



Rand West City Local Municipality
Audited Financial Statements
for the year ended June 30, 2023

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

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.
Mayoral committee	
Executive Mayor	Cllr. G. Khoza Cllr. D. Sithole Cllr. M. Jokazi
Councillors	Cllr. S. Bhembe (Ward 17) Cllr. M. Botha (Ward 09) Cllr. B. Dreyer (Ward 08) Cllr. G. Erasmus (Ward 04) Cllr. P. Erasmus (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. 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. Nkosi (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)
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 Local Economic Development: 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. Ndzapho MMC Roads, Transport and Stormwater: Cllr. D. Machaba MMC Parks, Cemeteries and Waste Management: Cllr. P. Mapena MMC Public Safety: Cllr. N. Molatlhegi

Rand West City Local Municipality

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General Information

Proportional Representative Councilors

Cllr. X. Batalisi
Cllr. F. Bergman
Cllr. C. Brough
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. Ramothhale
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

G. Mnisi

Registered office

Corner Sutherland & Pollock street
Randfontein
1760

Postal address

P. O. Box 218
Randfontein

Rand West City Local Municipality

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General Information

	1760
Bankers	First National Bank Ltd Standard Bank of South Africa Ltd Nedbank Ltd
Auditors	Auditor General of South Africa
Attorneys	Bhika Calitz Attorneys Fick Attorneys Geldenhuis Van Ryneveld Attorneys Legwale Attorneys Malatji Attorneys Motlatsi Seleke Attorneys Matseke Attorneys Naidoo and Associates Incorporated Attorneys Steyn and Steyn Attorneys Thaanyane Attorneys
Currency and rounding off	South African Rand (ZAR) rounding off to nearest rand
Website	www.randwestcity.gov.za
Telephone and Fax number	011 411 0000/011 693 1394

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

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The reports and statements set out below comprise the audited annual financial statements presented to the council and to Provincial Legislature::

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MPAC	Municipal Public Accounts Committee
MEC	Member of the Executive Council
SDL	Skills Development Levy
SARS	South African Revenue Services
MFMA	Municipal Finance Management Act No. 56 of 2003
mSCOA	Municipal Standard Chart of Accounts
LED	Local Economic Development
INEP	Intergrated Electrification Programme
MWIG	Municipal Water Infrastructure Grant
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
HSDG	Human Settlement Development Grant
FMG	Finance Management Grant
LG SETA	Local Government Sector Educational and Training Authority

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management No. Act 56 of 2003, to maintain adequate accounting records and is responsible for the content and integrity of the audited financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the audited financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the audited financial statements and was given unrestricted access to all financial records and related data.

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

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

The Accounting 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 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 1 July 2023 to June 30, 2024 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 records of the municipality, he is supported by the municipality's internal auditors.

The audited annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2023 and were signed by him:

Accounting Officer

Randfontein

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2023.

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 Demarcation Act, 1998 and operates in South Africa.

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

Net deficit of the municipality was 178,454,075 (2022: deficit 437,433,373).

2. Financial sustainability

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 see note 55 for details.

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

5. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant 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 financial statements are 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 Financial 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
T.C Ndlovu

Appointed Friday, July 1, 2022

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

9. Secretary

The secretarial function was performed by the Department of Corporate Support 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 Report on Corporate Governance for South Africa 2002. The Accounting Officer discusses the responsibilities of management in this respect, at committee meetings and monitors the municipality's compliance with the code on a three monthly basis.

11. Bankers

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

12. Auditors

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

Accounting Officer

Final Audited

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	250,467,913	106,076,609
Receivables from exchange transactions	4	269,395,853	283,610,027
Receivables from non-exchange transactions	5	57,881,729	45,845,260
Prepayments	6	1,636,775	1,728,350
Inventories	7	3,117,617	2,996,706
Long term receivables - current portion	8	2,400,216	2,232,941
Investments	9	5,342,214	4,900,255
		590,242,317	447,390,148
Non-Current Assets			
Long term receivables	8	1,893,046	2,106,269
Biological assets that form part of an agricultural activity	10	479,415	516,150
Investment property	11	294,613,397	304,003,636
Property, plant and equipment	12	4,179,891,616	4,100,496,786
Intangible assets	13	7,526,883	7,654,182
Heritage assets	14	3,904,117	3,904,117
		4,488,308,474	4,418,681,140
Non-Current Assets		4,488,308,474	4,418,681,140
Current Assets		590,242,317	447,390,148
Total Assets		5,078,550,791	4,866,071,288
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	2,015,679,421	1,753,940,583
Payables from non-exchange transactions	16	12,654,089	15,516,361
VAT payable	17	30,666,761	66,188,621
Unspent conditional grants and receipts	18	209,413,921	37,870,793
Consumer deposits	19	66,709,558	60,868,773
Finance lease obligation	20	-	1,365,078
Provisions	21	102,935	7,052,825
		2,335,226,685	1,942,803,034
Non-Current Liabilities			
Employee benefit obligation	22	176,508,510	176,468,000
Provisions	21	160,624,796	162,026,110
		337,133,306	338,494,110
Non-Current Liabilities		337,133,306	338,494,110
Current Liabilities		2,335,226,685	1,942,803,034
Total Liabilities		2,672,359,991	2,281,297,144
Assets		5,078,550,791	4,866,071,288
Liabilities		(2,672,359,991)	(2,281,297,144)
Net Assets		2,406,190,800	2,584,774,144
Revaluation reserve	23	1,308,969	1,308,969
Accumulated surplus		2,404,881,831	2,583,465,175
Total Net Assets		2,406,190,800	2,584,774,144

* See Note 52

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	1,312,190,912	1,217,205,578
Rental of facilities and equipment	25	2,948,717	2,043,359
Interest received - investment	27	15,115,256	3,921,496
Interest received - exchange transactions	28	69,842,689	30,825,166
Income from agency services	29	21,377,475	17,602,979
Other income	30	9,225,909	29,983,246
Total revenue from exchange transactions		1,430,700,958	1,301,581,824
Revenue from non-exchange transactions			
Property rates	31	334,805,158	255,696,288
Interest received - Non-exchange transactions	28	14,305,129	18,150,270
Transfer revenue			
Government grants & subsidies	32	750,917,135	653,443,808
Public contributions and donations	33	130,195	1,127,745
Fines	26	17,431,708	9,007,554
Total revenue from non-exchange transactions		1,117,589,325	937,425,665
		1,430,700,958	1,301,581,824
		1,117,589,325	937,425,665
Total revenue		2,548,290,283	2,239,007,489
Expenditure			
Employee related costs	34	(579,134,214)	(534,860,677)
Remuneration of councillors	35	(32,548,516)	(33,805,487)
Depreciation and amortisation	36	(173,945,324)	(216,827,572)
Impairment loss of assets	37	(22,974,423)	(160,836,405)
Finance costs	38	(153,892,986)	(114,307,051)
Debt Impairment	39	(300,063,886)	(202,148,771)
Bulk purchases	40	(1,121,812,798)	(1,043,968,540)
Contracted services	41	(118,642,322)	(159,287,065)
Transfers and Subsidies	42	(720,000)	(720,000)
General Expenses	43	(221,211,377)	(150,618,890)
Changes in existing decommissioning and restoration of landfill site	44	17,707,726	-
Total expenditure		(2,707,238,120)	(2,617,380,458)
		-	-
Total revenue		2,548,290,283	2,239,007,489
Total expenditure		(2,707,238,120)	(2,617,380,458)
Operating deficit		(158,947,837)	(378,372,969)
Gain or loss on disposal of assets and liabilities	45	(33,944,850)	(97,407,179)
Fair value adjustments	46	(9,013,475)	10,970,775
Actuarial gains/(losses)	22	23,452,087	27,376,000
		(19,506,238)	(59,060,404)
Operating surplus/deficit		(19,506,238)	(59,060,404)
Deficit before taxation		(178,454,075)	(437,433,373)
Taxation		-	-
Deficit for the year		(178,454,075)	(437,433,373)

* See Note 52

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at July 1, 2021	1,308,969	2,980,627,544	2,981,936,513
Changes in net assets			
Restated* Deficit for the year	-	(437,433,373)	(437,433,373)
Prior year adjustments	-	40,271,004	40,271,004
Total changes	-	(397,162,369)	(397,162,369)
Restated* Balance at July 1, 2022	1,308,969	2,583,335,906	2,584,644,875
Changes in net assets			
Deficit for the year	-	(178,454,075)	(178,454,075)
Total changes	-	(178,454,075)	(178,454,075)
Balance at June 30, 2023	1,308,969	2,404,881,831	2,406,190,800

Final Audited

* See Note 52

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Taxation		265,820,932	365,016,946
Sale of goods and services		1,240,914,126	949,165,062
Grants		922,460,263	643,887,038
Interest income		14,522,971	3,674,828
Other receipts		36,530,614	36,256,419
		<u>2,480,248,906</u>	<u>1,998,000,293</u>
Payments			
Employee costs		(622,843,217)	(582,805,746)
Suppliers		(1,420,193,519)	(1,033,160,108)
Finance costs		-	(713,556)
		<u>(2,043,036,736)</u>	<u>(1,616,679,410)</u>
Total receipts		2,480,248,906	1,998,000,293
Total payments		(2,043,036,736)	(1,616,679,410)
Net cash flows from operating activities	47	<u>437,212,170</u>	<u>381,320,883</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(293,158,550)	(340,049,089)
Proceeds from sale of investment property	12	362,250	2,077,711
Purchase of intangible assets	13	(450,000)	-
Decrease/(Increase) in long term receivables		425,434	(6,848,730)
Net cash flows from investing activities		<u>(292,820,866)</u>	<u>(344,820,108)</u>
Cash flows from financing activities			
Finance lease payments		-	(16,718,244)
Net increase/(decrease) in cash and cash equivalents		144,391,304	19,782,531
Cash and cash equivalents at the beginning of the year		106,076,609	86,294,078
Cash and cash equivalents at the end of the year	3	<u>250,467,913</u>	<u>106,076,609</u>

* See Note 52

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,449,343,000	20,078,000	1,469,421,000	1,312,190,912	(157,230,088)	61.01
Rental of facilities and equipment	2,513,000	525,000	3,038,000	2,948,717	(89,283)	61.02
Interest received - exchange transactions	69,173,000	1,000	69,174,000	69,842,689	668,689	61.03
Income from agency services	30,437,000	(1,000)	30,436,000	21,377,475	(9,058,525)	61.04
Other income	26,581,000	8,236,000	34,817,000	9,225,909	(25,591,091)	61.05
Interest received - investment	3,004,000	5,396,000	8,400,000	15,115,256	6,715,256	61.06
Total revenue from exchange transactions	1,581,051,000	34,235,000	1,615,286,000	1,430,700,958	(184,585,042)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	351,605,000	24,732,000	376,337,000	334,805,158	(41,531,842)	61.07
Licences and Permits (Non-exchange)	101,000	(41,000)	60,000	-	(60,000)	
Interest received - non exchange transactions	-	-	-	14,305,129	14,305,129	61.03
Transfer revenue						
Government grants & subsidies	662,949,000	268,884,000	931,833,000	750,917,135	(180,915,865)	61.08
Public contributions and donations	-	-	-	130,195	130,195	
Fines	11,480,000	9,016,000	20,496,000	17,431,708	(3,064,292)	61.09
Total revenue from non-exchange transactions	1,026,135,000	302,591,000	1,328,726,000	1,117,589,325	(211,136,675)	
Total revenue from exchange transactions	1,581,051,000	34,235,000	1,615,286,000	1,430,700,958	(184,585,042)	
Total revenue from non-exchange transactions	1,026,135,000	302,591,000	1,328,726,000	1,117,589,325	(211,136,675)	
Total revenue	2,607,186,000	336,826,000	2,944,012,000	2,548,290,283	(395,721,717)	
Expenditure						
Employee related costs	(599,519,000)	15,073,597	(584,445,403)	(579,134,214)	5,311,189	61.10
Remuneration of councillors	(29,134,000)	-	(29,134,000)	(32,548,516)	(3,414,516)	61.11
Impairment loss of assets	-	-	-	(22,974,423)	(22,974,423)	
Changes in existing decommissioning and restoration of landfill site	-	-	-	17,707,726	17,707,726	
Depreciation and amortisation	(187,856,000)	10,001,000	(177,855,000)	(173,945,324)	3,909,676	61.12
Finance costs	(46,879,000)	(1,070,000)	(47,949,000)	(153,892,986)	(105,943,986)	61.13
Debt Impairment	(239,900,000)	9,999,000	(229,901,000)	(300,063,886)	(70,162,886)	61.14
Bulk purchases	(945,373,000)	(185,716,000)	(1,131,089,000)	(1,121,812,798)	9,276,202	61.15
Contracted Services	(158,630,000)	36,603,500	(122,026,500)	(118,642,322)	3,384,178	61.16
Transfers and Subsidies	(720,000)	-	(720,000)	(720,000)	-	61.17

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
General Expenses	(182,522,000)	10,146,000	(172,376,000)	(221,211,377)	(48,835,377)	61.18
Total expenditure	(2,390,533,000)	(104,962,903)	(2,495,495,903)	(2,707,238,120)	(211,742,217)	
	2,607,186,000	336,826,000	2,944,012,000	2,548,290,283	(395,721,717)	
	(2,390,533,000)	(104,962,903)	(2,495,495,903)	(2,707,238,120)	(211,742,217)	
Operating surplus (deficit)	216,653,000	231,863,097	448,516,097	(158,947,837)	(607,463,934)	
Gain or loss on disposal of assets and liabilities	-	-	-	(33,944,850)	(33,944,850)	61.19
Fair value adjustments	-	-	-	(9,013,475)	(9,013,475)	61.20
Actuarial gains	-	-	-	23,452,087	23,452,087	
	-	-	-	(19,506,238)	(19,506,238)	
	216,653,000	231,863,097	448,516,097	(158,947,837)	(607,463,934)	
	-	-	-	(19,506,238)	(19,506,238)	
Deficit before taxation	216,653,000	231,863,097	448,516,097	(178,454,075)	(626,970,172)	
Surplus before taxation	216,653,000	231,863,097	448,516,097	(178,454,075)	(626,970,172)	
Taxation	-	-	-	-	-	
Surplus (deficit) for the year	216,653,000	231,863,097	448,516,097	(178,454,075)	(626,970,172)	

