Rand West City Local Municipality
Audited Annual Financial Statements
for the year ended June 30, 2022

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. G. Khoza
Speaker	Cllr. D. Sithole
Council Whip	Cllr. M. Jokazi
Members of Mayoral Committee	MMC Corporate Support Services: Cllr. A.Sityebi
	MMC Finance: Cllr. S. Moumakwe
	MMC LED: Cllr. N. Khenene
	MMC Planning and Human Settlement: Cllr. B. Nimmerhoudt
	MMC Social and Health Services: Cllr. U. Dickson
	MMC Water, Energy and Sanitation: Cllr. J. Legoete
	MMC Sports, Recreation, Arts and Culture: Cllr. N. Ndzipho
	MMC Roads, Transport and Stormwater: Cllr. D. Machaba
	MMC Parks, Cemetries and Waste Management: Cllr. P. Mapena
	MMC Public Safety: Cllr. N. Molatlhegi
Councillors	Cllr. S. Bhembe (Ward 17)
	Cllr. M. Botha (Ward 09)
	Cllr. B . Dreyer (Ward 08)
	Cllr. G. Erasmus Ward 04)
	Cllr. P. Erumus (Ward 06)
	Cllr. C. Harrison (Ward 07)
	Cllr. H. Hild (Ward 20)
	Cllr. P. Faku (Ward 22)
	Cllr. K. Kati (Ward 30)
	Cllr. N. Kiewietz (Ward 10)
	Cllr. A. Kolo (Ward 29) (Deceased)
	Cllr. B. Legote (Ward 19)
	Cllr. T Mabongo (Ward 01)
	Cllr. D. Mbulula (Ward 16)
	Cllr. A. Moeng (Ward 11)
	Cllr. P. Mofokeng (Ward 31)
	Cllr. W. Njani (Ward 28)
	Cllr. B. Nkosi (Ward 33)
	Cllr. N Nomga (Ward 35)
	Cllr. Z. Nksoi (Ward 24)
	Cllr. S Ntsume (Ward 34)
	Cllr. J. Nyameni (Ward 13)
	Cllr. A. Saba (Ward 25)
	Cllr. J. Thenjekwayo (Ward 02)
	Cllr. M. Tlhapiso (Ward 21)
	Cllr. T. Tlholoe (Ward 18)
	Cllr. K. Tsotetsi (Ward 14)
Proportional Representative Councillors	Cllr. X. Batalisi
	Cllr. F. Bergman

General Information

	Cllr. C. Brough Cllr. B.Green Cllr. G. Kruger Cllr. J. Letlhake Cllr. B. Mahuma Cllr. B. Makhene Cllr. T. Malema Cllr. S Marumule Cllr. M. Matlaila Cllr. M. Moabi Cllr. P. Modise Cllr. T. Mokobane Cllr. A. Mosina Cllr. N. Mrwetyana Cllr. M. Mthimkhulu Cllr. H. Munyai Cllr. P. Ngozi Cllr. D. Noah Cllr. M. Ramotlhale Cllr. C. Schade Cllr. L. Sekhokho Cllr. T. Stefane Cllr. F. Steffers Cllr. I. Thobeko Cllr. T. Tlhagale Cllr. A. Van Tonder Cllr. N Williams
Regional audit committee	Dr L Konar CA(SA) (Chairperson) Mr B Ahmed CA(SA) (Member) Mr L Mangquku CA(SA) (Member) Mr M Maseko (Member) Mr L Ravhuhali CA(SA) (Member)
Regional performance audit committee	Mr P Mongalo (Chairperson) Mr P Fourie CA(SA) (Member) Mr A Mangokwana (Member) Ms O Senokoane (Member) Mr S.P Khoza (Member)
Grading of local authority	Grade 4
Accounting Officer	T.C Ndlovu
Chief Financial Officer	N. Madonsela (Acting CFO)
Registered office	Corner Sutherland & Pollock street Randfontein 1760
Postal address	P. O. Box 218 Randfontein 1760

General Information

Bankers	First National Bank Ltd
	Standard Bank
	Nedbank
Auditors	Auditor General of South Africa
Attorneys	Bhika Calitz attorneys Fick Attorneys Geldenhuys Van Ryneveld Attorneys Legwale Attorneys Malatji Attorneys Motlatsi Seleke Attorneys Matseke 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 annual financial statements presented to the provincial legislature:

GRAP	Generally Recognised Accounting Practice
INEP	Intergrated Electrification Programme
MPAC	Municipal Public Accounts Committee
MWIG	Municipal Water Infrastruture Grant
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
HSDG	Human Settlement Development Grant
IAS	International Accounting Standards
FMG	Finance Management Grant
LG SETA	Local Government Sector Educational and Training Authority
mSCOA	Municipal Standard Chart of Accounts
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act 56 of (2003)
MIG	Municipal Infrastructure Grant
SARS	South African Revenue Services
SDL	Skills Development Levy
LED	Local Economic Development

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast from 01 July 2022 to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's audited annual financial statements. The audited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The audited annual financial statements set out on pages 6 to 109 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed by him:

Accounting Officer
T.C Ndlovu

Randfontein

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2022.

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 448,110,744 (2021: deficit R 174,771,245).

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 55 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 58.

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

However 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 55 for details.

6. Events after reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year except for those mentioned in note 56.

7. Accounting policies

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

Name	Changes
T.C Ndlovu	Appointed 01 July 2022

Accounting Officer's Report

9. Secretary

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

10. Corporate governance

General

The accounting officer is 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 IV Report on Corporate Governance for South Africa 2017. 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, 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	106,076,609	86,294,078
Receivables from exchange transactions	4	286,033,144	200,873,447
Receivables from non-exchange transactions (Statutory receivables)	5	65,856,355	110,369,274
Prepayments	6	1,728,350	1,655,259
Inventories	7	1,655,642	2,093,743
Long term receivables - current portion	8	2,232,941	1,288,530
Investments	9	4,900,255	4,653,587
		468,483,296	**407,227,918**
Non-Current Assets			
Long term receivables	8	2,106,269	1,066,768
Biological assets that form part of an agricultural activity	10	506,850	510,105
Investment property	11	225,546,024	253,539,645
Property, plant and equipment	12	3,988,751,553	4,299,104,215
Intangible assets	13	7,654,182	8,702,498
Heritage assets	14	3,904,117	3,904,117
		4,228,468,995	**4,566,827,348**
Total Assets		**4,696,952,291**	**4,974,055,266**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	1,636,439,015	1,442,702,702
Payables from non-exchange transactions	16	15,516,361	20,022,889
Vat payable	17	65,500,915	18,485,514
Unspent conditional grants and receipts	18	37,870,793	47,427,563
Consumer deposits	19	60,868,773	57,514,121
Finance lease obligation-current portion	20	1,365,078	16,720,942
Provisions	21	7,052,825	16,404,522
		1,824,613,760	**1,619,278,253**
Non-Current Liabilities			
Finance lease obligation	20	-	1,362,380
Provisions	21	162,026,110	177,102,110
Employee benefit obligation	22	176,468,000	194,376,000
		338,494,110	**372,840,490**
Total Liabilities		**2,163,107,870**	**1,992,118,743**
Net Assets		**2,533,844,421**	**2,981,936,523**
Reserves			
Revaluation reserve	23	1,308,969	1,308,969
Accumulated surplus		2,532,535,452	2,980,627,554
Total Net Assets		**2,533,844,421**	**2,981,936,523**

Rand West City Local Municipality

Audited Annual Financial Statements for the year ended June 30, 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Service charges	24	1,217,688,014	1,129,627,435
Rental of facilities and equipment	25	3,775,858	4,545,065
Interest received - investment	27	3,921,496	1,815,643
Interest received - exchange transactions	28	31,685,974	42,476,021
Income from agency services	29	17,602,979	17,500,169
Other income	30	30,148,775	9,897,290
Total revenue from exchange transactions		**1,304,823,096**	**1,205,861,623**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	255,696,288	267,331,113
Interest received - non-exchange transactions	28	18,150,270	12,155,724
Transfer revenue			
Government grants & subsidies	32	653,443,808	617,637,602
Public contributions and donations	33	1,127,745	685,439
Fines	26	9,007,554	19,084,361
Total revenue from non-exchange transactions		**937,425,665**	**916,894,239**
Total revenue		**2,242,248,761**	**2,122,755,862**
Expenditure			
Employee related costs	34	(534,876,977)	(564,140,072)
Remuneration of councillors	35	(27,086,282)	(27,229,187)
Depreciation and amortisation	36	(215,346,612)	(202,546,276)
Impairment loss of assets	37	(160,836,405)	(12,958,555)
Finance costs	38	(114,449,187)	(80,426,782)
Debt impairment	39	(202,148,771)	(201,995,087)
Assets derecognised	40	(106,134,810)	(14,804,244)
Bulk purchases	41	(1,043,968,540)	(930,227,015)
Contracted services	42	(169,723,739)	(149,167,004)
Transfers and subsidies	43	(720,000)	-
General expenses	44	(150,953,104)	(120,199,324)
Total expenditure		**(2,726,244,427)**	**(2,303,693,546)**
Operating deficit		**(483,995,666)**	**(180,937,684)**
Gain or loss on disposal of assets	45	1,091,131	1,083,715
Fair value adjustments	46	7,417,791	8,809,724
Actuarial (losses)/gains	22	27,376,000	(3,727,000)
		35,884,922	**6,166,439**
Deficit for the year		**(448,110,744)**	**(174,771,245)**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Restated* Balance at 01 July 2020	**1,308,969**	**2,825,632,780**	**2,826,941,749**
Changes in net assets			
Prior period error corrections see note 52	-	329,766,019	329,766,019
Net income (losses) recognised directly in net assets	-	329,766,019	329,766,019
Restated* Deficit for the year	-	(174,771,245)	(174,771,245)
Total recognised income and expenses for the year	-	154,994,774	154,994,774
Total changes	-	154,994,774	154,994,774
Restated* Balance at July 1, 2021	**1,308,969**	**2,980,646,196**	**2,981,955,165**
Changes in net assets			
Deficit for the year	-	(448,110,744)	(448,110,744)
Total changes	-	(448,110,744)	(448,110,744)
Balance at June 30, 2022	**1,308,969**	**2,532,535,452**	**2,533,844,421**
Note(s)	23		

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Taxation and fines		297,302,744	165,775,592
Sale of goods and services		1,000,679,596	1,019,304,977
Grants		643,887,038	652,610,426
Interest income		3,674,828	1,510,366
Other receipts		47,751,754	31,942,524
		1,993,295,960	1,871,143,885
Payments			
Employee and councillors costs		(582,805,747)	(587,919,202)
Suppliers		(1,203,851,915)	(1,057,838,454)
Finance costs		(713,556)	(53,511,321)
		(1,787,371,218)	(1,699,268,977)
Net cash flows from operating activities	47	**205,924,742**	**171,874,908**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(163,685,012)	(119,595,485)
Purchase of investment property	11	1,091,134	3,614,029
Purchase of intangible assets	13	-	(2,133,599)
Purchase of biological assets	13	-	(7,440)
Increase in long term receivables		(6,848,730)	(4,544,028)
Net cash flows from investing activities		**(169,442,608)**	**(122,666,523)**
Cash flows from financing activities			
Finance lease payments		(16,718,244)	(16,857,116)
Net increase in cash and cash equivalents		**19,782,531**	**32,351,269**
Cash and cash equivalents at the beginning of the year		86,294,078	53,942,809
Cash and cash equivalents at the end of the year	3	**106,076,609**	**86,294,078**

