



Dr Pixley Ka Isaka Seme Local Municipality
(Registration number MP304)
Annual Financial Statements
for the year ended 30 June 2021

Dr Pixley Ka Isaka Seme Local Municipality

(Registration number MP304)

Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying services to the community.
Executive Mayor	PV Malatsi
Speaker	IL Mkhwanazi
Chief Whip	GO Ngwenya
Mayoral committee: Corporate and Community Services	TV Hlakutse
Mayoral committee: Infrastructure and Planning Services	LM Nkomo
Councillors	TP Dakile MA Dlangamandla L De Jager FE Mahlaba MP Maseko TE Manana BG Mavuso BS Mavuso TA Mazibuko BJ Mhlanga NLP Molo GR Nkambule SN Nxumalo H Thwala XI Simelane V Vilakazi
Grading of local authority	3
Accounting Officer	LB Tshabalala
Chief Financial Officer (CFO)	NT Mokako
Business address	Dr Nelson Mandela and Adelaide Tambo Street Volksrust 2470
Postal address	Private bag X 9011 Volksrust 2470
Bankers	First National Bank
Auditors	Auditor General of South Africa Registered Auditors
Attorneys	Coetzee, Spoelstra and Van Zyl Mjali and Zimema Attorneys TMN Kgomo and Associates
Telephone and fax	(017) 734 - 6100 (Telephone) 086 630 2209 (Fax)
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Dr Pixley Ka Isaka Seme Local Municipality

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Annual Financial Statements for the year ended 30 June 2021

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GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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 have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

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

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021

Accounting Officer
NT Mokako (Acting)

Dr Pixley Ka Isaka Seme Local Municipality

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Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2021.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interests of the local community and operates principally in South Africa.

2. Going concern

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury and the requirements of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

5. Accounting Officer

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

Name	Nationality
LB Tshabalala	South African

6. Corporate governance

General

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

Audit and risk committee

The audit committee members were MA Ngcobo (Chairperson), JM Ramphisa, T Nekhofhe and JN Raphela.

7. Auditors

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

8. Non-compliance with applicable legislation

We are not aware of any non-compliance with regulations and applicable legislations.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:

Accounting Officer
NT Mokako (Acting)

Dr Pixley Ka Isaka Seme Local Municipality

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Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	3	1,566,101	1,649,410
Receivables from exchange transactions	4	53,406,631	63,337,108
Other receivables from exchange transactions	5	7,316,764	7,239,182
Receivables from non-exchange transactions	6	24,966,756	20,868,001
Financial assets	7	784,253	606,672
Cash and cash equivalents	8	145,634,762	139,950,718
		233,675,267	233,651,091
Non-Current Assets			
Property, plant and equipment	9	1,106,533,380	1,179,716,296
Investment property	10	103,999,815	104,066,887
Heritage assets	11	3,696,999	3,696,999
		1,214,230,194	1,287,480,182
Total Assets		1,447,905,461	1,521,131,273
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	139,270,587	149,866,260
VAT payable	13	14,711,177	17,807,763
Consumer deposits	14	1,729,218	1,743,944
Unspent conditional grants and receipts	15	37,973,108	13,020,999
Finance lease obligation	16	-	80,092
Employee benefit obligation	17	1,506,000	1,428,000
		195,190,090	183,947,058
Non-Current Liabilities			
Employee benefit obligation	17	30,354,000	25,423,000
Provisions	18	73,833,909	63,876,943
		104,187,909	89,299,943
Total Liabilities		299,377,999	273,247,001
Net Assets		1,148,527,462	1,247,884,272
Accumulated surplus		1,148,527,462	1,247,884,272
Total Net Assets		1,148,527,462	1,247,884,272

* See Note 2 & 45

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Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	120,487,116	128,533,645
Rental from fixed assets	20	1,377,877	2,016,491
Agency fees	21	12,917,312	6,327,949
Operational revenue	22	435,888	269,359
Investment revenue	23	42,151,241	67,579,913
Gain on disposal of assets		-	189,348
Actuarial gains		-	3,342,668
Total revenue from exchange transactions		177,369,434	208,259,373
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	53,951,667	69,596,748
Transfer revenue			
Government grants & subsidies	25	181,520,128	172,626,826
Public contributions and donations	26	-	946,320
Fines, Penalties and Forfeits	27	509,922	458,607
Total revenue from non-exchange transactions		235,981,717	243,628,501
Total revenue		413,351,151	451,887,874
Expenditure			
Employee related costs	28	(98,375,147)	(90,353,315)
Remuneration of councillors	29	(8,734,701)	(8,892,008)
Inventory Consumed	30	(11,209,286)	(9,079,677)
Depreciation and amortisation		(65,880,231)	(64,060,513)
Finance costs	31	(6,603,604)	(5,542,745)
Debt Impairment	32	(108,567,467)	(146,160,440)
Bulk purchases	33	(88,395,633)	(85,570,840)
Contracted services	34	(44,028,302)	(84,947,214)
Operational costs	35	(39,885,244)	(42,852,035)
Impairment of non-current assets		(15,328,417)	-
Lease rentals on operating lease		(59,192)	-
Loss on disposal of assets and liabilities		(23,023,731)	-
Actuarial losses		(2,617,000)	-
Total expenditure		(512,707,955)	(537,458,787)
Deficit for the year		(99,356,804)	(85,570,913)

* See Note 2 & 45

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	750,426,628	750,426,628
Correction of errors prior to 1 July 2019	557,349,082	557,349,082
Restated* Balance at 1 July 2019	1,333,455,185	1,333,455,185
Surplus for the year	(85,570,913)	(85,570,913)
Total changes	(85,570,913)	(85,570,913)
Restated* Balance at 1 July 2020	1,247,884,266	1,247,884,266
Surplus for the year	(99,356,804)	(99,356,804)
Total changes	(99,356,804)	(99,356,804)
Balance at 30 June 2021	1,148,527,462	1,148,527,462

Note(s)

* See Note 2 & 45

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Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		17,673,789	(30,062,326)
Grants		206,472,237	180,288,914
Interest		42,151,241	67,579,913
Property rates		53,951,667	69,596,748
Other receipts		15,226,273	9,269,434
		335,475,207	296,672,683
Payments			
Employee costs		(107,278,848)	(99,628,824)
Suppliers		(191,269,470)	(164,845,771)
Finance costs		(2,777)	(15,350)
		(298,551,095)	(264,489,945)
Net cash flows from operating activities	36	36,924,112	32,182,738
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(34,663,906)	(75,382,529)
Proceeds from sale of property, plant and equipment	10	3,681,512	52,015,267
Movement in short term investments		(177,581)	141,189
Net cash flows from investing activities		(31,159,975)	(23,226,073)
Cash flows from financing activities			
Finance lease payments		(80,092)	(126,680)
Net increase in cash and cash equivalents		5,684,045	8,829,985
Cash and cash equivalents at the beginning of the year		139,950,718	131,120,733
Cash and cash equivalents at the end of the year	8	145,634,763	139,950,718

* See Note 2 & 45

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	117,877,086	-	117,877,086	120,487,116	2,610,030	
Rental of facilities and equipment	1,227,327	-	1,227,327	1,377,877	150,550	
Agency fees	16,986,647	-	16,986,647	12,917,312	(4,069,335)	
Other revenue	5,106,260	100,000	5,206,260	435,888	(4,770,372)	
Interest received	35,119,374	-	35,119,374	42,151,241	7,031,867	
Total revenue from exchange transactions	176,316,694	100,000	176,416,694	177,369,434	952,740	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	64,640,238	-	64,640,238	53,951,667	(10,688,571)	1
Transfer revenue						
Government grants & subsidies	154,698,450	(322,000)	154,376,450	181,520,128	27,143,678	
Fines, Penalties and Forfeits	62,274	-	62,274	509,922	447,648	
Total revenue from non-exchange transactions	219,400,962	(322,000)	219,078,962	235,981,717	16,902,755	
Total revenue	395,717,656	(222,000)	395,495,656	413,351,151	17,855,495	
Expenditure						
Employee related costs	(96,752,553)	(3,455,128)	(100,207,681)	(98,375,147)	1,832,534	
Remuneration of councillors	(10,049,000)	-	(10,049,000)	(8,734,701)	1,314,299	
Inventory consumed	(15,260,051)	(600,000)	(15,860,051)	(11,209,286)	4,650,765	
Depreciation and amortisation	(45,715,602)	-	(45,715,602)	(65,880,231)	(20,164,629)	2
Impairment loss/ Reversal of impairments	-	-	-	(15,328,417)	(15,328,417)	3
Finance costs	-	-	-	(6,603,604)	(6,603,604)	
Lease rentals on operating lease	-	-	-	(59,192)	(59,192)	
Debt Impairment	(77,856,152)	-	(77,856,152)	(108,567,467)	(30,711,315)	
Bulk purchases	(92,140,644)	3,500,000	(88,640,644)	(88,395,633)	245,011	
Contracted Services	(33,999,057)	(19,684,690)	(53,683,747)	(44,028,302)	9,655,445	
Loss on disposal of assets	-	-	-	(23,023,731)	(23,023,731)	4
Other operating expenditure	(58,604,148)	15,871,876	(42,732,272)	(39,885,244)	2,847,028	
Actuarial losses	-	-	-	(2,617,000)	(2,617,000)	
Total expenditure	(430,377,207)	(4,367,942)	(434,745,149)	(512,707,955)	(77,962,806)	
Deficit for the year	(34,659,551)	(4,589,942)	(39,249,493)	(99,356,804)	(60,107,311)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	1,664,000	-	1,664,000	1,566,101	(97,899)
Receivables and other financial assets	202,809,000	-	202,809,000	86,474,404	(116,334,596)
Cash and cash equivalents	38,333,000	-	38,333,000	145,634,762	107,301,762
	242,806,000	-	242,806,000	233,675,267	(9,130,733)