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	53,011,000	15,817,000	68,828,000	3,117,617	(65,710,383)	
Investments	-	-	-	5,342,214	5,342,214	
Receivables from non-exchange transactions	456,553,000	429,835,000	886,388,000	57,881,729	(828,506,271)	
Prepayments	-	-	-	1,636,775	1,636,775	
Consumer debtors	-	-	-	269,395,853	269,395,853	
Long term receivables - current portion	-	-	-	2,400,216	2,400,216	
Cash and cash equivalents	79,117,000	71,851,000	150,968,000	250,467,913	99,499,913	
	588,681,000	517,503,000	1,106,184,000	590,242,317	(515,941,683)	
Non-Current Assets						
Biological assets that form part of an agricultural activity	503,000	-	503,000	479,415	(23,585)	
Investment property	246,572,000	-	246,572,000	294,613,397	48,041,397	
Property, plant and equipment	-	-	-	4,179,891,616	4,179,891,616	
Intangible assets	6,415,000	-	6,415,000	7,526,883	1,111,883	
Heritage assets	3,904,000	-	3,904,000	3,904,117	117	
Long term receivables	-	-	-	1,893,046	1,893,046	
	257,394,000	-	257,394,000	4,488,308,474	4,230,914,474	
Non-Current Assets	257,394,000	-	257,394,000	4,488,308,474	4,230,914,474	
Current Assets	588,681,000	517,503,000	1,106,184,000	590,242,317	(515,941,683)	
Total Assets	846,075,000	517,503,000	1,363,578,000	5,078,550,791	3,714,972,791	
Liabilities						
Current Liabilities						
Payables from exchange transactions	315,117,000	526,480,000	841,597,000	2,015,679,417	1,174,082,417	
Payable S(non-exchange)	-	-	-	12,654,089	12,654,089	
Consumer deposits	58,635,000	-	58,635,000	66,709,558	8,074,558	
Unspent conditional grants and receipts	-	-	-	209,413,921	209,413,921	
Provisions	4,235,000	-	4,235,000	102,935	(4,132,065)	
VAT Payable	-	-	-	30,666,761	30,666,761	
	377,987,000	526,480,000	904,467,000	2,335,226,681	1,430,759,681	
Non-Current Liabilities						
Finance lease obligation	14,737,000	317,000	15,054,000	-	(15,054,000)	
Employee benefit obligation	344,265,000	-	344,265,000	176,508,510	(167,756,490)	
Provisions	-	-	-	160,624,796	160,624,796	
	359,002,000	317,000	359,319,000	337,133,306	(22,185,694)	
	377,987,000	526,480,000	904,467,000	2,335,226,681	1,430,759,681	
	359,002,000	317,000	359,319,000	337,133,306	(22,185,694)	
	-	-	-	-	-	
Total Liabilities	736,989,000	526,797,000	1,263,786,000	2,672,359,987	1,408,573,987	

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Assets	846,075,000	517,503,000	1,363,578,000	5,078,550,791	3,714,972,791	
Liabilities	(736,989,000)	(526,797,000)	(1,263,786,000)	(2,672,359,987)	(1,408,573,987)	
Net Assets	109,086,000	(9,294,000)	99,792,000	2,406,190,804	2,306,398,804	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1,309,000	-	1,309,000	1,308,969	(31)	
Accumulated surplus	107,777,000	(9,294,000)	98,483,000	2,404,881,831	2,306,398,831	
Total Net Assets	109,086,000	(9,294,000)	99,792,000	2,406,190,800	2,306,398,800	

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	491,584,000	(158,632,000)	332,952,000	248,823,244	(84,128,756)	
Sale of goods and services	1,523,991,000	(292,658,000)	1,231,333,000	1,045,855,601	(185,477,399)	
Grants	659,071,000	51,451,000	710,522,000	863,783,064	153,261,064	
Interest income	-	-	-	7,411,947	7,411,947	
Other receipts	47,036,000	94,034,000	141,070,000	25,905,910	(115,164,090)	
	2,721,682,000	(305,805,000)	2,415,877,000	2,191,779,766	(224,097,234)	
Payments						
Employee costs	(2,452,477,000)	287,804,000	(2,164,673,000)	(475,663,683)	1,689,009,317	
Suppliers	-	-	-	(1,299,858,836)	(1,299,858,836)	
Finance costs	(46,879,000)	1,267,000	(45,612,000)	(18,798)	45,593,202	
Transfers and grants	-	720,000	720,000	-	(720,000)	
	(2,499,356,000)	289,791,000	(2,209,565,000)	(1,775,541,317)	434,023,683	
Total receipts	2,721,682,000	(305,805,000)	2,415,877,000	2,191,779,766	(224,097,234)	
Total payments	(2,499,356,000)	289,791,000	(2,209,565,000)	(1,775,541,317)	434,023,683	
Net cash flows from operating activities	222,326,000	(16,014,000)	206,312,000	416,238,449	209,926,449	
Cash flows from investing activities						
Purchase of property, plant and equipment	-	-	-	(128,784,373)	(128,784,373)	
Purchase of investment property	-	-	-	12,524,353	12,524,353	
Decrease (increase) in long term receivables	-	-	-	5,077,971	5,077,971	
Net cash flows from investing activities	-	-	-	(111,182,049)	(111,182,049)	
Cash flows from financing activities						
Finance lease payments	(16,857,000)	17,000	(16,840,000)	(1,365,078)	15,474,922	
Net increase/(decrease) in cash and cash equivalents	205,469,000	(15,997,000)	189,472,000	303,691,322	114,219,322	
Cash and cash equivalents at the end of the year	205,469,000	(15,997,000)	189,472,000	303,691,322	114,219,322	
Reconciliation						

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

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 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.

A summary of the significant accounting policies applied in the preparation of these audited financial statements are set out below:

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Use of estimates

Management makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may by definition not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the 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 be reasonable under the circumstances. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

In the process of applying the 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:

Classification of leases

All arrangements 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.

Employee benefits including pension and other post-employment 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.

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.

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.3 Use of estimates (continued)

Provisions, landfill rehabilitation provision and Contingent liabilities

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

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Useful lives of property, plant and equipment and intangible assets

The useful lives 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.

Landfill sites

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and assumptions were made that the areas may stay the same in size for a number of years.

1.4 Budget information

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

The approved budget covers the fiscal period from 1 July 2022 to 30 June 2023.

The audited 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 municipality 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 the municipality 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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

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

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.

Property rates

Property rates receivables are taxes where economic benefits or service potential are payable to municipality, 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.

Traffic fines

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

Gauteng Department of Human Settlements

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

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.8 Inventories (continued)

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 Long-term and Current 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.

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.12 Investment property (continued)

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 of investment property

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.

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

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 unaudited annual financial statements (see note 11).

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

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

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.

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

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:

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.13 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Infrastructure	Straight-line	
• Roads and paving		5-80 years
• Electricity		10-50 years
• Water		10-40 years
• Sewerage		12-20 years
• Landfill site		15-30 years
Community	Straight-line	
• Buildings		30-60 years
• Recreational facilities		20-50 years
• Security		5 years
Other property, plant and equipment	Straight-line	
• Buildings		30-60 years
• Specialist vehicles		5-20 years
• Other vehicles		5-20 years
• Furniture and fittings		3-18 years
• Plant and machinery		2-20 years
• Bins and containers		3-18 years
• Office equipment		3-18 years
• Library books		5-25 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. Land is considered to have an unlimited life, therefore, land is not depreciated.

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

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

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

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

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

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

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

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

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

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

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:

Item	Depreciation method	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).

Rand West City Local Municipality

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Accounting Policies

1.14 Intangible assets (continued)

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.

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.

Rand West City Local Municipality

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Accounting Policies

1.15 Heritage assets (continued)

Derecognition

The municipality derecognises heritage assets 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 transactions

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 as 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 by 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, the 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, the entity 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.

Finance leases - 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.

Rand West City Local Municipality

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Accounting Policies

1.21 Leases (continued)

Finance leases - 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 - 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 - 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.

1.22 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.

1.23 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.

1.24 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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.24 Provisions and contingencies (continued)

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.

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

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.24 Provisions and contingencies (continued)

- 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.

1.25 Employee benefits

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.

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.25 Employee benefits (continued)

Defined benefit plans

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

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

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

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

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

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

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

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

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

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.

1.26 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.

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1.27 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.

Rand West City Local Municipality

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Accounting Policies

1.28 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.

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.

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.

Rand West City Local Municipality

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Accounting Policies

1.28 Revenue from exchange transactions (continued)

Rental of facilities and equipment

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

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

Interest

Interest received - investment

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

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%.

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.

Other income

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

Final Audited

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Accounting Policies

1.29 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.

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).

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.

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.

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.

1.30 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:

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.

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.

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.30 Expenditure (continued)

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 in which it occurs and reversed when the conditions of impairment assessment change.

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.

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.

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.

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.

Contracted services

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

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 rise to the transfer occurred.

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.

1.31 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.

1.32 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.

Rand West City Local Municipality

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Accounting Policies

1.33 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.

1.34 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.

1.35 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.

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.

1.36 Related parties

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

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

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

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

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

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

Rand West City Local Municipality

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Accounting Policies

1.36 Related parties (continued)

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

1.37 Comparative figures

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

1.38 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.

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.

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.

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.

Financial assets at cost

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

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.

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

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.

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.

1.40 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.

1.41 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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.42 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 economic entity'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.

1.43 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.

1.44 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Accounting Policies

1.45 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Final Audited

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
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2. New standards and interpretations

2.1 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:
Guideline: Guideline on accounting for Landfill sites	01 April 2023	The impact of the standard is not material
Guideline: Guideline on application of materiality to financial statements	01 April 2009	The impact of the standard is not material
GRAP 1(Amended): Presentation of Financial Statements	01 April 2023	The impact of the standard is not material

2.2 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 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> • GRAP 25 (as revised): Employee Benefits 	April 1, 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction 	April 1, 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> • GRAP 104 (as revised): Financial Instruments 	April 1, 2025	Unlikely there will be a material impact
<ul style="list-style-type: none"> • iGRAP 21: The Effect of Past Decisions on Materiality 	April 1, 2023	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	8,453,883	17,424,675
Short-term deposits	242,014,030	88,651,934
	250,467,913	106,076,609

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
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3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
FNB - Primary account - 62738742982	4,431,370	8,870,325	9,095,393	4,422,133	8,940,986	10,393,899
FNB - Consumers account - 62738744045	2,988,912	6,809,463	14,526,509	3,558,938	7,286,213	15,102,014
FNB - Licensing account - 62738744607	37,656	502,012	1,632,275	264,698	635,758	1,547,742
FNB - Fines account - 62738745811	175,992	18,099	19,706	195,309	18,099	16,851
FNB - Prepaid account - 62756388510	12,805	543,621	592,799	12,805	543,621	592,799
FNB - Call account - 62738951377	32,676,091	80,996,290	51,277,606	32,676,091	80,996,290	51,277,606
Investec - Call account	7,788,590	7,268,250	7,019,774	7,788,590	7,268,250	7,019,774
NEDCOR - Investment account - 11812875	-	70,881	68,605	-	70,881	68,605
NEDBANK - Investment account - 11987622	157,223	147,792	110,990	157,222	147,792	110,990
NEDBANK - Investment account - 19770842	-	84,279	81,595	-	84,279	81,595
STANDARD BANK - Investment account - 28633016	-	77,822	75,642	-	77,822	75,642
STANDARD BANK - Investment account - 328634174	-	6,618	6,561	-	6,618	6,561
FNB - HSDG	200,898,730	-	-	200,898,730	-	-
FNB - MIG	86,653	-	-	86,653	-	-
FNB - SRAC	116,457	-	-	116,457	-	-
FNB - WSIG	257,400	-	-	257,400	-	-
FNB - INEP	32,887	-	-	32,887	-	-
Total	249,660,766	105,395,452	84,507,455	250,467,913	106,076,609	86,294,078

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

The differences between the bank statement balances of R 249,660,766 and the cash book balances of R 250,467,913 is due to reconciling items.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
4. Receivables from exchange transactions		
Gross balances		
Electricity	435,892,975	217,318,737
Water	395,629,193	248,823,267
Sewerage	152,158,604	120,975,682
Refuse	149,538,715	114,955,962
VAT	117,087,027	98,181,173
Other (Rental, interest, reconnection fees)	84,109,682	366,824,081
	1,334,416,196	1,167,078,902
Less: Allowance for impairment		
Electricity	(329,742,128)	(89,029,568)
Water	(301,152,501)	(203,669,995)
Sewerage	(137,357,209)	(108,996,466)
Refuse	(137,591,256)	(108,352,559)
VAT	(98,984,938)	(80,346,382)
Other (Rental, interest, reconnection fees)	(60,192,311)	(293,073,905)
	(1,065,020,343)	(883,468,875)
Net balance		
Electricity	106,150,847	128,289,169
Water	94,476,692	45,153,272
Sewerage	14,801,395	11,979,216
Refuse	11,947,459	6,603,403
VAT	18,102,089	17,834,791
Other (Rental, interest, reconnection fees)	23,917,371	73,750,176
	269,395,853	283,610,027
Electricity		
Current (0 -30 days)	97,323,242	108,609,451
31 - 60 days	14,121,208	39,024,278
61 - 90 days	11,764,414	4,031,928
91 - 120 days	11,214,545	3,037,947
121 - 365 days	68,783,788	16,354,098
> 365 days	232,685,777	46,261,035
Less: Allowance for impairment	(329,742,127)	(89,029,568)
	106,150,847	128,289,169
Water		
Current (0 -30 days)	66,660,715	40,484,674
31 - 60 days	16,397,545	9,688,460
61 - 90 days	13,208,347	11,058,104
91 - 120 days	12,103,183	6,655,606
121 - 365 days	53,756,265	37,447,751
> 365 days	233,503,138	143,488,672
Less: Allowance for impairment	(301,152,501)	(203,669,995)
	94,476,692	45,153,272

