019/2020 financial period.**

Finance cost was restated by R 1 838 713 which were penalities and interest previously charged by SARS for late payments on PAYE, UIF and SDL relating to prior financial years which were waived by SARS and recovered by the municipality.

Contracted services were restated by cumulative figure R 4 209 091 which is made up of **Credit notes** amounting to R 11 947 192: **Prepaid vending cost** - R 6 238 401, **Prepaid** - R 2 074 499, **Metering** - R 950 963 for cigi-cell net off and R 2 610 549 and R 72 781 relating to **security and maintenance** respectively. Invoices amounting to **R 7 847 084** which were not captured: **Security** R 3 438 407, **Repairs and Maintenance** R 4 390 493 and **IT Support** R 127 168.

General Expenditure were restated by R 6 058 476 as a result of invoices which were previously not captured: **Municipal services** - R 28 962 for eskom small accounts, R 97 810 for **traffic officers training** and R 12 111 for **munsoft sotware licences** and R 5 977 517 for reclassification of municipal service charges..

Accumulated Surplus was restated as a result of the above stated transactions.

The correction of the error(s) results in adjustments as follows:

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

51. Prior period errors (continued)

STATEMENT OF FINANCIAL POSITION	Balance as previously reported	Prior period error	Reclassification	Restated balance
Receivables from exchange transactions	189,457,679	(7,221,742)	-	182,235,937
Receivables from non-exchange transactions	37,216,965	(116,541)	-	37,100,424
Investment Property	240,565,056	(268,296)	-	240,296,760
Property, Plant and Equipment	4,048,664,420	(37,158,342)	-	4,011,506,078
Payables from exchange transactions	(1,221,616,874)	(3,207,046)	(8,954,103)	(1,233,778,023)
Payables from non-exchange transactions	(23,636,011)	-	8,954,103	(14,681,908)
Accumulated Surplus	(2,873,604,725)	47,971,967	-	(2,825,632,758)
	397,046,510	**-**	**-**	**397,046,510**

STATEMENT OF FINANCIAL PERFORMANCE	Balance as previously reported	Prior period error	Reclassification	Restated balance
Service charges	1,133,963,048	(7,221,739)	-	1,126,741,309
Fines	12,319,250	(116,542)	-	12,202,708
Finance cost	(71,163,168)	1,838,713	-	(69,324,455)
Contracted services	(141,825,181)	6,894,808	-	(134,930,373)
General Expenses	(88,078,475)	(6,058,476)	-	(94,136,951)
Debt Impairment	(113,380,943)	(109,203,055)	-	(222,583,998)
Assets derecognised	(22,229,266)	(35,084,263)	-	(57,313,529)
Depreciation and amortisation	(184,700,710)	(8,582,049)	-	(193,282,759)
Impairment loss of assets	(26,392,914)	357,579	-	(26,035,335)
	498,511,641	**(157,175,024)**	**-**	**341,336,617**

52. Comparative figures

Certain comparative figures have been reclassified.

53. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk.

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments liquidity risk arises largely from the municipality's ability to fund assets and meet financial obligation. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,354,679,738	-	-	-	1,354,679,738
Payables from non exchange transactions	14,421,203	-	-	-	14,421,203
Unspent conditional grants and receipts	47,427,563	-	-	-	47,427,563
Consumer deposits	58,637,668	-	-	-	58,637,668
Finance leases	16,720,942	1,362,380	-	-	18,083,322
	1,491,887,114	**1,362,380**	**-**	**-**	**1,493,249,494**

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,233,778,024	-	-	-	1,233,778,024
Payables from non exchange transactions	14,681,908	-	-	-	14,681,908
Unspent conditional grants and receipts	12,454,739	-	-	-	12,454,739
Consumer deposits	57,955,763	-	-	-	57,955,763
Finance leases	16,857,116	18,083,322	-	-	34,940,438
	1,335,727,550	**18,083,322**	**-**	**-**	**1,353,810,872**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality is exposed to significant credit risk as its consumers are largely unemployed and are from low income households. Concentrations of credit risk are as per the financial instruments detailed below and for their credit quality refer to the various notes.The municipality decreases its exposure and concentration of credit risk by only depositing cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2021	2020
Cash and cash equivalents (Note 3)	86,294,078	53,942,809
Receivables from exchange transactions (Note 4)	204,549,435	182,235,937
Long term receivables (Note 8)	2,355,298	1,219,291
Investments (Note 9)	4,653,587	4,348,310

Refer to the notes 3, 4, 8 and 9 for the aging of the financial instruments and any impairment losses recognised in the current financial year.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

53. Risk management (continued)

In the current year, no investments have been pledged as security for borrowings.