Non-Current Assets

Property, plant and equipment	971,287,000	-	971,287,000	1,106,533,380	135,246,380
Investment property	116,524,000	-	116,524,000	103,999,815	(12,524,185)
Heritage assets	3,643,000	-	3,643,000	3,696,999	53,999
	1,091,454,000	-	1,091,454,000	1,214,230,194	122,776,194
Total Assets	1,334,260,000	-	1,334,260,000	1,447,905,461	113,645,461

Liabilities

Current Liabilities

Payables from exchange transactions	3,049,000	-	3,049,000	139,270,588	136,221,588
VAT payable	-	-	-	14,711,177	14,711,177
Consumer deposits	2,074,000	-	2,074,000	1,729,218	(344,782)
Unspent conditional grants and receipts	-	-	-	37,973,108	37,973,108
Employee benefit obligation	-	-	-	1,506,000	1,506,000
	5,123,000	-	5,123,000	195,190,091	190,067,091

Non-Current Liabilities

Employee benefit obligation	-	-	-	30,354,000	30,354,000
Provisions	-	-	-	73,833,909	73,833,909
	-	-	-	104,187,909	104,187,909

Total Liabilities **5,123,000** - **5,123,000** **299,378,000** **294,255,000**

Net Assets **1,329,137,000** - **1,329,137,000** **1,148,527,461** **(180,609,539)**

Net Assets

Accumulated surplus 20,296,000 (3,575,942) **16,720,058** 1,148,527,461 **1,131,807,403**

1. Property rates: The basis on which the forecast was made was therefore incorrect and this led to the low expectation for income on property tax.

2. Depreciation and amortisation: This is due to unforeseen gains on assets.

3. Impairment loss on fixed assets: This due to the condition assessment performed the fixed asset register.

4. Loss on disposals of assets: Assets that could not be verified were disposed.

Dr Pixley Ka Isaka Seme Local Municipality

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Landfill Site rehabilitation and decommissioning and dismantling cost

The municipality has an obligation to rehabilitate, dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'.

Useful lives of Infrastructure asset

The municipality's management determines the estimated useful lives and related depreciation charges for the Infrastructure asset. This estimate is based on industry norm.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On trade receivables from exchange and non-exchange transactions, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the trade receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

The provision for doubtful debt is determined by taking into account the payment rate by exchange receivable (consumer debtor), indigent status, whether the consumer debtor has a credit balance at financial year end as well as whether the consumer debtor is government related or not.

Non-exchange receivables (traffic fine debtors) have been impaired taking into account historical payment rates by these nonexchange receivables.

Traffic fines

Non exchange receivables arising from traffic fines are measured at the best estimate based on expected inflows of economic benefits to the municipality.

Budget information

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences (between budget and actual amounts) are explained in the notes to the annual financial statements.

Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment of Non-cash Generating Assets

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

The useful life of the property, is as follows:

- Property - Land : Indefinite useful life
- Property - buildings : 30 - 50 years useful life

1.5 Property, plant and equipment

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	20 - 50 years
Furniture and fixtures	Straight line	5 - 10 years
Motor vehicles	Straight line	10 - 40 years
Office equipment	Straight line	4 - 10 years
IT equipment	Straight line	6 - 10 years
Community assets	Straight line	10 - 30 years
Electrical infrastructure	Straight line	15 - 50 years
Roads infrastructure and stormwater	Straight line	8 - 80 years
Sanitation infrastructure	Straight line	10 - 55 years
Water infrastructure	Straight line	15 - 80 years
Machinery and equipment	Straight line	5 - 30 years

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

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

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

1.6 Intangible assets

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

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 -5 years

1.7 Heritage assets

Heritage assets is carried cost less any accumulated impairment losses.

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Accounting Policies

1.8 Financial instruments

Classification

The Municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Financial asset	Financial asset measured at fair value
Other cash and cash equivalents	Financial asset measured at amortised cost

The Municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

1.9 Statutory receivables

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

1.10 Leases

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

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

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Accounting Policies

1.11 Inventories

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

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

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion.

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

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

1.12 Employee benefits

Short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The Municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Post-employment benefits: Defined contribution plans

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

The Municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost.

Long service awards

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long service awards are recognised in the statement of financial performance.

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Accounting Policies

1.12 Employee benefits (continued)

Termination benefits

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.13 Contingencies

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

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

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

Decommissioning, restoration and similar liability

The landfill closure provision is calculated as the net present value of future cash flows. The interest charge is calculated as the product of the provision calculated in the previous year and the discount rate used in the previous year for each landfill. The impact on the estimate is the Provision for Rehabilitation will not have current portion of the liability.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.14 Revenue from exchange transactions

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

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

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

Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

Revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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Accounting Policies

1.15 Revenue from non-exchange transactions

Rates, including collection charges and penalties interest

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Penalty, interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

Government grants

Equitable share allocations are measured at the amount of the allocation per the allocation letter.

Conditional grants, donations and funding are measured as revenue equal to the asset amount recognised less the liability for unfulfilled conditions.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, measured at the estimated amount receivable

Other grants and donations

Revenue is measured at the amount received or the fair value of the asset received in-kind. significant services in-kind are measured at the estimate of the value of the service received.

Other grants and donations 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.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

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Accounting Policies

1.17 Borrowing costs

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

1.18 Accounting by principals and agents

Identification

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

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

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

Binding arrangement

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

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent. Assessing which entity benefits from the transactions with third parties The municipality is the agent when, in relation to transactions with third parties, all three of the following criteria are present:

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

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

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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

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Accounting Policies

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

Irregular expenditure as defined in MFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

1.23 Segment reporting

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Energy sources;
- Executive And Council;
- Finance And Administration;
- Public Safety and Community and social service;
- Sport and recreation;
- Waste Management;
- Waste Water Management;

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1.23 Segment reporting (continued)

- Water Management;
- Other

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

1.24 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1/07/2020 to 30/06/2021.

The budget for the economic entity includes all the entities approved budgets under its control.

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised guidelines and standards:

- Guideline for the application of materiality to financial statements
- GRAP 18 - Segment Reporting
- GRAP 108 - Statutory Receivables

GRAP 18 - Segment Reporting

GRAP 18 Segment Reporting became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to present comparative segment information on initial adoption of GRAP 18.

The municipality is taking advantage of the transitional provisions by not presenting comparative segment information.

The municipality intends to fully apply the requirements of GRAP 18 by 30 June 2022.

GRAP 108 - Statutory Receivables

The Accounting Standard for Statutory Receivables has been recognised in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 108. The full net assets have been recognised retrospectively in the Annual Financial Statements.

3. Inventories

Finished goods	190,226	180,075
Consumable stores	1,242,049	1,311,649
Water for distribution	133,826	157,686
	1,566,101	1,649,410

3.1 Carrying amount of inventory stated at NRV or CRS

Amount of inventory expensed	11,241,331	9,079,677
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Materials and Supplies are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required

See note 30 for the amount of inventory expensed.

See note 33 for watter losses.

Water for distribution

Opening balance	157,686	124,801
System input volume	(23,860)	32,885
Closing balance	133,826	157,686

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
4. Receivables from exchange transactions		
Gross balances		
Electricity	63,380,516	55,017,506
Water	214,753,323	183,922,808
Waste water	114,583,918	95,908,126
Refuse	64,216,047	53,731,752
Merchandising, jobbing and contracts	165,106,534	154,537,695
	622,040,338	543,117,887
Less: Allowance for impairment		
Electricity	(54,381,916)	(44,101,968)
Water	(195,648,294)	(159,059,897)
Waste water	(104,753,758)	(85,828,665)
Refuse	(58,548,169)	(47,890,875)
Merchandising, jobbing and contracts	(155,301,570)	(142,899,374)
	(568,633,707)	(479,780,779)
Net balance		
Electricity	8,998,600	10,915,538
Water	19,105,029	24,862,911
Waste water	9,830,160	10,079,461
Refuse	5,667,878	5,840,877
Merchandising, jobbing and contracts	9,804,964	11,638,321
	53,406,631	63,337,108
Electricity		
Current (0 -30 days)	2,644,183	3,439,018
31 - 60 days	1,680,663	2,110,099
61 - 90 days	1,502,139	1,593,337
91 - 120 days	1,229,574	1,758,442
121 - 365 days	56,323,956	46,116,611
Less allowances for impairments	(54,381,915)	(44,101,969)
	8,998,600	10,915,538
Water		
Current (0 -30 days)	4,297,482	8,610,629
31 - 60 days	4,051,426	5,958,550
61 - 90 days	3,656,745	3,577,276
91 - 120 days	3,414,064	3,501,117
121 - 365 days	199,333,606	162,275,236
Less allowances for impairments	(195,648,294)	(159,059,897)
	19,105,029	24,862,911
Waste water		
Current (0 -30 days)	2,245,703	2,257,645
31 - 60 days	2,032,875	2,055,177
61 - 90 days	1,974,275	1,987,492
91 - 120 days	1,929,428	1,955,902
121 - 365 days	106,401,637	87,651,910
Less allowances for impairments	(104,753,758)	(85,828,665)
	9,830,160	10,079,461