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	1,331,537,000	-	**1,331,537,000**	1,217,688,014	**(113,848,986)**	59.01
Rental of facilities and equipment	1,284,000	1,000,000	**2,284,000**	3,775,858	**1,491,858**	59.02
Interest received - exchange transactions	56,885,000	6,000,000	**62,885,000**	31,685,974	**(31,199,026)**	59.03
Income from agency services	28,768,000	-	**28,768,000**	17,602,979	**(11,165,021)**	59.04
Other income	24,164,000	765,000	**24,929,000**	30,148,775	**5,219,775**	59.05
Interest received - investment	3,731,000	(1,000,000)	**2,731,000**	3,921,496	**1,190,496**	59.06
Total	**1,446,369,000**	**6,765,000**	**1,453,134,000**	**1,304,823,096**	**(148,310,904)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	332,330,000	-	**332,330,000**	255,696,288	**(76,633,712)**	59.07
Transfer revenue						
Government grants & subsidies	391,816,000	643,000	**392,459,000**	653,443,808	**260,984,808**	59.08
Public contributions and donations	-	-	**-**	1,127,745	**1,127,745**	59.09
Fines	16,436,000	(6,000,000)	**10,436,000**	9,007,554	**(1,428,446)**	59.10
Interest received - non-exchange transactions	-	-	**-**	18,150,270	**18,150,270**	
Total	**740,582,000**	**(5,357,000)**	**735,225,000**	**937,425,665**	**202,200,665**	
Total revenue	**2,186,951,000**	**1,408,000**	**2,188,359,000**	**2,242,248,761**	**53,889,761**	
Expenditure						
Employee related costs	(571,515,000)	-	**(571,515,000)**	(534,876,977)	**36,638,023**	59.11
Remuneration of councillors	(28,014,000)	-	**(28,014,000)**	(27,086,282)	**927,718**	59.12
Depreciation and amortisation	(178,910,000)	-	**(178,910,000)**	(215,346,612)	**(36,436,612)**	59.13
Impairment loss of Asets	-	-	**-**	(160,836,405)	**(160,836,405)**	59.14
Finance costs	(44,309,000)	-	**(44,309,000)**	(114,449,187)	**(70,140,187)**	59.15
Debt impairment	(228,477,000)	-	**(228,477,000)**	(202,148,771)	**26,328,229**	59.16
Assets derecognised	-	-	**-**	(106,134,810)	**(106,134,810)**	59.17
Bulk purchases	(859,229,000)	-	**(859,229,000)**	(1,043,968,540)	**(184,739,540)**	59.19
Contracted services	(141,476,000)	(94,000)	**(141,570,000)**	(169,723,739)	**(28,153,739)**	59.20
Transfers and subsidies	-	(180,000)	**(180,000)**	(720,000)	**(540,000)**	
General expenses	(134,637,000)	(669,000)	**(135,306,000)**	(150,953,104)	**(15,647,104)**	59.22
Total expenditure	**(2,186,567,000)**	**(943,000)**	**(2,187,510,000)**	**(2,726,244,427)**	**(538,734,427)**	
Operating Surplus (Deficit)	**384,000**	**465,000**	**849,000**	**(483,995,666)**	**(484,844,666)**	
Gain on disposal of assets	-	-	**-**	1,091,131	**1,091,131**	59.23
Fair value adjustments	-	-	**-**	7,417,791	**7,417,791**	59.24
Actuarial gains	-	-	**-**	27,376,000	**27,376,000**	59.25
	-	**-**	**-**	**35,884,922**	**35,884,922**	
Deficit before taxation	**384,000**	**465,000**	**849,000**	**(448,110,744)**	**(448,959,744)**	
Surplus (Deficit) for the year	**384,000**	**465,000**	**849,000**	**(448,110,744)**	**(448,959,744)**	

Rand West City Local Municipality
Audited Annual Financial Statements for the year ended June 30, 2022

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	46,279,000	(44,471,000)	**1,808,000**	1,655,642	**(152,358)**	
Investments	14,501,000	48,793,000	**63,294,000**	4,900,255	**(58,393,745)**	
Receivables from non-exchange transactions (Statutory receivables)	60,453,000	(53,893,000)	**6,560,000**	65,856,355	**59,296,355**	
Prepayments	-	-	**-**	1,728,350	**1,728,350**	
Consumer debtors	292,143,000	(3,183,000)	**288,960,000**	286,033,144	**(2,926,856)**	
Long term receivables - current portion	685,000	(685,000)	**-**	2,232,941	**2,232,941**	
Cash and cash equivalents	62,477,000	(38,177,000)	**24,300,000**	106,076,609	**81,776,609**	
	476,538,000	**(91,616,000)**	**384,922,000**	**468,483,296**	**83,561,296**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	430,000	73,000	**503,000**	506,850	**3,850**	
Investment property	250,724,000	(4,152,000)	**246,572,000**	225,546,024	**(21,025,976)**	
Property, plant and equipment	4,539,219,000	(434,687,000)	**4,104,532,000**	3,988,751,553	**(115,780,447)**	
Intangible assets	6,789,000	1,056,000	**7,845,000**	7,654,182	**(190,818)**	
Heritage assets	3,995,000	(91,000)	**3,904,000**	3,904,117	**117**	
Long term receivables	-	-	**-**	2,106,269	**2,106,269**	
	4,801,157,000	**(437,801,000)**	**4,363,356,000**	**4,228,468,995**	**(134,887,005)**	
Total Assets	**5,277,695,000**	**(529,417,000)**	**4,748,278,000**	**4,696,952,291**	**(51,325,709)**	
Liabilities						
Current Liabilities						
Finance lease obligation-current portion	-	-	**-**	1,365,078	**1,365,078**	
Payables from exchange transactions	412,110,000	648,690,000	**1,060,800,000**	1,636,439,015	**575,639,015**	
Payables (non-exchange)	-	-	**-**	15,516,361	**15,516,361**	
Consumer deposits	39,329,000	19,307,000	**58,636,000**	60,868,773	**2,232,773**	
Unspent conditional grants and receipts	-	-	**-**	37,870,793	**37,870,793**	
Provisions	16,991,000	(599,000)	**16,392,000**	7,052,825	**(9,339,175)**	
Vat payable	-	-	**-**	65,500,915	**65,500,915**	
	468,430,000	**667,398,000**	**1,135,828,000**	**1,824,613,760**	**688,785,760**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	176,468,000	**176,468,000**	
Provisions	309,776,000	58,489,000	**368,265,000**	162,026,110	**(206,238,890)**	
Borrowings	-	1,226,000	**1,226,000**	-	**(1,226,000)**	
	309,776,000	**59,715,000**	**369,491,000**	**338,494,110**	**(30,996,890)**	
Total Liabilities	**778,206,000**	**727,113,000**	**1,505,319,000**	**2,163,107,870**	**657,788,870**	
Net Assets	**4,499,489,000**	**(1,256,530,000)**	**3,242,959,000**	**2,533,844,421**	**(709,114,579)**	

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
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1,732,000	(423,000)	**1,309,000**	1,308,969	**(31)**	
Accumulated surplus	4,497,757,000	(1,256,107,000)	**3,241,650,000**	2,532,535,452	**(709,114,548)**	
Total Net Assets	**4,499,489,000**	**(1,256,530,000)**	**3,242,959,000**	**2,533,844,421**	**(709,114,579)**	

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	334,634,893	85,594,078	**420,228,971**	297,302,744	**(122,926,227)**	
Sale of goods and services	1,165,115,389	176,562,884	**1,341,678,273**	1,000,679,596	**(340,998,677)**	
Grants	570,235,787	94,224,780	**664,460,567**	643,887,038	**(20,573,529)**	
Interest income	3,731,060	(1,000,000)	**2,731,060**	3,674,828	**943,768**	
Other receipts	38,597,316	1,000,000	**39,597,316**	47,751,754	**8,154,438**	
	2,112,314,445	**356,381,742**	**2,468,696,187**	**1,993,295,960**	**(475,400,227)**	
Payments						
Supplies and Employee costs	(1,839,037,179)	(280,190,938)	**(2,119,228,117)**	(1,786,657,662)	**332,570,455**	
Finance costs	(44,309,176)	-	**(44,309,176)**	(713,556)	**43,595,620**	
	(1,883,346,355)	**(280,190,938)**	**(2,163,537,293)**	**(1,787,371,218)**	**376,166,075**	
Net cash flows from operating activities	**228,968,090**	**76,190,804**	**305,158,894**	**205,924,742**	**(99,234,152)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(193,420,000)	(93,581,778)	**(287,001,778)**	(163,685,012)	**123,316,766**	
Purchase of investment property	-	-	**-**	1,091,134	**1,091,134**	
Increase in long term receivables	-	-	**-**	(6,848,730)	**(6,848,730)**	
Net cash flows from investing activities	**(193,420,000)**	**(93,581,778)**	**(287,001,778)**	**(169,442,608)**	**117,559,170**	
Finance Lease payments	-	(16,857,115)	**(16,857,115)**	(16,718,244)	**138,871**	
Cash and cash equivalents at the end of the year	**-**	**(16,857,115)**	**(16,857,115)**	**(16,718,244)**	**138,871**	
Reconciliation						
Net cash from (used) financing						
Cash and cash equivalents at the begining						
Cash/cash equivalents at the year begin:	58,286,634	28,007,444	86,294,078	86,294,078		
Cash/cash equivalents at the year end:	93,834,724	(6,240,645)	87,594,079	106,076,609		
				-		

1. Presentation of Audited Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 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 2021 to 30 June 2022.

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.

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.

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.

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

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

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.

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.

1.12 Investment property (continued)

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 annual financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the audited annual 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.

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.

1.13 Property, plant and equipment (continued)

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.

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.

Accounting Policies

1.13 Property, plant and equipment (continued)

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.

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:

1.14 Intangible assets (continued)

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.

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.

Accounting Policies

1.15 Heritage assets (continued)

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.

Additional text

Accounting Policies

1.21 Leases (continued)

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

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

Accounting Policies

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.

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.

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.

Accounting Policies

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.

Accounting Policies

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

Accounting Policies

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.

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.

1.39 Impairment of cash-generating assets (continued)

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.

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.

Accounting Policies

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.

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 49.

1.41 Provisions and contingencies (continued)

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.

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.

1.43 Revenue from non-exchange transactions (continued)

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.

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.

Accounting Policies

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.

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 Annual Financial Statements

Figures in Rand	2022	2021

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 108	01 April 2022	The impact of the standard is not material

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Guidline: Guideline on accounting for Landfill sites	01 April 2099	The impact of the standard is not material
Guideline: Guideline on application of materiality to financial statements	01 April 2099	The impact of the standard is not material

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised 2021): Employee Benefits	01 April 2025	Unlikely the will be material impact
iGRAP 7 (as revised 2021): Limit on defined benefit asset,minimum funding requirements and their interaction	01 April 2099	Unlikely the will be material impact
GRAP 104 (Amended): Financial Instruments	01 April 2025	Unlikely the will be material impact
iGRAP 21: The effect of Past Decisions on Materiality	01 April 2023	Unlikely the will be material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely the will be material impact
GRAP 1(Amended): Presentation of Financial Statements	01 April 2023	Unlikely the will be material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
Bank balances	17,424,675	27,653,305
Short-term deposits	88,651,934	58,640,773
	106,076,609	**86,294,078**

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

The municipality was served with a court order on 31 July 2018 to set aside R 7 965 471 on the matter with Quill and associates due to outstanding interest with regards to infringement of computer software (BIQ).During the 2022 Financial year the matter was finalised in favour of the municipality and the court order was set aside See note 21 for provisions.

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2022	June 30, 2021	June 30, 2020
FNB - Primary account - 62738742982	8,870,325	9,095,393	3,351,026	8,940,985	10,393,899	3,354,520
FNB - Consumers account - 62738744045	6,809,463	14,526,509	11,726,858	7,286,213	15,102,014	11,726,858
FNB - Licensing account - 62738744607	502,012	1,632,275	215,768	635,758	1,547,742	630,528
FNB - Fines account - 62738745811	18,099	19,706	2,651	18,099	16,851	2,651
FNB - Prepaid account - 62756388510	543,621	592,799	598,648	543,621	592,799	598,648
FNB - Call account - 62738951377 ***	80,996,290	51,277,606	30,487,822	80,996,290	51,277,606	30,487,822
Investec - Call account	7,268,250	7,019,774	6,804,703	7,268,250	7,019,774	6,804,703
NEDCOR - Investment account - 11812875	70,881	68,605	66,594	70,881	68,605	66,594
NEDBANK - Investment account - 11987622	147,792	110,990	110,990	147,792	110,990	110,990
NEDBANK - Investment account - 19770842	84,279	81,595	79,199	84,279	81,595	79,199
STANDARD Bank - Investment account - 28633016	77,822	75,642	73,772	77,822	75,642	73,772
STANDARD Bank - Investment account - 328634174	6,618	6,561	6,524	6,618	6,561	6,524
Total	**105,395,452**	**84,507,455**	**53,524,555**	**106,076,608**	**86,294,078**	**53,942,809**