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
4. Receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	9,036,912	10,471,724
31 - 60 days	4,143,724	3,362,717
61 - 90 days	3,886,715	3,207,500
91 - 120 days	3,733,609	2,994,273
121 - 365 days	27,793,191	23,009,699
> 365 days	103,564,454	77,929,769
Less: Allowance for impairment	(137,357,210)	(108,996,466)
	14,801,395	11,979,216
Refuse		
Current (0 -30 days)	7,118,455	5,808,417
31 - 60 days	4,054,698	3,692,587
61 - 90 days	3,743,594	3,183,675
91 - 120 days	3,553,033	2,927,399
121 - 365 days	24,930,782	18,706,343
> 365 days	106,138,153	80,637,541
Less: Allowance for impairment	(137,591,256)	(108,352,559)
	11,947,459	6,603,403
VAT		
Current (0 -30 days)	12,745,532	15,798,735
31 - 60 days	4,873,538	8,165,402
61 - 90 days	3,842,118	3,329,006
91 - 120 days	3,427,366	2,400,069
121 - 365 days	20,392,238	14,623,167
> 365 days	71,806,235	53,864,794
Less: Allowance for impairment	(98,984,938)	(80,346,382)
	18,102,089	17,834,791
Other (rental, interest, reconnection fees)		
Current (0 -30 days)	7,798,642	22,097,071
31 - 60 days	1,455,922	26,159,328
61 - 90 days	674,465	15,948,282
91 - 120 days	502,716	13,239,763
121 - 365 days	15,698,819	44,127,381
> 365 days	57,979,118	245,252,256
Less: Allowance for impairment	(60,192,311)	(293,073,905)
	23,917,371	73,750,176

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	58,544,051	114,183,224
31 - 60 days	34,033,888	29,254,893
61 - 90 days	30,296,999	27,189,648
91 - 120 days	30,598,323	19,925,095
121 - 365 days	182,331,720	130,650,404
> 365 days	689,936,740	552,629,154
	<u>1,025,741,721</u>	<u>873,832,418</u>
Less: Allowance for impairment	(915,439,134)	(723,281,767)
	110,302,587	150,550,651
Industrial/ commercial		
Current (0 -30 days)	49,284,814	85,196,673
31 - 60 days	10,040,449	55,150,634
61 - 90 days	5,870,013	8,619,554
91 - 120 days	3,097,011	10,403,217
121 - 365 days	16,378,841	18,780,892
> 365 days	83,045,761	67,949,180
	<u>167,716,889</u>	<u>246,100,150</u>
Less: Allowance for impairment	(109,307,636)	(132,332,462)
	58,409,253	113,767,688
National and provincial government		
Current (0 -30 days)	92,515,948	2,831,616
31 - 60 days	685,033	786,841
61 - 90 days	692,961	621,095
91 - 120 days	595,822	681,505
121 - 365 days	8,414,881	3,706,015
> 365 days	9,594,718	8,132,139
	<u>112,499,363</u>	<u>16,759,211</u>
Less: Allowance for impairment	(13,729,416)	(1,809,378)
	98,769,947	14,949,833
Other account types		
Current (0 -30 days)	338,685	1,058,559
31 - 60 days	287,265	4,900,404
61 - 90 days	259,680	4,328,197
91 - 120 days	243,295	245,241
121 - 365 days	4,229,641	1,131,128
> 365 days	23,099,657	21,146,709
	<u>28,458,223</u>	<u>32,810,238</u>
Less: Allowance for impairment	(26,544,156)	(26,045,268)
	1,914,067	6,764,970
Total		
Current (0 -30 days)	200,683,498	203,270,073
31 - 60 days	45,046,635	90,092,771
61 - 90 days	37,119,653	40,758,494
91 - 120 days	34,534,451	31,255,059
121 - 365 days	211,355,084	154,268,439
> 365 days	805,676,874	647,434,066

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
4. Receivables from exchange transactions (continued)		
	<u>1,334,416,195</u>	<u>1,167,078,902</u>
Less: Allowance for impairment	<u>(1,065,020,342)</u>	<u>(883,468,875)</u>
	<u>269,395,853</u>	<u>283,610,027</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(883,468,875)	(716,249,209)
Contributions to allowance	(181,551,468)	(167,219,666)
	<u>(1,065,020,343)</u>	<u>(883,468,875)</u>

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 continuously monitors consumers and identified groups by reference to average payment history and incorporates this information into its credit risk control. No external credit rating is performed.

Receivables from exchange transactions impaired

As of June 30, 2023, receivables from exchange transactions of R 1,334,416,196 (2022: R 1,167,078,902) were assessed for impairment and provided for.

The amount of the allowance for impairment was R 1,065,020,343 as of June 30, 2023 (2022: R 883,468,875).

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

5. Receivables from non-exchange transactions

Fines	2,118,766	2,141,695
Property rates	55,762,963	43,703,565
	<u>57,881,729</u>	<u>45,845,260</u>

Receivables from non-exchange transactions pledged as security

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

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
5. Receivables from non-exchange transactions (continued)		
Credit quality of receivables from non-exchange transactions		
The credit quality of receivables from non-exchange transactions 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.		
Receivables from non-exchange transactions past due but not impaired:		
As of 30 June 2023, receivables from non-exchange transactions of R 57,881,729 (2022: R 45,845,260) were assessed for impairment and provided for:		
Receivables from non-exchange transactions		
The ageing of receivables in respect to property rates is as follows:		
Current (0 -30 days)	20,101,291	21,109,681
31 - 60 days	8,300,295	6,775,429
61 - 90 days	7,513,782	8,719,225
91 - 120 days	6,887,189	10,846,473
121 - 365 days	59,818,204	29,574,042
>365 days	139,843,692	113,054,141
Less: Allowance for impairment	(186,701,490)	(146,375,426)
	55,762,963	43,703,565
Summary of receivables from property rates by customer classification		
Current (0 -30 days)	11,156,747	8,883,292
31 - 60 days	5,354,296	3,663,978
61 - 90 days	4,954,502	5,443,580
91 - 120 days	4,335,645	3,304,786
121 - 365 days	30,011,187	22,276,458
>365 days	91,173,396	64,262,942
Less: Allowance for impairment	(125,889,431)	(103,594,818)
	21,096,342	4,240,218
Industrial / commercial		
Current (0 -30 days)	7,723,315	12,086,400
31 - 60 days	2,298,083	2,984,494
61 - 90 days	1,913,197	3,148,874
91 - 120 days	1,908,967	7,415,415
121 - 365 days	9,532,167	6,531,096
>365 days	37,656,882	14,441,423
Less: Allowance for impairment	(47,833,588)	(41,930,581)
	13,199,023	4,677,121
National and provincial government		
Current (0 -30 days)	1,221,228	139,989
31 - 60 days	647,916	126,957
61 - 90 days	646,082	126,771
91 - 120 days	642,577	126,272
121 - 365 days	20,274,850	766,488
>365 days	11,013,416	34,349,777
Less: Allowance for impairment	(12,978,471)	(850,027)
	21,467,598	34,786,227
Reconciliation of allowance for impairment		
Opening balance	(146,375,426)	(116,311,131)

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
5. Receivables from non-exchange transactions (continued)		
Contribution to Allowance	(40,326,064)	(30,064,295)
	(186,701,490)	(146,375,426)
Traffic Fines		
Reconciliation of gross balance to net balances		
Receivables from traffic fines	28,877,210	16,063,469
Less: Allowance for Impairment	(26,758,444)	(13,921,774)
	2,118,766	2,141,695
Reconciliation of allowance for impairment		
Opening balance	(13,921,774)	(13,006,868)
Contribution to allowance	(12,836,670)	(914,906)
	(26,758,444)	(13,921,774)
Summary of allowance for impairment in the Statement of Financial Performance		
Property rates	(40,326,064)	(30,064,295)
Traffic fines	(12,836,670)	(914,906)
	(53,162,734)	(30,979,201)
6. Prepayments		
	1,636,775	1,728,350

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 5 646 873 (VAT Inclusive) which covers the periods from 1 November 2022 to 31 October 2023 and the total annual payment was made to the insurer hence the prepayment of R 1 636 775 which relates to the period of 1 July 2023 to 31 October 2023.

7. Inventories

Water	510,109	713,352
Milk	1,607	1,092
Consumable stores	2,605,901	2,282,262
	3,117,617	2,996,706

Inventory pledged as security

No inventory was pledged as security for facilities.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
8. Long term receivables		
Consumer receivables with long term arrangements	4,293,262	4,339,210
Reconciliation of gross balances to net balances		
Long term receivables	15,844,488	16,269,921
Allowance for impairment	(11,551,226)	(11,930,711)
	4,293,262	4,339,210
Reconciliation of allowance for impairment		
Opening balance	(11,930,711)	(7,065,893)
Decrease or (increase) in allowance for impairment	379,485	(4,864,818)
	(11,551,226)	(11,930,711)
Non-current portion	1,893,046	2,106,269
Current portion	2,400,216	2,232,941
	4,293,262	4,339,210
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 2023 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 2023, long term receivables of R 15 844 488 (2022: R 16 269 921) were assessed for impairment and provided for. The amount of provision was R 11 551 226 as of 30 June 2023 (R 2022: R 11 930 711).		
9. Investments		
Residual interest at cost		
Bonds	5,342,214	4,900,255
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 441 959 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	5,342,214	4,900,255
Financial assets pledged as collateral		
Collateral		
The above investment is not pledged as security on any borrowings.		

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

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10. Biological assets that form part of an agricultural activity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	479,415	-	479,415	516,150	-	516,150

Reconciliation of biological assets that form part of an agricultural activity - 2023

	Opening balance	Movement for the year	Total
Dairy cattle	516,150	(36,735)	479,415

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	6,045	516,150

Details of biological assets

Cows in production	11	19
Cows not in production	3	6
Heifers	16	16
Calves	32	22
Bulls	1	1
	63	64

Reconciliation of cows during 2023

	Opening Balance	Death	Sales	Birth/other changes	Total
Cows in production	19	(5)	(4)	1	11
Cows not in production	6	(1)	-	(2)	3
Heifers	16	(1)	-	1	16
Calves	22	(1)	-	11	32
Bulls	1	-	-	-	1
Subtotal	64	(8)	(4)	11	63
	64	(8)	(4)	11	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 increased from 64 cows in 2022 to 63 cows in 2023 as a result of the above stated number of deaths(8), additions and other changes of (11) cows and sales(4).

Pledged as security

No biological assets were pledged as security for liabilities.

Rand West City Local Municipality

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

Details of valuation

The effective date of the valuation was 30 June 2023. 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 where cows are verified and assessed on an individual basis.

The nature of the biological assets in cows held for milk production at 30 June 2023 produced an output of 315 litres of milk selling at R 5,10 per litre.

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Rand West City Local Municipality

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11. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	294,613,397	-	294,613,397	304,003,636	-	304,003,636

Reconciliation of investment property - 2023

	Opening balance	Disposals	Reclassification	Fair value adjustments	Total
Investment property	304,003,636	(48,822)	(229,662)	(9,111,755)	294,613,397

Reconciliation of investment property - 2022

	Opening balance	Disposals	Reclassification	Fair value adjustments	Total
Investment property	316,359,186	(29,742,295)	6,412,507	10,974,238	304,003,636

Details of property

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

Details of valuation

The effective date of the revaluations was 30 June 2023. Revaluations were performed by an independent valuer, Mr Tinus J Nel - Professional Valuer 2SACPVP (6990/2) registered with South African Council for Property Valuer Profession (SACPVP) as a professional 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.

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12. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	898,567,670	(58,327,691)	840,239,979	900,507,810	(58,556,091)	841,951,719
Buildings	428,932,561	(381,452,510)	47,480,051	427,617,966	(378,520,445)	49,097,521
Infrastructure	7,297,143,988	(4,226,609,298)	3,070,534,690	7,040,373,546	(4,087,983,957)	2,952,389,589
Community	573,013,191	(406,781,907)	166,231,284	581,097,582	(397,782,516)	183,315,066
Leased assets	-	-	-	50,137,342	(26,023,702)	24,113,640
Library books	14,987,810	(12,319,454)	2,668,356	14,568,042	(12,321,479)	2,246,563
Other property, plant and equipment	141,587,021	(88,849,765)	52,737,256	130,984,824	(83,602,136)	47,382,688
Total	9,354,232,241	(5,174,340,625)	4,179,891,616	9,145,287,112	(5,044,790,326)	4,100,496,786

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Donations	Assets derecognised	Reclassification	Depreciation	Impairment loss	Total
Land	841,951,719	-	-	(1,711,740)	229,661	-	(229,661)	840,239,979
Buildings	49,097,521	2,570,613	-	(186,282)	-	(3,762,075)	(239,726)	47,480,051
Infrastructure	2,952,389,589	293,245,408	-	(13,493,031)	(185,504)	(143,926,053)	(17,495,719)	3,070,534,690
Community	183,315,066	592,164	-	(674,283)	185,504	(12,452,476)	(4,734,691)	166,231,284
Leased assets	24,113,640	-	-	(18,750,420)	-	(5,363,220)	-	-
Library books	2,246,563	869,369	-	(24,303)	-	(423,273)	-	2,668,356
Other property, plant and equipment	47,382,688	13,595,008	130,195	(655,081)	-	(7,440,928)	(274,626)	52,737,256
	4,100,496,786	310,872,562	130,195	(35,495,140)	229,661	(173,368,025)	(22,974,423)	4,179,891,616

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Donations	Assets derecognised	Reclassificatio n	Provision adjustment	Depreciation	Impairment loss	Total
Land	929,174,012	585,901	-	(53,018,266)	(6,412,507)	-	-	(28,377,421)	841,951,719
Buildings	65,519,527	8,650	-	(9,600,712)	-	-	(4,673,171)	(2,156,773)	49,097,521
Infrastructure	2,936,291,006	379,703,731	-	(5,076,504)	-	(19,596,249)	(181,585,331)	(157,347,064)	2,952,389,589
Community	197,890,872	942,521	-	(88,434)	-	-	(13,759,831)	(1,670,062)	183,315,066
Leased assets	32,702,001	-	-	-	-	-	(8,588,361)	-	24,113,640
Library books	1,697,281	837,081	-	-	-	-	(287,799)	-	2,246,563
Other property, plant and equipment	49,678,655	6,058,956	1,013,663	(2,667,698)	-	-	(7,038,383)	337,495	47,382,688
	4,212,953,354	388,136,840	1,013,663	(70,451,614)	(6,412,507)	(19,596,249)	(215,932,876)	(189,213,825)	4,100,496,786

Pledged as security

No property, plant and equipment was pledged as security.