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
4. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	1,319,915	1,316,938
31 - 60 days	1,163,312	1,172,031
61 - 90 days	1,123,517	1,131,520
91 - 120 days	1,093,492	1,116,176
121 - 365 days	59,515,810	48,995,087
Less allowances for impairments	(58,548,168)	(47,890,875)
	5,667,878	5,840,877
Merchandising, Jobbing and Contracts		
Current (0 -30 days)	980,418	1,656,134
31 - 60 days	1,295,092	1,493,402
61 - 90 days	1,271,100	1,424,134
91 - 120 days	1,238,638	1,385,132
121 - 365 days	160,321,286	148,578,893
Less allowances for impairments	(155,301,570)	(142,899,374)
	9,804,964	11,638,321
Reconciliation of allowance for impairment		
Balance at beginning of the year	(479,780,779)	(391,989,202)
Contributions to allowance	(88,852,928)	(87,791,577)
	(568,633,707)	(479,780,779)
Calculation of allowance for impairment		
The debt impairment calculations for the year ended 30 June 2021 and 30 June 2020 has been performed in accordance with the Council approved "Provision for bad debt policy". The policy entails calculating impairment on debt of 180 days and older by applying the non-payment ratio for each respective customer whilst taking cognisance of credit balances within receivables as well as inactive accounts and approved indigents.		
As of 30 June 2021 the debtors past due not impaired was R37,776,234 (2020: R58,849,340)		
Debtors are considered past due after 30 days upto 180 days. Debtors of more than 180 days have been tested for impairment.		
5. Other receivables from exchange transactions		
Debtors for sale of stands	1,208,554	1,208,554
Sundry receivables	2,213,063	2,135,481
Abeyances (Agreements)	3,895,147	3,895,147
	7,316,764	7,239,182
6. Receivables from non-exchange transactions		
Fines	446,536	367,226
Insurance claims	(145,872)	3,150
Recoverable irregular expenditure	45,348	45,348
Property rates	24,620,744	20,452,277
	24,966,756	20,868,001
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property Rates	24,620,744	20,452,277
Fines	446,536	367,226
	25,067,280	20,819,503

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
6. Receivables from non-exchange transactions (continued)		
Financial asset receivables included in receivables from non-exchange transactions above	(100,524)	48,498
Total receivables from non-exchange transactions	24,966,756	20,868,001

Statutory receivables general information

Traffic fines

As of 30 June 2021, traffic fines of R311,350 (2020: R 1,847,755) were impaired and provided for. The amount of the provision was R 232,040 as of 30 June 2021 (2020: R 1,561,822). During the year of 2021 financial year, 20% of traffic fines issued were paid, whilst 29% of traffic fines issued were paid during the 2020 financial year

Receivables from non-exchange transactions impaired

As of 30 June 2021, traffic fines of R311,350 (2020: R 1,847,755) were impaired and provided for.

The amount of the provision was R 232,040 as of 30 June 2021 (2020: R 1,561,822).

During the year of 2021 financial year, 20% of traffic fines issued were paid, whilst 29% of traffic fines issued were paid during the 2020 financial year.

Property rates comprises of the following:

Age analysis (Property rates)

Current (0 -30 days)	5,237,950	4,453,634
31 - 60 days	4,726,801	3,839,488
61 - 90 days	3,800,306	3,697,271
91 - 120 days	3,674,092	3,623,896
121 - 365 days	177,477,773	131,117,488
Allowance for impairment	(170,296,178)	(126,279,500)
	24,620,744	20,452,277

Property rates comprises of the following:

Property rates - Gross balance	194,916,922	146,731,776
Less Allowance for impairment	(170,296,178)	(126,279,449)
	24,620,744	20,452,327

7. Financial assets

Designated at fair value

Old Mutual Unit Trust	784,253	606,672
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The valuation of the shares is based on the fair value of the unit price and number of shares obtained as at 30 June 2021. The number of shares held with Old Mutual is 2,011.1539 at a value of 38,995.20 cents per share. This investment is a short term investment and can be a cessible at any given time and has no maturity date.

Current assets

Designated at fair value	784,253	606,672
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8. Cash and cash equivalents

Cash and cash equivalents consist of:

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8. Cash and cash equivalents (continued)		
Cash book balances	136,051,730	130,370,257
Short-term deposits	9,583,032	9,580,461
	145,634,762	139,950,718

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
First National Bank - 5418-0010-025	135,514,383	120,256,695	113,584,988	136,051,731	130,370,260	121,549,512
First National Bank - MIG account - 7438-8117-704	7,991,242	7,991,242	7,991,242	7,991,242	7,991,242	7,991,242
First National Bank - 6209-2639-875	1,498,910	1,498,910	1,498,910	1,498,910	1,498,910	1,498,910
Standard Bank - investment account - 038-749-688	92,880	90,319	81,069	92,880	90,309	81,069
Total	145,097,415	129,837,166	123,156,209	145,634,763	139,950,721	131,120,733

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9. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	30,166,052	-	30,166,052	30,166,052	-	30,166,052
Operating Buildings	78,541,662	(32,761,178)	45,780,484	78,541,662	(29,916,948)	48,624,714
Community assets	76,398,978	(39,686,821)	36,712,157	76,398,978	(37,917,324)	38,481,654
Electrical Infrastructure	379,877,056	(195,951,470)	183,925,586	386,164,054	(192,438,027)	193,726,027
Road Infrastructure	762,823,760	(538,236,792)	224,586,968	771,855,107	(509,472,533)	262,382,574
Sanitation Infrastructure	163,907,928	(74,678,958)	89,228,970	171,626,020	(72,690,428)	98,935,592
Solid Waste Infrastructure	71,569,064	(13,544,868)	58,024,196	65,651,927	(8,248,164)	57,403,763
Storm water Infrastructure	98,423,600	(58,201,602)	40,221,998	102,442,817	(58,703,557)	43,739,260
Water Supply Infrastructure	603,911,541	(258,206,062)	345,705,479	634,330,394	(278,430,219)	355,900,175
Leased assets	-	-	-	365,842	(293,011)	72,831
IT equipment	2,002,003	(1,099,674)	902,329	2,189,833	(1,145,121)	1,044,712
Furniture and Office Equipment	4,845,923	(3,038,392)	1,807,531	4,780,646	(2,832,462)	1,948,184
Machinery and equipment	821,001	(301,483)	519,518	1,145,141	(384,507)	760,634
Transport Assets	60,256,645	(11,304,533)	48,952,112	56,237,892	(9,707,968)	46,530,124
Total	2,333,545,213	(1,227,011,833)	1,106,533,380	2,381,896,365	(1,202,180,269)	1,179,716,296

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Work in Progress	Impairments	Depreciation	Total
Land	30,166,052	-	-	-	-	-	30,166,052
Operating Buildings	48,624,714	-	-	-	(1,018,936)	(1,825,293)	45,780,484
Community assets	38,481,655	-	-	-	-	(1,769,497)	36,712,157
Electrical Infrastructure	193,726,027	-	(2,063,686)	-	(463,858)	(7,272,897)	183,925,586
Road Infrastructure	262,382,574	-	(3,720,178)	3,708,794	(10,340,303)	(27,443,920)	224,586,967
Sanitation Infrastructure	98,935,592	-	(441,791)	(6,474,428)	(31,147)	(2,759,255)	89,228,971
Solid waste disposal	57,403,762	5,917,138	-	-	-	(5,296,703)	58,024,197
Storm water Infrastructure	43,739,261	-	(1,110,440)	-	-	(2,406,822)	40,221,998
Water Supply Infrastructure	355,900,175	26,984,248	(13,901,886)	(7,152,259)	(2,202,765)	(13,922,034)	345,705,479
Leased Assets	72,830	-	-	-	-	(72,830)	-
IT equipment	1,044,712	265,287	(198,976)	-	(18,781)	(189,911)	902,330
Furniture and fixtures	1,948,185	137,474	(21,700)	-	(4,322)	(252,106)	1,807,531
Machinery and equipment	760,634	18,433	(143,815)	-	-	(115,733)	519,519
Transport assets	46,530,123	8,457,707	(2,301,079)	-	(1,248,483)	(2,486,157)	48,952,109
	1,179,716,296	41,780,287	(23,903,551)	(9,917,893)	(15,328,595)	(65,813,158)	1,106,533,380

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Work in Progress	Depreciation	Total
Land	30,166,052	-	-	-	30,166,052
Operating Buildings	49,259,397	-	1,195,611	(1,830,294)	48,624,714
Community	37,785,080	-	2,470,920	(1,774,345)	38,481,655
Electrical infrastructure	192,843,874	36,537,797	(29,163,072)	(6,492,572)	193,726,027
Roads infrastructure	280,610,274	-	9,291,862	(27,519,562)	262,382,574
Sanitation infrastructure	102,792,412	-	(1,089,977)	(2,766,843)	98,935,592
Solid waste infrastructure	29,758,068	32,462,689	-	(4,816,995)	57,403,762
Storm water infrastructure	46,152,911	-	-	(2,413,651)	43,739,261
Water supply infrastructure	340,873,770	12,501,293	15,884,773	(13,359,660)	355,900,175
Leased assets	197,391	-	-	(124,560)	72,830
IT equipment	1,196,103	26,498	-	(177,890)	1,044,712
Furniture and fixtures	1,804,430	377,604	-	(233,849)	1,948,185
Machinery and Equipment	674,418	189,746	-	(103,530)	760,634
Transport assets	47,429,631	1,480,000	-	(2,379,506)	46,530,123
	1,161,543,811	83,575,627	(1,409,883)	(63,993,257)	1,179,716,296

Other movements in Property, plant and equipment

The other movement disclosed in the Reconciliation of property, plant and equipment is the Change in landfill closure provision on Solid Waste Infrastructure. See note 18 (Provisions).