*** The municipality uses the FNB call account to ring-fence conditional grant funds it receives.

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

4. Receivables from exchange transactions

Gross balances		
Electricity	217,318,737	149,403,326
Water	248,823,267	218,112,350
Sewerage	120,975,682	91,198,828
Refuse	114,955,962	94,521,385
VAT	98,181,173	73,153,872
Other (Rental, interest, reconnection fees)	369,247,198	290,732,895
	1,169,502,019	**917,122,656**
Less: Allowance for impairment		
Electricity	(89,029,568)	(61,674,071)
Water	(203,669,995)	(179,207,452)
Sewerage	(108,996,466)	(83,313,204)
Refuse	(108,352,559)	(87,659,657)
VAT	(80,346,382)	(62,453,463)
Other (Rental, interest, reconnection fees)	(293,073,905)	(241,941,362)
	(883,468,875)	**(716,249,209)**
Net balance		
Electricity	128,289,169	87,729,255
Water	45,153,272	38,904,898
Sewerage	11,979,216	7,885,624
Refuse	6,603,403	6,861,728
VAT	17,834,791	10,700,409
Other (Rental, interest, reconnection fees)	76,173,293	48,791,533
	286,033,144	**200,873,447**
Electricity		
Current (0 -30 days)	108,609,451	82,439,491
31 - 60 days	39,024,278	5,765,712
61 - 90 days	4,031,928	3,185,807
91 - 120 days	3,037,947	3,185,363
121 - 365 days	16,354,098	11,357,668
> 365 days	46,261,035	43,469,286
Less: Allowance for impairment	(89,029,568)	(61,674,072)
	128,289,169	**87,729,255**
Water		
Current (0 -30 days)	40,484,674	45,515,799
31 - 60 days	9,688,460	13,175,483
61 - 90 days	11,058,104	12,622,563
91 - 120 days	6,655,606	6,202,383
121 - 365 days	37,447,751	38,077,118
> 365 days	143,488,672	102,519,003
Less: Allowance for impairment	(203,669,995)	(179,207,451)
	45,153,272	**38,904,898**

Figures in Rand	2022	2021

4. Receivables from exchange transactions (continued)

Sewerage		
Current (0 -30 days)	10,471,724	7,553,990
31 - 60 days	3,362,717	3,867,552
61 - 90 days	3,207,500	3,158,680
91 - 120 days	2,994,273	3,390,785
121 - 365 days	23,009,699	17,618,057
> 365 days	77,929,769	55,609,764
Less: Allowance for impairment	(108,996,466)	(83,313,204)
	11,979,216	**7,885,624**

Refuse		
Current (0 -30 days)	5,808,417	6,271,251
31 - 60 days	3,692,587	3,922,103
61 - 90 days	3,183,675	2,466,379
91 - 120 days	2,927,399	3,223,122
121 - 365 days	18,706,343	18,824,237
> 365 days	80,637,541	59,814,294
Less: Allowance for impairment	(108,352,559)	(87,659,658)
	6,603,403	**6,861,728**

VAT		
Current (0 -30 days)	15,798,735	10,673,189
31 - 60 days	8,165,402	3,594,905
61 - 90 days	3,329,006	2,848,338
91 - 120 days	2,400,069	2,385,176
121 - 365 days	14,623,167	12,509,940
> 365 days	53,864,794	41,142,323
Less: Allowance for impairment	(80,346,382)	(62,453,462)
	17,834,791	**10,700,409**

Other (Rental, interest, reconnection fees)		
Current (0 -30 days)	22,097,071	9,932,511
31 - 60 days	26,159,328	8,924,976
61 - 90 days	15,948,282	6,870,299
91 - 120 days	13,239,763	7,038,774
121 - 365 days	44,127,381	43,566,912
> 365 days	247,675,373	214,399,424
Less: Allowance for impairment	(293,073,905)	(241,941,363)
	76,173,293	**48,791,533**

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

4. Receivables from exchange transactions (continued)

Summary of receivables from exchange transactions by customer classification

Consumers		
Current (0 -30 days)	114,183,224	36,900,113
31 - 60 days	29,254,893	24,077,582
61 - 90 days	27,189,648	17,153,018
91 - 120 days	19,925,095	17,072,176
121 - 365 days	130,650,404	108,048,934
> 365 days	552,629,154	431,022,217
	873,832,418	634,274,040
Less: Allowance for impairment	(723,281,767)	(564,775,103)
	150,550,651	**69,498,937**

Industrial/ commercial		
Current (0 -30 days)	85,196,673	119,949,068
31 - 60 days	55,150,634	13,563,999
61 - 90 days	8,619,554	12,275,055
91 - 120 days	10,403,217	7,083,943
121 - 365 days	18,780,892	23,512,342
> 365 days	67,949,180	71,370,465
	246,100,150	247,754,872
Less: Allowance for impairment	(132,332,462)	(124,672,752)
	113,767,688	**123,082,120**

National and provincial government		
Current (0 -30 days)	2,831,616	3,122,855
31 - 60 days	786,841	957,553
61 - 90 days	621,095	988,241
91 - 120 days	681,505	720,216
121 - 365 days	3,706,015	2,780,355
> 365 days	8,132,139	5,534,246
	16,759,211	14,103,466
Less: Allowance for impairment	(1,809,378)	(3,553,596)
	14,949,833	**10,549,870**

Total		
Current (0 -30 days)	203,270,073	161,179,133
31 - 60 days	90,092,771	38,924,932
61 - 90 days	40,758,494	30,784,189
91 - 120 days	31,255,059	25,150,968
121 - 365 days	154,268,439	138,147,782
> 365 days	649,857,183	522,935,652
	1,169,502,019	917,122,656
Less: Allowance for impairment	(883,468,875)	(716,249,209)
	286,033,144	**200,873,447**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(716,249,209)	(553,260,282)
Contributions to allowance	(167,219,666)	(162,988,927)
	(883,468,875)	**(716,249,209)**

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, 2022, receivables from exchange transactions of R 1 169 502 018 (2021: R R 917 122 656) were assessed for impairment and provided for.

The amount of the allowance for impairment was R 883 468 875 as of June 30, 2022 (2021: R 716 249 209).

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

Figures in Rand	2022	2021

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

Fines	2,141,695	713,993
Property rates	63,714,660	109,655,281
	65,856,355	**110,369,274**

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 2022, receivables from non-exchange transactions of R 65 856 355 (2021: R 110 369 274) were assessed for impairment and provided for:

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

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)	21,109,681	14,328,485
31 - 60 days	6,775,429	5,015,625
61 - 90 days	8,719,225	4,766,174
91 - 120 days	10,846,473	4,078,863
121 - 365 days	29,574,042	24,661,707
>365 days	133,065,236	99,845,426
Less: Allowance for impairment	(146,375,426)	(116,311,131)
	63,714,660	**36,385,149**

Summary of receivables from property rates by customer classification
Consumers

Current (0 -30 days)	8,883,292	8,271,306
31 - 60 days	3,663,978	3,475,991
61 - 90 days	5,443,580	2,942,263
91 - 120 days	3,304,786	2,789,005
121 - 365 days	22,276,458	17,008,612
>365 days	69,877,525	60,351,057
Less: Allownace for impairment	(103,594,818)	(82,097,011)
	9,854,801	**12,741,223**

Industrial / commercial

Current (0 -30 days)	12,086,400	5,972,088
31 - 60 days	2,984,494	1,459,171
61 - 90 days	3,148,874	1,806,623
91 - 120 days	7,415,415	1,272,570
121 - 365 days	6,531,096	7,578,282
>365 days	28,837,934	22,033,319
Less: Allownace for impairment	(41,930,581)	(33,386,823)
	19,073,632	**6,735,230**

National and provincial government

Current (0 -30 days)	139,989	85,092
31 - 60 days	126,957	80,464
61 - 90 days	126,771	17,289
91 - 120 days	126,272	17,289
121 - 365 days	766,488	74,813
>365 days	34,349,777	17,461,050
Less: Allownace for impairment	(850,027)	(827,297)
	34,786,227	**16,908,700**

Reconciliation of allowance for impairment

Opening balance	(116,311,131)	(89,203,515)
Contribution to Allowance	(30,064,295)	(27,107,616)
	(146,375,426)	**(116,311,131)**

Traffic Fines
Reconciliation of gross balance to net balances

Receivables from traffic fines	16,063,469	13,720,862
Less: Allowance for Impairment	(13,921,774)	(13,006,869)
	2,141,695	**713,993**

Reconciliation of allowance for impairment

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

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

Opening balance	(13,006,868)	(16,428,968)
Contribution to allowance	(914,906)	3,422,100
	(13,921,774)	**(13,006,868)**

Summary of allowance for impairment in the Statement of Financial Performance

Property rates	(30,064,295)	(27,107,616)
Traffic fines	(914,906)	3,422,100
	(30,979,201)	**(23,685,516)**

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

6. Prepayments

	1,728,350	1,655,259

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 5 962 808(vat inclusive). During the 2021/2022 financial period the munucipality paid the total amount of R 5 962 808(vat inclusive) to the insurer which resulted in a prepayment of R 1 728 350 for the remaining months of the insurance term.

7. Inventories

Consumable stores	941,198	1,407,584
Milk	1,092	1,300
Water	713,352	684,859
	1,655,642	**2,093,743**

Inventory pledged as security

No inventory was pledged as security for facilities.

8. Long term receivables

Consumer receivables with long term arrangements	4,339,210	2,355,297

Reconciliation of gross balances to net balances		
Long term receivables	16,269,921	9,421,190
Allowance for impairment	(11,930,711)	(7,065,893)
	4,339,210	**2,355,297**

Reconciliation of allowance for impairment		
Opening balance	(7,065,893)	(3,657,872)
Decrease or (increase) in allowance for impairment	(4,864,818)	(3,408,021)
	(11,930,711)	**(7,065,893)**

Non current portion	2,106,269	1,066,768
Current portion	2,232,941	1,288,530
	4,339,210	**2,355,298**

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 2022 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 2022, long term receivables of R 16 269 921 (2021: R 9 421 190) were assessed for impairment and provided for.

The amount of provision was R 11 930 711 as of 30 June 2022 (R 2021: R 7 065 893).

Figures in Rand	2022	2021

9. Investments

Residual interest at cost		
Bond investment	4,900,255	4,653,587

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 246 668 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	4,900,255	4,653,587

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

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	506,850	-	506,850	510,105	-	510,105

Reconciliation of biological assets that form part of an agricultural activity - 2022

	Opening balance	Gains or losses arising from changes in fair value	Total
Dairy cattle	510,105	(3,255)	506,850

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	500,515	9,590	510,105

Details of biological assets

	2022	2021
Cows in production	18	21
Cows not in production	6	7
Heifers	16	19
Calves	22	19
Bulls	1	1
	63	**67**

Reconciliation of cows during 2022	Opening Balance	Death	Sales	Birth/Purchased	Total
Cows in production	21	(2)	(5)	4	18
Cows not in production	7	(1)	(1)	1	6
Heifers	19	(2)	(1)	-	16
Calves	19	(7)	(1)	11	22
Bulls	1	-	-	-	1
	67	**(12)**	**(8)**	**16**	**63**

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 67 cows in 2021 to 63 cows in 2022 as a result of the above stated number of deaths(12), additions of (16) cows and sales(8).

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 2022. 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 2022 produced an output of 210 litres of milk selling at R5,20 per litre.

11. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	225,546,024	-	225,546,024	253,539,645	-	253,539,645

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	253,539,644	(35,414,664)	7,421,044	225,546,024

Reconciliation of investment property - 2021

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	247,264,884	(2,522,872)	8,797,632	253,539,644

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 . 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.

12. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	857,555,859	(30,547,036)	827,008,823	910,596,973	(30,571,036)	880,025,937
Buildings	420,204,487	(376,113,913)	44,090,574	417,549,682	(357,240,488)	60,309,194
Infrastructure	6,949,232,417	(4,064,673,349)	2,884,559,068	6,099,147,944	(3,050,582,323)	3,048,565,621
Community	542,865,246	(374,191,118)	168,674,128	545,780,685	(361,827,188)	183,953,497
Landfill sites	-	-	-	162,677,659	(109,876,410)	52,801,249
Leased assets	50,137,342	(26,023,702)	24,113,640	50,137,342	(17,435,341)	32,702,001
Library books	14,568,042	(12,321,479)	2,246,563	13,730,961	(12,033,681)	1,697,280
Other property, plant and equipment	127,142,447	(89,083,690)	38,058,757	136,668,532	(97,619,096)	39,049,436
Total	**8,961,705,840**	**(4,972,954,287)**	**3,988,751,553**	**8,336,289,778**	**(4,037,185,563)**	**4,299,104,215**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Donations	WIP Movement	Landfill site Valuation	Assets derecognised	Depreciation	Impairment loss	Total
Land	880,025,937	-	-	-	-	(53,018,266)	-	-	827,007,671
Buildings	60,309,193	8,650	-	-	-	(9,600,713)	(4,469,782)	(2,156,773)	44,090,575
Infrastructure	3,086,639,641	160,412,529	114,083	(3,417,303)	-	(5,076,504)	(183,401,814)	(157,347,064)	2,897,923,568
Community	145,879,478	-	-	-	-	(88,434)	(12,300,878)	(1,670,063)	131,820,103
Landfill sites	52,801,249	-	-	-	(29,310,573)	-	-	-	23,490,676
Leased assets	32,702,001	-	-	-	-	-	(8,588,362)	-	24,113,639
Library books	1,697,281	837,080	-	-	-	-	(287,798)	-	2,246,563
Other property, plant and equipment	39,049,435	5,844,057	1,013,662	-	-	(2,782,608)	(5,403,283)	337,495	38,058,758
	4,299,104,215	**167,102,316**	**1,127,745**	**(3,417,303)**	**(29,310,573)**	**(70,566,525)**	**(214,451,917)**	**(160,836,405)**	**3,988,751,553**

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Donations	Landfill site Valuation	Assets derecognised	Depreciation	Impairment loss	Total
Land	880,086,365	-	-	-	-	-	(60,428)	880,025,937
Buildings	48,443,676	16,576,032	464,722	-	-	(4,504,332)	(670,905)	60,309,193
Infrastructure	2,794,590,531	469,241,565	-	-	(9,945,906)	(157,905,368)	(9,341,181)	3,086,639,641
Community	169,463,247	-	-	-	(2,046,564)	(20,783,032)	(754,173)	145,879,478
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	45,162,951	2,054,196	220,717	-	(288,903)	(6,054,539)	(2,044,987)	39,049,435
	4,019,388,636	**487,871,793**	**685,439**	**18,506,919**	**(12,281,373)**	**(202,108,644)**	**(12,958,555)**	**4,299,104,215**

Pledged as security

Carrying value of assets pledged as security:

Assets subject to finance lease (Net carrying amount)

leased Assets - Motor vehicles and compactors	24,113,640	32,702,001

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.

