MUSINA LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Musina Local Municipality

ANNUAL FINANCIAL STATEMENT

for the year ended 30 June 2021

Annual Financial Statements
for
Musina Local Municipality
LIM 341

for the year ended 30 June:	***2021***
Province:	Limpopo
AFS rounding:	***R (i.e. only cents)***

Contact Information:

Accounting Officer	NT Tshiwanammbi

Chief Financial Officer:	LT Nephawe
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Name of contact at National Treasury:	Thomas Matjeni
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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 and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Legislation governing the municipality's operations:	Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of South Africa (Act 108 of 1998) Municipal Property Rates Act (Act of 6 2004) Division of Revenue Act (Act 1 of 2007)

Annual Financial Statements
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Musina Local Municipality
LIM 341

Members of council	Name	Appointment date	Resignation date
Mayor	M E Muhlope	Aug-16	
Speaker	G Netshisaulu	Aug-16	
Chief whip	M F Mafela	Aug-16	
Exco	E S Shirilele	Aug-16	
Exco	G N Milanzi	Aug-16	
Exco	J Khunwana	Aug-16	
Exco	E Magwira	Aug-16	
Member	S M Phiri	Aug-16	
MPAC Chair	P Nare	Aug-16	
Member	P Sakala	Aug-16	
Member	R Netshivhulana	Aug-16	
Member	T Netshipale	Aug-16	
Member	R Gadabeni	Aug-16	
Member	P Mbedzi	Aug-16	
Member	J Mukwevho	Aug-16	
Member	R Mavhungu	Aug-16	
Member	D Makhura	Aug-16	
Member	P Nyabane	Aug-16	
Member	E Makatu	Aug-16	
Member	R Fick	Aug-16	
Member	E Mamafa	Aug-16	
Member	E Makhesha	Aug-16	
Member	B Ndou	Jun-19	
Member	A Raselabe	Aug-16	

Grading of local authority:	03
Registered office	Musina Municipality
Business address	Civic Centre 21 Irwin Street Musina 0900
Postal address	Private bag X611 Musina 0900
Bankers	ABSA
Auditors	Auditor-General of South Africa (AGSA)

Approval of Financial Statements and Accounting Offficers resposibility.

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

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

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

I as the Accounting Officer , acknowledge that I am 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 me to meet these responsibilities, I have set 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.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, I am satisfied that the municipality has or have access to adequate resources to continue in operational existence for the foreseable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Musina Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I am primarily responsible for the financial affairs of the municipality.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 01 to 71, which have been prepared on the going concern basis, were approved on 31 August 2021

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Accounting Officer :Tshawanammbi NT

Date: 31 August 2021

Abbreviations

COGTA	Co-operative Governance and Traditional Affairs
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MSIG	Municipal System Improvement Grant
LGSETA	Local Government Services Sector Education & Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
INEP	Integrated National Electricity Programme
FMG	Financial Management Grant
EPWP	Expanded Public Works Programme Integrated Grant

Musina Local Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

	Note	2020/2021	2019/2020 Restated
		R	R
ASSETS			
Current Assets			
Cash and Cash Equivalents	**2**	12,473,161	12,667,402
Receivables From Exchange Transactions	**3**	27,917,755	19,779,587
Receivables From Non-exchange Transactions	**4**	21,450,701	16,917,157
Inventories	**5**	31,287,509	32,124,472
Other Current Assets	**6**	15,213,525	30,901,045
Total Current Assets		**108,342,652**	**112,389,662**
Non-Current Assets			
Investments	**7**	10,731,000	10,731,000
Investment Property	**8**	173,984,200	172,174,000
Property, Plant and Equipment	**9**	429,646,697	399,493,060
Heritage Assets	**10**	65,210	65,210
Intangible Assets	**11**	8,492	12,732
Total Non-current Assets		**614,435,599**	**582,476,002**
TOTAL ASSETS		**722,778,251**	**694,865,664**
LIABILITIES			
Current Liabilities			
Financial Liabilities	**12**	383,714	3,183,521
Consumer Deposits	**13**	4,781,337	4,767,549
Trade and Other Payables From Exchange Transactions	**14**	187,273,177	233,165,692
Trade and Other Payables From non-Exchange Transactions	**14.1**	325,889,022	299,628,601
Unspent Transfers and Subsidies	**15**	-	4,372,234
Provisions	**16**	3,873,287	1,458,064
Other Current Liabilities	**17**	327,000	318,000
Total Current Liabilities		**522,527,538**	**546,893,662**
Non-current Liabilities			
Financial Liabilities	**12**	799,180	-
Provisions	**16**	26,531,963	8,430,630
Other Non-current Liabilities	**17**	18,796,000	15,281,000
Total Non-current Liabilities		**46,127,143**	**23,711,630**
TOTAL LIABILITIES		**568,654,681**	**570,605,292**
NET ASSETS		154,123,570	124,260,372
Accumulated Surplus / (Deficit)		154,123,570	124,260,372
Reserves			
TOTAL NET ASSETS		**154,123,570**	**124,260,372**

Musina Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2021

	Note	2020/2021	2019/2020 Restated
		R	R
Revenue			
Non-Exchange Revenue			
Property Rates	**18**	24,787,414	21,257,109
Transfers and Subsidies – Operational	**25**	195,305,000	146,868,000
Fines, Penalties and Forfeits	**23**	2,694,700	3,410,165
Other Revenue-LG SETA	**26**	1,088,733	405
Donations	**52**	-	25,427,816
Exchange Revenue			
Service Charges - Electricity	**19**	143,855,458	136,862,940
Service Charges – Waste Management	**19**	12,420,239	12,884,610
Rental	**20**	558,297	603,899
Interest on Investments	**21**	494,381	902,316
Interest on Receivables	**22**	2,778,799	2,745,597
Licences and Permits	**24**	2,285,624	4,113,444
Other Revenue	**26**	9,433,830	9,646,371
Total Revenue (excl. capital transfers and subsidies)		**395,702,476**	**364,722,672**
Expenditure			
Employee Related Costs	**28**	150,949,955	141,060,558
Remuneration of Councillors	**29**	10,525,531	10,624,279
Debt Impairment / Write-off	**3 & 4**	30,798,422	30,831,951
Depreciation and Amortisation	**30**	28,518,998	28,717,128
Asset Impairment	**30**	1,620,431	7,140,220
Finance Costs	**31**	2,620,820	559,944
Bulk Purchases	**32**	116,843,934	110,277,181
Inventory Consumed	**33**	3,766,783	3,465,968
Contracted Services	**34**	25,698,978	29,065,559
Transfers and Subsidies	**35**	4,339,000	3,504,000
Operational Costs	**36**	29,759,856	30,232,689
Loss on Disposal of Assets	**27**	-	-
Total Expenditure		**405,442,709**	**395,479,477**
Surplus/(Deficit)		-9,740,233	-30,756,805
Gain on Post retirement Medical Aid Benefit Liability	**27**	-	1,049,478
Transfers and Subsidies – Capital	**25**	37,793,234	27,744,083
Gain on revaluation of Assets	**27**	1,810,200	1,396,000
Surplus/(Deficit) After Capital Transfers and Contributions		**29,863,201**	**-567,244**
Surplus/(Deficit) Prior year errors		-	-

Surplus/(Deficit) for the year		**29,863,201**	**-567,244**

Musina Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2021

	Accumulated Surplus / (Deficit)	TOTAL
	R	R
Balance of retained earnings 30 June 2019	121,262,618	121,262,618
Prior period errors	3,564,997	3,564,997
Restated balance	**124,827,615**	**124,827,615**
Surplus/deficit for 2020	**-567,244**	**-567,244**
Closing balance for 2020	**124,260,371**	**124,260,371**
Balance as previously reported	96,556,364	96,556,364
Effect of prior period errors	27,704,007	27,704,007
Surplus/deficit 2021	**29,863,201**	**29,863,201**
Closing balance for 2021	**154,123,572**	**154,123,572**

For details refer to note 37 -

Musina Local Municipality

COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 30 June 2021

	2020/2021							
	R							
	Original Budget [1]	***Budget adjustments** [2]	**Final adjustments budget** [3]	****Shifting of funds** [4]	*****Virement** [5]	**Final Budget** [6]	**Actual Outcome** [7]	**Variance** [8]
Financial Performance								
Property rates	21,413,000	-	21,413,000	-	-	21,413,000	24,787,414	3,374,414
Service charges	178,420,000	-	178,420,000	-	-	178,420,000	156,275,697	-22,144,303
Rental of facilities and equipment	630,000	-	630,000	-	-	630,000	558,297	-71,703
Interest earned - external investments	1,174,000	-	1,174,000	-	-	1,174,000	494,381	-679,619
Interest earned - outstanding debtors	1,314,000	1,686,000	3,000,000	-	-	3,000,000	2,778,799	-221,201
Fines	3,091,000	-	3,091,000	-	-	3,091,000	2,694,700	-396,300
Licences and permits	5,197,000	-	5,197,000	-	-	5,197,000	2,285,624	-2,911,377
Transfers recognised - operational	162,512,000	32,793,000	195,305,000	-	-	195,305,000	195,305,000	-
Other revenue	5,459,000	8,000,000	13,459,000	-	-	13,459,000	10,522,563	-2,936,437
Gain on provision-Post medical aid benefit	-	-	-			-	-	-
Gains on disposal of PPE	5,371,000		5,371,000	-	-	5,371,000	1,810,200	-3,560,800
Total Revenue (excluding capital transfers and contributions)	**384,581,000**	**42,479,000**	**427,060,000**	**-**	**-**	**427,060,000**	**397,512,676**	**-29,547,324**
Employee related costs	154,154,000	-	154,154,000	-	-	154,154,000	150,949,955	-3,204,045
Remuneration of councillors	11,586,000	-	11,586,000	-	-	11,586,000	10,525,531	-1,060,469
Debt impairment	7,854,000	-	7,854,000	-	-	7,854,000	30,798,422	22,944,422
Depreciation & asset impairment	32,325,000	-	32,325,000	-	-	32,325,000	30,139,429	-2,185,571
Finance charges	1,676,000	-	1,676,000	-	-	1,676,000	2,620,820	944,820
Bulk purchases	110,803,000	11,601,000	122,404,000	-	-	122,404,000	116,843,934	-5,560,066
Other materials	7,938,000	-	7,938,000	-	-	7,938,000	3,766,783	-4,171,217
Contracted services	22,464,000	17,882,000	40,346,000	-	-	40,346,000	25,698,978	-14,647,022
Transfers and grants	5,378,000	351,000	5,729,000	-	-	5,729,000	4,339,000	-1,390,000
Other expenditure	25,134,000	7,445,000	32,579,000	-	-	32,579,000	29,759,856	-2,819,144
Total Expenditure	**379,312,000**	**37,279,000**	**416,591,000**	**-**	**-**	**416,591,000**	**405,442,709**	**-11,148,291**
Surplus/(Deficit)	**5,269,000**	**5,200,000**	**10,469,000**	**-**	**-**	**10,469,000**	**-7,930,033**	**-40,695,615**
Transfers and subsidies - capital	-		-			-		-
Contributions recognised	33,843,000	4,372,000	38,215,000		-	38,215,000	37,793,234	-421,766
Surplus/(Deficit) after capital transfers & contributions	**39,112,000**	**9,572,000**	**48,684,000**	**-**	**-**	**48,684,000**	**29,863,201**	**-18,820,799**
Surplus/(Deficit) for the year	**44,381,000**	**14,772,000**	**59,153,000**	**-**	**-**	**59,153,000**	**21,933,169**	**-21,874,817**
Reconciliation to statement of financial performance								
Total Revenue (excl. capital transfers and subsidies)	384,581,000	42,479,000	427,060,000		-	427,060,000	397,512,676	-29,547,324
Total Expenditure	379,312,000	37,279,000	416,591,000	-	-	416,591,000	405,442,709	-11,148,291
Transfers and Subsidies – Capital	33,843,000	4,372,000	38,215,000	-		38,215,000	37,793,234	-18,820,799
Surplus/(deficit) per the statement of financial performance	**39,112,000**	**9,572,000**	**48,684,000**	**-**	**-**	**48,684,000**	**29,863,201**	**18,820,799**

Musina Local Municipality

COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 30 June 2021

Comparison of Budget and Actual Amounts for the year ended 30 June 2021 (Continued)

	2020/2021 R							
	Original Budget [1]	*Budget adjustments [2]	Final adjustments budget [3]	**Shifting of funds [4]	***Virement [5]	Final Budget [6]	Actual Outcome [7]	Variance [8]
Capital expenditure and fund source								
Transfers recognised – capital	33,843,000	4,372,000	38,215,000	-	-	38,215,000	37,793,234	-421,766
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-
Financial position								
Total Current assets	153,452,000	4,449,000	157,901,000	-	-	157,901,000	108,342,652	-49,558,348
Total non current assets	546,970,000	-	546,970,000	-	-	546,970,000	614,435,599	67,465,599
Total current liabilities	94,339,000	-	94,339,000	-	-	94,339,000	522,527,538	428,188,538
Total non current liabilities	4,769,000	-	4,769,000	-	-	4,769,000	46,127,143	41,358,143
Net Assets	601,314,000	4,449,000	605,763,000			605,763,000	154,123,570	-451,639,430

Comparison of Budget and Actual Amounts for the year ended 30 June 2021 (Continued)

	2020/2021 R							
	Original Budget [1]	*Budget adjustments [2]	Final adjustments budget [3]	**Shifting of funds [4]	***Virement [5]	Final Budget [6]	Actual Outcome [7]	Variance [8]
Cash flows								
Net Cash flow from (used) operating	41,596,000	14,021,000	55,617,000	-	-	55,617,000	34,368,048	21,248,952
Net cash flow from(used) Investing Activities	-39,112,000	-9,572,000	-48,684,000	-	-	-48,684,000	-36,549,125	-85,233,125
Net cash flow from (used) Financing	-2,527,000	-	-2,527,000	-	-	-2,527,000	1,986,837	-540,163
Net increase/decrease in cash held	-43,000	4,449,000	4,406,000	-	-	4,406,000	-194,239	4,600,239

Comparison of Budget and Actual Amounts for the year ended 30 June 2020 (Continued)

	2019/2020 R		
	Final Budget	**Actual outcome**	**Variance**
Financial Performance			
Property rates	20,277,000	21,257,109	980,109
Service charges	158,660,000	149,747,551	-8,912,449
Rental of facilities and equipment	597,000	603,899	6,899
Interest earned-external investment	1,119,000	902,316	-216,684
Interest earned-outstanding debtors	2,900,000	2,745,597	-154,403
Fines	2,115,000	3,410,165	1,295,165
Licence and Permits	4,951,000	4,113,444	-837,556
Transfers recognised – operational	146,868,000	146,868,000	-
Other own revenue	10,102,000	9,646,776	-455,224
Gains and Losses	8,500,000	2,445,478	-7,104,000
Total revenue (excl capital transfers and contributions)	**356,089,000**	**341,740,334**	**-15,398,144**
Employee costs	144,684,000	141,060,558	-3,623,442
Remuneration of councillors	11,140,000	10,624,279	-515,721
Debt impairement	653,000	30,831,951	30,178,951
Depreciation & asset impairment	30,353,000	35,857,347	5,504,347
Finance charges	1,302,000	559,944	-742,056
Materials and bulk purchases	102,500,000	110,277,181	7,777,181
Other material	7,455,000	3,465,968	-3,989,032
Contracted Services	27,732,000	29,065,559	1,333,559
Transfers and grants	5,859,000	3,504,000	-2,355,000
Other expenditure	23,576,000	30,232,689	6,656,689
Loss on disposal of PPE	-	-	-
Total expenditure	**355,254,000**	**395,479,477**	**40,225,477**
Surplus/(deficit)			
Transfers and subsidies – capital	22,765,000	27,744,083	4,979,083
Contributions recognised			
Surplus/(deficit) after capital transfers and contributions	**23,600,000**	**-25,995,061**	**19,848,250**
Reconciliation to statement of financial performance			
Total Revenue (excl. capital transfers and subsidies)	356,089,000	341,740,334	-15,398,144
Total Expenditure	355,254,000	395,479,477	40,225,477
Transfers and Subsidies – Capital	22,765,000	27,744,083	4,979,083
Surplus/(deficit) per the statement of financial performance	**23,600,000**	**-25,995,061**	**-2,395,061**
Capital expenditure and fund source			
Transfers recognised – capital	22,765,000	27,744,083	4,979,083
Financial position			
Total current assets	145,788,000	112,389,662	-33,398,338
Total non-current assets	477,726,000	582,476,002	104,750,002
Total current liabilities	83,180,000	546,107,977	462,927,977
Total non-current liabilities	7,063,000	23,711,630	16,648,630
Net Assets	533,271,000	125,046,057	-408,224,943
Cash Flows			
Net cash from (used) operating activities	27,243,000	39,494,330	66,737,330
Net cash from (used) investing activities	-22,765,000	25,267,713	-48,032,713
Net cash from (used) financing activities	-5,126,000	3,012,688	-8,138,688
Net increase/decrease in cash held	-648,000	11,213,929	-11,861,929

Refer to note 56 for varience explanations.