Assets subject to finance lease (Net carrying amount)

Leasehold property	52,107,059	57,403,762
Office equipment	1,891,097	72,830
	53,998,156	57,476,592

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9. Property, plant and equipment (continued)		
Work-in-progress comprises of the following property, plant and equipment		
General Infrastructure	84,106,934	94,024,827
Buildings	6,254,078	6,254,078
	90,361,012	100,278,905

Reconciliation of Work-in-Progress 2021	Included within Infrastructure and Buildings	Total
Opening balance	100,278,905	100,278,905
Additions	25,784,989	25,784,989
Transferred to complete items	(35,702,882)	(35,702,882)
	90,361,012	90,361,012

Reconciliation of Work-in-Progress 2020	Included within Infrastructure and Buildings	Total
Opening balance	101,688,788	101,688,788
Additions	73,308,675	73,308,675
Transferred to complete items	(49,039,090)	(49,039,090)
WIP transferred to contracted services expense (Prior-year adjustments - note 45)	(25,679,468)	(25,679,468)
	100,278,905	100,278,905

Slow-moving projects		
Procurement of machinery and store building built for the machinery	4,151,530	3,586,712
T09/2019: Construction of roads in Vukuzakhe Ward 3	3,007,158	1,278,783
T12/2019: Paving of Roads in Volksrust	4,523,921	4,429,319
	11,682,609	9,294,814

The mentioned projects represent the slow-moving projects which are not included in work-in-progress balance. These projects are slow moving due to the fact that the contractors were not performing and these projects were therefor place on hold and/or terminated.

Repair and maintenance

Expenditure incurred to repair and maintain property, plant and equipment relates to the following infrastructure and non infrastructure assets:

Community Assets	251,079	-
Computer Equipment	6,972,157	-
Electrical Infrastructure	4,616,839	-
Machinery and Equipment	17,434	-
Other Assets	318,741	-
Roads Infrastructure	1,727,615	-
Solid Waste Disposal	248,258	-
Transport Assets	2,474,737	-
Water Supply Infrastructure	281,078	-
	16,907,938	-

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

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10. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	111,627,884	(7,628,069)	103,999,815	111,627,884	(7,560,997)	104,066,887

Reconciliation of investment property - 2021

	Opening balance	Depreciation	Total
Investment property	104,066,887	(67,072)	103,999,815

Reconciliation of investment property - 2020

	Opening balance	Depreciation	Total
Investment property	104,134,143	(67,256)	104,066,887

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

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11. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	3,696,999	-	3,696,999	3,696,999	-	3,696,999

Reconciliation of heritage assets 2021

	Opening balance	Total
Historical monuments	3,696,999	3,696,999

Reconciliation of heritage assets 2020

	Opening balance	Total
Historical monuments	3,696,999	3,696,999

12. Payables from exchange transactions

Trade payables	8,571,746	27,868,618
Advance payments	8,391,790	8,056,353
Retentions	16,823,357	11,626,908
Accrued leave pay	8,460,415	6,731,273
Bonus Provision	2,199,346	2,093,117
Control, clearing and interface accounts	(1,086,799)	(464,012)
Unallocated deposits	10,423,219	9,443,574
Department of Water Affairs - Bulk Water	81,201,344	84,510,429
Sundry Creditors	4,286,169	-
	139,270,587	149,866,260

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Figures in Rand	2021	2020
13. VAT payable		
VAT payable	14,711,177	17,807,763
14. Consumer deposits		
Electricity	1,733,512	1,749,486
Housing rental	(4,294)	(5,542)
	1,729,218	1,743,944
15. Unspent conditional grants and receipts		
Unspent grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	4,969,068	1,504,114
Financial Management Grant	45,099	86,587
Infrastructure Skills Development Grant	(373,738)	(373,738)
Integrated National Electrification Programme Grant	-	283,646
Water Services Infrastructure Grant	33,291,060	11,520,390
Expanded Public Works Programme Integrated Grant	41,619	-
	37,973,108	13,020,999

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

16. Finance lease obligation

Minimum lease payments due		
- within one year	-	81,987
	-	81,987
less: future finance charges	-	(1,895)
Present value of minimum lease payments	-	80,092
Present value of minimum lease payments due		
- within one year	-	(80,092)

The Municipality entered into a 36 months lease contract on photocopiers with Konica Minolta which commenced on 01 February 2018 and ending on 31 January 2021. The legal nature of the lease agreement is an operating lease but substance over form prevails in the context of GRAP 13. The lease agreement meets the requirement of a finance lease and has been accounted for as such in accordance with GRAP 13.

The average lease term was 3 years and the average effective borrowing rate was prime of 7.25% (2020: 10.25%) was used to perform the discounting of present value of future minimum lease payments.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and include additional charges for contingent rent based on a number of copies and printing incurred on the last month of the financial year end 30 June 2020. The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

Contingent rents	238,592	110,346
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17. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired member of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The present value of the defined benefit obligation, and the related current and past service cost, were measured using the Projected Unit Credit Method. The liability for in-service members is accrued over their expected working lifetimes. The expected remaining working lifetime of eligible employees is 17.4 years.

At the valuation date of 30 June 2021, membership of health care arrangements entitled to a post-employment medical aid subsidy was 150 in-service members (employees) and 23 continuation members (retirees and widows)

Post retirement housing subsidy plan

The municipality has an obligation in respect of the entitlement of employees to long service awards (LSA). The LSA is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

There are 268 employees that are currently entitled to Long Service Awards. The expected remaining working-lifetime of eligible employees is 17.4 years.

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

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

Carrying value

Present value of the medical aid defined benefit obligation wholly unfunded	(21,744,000)	(23,216,087)
Present value of the defined benefit obligation-partly or wholly funded	(5,107,000)	(4,842,407)
Movement in medical aid defined benefit obligation	(4,411,000)	1,235,725
Movement in long service award obligation	(598,000)	(28,231)
	(31,860,000)	(26,851,000)
Non-current liabilities	(30,354,000)	(25,423,000)
Current liabilities	(1,506,000)	(1,428,000)
	(31,860,000)	(26,851,000)

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

Opening balance	(29,305,220)	(28,078,110)
Net expense recognised in the statement of financial performance	(5,009,000)	(1,227,110)
	(34,314,220)	(29,305,220)

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17. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost - defined benefit plan	752,000	840,471
Past service cost - long service award	507,000	460,894
Interest cost - defined benefit plan	2,199,000	2,133,025
Interest cost - long service award	362,000	366,035
Actuarial gain - defined benefit plan	-	(3,471,875)
Actuarial loss - defined benefit plan	2,448,000	-
Actuarial loss - long service award	169,000	129,207
Benefits paid - defined benefit plan	(988,000)	(973,708)
Benefits vesting - long service award	(440,000)	(711,159)
	5,009,000	(1,227,110)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Medical aid defined benefit plan	2,448,000	3,471,875
Actuarial (gains) losses – long service award	169,000	(129,207)
	2,617,000	3,342,668

Amounts for the accrued liabilities and the plan asset for the current and previous four years

Defined benefit obligation:

Amounts for the accrued liabilities and the plan asset for the current and previous four years are as follows:

Liability history	2021	2020	2019	2018	2017
Accrued liability	26,155,000	21,744,000	23,216,000	20,507,000	20,324,000

The history of experience adjustments is as follows:

Experience adjustments	2021	2020	2019	2018	2017
Liabilities: (Gain)/Loss	341,000	(175,000)	1,297,000	(487,000)	(584,000)

Long service award:

Amounts for the accrued liabilities and the plan asset for the current and previous four years are as follows:

Liability history	2021	2020	2019	2018	2017
Accrued liability	5,705,000	5,107,000	4,862,000	4,225,000	4,108,000

The history of experience adjustments is as follows:

Experience adjustments	2021	2020	2019	2018	2017
Liabilities: (Gain)/Loss	161,000	370,207	337,986	99,445	299,233

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17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates - defined benefit plan	10.90 %	10.34 %
Discount rates - long service awards	9.06 %	7.40 %
General salary inflation (long term)	5.26 %	3.99 %
Health cost inflation	6.80 %	6.41 %
Net discount rate (health care cost inflation)	3.08 %	3.69 %
Net effective discount rate (long service award)	3.12 %	3.28 %

Other assumptions

Basis for determination of the general salary inflation rate

It is important in that the LSA are based on an employee's earnings at the date of the award. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation. The expected CPI inflation assumption of 4.76% was obtained from the differential between market yields on index-linked bonds (3.63%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.06%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Thus, a general earnings inflation rate of 5.76% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.12%.