Market risk

The type of market risk that the municipality is exposed to is interest rate risk, this arises on interest-bearing financial instruments recognised in the statement of financial position. The Municipality manages this risk by fixing the interest rates on the loan.

54. Going concern

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

The impact of COVID-19 pandemic has significantly casted a doubt on the going concern assumption of the municipality however the governments intervention through the disaster management grant will assist in ensuring that the municipality continues as a going concern.

We draw attention to the fact that the municipality had a net deficit of R 136,207,018 for the year ended June 30, 2021 and the current liabilities of R 1 375 319 474 exceeded the current assets of R 289 034 028 by R 1 086 285 446 as at June 30, 2021. The municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraints.

During the current financial year, the municipality experienced serious cash flow challenges. While the municipality had taken reasonable steps to ensure that all creditors were paid within 30 days, it was not able to meet this criterion. Because of this, there were some instances where the municipality incurred interest in respect of outstanding balances of creditors. There is a material uncertainty and, therefore, the municipality may be unable to realise its assets and discharge its liabilities in the normal course of service delivery.

Rand West City Local Municipality has developed a revenue enhancement strategy which seeks to address the issues that have contributed to the current situation. This strategy takes a holistic approach to the organisation and was presented to and approved by the Rand West City Local Municipality Council. The plan is for various strategies to effect the changes needed for viability and sustainability of the municipality but not all could be considered due to its' limited cash-flow and institutional capacity. In addition to this, the strategies will be balanced between short term and long term to ensure the strategies will have the greatest impact based on the resources available, financial and human resources.

55. Events after the reporting date

The accounting officer is not aware of any other matter or circumstance arising since the end of the financial year to the date of authorisation of these financial statements.

The Municipality has been affected by the impact of covid -19 pandemic, this has halted the Municipality's ability to implement its stringent credit control measures to increase revenue collection which will substantially improve the council's financial sustainability.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

56. Unauthorised expenditure

Opening balance as previously reported	1,218,325,548	1,041,037,530
Correction of prior period error	-	(20,561,307)
Opening balance as restated	**1,218,325,548**	**1,020,476,223**
Add: Expenditure identified - current	202,072,243	197,849,325
Closing balance	**1,420,397,791**	**1,218,325,548**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	42,430,752	125,049,012
Cash	159,641,491	72,800,313
	202,072,243	**197,849,325**

Analysed as follows: non-cash

Employee related cost	-	9,304,828
Depreciation and amortisation	15,514,641	-
Finance charges	26,916,111	28,740,477
Impairment loss of assets	-	26,392,914
Debt impairment	-	38,381,527
Asset derecognised	-	22,229,266
	42,430,752	**125,049,012**

Analysed as follows: cash

Bulk purchases	114,550,757	52,810,770
Contracted services	30,771,132	17,833,925
General expenditure	-	2,155,618
Employee related costs	3,831,655	-
Finance cost	10,487,947	-
	159,641,491	**72,800,313**

Unauthorised expenditure: Budget overspending – per municipal department:

INFRASTRUCTURE SERVICES	(64,518,494)	(19,828,324)
COMMUNITY SERVICES	(30,771,132)	(35,718,457)
ECONOMIC DEVELOPMENT AND PLANNING	-	(49,054,471)
FINANCIAL MANAGEMENT SERVICES	(84,002,670)	(93,248,073)
CORPORATE SUPPORT SERVICES	(22,779,947)	-
	(202,072,243)	**(197,849,325)**

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

57. Fruitless and wasteful expenditure

Opening balance as previously reported	197,919,676	143,034,362
Opening balance as restated	**197,919,676**	**143,034,362**
Add: Expenditure identified - prior period	59,726,643	54,885,314
Less: Amount written off - current	(47,139,806)	-
Closing balance	**210,506,513**	**197,919,676**

In the current year the council written off fruitless and wasteful expenditure incurred in 2017, 2018 and 2019 financial years.