12. Property, plant and equipment (continued)

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

Property, Plant and Equipment Under Construction 2022, Accumulated expenditure included in carrying value of property, plant and equipment	Infrastrusture assets	Community assets	Total
Opening balance	211,226,096	9,793,296	221,019,392
Additions	220,390,773	3,475,052	223,865,825
Capitalised	(222,024,229)	-	(222,024,229)
	209,592,640	**13,268,348**	**222,860,988**

Property, Plant and Equipment Under Construction 2021, Accumulated expenditure included in carrying value of property, plant and equipment	Infrastructure assets	Community assets	Total
Opening balance	424,106,540	31,228,394	455,334,934
Additions	162,241,740	-	162,241,740
Capitalised	(369,748,053)	(2,071,137)	(371,819,190)
Correction of errors	(5,374,131)	-	(5,374,131)
Impairment Loss	-	(19,363,961)	(19,363,961)
	211,226,096	**9,793,296**	**221,019,392**

Carrying value or property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Electrification of Mohlakeng ext 5	-	45,763,108
Development of houses in Mohlakeng and Bekkersdal	-	4,809,131
Design and construction management of Bandeg Road (Finsbury)	-	1,190,436
Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	-	1,951,171
Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	-	1,563,673
Construction of Toekomsrus sports complex	-	2,855,431
1215 Construction of Old Mohlakeng Roads in Ext11 Phase 4	1,565,217	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
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
Outdoor Facilities: Construction of Toekomsrus Stadium- Upgrading Toekomsrus Stadium renwal	19,363,961	-
Outfall Sewers: Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	1,951,171	-
Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs	8,458,268	-
Water Supply in Greater Randwest 7220- Water Supply in Greater Randwest 7220	4,284,657	-
	35,623,274	**122,148,437**

1215 Construction of Old Mohlakeng Roads in Ext11 Phase 4 - No budget allocation

Outdoor Facilities: Construction of Toekomsrus Stadium- Upgrading Toekomsrus Stadium renewal -Waiting for the Office of the Public Protector outcome.

Outfall Sewers: Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus - No budget allocation.

Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs - No budget allocation.

Water Supply in Greater Randwest 7220- Water Supply in Greater Randwest 7220 - No budget allocation

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

12. Property, plant and equipment (continued)

PPE Halted

	2,855,431	2,855,431

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

Buildings	5,518,342	473,706
Community Assets	743,065	7,908,232
Infrastructure Assets	42,215,360	3,728,931
Other property, plant and equipment	29,808,116	46,263,963
	78,284,883	**58,374,832**

Notes to the Audited Annual Financial Statements

Figures in Rand

13. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5,740,880	(4,232,744)	1,508,136	10,656,051	(8,099,599)	2,556,452
Servitudes	6,146,046	-	6,146,046	6,146,046	-	6,146,046
Total	**11,886,926**	**(4,232,744)**	**7,654,182**	**16,802,097**	**(8,099,599)**	**8,702,498**

Reconciliation of intangible assets - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software	2,556,452	(153,620)	(894,696)	1,508,136
Servitudes	6,146,046	-	-	6,146,046
	8,702,498	**(153,620)**	**(894,696)**	**7,654,182**

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	786,702	2,185,492	(415,742)	2,556,452
Servitudes	6,146,046	-	-	6,146,046
	6,932,748	**2,185,492**	**(415,742)**	**8,702,498**

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 153 620 derecognition 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.

Notes to the Audited Annual Financial Statements

Figures in Rand

14. Heritage assets

	2022			2021		
	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 - 2022

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

Reconciliation of heritage assets 2021

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

Pledged as security

No heritage assets pledged as security:

Notes to the Audited Annual Financial Statements

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 Annual Financial Statements

Figures in Rand	2022	2021

15. Payables from exchange transactions

Trade payables	1,463,699,505	1,220,464,542
Retention monies payable	33,022,569	27,671,518
Payroll accruals	23,636,453	22,696,685
Accrued leave	48,948,707	60,996,033
Accrued bonus (13th cheque)	10,138,323	10,301,253
Payments received in advance	11,075,787	9,191,097
Consumer debtors with credit balances	45,917,671	91,381,574
	1,636,439,015	**1,442,702,702**

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	15,516,361	20,022,889

17. Vat payable

	65,500,915	18,485,514

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	3,454,512	-
Gauteng Department of Human Settlements Grant	10,977,686	34,224,781
Municipal Water Infrastructure Grant	10,000,000	-
Gauteng Department of Social Development Grant	8,462,946	8,462,946
Public Contribution	3,990,216	3,990,216
Aids District Programme	983,763	748,043
Energy Efficiency and Demand Side Management Grant	1,670	1,577
	37,870,793	**47,427,563**

See note 32 for reconciliation of grants from National/Provincial Government.

19. Consumer deposits

Electricity and water	60,318,316	57,514,121
Rental of facilities	550,457	-
	60,868,773	**57,514,121**

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

20. Finance lease obligation-current portion

Minimum lease payments due		
- within one year	1,382,851	17,413,410
- in second to fifth year inclusive	-	1,377,340
	1,382,851	18,790,750
less: future finance charges	(17,773)	(707,427)
Present value of minimum lease payments	**1,365,078**	**18,083,323**

Present value of minimum lease payments due		
- within one year	1,365,078	16,720,942
- in second to fifth year inclusive	-	1,362,380
	1,365,078	**18,083,322**

Non-current liabilities	-	1,362,380
Current liabilities	1,365,078	16,720,942
	1,365,078	**18,083,322**

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 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 - 2022

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Landfill site	177,102,110	-	(29,310,573)	14,234,573	162,026,110
Sewerage Pollution Repairs	-	3,000,000	-	-	3,000,000
Performance bonuses	4,052,825	-	-	-	4,052,825
	181,154,935	**3,000,000**	**(29,310,573)**	**14,234,573**	**169,078,935**

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Landfill site	148,585,080	-	18,506,919	10,010,111	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**	**18,506,919**	**10,010,111**	**193,506,632**

	2022	2021
Non-current liabilities	162,026,110	177,102,110
Current liabilities	7,052,825	16,404,522
	169,078,935	**193,506,632**

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 was a court order against the municipality on the interest from the date of claim of July 2013 to date. The municipality 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.The matter has been finalised with a judgment in favour of the municipality. The court order was set aside by the Supreme Court of Appeal of South Africa.

Performance bonuses provision

During the financial year the executive manangement took a decision that no provision will be made due to the financial status of the municipality.The provision raised previously will be provided to council for assessment against performance conditions and award criteria.

21. Provisions (continued)

Minor claims provision

During the current financial year the municipality has paid all minor claims which were raised. All minor claims of the previous year have been subsequently paid.

Sewerage Pollution Repairs Provision

During the current financial year the municipality entered into an agreement in terms of section 105A of the Criminal Procedure Act (Act 51 of 1977) in which the municipality pleaded guilty to charges on complaints to pollution in terms of the National Enviromental Management Act.

As per the plea agreement dated 17 May 2022 the municipality was sentenced to utilise the imposed fine of R3 million on or before 01 September 2022 for the urgent and necessary repairs of all the identified equipment.The plea agreement further suspends for 5 years an amount of R7 million on condition, including but not limited to, that the municipality utilises the R3 million on repairs for sewage pollution.

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 2022** 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:

	2022	2021
Carrying value		
Present value of the defined benefit obligation-wholly unfunded (Post retirement medical benefits)	(152,076,000)	(160,570,000)
Present value of the defined benefit obligation-wholly unfunded(long service awards)	(24,392,000)	(33,806,000)
	(176,468,000)	**(194,376,000)**

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.

	2022	2021
Entity's own financial instruments [state each category]		
Assets used by the entity		
In-service (Employee) members:	963	1,000
In-service (employee) non-members:	153	181
Continuation (retiree and widow) members	100	121

The current service cost are estimated at R 7 333 000 for the current financial year ending 30 June 2022 (2021: R 6 655 000)

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

22. Employee benefit obligations (continued)

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

Opening balance	160,570,000	139,582,000
Benefits paid	(4,908,000)	(4,488,000)
Net expense recognised in the statement of financial performance	(3,586,000)	25,476,000
	152,076,000	**160,570,000**

Net expense recognised in the statement of financial performance

Current service cost	7,333,000	6,655,000
Interest cost	16,181,000	14,646,000
Actuarial (gains) losses	(27,100,000)	4,175,000
	(3,586,000)	**25,476,000**

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	8.44 %	6.88 %
Discount rates used	11.83 %	10.23 %
Expected rate of return on assets	3.13 %	3.13 %
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 30 June 2022 1116 employees (30 June 2021:1181) were eligible for long service awards. The current service cost for the financial year ended 30 June 2022 is estimated to be R 2 055 000(30 June 2021: R 2 923 000).

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

22. Employee benefit obligations (continued)

Key assumptions used at the reporting date:

Discount rate used	11 %	9.00 %
Expected inflation	7 %	6.00 %
Net effective discount rate	3 %	3.00 %

Changes in the present value of the long service award obligation are as follows:

Opening Balance	33,806,000	33,546,000
Benefits paid	(5,114,000)	(4,475,000)
Net expense recognised in the statement of financial performance	(4,300,000)	4,735,000
	24,392,000	**33,806,000**

Net expense of the long service awards obligation recognised in the statement of financial performance:

Current service cost	2,944,000	2,923,000
Change in earnings basis	(9,827,000)	-
Interest cost	2,859,000	2,260,000
Actuarial (gains)/Losses	(276,000)	(448,000)
	(4,300,000)	**4,735,000**

Actuarial (losses)/gains reconciliation

Post retirement medical benefits	27,100,000	(4,175,000)
Long service awards	276,000	448,000
	27,376,000	**(3,727,000)**

23. Revaluation reserve

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

Revaluation reserve - Heritage Assets	1,308,969	1,308,969

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

24. Service charges

Sale of electricity	749,151,670	669,229,085
Sale of water	297,879,780	297,170,301
Sewerage and sanitation charges	90,618,997	81,972,652
Refuse removal	80,037,567	81,255,397
	1,217,688,014	**1,129,627,435**

25. Rental of facilities and equipment

Premises		
Rental of facilities	194,430	83,991
Rental of buildings	2,514,771	3,807,368
Rental of land	1,066,657	653,706
	3,775,858	**4,545,065**

26. Fines, Penalties and Forfeits

Traffic fines	9,007,554	19,084,361

27. Interest received - investment

Interest revenue		
Interest received - Investment	3,921,496	1,815,643

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.

28. Interest received - outstanding receivables

Interest received - exchange transactions	31,685,974	42,476,021
Interest received - non-exchange transactions	18,150,270	12,155,724
	49,836,244	**54,631,745**

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.

29. Income from agency services

Gauteng Department of Transport	17,602,979	17,500,169

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 17 533 003 (2021: R 17 570 145).

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

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

29. Income from agency services (continued)

All categories

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)

30. Other income

Administration fees	298,530	1,373,794
Advertising	111,559	257,163
Building plan fees	3,152,982	2,611,125
Burial fees	2,385,556	2,417,323
Clearance certificates	1,583,555	1,646,399
Commission earned	262,483	273,651
Consent use revenue	522	-
Copies income	42,322	29,156
Farming income	350	886
Insurance claims	381,980	562,103
Landfill site income	2,743	-
Licences and permits	49,035	81,094
Membership fees	84,581	63,585
Recovery monies	57,838	345
Decrease in legal proceedings provision	12,221,289	-
Staff parking	374	75,912
Sundry surpluses	100,512	277,122
Tender documents	75,795	201,871
Town planning	20,857	25,761
Unclaimed monies	9,315,912	-
	30,148,775	**9,897,290**

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

31. Property rates

Rates received

Assessment rates	377,695,386	301,015,144
Less: Income forgone (rebates)	(121,999,098)	(33,684,031)
	255,696,288	**267,331,113**

Valuations R'000

Agricultural	1,327,949	1,357,797
Business and commercial	2,445,918	2,477,765
Government	1,424,452	1,665,956
Residential	13,988,283	11,711,996
Vacant land	259,512	154,707
	19,446,114	**17,368,221**

Valuations on land and buildings are performed every 5 years. The municipality has implemented a new General Valuation Roll with effect from 1 July 2021. .