Basis for determination of healthcare cost inflation rate

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective. A health care cost inflation rate of 6.80% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.30%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.08%.

The effect on the liability of a 1% change in the below assumptions has been tested and the effects are as follows:

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17. Employee benefit obligations (continued)

Defined contribution plan

Sensitivity results

The liability at the valuation date was recalculated to show the effect of (Long Service Award):

- A 1% increase and decrease in the assumed general earnings inflation rate;
- A 1% increase and decrease in the discount rate;
- A two year decrease and increase in the assumed average retirement age of employees; and
- A two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

Assumption	Change	Liability
Central assumptions		5,705,000
General earning inflation rate	+1%	6,032,000
General earning inflation rate	-1%	5,405,000
Discount rate	+1%	5,392,000
Discount rate	-1%	6,052,000
Average retirement age	+2yrs	6,293,000
Average retirement age	-2yrs	5,173,000
Withdrawal rates	x2	4,664,000
Withdrawal rates	x0.50	6,395,000

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18. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Interest	Total
Environmental rehabilitation	63,876,943	5,917,139	4,039,827	73,833,909

Reconciliation of provisions - 2020

	Opening Balance	Interest	Change in discount factor	Total
Environmental rehabilitation	31,414,254	3,028,334	29,434,355	63,876,943

In the previous AFS landfill closure provision was not based on the same methodology used in the current year. A General Landfill Closure Costing Model (GLCCM) was used in the current year, hence in the previous year a net present value of cash flows was used. As a methodology different from the methodology used in the GLCCM was used in the previous year to determine the closure provision, no interest charge for this year can be calculated therefore there is no current liabilities in the provision in the current year.

General Landfill Closure Costing Model was used in the current year. General Landfill Closure Costing Model provides a reliable best possible estimate of closure costs in terms of paragraph .49 of GRAP 19. General Landfill Closure Costing Model uses unit costs of elements and Consumer price index.

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The discount rate was deduced from the GOVI longbond. The annualised rate as at 30 June 2021 was 4.825% (2020: 4.825%). Consumer price inflation of 4.8235% was obtained from differential between the average nominal bond and the real bond (zero Yield curves).

The environmental rehabilitation provision relates to four landfill sites namely: Volksrust, Amersfoort, Wakkerstroom and Perdekop. For the Volksrust and Amersfoort sites, the number of years until closure is three and twelve years respectively, whilst the Wakkerstroom and Perdekop landfill sites have been closed.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

Provision for performance bonus

The provision is to provide for performance bonuses of the section 57 employees and other senior managers where applicable. The provision is not calculated as in terms of the performance agreements at reporting date because it is usually not paid within the last 5 years.

19. Service charges

Sale of electricity	55,550,961	63,043,388
Sale of water	36,767,088	38,567,617
Solid waste	10,521,437	10,041,968
Sewerage and sanitation charges	17,647,630	16,880,672
	120,487,116	128,533,645

20. Rental of fixed assets

Premises	1,357,440	1,936,492
Venue hire	20,437	79,999
	1,377,877	2,016,491

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20. Rental of fixed assets (continued)

21. Agency fees

Road and Transport	12,917,312	6,327,949
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The municipality has entered into an agreement with the Mpumalanga Department of Safety, Security and Liason ("the Department"). The agreement is entered into every five years, signed within three months of the new term of office for Local Government

In terms of the agreement the Department is responsible for registration, licensing, and testing functions in terms of applicable national and provincial road traffic legislation. In order to provide greater access to clients throughout the Province, the Department transferred specified registration, licensing and testing functions to appropriately identified agents, who process these functions for and on behalf of the Department.

As a result of the abovementioned agreement the municipality acts as an agent on behalf of the department. The agent is thus entitled to 20% (incl VAT) of the total collected fees in terms of clause 6.2 in respect of motor vehicle registration and licensing fees, as specified in the relevant schedules contained in the applicable national and provincial road traffic legislation.

22. Operational revenue

Breakages and losses recovered	1,782	4,412
Cancelation of debt	64,480	-
Building plan approval	133,606	174,989
Clearance certificates	19,159	(45,481)
Cemetery and Burial	135,653	79,537
Merchandising, jobbing and contracts	56,264	28,800
Sale of Goods: Publications tender documents	24,944	27,102
	435,888	269,359

23. Investment revenue

Interest revenue

Bank	5,901,436	8,445,541
Interest charged on trade and other receivables	36,249,805	59,134,372
	42,151,241	67,579,913

Dr Pixley Ka Isaka Seme Local Municipality

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Figures in Rand	2021	2020
24. Property rates		
Rates received		
Residential	26,185,166	26,630,658
Commercial	6,737,669	10,946,968
State	7,501,877	19,047,501
Small holdings and farms	12,745,402	12,398,731
Public Service Infrastructure Properties	632,952	443,583
Property Rates: Mining Properties	148,601	129,307
	53,951,667	69,596,748

Valuations

Agriculture	5,336,941,600	5,336,941,600
Business	404,259,700	407,269,700
Industry	278,735,100	278,735,100
Mining	5,366,000	5,366,000
Municipal	92,836,900	92,836,900
Multi Purpose	637,499,830	637,499,830
Public Benefit Organisation	141,070,800	141,070,800
Public Service Infrastructure	167,783,450	167,783,450
Residential	2,429,510,000	2,429,590,000
Vacant land	219,171,100	219,154,100
Worship	2,075,000	2,075,000
	9,715,249,480	9,718,322,480

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on the start of the Municipal financial year. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Dr Pixley Ka Isaka Seme Local Municipality

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Figures in Rand	2021	2020
25. Government grants and subsidies		
Operating grants		
Equitable share	149,300,000	119,244,303
Financial Management Grant	2,599,371	2,192,883
Municipal Disaster Grant	-	447,000
Expanded Public Works Programme Integrated Grant	1,043,381	1,345,001
Infrastructure Skills Development Grant	-	425,454
	152,942,752	123,654,641
Capital grants		
Municipal Infrastructure Grant	20,348,046	24,167,307
Water Services Infrastructure Grant	8,229,330	17,266,277
Integrated National Electrification Programme Grant	-	7,538,601
	28,577,376	48,972,185
	181,520,128	172,626,826

Equitable Share

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	1,504,114	3,358,182
Current-year receipts	25,947,000	26,424,000
Conditions met - transferred to revenue	(20,348,046)	(22,469,350)
Additional revenue (prior period error)	-	(1,697,957)
Repaid to National Treasury	(2,134,000)	(4,110,761)
	4,969,068	1,504,114

Conditions still to be met - remain liabilities (see note 15).

Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of upgrading of poor households, micro enterprises, social institutions and to provide for the rehabilitation and upgrading of municipal infrastructure.

Financial Management Grant

Balance unspent at beginning of year	86,587	696,290
Current-year receipts	2,600,000	2,235,000
Conditions met - transferred to revenue	(2,599,371)	(2,192,883)
Repaid to National Treasury	(42,117)	(651,820)
	45,099	86,587

Conditions still to be met - remain liabilities (see note 15).

The financial management grant is paid by national Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003.

Skills Development Grant

Balance unspent at beginning of year	(373,738)	425,454
Current-year receipts	-	179,003
Conditions met - transferred to revenue	-	(425,454)
Repaid to National Treasury	-	(552,741)

Dr Pixley Ka Isaka Seme Local Municipality

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Figures in Rand	2021	2020
25. Government grants and subsidies (continued)	(373,738)	(373,738)

Conditions still to be met - remain liabilities (see note 15).

The skills development grant has been allocated to the municipality to further develop specific skillset of staff members within the municipality.

Integrated National Electrification Programme

Balance unspent at beginning of year	283,646	371,899
Current-year receipts	-	8,468,000
Conditions met - transferred to revenue	-	(7,538,601)
Repaid to National Treasury	(283,646)	(1,017,652)
	-	283,646

Conditions still to be met - remain liabilities (see note 15).

The Intergrated National Electrification Programme grant has been provided to the municipality for purpose of providing new households with access to electricity.

Water Services Infrastructure Grant

Balance unspent at beginning of year	11,520,390	786,667
Current-year receipts	30,000,000	28,000,000
Conditions met - transferred to revenue	(8,229,330)	(28,000,000)
Correction of error	-	10,733,723
	33,291,060	11,520,390

Conditions still to be met - remain liabilities (see note 15).

Water services infrastructure grant has been provided to the municipality to assist the municipality with water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services sanitation backlogs.

Expanded Public Works Programme Integrated Grant

Current-year receipts	1,085,000	1,345,001
Conditions met - transferred to revenue	(1,043,381)	(1,345,001)
	41,619	-

Conditions still to be met - remain liabilities (see note 15).

The expanded public works programme integrated was allocated to the municipality for environmental projects.