Notes to the Audited Financial Statements

Figures in Rand

57. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Interest on overdue creditors: Eskom	37,463,208	31,864,847
Interest on overdue creditors: Telkom SA Ltd	25,066	65,389
Interest on overdue creditors: Rand Water	6,356,627	1,378,619
Interest on overdue creditors: Quill and associates	1,640,086	1,419,988
Interest on finance lease: Kwane	11,683,918	670,400
Roshqott	-	88,881
Afrirent	-	33,228
Abandonment of Toekomsrus Stadium WIP project	-	19,363,962
Roadmac	2,471,224	-
Munsoft	4,757	-
Sala	807	-
SARS interest	80,950	-
	59,726,643	**54,885,314**

Action taken/to be taken in respect of fruitless and wasteful expenditure

Management submitted all fruitless and wasteful expenditure incurred to council for investigation by Municipal Public Accounts Committee and council will write off the expenditure upon finilisation of the invistigations.

No criminal or discliplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

Notes to the Audited Financial Statements

Figures in Rand	2021	2020 Restated*

58. Irregular expenditure

Opening balance as previously reported	409,615,806	339,902,319
Opening balance as restated	**409,615,806**	**339,902,319**
Add: Irregular Expenditure - current	68,113,111	69,713,487
Closing balance	**477,728,917**	**409,615,806**

Analysis of irregular expenditure awaiting investigation

Non-Compliance with section 22 SCM Regulations	12,913,416	11,825,807
Non-Compliance with Section 62 of MFMA	3,833,201	3,833,201
Non-Compliance with section 13 SCM Regulations	94,714	94,714
Non-Compliance with Section 65 of MFMA	20,625,509	20,625,509
Non-Compliance with Section 17 SCM Regulations	724,431	724,431
Non-Compliance with section 20 SCM Regulations	55,711,707	47,820,320
Non-Compliance with section 29 SCM Regulations	147,283,108	147,283,108
Non-Compliance with section 32 SCM Regulations	26,660,245	23,488,783
Non-Compliance with section 44 SCM Regulation	1,679,362	1,679,362
Non-Compliance with section 36 SCM Regulations	113,936,206	104,524,898
Non-compliance with section 19 SCM Regulations	4,123,227	4,123,227
Non-compliance with section 5(1) of MSA	164,347	164,347
Non-compliance with MFMA Regulation 116(3)(b)	47,557,156	12,119,027
Non-compliance with SCM regulation 28	21,603,477	18,255,038
Non-compliance with DoRA	3,996,556	3,996,556
Non-compliance with MFMA Regulation 110(2)	11,252,664	7,254,634
Non-compliance with MFMA 112	177,603	177,603
Non- Compliance with PPFA regulation 6(8) states that, Subject to sub-regulation (9) and regulation 11	89,250	89,250
Non-Compliance with SCM Regulation 12	916,581	916,583
Government gazette number: 42134	619,407	619,407
Non-compliance with SCM regulation 6(3)c	3,690,177	-
Non-compliance with PPPFA Section 2(1)(f)	76,573	-
	477,728,917	**409,615,805**

Figures in Rand	2021	2020 Restated*

59. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5,724,180	5,608,288
Amount paid - current year	(5,000,000)	(5,608,288)
	724,180	**-**

Material distribution losses

Electricity	193,898,420	147,015,179
Water	41,360,658	45,152,482
	235,259,078	**192,167,661**

Electricity distribution losses for the current financial year was 157 301 294 kilo watts (2020: 130 609 028 kilowatts) which represents 21% (2020: 25%) of total electricity purchased. These electricity distribution losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network and non-technical losses being theft, faults etc. Attempts are currently being made to reduce these non-technical losses.

Water distribution losses comprises of non-billed water, and for the current financial period was 3 925 534 kilo litres (2020: 4 229 277 kilo litres) which represents 16% (2020: 17%) of total water purchased. These water distribution losses cannot be accounted for mainly due to theft, faulty pipes, spillages etc.

See note 41 for the total electricity and water bulk purchases for the financial year.