Assets subject to finance lease (Net carrying amount)

Leased assets - motor vehicles and compactors - 24,113,640

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

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12. Property, plant and equipment (continued)

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

Property, plant and equipment Under Construction 2023, accumulated expenditure included in carrying value of property, plant and equipment

	Included within Infrastructure assets	Included within Community assets	Total
Opening balance	219,177,117	828,438	220,005,555
Additions	254,489,990	-	254,489,990
Correction of misallocation	(32,132,650)	-	(32,132,650)
Capitalised	(58,613,109)	-	(58,613,109)
	382,921,348	828,438	383,749,786

Property, plant and equipment Under Construction 2022, accumulated expenditure included in carrying value of property, plant and equipment

	Included within Infrastructure	Included within Community	Total
Opening balance	220,810,573	3,683,869	224,494,442
Additions	220,390,773	-	220,390,773
Capitalised	(222,024,229)	-	(222,024,229)
Correction of errors	-	(2,855,431)	(2,855,431)
	219,177,117	828,438	220,005,555

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Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
12. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected:		
1215 Construction of Old Mohlakeng Roads Ext 11 phase 4	-	1,565,217
Outdoor facilities: Construction of Toekomsrus stadium - upgrading of Toekomsrus stadium	19,363,961	19,363,961
Outfall sewers: Rehabilitation of sewer networks in Mohlakeng and Toekomsrus	1,951,171	1,951,171
Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs	8,458,268	8,458,268
Water supply in greater Randwest 7220 roads	-	4,284,657
Roads: construction of Brandeg road	1,190,436	-
Storm water conveyance: upgrading of storm water Mohlakeng and Toekomsrus	1,563,673	-
Roads: 1215 construction of roads and stormwater in Badirile Phase 3	125,249	-
Portion dev of Middelvles/Luipardvlei (Mohlakeng North ext	32,132,650	-
Zuurbekom multi-purpose sports&recreation community centre (soccer facility)	828,438	-
LV Networks: electrification of Mohlakeng ext 5	46,094,196	-
	111,708,042	35,623,274

1215 construction of old Mohlakeng roads in Ext 11 phase 4 with a carrying value of R 1,565,217 - no budget allocation.

Outdoor facilities: construction of Toekomsrus stadium: upgrading Toekomsrus stadium renewal with a carrying value of R 19,363,961 - contractor left the project site before completion and in the 2022/23 financial year a new contractor was appointed.

Outfall sewers: rehabilitation of sewer networks in Mohlakeng and Toekomsrus with a carrying value of R 1,951,171 - no budget allocation.

Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs with a carrying value of R 8,458,268 - no budget allocation.

Water supply in greater Randwest 7220 with a carrying value of R 4,284,657 - no budget allocation.

Roads: Construction of Brandeg road with a carrying value of R 1,190,436 - budget constraints.

Storm water conveyance: upgrading of storm water Mohlakeng and Toekomsrus with a carrying value of R 1,563,673 - budget constraints.

Roads: 1215 construction of roads and stormwater in Badirile phase 3 with a carrying value of R 125,249 - budget constraints.

Portion dev of Middelvles/Luipardvlei (Mohlakeng north ext) with a carrying value of R 32,132,650 - budget constraints.

Zuurbekom multi-purpose sports&recreation community centre (soccer facility) with a carrying value of R 828,438 - budget constraints.

LV networks: electrification of Mohlakeng ext 5 with a carrying value of R 46,094,196 - budget constraints.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

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12. Property, plant and equipment (continued)

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

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	61,568	5,518,342
Community assets	1,126,060	1,113,424
Infrastructure assets	36,632,015	42,206,730
Other property, plant and equipment	3,234,040	27,814,888
	41,053,683	76,653,384

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Rand West City Local Municipality

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13. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6,242,773	(4,861,936)	1,380,837	5,740,880	(4,232,744)	1,508,136
Servitudes	6,146,046	-	6,146,046	6,146,046	-	6,146,046
Total	12,388,819	(4,861,936)	7,526,883	11,886,926	(4,232,744)	7,654,182

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	1,508,136	450,000	(577,299)	1,380,837
Servitudes	6,146,046	-	-	6,146,046
	7,654,182	450,000	(577,299)	7,526,883

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

Rand West City Local Municipality

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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 there was R 450 000 of computer software was added.

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.

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14. Heritage assets

	2023			2022		
	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 2023

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

Reconciliation of heritage assets 2022

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

Pledged as security

No heritage assets pledged as security.

Rand West City Local Municipality

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Figures in Rand	2023	2022 Restated*
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.		
15. Payables from exchange transactions		
Trade payables	1,755,421,693	1,574,498,161
Retention monies payable	32,919,381	33,022,569
Payroll accruals	24,408,377	30,339,359
Accrued leave	42,458,117	48,948,707
Accrued bonus (13th cheque)	10,657,236	10,138,323
Payments received in advance	10,089,255	11,075,787
Consumer debtors with credit balances	139,725,362	45,917,677
	2,015,679,421	1,753,940,583
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	12,654,089	15,516,361
17. VAT payable		
VAT payable	30,666,761	66,188,621
18. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Municipal Infrastructure Grant	-	3,454,512
Gauteng Department of Human Settlements Grant	196,960,759	10,977,686
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
Energy Efficiency and Demand Side Management Grant	-	1,670
	209,413,921	37,870,793

Rand West City Local Municipality

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Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
18. Unspent conditional grants and receipts (continued)		
See note 32 for reconciliation of grants from National/Provincial Government.		
19. Consumer deposits		
Electricity and water	65,715,595	60,318,316
Rental of facilities	993,963	550,457
	66,709,558	60,868,773
20. Finance lease obligation		
Minimum lease payments due		
- within one year	-	1,382,851
less: future finance charges	-	(17,773)
Present value of minimum lease payments	-	1,365,078
Present value of minimum lease payments due		
- within one year	-	1,365,078

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 contingent 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.

The amount of R 1,365,078 opening balance for Kwane fleet was derecognised as a result of a warrant of execution - Refer to note 40.

Rand West City Local Municipality

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21. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Total
Landfill site	162,026,110	-	-	(1,401,314)	160,624,796
Performance bonuses	4,052,825	-	(4,052,825)	-	-
Sewerage pollution repairs	3,000,000	-	(3,000,000)	-	-
Minor claims	-	102,935	-	-	102,935
	169,078,935	102,935	(7,052,825)	(1,401,314)	160,727,731

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
Performance bonuses	4,052,825	-	-	-	4,052,825
Sewerage pollution repairs	-	3,000,000	-	-	3,000,000
	181,154,935	3,000,000	(29,310,573)	14,234,573	169,078,935

Non-current liabilities	160,624,796	162,026,110
Current liabilities	102,935	7,052,825
	160,727,731	169,078,935

Landfill site provision

The valuation was done by Seakle Godschalk who is a professional environmental scientist from Environment 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 Environmental Scientists. The current expected remaining useful life of the landfill is estimated at 6 years and 3 years for the Libanon and Uitvalfontein landfills respectively.

Performance bonuses provision

During the financial year the council has approved performance assessment of the sec 56 and sec 57 managers and as per the panel scoring no managers were qualifying for performance bonus payment. This assessment resulted in the reversal of the prior year's performance bonus which was provided for.

Minor claims provision

The municipality has recognised minor claims for damages which are below R 30 000 due to the trend of likely paying them out.

Sewerage pollution repairs provision

During the 2021/2022 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 Environmental Management Act.

As per the plea agreement dated 17 May 2022 the municipality was sentenced to utilise the imposed fine of R 3 million on or before 1 September 2022 for the urgent and necessary repairs of all the identified equipment. The plea agreement further suspends for 5 years an amount of R 7 million on condition including but not limited to that the municipality utilises the R 3 million on repairs for sewerage pollution.

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21. Provisions (continued)

Subsequently in the current financial year the municipality has spent R 4 993 596 inclusive of VAT towards urgent repairs and maintenance of the sewer treatment plant. The provision has been reversed as a result of adhering to the plea agreement.

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 2023 and its purpose is to enable the Municipality to provide appropriate disclosure in their Financial Statements in respect of this liability.

The valuation was performed by D.T Mureriwa who is a fellow member of the Actuarial Society of South Africa (ASSA) and a fellow member of the faculty of Actuaries in his capacity as a consulting Actuary of One Pangaea. Mr. D.T Mureriwa is an independent valuer and is not connected to the municipality.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded (PEMA)	(151,158,790)	(152,076,000)
Present value of the defined benefit obligation-partly or wholly funded (LSA)	(25,349,720)	(24,392,000)
	(176,508,510)	(176,468,000)

Post retirement medical benefits:

The Municipality 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.

At the valuation date individuals entitled to a post retirement medical aid subsidy were:

In-service (employee) members	946	963
In-service (employee) non-members	-	153
Continuation (retiree and widow)	126	100

The current service cost are estimated at R 7 333 000 for the current financial year ending 30 June 2023 (2022: R 7 333 000)

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

Opening balance	152,076,000	160,570,000
Benefits paid	(4,167,000)	(4,908,000)
Net expense recognised in the statement of financial performance	3,249,790	(3,586,000)
	151,158,790	152,076,000

Rand West City Local Municipality

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Figures in Rand	2023	2022 Restated*
22. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	7,333,000	7,333,000
Interest cost	16,181,000	16,181,000
Actuarial (gains) losses	(20,264,210)	(27,100,000)
	3,249,790	(3,586,000)

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Figures in Rand	2023	2022 Restated*
22. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Health care cost inflation	9.82 %	8.44 %
Discount rates used	13.85 %	11.83 %
Net discount rate	3.67 %	3.13 %
The average retirement age used in years was	62	62
Consumer Price Inflation	8.32 %	6.94 %
Long service awards liability:		
The municipality offers employees a long service bonus for every 5 years of completed service from 10 years to 45 years. 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 2023 1121 employees (30 June 2022:1116) were eligible for long service awards. The current service cost for the financial year ended 30 June 2023 is estimated to be R 1 978 997(30 June 2022: R 2 944 000).		
Key assumptions used at the reporting date:		
Discount rate used	11	11
Salary increase rate	6	7
Net effective discount rate	4	3
Consumer Price Index	5	6
	-	-
Changes in the present value of the long service award obligation are as follows:		
Opening balance	24,392,000	33,806,000
Benefits paid	(350,000)	(5,114,000)
Net expense recognised in the statement of financial performance	1,307,720	(4,300,000)
	25,349,720	24,392,000
Net expense of the long service awards obligation recognised in the statement of financial performance:		
Current service cost	1,978,997	2,944,000
Change in earnings basis	-	(9,827,000)
Interest cost	2,516,600	2,859,000
Actuarial (gains)/Losses	(3,187,877)	(276,000)
	1,307,720	(4,300,000)
Actuarial (losses)/gains reconciliation		
Post retirement medical benefits	20,264,210	27,100,000
Long service awards	3,187,877	276,000
	23,452,087	27,376,000
23. Revaluation reserve		
The revaluation reserve increases or decreases based on the revaluations of the heritage assets. see note 14.		

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
23. Revaluation reserve (continued)		
Heritage assets	1,308,969	1,308,969
24. Service charges		
Sale of electricity	744,818,818	748,669,234
Sale of water	360,825,108	297,879,780
Sewerage and sanitation charges	103,309,754	90,618,997
Refuse removal	103,237,232	80,037,567
	1,312,190,912	1,217,205,578
25. Rental of facilities and equipment		
Premises		
Rental of buildings	2,087,076	849,390
Rental of facilities	241,444	989,730
Rental of land	620,197	204,239
	2,948,717	2,043,359
26. Fines, Penalties and Forfeits		
Traffic Fines	17,431,708	9,007,554
27. Interest received - investment		
Interest revenue		
Interest received - investment	15,115,256	3,921,496
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 - outstanding debtors		
Interest received - exchange transactions	69,842,689	30,825,166
Interest received - non-exchange transactions	14,305,129	18,150,270
	84,147,818	48,975,436

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	21,377,475	17,602,979
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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 jurisdiction.

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 21,377,475 (2022: R 17 602 979).