Municipal Disaster Management Grant

Balance unspent at beginning of year	-	179,026
Current-year receipts	-	447,000
Conditions met - transferred to revenue	-	(447,000)
Repaid to National Treasury	-	(179,026)
	-	-

Conditions still to be met - remain liabilities (see note 15).

The municipality was allocated R447 000 for COVID-19 Relief fund which was 100% spent by 30 June 2020.

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Figures in Rand	2021	2020
26. Public contributions and donations		
Public contributions and donations	-	946,320
27. Fines, Penalties and Forfeits		
Illegal Connections Fines	135,812	136,759
Law Enforcement Fines	373,420	313,975
Overdue Books Fines	690	7,873
	509,922	458,607

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Figures in Rand	2021	2020
28. Employee related costs		
Basic	55,920,548	51,622,477
Bonus	4,470,441	4,224,755
Medical aid	5,036,692	4,641,229
UIF	475,076	458,007
Leave pay provision charge	-	1,558,430
Scarcity Allowance	46,736	-
Bargaining Council	31,946	29,757
Pension fund and group life	11,850,887	11,076,013
Overtime payments	6,749,531	5,777,427
Car allowance	2,073,881	1,958,245
Housing benefits and allowances	254,630	257,803
Leave Gratuity	2,421,564	843,541
Standby allowance	3,453,542	3,021,618
Non-Pensionable allowances	3,840	13,420
Cellular and Telephone allowances	-	141,600
Shift allowance	877,759	827,982
Post-retirement benefit: Medical aid	774,397	540,740
Section 76 Employees	3,933,677	3,360,271
	98,375,147	90,353,315

Remuneration of Municipal Manager - LB Tshabalala

Annual Remuneration	745,424	745,424
Car Allowance	144,000	144,000
Non pensionable	41,540	41,540
Telephone	18,000	18,000
Pension	134,176	134,176
Provident fund	14,908	14,908
	1,098,048	1,098,048

Remuneration of Municipal Manager - NT Mokako

Acting allowance	47,029	-
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Remuneration of Chief Financial Officer - MM Phetla

Annual Remuneration	-	655,063
Traveling	-	77,667
Non pensionable	-	33,778
Telephone	-	16,643
Pension	-	110,295
	-	893,446

Remuneration of Acting Chief Financial Officer - NT Mokako

Annual Remuneration	520,786	-
Traveling	120,000	-
Non pensionable	23,852	-
Telephone	12,000	-
Leave paid out	72,656	-
	749,294	-

Remuneration of Acting Chief Financial Officer - T van der Linde (Acting)

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Figures in Rand	2021	2020
28. Employee related costs (continued)		
Acting Allowance	-	21,195
Remuneration of Acting Chief Financial Officer - NL Khuzwayo (Acting)		
Annual Remuneration	-	131,461
Remuneration of Director: Community Services - MG Nyembe		
Annual Remuneration	710,182	194,077
Traveling	180,000	60,000
Non pensionable	40,526	12,177
Telephone	18,000	6,000
Medical aid	32,921	11,544
Pension	119,664	34,934
Provident	13,296	3,882
	1,114,589	322,614
Director: Corporate services - SB Shabalala		
Annual Remuneration	612,887	617,049
Traveling	132,000	132,000
Non pensionable	36,532	36,532
Telephone	18,000	18,000
Medical aid	45,588	47,633
Pension	110,320	104,380
Provident	12,257	11,598
	967,584	967,192
29. Remuneration of councillors		
Executive Major	905,259	905,259
Deputy Executive Mayor	653,036	653,549
Mayoral Committee Members	1,873,223	1,873,402
Speaker	688,688	733,088
Councillors	4,614,495	4,726,710
	8,734,701	8,892,008
In-kind benefits		
The executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.		
The executive Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
The executive Mayor has three full-time bodyguards. The Deputy Mayor and Speaker have two full-time bodyguards.		
The executive Executive Mayor has two full-time bodyguards.		
30. Inventory Consumed		
Inventory consumed	11,209,286	9,079,677

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
31. Finance costs		
Finance leases	2,777	15,351
GRAP 19 Interest on landfill rehabilitation provision	4,039,827	3,028,334
GRAP 25 Interest on medical aid and long service awards	2,561,000	2,499,060
	6,603,604	5,542,745

32. Debt impairment

Receivables from exchange transactions	88,852,925	176,644,503
Receivables from non-exchange transactions	19,714,542	(30,484,063)
	108,567,467	146,160,440

Debt impairment represents the charge to the Statement of Financial Performance due to the increase in provision for bad debts impairment which has been calculated with reference to non-payment rates on an individual customer basis.

33. Bulk purchases

Electricity - Eskom	73,574,292	65,180,009
Water	14,821,341	20,390,831
	88,395,633	85,570,840

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers.

Electricity is purchased in bulk on a monthly basis from Eskom.

Water is purchased from the Department of Water and Sanitation in addition to natural water resources being used from local dams.

Electricity losses

	Number 2021	Number 2020		
Units purchased (KW)	50,333,736	47,527,743	91,104,062	80,916,966
Units sold (KW)	(45,425,515)	(44,403,316)	(82,220,182)	(75,597,565)
Total loss	4,908,221	3,124,427	8,883,880	5,319,401

Percentage Loss:

Distribution losses	10 %	7 %	10 %	7 %
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Water losses

	Number 2021	Number 2020		
Units purified (KL)	6,365,889	6,082,021	35,521,661	20,390,831
Units sold (KL)	(4,413,855)	(2,535,366)	(14,147,342)	(8,500,171)
Total	1,952,034	3,456,655	21,374,319	11,890,660

Percentage Loss:

Distribution losses	31 %	42 %	60 %	58 %
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Figures in Rand	2021	2020
34. Contracted services		
Outsourced Services		
Business and Advisory	2,727,304	2,702,011
Professional Staff	2,163,368	1,308,341
Refuse Removal	3,939,572	1,214,765
Security Services	4,892,137	3,550,385
External Computer Services	8,746,811	7,591,767
Maintenance of Equipment	8,552,481	52,625,469
Consultants and Professional Services		
Laboratory Services	3,557,694	3,701,850
Legal Cost	3,639,823	4,917,492
Contractors		
Event Promoters	12,250	63,002
Maintenance of Buildings and Facilities	701,198	3,324,420
Maintenance of Unspecified Assets	5,044,631	3,911,185
Medical Services	51,033	36,527
	44,028,302	84,947,214
35. Operational Costs		
Advertising	773,734	507,509
Auditors remuneration	6,211,348	5,365,850
Bank charges	511,584	443,038
Commission paid	1,463,529	1,420,884
Entertainment	42,245	10,685
Insurance	2,613,252	2,478,243
Printing and stationery	1,007,340	693,093
Registration Fees	219,907	246,320
Skills Development Fund Levy	701,846	645,626
Subscriptions and membership fees	1,111,550	932,731
Communication	1,359,571	1,098,335
Transport and freight	6,924	96,619
Workmen's Compensation Fund	531,417	612,244
Travel - local	339,214	1,546,714
Title deed search fees	137,196	-
Protective Clothing	1,143,902	1,313,103
Bursaries (Employees)	627,717	26,209
Landfill site provision expense	5,917,139	7,932,099
Remuneration of ward committees	1,094,000	1,173,000
Indigent Relief	14,071,829	16,309,733
	39,885,244	42,852,035

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Figures in Rand	2021	2020
36. Cash generated from operations		
Deficit	(99,356,804)	(85,570,913)
Adjustments for:		
Depreciation	65,880,231	64,060,517
Impairment for non-current assets	15,328,417	-
Debtors impairment	108,567,467	146,160,440
Loss / (Profit) on disposal of assets	23,023,731	(189,348)
Movements in retirement benefit assets and liabilities	2,392,000	2,115,558
Actuarial gain / (losses)	2,617,000	(3,342,669)
Provision on rehabilitation on landfill site	9,956,966	35,491,023
Changes in working capital:		
Movement in inventories	83,309	145,720
Movement in receivables from exchange transactions	(78,922,451)	(181,934,985)
Movement in receivables from non-exchange transactions	(23,813,296)	27,074,054
Movement in other receivables from exchange transactions	(77,582)	(3,735,041)
Movement in value added tax	(3,096,586)	(375,939)
Movement in unspent grants	24,952,109	7,203,481
Movement in payables from exchange transactions	(10,595,673)	25,371,525
Movement in consumer deposits	(14,726)	(290,685)
	36,924,112	32,182,738

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Figures in Rand	2021	2020
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Capital expenditure	14,455,576	15,831,153
Total capital commitments		
Already contracted for but not provided for	14,455,576	15,831,153
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational expenditure	18,707,794	4,716,385
Total operational commitments		
Already contracted for but not provided for	18,707,794	4,716,385
Total commitments		
Total commitments		
Authorised capital expenditure	14,455,576	15,831,153
Authorised operational expenditure	18,707,794	4,716,385
	33,163,370	20,547,538

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office photocopiers starting on 01 February 2018. Monthly payments are as follows, 7 copiers at R235.96 each, 3 copiers at R1,150.86 and 2 copiers at R3,367.07 per month excluding VAT. Konica Minolta is the lessor. No contingent rent is payable. No contingent rent is payable.