Audit fees

Opening balance	28,010	527,152
Current year subscription / fee	11,479,199	8,198,318
Amount paid - current year	(10,580,840)	(8,697,460)
	926,369	**28,010**

PAYE and UIF

Opening balance	6,466,274	6,265,030
Current year subscription / fee	89,530,163	80,036,365
Amount paid - current year	(88,426,242)	(79,835,121)
	7,570,195	**6,466,274**

Pension and Medical Aid Deductions

Opening balance	12,471,365	11,662,480
Current year subscription / fee	148,754,068	138,962,177
Amount paid - current year	(148,751,280)	(138,153,292)
	12,474,153	**12,471,365**

59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2021:

June 30, 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor M MARITE	12,206	2,482	14,688
Councillor NDAMANE	3,341	23,305	26,646
Councillor BROUGH CA	3,530	-	3,530
Councillor MBULULA	7,716	27,224	34,940
Councillor Legodi(N Kiewiets)	179	137	316
Councillor NR RAMOTLHALE	4,267	49,300	53,567
Councillor N MAPENA	4,937	28,597	33,534
Councillor B FESTILE (J Letsholo)	6,621	165,208	171,829
Councillor NI RAMPHORE	814	-	814
Councillor J STEVENS (N Williams)	276	-	276
Councillor RAMAPHALA	6,917	56,576	63,493
Councillor MATEBESI	441	-	441
Councillor ME MAKHENE (B Lethlake)	2,949	13,500	16,449
Councillor I KHOZA	730	-	730
Councillor PL FRANCIS	2,751	-	2,751
	57,675	**366,329**	**424,004**

June 30, 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor JR MAVUSO	3,081	16,812	19,893
Councillor M MARITE	2,746	9,800	12,546
Councillor NDAMANE	2,850	10,892	13,742
Councillor MBULULA	7,388	35,556	42,944
Councillor L K GASEITSIWE	2,334	21,053	23,387
Councillor NR RAMOTLHALE	3,818	34,012	37,830
Councillor N MAPENA	2,406	12,805	15,211
Councillor B FESTILE	5,919	141,273	147,192
Councillor S WESSELS	2,229	5,765	7,994
Councillor MJE DICK	10,598	-	10,598
Councillor BC DREYER	12,820	-	12,820
Councillor G SAMSON	2,479	-	2,479
Councillor JE MUNYAI	5,952	2,218	8,170
Councillor JM RAMAPHALA	5,812	31,522	37,334
Councillor PL FRANCIS	3,011	-	3,011
Councillor S MOUMAKWE	5,364	5,147	10,511
Councillor S MAJIKIJA	2,110	5,912	8,022
Councillor ME MAKHENE	1,905	5,154	7,059
Councillor MURWET 12 PTY LTD	3,516	926	4,442
	86,338	**338,847**	**425,185**

Councillor BC Dreyer made an arragement on the arrears amount of R 10 606 and Councillor JE Munyai made an arrangement on the arrear amount of R 5 952

Figures in Rand	2021	2020 Restated*

59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Deviations from SCM Regulations

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

Incident		
Information technology services	-	67,850
Compliance with covid-19 Regulations	-	658,856
	-	**726,706**

In the current year the municipality did not incur any expenditure in deviating from the SCM Regulations.

Paragraph 45(a),(b) &(c) of Government Gazette No. 27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

See note 49 for Councillors, employees and organisations in which they have a direct or indirect material interest.

60. Budget differences

Material differences between budget and actual amounts

All budget fluctuations above 10% in comparison to actual results for the financial period were considered material and are explained in the Statement of Comparison of Budget and Actual Amounts.

60.01 **Service charges** are lower than the budgeted amount as result of covid 19 lockdown regulations which resulted in non-payment of municipal services. Although the municipality anticipated an increase in service charges as result of increased basic charges for both residential and business accounts and an increase in new municipal accounts opened for consumers of the new extentions at Azadville, toekomosres, Mohlakeng, Borwa and Afrivillage. The decreased economic activity resulted in the actual service charges being lower than the budgeted amount.

60.02 **Rental of facilities and equipment** were below budget due to covid 19 lockdown regulations,the municipal facilities were not booked as a result of reduced economic activity.

60.03 **Interest received - outstanding receivables** was above budget due increase in non payment by consumers.

60.04 **Income from agency fees** were below budget due to covid 19 lockdown regulations which caused reduced economic activity, people were not able to utilise the testing stations to pay/renew their motorist licences which resulted in loss of revenue. In June also the office was not working full capacity due to recuring closure of the facilities resulting from affected employees and also limitation in number of people and services offered complying with covid-19 regulations.