Musina Local Municipality
SEGMENTS
for the year ended 30 June 2021

	2020/2021 R					
	Community and public safety	**Economic and environmental**	**Trading Services**	**Other**	**Unallocated**	**Total**
Segment Revenue						
External revenue from non-exchange transaction	2,694,700	-	24,787,414	196,393,733	-	223,875,847
External revenue from exchange transactions	2,285,624	-	156,275,697	9,992,128	1,810,200	170,363,648
Revenue from transactions with other segments	-	-	-	37,793,234	-	37,793,234
Interest revenue	-	-	-	3,273,181	-	3,273,181
Segment Expenses						-
Total segment expenses	9,955,533	-	311,846,059	53,440,118	-	375,241,710
Depreciation and amortisation	-	-	-	30,139,429	-	30,139,429
Interest expense	-	-	-	61,569	-	61,569
Surplus/deficit for the year	-4,975,209	-	-130,782,948	163,811,158	1,810,200	29,863,201

	2020/2021 R					
	Community and public safety	**Economic and environmental**	**Trading Services**	**Other**	**Unallocated**	**Total**
Other Information						
Segment assets	3,284,063	-	89,845,063	629,649,124	-	722,778,251
Segment liabilities	-	-	513,162,199	54,693,301	-	567,855,501
Additions to non-current assets	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenses (included above)	-	-	-	-	-	-
Cash flows from operating activities	-	-	34,368,048	-	-	34,368,048
Cash flows from investing activities	-	-	-36,549,125	-	-	-36,549,125
Cash flows from financing activities	-	-	1,986,837	-	-	1,986,837

Musina Local Municipality
SEGMENTS
for the year ended 30 June 2021

	2019/2020 R					
	Community and public safety	**Economic and environmental**	**Trading Services**	**Other**	**Unallocated**	**Total**
Segment Revenue						
External revenue from non-exchange transaction	7,523,609	-	21,257,109	146,868,000	-	175,648,717
External revenue from exchange transactions	-	-	149,747,551	10,524,766	1,396,000	161,668,316
Revenue from transactions with other segments	-	-	-	28,793,561	-	28,793,561
Interest revenue	-	-	-	3,647,913	-	3,647,913
Segment Expenses						
Total segment expenses	8,952,594	-	295,660,675	48,718,731	-	353,332,000
Depreciation and amortisation	-	-	-	34,842,579	-	34,842,579
Interest expense	-	-	-	6,290,130	-	6,290,130
Internal charges	0	0	0	0	0	
Surplus/deficit for the year	-1,428,985	-	-124,656,016	99,982,800	1,396,000	-24,706,202

	2019/2020 R					
	Community and public safety	**Economic and environmental**	**Trading Services**	**Other**	**Unallocated**	**Total**
Other Information						
Segment assets	3,284,063	-	114,781,423	605,249,254	-	723,314,740
Segment liabilities	-	-	516,071,671	27,953,865	-	544,025,536
Additions to non-current assets	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenses (included above)	-	-	-	-	-	-
Cash flows from operating activities	-	-	39,494,330	-	-	39,494,330
Cash flows from investing activities	-	-	25,267,713	-	-	25,267,713
Cash flows from financing activities	-	-	3,012,688	-	-	3,012,688

Musina Local Municipality
CASH FLOW STATEMENT

for the year ended 30 June 2021

	Note	2021	2020 Restated
		R	R
OPERATING ACTIVITIES			
Receipts		**413,820,072**	**363,440,392**
Sales of goods and services		167,067,727	167,629,642
Grants		228,726,001	174,612,084
Interest received		2,828,308	3,647,912
Other receipts		15,198,035	17,550,754
Payments		**379,452,024**	**323,946,062**
Employee costs		161,475,486	151,684,837
Suppliers		217,761,897	171,701,281
Interest paid		214,641	559,944
Net cash from operating activities	37	**34,368,048**	**39,494,330**
INVESTING ACTIVITIES			
Purchase of fixed assets		-38,919,591	-25,267,713
Sale of Investments		2,181,648	-
Interest received		188,818	-
Net cash from Investing activities		**-36,549,125**	**-25,267,713**
FINANCING ACTIVITIES			
Increase /Decrease Finance Lease		-944,757	277,785
Decrease in long term Loans		2,945,382	2,687,747
Increase/Decrease in consumer deposit		-13,788	47,155
Net cash outflow from financing activities		**1,986,837**	**3,012,688**
Net increase / (decrease)		-194,239	11,213,929
Net at beginning of period		12,667,400	1,453,471
Net at end of period	2	**12,473,161**	**12,667,400**

Notes to the financial statements

Index to the Notes

1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

These annual financial statements have been prepared in accordance with standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1.2 PRESENTATION CURRENCY

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

1.1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.Refer to note 54.

1.1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

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

Certain comparative figures have been reclassified.

The nature and reasons for the reclassification and restatement are disclosed in note 38 correction of prior period error to the financial statements.

1.1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New standards and interpretations
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 2021 or later periods:
Standards and interpretations not yet effective or relevant
The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later period.

GRAP 104 (amended): Financial Instruments
Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.
The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.
The most significant changes to the Standard affect:
Financial guarantee contracts issued
-Loan commitments issued
-Classification of financial assets
-Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the standard is not yet set by the Minister of Finance.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.
It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose

Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.
The guideline is encouraged to be used by entities.
The municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the municipality's operations

Guideline and accounting for Landfill site

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) (the Constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the applicable Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill (hereafter referred to as "land"), the landfill site asset and the related rehabilitation provision

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 109: Accounting by Principals and Agents
The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.
The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.
It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.
The effective date of the standard is not yet set by the Minister of Finance.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.
It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.
GRAP 108: Statutory Receivables
The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.
It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.
The effective date of the standard is not yet set by the Minister of Finance.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.
It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.
GRAP 20: Related parties
The objective of this standard is to ensure that a reporting entity's audited annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.
An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:
-identifying related party relationships and transactions;
-identifying outstanding balances, including commitments, between an entity and its related parties;
-identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
-determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual audited annual financial statements.
Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.
New standards and interpretations (continued)
The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:
A person or a close member of that person's family is related to the reporting entity if that person:
- has control or joint control over the reporting entity;
- has significant influence over the reporting entity;
- is a member of the management of the entity or its controlling entity.
An entity is related to the reporting entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).
The standard furthermore states that 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.
The standard elaborates on the definitions and identification of:
Close member of the family of a person;
Management;
Related parties;
Remuneration; and
Significant influence
The standard sets out the requirements, inter alia, for the disclosure of:
Control;
Related party transactions; and
Remuneration of management
The effective date of the standard is for years beginning on or after 01 April 2019.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.
It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 INITIAL RECOGNITION

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 year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an item of property, plant and equipment was under construction at year end (Work in progress) , such assets will be disclosed in agrregate per class of the assets and not individually to reflect each project. Such assets will not be depreciated until they are completed.

1.2.2 SUBEQUENT MEASUREMENT - COST MODEL

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

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

1.2.3 DEPRECIATION

Depreciation is calculated on historical cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Infrastructure Assets	**Years**
Roads, pavement, double seals, road signs and road markings	15-40
Street names, signs and parking meters	5
Car parks, bus terminals and taxi ranks	20
Electricity - Mass lights	15
Electricity - Transformers	15
Electricity - Street lights	15
Housing	30
Street lighting	25
Refuse sites	30
Bridges	40
Community Assets	
Parks and gardens	30
Sport fields	30
Community halls	30
Libraries	30
Recreation facilities	30
Clinics	30
Fire services	30
Cemeteries	30
Other Assets	
Motor vehicles	5
Plant and equipment	5
Security measures	3
Buildings	30
IT equipment	3
Office equipment	5

Finance leased assets are depreciated over the lease term.

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

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted. During the year items of property, plant and equipment useful life was assessed and based on the assesment there were no changes to prior year estimates.

1.2.4 DERECOGNITION

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

1.3 HERITAGE ASSETS

1.3.1 INITIAL RECOGNITION

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.

At initial recognition, the municipality measures heritage assets at cost once it meets the definition of heritage assets. However, where a heritage asset was acquired through a non-exchange transaction (i.e. where it acquired the heritage assets for no or a nominal value), its cost is its fair value as at the date of acquisition.

1.3.2 SUBSEQUENT MEASUREMENT – REVALUATION MODEL

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

1.3.3 Derecognition

When the heritage assets are permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

1.4 INTANGIBLE ASSETS

1.4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over their useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by the municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

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

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised. All other cost incurred on intangible assets during the exemption period has been expensed.

1.4.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software 3-5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.4.4 DERECOGNITION

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

1.5 INVESTMENT PROPERTY

1.5.1 INITIAL RECOGNITION

Investment property includes property held to earn income, or capital appreciation rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

An asset is derecognised when it is disposed off or when no future economic benefits or service potential is expected. Any gain or loss is recognised in surplus or deficit,.

1.5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

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

1.5.3 DERECOGNITION

Investment property is derecognised when it is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

1.6 INVENTORIES

1.6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, delivery costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Assets (Land inventory) held for sale are measured at cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

1.7 FINANCIAL INSTRUMENTS

1.7.1 INITIAL RECOGNITION

Financial assets and liabilities are recognised on the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at cost.

1.7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with GRAP 104.

1.7.2.1 INVESTMENTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.7.2.2 RECEIVABLES (EXCHANGE AND NON-EXCHANGE)

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.7.2.3 TRADE PAYABLES (EXCHANGE AND NON EXCHANGE) AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.7.3 DERECOGNITION

A financial asset or the specifically identified cash flows of an asset is derecognised when:

a) The cash-flows from the asset expire, are settled or waived;
b) Significant risks and rewards are transferred to another party; or
c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.7.4 GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

1.7.5 OFFSETTING

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

1.7.6 IMPAIRMENTS

All financial assets measured at amortised cost, or cost are subject to an impairment review. The Municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

<u>For financial assets held at amortised cost:</u>

The Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it will include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date on which the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

<u>For financial assets held at cost:</u>

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

1.8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure can only be condoned through council resolution after submmision of investigation report by MPAC.

1.9 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land). Provisions include, Long service, Medical aid and provision for leave accrual.

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

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

1.12 LEASES

1.12.1 OPERATING AND FINANCE LEASE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

1.13 REVENUE

1.13.1 REVENUE FROM 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 relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on 3 month average usage.

Service charges relating to refuse removal are recognised on a monthly basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

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. This includes the issuing of licences and permits.

• Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

• Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

• Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale and where prepaid electricity is not fully consumed or utilised at the end of the reporting period, revenue will be recognised to the extent that the prepaid electricity has been consumed

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

• It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
• The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been 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 the municipality; and
· There has been compliance with the relevant legal requirements.

Fines constitute of traffic fines. Revenue from traffic fines is recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

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

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

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

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

Government grants are recognised as revenue when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
· The amount of the revenue can be measured reliably; and
· To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations shall be recognised as revenue when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
· The amount of the revenue can be measured reliably; and
· To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

1.14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.15 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

· Joint Municipal Pension Fund
· Municipal Employees Pension Fund
· Municipal Gratuity Fund
· SALA Pension Fund
· National fund for Municipal workers

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

a) Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.
Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

1.16 EMPLOYEE BENEFITS

Remuneration to employees is recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs.

The costs of all short-term employee benefits, such as leave pay, are recognised in the period the employee renders the related service.

Leave pay accrual

The liability is based on the total amount of leave days due to the employees on the reporting date and on their total remuneration package.

Provision for Performance Bonuses
A provision in respect of the liability relating to the anticipated costs of 13th cheque bonuses payable to all employees is maintained. Where performance appraisals have not yet been performed at year-end, a performance bonus provision is raised based on the employment contract stipulations and previous performance bonus payment trends.

Long service awards

Employees, who have completed 10 years' unbroken service, are entitled to receive a once-off cash award. The cash award is included in the employee's salary in the month of the service anniversary.The calculations are made by an actuary appointed by the Municipality on a competetive bidding proccess and is similar to accounting for post retirement benefits.

1.17 IMPAIRMENT OF ASSETS

1.17.1 IMPAIRMENT OF ASSETS - NON - CASH GENERATING ASSETS

Those assets held by the Municipality without an intention of generating a commercial return from such asset. The Municipality assesses at each reporting date whether any indications exist that an asset may be impaired. When such an indication exists, the Municipality estimates the recoverable service amount of the asset.

The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined by using either the depreciated replacement cost, restoration cost or service unit approach, depending on the availability of data and the nature of the impairment. If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in carrying amount of an asset due to the reversal of impairment loss should not exceed what the asset's original carrying would have been if no impairment loss were recognised.

1.17.2 IMPAIRMENT OF ASSETS - CASH GENERATING ASSETS

Those assets held by the Municipality for the purpose of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated Municipality, it generates a commercial return.

The Municipality assesses at each reporting date whether there is any indication that an asset or cash-generating unit to which an asset belongs to may be impaired. When such an indication exists, the Municipality estimates the recoverable amount of the asset. The recoverable amount is the higher of the cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined as the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The future expected cash flows are discounted at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

1.18 COMMITMENTS

The commitments disclosed in the disclosure note are the aggregate amount of capital and current expenditure approved and contracted for and approved and not contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements.

1.19 RELATED PARTIES

The Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the sphere of government are considered to be related parties.

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

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

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another Municipality or person are disclosed.

1.20 BUDGET INFORMATION

Municipality is typically subjected to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar measures. General purpose financial reporting by municipalities must provide information on whether resources were obtained and used in accordance with the legally adopted budget. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.Percentage movements of +/-10% or more are regarded as significant and are followed up.