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

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
29. Income from agency services (continued)		
Reconciliation of the carrying amount of payables		
Amounts collected on behalf of and paid to the principal	62,866,724	70,411,916
30. Other income		
Unclaimed monies	-	9,315,912
Building plan fees	1,827,231	3,183,052
Burial fees	2,100,059	2,385,556
Recovery monies (penalties lost items - library)	4,681	4,133
Commission earned	315,249	-
Copies income	87,721	76,017
Farming income	304	350
Staff parking	71,028	262,857
Tender documents	68,262	75,795
Sundry surpluses	6,047	100,512
Valuation fees	12,449	3,381
Clearance certificates	1,569,915	1,583,555
Administration fees	2,155,039	60,267
Licences and permits	63,149	49,035
Landfill site income	-	2,743
Membership fees	89,568	84,581
Advertising	298,707	(53,969)
Consent use revenue	-	522
Insurance claims	379,887	381,980
Decrease in legal proceedings provision	-	12,221,289
Entrance fees	23,728	53,705
Weigh bridge	152,885	191,973
	9,225,909	29,983,246

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Rand West City Local Municipality

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Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
31. Property rates		
Rates received		
Assessment rates	401,413,557	377,375,755
Less: Income forgone (rebates)	(66,608,399)	(121,679,467)
	334,805,158	255,696,288
Valuations		
Residential	14,089,273	13,988,283
Business and commercial	2,593,793	2,445,918
Government	1,533,654	1,424,452
Agricultural	1,342,876	1,327,949
Vacant land	160,880	259,512
	19,720,476	19,446,114

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.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
32. Government grants & subsidies		
Operating grants		
Equitable share	393,069,184	343,039,000
Municipal Infrastructure Grant	2,328,923	2,022,490
Finance Management Grant	2,300,000	2,200,000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	41,766,000	31,000,000
Skills Development Grant	2,339,611	2,587,857
Expanded Public Works Programme	3,878,000	2,933,000
Gauteng Department of Corporative Governance Grant	-	1,000,000
Aids District Programme	4,802,003	2,992,160
	450,483,721	387,774,507
Capital grants		
Municipal Infrastructure Grant	102,088,077	90,964,997
Municipal Water Infrastructure Grant	77,939,410	54,657,302
Integrated National Electrification Programme	31,089,000	22,800,000
Gauteng Department of Human Settlement Grant	85,316,927	93,247,095
Energy Efficiency and Demand Side Management Grant	4,000,000	3,999,907
	300,433,414	265,669,301
Operating grants	450,483,721	387,774,507
Capital grants	300,433,414	265,669,301
	750,917,135	653,443,808
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		
Balance unspent at beginning of year	3,454,512	-
Current-year receipts	104,417,000	96,442,000
Conditions met - transferred to operational revenue	(2,328,923)	(2,022,490)
Conditions met - transferred to capital revenue	(102,088,077)	(90,964,998)
Roll over not approved	(3,454,512)	-
	-	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	2,300,000	2,200,000
Conditions met - transferred to revenue	(2,300,000)	(2,200,000)
	-	-

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).

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
32. Government grants & subsidies (continued)		
Integrated National Electrification Programme		
Current-year receipts	31,089,000	22,800,000
Conditions met - transferred to revenue	(31,089,000)	(22,800,000)
	-	-
The purpose of this grant is to address the electrification backlog of permanently occupied residential dwellings.		
Gauteng Department of Human Settlement Grant		
Balance unspent at beginning of year	10,977,686	34,224,781
Current-year receipts	271,300,000	70,000,000
Conditions met - transferred to revenue	(85,316,927)	(93,247,095)
	196,960,759	10,977,686
The purpose of this grant is to provide funding for the creation of sustainable human settlements.		
Conditions still to be met - remain liabilities (see note 18).		
Municipal Water Infrastructure Grant		
Balance unspent at beginning of year	10,000,000	-
Current-year receipts	69,439,410	68,429,589
Conditions met - transferred to revenue	(77,939,410)	(58,429,589)
Roll over not approved	(1,500,000)	-
	-	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		
Current-year receipts	41,766,000	31,000,000
Conditions met - transferred to revenue	(41,766,000)	(31,000,000)
	-	-
The purpose of this grant is to support the municipality with its administration of libraries.		
Gauteng Department of Social Development Grant		
Balance unspent at beginning of year	8,462,946	8,462,946
The purpose of the grant is to promote social development within the communities.		
Conditions still to be met - remain liabilities (see note 18).		
Public Contribution		
Balance unspent at beginning of year	3,990,216	3,990,216
The purpose of public contribution is to assist in minimising infrastructure backlogs.		
Conditions still to be met - remain liabilities (see note 18).		

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
32. Government grants & subsidies (continued)		
Aids District Programme		
Balance unspent at beginning of year	983,763	748,043
Current-year receipts	3,818,240	3,227,880
Conditions met - transferred to revenue	(4,802,003)	(2,992,160)
	<u>-</u>	<u>983,763</u>

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	3,878,000	2,933,000
Conditions met - transferred to revenue	(3,878,000)	(2,933,000)
	<u>-</u>	<u>-</u>

The purpose of this 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	2,339,611	2,587,857
Conditions met - transferred to revenue	(2,339,611)	(2,587,857)
	<u>-</u>	<u>-</u>

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	1,670	1,577
Current-year receipts	4,000,000	4,000,000
Conditions met - transferred to revenue	(4,000,000)	(3,999,907)
Roll over not approved	(1,670)	-
	<u>-</u>	<u>1,670</u>

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

33. Public contributions and donations

Property, plant and equipment	<u>130,195</u>	<u>1,127,745</u>
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During the financial year the following donations amounting to R 130,195 were received:

Gauteng Department of Sport, Arts, Culture and Recreation:

- 15 Draughtman Chairs amounting to a total of R 45,000
- 6 Study cubicles amounting to a total of R 26,760
- 3 Xbox gaming hardware amounting to a total of R 29,850
- 3 Xbox rechargeable controllers amounting to a total of R 6,300

High Voltages System Engineers:

- 5 television sets amounting to a total of R 22,285

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Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
34. Employee related costs		
Basic	364,355,554	335,105,379
Bonus (13th cheque)	26,746,821	26,334,159
Medical aid - company contributions	37,455,092	36,252,342
UIF	2,412,274	2,686,888
SDL	4,904,166	4,719,866
Leave pay	1,997,657	6,247,410
Defined contribution plans	62,841,833	61,605,779
Travel allowances	20,124,317	19,559,824
Overtime payments	30,906,068	30,732,784
Acting allowances	5,855,707	9,867,751
Housing benefits and allowances	3,467,092	3,356,115
Leave pay provision charge	-	(24,044,326)
Cellphone allowances	1,768,352	1,452,215
Sundry allowances	10,019,617	15,083,847
Standby allowances	3,128,282	3,019,570
Group insurance	3,151,382	2,881,074
	579,134,214	534,860,677
Remuneration of Municipal Manager: Mr. T.C Ndlovu (T. Goba)		
Annual Remuneration	1,131,635	1,447,025
Car Allowance	180,000	110,000
Performance Bonuses	-	28,875
Contributions to UIF, Medical and Pension Funds	-	13,806
Leave pay	-	355,214
Cellphone allowance	24,000	-
Skills	12,996	-
	1,348,631	1,954,920
The Municipal Manager was appointed on 01 July 2022 to date.		
Remuneration Chief Financial Officer: Mr. G Mnisi (Ms. N Madonsela Acting)		
Annual Remuneration	668,874	904,979
Car Allowance	476,486	206,274
Cellphone allowance	15,000	19,396
Contributions to UIF, Medical and Pension Funds	-	24,701
Acting allowance	-	73,119
Bonus	-	76,058
Back pay	4,391	66,745
Skills and bargain levy	9,241	-
	1,173,992	1,371,272
In the current financial year Ms. Naledi Madonsela has been the acting CFO from 01 July 2022 to September 2022 and has been paid acting allowance of R 34 203.		
Included in the CFO's Annual Salary is a back pay of R 4 391 and and a short pay of R 57 178.		
Remuneration of Executive Infrastructure Services: Mr. B. Nkambule		
Annual Remuneration	1,185,133	1,178,642
Car Allowance	279,151	248,817
Cellphone allowance	28,200	25,200
Skills and bargain levy	14,508	14,334
Leave pay	226,024	-
Bonus	20,340	-
	1,753,356	1,466,993

Rand West City Local Municipality

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Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
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34. Employee related costs (continued)

The executive manager Infrastructure was appointed on 04 August 2016 to date.

Remuneration of Executive Manager Corporate Support Services: Ms R Mokebe (Mr. L.M Nkele)

Annual Remuneration	412,204	1,229,039
Car Allowance	150,924	96,000
Cellphone allowance	7,500	25,200
Skills and bargain levy	5,456	14,025
Bonus	-	118,955
Acting allowance	-	158,264
	576,084	1,641,483

In the current financial year the Executive Manager Corporate Support Services Mr. Marks Nkele was within the service of the council from 01 July 2022 until 31 January 2023 and had been acting in the capacity as Municipal Manager and was paid total amount of R 1 267 550.

From 01 February 2023, Ms R Mokebe joined the council as Executive Manager: Corporate Support Services and has been paid a total amount of R 576 084.

Remuneration of Chief Operating Officer: Mr. M.B Machaba (Mr. L. Steyn)

Annual Remuneration	435,386	1,280,345
Car Allowance	150,924	148,078
Acting allowance	-	115,804
Cellphone allowance	7,500	25,200
Skills and bargain levy	4,957	13,772
	598,767	1,583,199

In the current financial year the Chief Operations Officer Mr. L Steyn was in the service of the council from 01 July 2022 until 31 January 2023 and was paid a total of R 1 120 469.

From 01 February 2023, Mr M Machaba joined the council as Chief Operations Officer and has been paid a total amount of R 598 767 to date.

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

Annual Remuneration	573,795	1,379,459
Car Allowance	51,314	48,000
Cellphone Allowance	10,500	25,200
Skills and bargain levy	9,455	14,554
Leave res and non-pension payout	308,918	-
	953,982	1,467,213

In the current financial year the Executive Manager Community services Ms L.A Modiba was in the service of the council from 01 July 2022 until 30 November 2022.

Mr S. Mdelela has since been acting EM Community Services and had been paid acting allowance amounting to R 35 016.

Remuneration of Executive Manager Development and Planning: Mr. N.V Bekwa (Mr. M.G. Makhubu)

Annual Remuneration	435,386	1,116,504
Car Allowance	150,924	192,000
Cellphone Allowance	7,500	25,200
Skills and bargain levy	5,235	13,012
Bonus	-	118,955
	599,045	1,465,671

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Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
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34. Employee related costs (continued)

In the current financial year the Executive Manager Development and Planning Mr. G Sitei was in the service of the council from 01 July 2022 until 31 January 2023 and was paid R 1 198 818.

From 01 February 2023 Mr. NV Bekwa joined the council as Executive Manager Development and Planning and has been paid R 230 170 to date.

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

Annual Remuneration	1,199,283	1,287,449
Car Allowance	-	140,010
Cellphone allowance	-	25,200
Skills and bargain levy	12,488	14,370
	1,211,771	1,467,029

The Chief of Staff was appointed on 04 August 2016 to date.

35. Remuneration of councillors

Councillors	32,548,516	33,805,487
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Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

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35. Remuneration of councillors (continued)

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.

2023	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. G. Khoza (Executive Mayor)	8/4/2016	860,415	251,357	42,000	1,153,773
Cllr. D. Sithole (Speaker)	8/4/2016	690,009	201,249	42,000	933,259
Cllr. B.A Mosina (MPAC chairperson)	8/4/2016	617,046	182,989	42,000	842,035
Cllr. M. Jokazi (Council whip)	8/4/2016	645,492	188,515	42,000	876,007
Cllr. J. Legoete (MMC water, sanitation and electricity)	8/4/2016	645,532	188,515	42,000	876,046
Cllr. S. Moumakwe (MMC finance)	8/4/2016	645,532	188,515	42,000	876,046
Cllr. N. Molatlhegi (MMC public safety)	8/4/2016	645,537	188,515	42,000	876,051
Cllr. P.S. Mapena-Dlamini (MMC Intergrated, environmental and water management)	8/4/2016	646,032	188,515	42,000	876,546
Cllr. S.N. Khenene (MMC LED)	8/4/2016	645,675	188,515	42,000	876,189
Cllr. A. Sityebi (MMC Corporate)	8/4/2016	780,425	53,714	42,000	876,139
Cllr. U.R Dickson (MMC health and social development)	8/4/2016	627,203	188,515	42,000	857,718
Cllr. D.M Machaba (MMC roads, stormwater and transport)	8/4/2016	651,601	171,664	42,000	865,265
Cllr. B.A Nimmenhoudt (MMC human settlement, development and planning)	8/4/2016	473,757	137,964	31,800	643,521
Cllr. N.D Ndzipho (MMC SRAC)	8/4/2016	627,203	188,515	42,000	857,718
Cllr. ERASMUS GA	11/1/2021	249,765	79,543	42,000	371,308
Cllr. HARRISON C	11/1/2021	249,743	79,543	42,000	371,286
Cllr. FAKU PK	11/1/2021	250,139	79,543	42,000	371,681
Cllr. MAHUMA B		264,298	58,213	42,000	364,511
Cllr. VAN TONDER AJ	11/1/2021	265,797	58,213	42,000	366,010
Cllr. KRUGER G	11/1/2021	266,009	58,213	42,000	366,222
Cllr. KIEWIETZ NC	11/1/2021	249,743	79,543	42,000	371,286
Cllr. MTHIMKHULU MM	11/1/2021	299,442	22,664	42,000	364,105
Cllr. LETLHAKE B	11/1/2021	166,483	22,664	26,093	215,239
Cllr. MUNYAI HB	11/1/2021	249,743	79,543	42,000	371,286
Cllr. BERGMAN FJ	11/1/2021	248,301	79,543	42,000	369,844
Cllr. HILD HH	11/1/2021	300,016	22,664	42,000	364,680
Cllr. MBULULA D	11/1/2021	299,442	22,664	42,000	364,105
Cllr. SABA A	11/1/2021	248,765	79,543	42,000	370,307
Cllr. SEKHOKHO LS	11/1/2021	250,200	79,543	42,000	371,743
Cllr. TLHOLOE TM	11/1/2021	299,442	22,664	42,000	364,105
Cllr. WILLIAMS N	11/1/2021	322,117	-	42,000	364,117
Cllr. BROUGH CF	11/1/2021	249,743	79,543	42,000	371,286
Cllr. TSOTETSI KE	11/1/2021	249,743	79,543	42,000	371,286
Cllr. NJANI WS	11/1/2021	249,743	79,543	42,000	371,286
Cllr. LETLHAKE JS	11/1/2021	248,301	79,543	42,000	369,844
Cllr. RAMOTLHALE MC	11/1/2021	248,301	79,543	42,000	369,844
Cllr. DREYER BC	11/1/2021	249,743	79,543	42,000	371,286
Cllr. MATLAILA ME	11/1/2021	249,743	79,543	42,000	371,286
Cllr. STEFANE TE	11/1/2021	249,915	79,543	42,000	371,458
Cllr. TLHAGALE TG	11/1/2021	248,765	79,543	42,000	370,307
Cllr. GREEN BE	11/1/2021	272,323	49,769	42,000	364,092
Cllr. NOAH DP	11/1/2021	286,329	35,549	42,000	363,879
Cllr. BATALISI XM	11/1/2021	255,981	79,543	42,000	377,524
Cllr. NTSUME S	11/1/2021	286,329	35,549	42,000	363,879
Cllr. NOMGA N	11/1/2021	321,897	-	42,000	363,897
Cllr. NKOSI BN	11/1/2021	327,721	7,110	42,000	376,831
Cllr. MABONGO TJ	11/1/2021	260,931	73,877	42,000	376,808
Cllr. MRWETYANA	11/1/2021	266,498	68,211	42,000	376,709