60.05 **Other income** Included in other income is burial fees, gym fees ect, Due to covid 19 lockdown regulations which caused reduced economic activity, people were not able to utilise the municipal facilities which resulted in loss of revenue.In the previous financial year 2018/19 there was revenue from sale of debtors rights amounting to R12 701 264 which was not available this current year.

60.06 **Interest received - investment** was lower due to less money being invested in Investec and FNB call accounts.

60.07 **Property rates** - actual property rates is below the budgeted amount as a result of non implementation of the credit control due to the covid -19 lock down regulations which lead to non-payment by the consumers. The actual collected is also affected by the pending valuations case against the mines.

60.08 **Government grants and subsidies** was within budget with a variance due to the unspent HIV and INEP grants.

Notes to the Audited Financial Statements

60. Budget differences (continued)

60.09 **Public donations and contributions** was not budgeted for during the financial year.

60.10 **Fines** were over budgeted for, less traffic infringements were recorded during the current financial year.

60.11 **Employee related costs** were mainly affected by overtime spending which was not budgeted for.

60.12 **Remuneration of councillors** was within budget

60.13 **Depreciation and amortisation** was within budget.

60.14 **Impairment loss of assets** was not budgeted for.

60.15 **Finance costs** were under budgeted for due to the interest costs on employee benefit obligation, landfill site and discounting receivables which were not budgeted for and interest on creditor's accounts mainly the Eskom account. The excess will be reported as fruitless and wasteful and unauthorised expenditure and will be reported to council in the next financial year.

60.16 **Debt impairment** has significantly increased due to an increase in the total number of outstanding debtors resulting from non-payment of consumer debtors. The covid - 19 impact resulted in non- implementation of the strigent credit control management policy.

60.17 **Assets derecognised** was not budgeted for.

60.18 **Repairs and maintenance** was within budget.

60.19 **Bulk purchases** was within budget.

60.20 **Contracted services** was more than budget due to higher credit control costs, meter management, fleet and security costs. The overspending was reported as unauthorised expenditure and will be reported to council in the next financial year.

60.21 **Transfers and subsidies** did not have any expenditure due to the municipality's financial constraints.

60.22 **General expenses** was within budget.

60.23 **Gain on disposal of assets** was not budgeted for.

60.24 **Fair value adjustments** was not budgeted for.

60.25 **Actuarial gains** was mainly increased due to the value of the Municipality's Employee benefit obligations valuations during the financial year which was not budgeted.

61. Segment reporting

General information

Identification of segments

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

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

Aggregated segments

61. Segment reporting (continued)

The municipality operates throughout the GT485 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout GT485 were sufficiently similar to warrant aggregation.

The following segments were aggregated:

1	Administrative and Corporate Support:1268 general admin 6.3
2	Agricultural:1196
3	Asset Management:Asset management - 1109
4	Asset Management:Asset Management - Assets
5	Asset Management:Asset management 1109 2
6	Cemeteries Funeral Parlours and Crematoriums:Cemeteries and Crematorium - 1238
7	Child Care Facilities:Child care facilities - 1158
8	Community Halls and Facilities:Community Halls and Facilities - Assets
9	Community Parks (including Nurseries):Community parks - 1235
10	Core Function:Asset Management
11	Core Function:Community Halls and Facilities
12	Core Function:Community Parks (including Nurseries)
13	Core Function:Housing
14	Core Function:Municipal Manager Town Secretary and Chief Executive
15	Core Function:Roads
16	Core Function:Solid Waste Removal
17	Core Function:Water Distribution
18	Corporate Wide Strategic Planning (IDPs LEDs): Corporate support
19	Corporate Wide Strategic Planning (IDPs LEDs):Corporate strategic planning - 1002
20	Corporate Wide Strategic Planning (IDPs LEDs):Corporate strategic planning - 1006
21	Corporate Wide Strategic Planning (IDPs LEDs):Corporate strategic planning - 1197
22	Corporate Wide Strategic Planning (IDPs LEDs):Corporate strategic planning - 1262
23	Corporate Wide Strategic Planning (IDPs LEDs):Corporate support - repro - 1272
24	Corporate Wide Strategic Planning (IDPs LEDs):Corporate support - secret - 1265
25	Corporate Wide Strategic Planning (IDPs LEDs):Corporate support - war room - 1005
26	Economic Development/Planning:1188
27	Economic Development/Planning:1189
28	Electricity:7210 Metre audits
29	Electricity:Electricity - 7210
30	Finance: Finance 1107
31	Finance: Finance 1125
32	Finance: Finance 1140
33	Finance:6.3 Budget & Treasury office - 1106
34	Finance:8010
35	Finance:8060
36	Finance:8170
37	Finance:8190
38	Finance:8301
39	Finance:9999
40	Finance:CFO - 1101
41	Finance:Credit control - 1135
42	Finance:Default
43	Finance:Ependiture - 1105
44	Finance:Finance
45	Finance:Finance - 8420
46	Finance:FMG GRANT - 1102
47	Finance:Grants 8010
48	Finance:Meter readers - 1140