1.21 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements in conformity with GRAP required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Municipality`s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.This includes the following: provision for bad debts,provisision for land fill sites, defined benefits,impairments of assets and rehabiliatation of landfill sites,fair value of investment property and impairment of trade receivables

1.22 CONSUMER DEPOSITS

Initial and Subsequent measurement

These are deposits that held by the municipality for all accounts that the municipality has with the customers, deposits are reviewed each year when tarrifs are taken to council,after the review the deposit will be adjusted to reflect any changes to value if there are differences. The deposit is then paid out to customers on termination of the accounts provided the account holder does not have any liabilities on their accounts. This are disclosed under current liabilities.

1.23 TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTOL

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions. In event of a transfer of function between entities not under common control, the assets and liabilities should be recognised (by the ecquirer) at their acquisition date fair values

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus/ defecit.

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

1.25 VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

The municipality accounts for VAT on the payment/receipts basis. Output VAT is only payable as and when the purchase consideration is received and input tax can only be claimed as and when payments are made.

2 CASH AND CASH EQUIVALENTS

2.1 Cash and cash equivalents

	2020/2021 R	2019/2020 R
Cash and cash equivalents consist of the following:		
Cash at bank	12,473,161	12,667,402
Total cash and cash equivalents	**12,473,161**	**12,667,402**

Cash at banks earns interest at floating rates based on daily bank deposit rates

2.2 Bank accounts

	2020/2021 R	2019/2020 R
The municipality has the following bank accounts:		
ABSA Bank Limited - Musina Branch: Account Number 2050550179	4,940,776	2,521,346
ABSA Bank Limited - Musina Branch: Account Number 4074881456	357,601	154,089
ABSA Bank Limited - Musina Branch: Account Number 9357757331	7,174,785	9,991,966
Total	**12,473,161**	**12,667,402**

2.3 Difference between Cash Book and Bank Statement

	2020/2021 R		
	Cash book	Bank Statement	Difference
ABSA Bank Limited - Musina Branch: Account Number 2050550179	12,473,161	4,940,776	7,532,385
ABSA Bank Limited - Musina Branch: Account Number 4074881456	-	357,601	-357,601
ABSA Bank Limited - Musina Branch: Account Number 9357757331	-	7,174,785	-7,174,785

Difference between Cash Book and Bank Statement (Continued)

	2019/2020 R		
	Cash book	Bank Statement	Difference
ABSA Bank Limited - Musina Branch: Account Number 2050550179	12,667,402	2,521,346	10,146,055
ABSA Bank Limited - Musina Branch: Account Number 4074881456	-	154,089	-154,089
ABSA Bank Limited - Musina Branch: Account Number 9357757331	-	9,991,966	-9,991,966

Musina Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
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3 Receivables from exchange transactions

		2020/2021 R	2019/2020 R
Consumer receivables from exchange transactions	**3.1**		
Electricity		15,256,972	9,258,560
Waste Management		10,610,763	8,434,381
Other receivables from exchange transactions	**3.2**		
Housing Selling Scheme		44,579	45,596
Interest on overdue accounts		803,012	852,521
Land Sale Debtors		94,048	94,148
Merchandising, Jobbing and Contracts		944,897	985,704
Pre Paid Cigicell		116,525	108,678
Property rental		46,959	-
Total Receivables from Exchange Transactions		**27,917,755**	**19,779,587**

The amounts disclosed in this note is net of impairment.

3.1 Consumer Receivables

	2020/2021 R		
	Gross	**Impairment**	**Total**
Consumer receivables from exchange transactions			
Electricity	23,702,855	8,445,883	15,256,972
Waste Management	14,495,258	3,884,495	10,610,763
Total consumer receivables from exchange transactions	**38,198,112**	**12,330,377**	**25,867,735**
Consumer receivables from non-exchange transactions			
Property Rates	41,556,170	23,389,533	18,166,638
Total consumer receivables from non-exchange transactions	**41,556,170**	**23,389,533**	**18,166,638**
Total consumer receivables	**79,754,283**	**35,719,910**	**44,034,373**

Consumer Receivables -(Continued)

	2019/2020 R		
	Gross	**Impairment**	**Total**
Consumer receivables from exchange transactions			
Electricity	17,673,312	8,414,752	9,258,560
Waste Management	12,681,087	4,246,706	8,434,381
Total consumer receivables from exchange transactions	**30,354,399**	**12,661,458**	**17,692,941**
Consumer receivables from non-exchange transactions			
Property Rates	35,404,500	20,919,316	14,485,183
Total consumer receivables from non-exchange transactions	**35,404,500**	**20,919,316**	**14,485,183**
Total consumer receivables	**65,758,899**	**33,580,775**	**32,178,124**

3.1.1 Impairment Reconciliation of Consumer Receivables

	2020/2021 R			
	Opening balance	**Impairment raised**	**Impairment reversed / debt written off**	**Closing balance**
Consumer receivables from exchange transactions				
Electricity	8,414,752	31,131	-	8,445,883
Waste Management	4,246,706	-	362,212	3,884,495
Total	**12,661,458**	**31,131**	**362,212**	**12,330,377**
Consumer receivables from non-exchange transactions				
Property Rates	20,919,316	2,470,216	-	23,389,533
Total consumer receivables from non-exchange transactions	**20,919,316**	**2,470,216**	**-**	**23,389,533**
Total consumer receivables	**33,580,775**	**2,501,347**	**362,212**	**35,719,910**

Musina Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
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Impairment Reconciliation of Consumer Receivables (Continued)

	2019/2020 R			
	Opening balance	**Impairment raised**	**Impairment reversed / debt written off**	**Closing balance**
Consumer receivables from exchange transactions				
Electricity	7,546,759	867,993	-	8,414,752
Waste Management	2,511,182	1,735,524	-	4,246,706
Total	**10,057,941**	**2,603,517**	**-**	**12,661,458**
Consumer receivables from non-exchange transactions				
Property Rates	20,406,902	512,415	-	20,919,316
Total consumer receivables from non-exchange transactions	**20,406,902**	**512,415**	**-**	**20,919,316**
Total consumer receivables	**30,464,843**	**3,115,932**	**-**	**33,580,775**

3.1.2 Aging of Consumer Receivables

	2020/2021 R			
	Total	**Current**	**30 days**	**60 days**
Consumer receivables from exchange transactions				
Aging by debt type				
Electricity	23,702,855	4,787,585	1,669,877	1,294,255
Waste Management	14,501,548	1,301,561	752,836	570,611
Total by debt type	**38,204,403**	**6,089,146**	**2,422,712**	**1,864,866**
Aging per customer group				
Organs of State	3,891,700	285,660	681,151	131,402
Commercial Customers	8,786,592	2,903,185	209,020	500,197
Households	19,764,937	2,257,044	1,224,017	973,336
Other	5,761,174	643,257	308,525	259,932
Total by customer group	**38,204,403**	**6,089,146**	**2,422,712**	**1,864,866**

Aging of Consumer Receivables - (Continued)

	2020/2021 R		
	90 days	**120 days**	**120+ days**
Consumer receivables from exchange transactions			
Aging by debt type			
Electricity	1,069,190	852,798	14,029,151
Waste Management	632,954	520,741	10,722,845
Total by debt type	**1,702,144**	**1,373,539**	**24,751,996**
Aging per customer group			
Organs of State	96,286	107,013	2,590,188
Commercial Customers	318,655	348,082	4,507,453
Households	899,879	755,528	13,655,134
Other	387,323	162,916	3,999,221
Total by customer group	**1,702,144**	**1,373,539**	**24,751,996**

Aging of Consumer Receivable (Continued)

	2020/2021 R			
	Total	**Current**	**30 days**	**60 days**
Consumer receivables from non-exchange transactions				
Aging by debt type				
Property Rates	41,555,638	1,803,995	1,048,960	913,356
Total by debt type	**41,555,638**	**1,803,995**	**1,048,960**	**913,356**
Aging per customer group				
Organs of State	4,232,464	44,147	27,226	25,651
Commercial Customers	15,235,417	569,727	247,104	251,735
Households	12,319,564	747,278	476,018	389,209
Other	9,768,193	442,843	298,612	246,760
Total by customer group	**41,555,638**	**1,803,995**	**1,048,960**	**913,356**

Musina Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
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Aging of Consumer Receivable (Continued)

	2020/2021 R		
	90 days	120 days	120+ days
Consumer receivables from non-exchange transactions			
Aging by debt type			
Property Rates	836,104	767,379	36,185,844
Total by debt type	**836,104**	**767,379**	**36,185,844**
Aging per customer group			
Organs of State	25,678	19,208	4,090,553
Commercial Customers	213,256	206,870	13,746,725
Households	362,019	322,008	10,023,032
Other	235,151	219,293	8,325,534
Total by customer group	**836,104**	**767,379**	**36,185,844**

Aging of Consumer Receivable (Continued)

	2019/2020 R			
	Total	Current	30 days	60 days
Consumer receivables from exchange transactions				
Aging by debt type				
Electricity	17,673,312	4,186,719	1,469,592	1,463,163
Waste Management	12,681,088	1,198,537	778,057	676,796
Total by debt type	**30,354,400**	**5,385,256**	**2,247,649**	**2,139,959**
Aging per customer group				
Organs of State	2,386,275	201,508	193,426	187,538
Commercial Customers	5,099,475	1,916,469	516,880	473,878
Households	17,703,672	2,288,466	1,202,489	1,134,090
Other	5,164,978	978,813	334,854	344,453
Total by customer group	**30,354,400**	**5,385,256**	**2,247,649**	**2,139,959**

Aging of Consumer Receivable (Continued)

	2019/2020 R		
	90 days	120 days	120+ days
Consumer receivables from exchange transactions			
Aging by debt type			
Electricity	911,702	750,238	8,891,898
Waste Management	558,761	471,225	8,997,711
Total by debt type	**1,470,463**	**1,221,463**	**17,889,609**
Aging per customer group			
Organs of State	96,379	158,543	1,548,879
Commercial Customers	262,648	175,575	1,754,025
Households	845,614	771,202	11,461,810
Cutt off - billing	265,822	116,141	3,124,895
Total by customer group	**1,470,463**	**1,221,461**	**17,889,609**

Aging of Consumer Receivable (Continued)

	2019/2020 R			
	Total	Current	30 days	60 days
Consumer receivables from non-exchange transactions				
Aging by debt type				
Property Rates	35,404,500	1,492,324	959,686	830,784
Total by debt type	**35,404,500**	**1,492,324**	**959,686**	**830,784**
Aging per customer group				
Organs of State	3,227,732	38,777	36,177	22,095
Commercial Customers	13,735,005	407,800	255,794	232,705
Households	10,050,420	646,511	416,619	358,660
Other	8,391,343	399,236	251,096	217,324
Total by customer group	**35,404,500**	**1,492,324**	**959,686**	**830,784**

Aging of Consumer Receivable (Continued)

	2019/2020 R		
	90 days	120 days	120+ days
Consumer receivables from non-exchange transactions			
Aging by debt type			
Property Rates	757,854	1,383,655	29,980,197
Total by debt type	**757,854**	**1,383,655**	**29,980,197**
Aging per customer group			
Organs of State	12,136	12,028	3,106,519
Commercial Customers	218,333	205,258	12,415,115
Households	326,674	567,457	7,734,499
Other	200,711	598,912	6,724,064
Total by customer group	**757,854**	**1,383,655**	**29,980,197**

3.1.3 Credit Quality of Consumer Receivables

	2020/2021 R	2019/2020 R
	1,309,733	1,145,444

3.1.4 Collection Rate of Consumer Receivables

	2020/2021	2019/2020
Business	77%	39%
Government	82%	60%
Households	80%	80%
Other	98%	90%
Overall collection rate	**84%**	**77%**

3.2 Other Receivables From Exchange Transactions

	2020/2021 R		
	Gross	Impairment	Total
Housing Selling Scheme	44,579	-	44,579
Interest	1,083,080	280,068	803,012
Land Sale Debtors	94,048	-	94,048
Merchandising, Jobbing and Contracts	971,946	27,049	944,897
Property Rental Debtors	315,649	268,690	46,959
Pre Paid Elec - Cigicell	116,525		116,525
Total	**2,625,827**	**575,807**	**2,050,020**

Other Receivables From Exchange Transactions - Continued

	2019/2020 R		
	Gross	Impairment	Total
Housing Selling Scheme	45,596		45,596
Interest	1,083,080	230,560	852,521
Land Sale Debtors	94,148		94,148
Merchandising, Jobbing and Contracts	1,012,753	27,049	985,704
Property Rental Debtors	336,553	336,553	-
Pre Paid Elec - Cigicell	108,678		108,678
Total	**2,680,808**	**594,162**	**2,086,647**

3.2.1 Impairment Reconciliation of Other Receivables From Exchange Transactions

	2020/2021 R			
	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance
Interest	230,559	49,509	-	280,068
Merchandising, Jobbing and Contracts	27,049	-	-	27,049
Property Rental Debtors	336,553	-	67,863	268,690
Deposits	-	-	-	-
Total	**594,162**	**49,509**	**67,863**	**575,807**

Impairment Reconciliation of Other Receivables From Exchange Transactions- Continued

	2019/2020 R			
	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance
Interest	57,407	173,152	-	230,559
Merchandising, Jobbing and Contracts	220,687	-	193,638	27,049
Property Rental Debtors	325,852	10,701	-	336,553
Deposits	281,896	-	281,896	-
Total	**885,843**	**183,853**	**475,534**	**594,162**

3.2.2 Aging of Other Receivables From Exchange Transactions

	2020/2021 R			
	Total	Current	30 days	60 days
Housing Selling Scheme	44,579	98	98	97
Interest	1,083,080	-	-	-
Land Sale Debtors	94,148	-	-	-
Merchandising, Jobbing and Contracts	971,945	10,132	51,316	2,461
Property Rental Debtors	315,648	-	-	-
Cutt off revenue billing	-	-	-	-
Total	**2,509,400**	**10,231**	**51,413**	**2,558**

Aging of Other Receivables From Exchange Transactions- (Continued)

	2020/2021 R		
	90 days	120 days	120+ days
Housing Selling Scheme	96	95	44,095
Interest	-	-	1,083,080
Land Sale Debtors	-	-	94,148
Merchandising, Jobbing and Contracts	2,441	2,422	903,172
Property Rental Debtors	-	-	315,648
Cut off revenue billing	-	-	-
Total	**2,538**	**2,518**	**2,440,143**

Aging of Other Receivables from Exchange Transactions (Continued)

	2019/2020 R			
	Total	Current	30 days	60 days
Housing Selling Scheme	45,596	89	88	88
Interest	1,083,080	418	-	-
Land Sale Debtors	94,148	-	-	-
Merchandising, Jobbing and Contracts	1,012,752	6,651	2,470	2,244
Property Rental Debtors	336,552	3,918	3,333	3,293
Cut-OFF	-	-	-	-
Total	**2,572,128**	**11,076**	**5,891**	**5,625**

Aging of Other Receivables from Exchange Transactions (Continued)

	2019/2020 R		
	90 days	120 days	120+ days
Housing Selling Scheme	87	86	45,158
Interest	-	-	1,082,662
Land Sale Debtors	-	-	94,148
Merchandising, Jobbing and Contracts	2,532	100,269	898,586
Property Rental Debtors	3,253	3,213	319,542
Total	**5,872**	**103,568**	**2,440,096**