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Figures in Rand				2023	2022 Restated*
35. Remuneration of councillors (continued)					
Cllr. NGOZI PL	11/1/2021	321,897	-	42,000	363,897
Cllr. MALEMA TP	11/1/2021	266,589	68,211	42,000	376,800
Cllr. MOABI MK	11/1/2021	307,670	14,220	42,000	363,889
Cllr. MOKOBANE TS	11/1/2021	272,160	56,877	42,000	371,037
Cllr. THOBEKO II	11/1/2021	321,897	-	42,000	363,897
Cllr. THENJEKWAYO JA	11/1/2021	322,472	-	42,000	364,472
Cllr. TLHAPISO MG	11/1/2021	314,783	7,110	42,000	363,893
Cllr. MARUMELE SK	11/1/2021	321,897	-	42,000	363,897
Cllr. MODISE PIB	11/1/2021	279,230	42,659	42,000	363,889
Cllr. NYEMENI JR	11/1/2021	322,103	-	42,000	364,103
Cllr. KATI KG	11/1/2021	260,829	73,877	42,000	376,706
Cllr. NKOSI ZNC	11/1/2021	272,102	49,769	42,000	363,872
Cllr. MOFOKENG P	11/1/2021	255,251	79,543	42,000	376,794
Cllr. BHEMBE ST	11/1/2021	321,897	-	42,000	363,897
Cllr. MOENG AA	11/1/2021	255,693	79,543	42,000	377,235
Cllr. BOTHA MN	11/1/2021	255,602	79,543	42,000	377,144
Cllr. LEGOTE B	11/1/2021	279,728	42,659	42,000	364,387
Cllr. ERASMUS P	11/1/2021	255,693	79,543	42,000	377,235
Cllr. STEFFERS FJC	11/1/2021	322,472	-	42,000	364,472
Cllr. SCHADE C	11/1/2021	322,472	-	42,000	364,472
Cllr. BIYELA LE	11/1/2021	322,243	-	42,000	364,243
Cllr. SEBITSO LM	8/4/2016	115,034	-	13,600	128,634
Subtotal		24,492,624	5,170,409	2,885,493	32,548,515
		24,492,624	5,170,409	2,885,493	32,548,515
2022					
	Appointment 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)	8/4/2016	505,857	116,950	44,400	667,207
Cllr. D. Sithole (MMC 01 July 2021 until 30 October 2021, Speaker from 01 November to date)	8/4/2016	618,562	185,074	44,400	848,036
Cllr. V. Nqina-Mzondeki (Speaker 01 July 2021 until 30 October 2021)	8/4/2016	246,674	58,728	15,170	320,572
Cllr. M. Jokazi (Council whip)	8/4/2016	579,079	191,138	44,400	814,617
Cllr. J. Legoete (MMC)	8/4/2016	579,102	191,138	44,400	814,640
Cllr. D. Molebatsi (MMC 01 July 2021 until 30 October 2021)	8/4/2016	228,097	57,295	15,787	301,179
Cllr. T. Grobler (MMC 01 July 2021 until 30 October 2021)	8/4/2016	228,097	57,295	15,787	301,179
Cllr. S. Mazibuko (MMC 01 July 2021 until 30 October 2021)	8/4/2016	228,097	57,295	15,787	301,179
Cllr. S. Moumakwe (MMC)	8/4/2016	579,102	191,138	44,400	814,640
Cllr. N. Molatlhegi (MMC)	8/4/2016	579,102	191,138	44,400	814,640
Cllr. G. Khoza (MMC 01 July 2021 until 30 October 2021, Executive Mayor 01 November 2021 to date)	8/4/2016	719,965	213,695	44,400	978,060
Cllr. P.S. Mapena-Dlamini (MMC)	8/4/2016	592,801	177,710	44,400	814,911
Cllr. S.N. Khenene (MMC)	8/4/2016	579,292	191,138	44,400	814,830
Cllr. A. Sityebi (MPAC Chairperson 01 July 2021 until 30 October 2021, MMC from 01 November 2021 to date)	8/4/2016	575,965	187,497	44,400	807,862
Cllr. U.R Dickson (MMC from 1 November 2021 to date.)	8/4/2016	386,331	120,766	29,230	536,326

Rand West City Local Municipality

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Notes to the Audited Financial Statements

Figures in Rand				2023	2022 Restated*
35. Remuneration of councillors (continued)					
Cllr. D.M Machaba (MMC from 1 November 2021 to date.)	8/4/2016	585,137	30,416	44,400	659,953
Cllr. B.A NIMMENHOUDT (MMC from 1 November 2021 to date.)	8/4/2016	386,331	120,766	29,230	536,326
Cllr. N.D NDZIPHO (MMC from 1 November 2021 to date.)	8/4/2016	386,331	120,766	29,230	536,326
Cllr. ERASMUS GA	11/1/2021	268,640	88,631	44,400	401,671
Cllr. HARRISON C	11/1/2021	266,991	88,081	44,400	399,472
Cllr. FAKU PK	11/1/2021	267,241	88,081	44,400	399,722
Cllr. VAN TONDER AJ	11/1/2021	271,629	89,525	44,400	405,554
Cllr. KRUGER G	11/1/2021	272,053	89,525	44,400	405,978
Cllr. KIEWIETZ NC	11/1/2021	266,991	88,081	44,400	399,472
Cllr. MTHIMKHULU MM	11/1/2021	294,301	67,991	44,400	406,692
Cllr. MOSINA BA(MPAC)	11/1/2021	414,796	127,084	44,400	586,280
Cllr. LETLHAKE B	11/1/2021	271,323	89,525	44,400	405,248
Cllr. MUNYAI HB	11/1/2021	266,993	88,081	44,400	399,474
Cllr. BERGMAN FJ	11/1/2021	268,074	88,442	44,400	400,916
Cllr. HILD HH	11/1/2021	294,607	67,991	44,400	407,000
Cllr. MBULULA D	11/1/2021	334,982	20,451	44,400	406,694
Cllr. SABA A	11/1/2021	268,380	88,442	44,400	401,222
Cllr. SEKHOKHO LS	11/1/2021	267,297	88,081	44,400	399,778
Cllr. TLHOLOE TM	11/1/2021	294,480	67,991	44,400	406,871
Cllr. WILLIAMS N	11/1/2021	362,462	-	44,400	406,862
Cllr. BROUGH CF	11/1/2021	266,991	88,081	44,400	399,472
Cllr. TSOTETSI KE	11/1/2021	266,991	88,081	44,400	399,472
Cllr. NJANI WS	11/1/2021	266,991	88,081	44,400	399,472
Cllr. LETLHAKE JS	11/1/2021	268,074	88,442	44,400	400,916
Cllr. RAMOTLHALE MC	11/1/2021	268,074	88,442	44,400	400,916
Cllr. DREYER BC	11/1/2021	266,991	88,081	44,400	399,472
Cllr. MATLAILA ME	11/1/2021	266,991	88,081	44,400	399,472
Cllr. STEFANE TE	11/1/2021	266,991	88,081	44,400	399,921
Cllr. TLHAGALE TG	11/1/2021	268,074	88,442	44,400	400,916
Cllr. GREEN BE	11/1/2021	362,326	-	44,400	406,726
Cllr. NOAH DP	11/1/2021	246,556	-	29,230	275,786
Cllr. BATALISI XM	11/1/2021	225,786	14,978	29,230	269,993
Cllr. NTSUME S	11/1/2021	246,556	-	29,230	275,786
Cllr. NOMGA N	11/1/2021	246,556	-	29,230	275,786
Cllr. NKOSI BN	11/1/2021	225,803	14,978	29,230	270,010
Cllr. MABONGO TJ	11/1/2021	225,803	14,978	29,230	270,010
Cllr. MRWETYANA	11/1/2021	225,803	14,978	29,230	270,010
Cllr. NGOZI PL	11/1/2021	246,556	-	29,230	275,786
Cllr. MALEMA TP	11/1/2021	225,803	14,978	29,230	270,010
Cllr. MOABI MK	11/1/2021	246,556	-	29,230	275,786
Cllr. MOKOBANE TS	11/1/2021	246,556	-	29,230	275,786
Cllr. THOBEKO II	11/1/2021	246,556	-	29,230	275,786
Cllr. THENJEKWAYO JA	11/1/2021	246,794	-	29,230	276,024
Cllr. TLHAPISO MG	11/1/2021	246,556	-	29,230	275,786
Cllr. MARUMELE SK	11/1/2021	246,556	-	29,230	275,786
Cllr. MODISE PIB	11/1/2021	246,556	-	29,230	275,786
Cllr. NYEMENI JR	11/1/2021	246,694	-	29,230	275,924
Cllr. KATI KG	11/1/2021	225,802	14,978	29,230	270,010
Cllr. NKOSI ZNC	11/1/2021	246,556	-	29,230	275,786
Cllr. MOFOKENG P	11/1/2021	220,180	26,310	29,230	275,719
Cllr. BHEMBE ST	11/1/2021	246,556	-	29,230	275,786
Cllr. MOENG AA	11/1/2021	226,075	14,978	29,230	270,282
Cllr. BOTHA MN	11/1/2021	209,044	31,976	29,230	270,249
Cllr. LEGOTE B	11/1/2021	246,828	-	29,230	276,058
Cllr. ERASMUS P	11/1/2021	220,398	20,643	29,230	270,270
Cllr. STEFFERS FJC	11/1/2021	246,828	-	29,230	276,058

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Figures in Rand				2023	2022 Restated*
35. Remuneration of councillors (continued)					
Cllr. SCHADE C	11/1/2021	246,831	-	29,230	276,061
Cllr. KOLO A(LATE ESTATE)	11/1/2021	134,298	-	18,130	152,428
Cllr. SESHOKA T(01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. DICK P (01 July 2021 - 30 October 2021)	8/4/2016	119,983	-	15,787	135,770
Cllr. SELLO MM (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. MONTSHO B (01 July 2021 - 30 October 2021)	8/4/2016	97,162	23,230	15,170	135,562
Cllr. DE LANGE EW (01 July 2021 - 30 October 2021)	8/4/2016	97,321	23,230	15,170	135,721
Cllr. MTYOTYWA MM (01 July 2021 - 30 October 2021)	8/4/2016	124,044	-	15,787	139,831
Cllr. MERABE I (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
KOLO S (01 July 2021 - 30 October 2021)	8/4/2016	75,105	23,230	15,170	113,505
Cllr. RAMAPHALA AB (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. ZINGELA AN (01 July 2021 - 30 October 2021)	8/4/2016	72,837	24,175	15,787	112,799
Cllr. MATEBESI J (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. LETSHOLO JM (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. NDAMANE SM (01 July 2021 - 30 October 2021)	8/4/2016	120,464	-	15,170	135,634
Cllr. MATIWANE PN (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. NCELE N (01 July 2021 - 30 October 2021)	8/4/2016	120,464	-	15,170	135,634
Cllr. CHABANE PM (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. MAVUSO SP (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. NKOE M (01 July 2021 - 30 October 2021)	8/4/2016	97,321	23,230	15,170	135,721
Cllr. RAMPHORE NI (01 July 2021 - 30 October 2021)	8/4/2016	97,321	23,230	15,170	135,721
Cllr. SETHEPO SM (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. MATSHAYA W (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. SAMSON G (01 July 2021 - 30 October 2021)	8/4/2016	97,321	23,230	15,170	135,721
Cllr. NGAMNTWINI M A (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. MNGOMEZULU TS (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. VOLGRAAFF F (01 July 2021 - 30 October 2021)	8/4/2016	97,324	23,230	15,170	135,723
Cllr. MAZULA AT (01 July 2021 - 30 October 2021)	8/4/2016	97,219	23,230	15,170	135,619
Cllr. Biyela LE		42,787	-	-	42,787
Subtotal		- 25,481,618	5,275,538	3,041,032	33,805,487
		25,481,618	5,275,538	3,041,032	33,805,487

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
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.		
36. Depreciation and amortisation		
Property, plant and equipment	173,368,025	215,932,876
Intangible assets	577,299	894,696
	173,945,324	216,827,572
37. Impairment loss of assets		
Property, plant and equipment	23,706,580	160,836,405
Reversal of impairment	(732,157)	-
	22,974,423	160,836,405
38. Finance costs		
Trade and other payables	116,877,952	77,015,519
Finance leases	-	713,556
Interest cost on legal proceeding provision	-	(142,136)
Interest due to discounting of receivables	2,011,022	3,445,539
Interest cost on employee benefit obligations	18,697,600	19,040,000
Interest cost on landfill site provision	16,306,412	14,234,573
	153,892,986	114,307,051
39. Debt impairment		
Contributions from receivables from exchange transactions	181,551,467	167,219,666
Contributions from long term receivables	(379,486)	4,864,818
Contributions from receivables from non-exchange transactions	53,162,734	30,064,287
Bad debts written off	65,729,171	-
	300,063,886	202,148,771
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 and the Municipality's inability to collect on its debtors, when the assumptions of impairment were assessed on debtors this increased out debt impairment significantly.		
40. Bulk purchases		
Electricity	796,922,426	783,596,743
Water	324,890,372	260,371,797
	1,121,812,798	1,043,968,540

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
41. Contracted services		
Outsourced Services		
Credit cost control	8,333,272	6,333,629
Fleet management	4,645,200	7,449,617
IT support	6,050,279	5,650,225
Meter Management	2,713,719	10,148,546
Repairs and maintenance	41,053,683	76,653,384
Security Services	40,593,196	40,367,336
Prepaid vending costs	15,252,973	12,684,328
	-	-
	118,642,322	159,287,065
	-	-
	-	-
42. Transfer and subsidies		
Other subsidies		
SPCA grant	720,000	720,000
43. General expenses		
Audit committee costs	581,438	67,101
Advertising and communication	105,317	92,088
Auditors remuneration	9,202,124	10,648,229
Bank charges	3,241,332	5,359,868
Cleaning	88,024	193,614
Commission paid and discounts allowed	150,295	674,125
Consulting and professional fees	61,703,141	31,374,408
Consumables	2,759,167	963,751
Occupational health	29,445	76,540
Bursary expenses	-	103,876
Insurance	5,492,465	5,654,701
Burial expenses	265,933	63,330
Software licences	13,685,379	7,703,308
Farming	636,620	507,639
Motor vehicle expenses	2,214,357	2,240,774
Fuel and oil	12,984,372	10,557,991
Postage and courier	2,314,515	685,359
Printing and stationery	170,959	492,139
Subscriptions and membership fees	12,540,417	6,201,997
Telephone and fax	-	589,986
Training	2,133,715	1,282,219
Travel and subsistence	454,829	1,234,236
Municipal events and improvements	1,228,816	238,349
Uniforms	385,749	1,275,018
Municipal service charges	79,246,935	55,436,712
Water research levy	9,491,502	6,804,149
Library programmes	104,531	97,383
	221,211,377	150,618,890
44. Changes in decommissioning and restoration of landfill site		
Changes in decommissioning and restoration of landfill site	17,707,726	-

The amount deducted from the cost of the landfill was exceeding the carrying amount of the landfill by an amount of R 17,707,726, reference to iGRAP 2.