Interim/supplementary valuations are processed on an annual basis to consolidate changes made on the roll resulting from property consolidations, subdivisions and new township that occurred.

The applicable rate as approved for in the Property Rates Policy and gazetted in the municipal tariff book is applied to property valuations to determine assessment rates.

Exemptions and rebates are granted to certain property categories 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 post the actual billing. Interest as determined by Council is levied on outstanding rates not paid after the due date.

Figures in Rand	2022	2021

32. Government grants and subsidies

Operating grants		
Equitable Share	343,039,000	330,064,000
Municipal Infrastructure Grant	2,022,490	2,421,849
Finance Management Grant	2,200,000	2,000,000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	31,000,000	28,362,000
Skills Development Grant	2,587,857	598,666
Expanded Public Works Programme	2,933,000	2,471,000
Gauteng Department of Corporative Governance Grant	1,000,000	-
Aids District Programme	2,992,160	2,843,317
Municipal Disaster Management Grant	-	49,041,000
	387,774,507	**417,801,832**

Capital grants		
Municipal Infrastructure Grant	90,964,997	127,001,151
Municipal Water Infrastructure Grant	54,657,302	38,460,000
Integrated National Electrification Programme	22,800,000	10,000,000
Gauteng Department of Human Settlements Grant	93,247,095	20,775,219
Energy Efficiency and Demand Side Management Grant	3,999,907	3,599,400
	265,669,301	**199,835,770**
	653,443,808	**617,637,602**

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	96,442,000	129,423,000
Conditions met - transferred to operational revenue	(2,022,490)	(2,421,849)
Conditions met - transferred to capital revenue	(90,964,998)	(127,001,151)
	3,454,512	**-**

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	2,200,000	2,000,000
Conditions met - transferred to revenue	(2,200,000)	(2,000,000)
	-	**-**

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).

32. Government grants and subsidies (continued)

Integrated National Electrification Programme

Figures in Rand	2022	2021
Current-year receipts	22,800,000	10,000,000
Conditions met - transferred to revenue	(22,800,000)	(10,000,000)
	-	-

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

Gauteng Department of Human Settlements Grant

Figures in Rand	2022	2021
Balance unspent at beginning of year	34,224,781	-
Current-year receipts	70,000,000	55,000,000
Conditions met - transferred to revenue	(93,247,095)	(20,775,219)
	10,977,686	**34,224,781**

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

Municipal Water Infrastructure Grant

Figures in Rand	2022	2021
Current-year receipts	68,429,589	38,460,000
Conditions met - transferred to revenue	(58,429,589)	(38,460,000)
	10,000,000	-

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

Gauteng Department of Sports, Recreation, Arts and Culture Grant

Figures in Rand	2022	2021
Current-year receipts	31,000,000	28,362,000
Conditions met - transferred to revenue	(31,000,000)	(28,362,000)
	-	-

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

Gauteng Department of Social Development Grant

Figures in Rand	2022	2021
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

Figures in Rand	2022	2021
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	2022	2021

32. Government grants and subsidies (continued)

Aids District Programme

Balance unspent at beginning of year	748,043	748,043
Current-year receipts	3,227,880	3,591,360
Conditions met - transferred to revenue	(2,992,160)	(3,591,360)
	983,763	**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

Current-year receipts	2,933,000	2,471,000
Conditions met - transferred to revenue	(2,933,000)	(2,471,000)
	-	-

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	2,587,857	598,666
Conditions met - transferred to revenue	(2,587,857)	(598,666)
	-	-

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
Current-year receipts	4,000,000	-
Conditions met - transferred to revenue	(3,999,907)	-
	1,670	**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
Conditions met - transferred to revenue	-	(49,041,000)
	-	-

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 Annual Financial Statements

Figures in Rand	2022	2021

33. Public contributions and donations

Property, plant and equipment	1,127,745	685,439

During the current financial year the following donations were received amounting to a total of R 1 127 745:

Geeksoncall doanted two lenovo laptops amounting to R 30 537.

Department of Forestry, Fishers and the Environment donated one Front-End Loader amounting to R 983 124.

Morobo Events and Projects renovated Mohlakeng Stadium as donation to the municipality amounting to R 114 083.

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

34. Employee related costs

Acting allowances	9,867,751	6,866,059
Basic	335,105,379	352,826,478
Bonus (13th cheque)	26,334,159	26,799,025
Cellphone allowances	1,452,215	1,466,382
Defined contribution plans	61,605,779	62,253,452
Group insurance	2,881,074	2,874,147
Housing benefits and allowances	3,356,115	3,324,238
Leave pay	6,247,410	9,033,781
Less: Leave pay provision charge	(24,044,326)	1,171,163
Medical aid - company contributions	36,252,342	36,421,589
Overtime payments	30,732,784	23,524,015
SDL	4,719,866	4,742,825
Standby allowances	3,019,570	2,996,474
Sundry allowances	15,083,847	7,349,912
Travel allowances	19,559,824	20,286,208
UIF	2,686,888	2,204,324
	534,860,677	**564,140,072**

Remuneration of Municipal Manager: Mr. T. Goba

Annual Remuneration	1,447,025	1,578,573
Car Allowance	110,000	120,000
Cellphone allowance	28,875	31,500
Contributions to UIF, Medical and Pension Funds	13,806	15,049
Leave pay	355,214	-
	1,954,920	**1,745,122**

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 his contract ended on 31 May 2022.

The Chief Operations Officer Mr Larry Steyn was the acting municipal managers from 01 June 2021 to 31 December 2021 and was paid an acting allowance of R 115 805.

The Executive Manager Corporate Services Mr Marks Nkele was acting Municipal Manager from 01 January 2022 to 31 May 2022 and was paid an acting allowance of R 158 264.

Remuneration Chief Financial Officer: Ms. N Madonsela(Acting),Ms N.M Lion

Annual Remuneration	904,979	330,033
Car Allowance	206,274	109,583
Cellphone allowance	19,396	10,500
Contributions to UIF, Medical and Pension Funds	24,701	4,629
Acting allowance	73,119	-
Bonus	76,058	-
Back pay	66,745	-
Leave pay	-	77,780
	1,371,272	**532,525**

In the current financial year Ms. Naledi Madonsela has been the acting CFO from 01 July 2021 to date and has been paid acting allowance of R 73 119.

In the prior 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 30 June 2021 and was paid an acting allowance of R 35 615.

Figures in Rand	2022	2021

34. Employee related costs (continued)

Remuneration of Executive Infrastructure Services: Mr. B. Nkambule

Annual Remuneration	1,178,642	1,178,642
Car Allowance	248,817	248,817
Cellphone allowance	25,200	25,200
Contributions to UIF, Medical and Pension Funds	14,334	14,322
	1,466,993	**1,466,981**

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	1,229,039
Car Allowance	96,000	96,000
Cellphone allowance	25,200	25,200
Contributions to UIF, Medical and Pension Funds	14,025	12,430
Bonus	118,955	118,955
Acting allowance	158,264	-
	1,641,483	**1,481,624**

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
Car Allowance	148,078	147,249
Acting allowance	115,804	31,381
Leave pay	-	25,596
Cellphone allowance	25,200	25,200
Contributions to UIF, Medical and Pension Funds	13,772	13,760
	1,583,199	**1,523,531**

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
Car Allowance	48,000	48,000
Cellphone allowance	25,200	25,200
Contributions to UIF, Medical and Pension Funds	14,554	14,542
	1,467,213	**1,467,201**

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	1,116,504
Car Allowance	192,000	192,000
Cellphone allowance	25,200	25,200
Contributions to UIF, Medical and Pension Funds	13,012	12,992
Bonus	118,955	118,955
	1,465,671	**1,465,651**

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

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

34. Employee related costs (continued)

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

Annual Remuneration	1,287,449	1,287,449
Car Allowance	140,010	140,010
Cellphone allowance	25,200	25,200
Contributions to UIF, Medical and Pension Funds	14,370	14,358
	1,467,029	**1,467,017**

The Chief of Staff was appointed on 04 August 2016.

Figures in Rand	2022	2021

35. Remuneration of councillors

Councillors	27,086,282	27,229,187

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.

2022	Appoinment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. B. Mahuma (Executive Mayor from 01 July 2021 until 30 October 2021, Ordinary Councillor from 01 November 2021 to date)	Thursday, August 4, 2016	368,393	116,950	44,400	529,743
Cllr. D. Sithole (MMC 01 July 2021 until 30 October 2021,Speaker from 01 November to date)	Thursday, August 4, 2016	505,520	147,393	44,400	697,313
Cllr. V. Nqina-Mzondeki (Speaker 01 July 2021 until 30 October 2021)	Thursday, August 4, 2016	188,582	58,728	15,170	262,480
Cllr. M. Jokazi (Council whip)	Thursday, August 4, 2016	472,013	155,449	44,400	671,862
Cllr. J. Legoete (MMC)	Thursday, August 4, 2016	472,036	155,449	44,400	671,885
Cllr. D. Molebatsi (MMC 01 July 2021 until 30 October 2021)	Thursday, August 4, 2016	174,028	57,295	15,787	247,110
Cllr. T. Grobler (MMC 01 July 2021 until 30 October 2021)	Thursday, August 4, 2016	174,028	57,295	15,787	247,110
Cllr. S. Mazibuko (MMC 01 July 2021 until 30 October 2021)	Thursday, August 4, 2016	174,028	57,295	15,787	247,110
Cllr. S. Moumakwe (MMC)	Thursday, August 4, 2016	472,036	155,449	44,400	671,885
Cllr. N. Molatlhegi (MMC)	Thursday, August 4, 2016	472,036	155,449	44,400	671,885
Cllr. G. Khoza (MMC 01 July 2021 until 30 October 2021, Executive Mayor 01 November 2021 to date.)	Thursday, August 4, 2016	585,531	168,884	44,400	798,815
Cllr. P.S. Mapena-Dlamini (MMC)	Thursday, August 4, 2016	485,735	142,021	44,400	672,156
Cllr. S.N. Khenene (MMC)	Thursday, August 4, 2016	472,226	155,449	44,400	672,075
Cllr. A. Sityebi (MPAC Chairperson 01 July 2021 until 30 October 2021, MMC from 01 November 2021 to date.)	Thursday, August 4, 2016	468,899	151,808	44,400	665,107
Cllr. U.R Dickson (MMC from 1 November 2021 to date.)	Thursday, August 4, 2016	306,031	93,999	29,230	429,260
Cllr. D.M Machaba (MMC from 1 November 2021 to date.)	Thursday, August 4, 2016	493,890	-	44,400	538,290
Cllr. B.A NIMMENHOUDT (MMC from 1 November 2021 to date.)	Thursday, August 4, 2016	306,031	93,999	29,230	429,260
Cllr. N.D NDZIPHO (MMC from 1 November 2021 to date.)	Thursday, August 4, 2016	306,031	93,999	29,230	429,260
Cllr. ERASMUS GA	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. HARRISON C	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. FAKU PK	Monday, November 1, 2021	206,970	67,991	44,400	319,361
Cllr. VAN TONDER AJ	Monday, November 1, 2021	207,026	67,991	44,400	319,417
Cllr. KRUGER G	Monday, November 1, 2021	207,450	67,991	44,400	319,841

35. Remuneration of councillors (continued)

Cllr. KIEWIETZ NC	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. MTHIMKHULU MM	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. MOSINA BA(MPAC)	Monday, November 1, 2021	325,955	97,470	44,400	467,825
Cllr. LETLHAKE B	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. MUNYAI HB	Monday, November 1, 2021	206,722	67,991	44,400	319,113
Cllr. BERGMAN FJ	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. HILD HH	Monday, November 1, 2021	207,026	67,991	44,400	319,417
Cllr. MBULULA D	Monday, November 1, 2021	274,711	-	44,400	319,111
Cllr. SABA A	Monday, November 1, 2021	207,026	67,991	44,400	319,417
Cllr. SEKHOKHO LS	Monday, November 1, 2021	207,026	67,991	44,400	319,417
Cllr. TLHOLOE TM	Monday, November 1, 2021	206,899	67,991	44,400	319,290
Cllr. WILLIAMS N	Monday, November 1, 2021	274,881	-	44,400	319,281
Cllr. BROUGH CF	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. TSOTETSI KE	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. NJANI WS	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. LETLHAKE JS	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. RAMOTLHALE MC	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. DREYER BC	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. MATLAILA ME	Monday, November 1, 2021	206,720	67,991	44,400	319,111
Cllr. STEFANE TE	Monday, November 1, 2021	206,941	67,991	44,400	319,332
Cllr. TLHAGALE TG	Monday, November 1, 2021	207,026	67,991	44,400	319,417
Cllr. GREEN BE	Monday, November 1, 2021	274,745	-	44,400	319,145
Cllr. NOAH DP	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. BATALISI XM	Monday, November 1, 2021	180,853	-	29,230	210,083
Cllr. NTSUME S	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. NOMGA N	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. NKOSI BN	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MABONGO TJ	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MRWETYANA	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. NGOZI PL	Monday, November 1, 2021	180,870	-	29,230	210,100