3.2.3 Credit Quality of Other Receivables From Exchange Transactions

	2020/2021 R	2019/2020 R
	569,809	526,231

4 Receivables from Non-Exchange Transactions

		2020/2021 R	2019/2020 R
Consumer receivables			
Property Rates	**3.1**	18,166,638	14,485,183
Other receivables			
Fines	**4.1**	3,284,063	2,431,973
Sundry Debtors		-	-
Vhembe District Municipality		-	-
Total Receivables		**21,450,701**	**16,917,157**

4.1 Other Receivables from Non-Exchange Transactions

	2020/2021 R		
	Gross	**Impairment**	**Total**
Fines	14,927,560	11,643,497	3,284,063
Sundry Debtors	350,289	350,289	-
Vhembe District Municipality	282,206,886	282,206,886	-
Total	**297,484,736**	**294,200,672**	**3,284,063**

Other Receivables from Non-Exchange Transactions - (Continued)

	2019/2020 R		
	Gross	**Impairment**	**Total**
Fines	12,799,860	10,367,887	2,431,973
Sundry Debtors	350,289	350,289	-
Vhembe District Municipality	254,804,854	254,804,854	-
Total	**267,955,004**	**265,523,031**	**2,431,973**

4.1.1 Impairment Reconciliation of Other Receivables from Non-exchange Transactions

	2020/2021 R			
	Opening balance	**Impairment raised**	**Impairment reversed / debt w/off**	**Closing balance**
Fines	10,367,887	1,275,610	-	11,643,497
Sundry Debtors	350,289	-	-	350,289
Vhembe District Municipality	254,804,854	27,402,032	-	282,206,886
Total	**265,523,031**	**28,677,641**	**-**	**294,200,672**

Impairment Reconciliation of Other Receivables from Non-exchange Transactions - (Continued)

	2019/2020 R			
	Opening balance	**Impairment raised**	**Impairment reversed / debt w/off**	**Closing balance**
Fines	7,949,184	2,418,703	-	10,367,887
Sundry Debtors	350,289	-	-	350,289
Vhembe District Municipality	229,215,857	25,588,997	-	254,804,854
Total	**237,515,331**	**28,007,700**	**-**	**265,523,031**

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5 Inventories

	2020/2021 R	2019/2020 R
Consumables stock and Material	1,860,909	1,808,872
Land	29,426,600	30,315,600
Total Inventories	31,287,509	32,124,472

R0 (2019/2020: R0) of total inventory was carried at fair value less cost to sell.
The amount of write-down of inventories recognized as an expense is R729 000 (2019/2020: R0).
R0 million previously written-down was reversed during the current year.

6 Other Current Assets

	2020/2021 R	2019/2020 R
VAT Input	83,115,623	74,431,552
VAT Output	67,902,098	43,530,507
VAT RECEIVABLES	**15,213,525**	**30,901,045**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors, However for the purpose of financial statements VAT is presented on the accrual basis.

7 Investments

7.1 Carrying Value of Investments

	Fair Value	Amortised Cost	Cost	Total
Carrying value as at 30 June 2021				
Eskom Bank Guarantee	-	10,731,000		10,731,000
Day Call	-	-	-	-
Net Investment				
Transferred to Current Investments				
Transferred to Cash and Cash Equivalents				
Total	**-**	**10,731,000**	**-**	**10,731,000**

Carrying Value of Investments (Continued)

	Fair Value	Amortised Cost	Cost	Total
Carrying value as at 30 June 2020				
Eskom Bank Guarantee	-	10,731,000		10,731,000
Day Call	-	-	-	-
Net Investment	**-**	**-**	**-**	**-**
Transferred to Current Investments				
Transferred to Cash and Cash Equivalents	-			-
Total	**-**	**10,731,000**	**-**	**10,731,000**

7.2 Investments Pledged as Collateral

	2020/2021 R	2019/2020 R
Carrying value of investments pledged as collateral	10,731,000	10,731,000

Three (3) Months recurring investment made with ABSA.This investment is used as Eskom guarantee in case the Municipality does not meet its obligation to pay eskom, loss can only occur in a case where the municipality becomes insolvent.

8 Investment Property

Reconciliation of fair value

	2020/2021 R	2019/2020 R
Opening Carrying Value	172,174,000	170,778,000
Fair Value Adjustments	1,810,200	1,396,000
Carrying Value of Disposals / Transfers	-	-
Closing Carrying Value	**173,984,200**	**172,174,000**

Investment property includes property held to earn income and for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

The fair value of the entity`s investment property at 30 June 2021 has been arrived at on the basis of a valuation carried out at that date by Eli Stroh Valuers, independent valuers that are not related to the entity.Eli Stroh Valuers are members of the South African institute of valuers, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.The valuation , which conforms to South Africa`s Valuation standards, was arrived at by reference to market evidence of transaction prices for similar properties.
Valuation methodology:

Use was made of comparable sale transactions which took place more or less round about the valuation date. Each and every sale was analysed to determine the following: - Was the comparable sale using an arm's length transaction? - The utility must be comparable. - Location must be comparable. - Rental values are taken into account. - The price on which Res 1, 2, 3 and 4 and also business properties sell for in the market. - The price which agricultural properties sell for converted to R/ha value and applied accordingly, irrigation, grazing etc. - In the case of income producing properties which have been sold the yield is taken into account determining the capitalisation rate. Remember income producing properties are categorized in different groups and the correct capitalisation rate applicable to each of those groups applied. Thus, in summarizing the Comparable Sales Approach was used throughout the valuation process. Generally, the Capitalization Approach is used to determine market value where properties generate income.

9 Property, Plant and Equipment

9.1 Reconciliation of Carrying Value

	2020/2021 R						
	Land	**Buildings**	**Infrastructure Assets**	**Community Assets**	**Transport Assets**	**Other Assets**	**Total**
Opening Carrying Value at 1 July 2020	**59,918,258**	**55,057,553**	**236,217,604**	**44,770,243**	**1,955,141**	**1,574,261**	**399,493,060**
Cost/Revaluation	61,947,795	76,862,375	403,215,763	54,866,854	16,089,522	12,823,376	625,805,686
Accumulated depreciation and impairment losses	-2,029,537	-21,804,823	-166,998,158	-10,096,611	-14,134,381	-11,249,116	-226,312,626
Additions from Acquisitions	23,550,884	1,802,208	3,979,825	4,347,768	-	1,780,907	35,461,591
Capital under Construction	-	4,273,827	18,250,574	2,302,835	-	-	24,827,236
Depreciation	-1,651,279	-2,350,113	-20,948,230	-1,477,795	-1,253,873	-833,469	-28,514,759
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-1,144,239	-1,144,239
Accumulated depreciation and impairment losses	-	-	-	-	-	1,144,239	1,144,239
Impairment loss/Reversal of impairment loss	-	-	-1,614,205	-	-	-6,226	-1,620,431
Transfers Depreciation	-	-	-	-	-		-
Other movements Cost	-	-2,483,380	3,174,568	-691,188	-	-	-
Other movements-Depreciation	-	-	-	-	-	-	-
Closing Carrying Value at 30 June 2021	**81,817,863**	**56,300,094**	**239,060,137**	**49,251,863**	**701,268**	**2,515,473**	**429,646,697**
Cost/Revaluation	85,498,679	80,455,030	428,620,730	60,826,269	16,089,522	13,460,044	684,950,273
Accumulated depreciation and impairment	-3,680,816	-24,154,936	-189,560,593	-11,574,406	-15,388,254	-10,944,571	-255,303,576

Other Assets consists of Equipment, Furniture, and Vehicles. Details of the sub-categories is indicated in Appendix B.

Refer to Appendix B for more detail on property, plant and equipment.

Reconciliation of Carrying Value (Continued)

	2019/2020 R						
	Land	**Buildings**	**Infrastructure Assets**	**Community Assets**	**Transport Assets**	**Other Assets**	**Total**
Opening Carrying Value at 1 July 2019	**60,933,026**	**52,693,961**	**247,801,130**	**42,653,288**	**3,471,500**	**2,562,522**	**410,115,426**
Cost/Revaluation	61,947,795	72,315,863	386,405,305	51,272,376	16,089,522	12,496,360	600,527,220
Accumulated Depreciation and Impairment	-1,014,769	-19,621,902	-138,604,175	-8,619,088	-12,618,022	-9,933,838	-190,411,794
Additions from Acquisitions	-		1,652,553	-	-	327,078	1,979,630
Capital under Construction	-	4,546,513	15,157,905	3,594,478	-	-	23,298,896
Depreciation	-1,014,769	-2,182,921	-21,253,763	-1,477,523	-1,516,359	-1,315,278	-28,760,612
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-7,140,220	-	-	-	-7,140,220
Transfers Depreciation	-	-	-	-	-	-	-
Other movements Cost	-	-	-	-	-	-	-
Other movements-Depreciation	-	-	-	-	-	-	-
Closing Carrying Value at 30 June 2020	**59,918,258**	**55,057,553**	**236,217,604**	**44,770,243**	**1,955,141**	**1,574,261**	**399,493,060**
Cost/Revaluation	61,947,795	76,862,375	403,215,763	54,866,854	16,089,522	12,823,376	625,805,686
Accumulated depreciation and impairment losses	-2,029,537	-21,804,823	-166,998,158	-10,096,611	-14,134,381	-11,249,116	-226,312,626

Other Assets consists of Equipment, Furniture, and leased assets. Details of the sub-categories is indicated in Appendix B

The Municipality has leased Printing machines from Dido Digital on finance lease, the usefull lives are linked to the term of the lease contract which is 3 years, the lease will expire in March 2024.

Refer to Appendix B for more detail on property, plant and equipment

During the year impairment test was perfomed on all catergories of Property, Plant and Equipment. The method which was used to determine the recoverable amount was the higher of fair value less costs and value in use. The impairment existed in the catergory of roads infrastructure.

The engineer estimated the costs of damages of each class of infrastrucutre assets based on quoted prices available in the market to
9.2 restore the infrastructure and the professional knowledge based on the industry norms.

	2020/2021 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
Accumulated expenditure included in carrying value of property, plant and equipment	-	3,496,699	1,518,646	-	-	5,015,345
Of which:	-	-	-	-	-	-
Accumulated borrowing costs included in the carrying amount of property, plant and equipment	-	-	-	-	-	-
Borrowing costs capitalised during the period	-	-	-	-	-	-
Carrying value of property, plant and equipment taking significantly longer than expected	-	-	-	-	-	-
	-	-	-	-	-	-
Carrying value of property, plant and equipment halted	-	3,496,699	1,518,646	-	-	5,015,345

Property, Plant and Equipment Under Construction (Continued)

	2019/2020 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
Accumulated expenditure included in carrying value of property, plant and equipment	-	3,496,699	1,518,646	-	-	5,015,345
Of which:	-	-	-	-	-	-
Accumulated borrowing costs included in the carrying amount of property, plant and equipment	-	-	-	-	-	-
Borrowing costs capitalised during the period	-	-	-	-	-	-
Carrying value of property, plant and equipment taking significantly longer than expected	-	-	-	-	-	-
Carrying value of property, plant and equipment halted	-	3,496,699	1,518,646	-	-	5,015,345

9.3 Property, Plant and Equipment Contractual Commitments

	2020/2021 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
The following commitments exist at the reporting date						
Commitments for the acquisition of property, plant and equipment - (Approved and contracted for)	-	-	-	-	-	-
Commitments for the acquisition of property, plant and equipment - (Approved but not yet contracted for)	-	-	-	-	-	-
Commitments to construct or develop property, plant and equipment	-	-	14,989,310	-	-	14,989,310
Commitments to enhance existing property, plant and equipment	-	-	-	-	-	-
Commitments to repair / maintain property, plant and equipment	-	-	-	-	-	-
Total	-	-	14,989,310	-	-	14,989,310

Property, Plant and Equipment Contractual Commitments (Continued)

	2019/2020 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
The following commitments exist at the reporting date						
Commitments for the acquisition of property, plant and equipment - (Approved and contracted for)	-	34,112,000	5,000,000	-	-	39,112,000
Commitments for the acquisition of property, plant and equipment - (Approved but not yet contracted for)	-	24,112,000	-	-	-	24,112,000
Commitments to enhance existing property, plant and equipment	-	10,000,000	5,000,000	-	-	15,000,000
Commitments to repair / maintain property, plant and equipment	-	-	-	-	-	-
Total	**-**	**34,112,000**	**5,000,000**	**-**	**-**	**39,112,000**

9.4 Maintenance of Property, Plant and Equipment

	2020/2021 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
The following maintenance costs were incurred:						
Preventative Maintenance	-	-	-	-	-	-
Corrective Maintenance	-	1,290,878	200,027		34,012	1,524,917
Total						

Maintenance of Property, Plant and Equipment - (Continued)

	2019/2020 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
The following maintenance costs were incurred:						
Preventative Maintenance	-	-	-	-	-	-
Corrective Maintenance	-	1,174,035	54,406		77,322	1,305,763
Total						

9.4.1 Maintenance of Property, Plant and Equipment by Nature and Type of Expenditure

	2020/2021 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**

Direct Costs	-	-	-	-	-	-
List per mSCOA account description	-	-	-	-	-	-
Maintenance of Buildings and Facilities	-	-	200,027	-	-	200,027
Maintenance of Equipment	-	-	-	-	34,012	34,012
Maintenance of Unspecified Assets (Infrastructure)	-	1,290,878	-	-	-	1,290,878
Indirect costs	-	-	-	-	-	-
List per mSCOA account description	-	-	-	-	-	-
Total	-	1,290,878	200,027	-	34,012	1,524,917

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	2019/2020 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
Direct Costs	-	-	-	-	-	-
List per mSCOA account description	-	-	-	-	-	-
Maintenance of Buildings and Facilities	-	-	54,406	-	-	54,406
Maintenance of Equipment	-	-	-	-	77,322	77,322
Maintenance of Unspecified Assets (Infrastructure)	-	1,174,035	-	-	-	1,174,035
Indirect costs	-					
List per mSCOA account description	-	-	-	-	-	-
Total	-	1,174,035	54,406	-	77,322	1,305,763

9.5 Funding of Property, Plant and Equipment Acquisitions

	Funding Type	2020/2021 R	2019/2020 R
Additions to property, plant and equipment was funded from the following sources:			
Land and Buildings	MIG	6,076,035	4,546,513
Include funding source			
Infrastructure Assets			
Include funding source	MIG and ENEP	22,230,399	16,687,044
Community Assets			
Include funding source	MIG	6,650,603	3,594,478
Leased Assets			
Include funding source	Own Income	-	-
Transport Assets			
Include funding source	Own Income	-	-
Other Assets			
Include funding source	Own Income	1,780,907	327,078
Total		**36,737,943**	**25,155,113**

10 Heritage Assets

10.1 Reconciliation of Carrying Value

	2020/2021 R	2019/2020 R
	Other Assets	Other Assets
Opening Carrying Value 2020	**65,210**	**65,210**
Cost at fair value	65,210	65,210
Accumulated Impairment Losses	-	-
Closing Carrying Value 2021	**65,210**	**65,210**
Cost at fair value	65,210	65,210
Accumulated Impairment Losses	-	-

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.

All heritage asset were acquired through a non-exchange transaction, as a result the heritage assets costs were measured at its fair value.

The heritage assets were fair valued at year end by an independent Valuer -Eli Stroh (Pty) Ltd, using methods and assumptions consistent with GRAP 103.