Rental expenses relating to operating leases

Minimum lease payments	-	767,692
Contingent rents	-	110,348
	-	878,040

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38. Contingencies

Contingent liabilities

Contingent Liabilities relating to 2020/2021

CLAIMANT	DESCRIPTION	RESPONSIBLE LAW FIRM	FILE NUMBER	AMOUNT CLAIMED
1. Human broers and the Municipality	Claiming non-payment for the service provided.	Coetzee Spoelstra and van Zyl inc	904/2002	R73,072
2. Berry Roberts and the Municipality	Alleges an accident happening with the jurisdiction of the municipality.	None	235/10	R56,200
3. Gabriel Michael du Toit and the Municipality	Alleges that the municipal employee negligently caused an accident.	Mjali and Zimema attorneys	336/13	R29,190
4. Alida Magdalena de Beer and the municipality	Alleges that the municipal employee negligently caused an accident	None	65/18	R32,559
5. Nicolas Solidatos and the Municipality	Alleges an accident happening with the jurisdiction of the municipality	None	None	R10,099,995
6. Mostert and the municipality	Alleges that the open manhole is the cause of her injuries.	Mjali and Zimema attorneys	165/15	R75,000
7. Emalangi Technologies	Breach of contract	Mohlala attorneys	1954/19	R16,547,408
8. Wakkerstroom natural heritage	An interdict to stop the municipality proceeding with the construction of the bulk pipeline from volksrust to wakkerstroom.	None	None	Not practically determinable
9. Rand Water	Claiming for non-payment for service provided	Mjali and Zimema attorneys	2818/20	R1,982,737
10. Afika Power	Alleges non-payment for service provided	None	113/2019	R92,288

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38. Contingencies (continued)

The Municipality has made a claim against JF Buthelezi for misappropriation of funds. The Municipality is of the opinion that the amount is probably recoverable. The amount is R1,358,730 which is similar to the prior financial year's assessment of the contingent asset amount.

Council took a resolution as follows:

Resolution No A220/2021 "THAT Council approves the removal of the Ulwazi security's claim of R90 997 from the contingency liabilities".

Contigent Liabilities relating to 2020/2019

CLAIMANT	DESCRIPTION	RESPONSIBLE LAW FIRM	FILE NUMBER	AMOUNT CLAIMED
1. Human broers and the municipality	Claiming non-payment for the service provided	Coetzee Spoelstra and Van Zyl inc	904/2002	R73,072
2. Berry Roberts and the municipality	Alleges an accident happening with the jurisdiction of the municipality	None	235/10	R56,200
3. Gabriel Michael Du Toit and the MUNICIPALITY	Alleges that the municipal employee negligently caused an accident	Mjali and Zimema Attorneys	336/13	R29,190
4. Alida Magdalena De Beer and the municipality	Alleges that the municipal employee negligently caused an accident	None	65/18	R32,559
5. Nicolas Solidatos and the municipality	Alleges an accident happening with the jurisdiction of the municipality	None	None	R10,099,995
6. Ulwazi	Alleges an accident happening with the jurisdiction of the Municipality	None	None	R90,997
7. Mostert and the municipality	Alleges that the open manhole is the cause of her injuries.	Mjali and Zimema Attorneys	165/15	R75,000
8. Emalangeni Technologies	Breach of contract	Mohlala attorneys	1954/19	R16,547,408
9. Wakkerstroom Natural Heritage	Alleges that the open manholes is the cause of injuries.	Mjali and Zimema Attorneys	165/15	R75,000
10. Afrika Power	Alleges non-payment for service provided.	None	113/2019	R92,288
11. Thandiwe Kubheka	Damages to the car by potholes within the municipal Juridistiction	None	08/2020	R49,071

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2020

39. Related parties

Relationships

Accounting Officer

Members of key management

Refer to accounting officer's report note

LB Tshabalala (Municipal Manager)

NT Mokako (Acting MM)

NFT Buthelezi (Director)

NL Khuzwayo (Acting CFO)

SB Tshabalala

Refer to Note

Councillors/Mayoral committee members

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39. Related parties (continued)

Remuneration of Councillors

Mayoral committee members

2021

Name	Allowance	Travel allowances	Non-pensionable allowances	Pension	Medical Aid	Total
PV Malatsi (Mayor)	608,242	161,387	44,400	91,230	-	905,259
IL Mkhwanazi (speaker)	598,868	-	44,400	89,820	-	733,088
GO Ngwenya	529,256	-	44,400	79,380	37,009	690,045
TV Hlakutse	561,434	-	44,400	84,212	-	690,046
LM Nkomo	561,437	-	44,400	84,209	-	690,046
	2,859,237	161,387	222,000	428,851	37,009	3,708,484

2020

Name	Allowance	Travel allowances	Non-pensionable allowances	Backpay	Pension	Medical Aid	Total
PV Malatsi (Mayor)	584,251	161,387	44,400	27,592	87,629	-	905,259
IL Mkhwanazi (speaker)	579,680	-	44,400	22,073	86,935	-	733,088
GO Ngwenya	511,708	-	44,400	20,694	76,747	36,497	690,046
TV Hlakutse	543,449	-	44,400	20,694	81,504	-	690,047
LM Nkomo	543,446	-	44,400	20,694	81,505	-	690,045
	2,762,534	161,387	222,000	111,747	414,320	36,497	3,708,485

Other Council Members

2021

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39. Related parties (continued)

Name	Allowance	Travel Allowance	Non pension allowance	Pension	Medical aid	Total
SN Nxumalo (Councillor)	236,898	-	44,400	35,532	-	316,830
L De Jager (Councillor)	228,723	43,707	44,400	-	-	316,830
TA Mazibuko (Councillor)	236,896	-	44,400	35,532	-	316,828
BJ Mhlanga (Section 79)	304,018	-	44,400	45,600	-	394,018
TP Dakile (Section 79)	304,018	-	44,400	45,600	-	394,018
BG Mavuso (Section 79)	275,203	-	44,400	41,277	33,138	394,018
V Vilakazi (Councillor)	236,898	-	44,400	35,532	-	316,830
MA Dlangamandla (Councillor)	236,898	-	44,400	35,532	-	316,830
FE Mahlaba (Councillor)	236,898	-	44,400	35,532	-	316,830
PJ Maseko (Councillor)	231,533	-	44,400	-	40,897	316,830
BS Mavuso (Councillor)	236,898	-	44,400	35,532	-	316,830
TE Manana (Councillor)	236,898	-	44,400	35,532	-	316,830
LP Moloji (Councillor)	236,898	-	44,400	35,532	-	316,830
GR Nkambule (Councillor)	236,898	-	44,400	35,532	-	316,830
XI Simelane (Councillor)	244,256	-	45,986	36,635	-	326,877
TH Thwala (Councillor)	28,202	-	5,286	4,230	-	37,718
	3,748,033	43,707	672,872	493,130	74,035	5,031,777

2020

Name	Allowance	Travel Allowances	Non-pensionable allowance	Backpay	Pension	Medical Aid	Total
SN Nxumalo (Councillor)	229,306	-	44,400	8,732	34,392	-	316,830
L De Jager (Councillor)	219,991	-	44,400	8,732	-	-	273,123
TA Mazibuko (Councillor)	229,306	-	44,400	8,732	34,392	-	316,830
BJ Mhlanga (Section 79)	294,276	-	44,400	11,206	44,136	-	394,018
TP Dakile (Section 79)	294,276	-	44,400	11,206	44,136	-	394,018
BG Mavuso (Section 79)	269,083	-	44,400	11,206	40,355	28,974	394,018
V Vilakazi (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830

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39. Related parties (continued)

MA Dlangamandla (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830
FE Mahlaba (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830
PJ Maseko (Councillor)	225,190	-	39,676	8,732	-	38,508	312,106
BS Mavuso (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830
TE Manana (Councillor)	229,306	-	44,400	8,732	34,382	-	316,820
LP Moloji (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830
GR Nkambule (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830
XI Simelane (Councillor)	229,309	-	44,400	8,732	34,389	-	316,830
OT Shabangu (Councillor)	269,294	15,263	2,960	69,294	20,784	-	377,595
	3,865,191	15,263	664,236	207,696	493,300	67,482	5,313,168

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40. Irregular expenditure		
Opening balance as previously reported	34,484,497	30,665,700
Opening balance as restated	34,484,497	30,665,700
Less: Amount written off by council	(384,455)	(16,053,071)
Add: Current year under investigation	7,641,294	19,871,868
Add: Current year not under investigation	463,917	-
Closing balance	42,205,253	34,484,497
41. Fruitless and wasteful expenditure		
Opening balance as previously reported	5,703	6,930
Opening balance as restated	5,703	6,930
Add: Fruitless and wasteful expenditure (current period)	23,378	-
Less: Amount written off	-	(1,227)
Closing balance	29,081	5,703

Fruitless expenditure of R1 227 was written off by the council on 31 July 2020.