35. Remuneration of councillors (continued)

Cllr. MALEMA TP	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MOABI MK	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MOKOBANE TS	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. THOBEKO II	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. THENJEKWAYO JA	Monday, November 1, 2021	181,108	-	29,230	210,338
Cllr. TLHAPISO MG	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MARUMELE SK	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MODISE PIB	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. NYEMENI JR	Monday, November 1, 2021	181,008	-	29,230	210,238
Cllr. KATI KG	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. NKOSI ZNC	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MOFOKENG P	Monday, November 1, 2021	175,247	11,332	29,230	215,809
Cllr. BHEMBE ST	Monday, November 1, 2021	180,870	-	29,230	210,100
Cllr. MOENG AA	Monday, November 1, 2021	181,142	-	29,230	210,372
Cllr. BOTHA MN	Monday, November 1, 2021	164,111	16,998	29,230	210,339
Cllr. LEGOTE B	Monday, November 1, 2021	181,142	-	29,230	210,372
Cllr. ERASMUS P	Monday, November 1, 2021	175,465	5,665	29,230	210,360
Cllr. STEFFERS FJC	Monday, November 1, 2021	181,142	-	29,230	210,372
Cllr. SCHADE C	Monday, November 1, 2021	181,139	-	29,230	210,369
Cllr. KOLO A(LATE ESTATE)	Monday, November 1, 2021	112,184	-	18,130	130,314
Cllr. SESHOKA T(01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. DICK P (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	97,869	-	15,787	113,656
Cllr. SELLO MM (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. MONTSHO B (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,048	23,230	15,170	113,448
Cllr. DE LANGE EW (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,207	23,230	15,170	113,607
Cllr. MTYOTYWA MM (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	101,930	-	15,787	117,717
Cllr. MERABE I (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
KOLO S (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. RAMAPHALA AB (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. ZINGELA AN (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	72,837	24,175	15,787	112,799

35. Remuneration of councillors (continued)

Cllr. MATEBESI J (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. LETSHOLO JM (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. NDAMANE SM (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	98,350	-	15,170	113,520
Cllr. MATIWANE PN (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. NCELE N (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	98,350	-	15,170	113,520
Cllr. CHABANE PM (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. MAVUSO SP (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. NKOE M (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,207	23,230	15,170	113,607
Cllr. RAMPHORE NI (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,207	23,230	15,170	113,607
Cllr. SETHEPO SM (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. MATSHAYA W (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. SAMSON G (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,207	23,230	15,170	113,607
Cllr. NGAMNTWINI M A (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. MNGOMEZULU TS (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
Cllr. VOLGRAAFF F (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,120	23,230	15,170	113,520
Cllr. MAZULA AT (01 July 2021 - 30 October 2021)	Thursday, August 4, 2016	75,105	23,230	15,170	113,505
		19,821,076	**4,224,174**	**3,041,032**	**27,086,282**

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

Figures in Rand				2022	2021

35. Remuneration of councillors (continued)

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
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. E. De Lange	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. 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

35. Remuneration of councillors (continued)

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. B.A Mosina (Appointed February 2021)	Thursday, August 4, 2016	88,838	29,609	19,335	137,782
Cllr. S. Sekhokho	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
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. J. 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. 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	260,657	11,332	44,400	316,389
Cllr. M.E. Matlaila	Saturday, April 1, 2017	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 January 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	249,324	-	40,700	290,024
		18,588,716	**5,583,723**	**3,056,748**	**27,229,187**

35. Remuneration of councillors (continued)

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.

Figures in Rand	2022	2021

36. Depreciation and amortisation

Property, plant and equipment	214,451,916	202,130,533
Intangible assets	894,696	415,743
	215,346,612	**202,546,276**

37. Impairment loss of assets

Property, plant and equipment	160,836,405	12,958,555

38. Finance costs

Trade and other payables	77,015,519	46,325,796
Finance leases	713,556	1,900,850
Interest cost on legal proceeding provision	-	1,640,086
Interest due to discounting of receivables	3,445,539	3,643,939
Interest cost on employee benefit obligations	19,040,000	16,906,000
Interest cost on landfill site provision	14,234,573	10,010,111
	114,449,187	**80,426,782**

39. Debt impairment

Contributions from receivables from exchange transactions	167,219,666	162,988,930
Contributions from long term receivables	4,864,818	3,408,021
Contributions from receivables from non exchange transactions	30,064,287	23,685,516
Bad debt written off	-	11,912,620
	202,148,771	**201,995,087**

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.

40. Assets derecognised

Property, plant and equipment	70,566,526	12,281,374
Investment property	35,414,664	2,522,970
Intangible assets	153,620	-
	106,134,810	**14,804,344**

41. Bulk purchases

Electricity	783,596,743	670,659,912
Water	260,371,797	259,567,103
	1,043,968,540	**930,227,015**

42. Contracted services

Outsourced Services		
Credit cost control	20,413,344	15,172,095
Fleet management	7,449,617	6,962,813
IT support	5,650,225	6,048,741
Meter Management	4,335,963	4,062,341
Repairs and maintenance	78,822,926	71,007,006
Security Services	40,367,336	38,155,189
Prepaid vending costs	12,684,328	7,758,819

Figures in Rand	2022	2021

42. Contracted services (continued)

	169,723,739	**149,167,004**

43. Transfers and subsidies paid

Other subsidies		
SPCA Grant	720,000	-

44. General expenses

Advertising and communication	92,088	198,370
Audit committee costs	67,101	195,054
Auditors remuneration	10,648,229	9,958,114
Bank charges	5,359,868	5,008,364
Burial expenses	63,330	108,270
Bursary expenses	103,876	754,737
Cleaning	193,614	26,138
Commission paid and discounts allowed	674,125	814,601
Consulting and professional fees	31,374,408	26,507,760
Consumables	963,751	1,513,431
Farming	507,847	443,056
Fuel and oil	10,557,991	7,522,834
Insurance	5,654,701	5,817,838
Library programs	97,383	-
Motor vehicle expenses	2,240,774	1,984,481
Municipal events and improvements	238,349	144,498
Municipal service charges	55,436,712	31,058,653
Occupational health	76,540	205,000
Postage and courier	685,133	1,420,108
Printing and stationery	492,139	12,301
Software licences	8,019,490	10,762,649
Subscriptions and membership fees	6,201,997	5,724,180
Telephone and Fax	608,036	1,036,457
Training	1,282,219	171,300
Travel and subsistence	1,234,236	118,275
Uniforms	1,275,018	1,657,574
Water research levy	6,804,149	7,035,281
	150,953,104	**120,199,324**

45. Gain on disposal of assets

Gain or loss on investment property	1,091,131	1,083,715

46. Fair value adjustments

Investment property	7,421,046	8,805,074
Biological assets	(3,255)	4,650
	7,417,791	**8,809,724**

Figures in Rand	2022	2021

47. Cash generated from operations

Deficit	(448,110,744)	(174,771,245)
Adjustments for:		
Depreciation and amortisation	215,346,612	202,546,276
Gain on disposal of assets	(1,091,131)	(1,083,715)
Fair value adjustments	(7,417,791)	(8,809,724)
Finance costs - landfill site and employee benefit	(4,805,427)	26,920,218
Interest income	(246,668)	(305,277)
Actuarial gains	(27,376,000)	3,727,000
Public contributions and donations	(1,127,745)	(685,439)
Impairment loss of assets	160,836,405	12,958,555
Debt impairment	202,148,771	201,995,087
Current service costs and Change in earnings basis	450,000	9,578,000
Accrued bonus (13th cheque) and Accrued leave	(12,210,256)	2,835,057
Movements in employee benefit obligation	28,058,000	(8,963,000)
Movements in provisions	(9,351,697)	20,277,413
Assets derecognised	106,134,810	14,804,244
Finance costs - Interest due to discounting of receivables	3,445,539	-
Changes in working capital:		
Inventories	438,101	(336,602)
Receivables from exchange transactions	(255,824,902)	(277,175,103)
Receivables from non-exchange transactions	14,448,632	(96,954,366)
Prepayments	(73,091)	(132,240)
Payables from exchange transactions	205,946,569	216,820,164
VAT	47,015,401	(11,242,558)
Payables from non-exchange transactions	(4,506,528)	5,340,981
Unspent conditional grants and receipts	(9,556,770)	34,972,824
Consumer deposits	3,354,652	(441,642)
	205,924,742	**171,874,908**

48. Commitments

Already contracted for but not yet spent

Already contracted for but not provided for		
• Infrastructure Assets	166,204,598	242,925,594
Total capital commitments		
Already contracted for but not provided for	166,204,598	242,925,594

Total commitments

Total commitments		
Authorised capital expenditure	166,204,598	242,925,594

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

Figures in Rand	2022	2021

49. 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
Claim by Pipe Jack for services rendered	-	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
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
Claim by Proplan against the Municipality for outstanding invoices on 3 projects	-	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
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
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 aler	250,000	250,000
Claim by B. Munyai for unfair labour practice	-	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
Claim by T. Radebe for unfair labour practice	-	778,841
Claim by Robert Vusi Martens for damages on his vehicle due to a pothole	62,391	62,391

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
49. Contingencies (continued)		
Claim by Forms media independent africa (pty) ltd for unpaid invoices	-	55,594
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
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
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	73,947
Claim by P. Semono for injuries sustained due to stepping into an open water drain.	2,763,681	2,763,681
Claim by Go West Auto (pty)ltd for damages caused by a pothole.	67,283	67,283
Claim by Voster in respect of damages caused by a pothole.	15,916	15,916
Claim by Ursula Mahlangu and 14 others in respect of unfair discrimination in the Labour Court	87,728	87,728
Claim by Fleet Africa for application for a default judgement.	-	1,537,358
Claim by Setlhodi for injuries sustained when plaintiff fell into an open manhole.	990,000	-
Claim by MC Dupreez for damages caused by a pothole.	15,211	-
Claim by Maduna for injuries sustained when plaintiff fell into an open manhole.	700,000	-
Claim by Croucamp for damages caused by a pothole.	39,977	-
Claim by MNS Inc in respect of payments.	2,207,544	-
Claim by Victor Reynecke for third party claim.	10,000	-
Claim by ILIFA AFRICA in respect of outstanding payments.	400,000	-
Claim by ISI Network for the Municipality to write-off all its debt of municipal account which is older than 3 years.	263,851	-
Possible claim as a result of the plea agreement on complaints of sewarage pollution repairs in terms of the National Enviromental Management Act.	7,000,000	-
	82,226,285	**83,570,090**

Sewerage Pollution Repairs Contigent Liability narration.

During the current financial year the municipality entered into an agreement in terms of section 105A of the Criminal Procedure Act (Act 51 of 1977) in which the municipality pleaded guilty to charges on complaints to pollution in terms of the National Enviromental Management Act.
As per the plea agreement dated 17 May 2022 the municipality was sentenced to utilise the imposed fine of R3 million on or before 01 September 2022 for the urgent and necessary repairs of all the identified equipment.The plea agreement further suspends for 5 years an amount of R7 million on condition, including but not limited to, that the municipality utilises the R3 million on repairs for sewage pollution. see note 21 for provision raised.

Contingent liabilities with unknown claim amounts

Claim by BIDVEST BANK LIMITED / KWANE FLEET SYSTEM in respect of payments.On 22 July 2022 in the high court of South Africa the judgement ordered the second respondent is to pay the applicant’s costs arising from the opposition in these proceedings, jointly and severally with the first respondent. The applicant's cost remain unknown.

Claim by Edradour body corporate in respect off alleged unlawful disconnection.
Claim by Durand in respect of incorrect billing.
Claim by Sibanye Gold and 5 others for disputes on rates.
Claim by Randgate Spar in respect of service account.
Claim by Zwane for a review application and setting aside an arbitration award.

Contingent assets

49. Contingencies (continued)

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.

50. Related parties

Relationships	
Accounting Officer	Refer to accounting officer's report note
Executive Mayor	Refer to note 34
Speaker	Refer to note 34
Council Whip	Refer to note 33
Councillors	Refer to note 34
Inter govermental relations	Refer to note 30
Members of key management	Refer to note 33

Related party transactions

	2022	2021
Purchases from (sales to) related parties		
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 2022.