Heritage assets were valued by the firm Eli Stroh (Pty) Ltd on 30 June 2021

11 Intangible Assets

11.1 Reconciliation of Carrying Value

	2020/2021 R	2019/2020 R
Opening Carrying Value at 1 July 2020	12,732	25,450
Cost	319,650	319,650
Accumulated Depreciation and Impairment	306,917	294,199
Additions from Acquisitions	-	-
Depreciation **[Note 30]**	4,240	12,718
Closing Carrying Value at 30 June 2021	**8,492**	**12,732**
Cost	319,650	319,650
Accumulated Depreciation and Impairment	311,157	306,917

Included in Computer software is the Licence for microsoft.

12 Financial Liabilities

Carrying Value of Financial Liabilities

	2020/2021 R	2019/2020 R
Finance leases	799,180	-
Borrowings	-	2,945,384
Sub-total		
Transferred to Current Liabilities	383,714	238,137
Total	1,182,894	3,183,521

12.1 Borrowings

	2020/2021 R	2019/2020 R
Long Term Portion		
DBSA	-	-
ABSA		-
Total Long Term	**-**	**-**
Short Term Portion		
DBSA	-	2,945,384
ABSA		-
Total Short Term	**-**	**2,945,384**
Total Borrowings	**-**	**2,945,384**

The loan terms and interest rate are as follows

DBSA- 10 years at 10% interest rate

The Municpality is in breach of contract with the DBSA loan however no new agreement has been signed to restructure the loan.

12.2 Finance Lease Payable

	2020/2021 R	2019/2020 R
Total Future Minimum Lease Payments		
Within 1 year	505,438	252,421
2 to 5 years	884,517	-
More than 5 years	-	
Less: Future Finance Charges	-207,061	-14,284
Present Value of Minimum Lease Payments		
Within 1 year	383,714	238,137
2 to 5 years	799,180	-
More than 5 years		
Non-current Liability	799,180	-
Current Liability	383,714	238,137
Total	**1,182,894**	**238,137**

The entity entered into a finance lease agreement with Dido digital document for the finance of copy machines purchased, over a 3 year lease term. The assumed borrowing rate on the copy machines is 10,5% per annum and interest is charged at the begining of each month. The finance lease agreement does not provide for contingent lease payments. There were no defaults or breaches and the no terms and conditions were renegotiated during the reporting period.

13 Consumer Deposits

	2020/2021 R	2019/2020 R
Electricity	3,638,899	3,636,692
Refuse	1,142,438	1,130,858
Total	**4,781,337**	**4,767,549**

Deposits are released on termination of the contract or when the contractual services are delivered.

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13.1 Guarantees held in lieu (Eskom guarantee)

	2020/2021 R	2019/2020 R
Electricity	10,731,000	10,731,000
Total	**10,731,000**	**10,731,000**

14 Trade and Other Payables

		2020/2021 R	2019/2020 R
Affiliates, Related Parties and Principal Agent	**14.1**	325,889,022	299,628,601
Bulk Purchases	**14.2**	85,832,867	113,452,180
Contractors	**14.3**	11,449,580	9,267,932
Control and Clearing Accounts	**14.4**	3,689,171	4,514,448
Employee Benefits	**14.5**	25,315,971	24,946,697
Other Payables	**14.6**	60,985,587	80,984,435
Total		**513,162,199**	**532,794,293**

14.1 Affiliates, Related Parties and Principal Agent

	2020/2021 R	2019/2020 R
Vhembe District Municipality	310,316,225	279,412,749
Department Transport	15,572,797	20,215,852
Total	**325,889,022**	**299,628,601**

14.2 Bulk Purchases

	2020/2021 R	2019/2020 R
Bulk Electricity	85,832,867	113,452,180
Total	**85,832,867**	**113,452,180**

14.3 Contractors

	2020/2021 R	2019/2020 R
Retentions	11,449,580	9,267,932
Total	**11,449,580**	**9,267,932**

14.4 Control and Clearing Accounts

	2020/2021 R	2019/2020 R
Employee Deductions FICS	3,506,775	4,075,982
Prepaid Electricity	182,396	438,466
Total	**3,689,171**	**4,514,448**

14.5 Employee Benefits

	2020/2021 R	2019/2020 R
Leave Accrual	21,911,684	21,334,617
Annual Bonus	3,404,287	3,612,080
Total	**25,315,971**	**24,946,697**

14.6 Other Payables

		2020/2021 R	2019/2020 R
Sale of stands		29,913,641	26,997,818
Solly Noor		3,465,783	3,635,084
Cemetary upgrade		2,481,568	2,481,568
Payables and Accruals		15,758,363	35,977,342
Unallocated Deposits		3,191,590	5,161,542
Credit Card		337,528	184,756
Advance Payments		5,814,417	6,535,446
Hall Deposits		22,698	10,878
Total		**60,985,587**	**80,984,435**

The fair value of trade and other payables approximates their carrying amounts.

15 Unspent Transfers and Subsidies

		2020/2021 R			
		Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Capital					
Allocations	**15.1**	4,372,234	33,421,000	37,793,234	-
Operational					
Allocations	**15.2**	-	195,305,000	195,305,000	-
Total		**4,372,234**	**228,726,000**	**233,098,234**	**-**

Unspent Transfers and Subsidies - (Continued)

		2019/2020 R			
		Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Capital					
Allocations	**15.1**	9,351,318	32,116,000	37,095,084	4,372,234
Operational					
Allocations	**15.2**	**-**	146,868,000	146,868,000	**-**
Total		**9,351,318**	**178,984,000**	**183,963,084**	**4,372,234**

15.1 Unspent Capital Allocations

	2020/2021 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
INEP	-	-	-	-
MIG	4,372,234	33,421,000	37,793,234	-
Total	**4,372,234**	**33,421,000**	**37,793,234**	**-**

Unspent Capital Allocations - (Continued)

	2019/2020 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
INEP	6,820,202	3,100,000	9,920,202	-
MIG	2,531,116	29,016,000	27,174,882	4,372,234
Total	**9,351,318**	**32,116,000**	**37,095,084**	**4,372,234**

15.2 Unspent Operational Allocations - (Continued)

	2020/2021 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Equitable share	-	190,966,000	190,966,000	-
FMG	-	2,700,000	2,700,000	-
EPWP	-	1,639,000	1,639,000	-
Total	**-**	**195,305,000**	**195,305,000**	**-**

Unspent Operational Allocations - (Continued)

	2019/2020 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Equitable share	-	142,917,000	142,917,000	**-**
FMG	-	2,365,000	2,365,000	**-**
EPWP	-	1,139,000	1,139,000	**-**
COVID		447,000	447,000	
Total	**-**	**146,868,000**	**146,868,000**	**-**

These amounts are invested in ring-fenced investment until utilised.

16 Provisions

		2020/2021 R	2019/2020 R
Long-service Awards	**16.1**	7,810,000	7,305,000
Provision for landfill site	**16.2**	22,595,250	2,583,694
Total		**30,405,250**	**9,888,694**

16.1 Long-service awards

	2020/2021 R	2019/2020 R
Opening Balance	**7,305,000**	**6,812,787**
Additional Provisions Raised	505,000	492,213
Closing Balance	**7,810,000**	**7,305,000**
Transferred to Current Provisions	459,000	895,000
Total Non-current provision	7,351,000	6,410,000

Unfunded Accrued Liability

	2020/2021 R	2019/2020 R
Opening balance	7,305,000	6,812,787
Current-service cost	715,000	732,193
Interest cost	516,000	526,778
Acturial (Gain)/Loss	169,000	42,179
Expected employer benefit vesting	-895,000	-808,937
Closing Balance	7,810,000	7,305,000
Projected accrued liability	7,641,000	7,262,821

Net liability to reflect in the balance sheet

Opening balance	7,305,000	6,812,787
Current-service cost	715,000	732,193
Interest cost	516,000	526,778
Actuarial (Gain)/loss recognised in P&L	169,000	42,179
Net Predioc Cost Recognised in P&L	8,705,000	8,113,937
Actual employer benefits payments	-895,000	-808,937
Closing Balance	**7,810,000**	**7,305,000**

Long service award projections/provisions is an actuarial assumption. This is the total value of the long service awards that are expected to be awarded to eligible employees over the year based on the data at the previous valuation date.

The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service.

Long service awards for levels of past service

Completed service (In years)	Long service Bonus (% of annual Salary)	Description
10	4.0%	10 /250* annual salary
15	8.0%	20 /250* annual salary
20,25,30,35,40,45	12.0%	30 /250* annual salary
Key financial assumptions		
Assumption	**Value p.a 20/21**	**Value p.a 19/20**
Discount rate	9.13%	7.51%
General Salary inflation (Long-term)	5.77%	4.05%
Net effective discount rate	3.18%	3.33%

The next general earnings increase was assumed to take place 1 July 2022
Long service award liability was valued by Arch actuaries at 30 June 2021

16.2 Environmental rehabilitation

Reconciliation of Provision	2021	2020
Opening	2,583,694	30,788,237
Additions	23,550,884	-
Interest	2,344,610	2,616,945
Landfill site expenditure	-5,883,938	-5,393,672
Revenue in kind	-	-25,427,816
Closing balance	**22,595,250**	**2,583,693**

Non- current Liabilities	19,180,963	2,020,630
Current liabilities	3,414,287	563,064
	22,595,250	**2,583,694**

Environmental rehabilitation Provision

The provision for environmental rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of future obligation discounted at 9.023%, which is the Average government Bond rate/Interest rate as at June 2021.

Key Assupmtions used

The Remaining Useful life (RUL) of landfill site 7	7
Commencement date:	01-Jul-20
Expiry date :	30-Jun-27
CPI :	4.80%
Average government bond rate/Interest rate:	9.02%

17 Other Liabilities

Defined Benefit Obligations-Post Medical aid benefit.

		2020/2021 R	2019/2020 R
Present value of defined benefit obligation	**17.1**	19,123,000	15,599,000
Total		**19,123,000**	**15,599,000**

17.1 Reconciliation of Present Value of the Defined Benefit Obligations

	Defined Benefit Plan	Post-Employment Medical Benefits	Total
Defined benefit obligation at 1 July 2019			
Opening Balance		16,648,478	16,648,478
Interest Cost		1,296,681	1,296,681
Current Service Cost		1,600,215	1,600,215
Contributions Received		-3,706,154	-3,706,154
Actuarial (Gains) / Losses		-240,220	-240,220
Defined benefit obligation at 30 June 2020		**15,599,000**	**15,599,000**
Current Portion		318,000	318,000
Non current portion		15,281,000	15,281,000
Interest Cost		1,691,000	1,691,000
Current Service Cost		992,000	992,000
Contributions Received		1,159,000	1,159,000
Actuarial (Gains) / Losses		-318,000	-318,000

Defined benefit obligation at 30 June 2021		**19,123,000**	**19,123,000**
Current Portion		327,000	327,000
Non current portion		18,796,000	18,796,000

17.2 Analysis of Funding

	2020/2021	2019/2020
The Municipality provides certain post-retirement medical aid benefits.These medical aid benefits are unfunded.		
These projections assume that the Municipality's health care arrangement and subsidy policy will remain as outlined in the valuation report and that all the actuarial assumptions made are borne out in practice.		
In addition, it is assumed that no contributions are made by the Municipality towards prefunding its liability via an off-balance sheet vehicle.		
The following assumptions were used :		
Discount rate	10.44%	10.95%
Health care cost inflation rate	7.03%	6.93%
Net effective discount rate	3.19%	3.76%

The assumptions on the discount rate were based on market valuation for the period which
Sensetivity of valuation result to changes in main assumptions

Sensitivity Analysis on the accrued Liability 30/06/2021

Assumption	Change	In service	Continuation	Total	Change %
Health care inflation	+1%	18.769	3.842	22.611	18%
	-1%	13.073	3.252	16.325	-15%

Sensitivity Analysis on the accrued Liability 30/06/2020

Assumption	Change	In service	Continuation	Total	Change %
Health care inflation	+1%	14.711	3.60	18.31	17%
	-1%	10.361	3.05	13.41	-14%

Sensitivity Anylysis on current-service and interest cost 30/06/2021

Assumption	Change	Current service cost	Interest cost	Total	Change %
Health care inflation	+1%	1,220,000	1,988,000	3,208,000	20%
	-1%	813,000	1,451,000	2,264,000	-16%

Sensitivity Anylysis on current-service and interest cost 30/06/2020

Assumption	Change	Current service cost	Interest cost	Total	Change %
Health care inflation	+1%	1,610,400	1,910,000	3,520,400	22%
	-1%	1,053,800	1,353,800	2,407,600	17%

RETIREMENT BENEFIT INFORMATION

Defined contribution plan

The following are defined contribution plans: Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. These contributions have been expensed.

Defined benefit plan

The following are defined benefit plans: Municipal Gratuity Fund. This plan is not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Certain employees of the municipality belong to the Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. The most recent actuarial valuation was done in 2021. These valuations indicate that the plan is in a sound financial position.

17.3 Net Benefit Expense

	Defined Benefit Plan	Post-Employment Medical Benefits	Total
For the year ended 30 June 2021			
Current Service Costs		1,691,000	1,691,000
Curtailments / Settlements		992,000	992,000
Interest Cost on Benefit Obligation		1,159,000	1,159,000
Actuarial Gains / Losses Recognised		-318,000	-318,000
Total expense recognised in the statement of financial performance		**3,524,000**	**3,524,000**
For the year ended 30 June 2020			
Current Service Costs		1,296,681	1,296,681
Interest Cost on Benefit Obligation		1,600,215	1,600,215
Curtailments / Settlements		-3,706,154	-3,706,154
Actuarial Gains / Losses Recognised		-240,220	-240,220
Total expense recognised in the statement of financial performance		**-1,049,478**	**-1,049,478**

17.4 Reconciliation of Fair value of Plan Assets

There are no plan assets

Post medical aid benefit liability was valued by Arch actuaries at 30 June 2021

18 Property Rates

	2020/2021 R	2019/2020 R
Business and Commercial Properties	8,857,140	6,016,813
Farm Properties: Agricultural Purposes	5,408,064	4,333,384
Industrial Properties	1,594,625	1,506,072
Other categories	364,699	430,140
Public Service Infrastructure Properties	120,001	72,983
Residential Properties: Developed	8,145,088	8,723,755
Residential Properties: Vacant Land	297,796	173,961
Total	**24,787,414**	**21,257,109**

Valuations

	2020/2021 R	2019/2020 R
Farm Prop - Agricultural	3,331,350,000	3,331,350,000
Residential 1	1,838,975,800	1,838,975,800
Residential 4	-	-
Business 1	876,242,000	876,242,000
Business 2	-	-
Industrial 1	131,965,000	131,965,000
Industrial 2	-	-
Municipal Properties	339,027,400	339,027,400
Private Sport/Social Clubs	12,160,000	12,160,000
Property use for Multi Purpose	167,680,000	167,680,000
Institutional	-	-
Industrial Properties	-	-
Right of way	-	-
Residential Properties	-	-
Commercial	-	-
Churches	20,281,000	20,281,000
Business And Commercial - Sectional Title	280,000,000	280,000,000
Farm Prop - Business & Commerc	164,310,000	164,310,000
Farm Prop - Other	198,540,000	198,540,000
Farm Prop - Residential	6,700,000	6,700,000
Business And Commercial	-	-
State Owned - Mutale	-	-
State Owned - Agricultural	229,280,000	229,280,000
State Owned - Commercial	193,010,000	193,010,000
State Owned - Public Benefit	78,309,000	78,309,000
State Owned - Residential	75,560,000	75,560,000
State Owned - Schools	86,680,000	86,680,000
Land Assistance Act	87,380,000	87,380,000
Municipal - Commercial/Buss	-	-
National Monuments	2,000	2,000
Part Remainder	71,104,000	71,104,000
Public Benefit	60,237,000	60,237,000
Public Service Infrastructure	91,030,300	91,030,300
Private Schools	2,400,000	2,400,000
Residential - Inconsistan Use	174,558,000	174,558,000
Residential - Sectional Title	40,798,000	40,798,000
Residential Vacant	68,948,100	68,948,100
Eskom Servitude	-	-
National Roads	-	-
Vacant Land	-	-
Special	24,787,000	24,787,000
Protected Areas	98,350,000	98,350,000
Total	**8,749,664,600**	**8,749,664,600**

Valuations on land and buildings are performed every four years. The last valuation was done by MOD HOPE (Pty) Ltd and came into effect on 1 July 2018. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

Rates are levied on an annual basis on state and De Beers property owners, and other rates are levied monthly. Interest at 15% per annum are levied on outstanding rates.