61. Segment reporting (continued)

49	Finance:Revenue - 1140
50	Fleet Management:Fleet management - 4173
51	Fleet Management:Workshop - 1250
52	Governance Function:Internal audit - 1010
53	Health Services: 1149
54	Health Services: 1150
55	Health Services: 3165
56	Health Services:Social Services - 1042
57	Housing:Housing 1188 (2)
58	Human Resources:Human resuources - 1261
59	Information Technology:Information technology - 1267
60	Legal Services:Legal services - 1273
61	Libraries and Archives: Randfontein - 1155
62	Libraries and Archives: Randfontein - 1159
63	Libraries and Archives:Badirile - 1161
64	Libraries and Archives:Jabulani - 1162
65	Libraries and Archives:Kocksoord - 1154
66	Libraries and Archives:Libraries and Archives - Assets
67	Libraries and Archives:Mohlakeng - 1151
68	Libraries and Archives:Randgate - 1152
69	Libraries and Archives:Toekomsrus - 1153
70	Licensing and Regulation: 4170
71	Marketing Customer Relations Publicity and Media Co-ordination:Marketing and Publicity - 1020
72	Mayor and Council:Chief Wip - 1074
73	Mayor and Council:Council-1145
74	Mayor and Council:Mayor - 1071
75	Mayor and Council:MPAC - 1003
76	Mayor and Council:Speaker - 1072
77	Municipal Manager Town Secretary and Chief Executive:Municipal Manager - 1001
78	Municipal Manager Town Secretary and Chief Executive:PMS - 1004
79	Police Forces Traffic and Street Parking Control:6.3 Traffic - 4171
80	Police Forces Traffic and Street Parking Control:6.3 Traffic - 4172
81	Pollution Control:Cleaning - dont use
82	Pollution Control:Pollution control - dont use
83	Project Management Unit:Project management unit - 1030
84	Property Services:Property services - 1245
85	Recreational Facilities:Swimming pools - 1156
86	Risk Management:Risk management - 1202
87	Roads:Infra 1252
88	Roads:Infrastruct - admin - 1201
89	Roads:Roads - Assets
90	Roads:Roads - 1215
91	Roads:Roads marking - 1246
92	Sewerage:Sewerage - 6225
93	Solid Waste Disposal (Landfill Sites):Landfill site - 6241
94	Solid Waste Removal: 6240
95	Solid Waste Removal:Refuse removal - 6240
96	Solid Waste Removal:Solid Waste Removal - Assets
97	Sports Grounds and Stadiums:1157
98	Storm Water Management:Storm Water Management - Assets
99	Supply Chain Management:1110
100	Town Planning Building Regulations and Enforcement and City Engineer: 1195
101	Town Planning Building Regulations and Enforcement and City Engineer:1198
102	Valuation Service:1269

Notes to the Audited Financial Statements

61. Segment reporting (continued)

103	Waste Water Treatment:6230
104	Water Distribution:Water Distribution - 7220
105	Water Distribution:Water Distribution - Assets
106	Water Storage:7221

Types of goods and/or services by segment

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

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

There are no non reportable segments.

The following information will enable users of financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates. Below are the reconciliation's of the amounts in the statement of financial position for reportable segments to the amounts in the entity's statement of financial position.