Councillors/Mayoral committee members

Refer to note 34 " Remuneration of councillors". The total amount paid to councillors was R 27 086 282(2021: R 27 229 187)

Executive Management

Refer to note 33" Employee related costs". The total amount paid to Municipal Manager and Executive Managers was R 12 417 781 (2021: R 12 384 395)

51. 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	(580,206)	(246,241)	333,965
Computer Softwares	(1,093,210)	(894,696)	198,514
Movables	(4,936,856)	(5,111,543)	(174,687)
Community Facilities	7,293,764	6,963,705	(330,060)
Electrical Infrastructure	35,769,185	28,515,454	(7,253,732)
Housing	1,176,246	1,204,762	28,516
Operational Buildings	3,277,800	2,923,858	(353,942)
Roads infrastructure	76,052,644	66,389,202	(9,663,442)
Sanitation Infrastructure	19,355,608	21,709,252	2,353,644
Solid Waste Infrastructure	6,949,016	8,220,750	1,271,734
Sport & Recreation Facilities	5,277,599	3,952,052	(1,325,547)
Storm water infrastructure	14,982,376	12,486,970	(2,495,407)
Water Supply infrastructure	21,867,221	23,974,030	2,106,809
	185,391,187	**170,087,555**	**(15,303,635)**

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

52. Prior period errors

Recieavables from exchange transactions: are restated by R 3,675,988 as a result of the water tariff correction which was incorrectly billed to the Sibanye and Rand Uranium mine accounts as well as the correction of the indigent subsidies on indigent consumer accounts as per the CAATs.

Receivables from non-exchange transactions: are restated by R 73,270,129 which relate to the billing of property rates on the GoldFields, Harmony, Sibanye and Rand Uranium mine accounts as per the 2015 court order.

Biological assets that form part of an agricultural activity: is restated by R 7 440 as a result of the recognition and fair value adjustment of a bull which was erroneously ommitted in the 2021 financial year.

Property, Plant and Equipment: is restated by R 301,388,795 as a result of omissions and donations not recognised in the previous financial years.

Investment Property: is restated by R 6,968,125 as a result of omissions in the prior year.

Intangible assets: is restated by a total of R 2,133,599, R 2,185,492 which relates to the recognition of computer software for disaster recovery and the related accumulated amortisation amounting to R 51,893 which were erroneously expensed in the prior year. The contract commenced on the 4th of June 2021 for a period of 36 months.

Payables from exchange transactions: is restated by a total of R 88,022,964 which relates to the recognition of invoices which were ommitted in the prior year as well as credit notes relating to invoices which were recognised in the prior year.

Payables from non - exchange transactions: were restated by a total of R 5,601,686 relating to the MBD/TCR security deposit which was supposed to have been recognised as revenue in the 2018 financial year, and correction of unallocated receipts.

VAT payable: is restated by R 3,610,768 relating to VAT on the ommitted prior period invoices and credit notes relating to expenses recognised in the prior period.

Consumer deposits : is restated by R 1,123,547 which was reimbursed in the prior year.

Service charges: is restated by R 8,097,534: R 1,483,681 relating to the indigent CAATs corrections on indigent consumer accounts and R 6,613,853 relating to the correction of the water tariff which was billed to the Sibanye and Rand Uranium mine accounts and R 1,798,452 consumer fines is reclassified from fines revenue.

Fines: consumer fines were reclassified by R 1 798 452 to service charges (electricity (disconnection charges/fines).

Interest received-exchange transactions: is restated by R 3,252,654 which relates to the reversal of interest which was charged on the Sibanye and Rand Uranium mine accounts as a result of the incorrect water tariff which was used.

Income from agency services: is restated by R 69,976 which were duplicate transactions in the prior period.

Property rates: is restated by R 12,000,000 due to a 2015 court order which was only applied in the 2022 financial year.

Contracted services: is restated by a total of R 14,728,810 broken down as follows: R 5,023,809 credit cost control, R 3,015,440 meter management, R 6,893,361 repairs and maintenance and,(R 203,800) for security services as a result of invoices ommitted in the prior period and credit notes passed.

General Expenditure: is restated by R 11,079,563 broken down as follows: burial expenses R 7,450, bursary expenses R 27,960, consulting and professional fees R 7,176,347, consumables R 20,426, farming R 3,590, motor vehicle expenses R 71,514, municipal services charges R 15,100, printing and stationery R 40,412, software licences R 279,593, telephone and fax R 99,582, travel and subsistence R 33,497 and water research levy amounting to R 3,800,126 as a result of invoices omitted in the prior year as well as credit notes passed.

Bulk purchases: is restated by R 5,217,391 due to correction of prior year invoice which was erroneously captured against the bulk purchases.

Depreciation and amortisation: is restated by R 8,121,635 due to adjustments made to property plant and equipment and intangible asset.

52. Prior period errors (continued)

Fair value adjustments: is restated by R 7,440 relating to the fair value adjustment of a bull which was erroneously ommitted in the prior financial year.

Finance costs: is restated by R 4,106 relating to invoices which were for prior year and errounously captured against the current financial year.

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

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

STATEMENT OF FINANCIAL POSITION	Balance as previously reported	Prior period error	Reclassification	Restated balance
Receivables from exchange transactions	204,549,435	(3,675,988)	-	200,873,447
Receivables from non-exchange transactions	37,099,145	73,270,129	-	110,369,274
Biological Assets	502,665	7,440	-	510,105
Property, Plant and Equipment	3,997,715,420	301,388,795	-	4,299,104,215
Investment property	246,571,520	6,968,125	-	253,539,645
Intangible Assets	6,568,899	2,133,599	-	8,702,498
Payables from exchange transactions	(1,354,679,738)	(88,022,964)	-	(1,442,702,702)
Payables from non-exchange transactions	(14,421,203)	(5,601,686)	-	(20,022,889)
VAT Payable	(22,096,282)	3,610,768	-	(18,485,514)
Consumer deposits	(58,637,668)	1,123,547	-	(57,514,121)
Accumulated Surplus	(2,689,425,789)	(291,201,765)	-	(2,980,627,554)
	353,746,404	**-**	**-**	**353,746,404**

STATEMENT OF FINANCIAL PERFORMANCE	Balance as previously reported	Prior period error	Reclassification	Restated balance
Service charges	(1,135,926,517)	8,097,534	(1,798,452)	(1,129,627,435)
Fines	(20,882,813)	-	1,798,452	(19,084,361)
Interest received from exchange transactions	(45,728,675)	3,252,654	-	(42,476,021)
Income from agency services	(17,570,145)	69,976	-	(17,500,169)
Property rates	(255,331,112)	(12,000,000)	-	(267,331,112)
Contracted services	134,438,194	14,728,810	-	149,167,004
General Expenses	109,119,761	11,079,563	-	120,199,324
Bulk purchases	925,009,624	5,217,391	-	930,227,015
Depreciation and amortisation	194,424,641	8,121,635	-	202,546,276
Fair value adjustments	8,802,284	7,440	-	8,809,724
Finance costs	80,422,676	4,106	-	80,426,782
	(23,222,082)	**38,579,109**	**-**	**15,357,027**

Prior period error in respect of disclosure notes.

Committments

The municipality has restated the commitments opening balance by R 15 092 835 due to removal of commitment balances of projects that were completed, inclusion of prior year projects which had commitments but were errounously omitted and corrections of commitments which were disclosed with incorrect amounts.

53. Comparative figures

Certain comparative figures have been reclassified.

54. 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 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,636,439,015	-	-	-	1,636,439,015
Payables from non exchange transactions	15,516,361	-	-	-	15,516,361
Unspent conditional grants and receipts	37,870,793	-	-	-	37,870,793
Consumer deposits	60,868,773	-	-	-	60,868,773
Finance leases	1,365,078	-	-	-	1,365,078
	1,752,060,020	**-**	**-**	**-**	**1,752,060,020**

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	1,442,702,702	-	-	-	1,442,702,702
Payables from non exchange transactions	20,022,889	-	-	-	20,022,889
Unspent conditional grants and receipts	47,427,563	-	-	-	47,427,563
Consumer deposits	57,514,121	-	-	-	57,514,121
Finance leases	16,720,942	1,362,380	-	-	18,083,322
	1,584,388,217	**1,362,380**	**-**	**-**	**1,585,750,597**

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	2022	2021
Cash and cash equivalents (Note 3)	106,076,609	86,294,078
Receivables from exchange transactions (Note 4)	286,033,144	200,873,447
Long term receivables (Note 8)	4,339,210	2,355,298
Investments (Note 9)	4,900,255	4,653,587

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.

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

54. Risk management (continued)

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.

55. Going concern

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

The 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 448,110,744 for the year ended June 30, 2022 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, 2022. 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.

56. 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.

Council approved the appointment of the Municipal Manager Mr Thabo Collin Ndlovu on 01 July 2022.

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

57. Unauthorised expenditure

Opening balance as previously reported	1,420,397,791	1,218,325,548
Opening balance as restated	**1,420,397,791**	**1,218,325,548**
Add: Expenditure identified - current	602,628,397	202,072,243
Closing balance	**2,023,026,188**	**1,420,397,791**

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

Non-cash	340,127,939	42,430,752
Cash	262,500,458	159,641,491
	602,628,397	**202,072,243**

Analysed as follows: non-cash

Depreciation and amortisation	36,436,612	15,514,641
Finance charges	36,720,112	26,916,111
Impairment loss	160,836,405	-
Assets derecognised	106,134,810	-
	340,127,939	**42,430,752**

Analysed as follows: cash

Bulk purchases	184,739,540	114,550,757
Contracted services	28,153,739	30,771,132
General expenditure	15,647,104	-
Employee related costs	-	3,831,655
Finance Cost	33,420,075	10,487,947
Transfers and Subsidies	540,000	-
	262,500,458	**159,641,491**

Unauthorised expenditure: Budget overspending – per municipal department:

Infrastructure services	-	(64,518,494)
Community services	(30,734,032)	(30,771,132)
Economic Development and Planning	(10,613,568)	-
Financial Management Services	(561,280,797)	(84,002,670)
Corporate Support Services	-	(22,779,947)
	(602,628,397)	**(202,072,243)**

Figures in Rand	2022	2021

58. Fruitless and wasteful expenditure

Opening balance as previously reported	210,506,513	197,919,676
Correction of prior period error	6,484	-
Opening balance as restated	**210,512,997**	**197,919,676**
Add: Expenditure identified - current	84,894,684	59,726,643
Less: Amount written off - current	-	(47,139,806)
Closing balance	**295,407,681**	**210,506,513**

Notes to the Audited Annual Financial Statements

Figures in Rand

58. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Interest on overdue creditors: Eskom	67,556,471	37,463,208
Interest on overdue creditors: Telkom SA Ltd	5,702	25,066
Interest on overdue creditors: Rand Water	9,118,676	6,356,627
Interest on overdue creditors: Quill and associates	-	1,640,086
Interest on finance lease: Kwane	7,449,617	11,683,918
Roadmac	-	2,471,224
Munsoft	37,281	4,757
Sala	-	807
SARS interest	451,635	80,950
Auditor General	30,356	-
Cheadle Thompson and Haysom	4,532	-
SABC TV Licence	928	-
Proplan	97,326	-
FNB Licencing account	24	-
SAMRO	142,136	-
	84,894,684	**59,726,643**

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.

59. Irregular expenditure

Figures in Rand	2022	2021
Opening balance as previously reported	546,450,719	409,615,806
Correction of prior period error	27,293,413	68,721,802
Opening balance as restated	**573,744,132**	**478,337,608**
Add: Irregular Expenditure - current	106,916,761	68,113,111
Closing balance	**680,660,893**	**546,450,719**

Analysis of irregular expenditure awaiting investigation

Figures in Rand	2022	2021
Non-Compliance with section 22 SCM Regulations	13,076,555	13,076,555
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 of MFMA	724,431	724,431
Non-Compliance with section 20 SCM Regulations	56,895,415	56,895,415
Non-Compliance with section 29 SCM Regulations	156,492,601	147,283,108
Non-Compliance with section 32 SCM Regulations	26,784,969	26,784,969
Non-Compliance with section 44 SCM Regulation	1,679,362	1,679,362
Non-Compliance with section 36 SCM Regulation	127,143,087	115,347,902
Non-Compliance with section 19 SCM Regulation	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)	206,390,025	112,293,720
Non-compliance with SCM regulation 28	32,511,831	22,105,743
Non-compliance with DoRA	3,996,556	3,996,556
Non-compliance with MFMA Regulation 110(2)	12,084,231	11,852,369
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	916,581
Government gazette number: 42134	619,407	619,407
Non-compliance with SCM regulation 6(3)c	12,161,418	3,690,177
Non-compliance with PPPFA Section 2(1)(f)	76,573	76,573
	680,660,893	**546,450,719**

Irregular Expenditure Narrations

Amounts disclosed in the irregular expenditure are exclusive of VAT.