19 Service Charges

	2020/2021 R	2019/2020 R
Electricity		
Consumption - Electricity	61,842,958	79,920,855
Other - Electricity	82,012,500	56,942,085
Total	**143,855,458**	**136,862,940**
Waste Management		
Consumption – Waste Management	12,420,239	12,884,610
Total	**12,420,239**	**12,884,610**
Total Service Charges	**156,275,697**	**149,747,551**

20 Rental

	2020/2021 R	2019/2020 R
Rent on Land	558,297	461,111
Total	**558,297**	**603,899**

21 Interests on Investments

	2020/2021 R	2019/2020 R
Bank Accounts	73,559	144,260
Short-term Investments and Call Accounts	420,823	758,055
Total	494,381	902,316

22 Interest Earned From Receivables

		2020/2021 R	2019/2020 R
Exchange Receivables	**22.1**	1,615,677	1,582,503
Non-exchange Receivables	**22.2**	1,163,122	1,163,093
Total		2,778,799	2,745,597

22.1 Interest Earned From Exchange Receivables

	2020/2021	2019/2020
Consumer Receivables		
Electricity	1,006,380	973,248
Waste Management	600,955	600,914
Other Receivables	-	-
Housing Selling Schemes	6,614	249
Property Rental Debtors	1,728	8,092
Total	1,615,677	1,582,503

22.2 Interest Earned From Non-exchange Receivables

	2020/2021 R	2019/2020 R
Property Rates	1,163,122	1,163,093
Total	1,163,122	1,163,093
Total Receivables	2,778,799	2,745,597

23 Fines, Penalties and Forfeits

		2020/2021 R	2019/2020 R
Fines	**23.1**	2,694,700	3,410,165
Total		2,694,700	3,410,165

23.1 Fines

	2020/2021 R	2019/2020 R
Traffic Fines		
Municipal Fines	2,694,700	3,410,165
Total	**2,694,700**	**3,410,165**

24 Licenses and Permits

	2020/2021 R	2019/2020 R
Exchange Revenue	2,285,624	4,113,444
Non-exchange Revenue		
Total	**2,285,624**	**4,113,444**

24.1 Licenses and Permits – Exchange Revenue

	2020/2021 R	2019/2020 R
Road and Transport: Drivers Licence Certificate	2,285,624	4,113,444
Total	**2,285,624**	**4,113,444**

25 Transfers and Subsidies

		2020/2021 R	2019/2020 R
Operational Allocations	**25.1**	195,305,000	146,868,000
Total Transfers and Subsidies: Operational		**195,305,000**	**146,868,000**
Capital Allocations	**25.2**	37,793,234	27,744,083
Total Transfers and Subsidies: Capital		**37,793,234**	**27,744,083**
Total		233,098,234	174,612,083

25.1 Allocations: Operational

	2020/2021 R	2019/2020 R
Equitable share	190,966,000	142,917,000
FMG	2,700,000	2,365,000
EPWP	1,639,000	1,139,000
COVID19	-	447,000
Total	**195,305,000**	**146,868,000**

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25.2 Allocations : Capital

	2020/2021 R	2019/2020 R
MIG	37,793,234	24,644,083
INEP	-	3,100,000
Total	**37,793,234**	**27,744,083**

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 that was approved by Council (Tariff List).

EPWP - This grant is used to pay salaries for temporary staff.

INEP - This grant from department of energy is used to electrify households that do not have any electricity.
MIG-This grants from treasury is used for Capital project as approved by treasury.

26 Operational Revenue

	2020/2021 R	2019/2020 R
Sundry Income	7,666,666	4,703,682
LG Seta	1,088,733	274,496
Tenders General	661,863	219,575
Membership fees - Library	3,981	2,860
Permits - Clearance	5,845	26,826
Grave Fees & Stone	231,472	152,014
Building Plans	544,003	236,638
Sale of Stands	320,000	4,304,775
Total	**10,522,563**	**9,920,866**

27 Gain/Loss on Disposal of Fixed and Intangible Assets

		2020/2021 R	2019/2020 R
Gains on Disposal	**27.1**	1,810,200	1,396,000
Losses on Disposal	**27.2**	-	-
Total		**1,810,200**	**1,396,000**

27.1 Gains on revalation

	2020/2021 R	2019/2020 R
Investment Property	1,810,200	1,396,000
Total	**1,810,200**	**1,396,000**

27.2 Losses on Disposals

	2020/2021 R	2019/2020 R
Property Plant and Equipment	-	-
Total	**-**	**-**

27.3 Gain on Post Medical Aid Benefit Liability

	2020/2021 R	2019/2020 R
Post Medical aid benefit	-	1,049,478
Total	**-**	**1,049,478**

28 Employee Related Costs

		2020/2021 R	2019/2020 R
Senior Management	**28.1**	3,799,425	5,090,710
Municipal Staff	**28.2**	147,150,531	135,969,848
Total		**150,949,955**	**141,060,558**

28.1 Senior Management Costs

	2020/2021 R			
	Municipal Manager	**Chief Financial Officer**	**Community Service Manager**	**Corporate Service Manager**
Annual Salary	1,176,363	781,900	-	806,268
Bonuses	106,664	-	-	67,189
Car allowance	103,329	159,317	-	260,006
Acting	-	-	-	-
Leave Days	-	-	-	-
Rural Allowance	55,465	45,339	-	45,339
U.I.F	-	1,785	-	-
Medical	-	49,720	-	-
Pension	-	140,742	-	-
Skills	-			
Subsistence and travelling expense	-		-	-
Total	**1,441,822**	**1,178,802**	**-**	**1,178,802**

Senior Management Costs - (Continued)

	2020/2021 R		
	Development and Planning Manager	**Technichal Manager**	**Total**
Annual Salary	-	-	2,764,531
Bonuses	-	-	173,853
Car allowance	-	-	522,652
Acting	-	-	-
Leave Days	-	-	-
Rural Allowance	-	-	146,143
U.I.F	-	-	1,785
Medical	-	-	49,720
Pension	-	-	140,742
Skills	-		-
Subsistence and travelling expense	-	-	-
Total	**-**	-	**3,799,425**

Senior Management Costs (Continued)

	2019/2020 R			
	Municipal Manager	**Chief Financial Officer**	**Community Service Manager**	**Corporate Service Manager**
Annual Salary	1,176,363	781,900	835,701	806,268
Bonuses	98,030	-	103,313	67,189
Car allowance	112,244	162,107	94,119	260,006
Leave Days	-	-	257,870	-
Acting allowance	-	-	-	-
Rural allowance	55,465	45,339	-	45,339
UIF	-	1,785.00	-	-
Medical	-	46,930.00	-	-
Pension	-	140,742.00	-	-
Subsistence and travelling expense	-	-	-	-
Total	**1,442,102**	**1,178,803**	**1,291,003**	**1,178,802**

Senior Management Costs (Continued)

	2019/2020 R		
	Development and Planning Manager	Technical Manager	Total
Annual Salary	-	-	3,600,232
Bonuses	-	-	268,532
Car allowance	-	-	628,476
Acting	-	-	-
Leave Days	-	-	257,870
Rural Allowance	-	-	146,143
U.I.F	-	-	1,785
Medical	-	-	46,930
Pension	-	-	140,742
Subsistence and travelling expense	-	-	-
Total	-	-	5,090,710

28.2 Municipal Staff

	2020/2021 R	2019/2020 R
Salaries and Wages	88,404,193	84,400,856
Contributions for UIF, pensions and medical aids	26,643,373	22,041,935
Travel, motor car, accommodation, subsistence and other allowances	10,785,107	8,067,118
Housing benefits and allowances	130,994	112,776
Overtime payments	9,728,400	8,846,607
Bonuses	8,069,658	7,583,596
Long-service awards	505,000	492,213
Other employee related costs	1,269,440	1,210,661
Provision for leave	1,406,573	3,087,179
Provision Post Retirment Medical Aid Benefits	-	-
Annual Bonus - Provision	207,793	126,908
Salaries paid under operational grant expenditure	-	-
Total	**147,150,531**	**135,969,848**

Position of GM Technical and EDP were vacant during the year as at 30 June 2021

29 Remuneration of Councillors

		2020/2021 R	2019/2020 R
Mayor	**29.1**	938,250	938,251
Speaker	**29.2**	759,478	759,479
Chief Whip	**29.3**	714,787	714,787
Executive Committee	**29.4**	418,388	418,388
Full Time Councillors	**29.5**	2,144,361	2,144,361
All Other Councillors	**29.6**	5,550,267	5,649,013
Total		**10,525,531**	**10,624,279**

29.1 Mayor

	2020/2021 R	2019/2020 R
Allowances and Service Related Benefits		
Basic Salary	670,388	670,388
3G	3,600	3,600
Cell phone Allowance	40,800	40,800
Travelling Allowance	223,463	223,463
Total	**938,250**	**938,251**

29.2 Speaker

	2020/2021 R	2019/2020 R
Allowances and Service Related Benefits		
Basic Salary	536,309	536,309
3G	3,600	3,600
Cell phone Allowance	40,800	40,800
Travelling Allowance	178,770	178,770
Total	**759,478**	**759,479**

29.3 Chief Whip

	2020/2021 R	2019/2020 R
Allowances and Service Related Benefits		
Basic Salary	502,790	502,790
3G	3,600	3,600
Cell phone Allowance	40,800	40,800
Travelling Allowance	167,597	167,597
Total	**714,787**	**714,787**

29.4 Executive Committee

	2020/2021 R	2019/2020 R
Allowances and Service Related Benefits		
Basic Salary	280,491	280,491
3G	3,600	3,600
Cell phone Allowance	40,800	40,800
Travelling Allowance	93,497	93,497
Total	**418,388**	**418,388**

29.5 Full time Councillors

	2020/2021 R	2019/2020 R
Allowances and Service Related Benefits		
Basic Salary	1,508,371	1,508,371
3G	10,800	10,800
Cell phone Allowance	122,400	122,400
Travelling Allowance	502,790	502,790
Total	**2,144,361**	**2,144,361**

29.6 All Other Councillors

	2020/2021 R	2019/2020 R
Allowances and Service Related Benefits		
Basic Salary	3,606,112	3,670,104
3G	60,172	61,260
Cell phone Allowance	681,947	694,280
Travelling Allowance	1,202,037	1,223,369
Total	**5,550,267**	**5,649,013**

The Mayor,Speaker,Chief Whip and executive coucilliors are all full time. Each is provided with an office and secretarial support at the cost of Council.The Mayor has use of a Council owned vehicle and driver for official duties.Disclosure in terms of the MFMA, 2003, Section 124(1)(a)

29.7 Councillor's arrear consumer accounts

	Amount outstanding for more than 90 days
None	-

30 Depreciation, Amortisation and Impairment

		2020/2021 R	2019/2020 R
Amortisation			
Intangible Assets	**11.1**	4,240	12,718
Depreciation			
Property, Plant and Equipment	**9.1**	28,514,759	28,704,410
Impairment Loss / Reversal Of Impairment			
Intangible Assets	**11.1**	-	-
Investment Property	**8.1**	-	-
Property, Plant and Equipment	**9.1**	1,620,431	7,140,220
Total		**30,139,429**	**35,857,347**

31 Finance cost

		2020/2021 R	2019/2020 R
Interest	**31.1**	2,620,820	559,944
Total		2,620,820	559,944

31.1 Interest Cost

	2020/2021 R	2019/2020 R
Annuity Loans	276,210	559,944
Rehabilitation of Landfill sites	2,344,610	-
Total	**2,620,820**	**559,944**

32 Bulk Purchases

	2020/2021 R	2019/2020 R
Electricity: Eskom	116,843,934	110,277,181
Total	**116,843,934**	**110,277,181**

32.1 Electricity Losses

	2020/2021 Units	2019/2020 Units
Bulk Purchases	94,151,828	98,262,261
Sales	72,144,940	75,411,866
Usage	83,327,670	86,533,424
Total sales and usage	155,472,610	161,945,290
Free basic electricity	1,749,990	1,647,085
Grant total	157,222,600	163,592,375
kWh lost	10,824,158	11,728,837
Percentage loss	13.07%	11.96.%

The loss is due to the tampering of meters and illegal connections.

33 Inventory Consumed {Repair & Maintenance}

	2020/2021 R	2019/2020 R
Land	889,000	-
Materials and Supplies	2,877,783	3,465,968
Total	**3,766,783**	**3,465,968**

33.1 Inventory adjustments

	2020/2021 R	2019/2020 R
Inventory - Reversal of write down to net-realisable Value	-	-
Inventory - Write-down to net-realisable Value	729,000.00	-
Total	**729,000.00**	**-**

During the year the Municipality made major repairs electrical distribution networks.The cost inccured is treated as expense because it does not meet the criteria of capitalisation.There were inventory write-down to the Value of R729 000.