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
45. Gain or loss on disposal of assets and liabilities		
Gain or loss on sale of stands	(362,250)	(2,077,711)
Biological assets	134,501	-
Intangible assets	-	153,620
Derecognition of finance lease asset	18,750,419	-
Derecognition of finance lease liability	(1,365,078)	-
Investment property	48,822	28,879,656
Library books	24,303	-
Movable assets	655,081	-
Immovable assets	16,059,052	70,451,614
	33,944,850	97,407,179
46. Fair value adjustments		
Investment property	(9,111,755)	10,974,238
Biological assets	97,765	(3,255)
Milk inventory	515	(208)
	(9,013,475)	10,970,775
47. Cash generated from operations		
Deficit	(178,454,075)	(437,526,702)
Adjustments for:		
Depreciation and amortisation	173,945,324	216,827,572
Gain on disposal of assets	33,944,850	97,407,179
Fair value adjustments	9,013,475	(10,970,775)
Interest income	(592,285)	(246,668)
Finance cost - employee benefit obligations	18,697,600	19,040,000
Actuarial gains	(23,452,087)	(27,376,000)
Finance costs - landfill site	16,306,412	14,234,573
Impairment loss of assets	22,974,423	160,836,405
Debt impairment - exchange	247,280,638	167,219,666
Finance costs - Interest due to discounting of receivables	2,011,022	3,445,539
Employee benefits - Current service costs and Change in earnings basis	9,311,997	450,000
Accrued bonus (13th cheque) and Accrued leave	(5,971,677)	(12,210,256)
Performance bonus provision reversal	(429,057)	-
Public contributions and donations	(130,195)	(1,127,745)
Debt impairment - non exchange	53,162,734	30,064,287
Debt impairment long term receivables	(379,486)	4,864,818
Changes in existing decommissioning and restoration of landfill site	(17,707,726)	(12,221,289)
Movement in provisions	(20,604,791)	(9,351,697)
Movements in provisions - performance bonus	(4,052,825)	(26,298,845)
Movements in employee benefit obligation	1,883,734	2,188,256
Changes in working capital:		
Inventories	(120,396)	(902,448)
Receivables from exchange transactions	(234,927,160)	(253,401,785)
Other receivables from non-exchange transactions	(65,199,203)	34,459,727
Prepayments	91,575	(73,091)
Payables from exchange transactions	261,609,568	384,995,701
VAT	(35,521,860)	47,703,107
Unspent conditional grants and receipts	171,543,128	(9,556,770)
Consumer deposits	5,840,785	3,354,652
Payables from non-exchange	(2,862,272)	(4,506,528)
	437,212,170	381,320,883

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
48. Commitments		
Already contracted for but not yet spent		
Already contracted for but not provided for		
• Infrastructure assets	414,754,796	166,204,598
Total capital commitments		
Already contracted for but not provided for	414,754,796	166,204,598
Total commitments		
Total commitments		
Authorised capital expenditure	414,754,796	166,204,598

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

Final Audited

Rand West City Local Municipality

Audited Financial Statements for the year ended June 30, 2023

Notes to the Audited Financial Statements

Figures in Rand	2023	2022 Restated*
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 Enzani Technologies for services rendered	1,597,226	1,597,226
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 Adviddatta trading for economic loss and misrepresentation	500,000	500,000
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 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 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 Robert Vusi Martens for damages on his vehicle due to a pothole	-	62,391
Claim by Christo Dekker as a result of failure to have covered an open manhole that he fell into	-	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
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 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

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Figures in Rand	2023	2022 Restated*
49. Contingencies (continued)		
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
Claim by Ursula Mahlangu and 14 others in respect of unfair discrimination in the Labour Court	87,728	87,728
Claim by Setlhodi for injuries sustained when plaintiff fell into an open manhole.	990,000	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	700,000
Claim by Croucamp for damages caused by a pothole.	-	39,977
Claim by MNS Inc in respect of payments.	2,207,544	2,207,544
Claim by Victor Reynecke for third party claim.	10,000	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	263,851
Possible claim as a result of the plea agreement on complaints of sewerage pollution repairs in terms of the National Environmental Management Act.	-	7,000,000
Claim by Chanel Rautenback in respect of a car damage due to a pothole.	73,740	-
Claim by Moses Mankulu for injuries sustained due to falling into an open manhole.	1,800,000	-
Claim by Sergio Fabiao for injuries sustained due to falling into an open damaged storm water drain located on the pavement.	1,667,185	-
Claim by Rand West Brake & Clutch for vehicle storage fees and interest.	3,903,445	-
Claim by Monica Mosima and Prince Mbaba for financial loss and damages following a disciplinary process where the plaintiffs were dismissed due to a misconduct which resulted in certain benefits not being paid even after an award for re-instatement was issued.	334,332	-
	82,387,990	82,226,285

Sewerage Pollution Repairs:

In the 2021/2022 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 Environmental 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 Edradour body corporate in respect of alleged unlawful disconnection
- Claim by Durand in respect of incorrect billing
- Claim by Afrirent (PTY)LTD in respect to awarding of the FML tender to be constitutionally invalid and that it be awarded to the applicant
- Claim by Gold Fields Operations Limited to enforce the court order to investigate and report on a available temporary emergency accommodation and to file a comprehensive report to assist the court in considering all relevant facts in the eviction proceedings
- Claim by Sibanye Gold and 5 others for disputes on rates
- Claim by Randgate Spar in respect of service account
- Claim by Gauteng Department of Agriculture and Rural Development in respect of non-compliance with conditions of the waste management licence for Randfontein Waste Disposal Site as per sec 31L of the (NEMA).
- Claim by Rand West Brake & Clutch in respect of reclaiming possession of vehicles from the respondent.
- Claim by Nicolette Gcilishe in respect of unfair discrimination.

Contingent assets:

Rand West City Local Municipality

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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.

Claim by Rand West City Local Municipality against Kwane Fleet for non-adherence to the SLA for the Leasing of vehicles for service delivery in respect to payments made to Kwane Fleet.

50. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Executive mayor	Refer to note 34
Speaker	Refer to note 34
Council whip	Refer to note 34
Councillors	Refer to note 34
Members of key management	Refer to note 33

Related party transactions

Purchases from (sales to) related parties

Shumba Event Solutions cc	29,500	-
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For the above related parties, the transactions were within the normal course of business and there no balances outstanding as at 30 June 2023.

Councillors/Mayoral committee members

Refer to note 35 "Remuneration of councillors". The total amount paid to councillors was R 32,494,858 (2022: R 33,717,808).

Executive Management

Refer to note 34 "Employee related costs". The total amount paid to Municipal Manager and Executive Managers was R 8,215,628 (2022: R 12 417 780).

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 adjustment in useful lives	Depreciation after adjustment in useful lives	Effect of the change in estimate
Community Assets	(13,058,253)	(12,446,344)	(598,997)
Infrastructure Assets	(182,682,648)	(142,801,848)	(39,880,800)
Other Assets	(4,127,319)	(3,732,253)	(395,066)
Computer Equipment	(1,903,928)	(2,343,076)	439,148
Furniture and Office Equipment	(2,230,842)	(1,554,843)	(675,999)
Machinery and Equipment	(1,108,303)	(1,640,616)	532,313
Transport Assets	1,507,343	(1,798,935)	291,591
Intangible Assets	(1,085,500)	(577,299)	508,201
	(204,689,450)	(166,895,214)	(39,779,609)

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52. Prior period errors

Receivables from exchange transactions: are restated by R 2,423,117 as a result of stands sold in the prior year and were not recognised for R 661 000 and (R 1,992,374) for reversal of sundry debtor and (R 860,808) for reversal of interest income from the non-payment of installments in relation to a sale of stand and (R 543,621) for duplicate of prepaid electricity sales and (R 9,722) for the portion of prepaid electricity sales which was erroneously captured as revenue and (R 77,234) for reversal of income incorrectly charged for weigh bridge and (R 190,358) for correction of incorrect billing as per contract and R 590 000 for recognition of a sundry debtor for sale of stands.

Receivables from non-exchange transactions: were restated by a total of R 20,011,095 relating to R 14,396,511 for Group 7 overbilling of property rates as per mine court order and R 5,614,583 for Interest portion relating to the overbilling of group 7 property rates.

Biological assets that form part of an agricultural activity: is restated by R 9,300 as a result of the recognition of a cow which was erroneously reported as dead.

Inventories: is restated by R 1 341 064 as result of reclassification of accounts which were erroneously mapped as inventory.

Investment Property: is restated by R 78,457,612 as a result of land amounting to R 75,876,970 incorrectly classified as PPE, R 6,412,507 transfer of land from PPE in the 2022 financial year and R64,955,408 for recognition of land which was omitted in the prior year and R 6,824,939 which is a restatement of land which was erroneously derecognised in the prior year.

Property, plant and equipment: is restated by a total of R 111,745,233 as a result of R 6,412,507 for land transferred to investment property, R 58,683,430 land omitted in the prior year and R 50,153,042 impairment of land. R 22,271,718 for recognition of community assets and R 63,055,170 infrastructure assets from the 2022/23 physical verification process, and R 5,006,946 for recognition of other assets(buildings). R 9,323,931 for the recognition of movable assets erroneously omitted.

WIP is reduced by an amount R 2 855 431 from R 222,860,986 to R 220,005,555 due to a completed project which was supposed to be capitalised in 2022.

Payables from exchange transactions: is restated by a total of R 117,501,578 which relates to the recognition of invoices which were omitted in the prior year as well as credit notes relating to invoices recognised in the prior year, reclassification of accounts which were erroneously mapped as inventory, VAT not recognised.

VAT payable: is restated by R 687,706 relating to the VAT portion of omitted invoices and credit notes in the prior year.

Service charges: is restated by R 482,436 as a result of R 9,722 which relates to the portion of prepaid electricity sales which were erroneously captured as revenue and R 472,714 for duplicated prepaid sales.

Rental of facilities: were restated by R 1,732,499 due to a reversal of a sundry debtor.

Interest received-exchange transactions: is restated by R 860,808 which was reversal of interest income from the non payment of installments in relation to a sale of stand.

Other income: is restated by R165,529 due to incorrect billing not in accordance with the contract with the customer.

General expenditure: is restated by a total of R 334,214 broken down as follows: R 226 for post office commission relating to July and was incorrectly closed off in the 2022 financial year, and R 316,182 credit note on software licences as the invoices captured were not on the supplier statement, and a credit note amounting to R 17,806 for telephone and fax invoices erroneously captured.

Contracted services: is restated by a total of R 10,436,674 due to credit notes on repairs and maintenance invoices and correction of VAT erroneously omitted on an invoice.

Depreciation and amortisation: is restated by R 1,480,960 as a result of the PPE restatements.

Finance cost: is restated by R 142,136 due to a credit note for an invoice captured in the prior year.

Assets derecognised: is restated by R 6,649,920 due to the erroneous derecognition of infrastructure assets. The total of R 99,484,890 is reclassified to gain or loss on disposal of assets.

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52. Prior period errors (continued)

Remuneration of councillors: is restated by R 6,719,205 due to implementation of councillors upperlimits backpay.

Gain or loss on disposal of assets: is restated R 98,498,310. R 986,580 due to the sale of stands not recognised in the prior year and R 99,484,890 as a result of a reclassification of assets derecognised to gains or loss on disposal of assets.

Fair value adjustments: is restated by R 3,552,984 relating to fair value adjustment of land omitted in the prior year.

Employee related costs: is restated by R 16,300 due to an error on basic salary.

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	286,033,144	(2,423,117)	-	283,610,027
Receivables from non-exchange transactions	65,856,355	(20,011,095)	-	45,845,260
Inventories	1,655,642	-	1,341,064	2,996,706
Property, Plant and Equipment	3,988,751,553	111,745,233	-	4,100,496,786
Investment property	225,546,024	78,457,612	-	304,003,636
Biological Assets	506,850	9,300	-	516,150
Payables from exchange transactions	(1,636,439,015)	54,307,589	(171,809,157)	(1,753,940,583)
VAT Payable	(65,500,915)	(687,706)	-	(66,188,621)
Accumulated Surplus	(2,532,535,452)	(220,454,541)	169,524,818	(2,583,465,175)
	333,874,186	943,275	(943,275)	333,874,186

Statement of financial performance	Balance as previously reported	Prior period error	Reclassification	Restated balance
Service charges	(1,217,688,014)	482,436	-	-(1,217,205,578)
Other income	(30,148,775)	165,529	-	(29,983,246)
Rental of facilities	(3,775,858)	1,732,499	-	(2,043,359)
Interest on exchange transactions	(31,685,974)	860,808	-	(30,825,166)
Contracted services	169,723,739	(10,436,674)	-	159,287,065
General Expenses	150,953,104	(334,214)	-	150,618,890
Depreciation and Amortisation	215,346,612	1,480,960	-	216,827,572
Remuneration of councillors	27,086,282	6,719,205	-	33,805,487
Gain or loss on disposal of assets	(1,091,131)	(986,580)	99,484,890	97,407,179
Assets derecognised	106,134,810	(6,649,920)	(99,484,890)	-
Fair value adjustments	(7,417,791)	(3,552,984)	-	(10,970,775)
Finance costs	114,449,187	(142,136)	-	114,307,051
Employee related costs	534,876,977	(16,300)	-	534,860,677
	26,763,168	(10,677,371)	-	16,085,797

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.