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	724,180	-
Current year subscription / fee	6,198,127	5,724,180
Amount paid - current year	(6,922,307)	(5,000,000)
	-	**724,180**

Material distribution losses

Electricity	196,154,953	193,898,420
Water	47,030,971	41,360,658
	243,185,924	**235,259,078**

Electricity distribution losses for the current financial year was 182 158 374 kilo watts (2021: 157 301 294 kilowatts) which represents 25% (2021: 21%) 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 4 209 473 kilo litres (2021: 3 925 534 kilo litres) which represents 18% (2021: 16%) 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	926,369	28,010
Current year subscription / fee	12,275,819	11,479,199
Amount paid - current year	(13,202,188)	(10,580,840)
	-	**926,369**

PAYE and UIF

Opening balance	7,570,195	6,466,274
Current year subscription / fee	89,552,714	89,530,163
Amount paid - current year	(89,736,540)	(88,426,242)
	7,386,369	**7,570,195**

Pension and Medical Aid Deductions

Opening balance	12,474,153	12,471,365
Current year subscription / fee	149,793,078	148,754,068
Amount paid - current year	(149,958,046)	(148,751,280)
	12,309,185	**12,474,153**

Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021

60. 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, 2022:

June 30, 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Ms I KHOZA	803	-	803
Councillor MR PIETER ERASMUS	854	-	854
Councillor Mr BE+MR GREEN	2,926	-	2,926
Councillor Mr P NGOZI	3,593	2,866	6,459
Councillor Ms GD NKOSI	2,630	4,441	7,071
Councillor MS S MAJIKIJA C/O NJANI WS	2,605	6,007	8,612
Councillor Mr MC THOBEKA	437	14,399	14,836
Councillor Mr MA MALEMA	427	16,345	16,772
Councillor MR AA MOSINA	216	17,467	17,683
Councillor MR E MOKGOPO C/O LEGOTE B	427	19,099	19,526
Councillor MR SW MRWETYANA	3,706	17,402	21,108
Councillor Mr AA MOENG	427	21,662	22,089
Councillor MR SS & MRS SJ MOUMAKWE	13,303	11,349	24,652
Councillor Miss D MBULULA (101026091)	8,234	21,105	29,339
Councillor MR MS MAAKANE C/O MAKHENE B	3,591	28,111	31,702
Councillor MR HB MUNYAI	4,903	28,122	33,025
Councillor Mr N NDABISA	2,381	31,804	34,185
Councillor Mr JA&GK THENJEKWAYO	3,660	31,083	34,743
Councillor MS B TLHAPISO	463	34,310	34,773
Councillor Ms N MAPENA	5,947	30,702	36,649
Councillor MS MM MOELETSI C/O MODISE PIB	6,709	33,671	40,380
Councillor MS NS NYATHI C/O MABONGO TJ	7,051	38,401	45,452
Councillor Miss D MBULULA (101057136)	4,634	127,937	132,571
Councillor MS E MATSOSO C/O MOABI MK	10,528	134,114	144,642
Councillor MM MOFOKENG	7,609	166,546	174,155
	98,064	**836,943**	**935,007**

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 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**

60. 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.

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

61. 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.

61.01 **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.

61.02 **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.

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

61.04 **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.

61.05 **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.

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

61.07 **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.

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

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

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

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

61.12 **Remuneration of councillors** was within budget

61. Budget differences (continued)

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

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

61.15 **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.

61.16 **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.

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

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

61.19 **Bulk purchases** was within budget.

61.20 **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.

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

61.22 **General expenses** was within budget.

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

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

61.25 **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.

62. 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

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	Administrative and Corporate Support:Administrative and Corporate Support - Assets

62. Segment reporting (continued)

3	Aged Care:Aged Care - Assets
4	Agricultural:1196
5	Animal Care and Diseases:Animal Care and Diseases - Assets
6	Asset Management:Asset management - 1109
7	Asset Management:Asset Management - Assets
8	Asset Management:Asset management 1109 2
9	Budget and Treasury Office: Budget & Treasury office - 1106
10	Cemeteries; Funeral Parlours and Crematoriums:Cemeteries and Crematorium - 1238
11	Child Care Facilities:Child care facilities - 1158
12	Child Care Facilities:Child Care Facilities - Assets
13	Community Halls and Facilities:Community Halls and Facilities - Assets
14	Community Parks (including Nurseries):Community parks - 1235
15	Core Function:Administrative and Corporate Support
16	Core Function:Aged Care
17	Core Function:Asset Management
18	Core Function:Cemeteries; Funeral Parlours and Crematoriums
19	Core Function:Child Care Facilities
20	Core Function:Community Halls and Facilities
21	Core Function:Community Parks (including Nurseries)
22	Core Function:Development Facilitation
23	Core Function:Electricity
24	Core Function:Fire Fighting and Protection
25	Core Function:Housing
26	Core Function:Information Technology
27	Core Function:Markets
28	Core Function:Municipal Manager; Town Secretary and Chief Executive
29	Core Function:Museums and Art Galleries
30	Core Function:Property Services
31	Core Function:Public Toilets
32	Core Function:Roads
33	Core Function:Sewerage
34	Core Function:Solid Waste Disposal (Landfill Sites)
35	Core Function:Solid Waste Removal
36	Core Function:Sports Grounds and Stadiums
37	Core Function:Storm Water Management
38	Core Function:Taxi Ranks
39	Core Function:Water Distribution
40	Core Function:Water Storage

Notes to the Audited Annual Financial Statements

Figures in Rand

62. **Segment reporting (continued)**

41	Corporate Wide Strategic Planning (IDPs LEDs): Corporate support
42	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate strategic planning - 1002
43	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate strategic planning - 1006
44	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate strategic planning - 1197
45	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate strategic planning - 1262
46	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate support - repro - 1272
47	Corporate Wide Strategic Planning (IDPs; LEDs):CORPORATE SUPPORT - REPRO 1264
48	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate support - secret - 1265
49	Corporate Wide Strategic Planning (IDPs; LEDs):Corporate support - war room - 1005
50	Economic Development/Planning:1188
51	Economic Development/Planning:1189
52	Electricity:7210 Metre audits
53	Electricity:Electricity - 7210
54	Finance: Finance 1107
55	Finance: Finance 1125
56	Finance: Finance 1130
57	Finance: Finance 1140
58	Finance: Finance Revenue
59	Finance:6.3 Budget & Treasury office - 1106
60	Finance:8010
61	Finance:8060
62	Finance:8170
63	Finance:8190
64	Finance:8301
65	Finance:9999
66	Finance:CFO - 1101
67	Finance:Credit control - 1135
68	Finance:Default
69	Finance:Ependiture - 1105
70	Finance:Finance
71	Finance:Finance - 8420
72	Finance:Finance 8060
73	Finance:Finance 8170
74	Finance:Finance 8190
75	Finance:Finance 8301
76	Finance:Finance 9999
77	Finance:FMG GRANT - 1102
78	Finance:Grants 8010

Notes to the Audited Annual Financial Statements

Figures in Rand

62. Segment reporting (continued)

79	Finance:Meter readers - 1140
80	Finance:Revenue - 1140
81	Fire Fighting and Protection:CF Fire Fighting and Protection - Assets
82	Fire Fighting and Protection:Fire Fighting and Protection - Assets
83	Fleet Management:Fleet management - 4173
84	Fleet Management:Workshop - 1250
85	Governance Function:Internal audit - 1010
86	Health Services: 1149
87	Health Services: 1150
88	Health Services: 3165
89	Health Services:Social Services - 1042
90	Housing:Housing - Assets
91	Housing:Housing 1188 (2)
92	Human Resources:Human resuources - 1261
93	Information Technology:Information technology - 1267
94	Legal Services:Legal services - 1273
95	Libraries and Archives: Randfontein - 1155
96	Libraries and Archives: Randfontein - 1159
97	Libraries and Archives:Badirile - 1161
98	Libraries and Archives:Jabulani - 1162
99	Libraries and Archives:Kocksoord - 1154
100	Libraries and Archives:Libraries 1163
101	Libraries and Archives:Libraries and Archives - Assets
102	Libraries and Archives:Mohlakeng - 1151
103	Libraries and Archives:Mohlakeng ext 7 - 1160
104	Libraries and Archives:New Libraries
105	Libraries and Archives:Randgate - 1152
106	Libraries and Archives:Toekomsrus - 1153
107	Licensing and Regulation:
108	Licensing and Regulation: 4170
109	Marketing; Customer Relations; Publicity and Media Co-ordination:Marketing and Publ
110	Markets:Markets - Assets
111	Mayor and Council:Chief Wip - 1074
112	Mayor and Council:Council-1145
113	Mayor and Council:Mayor - 1071
114	Mayor and Council:MMC - 1073
115	Mayor and Council:MPAC - 1003
116	Mayor and Council:Speaker - 1072

62. Segment reporting (continued)

117	Municipal Manager; Town Secretary and Chief Executive:Municipal Manager - 1001
118	Municipal Manager; Town Secretary and Chief Executive:PMS - 1004
119	Non-core Function:Animal Care and Diseases
120	Non-core Function:Fire Fighting and Protection
121	Non-core Function:Health Services
122	Non-core Function:Libraries and Archives
123	Non-core Function:Road and Traffic Regulation
124	Police Forces Traffic and Street Parking Control: Traffic - 4171
125	Police Forces Traffic and Street Parking Control: Traffic - 4172
126	Police Forces; Traffic and Street Parking Control:6.3 Traffic - 4171
127	Police Forces; Traffic and Street Parking Control:6.3 Traffic - 4172
128	Pollution Control:Cleaning - dont use
129	Pollution Control:Environmental 3167
130	Pollution Control:Pollution control - dont use
131	Project Management Unit:Project management unit - 1030
132	Property Services:Property services - 1245
133	Recreational Facilities:Swimming pools - 1156
134	Risk Management:Risk management - 1202
135	Roads:Infra 1252
136	Roads:Infrastruct - admin - 1201
137	Roads:Roads - 1215
138	Roads:Roads - Assets
139	Roads:Roads marking - 1246
140	Sewerage:Sewerage - 6225
141	Solid Waste Disposal (Landfill Sites):Landfill site - 6241
142	Solid Waste Removal: 6240
143	Solid Waste Removal:Refuse removal - 6240
144	Solid Waste Removal:Solid Waste Removal - Assets
145	Sports Grounds and Stadiums:1157
146	Storm Water Management:Storm Water Management - Assets
147	Supply Chain Management:1110
148	Taxi Ranks:Taxi Ranks - Assets
149	Tourism:SCOA Test Data
150	Town Planning; Building Regulations and Enforcement; and City Engineer: 1195
151	Town Planning; Building Regulations and Enforcement; and City Engineer:1198
152	Valuation Service:1269
153	Waste Water Treatment:6230
154	Water Distribution:Water Distribution - 7220

62. Segment reporting (continued)

155	Water Distribution:Water Distribution - Assets
156	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.

	Basic services	Community services	Finance	Mayor and Council	Grand Total
Revenue	- 1,307,331,222.10	- 48,711,868.96	- 831,776,147.61	- 54,429,521.69	- 2,242,248,760
Exchange Revenue	- 1,271,669,121.05	35,746,594.02	- 68,900,568.53		- 1,304,823,096
Non-exchange Revenue	- 35,662,101.05	- 84,458,462.98	- 762,875,579.08	- 54,429,521.69	- 937,425,665
Expenditure	1,561,870,555.92	174,912,018.70	927,894,543.27	61,567,309.11	2,726,244,427
Gains and Losses	208.00		- 35,885,130.00		- 35,884,922
Assets	923,423,813.81	185,146,551.16	3,467,440,616.53	121,782,426.57	4,697,793,408
Current Assets	936,664,437.68	199,184,467.27	- 787,111,415.50	120,586,923.62	469,324,413
Non-current Assets	- 13,240,623.87	- 14,037,916.11	4,254,552,032.03	1,195,502.95	4,228,468,995
Liabilities	- 1,017,903,408.00	- 117,181,775.70	- 1,003,615,270.97	- 25,248,532.33	- 2,163,948,987
Current Liabilities	- 883,862,377.00	- 117,181,775.70	- 799,162,191.97	- 25,248,532.33	- 1,825,454,877
Non-current Liabilities	- 134,041,031.00		- 204,453,079.00		- 338,494,110
Net Assets	- 6,488,951.34	28,514,731.64	- 3,002,731,219.64	- 1,249,726.37	- 2,981,955,166
Segment Totals	153,570,996	222,679,657	- 478,672,608	102,421,955	-