34 Contracted Services

		2020/2021 R	2019/2020 R
Consultants and Professional Services	**34.1**	12,282,233	12,273,871
Contractors	**34.2**	11,480,449	10,258,357
Outsourced Services	**34.3**	1,936,295	6,533,331.45
Total		**25,698,978**	**29,065,559**

34.1 Consultants and Professional Services

	2020/2021 R	2019/2020 R
Business Advisory Services		
Accounting and Auditing	919,763	1,029,661
Business and Financial Management	993,838	1,598,441
Consultance and Professional	8,293,878	7,978,485
Medical Examinations	1,060,080	-
Occupational Health and Safety	124,280	217,680
Total Business and Advisory Services	**11,391,839**	**10,824,267**
Legal Services		
Legal Advice and Litigation	890,394	1,449,604
Total Legal Services	**890,394**	1,449,604
Total Consultants and Professional Services	**12,282,233**	**12,273,871**

34.2 Contractors

	2020/2021 R	2019/2020 R
General Services		
Safeguard and Security	9,955,533	8,952,594
Total General Services	**9,955,533**	**8,952,594**
Maintenance Services		
Maintenance of Buildings and Facilities	200,027	54,406
Maintenance of Equipment	34,012	77,322
Maintenance of Unspecified Assets	1,290,878	1,174,035
Total Maintenance Services	**1,524,917**	**1,305,763**
Total Contractor	**11,480,449**	**10,258,357**

34.3 Outsourced Services

	2020/2021 R	2019/2020 R
Business and Advisory Services		
Valuer	1,556,020	1,575,610
Total Business and Advisory Services	**1,556,020**	**1,575,610**
General Services		
Burial services	-	31,660
Catering Services	58,198	264,520
Drivers Licence Cards	322,078	216,362
Dumping Site	-	4,445,179
Total General Services	**380,275**	**4,957,721**
Total Outsourced Services	**1,936,295**	**6,533,331**

35 Transfers and Subsidies

		2020/2021 R	2019/2020 R
Operational			
Monetary Allocations	**35.1**	4,339,000	3,504,000
Total Transfers and Subsidies: Operational		**4,339,000**	**3,504,000**
Capital			
Allocations In-kind	**35.3**	-	-
Monetary Allocations	**35.4**	-	-
Total Transfers and Subsidies: Capital		**-**	**-**
Total		**4,339,000**	**3,504,000**

35.1 Monetary Allocations: Operational

	2020/2021 R	2019/2020 R
FMG	2,700,000	2,365,000
EPWP	1,639,000	1,139,000
MSIG	-	-
Total	**4,339,000**	**3,504,000**

Disclosure in terms of the MFMA,2003 Section 123(1)(b)

36 Operational Costs

	2020/2021 R	2019/2020 R
Advertising	301,763	302,834
Audit fees	4,139,163	4,096,123
Bank charges	441,738	635,126
Bursaries	822,969	614,838
Conferences and delegations	88,235	159,224
Entertainment	105,702	27,124
Fuel and oil	1,709,508	1,865,667
Insurance	8,747,166	5,059,251
Licence fees - vehicles	244,555	57,361
Licence fees - computers	564,796	218,007
Membership fees	19,485	11,252
Postage	452,964	280,470
Printing and stationery	458,140	327,433
Skills development levies	1,011,980	1,574,405
Stock and materials	13,418	13,900
Salga	1,626,090	1,573,807
Telephone cost	2,304,256	1,794,878
Travel and subsistence	3,159,058	5,149,809
Uniforms & overalls	3,409,983	117,984
Municipal Activities	77,317	63,066
Interest late payment	61,569	6,290,130
Township Establishment	-	-
Total	**29,759,856**	**30,232,689**

Operating leases (as a lessee)

	2020/2021 R	2019/2020 R
Minimum lease payments	-	-
Within one year	-	-
In second to fifth year inclusive	-	-
After five years	-	-
Total	-	-
Total future minimum sublease payments expected to be received at the reporting date		
Total contingent rents recognised as expense in the period		

The Municpality did not have any operating leases at year end.

37 Net Cash From/(Used) Operating Activities

	2020/2021 R	2019/2020 R
Surplus/(deficit) for the year	29,863,201	-567,244
Adjustment for:-Non cash items		
Depreciation and amortisation	28,518,998	28,717,002
Finance costs	2,620,820	559,944
Interest on investments and receivables	-3,273,181	-3,647,912
Gain on Post Medical Aid Benefit Liability	-	-1,049,478
Contribution to provisions bad debts	30,798,422	30,831,951
Fair value adjustments	-1,810,200	-1,396,000
Impairment loss / (reversal of impairment loss)	1,620,431	7,140,220
Provisions	-10,117,936	2,454,261
Revenue In kind	-	-25,427,816
Operating surplus before working capital changes:	78,220,557	37,614,927
(Increase)/decrease in inventories	836,963	5,834,889
(Increase)/decrease in trade receivables-exchange transaction	-13,995,384	-1,141,332
(Increase)/decrease in other receivables-non exchange	2,129,208	-497,620
(Increase)/decrease in VAT receivable	16,156,037	5,410,389
Increase/(decrease) in conditional grants and receipts	4,372,233	4,979,084
Increase/(decrease) in trade payables-exchange transaction	19,694,473	-19,643,454
Increase/(decrease) in consumer deposits	13,788	47,155
increase in payables from non exchange	-73,059,827	6,538,421
Increase/(decrease) in other current liabilities	-	77,780
Cash generated by/(utilised in) operations	**34,368,048**	**39,220,239**

38 Correction prior year errors

	2020/2021 R	2019/2020 R	2018/2019 R
During the the year, upon reconciliation of accruals , it was discovered tha an amount of 327 155 was paid against accruals, however it was discovered that this invoices which related to the 2019/2020 financial were not accrued in the correct period.It was further discovered that interest of R104 535 that was charged on unpaid invoices in the previous year was reversed by the Supplier.			
Increase in current liabilities		327,155	
Increase IN PPE		123,413	
Impact on Accumulated surplus-Increase		203,742	
Decrease in creditors		104,535	
Increase in accumulated surplus		-104,535	
During the year it was discovered that a project that was complated in the 2019-2020 financial year was not depreciated, the project was still recognised as a WIP.			
Decrease in PPE		56,197	
Increase in accumulated surplus		-56,197	
During the year it was discovered that landfill site asset that relates to the 18/19 financial was not properly accountat for:			
Impact on liabilities-Provisions			-31,457,824
Impact on accumulated depreciation		-1,014,769	-1,014,769
Impact on PPE-Increase			32,472,593
During the year it was discovered that a provision on landfill site liabilty relating to the previous years was not calculated for one of the lanfill site, it was further more revenue in kind (Donation) from SANRAL for closure of the landfill site was not recognised as a benefit on the AFS			
Net Impact on Liabilities		-2,583,694	
Net Impact on Accumulated surplus-Increase		2,583,694	
Net Impact on Revenue		-25,427,816	
Net Impact on Liabilities		25,427,816	

39 Unauthorised, Irregular, Fruitless and wasteful expenditure disallowed -

		2020/2021 R	2019/2020 R
Unauthorised expenditure	39.1	99,284,693	99,284,693
Fruitless and wasteful expenditure	39.2	52,623,827	52,666,793
Irregular expenditure	39.3	194,054,030	170,871,926
Total		**345,962,550**	**322,823,412**

39.1 Unauthorised expenditure

	2020/2021 R	2019/2020 R
Opening balance	99,284,693	37,836,990
Unauthorised expenditure-prior year	-	22,236,994
Unauthorised expenditure current year	-	39,210,709
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**99,284,693**	**99,284,693**

This relates to expenditure on non cash items not budget for.

39.2 Fruitless and wasteful expenditure

	2020/2021 R	2019/2020 R
Opening balance -	52,666,793	46,376,663
Fruitless and wasteful expenditure current year	61,569	6,290,130
Condoned or written off by Council	-104,535	-
Transfer to irregular	-	-
To be recovered – contingent asset	-	-

Fruitless and wasteful expenditure awaiting condonement	**52,623,827**	**52,666,793**

Fruitless and wastefull relates to interest on late payments, overtime time paid to employees and overpayment to suppliers.

39.3 Irregular expenditure

	2020/2021 R	2019/2020 R
Opening balance	170,871,926	158,420,715
Irregular expenditure-current year	23,182,104	12,451,211
Identified in the current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	**194,054,030**	**170,871,926**

Due to deviations from the procurement processes (invitations of three written quotations, increase to bidding price, and no relevant contract or tender documentation) that were approved on the basis of it being an emergency, while it was possible to comply with the requirements or where proper planning would have prevented the deviations.Due to contracts that were extended or renewed to such an extent that competitive bidding processes were being circumvented, Not comply with conditions as stipulated in the DORA allocation (By using the Conditional grants for other commitments) and not complying with the basic conditions of employment by paying employees overtime more than 40 hours a week were it could have been avoided.

Irregular expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT

40 Additional Disclosures in Terms of Municipal Finance Management Act

40.1 Contributions to SALGA

	2020/2021 R	2019/2020 R
Opening balance	2,054,146	1,869,020
Council subscriptions	1,712,094	1,427,778
Amount paid - current	-	35,652
Amount paid - previous years	1,312,756	1,207,000
Balance unpaid	**2,453,484**	**2,054,146**

40.2 Audit fees

	2020/2021 R	2019/2020 R
Opening balance	2,347,411	1,916,301
Current year audit fee	4,760,037	4,815,077
Amount paid - current year	5,154,811	2,467,666
Amount paid - previous years	1,916,301	1,916,301
Balance unpaid	**36,336**	**2,347,411**

40.3 VAT

	2020/2021 R	2019/2020 R
VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.		

40.4 PAYE and UIF

	2020/2021 R	2019/2020 R
Opening balance	1,986,741	1,746,292
Current year payroll deductions	24,409,884	23,570,572
Amount paid - current year	22,417,821	21,583,831
Amount paid - previous years	1,746,292	1,746,292
Balance unpaid	2,232,512	1,986,741

40.5 Pension and Medical Aid Deductions

	2020/2021 R	2019/2020 R
Opening balance	1,858,322	1,583,113
Current year payroll deductions and Council Contributions	23,540,282	22,069,056
Amount paid - current year	23,397,572	20,210,734
Amount paid - previous years	1,583,113	1,583,113
Balance unpaid	417,919	1,858,322

41 Capital Commitments

Commitments in respect of capital expenditure

	2020/2021 R	2019/2020 R
- Approved and contracted for	**19,509,272**	**13,955,449**
Infrastructure	17,255,293	5,443,654
Community	2,253,979	8,511,795
- Approved but not yet contracted for	**14,989,310**	**21,717,210**
Infrastructure	14,989,310	16,717,210
Community	-	5,000,000
SubTotal	**34,498,582**	**35,672,659**

Commitments in respect of operating project expenditure

	2020/2021 R	2019/2020 R
- Approved and contracted for	**72,560,528**	**18,845,306**
Infrastructure	-	-
Community	-	-
Heritage	-	-
Budget & Treasury	72,560,528	18,845,306
- Approved but not yet contracted for	**1,553,900**	**1,442,150**
Infrastructure	1,553,900	1,442,150
Community	-	-
Heritage	-	-
Budget & Treasury	-	-
SubTotal	74,114,428	20,287,456
Total	**108,613,010**	**55,960,115**

This expenditure will be financed from:

	2020/2021 R	2019/2020 R
- External Loans		-
- Government Grants	36,052,483	31,845,809
- Own resources	72,560,528	24,114,306
Total	**108,613,011**	**55,960,115**

42 Contingent Liabilities

	2020/2021 R	2019/2020 R
The following contingent liabilities have been incurred by Musina Municipality:		
The Minister of water affairs is suing the municipality for water charges , total amount claimed	1,530,368	1,530,368

43 Contingent Assets

	2020/2021 R	2019/2020 R
The following services were received in-kind by Musina Municipality during the year The Municipality did not have any contingent assets during the year.	-	-

44 Related Party Disclosures

44.1 Remuneration of key management personnel - refer to note 28

Other remuneration and compesation provided to key management and their close family memebers (Paragraph 34(b)

During the reporting period the Municipality provided total remuneration and compensation of R2 295 627.86 (2021) to close family members of, and key management personnel. This amount consists of the remuneration of Municipal employee who are close members of the members of key management personnel.

44.2 Remuneration Councillors - refer to note 29

During the reporting period the Municipality provided total remuneration and compensation of R1 935 577.25 (2021) to close family members of, and councillors. This amount consists of the remuneration of Municipal employees who are close members of the members of Councillors.

45 Events after the Reporting Date

	2020/2021 R	2019/2020 R
The Accounting officer is not aware of any significant material matter or circumstances that occurred after year end that warrant adjustment of or disclosure in the financial statement.	-	-

46 Key Sources of Estimation Uncertainty and Judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment

Recoverable amounts of property, plant and equipment

Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)

Present value of defined benefit obligation

Provision for doubtful debts

Impairment of assets

Provision for long-term service award

Fair Value

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

Provisions

47 Risk Management

47.1 Maximum credit risk exposure

	2020/2021 R	2019/2020 R
Financial assets exposed to credit risk at year end were as follows:		
ABSA Bank - Fixed deposits	10,731,000	10,731,000
ABSA Bank - Current/Cheque account	12,473,161	12,667,402
VAT Receivable	15,213,525	30,901,045
Trade and other receivables	49,368,456	36,696,744

These balances represent the maximum exposure to credit risk.

The municipality is exposed to an ABSA bank guarantee in favour of Eskom amounting to R10 731 000

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

There were no changes to the risk management in the current year

47.2 Liquidity risk

		2020/2021 R	2019/2020 R
Consumer deposit	Less than 1 year	4,781,337	
	Between 1 and 2 years		4,767,549
	Between 2 and 5 years		
	Over 5 years		
Trade payables from exchange transaction	Less than 1 year	187,273,177	233,165,692
	Between 1 and 2 years		
	Between 2 and 5 years		
	Over 5 years		
Trade payables from non exchange transaction	Less than 1 year	325,889,022	299,628,601
	Between 1 and 2 years		
	Between 2 and 5 years		
	Over 5 years		
Long term Liabilities	Less than 1 year	-	2,945,384
	Between 1 and 2 years	-	-
	Between 2 and 5 years		
	Over 5 years		
Finance lease obligation	Less than 1 year	383,714	238,137
	Between 1 and 2 years	799,180	
	Between 2 and 5 years		
	Over 5 years		
Unspent grant	Less than 1 year	-	4,372,234
	Between 1 and 2 years		
	Between 2 and 5 years		
	Over 5 years		

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

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

The table above analyses the municipality's 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.

There were no changes to the liquidity and risk management in the current year

47.3 Interest rate risk

	2020/2021 R	2019/2020 R
At year end, financial instruments exposed to interest rate risk were as follows:		
- DBSA Loan	-	2,945,384

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments. The were no changes to the interest rate in the current year.

48 Change in Accounting Policy

The were no changes in accounting policy

49 Change in Estimate

The useful lives of all asset classes were adjusted during 2020/2021 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 9. The effect of changing the remaining useful life of assets for the Municipality during 2020/2021 has decreased the depreciation charge for the current year by R 579 067.09. It is impracticable to estimate the effect of these changes on future periods

50 Operational Grant Expenditure

	2020/2021 R	2019/2020 R
Finance Management grant [FMG]	2,700,000	2,365,000
EPWP	1,639,000	1,139,000
Total	**4,339,000**	**3,504,000**

51 Income Forgone

-

	2020/2021 R	2019/2020 R
Assesment Rates	139,787	232,596
Total	**139,787**	**232,596**

52 In-Kind Donations and Assistance

	2020/2021 R	2019/2020 R
SANRAL-Lanfill site closure	-	25,427,816

This relates to the clsoure of landfill site by SANRAL on behalf of the Municipality

53 Deviation from Procurement Processes - Supply Chain Regulation 36(2)

		2020/2021 R	2019/2020 R
53.1	**Technichal Department**		
	10 Occations	314,191	38,449
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.2	**Council General Expense**		
	18 Occations	-	-
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.3	**Budget & Treasury Office**		
	12 Occations	560,895	559,814
	Deviation due to sole provider of the required service		
	Supplier - Various		
53.4	**Community Services**		
	4 Occation	36,435	45,317
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.5	**Corporate Services**		
	23 Occations	2,946,565	184,854
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.6	**Municipal Manager Office**		
	11 Occations	511,878	65,052
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.7	**Intergrated Development plan**		
	1 Occation	2,008	8,530
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.8	**Mayors Office**		
	1 Occations	20,000	58,567
	Supplier - Various		
	Deviation due to sole provider of the required service		
53.9	**IT Department**		
	0 Occations	-	-
	Supplier - Various		
	Deviation due to sole provider of the required service		
	Total	**4,391,972**	**960,585**

There was no other non- compliance with section 125(2)(e) of the MFMA

54 Going Concern

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

The municipality is experiencing liquidity challenges as evident by the following :
- Surplus of R 29 863 201 recovery from the deficit of R-293 154 in the previous year.
Net current liability position of R 522 527 538 (2020 : R 546 893 662).
- The Eskom liability amounting to (85 832 867) (2020: 113 452 189.10) at year was significant contributor to the current liability balance
- Low collection of amount owed to the municipality in relation to exchange and non exchange receivables from Vhembe District R282 206 886

The municipality's plans to mitigate the risk highlighted above includes the following:
-Signed payment agreement with Eskom which will see the outstanding amount settled by July 2023,
-The DBSA Loan is paid as per the agreement and the balance was fully paid by July 2021
- Reduction of overtime work to a maximum of 40 hours per month which will result in a saving of about R 1 500 000,
- Stricter cash management to spend when cash is available.
-Council approved resolution to sell most of land it owns in 2021/22 to improve revenue generation. This can bring about R90m to the Municipality.
-The development of revenue strategies to enhance the collection of amounts owed, seek new avenues of revenue generations

The achievement of some of the above strategies is not certain as they depend on factors outside the municipal control such as high take up of land sales, effective and positive response by consumers on the revenue strategies .
The accounting officer is satisfied that these strategies are achievable under the circumstances and that active management of cash flow strategies will be implemented to ensure the achievement of these strategies.