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54. Risk management (continued)

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 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,937,201,220	-	-	-	1,937,201,220
Payables from non exchange transactions	12,654,089	-	-	-	12,654,089
Unspent conditional grants and receipts	209,413,921	-	-	-	209,413,921
Consumer deposits	66,709,558	-	-	-	66,709,558
	2,225,978,788	-	-	-	2,225,978,788

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	1,752,997,316	-	-	-	1,752,997,316
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
	1,868,618,321	-	-	-	1,868,618,321

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	2023	2022
Cash and cash equivalents (Note 3)	250,467,915	106,076,609
Receivables from exchange transactions (Note 4)	263,258,872	283,610,027
Long term receivables (Note 8)	4,293,262	4,339,210
Investments (Note 9)	5,342,214	4,900,255

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.

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.

Rand West City Local Municipality

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55. Going concern

The unaudited 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.

We draw attention to the fact that the municipality had a net deficit of R 178,454,075 for the year ended 30 June 2023 and the current liabilities of R 2,335,226,685 exceeded the current assets of R 590,242,317 by R 1,744,984,368 as at 30 June 2023. The municipality is currently faced with numerous financial problems which impact, amongst others 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 instituted an investigation on UIFW which led to council adopting a report which was presented by MPAC.

57. Unauthorised expenditure

Opening balance as previously reported	2,023,026,188	1,420,397,791
Add: Unauthorised expenditure - current	229,713,786	602,628,397
Less: Approved/condoned/authorised by council	(1,166,759,116)	-
Closing balance	1,085,980,858	2,023,026,188

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

Non-cash	71,519,907	340,127,939
Cash	158,193,879	262,500,458
	229,713,786	602,628,397

Analysed as follows: non-cash

Depreciation and amortisation	1,357,021	36,436,612
Finance charges	-	36,720,112
Assets derecognised	70,162,886	160,836,405
Impairment loss of assets	-	106,134,810
	71,519,907	340,127,939

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Figures in Rand	2023	2022 Restated*
57. Unauthorised expenditure (continued)		
Analysed as follows: cash		
Bulk purchases	-	184,739,540
Contracted services	-	28,153,739
General expenditure	48,835,377	15,647,104
Remuneration of councillors	3,414,516	-
Finance cost	105,943,986	33,420,075
Transfers and subsidies	-	540,000
	158,193,879	262,500,458
Unauthorised expenditure: Budget overspending – per municipal department:		
Political	17,233,599	-
Information technology	4,446,750	-
Corporate support services	69,455,400	-
Infrastructure	74,727,893	-
Community services	7,319,382	30,734,032
Economic development and planning	-	10,613,568
Financial management services	54,668,733	561,280,797
Governance	1,862,029	-
	229,713,786	602,628,397
58. Fruitless and wasteful expenditure		
Opening balance as previously reported	295,407,681	210,506,513
Add: Fruitless and wasteful expenditure identified - current	117,492,803	84,894,684
Add: Fruitless and wasteful expenditure identified - prior period	-	6,484
Less: Amount written off - prior period	(44,382,041)	-
Closing balance	368,518,443	295,407,681

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58. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year includes those listed below:

Interest on overdue creditors: Eskom	88,920,785	67,556,471
Interest on overdue creditors: Telkom SA Ltd	6,881	5,702
Interest on overdue creditors: Rand Water	26,532,103	9,118,676
Interest on finance lease: Kwane	-	7,449,617
Munsoft	46,836	37,281
SARS interest	-	451,635
Auditor General	15,589	30,356
Cheadle Thompson and Haysom	-	4,532
SABC TV Licence	-	928
Proplan	-	97,326
FNB Licencing account	-	24
SAMRO	200,000	142,136
Pension Fund	32,598	-
Department of Labour	1,123,159	-
Leave pay	614,852	-
	117,492,803	84,894,684

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 finalisation of the investigations.

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

Rand West City Local Municipality

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59. Irregular expenditure		
Opening balance as previously reported	680,660,893	546,450,719
Add: Irregular expenditure - current	64,511,557	106,916,761
Add: Irregular expenditure - prior period	24,612,223	27,293,413
Less: Amount written off - prior period	(39,352,841)	-
Closing balance	730,431,832	680,660,893

Analysis of irregular expenditure awaiting investigation

Non-Compliance with section 22 SCM Regulations	-	13,076,555
Non-Compliance with Section 62 of MFMA	-	3,833,201
Non-Compliance with section 13 SCM Regulations	-	94,714
Non-Compliance with Section 65 of MFMA	-	20,625,509
Non-Compliance with Section 17 of MFMA	20,597	724,431
Non-Compliance with section 20 SCM Regulations	-	56,895,415
Non-Compliance with section 29 SCM Regulations	-	156,492,601
Non-Compliance with section 32 SCM Regulations	-	26,784,969
Non-Compliance with section 44 SCM Regulation	-	1,679,362
Non-Compliance with section 36 SCM Regulation	247,135	127,143,087
Non-Compliance with section 19 SCM Regulation	-	4,123,227
Non-compliance with section 5(1) of MSA	-	164,347
Non-compliance with MFMA Regulation 116(3)(b)	15,585,252	206,390,025
Non-compliance with SCM regulation 28	34,093,705	32,511,831
Non-compliance with DoRA	-	3,996,556
Non-compliance with MFMA Regulation 110(2)	2,538,489	12,084,231
Non-compliance with MFMA 112	-	177,603
Non- Compliance with PPFA regulation 6(8) states that, Subject to sub-regulation (9) and regulation 11	-	89,250
Non-Compliance with SCM Regulation 12	-	916,581
Government gazette number: 42134	-	619,407
Non-compliance with SCM regulation 6(3)c	12,026,379	12,161,418
Non-compliance with PPPFA Section 2(1)(f)	-	76,573
	64,511,557	680,660,893

60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	724,180
Current year subscription / fee	12,558,885	6,198,127
Amount paid - current year	(4,283,570)	(6,922,307)
	8,275,315	-

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60. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Material distribution losses		
Electricity	204,160,814	196,154,953
Water	88,157,018	47,030,971
	292,317,832	243,185,924
Electricity:		
Technical losses	16,332,865	15,692,396
Non-technical losses	187,827,949	180,462,557
	204,160,814	196,154,953
Water:		
Technical losses	5,289,421	2,821,858
Non-technical losses	82,867,597	44,209,113
	88,157,018	47,030,971
<p>Electricity distribution losses for the current financial year was 169 530 789 kilowatts (2022: 182 158 374 kilowatts: 14 572 670 kilowatts technical and 167 585 704 kilowatts non-technical losses) which represents 25% (2022: 25%) of total electricity purchased. These electricity distribution losses comprise of 13 562 463 kilo watts technical and 155 968 326 kilo watts 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.</p>		
<p>Water distribution losses comprises of non-billed water, and for the current financial period was 7 300 239 kilo litres (2022: 4 209 473 kilo litres: 252 568 kilowatts technical and 3 956 905 kilowatts non-technical losses) which represents 27% (2022: 18%) of total water purchased and they comprise of 438 014 kilo litres technical and 6 862 225 kilo litres non-technical losses. These water distribution losses cannot be accounted for mainly due to theft, faulty pipes, spillages etc</p>		
<p>See note 40 for the total electricity and water bulk purchases for the financial year.</p>		
Audit fees		
Opening balance	-	926,369
Current year subscription / fee	10,600,270	12,275,819
Amount paid - current year	(10,600,270)	(13,202,188)
	-	-
PAYE and UIF		
Opening balance	7,386,369	7,570,195
Current year subscription / fee	91,123,912	89,552,714
Amount paid - current year	(91,346,497)	(89,736,540)
	7,163,784	7,386,369
Pension and Medical Aid Deductions		
Opening balance	12,309,185	12,474,153
Current year subscription / fee	152,153,980	149,793,078
Amount paid - current year	(151,587,735)	(149,958,046)
	12,875,430	12,309,185

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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, 2023:

June 30, 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor D Mbulula	5,053	477	5,530
Councillor SS&SJ Moumakwe	2,875	-	2,875
Councillor SW Mretyana	3,839	12,199	16,038
Councillor E Matsotso C/O Moabi MK	9,151	4,991	14,142
Councillor S Majikija C/O Njani WS	2,266	-	2,266
	23,184	17,667	40,851

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

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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 the increased loadshedding which led to decreased consumption of services. An increase in subsidies for indigent consumer due to the countries poor economic conditions.

61.02 **Rental of facilities and equipment** are within the budget.

61.03 **Interest received - exchange and non-exchange transactions** above budget due increase in non payment by consumers.

61.04 **Income from agency fees** is below budget as a result of loadshedding and operational inefficiencies.

61.05 **Other income** are within the budget.

61.06 **Interest received - investment investment** of conditional grants in interest bearing call accounts.

61.07 **Property rates** was below budget due to increased indigent subsidies and objections on property values.

61.08 **Government grants and subsidies** increases as per the Division of Revenue.

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

61.10 **Employee related costs** are within the budget.

61.11 **Remuneration of councillors** is overspent as a result of the approval of upper limits.

61.12 **Depreciation and amortisation** were within budget.

61.13 **Finance costs** were above budget due to inadequate budgeting and the interest incurred on the arrears amount owing to Eskom and Rand Water and the accounting for employee benefit obligations.

61.14 **Debt impairment** were above budget due to inadequate budgeting.

61.15 **Bulk purchases** was within budget.

61.16 **Contracted services** was within budget.

61.17 **Transfers and subsidies** are within the budget.

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61. Budget differences (continued)

61.18 **General expenses** were overspent due internal consumption of service.

61.19 **Gain or loss on disposal of assets and liabilities** was not budgeted for.

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

62. Segment reporting

General information

Identification of segments

The municipality is organised and reports to management on the basis of three 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. 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.

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Audited Financial Statements for the year ended June 30, 2023

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62. Segment reporting (continued)

Aggregated segments and basis of aggregation

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 into a single segment as they have similar economic characteristics, and share a majority of the following:

- (a) segments share the nature of the goods and/or services delivered
- (b) segments share the type or class of customer/consumer to which goods and services are delivered;
- (c) segments share the methods used to distribute the goods or provide the services;
- (d) segments share the nature of the regulatory environment where applicable

1. Trading services:

- Water
- Electricity
- Refuse/Solid waste
- Sewerage/Waste water

2. Economic and environmental services:

- Agriculture
- Economic development planning
- Housing
- Roads
- Town planning, building regulations and enforcement
- Property and valuation services

3. Community and public safety:

- Cemeteries
- Libraries
- Community halls and facilities
- Health and child care services
- Recreational services and sporting grounds and stadiums
- Licensing and regulation
- Traffic police and street parking control
- Community parks and nurseries

4. Governance:

- Chief Whip
- Council
- Mayor
- MPAC
- Speaker

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	Goods and/or services
Community and public safety	Community and social services, sports and recreation, public safety and health
Trading services	Sewerage, refuse, electricity and water
Governance	Community outreach
Economic and environmental services	Economic development and planning, agriculture, road transport, housing and environmental protection services

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62. Segment reporting (continued)

Segment surplus or deficit, assets and liabilities

2023

	Economic and environmental services	Trading services	Governance	Community and public safety	Total
Revenue					
Revenue from non-exchange transactions	397,591,636	251,684,966	342,981,994	111,025,599	1,103,284,195
Revenue from exchange transactions	2,838,996	1,310,668,574	8,390,197	23,845,248	1,345,743,015
Interest revenue	-	84,147,818	15,115,256	-	99,263,074
actuarial (losses)/gain	-	-	23,452,087	-	23,452,087
Total segment revenue	400,430,632	1,646,501,358	389,939,534	134,870,847	2,571,742,371
Entity's revenue					2,571,742,371
Expenditure					
Employee related costs	53,007,755	125,412,860	230,916,647	169,796,955	579,134,217
Other expenses	44,006,345	660,726,823	(35,849,966)	9,569,597	678,452,799
Bulk purchases	-	1,121,812,797	-	-	1,121,812,797
Depreciation and amortisation	577,299	5,786,493	167,581,532	-	173,945,324
Interest expense	-	16,306,412	137,586,573	-	153,892,985
fair value adjustments	(515)	9,013,990	-	-	9,013,475
Gain or loss on disposal of assets and liabilities	(362,250)	-	34,307,100	-	33,944,850
Total segment expenditure	97,228,634	1,939,059,375	534,541,886	179,366,552	2,750,196,447
Total segmental surplus/(deficit)	303,201,998	(292,558,017)	(144,602,352)	(44,495,705)	(178,454,076)
Assets					
current assets	(78,581,289)	1,569,182,764	(1,200,082,556)	299,723,494	590,242,413
non-current assets	112,613,141	216,268,767	4,165,807,941	(6,381,375)	4,488,308,474
Total segment assets	34,031,852	1,785,451,531	2,965,725,385	293,342,119	5,078,550,887
Total assets as per Statement of financial Position					5,078,550,887

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Notes to the Audited Financial Statements

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	Economic and environmental services	Trading services	Governance	Community and public safety	Total
62. Segment reporting (continued)					
Liabilities					
current liabilities	(139,963,209)	1,473,305,892	834,326,879	167,557,215	2,335,226,777
non-current liabilities	-	160,624,796	176,508,510	-	337,133,306
Total segment liabilities	(139,963,209)	1,633,930,688	1,010,835,389	167,557,215	2,672,360,083
Total liabilities as per Statement of financial Position					2,672,360,083