Line items	Basic services	Community servi	Finance	Mayor and Cou
Revenue	**(1,507,208,797)**	**(71,141,052)**	**(519,601,934)**	**(95,989,059)**
Exchange Revenue	**(1,193,869,140)**	**(20,851,873)**	**(68,634,689)**	
Interest Dividend and Rent on Land			(59,700,042)	
Licences or Permits	(54,229)	(26,865)		
Operational Revenue	(1,108,485)	(19,395)	(2,442,851)	
Rental from Fixed Assets	(2,877)	(734,820)	(3,807,368)	
Sales of Goods and Rendering of Services	(2,893,575)	(2,500,649)	(1,934,957)	
Service Charges	(1,189,809,974)		(749,471)	
Agency Services		(17,570,145)		
Non-exchange Revenue	**(313,339,657)**	**(50,289,179)**	**(450,967,246)**	**(95,989,059)**
Fines Penalties and Forfeits	(1,798,452)	(19,083,861)	(500)	
Interest Dividend and Rent on Land			3,643,939	
Property Rates	(760)		(275,022,465)	
Transfers and Subsidies	(311,540,445)	(31,205,317)	(179,588,220)	(95,989,059)
Expenditure	**1,469,834,869**	**149,430,721**	**528,007,024**	**144,895,177**
Bad Debts Written Off	**(110)**		**201,995,197**	
Bulk Purchases	**925,092,976**			
Contracted Services	**115,324,426**	**3,873,939**	**23,667,097**	**112,200**
Depreciation and Amortisation	**178,859,575**	**580,206**	**14,984,860**	
Employee Related Cost	**188,281,305**	**140,113,904**	**124,116,137**	**109,796,782**
Interest Dividends and Rent on Land			**66,768,627**	
Inventory Consumed	**560,816**	**744,934**	**709,999**	**13,921**
Operating Leases			**9,758,141**	
Operational Cost	**61,715,882**	**4,117,738**	**86,006,966**	**6,775,213**
Remuneration of Councillors				**28,197,060**
Gains and Losses	**2,080**		**18,960,516**	
Assets	**2,154,309,500**	**58,798,263**	**3,341,288,771**	**84,750,351**
Current Assets	**1,700,242,859**	**123,933,530**	**(516,055,138)**	**75,763,014**
Cash and Cash Equivalents	513,247,752	97,891,601	(563,729,938)	73,574,378
Current Portion of Non-current Receivables				
Deposits			1,655,259	
Inventory	(4,225,846)	(861,078)	7,188,982	(79,795)
Receivables from Non-exchange Transactions	55,394,243	21,280,945	91,212,198	
Trade and other Receivables from Exchange Transactions	456,344,386	(1,954,592)	(294,789,439)	
VAT Receivable	679,482,323	7,576,655	242,407,800	2,268,430
Non-current Assets	**454,066,641**	**(65,135,267)**	**3,857,343,910**	**8,987,338**

61. Segment reporting (continued)

Line items	**Basic services**	**Community servi**	**Finance**	**Mayor and Cou**
Construction Work-in-progress	27,069,062	(12,076,822)	211,401,230	
Heritage Assets			3,904,118	
Intangible Assets			6,568,899	
Investment Property			246,571,520	
Property Plant and Equipment	426,494,915	(53,058,445)	3,388,898,142	8,987,338
Biological Assets	502,665			
Liabilities	**(1,659,854,694)**	**(73,308,982)**	**(1,148,180,548)**	**(38,878,933)**
Current Liabilities	**(1,525,813,663)**	**(73,308,982)**	**(946,404,035)**	**(38,878,933)**
Consumer Deposits	16,223,794		(78,106,060)	
Defined Benefit Obligations				(33,673,867)
Financial Liabilities			(16,857,116)	
Provision and Impairment	(23,040,857)		(35,619,684)	(12,221,289)
Trade and Other Payable Exchange Transactions	(936,458,005)	(28,027,274)	(453,371,306)	7,974,144
Trade and Other Payable Non-exchange Transactions	(1,577)		(37,427,983)	
VAT Payables	(582,537,019)	(45,281,707)	(325,021,887)	(957,920)
Non-current Liabilities	**(134,041,031)**		**(201,776,513)**	
Defined Benefit Obligations			(160,570,000)	
Financial Liabilities			(1,226,206)	
Provision and Impairment	(134,041,031)		(39,980,307)	
Net Assets	**(457,082,957)**	**(63,778,951)**	**(2,220,473,829)**	**(94,777,536)**
Totals per segment				