The COVID 19 pandemic has developed rapidly in 2020/21. Various measures were implemented, however, municipality was not adversely affected as the collection rate remain steadily the same and there were no major delays in the construction of capital projects.

55 Principal and Agents

55.1 Department Of Transport

The Municipality has entered into an agreement with the Department of Transport under which the Department serves as a Principal and the Municipality as an agent. Under this arrangement, the Municipality perfoms licencing functions on behalf of the deparment of transport and an earns a commision of 20% of the total revenue collected from this services. The balance of 80% is transferred to the department of transport. The following is a summary of carrying values of assets, liabilities,revenue and expenditure as a result of the arrangements at year end.

	2020/2021 R	2019/2020 R
Non-Exchange Revenue		
Revenue- 20% agency fees	2,943,055	2,403,105
Current Liabilities		
Liabilities- Unpaid 80% at year end.	15,572,797	20,215,852

55.2 Vhembe District Municipality

The Municipality and Vhembe district Municipality entered into legislated arrangement under which the municipality serves as an agent and Vhembe district as a Principal under this arrangement, Musina Local Municipality perfoms water functions on behalf of the Vhembe district, all monies earned by the Musina Municipality from water services are disclosed as a liability and any monies paid by Musina Municiplaity to ensure smooth running of the water function are disclosed as a receivable by Musina Local Municipality.

	2020/2021 R	2019/2020 R
Current Liabilities		
Revenue	310,316,225	279,412,749
Current receivables		
Expenses paid	282,206,886	254,804,854

56 COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Variance explanantion-Only significant Variances.

Property rates-This is due to an increase on annual approved tarrifs

Service charges- This is due to a decrease in lower sales of prepaid electricity than what the Municipality anticipated.

Interest earned -external investment- This is due to a decrease in the repo rate.

Fines-This is due to the stricter lockdown regulations resulting in more in citizen abiding to road regulation

Licence and Permits -This is due to a national suspension of motor licencing by the national department to help eaze financial pressure on motirists.

Gains on disposal of assets-all assets written off were impaired resulting in carrying value of R0 .

Employee cost-This is due to an annual increase in salaries as per the labour agreement.

Remuneration to councillors-This is due to an annual increase in salaries as per the labour agreement.

Bad debts impairment-This is due to more debtors not paying their accounts in time and most of them being doubtful

Depreciation and asset impairment-This is due to a decrease on imapirment on roads, most assets were repaired during the year.

Bulk purchases- This is due to a decrease in lower sales of prepaid electricity than what the Municipality anticipated resulting in less purchases from Eskom by the Municipaity.

Other Materials-This is due to less usge of stationery as employees work on rotational basis.

Contracted services-this is due to an increase on maintainance of vehicle, this was not anticipated

Transfer and grants-The municipality did not receive the MSIG grant in the current year

Other expenditure-The difference is minimal.

Rental of facilities and equipment -This is due to less rentals on Municiapal property rental due unforseen different levels of covid lockdowns.

Other revenue -This is due to less transferring of stand ownership from the Municipality to the private owners resulting in less revenue and high liabilities.

Finance charges -this is due to overpayments/ to reduce the loan excessively on the absa Loan resulting in less interest paid on the loan.

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2021

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	**Additions**	**Movement/Transfer**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Movement**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**		**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
Land															
Land	61,947,795		-	-		61,947,795					-	-	-	-	61,947,795
Landfill Sites		23,550,884		-	-	23,550,884	-	-1,651,279		-	-	-1,651,279	-	-	21,899,605
Quarries	-	-		-	-	-	-	-		-	-	-	-	-	-
	61,947,795	23,550,884	-	-	-	85,498,679	-	-1,651,279	-	-	-	-1,651,279	-	-	83,847,400
Buildings	76,862,375	1,802,208	-2,483,380	-	4,273,826.79	80,455,030	-21,804,823	-2,350,113	-	-	-	-24,154,936	-	-	56,300,094
Infrastructure															
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	287,803,423	3,979,825	1,403,379	-	15,887,891	309,074,517	-120,393,822	-14,451,315	-	-	-1,614,205	-136,459,342	-	-	172,615,175
Security Measures and Others	863,730	-	1,080,002	-	-	1,943,732	-778,589	-191,857	-	-	-	-970,445	-	-	973,286
Electricity Mains	114,548,610	-	691,188	-	2,362,683	117,602,481	-45,825,747	-6,305,058		-	-	-52,130,806	-	-	65,471,675
Electricity Peak Load Equip	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Mains & Purification	-	-		-	-	-	-	-		-	-	-	-	-	-
Reservoirs – Water	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Meters	-	-		-	-	-	-	-		-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	403,215,763	3,979,825	3,174,568	-	18,250,574	428,620,730	-166,998,158	-20,948,230	-	-	-1,614,205	-189,560,593	-	-	239,060,137
Community Assets															
Parks & Gardens	4,219,566	-		-	-	4,219,566	-943,625	-140,764		-	-	-1,084,389	-	-	3,135,176
Libraries	-	-		-	-	-	-	-		-	-	-	-	-	-
Recreation Grounds	-	-		-	-	-	-	-		-	-	-	-	-	-
Civic Buildings	-	-		-	-	-	-	-		-	-	-	-	-	-
Stadiums	50,647,289	4,347,768	-691,188	-	2,302,835	56,606,704	-9,152,986	-1,337,031	-	-	-	-10,490,017	-	-	46,116,686
Halls	-	-		-	-	-	-	-		-	-	-	-	-	-
Theatre	-	-		-	-	-	-	-		-	-	-	-	-	-
Swimming Pools	-	-		-	-	-	-	-		-	-	-	-	-	-
Cemeteries	-	-		-	-	-	-	-		-	-	-	-	-	-
	54,866,854	4,347,768	-691,188	-	2,302,835	60,826,269	-10,096,611	-1,477,795	-	-	-	-11,574,406	-	-	49,251,863
Heritage Assets															
Historical Buildings	-	-	-	-	-	-	-	-		-	-	-	-	-	-
Paintings & Artifacts	-	-		-	-	-	-	-		-	-	-	-	-	-
	-	-		-	-	-	-	-		-	-	-	-	-	-
Total carried forward	596,892,787	33,680,684		-	24,827,236	655,400,707	-198,899,592	-26,427,417	-	-	-1,614,205	-226,941,214	-	-	428,459,493

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2021

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	**Additions**	**Movement**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Movement**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**		**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
Total brought forward	596,892,787	33,680,684		-	24,827,236	655,400,707	-198,899,592	-26,427,417		-	-1,614,205	-226,941,214	-	-	428,459,493
Other Assets															
Office Equipment	1,502,757	211,451	-	-	-	1,714,208	-1,147,619	-146,183	-	-	-2,830	-1,296,632	-	-	417,576
Furniture & Fittings	3,449,202	21,568.41	-	-	-	3,470,771	-3,264,766	-62,868	-	-	-427	-3,328,061	-	-	142,710
Bins and Containers	1,876,216	-		-	-	1,876,216	-1,532,097	-54,302	-	-	-	-1,586,399	-	-	289,817
Emergency Equipment	-	-		-	-	-	-	-		-	-	-	-	-	-
Office Equipment-finance assets	1,009,683	1,270,662	-	-1,009,683	-	1,270,662	-756,109	-337,124	-	1,009,683	-	-83,550	-	-	1,187,112
Plant & Equipment	1,463,115	121,575.00	-	-134,556	-	1,450,133	-1,232,534	-101,914	-	134,556	-2,970	-1,202,862	-	-	247,272
Car Port	8,494	-		-	-	8,494	-7,877	-206		-	-	-8,083	-	-	411
Computer Equipment	3,513,971	155,650	-	-	-	3,669,621	-3,308,164	-130,872	-	-	-	-3,439,036	-	-	230,585
Computer Software (part of computer equipment)	-	-		-	-	-	-	-		-	-	-	-	-	-
Other Assets-Landfill site	-	-		-	-	-	-	-		-	-	-	-	-	-
	12,823,437	1,780,906.53	-	-1,144,239	-	13,460,105	-11,249,167	-833,468.83	-	1,144,239.06	-6,226	-10,944,622	-	-	2,515,483
Finance Lease Assets															
Motor vehicles	16,089,522	-	-	-	-	16,089,522	-14,134,381	-1,253,873	-	-	-	-15,388,254	-	-	701,268
	16,089,522	-	-	-	-	16,089,522	-14,134,381	-1,253,873	-	-	-	-15,388,254	-	-	701,268
Total	**625,805,746.56**	**35,461,591**	**-**	**-1,144,239**	**24,827,236**	**684,950,334**	**-224,283,140**	**-28,514,759**	**-**	**1,144,239**	**-1,620,431**	**-253,274,090**	**-**	**-**	**431,676,244**

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2020

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	**Additions**	**Movement/Transfers**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Movement**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**		**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
Land															
Land	61,947,795	-	-	-		61,947,795	-1,014,769	-1,014,769			-	-2,029,537	-	-	59,918,258
Sport Fields	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-		-	-	-	-	-	-
	61,947,795	-	-	-	-	61,947,795	-1,014,769	-1,014,769	-	-	-	-2,029,537	-	-	59,918,258
Buildings	72,315,863	-	-	-	4,546,513	76,862,375	-19,621,902	-2,182,921	-	-	-	-21,804,823	-	-	55,057,553
Infrastructure															
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	275,739,410	1,652,553	-	-	10,411,460	287,803,423	-98,374,208	-14,879,394	-	-	-7,140,220	-120,393,822	-	-	167,409,601
Sewerage Mains & Purification	863,730	-	-	-	-	863,730	-706,969	-71,620	-	-	-	-778,589	-	-	85,142
Electricity Mains	109,802,165	-		-	4,746,445	114,548,610	-39,522,998	-6,302,749		-	-	-45,825,747	-	-	68,722,862
Electricity Peak Load Equip	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Mains & Purification	-	-		-	-	-	-	-		-	-	-	-	-	-
Reservoirs – Water	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Meters	-	-		-	-	-	-	-		-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	386,405,305	1,652,553	-	-	15,157,905	403,215,762.57	-138,604,175	-21,253,763	-	-	-7,140,220	-166,998,158	-	-	236,217,604
Community Assets															
Parks & Gardens	4,219,566	-	-	-	-	4,219,566	-802,973	-140,652		-	-	-943,625	-	-	3,275,940
Libraries	-	-		-	-	-	-	-		-	-	-	-	-	-
Recreation Grounds	-	-		-	-	-	-	-		-	-	-	-	-	-
Civic Buildings	-	-		-	-	-	-	-		-	-	-	-	-	-
Stadiums	47,052,810	-	-	-	3,594,478	50,647,289	-7,816,115	-1,336,871	-	-	-	-9,152,986	-	-	41,494,302
Halls	-	-		-	-	-	-	-		-	-	-	-	-	-
Theatre	-	-		-	-	-	-	-		-	-	-	-	-	-
Swimming Pools	-	-		-	-	-	-	-		-	-	-	-	-	-
Cemeteries	-	-		-	-	-	-	-		-	-	-	-	-	-
	51,272,376	-	-	-	3,594,478	54,866,854	-8,619,088	-1,477,523	-	-	-	-10,096,611	-	-	44,770,243
Heritage Assets															
Historical Buildings	-	-		-	-	-	-	-		-	-	-	-	-	-
Paintings & Artifacts	65,210	-		-	-	65,210	-	-		-	-	-	-	-	-
	65,210	-		-	-	65,210	-	-		-	-	-	-	-	-
Total carried forward	572,006,548	1,652,553	-	-	23,298,896	596,957,997	-167,859,934	-25,928,976	-	-	-7,140,220	-200,929,129	-	-	395,963,658

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2020

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	**Additions**	**Movement**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Movement**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**		**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
Total brought forward	572,006,548	1,652,553		-	23,298,896	596,957,997	-167,859,934	-25,928,976		-	-7,140,220	-200,929,129	-	-	395,963,658
Other Assets															
Office Equipment	1,281,527	221,230	-	-	-	1,502,757	-999,640	-147,929	-	-	-	-1,147,568	-	-	355,189
Furniture & Fittings	3,449,202	-	-	-	-	3,449,202	-2,846,315	-418,451	-	-	-	-3,264,766	-	-	184,436
Bins and Containers	1,876,216	-		-	-	1,876,216	-1,451,030	-81,067		-	-	-1,532,097	-	-	344,119
Emergency Equipment	-	-		-	-	-	-	-		-	-	-	-	-	-
Office Equipment	1,009,683	-		-	-	1,009,683	-419,548	-336,561	-	-	-	-756,109	-	-	253,573
Plant & Equipment	1,441,635	21,480	-	-	-	1,463,054	-1,122,712	-109,823	-	-	-	-1,232,534	-	-	230,520
Car Port	8,494	-		-	-	8,494	-7,259	-617	-	-	-	-7,877	-	-	617
Computer Equipment	3,429,603	84,368	-	-	-	3,513,971	-3,087,333	-220,830	-	-	-	-3,308,164	-	-	205,807
Computer Software (part of computer equipment)	-	-		-	-	-	-	-		-	-	-	-	-	-
Other Assets	-	-		-	-	-	-	-		-	-	-	-	-	-
	12,496,360	327,078	-	-	-	12,823,376	-9,933,838	-1,315,278	-	-	-	-11,249,116	-	-	1,574,261
Finance Lease Assets															
Motor vehicles	16,089,522	-	-	-	-	16,089,522	-12,618,022	-1,516,359	-	-	-	-14,134,381	-	-	1,955,141
	16,089,522	-	-	-	-	16,089,522	-12,618,022	-1,516,359	-	-	-	-14,134,381	-	-	1,955,141
Total	**600,592,430**	**1,979,630**	**-**	**-**	**23,298,896**	**625,870,896**	**-190,411,794**	**-28,760,612**	**-**	**-**	**-7,140,220**	**-226,312,626**	**-**	**-**	**399,493,060**