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42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Date	Name of Company	Amount	Reason for Deviation	Items/services	Department
Kantech Services (Pty) Ltd	Repairs and replacement of stolen cables, broken pumps, electrical motor at Mountainview pump station.	72179.62	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Badlapula Trading	Maintenance of electricity cables, x1 pressure testing fromk9 x12 50mm2 3 core armoured, x6 50mm2 11kv shear of ferulles x2 cable joining.	104000.00	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Best Enough Trading 672	Repairs and maintenance: to supply m4 mini sub to old mutual sub pil mv cable 25metrs; mv joint 11kv pile; mv termination 11kv pil cable testing.	104650.00	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
TSK Resources	Repairs and maintenance supply high voltage xlpe 50mm2; ferrules high voltage joint 11kv pile; pg clamps; cable pressure cable pressure testing	86746.69	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Nomdric Electrical & Project	repairs power failure multiple electricity cables in volksrust testing 70mm xlpe m26; supply of ht joints,ferrules; pressure test.	106300.00	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department

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42. Deviation from supply chain management regulations (continued)

Nomdric Electrical & Project	repairs emergency power failure cable joints testing locate faulty ht cable;supply of ht joint and ferrules;95 95mmpex cable; removal joint; 20m per cable.	98700.00	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Kantech Services (Pty) Ltd	Repairs, emergency. stolen cable joints, broken pums electrical motor mountain view pump station. new parts installed.	72179.62	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
TSK Resources	repairs and maintenance: supply and delivery of 315kva 11000/420v type b 3cr12 minisub (vukuzakhe ward 2).	558818.33	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Afmech Engineering CC	Supply and installation of x2 high performance reflux valves for pumping water to amersffort (call out –emergency).	137033.59	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Badlapula Trading	Electricity cables x1 pressure testing, x17 150mm 2.3 core armoured x6 150mm 2 shear of ferrulles	99020.75	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Afmech Engineering CC	Urgent refurbishment of two pumps pumping water to perdekop at booster pump station	125768.65	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department

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42. Deviation from supply chain management regulations (continued)

Be Forever Trading and Project	Refurbishment of Rooibuilt Water booster pump station.	38012.45	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Kantech Services (Pty) Ltd	Remove, Repair and Re-Installation of Grundfos Pump in Amersfoort WTW.	139516.93	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
Mangweni Skills and Training Project (Pty) Ltd	Repair of stolen cable for K5 Switchgear to K8 HT overhead lines.	120500.00	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department
JSM Multi Purposes (Pty) Ltd	Emergency repairs for Amersfoort Water Treatment Works – Raw water pump station raw water inflow investigation(Supply switch gear and rewire Star Delta starters in electrical panel and repairs of electric motors).	249605.00	The reason for the deviation was as a result of an emergency and it was impossible and impractical to follow the normal supply chain processes.	Repairs and maintenance	Infrastructure Services Department

-

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43. Risk management

Liquidity risk

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

30 June 2021	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	139,270,594	-	-	139,270,594
Consumer deposits	1,729,218	-	-	1,729,218
	140,999,812	-	-	140,999,812

30 June 2020	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	149,866,267	-	-	149,866,267
Consumer deposits	1,743,944	-	-	1,743,944
Finance lease obligation	80,092	-	-	80,092
	151,690,303	-	-	151,690,303

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments 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 evaluated 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 municipality.

Credit quality of Financial Assets:

First National Bank: (Fitch) F1+

Standard Bank: (Fitch) F1+

Old Mutual: (Fitch) A-

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. Loans are taken at fixed interest rates to minimise interest rate risk.

44. Financial instruments disclosure

Categories of financial instruments

2021

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44. Financial instruments disclosure (continued)

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	53,406,631	53,406,631
Other receivables from exchange transactions	7,316,764	7,316,764
Receivables from non-exchange transactions	24,966,756	24,966,756
Short term investments	784,253	784,253
Cash and cash equivalents	145,634,762	145,634,762
	232,109,166	232,109,166

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	139,270,594	139,270,594
Consumer deposits	1,729,218	1,729,218
	140,999,812	140,999,812

2020

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	63,337,108	63,337,108
Other receivables from exchange transactions	7,239,182	7,239,182
Receivables from non-exchange transactions	20,868,001	20,868,001
Short term investments	606,672	606,672
Cash and cash equivalents	139,950,718	139,950,718
	232,001,681	232,001,681

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	149,866,267	149,866,267
Consumer deposits	1,743,944	1,743,944
Finance lease obligation	80,092	80,092
	151,690,303	151,690,303

Financial instruments in Statement of financial performance

2021

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	42,151,242	42,151,242
Finance cost (calculated using effective interest method) for financial instruments at amortised cost	(6,603,604)	(6,603,604)
Debt impairment	(72,745,269)	(72,745,269)
	(37,197,631)	(37,197,631)

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Figures in Rand	2021	2020
44. Financial instruments disclosure (continued)		
2020		
	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	67,579,913	67,579,913
Finance cost (calculated using effective interest method) for financial instruments at amortised cost	(5,542,745)	(5,542,745)
Debt impairment	(98,498,351)	(98,498,351)
	(36,461,183)	(36,461,183)

45. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Inventories		1,649,410	-	1,649,410
Financial assets		606,672	-	606,672
Other receivables from exchange transactions		7,148,131	91,053	7,239,184
Receivables from non-exchange transactions		33,201,335	(12,333,334)	20,868,001
Receivables from exchange transactions		76,887,870	(13,550,762)	63,337,108
Cash and cash equivalents		109,462,355	30,488,363	139,950,718
Investment property		105,361,173	(1,294,286)	104,066,887
Property, plant and equipment		678,941,137	500,775,159	1,179,716,296
Heritage assets		3,485,999	211,000	3,696,999
Finance lease obligation		(80,092)	-	(80,092)
Payables from exchange transactions		(138,345,989)	(11,520,271)	(149,866,260)
VAT payable		(17,786,404)	(21,359)	(17,807,763)
Consumer deposits		(2,057,545)	313,601	(1,743,944)
Employee benefit obligation		(26,851,000)	-	(26,851,000)
Unspent grants and receipts		(4,613,004)	(8,407,995)	(13,020,999)
Provisions		(63,876,945)	-	(63,876,945)
Accumulated surplus		(763,133,103)	(484,751,169)	(1,247,884,272)
		-	-	-

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45. Prior-year adjustments (continued)

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
Service charges		127,295,266	1,238,379	128,533,645
Rental from fixed assets		1,953,272	63,219	2,016,491
Agency fees		6,327,949	-	6,327,949
Operational revenue		269,359	-	269,359
Interest, Dividend and Rent on Land		67,104,023	475,890	67,579,913
Gain on disposal of assets		189,348	-	189,348
Actuarial gains		3,342,668	-	3,342,668
Property rates		55,965,309	13,631,439	69,596,748
Government grants & subsidies		181,729,304	(9,102,478)	172,626,826
Public contributions and donations		946,320	-	946,320
Fines, Penalties and Forfeits		458,607	-	458,607
Employee related costs		(89,265,101)	(1,088,214)	(90,353,315)
Remuneration of councillors		(8,892,008)	-	(8,892,008)
Inventory Consumed		(9,079,677)	-	(9,079,677)
Depreciation and amortisation		(52,549,940)	(11,510,573)	(64,060,513)
Finance costs		(5,542,745)	-	(5,542,745)
Debt Impairment		(106,644,902)	(39,515,538)	(146,160,440)
COVID-19 Expenditure		(1,266,533)	1,266,533	-
Bulk purchases		(85,570,840)	-	(85,570,840)
Contracted services		(32,335,441)	(52,611,773)	(84,947,214)
Operational costs		(41,727,761)	(1,124,274)	(42,852,035)
Surplus for the year		12,706,477	(98,277,390)	(85,570,913)

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45. Prior-year adjustments (continued)

Nature of prior period adjustments

The Municipality has undertaken extensive procedures to reconstruct the fixed asset register. The procedures include a variety of aspects:

- Identification and recording of "old" unlisted assets.
- Identification and recording of complete infrastructure projects.
- Identification and recording of newly acquired movable assets.
- Assessments of the indicators for impairments.
- Recalculation of depreciation and amortisation.
- Disposal of assets.

The impact of these changes extends not only to the current period (2021) but also to the comparative period (2020) and periods prior to the comparative period and affect the Statement of Financial Performance (Depreciation and Amortisation, Contracted Services, Operational Cost) and the Statement of Financial Position (Investment Property, Property, Plant and Equipment, Heritage Assets, Accumulated Surplus).

Commission paid to the operator tasked with the supplying of prepaid electricity was not recorded correctly in the comparative year. Corrective actions affect the Service Charges (Electricity Sales), Operating Expenditure (Commission Paid), Receivables From Exchange Transactions, and Value Added Tax.

Calculations concerning operational liabilities to employees (Accrued Leave and Bonus Provisions) in the comparative year were found to be incorrect. Correcting this led to changes to the Statement of Financial Position (Payables From Exchange Transactions) and the Statement of Financial Performance (Employee Related Cost).

Payments allocated to payments in advance were discovered to be consumer deposits and were allocated accordingly. There were also payments recorded as consumer deposits which were indeed rental income which also affect Value Added Tax.

Government Grants were not recorded correctly in comparative year. New schedules were drafted to apply the correct facts including funds received, expenditures incurred and repayment to National Treasury. These new schedules were applied to the base, comparative and current year and led to changes in the Statement of Financial Position (Unspent Conditional Grants, Accumulated Surplus) and the Statement of Financial Performance (Government Grants and Subsidies).

Interest on investment accounts were not recorded in the comparative year. Corrections of these facts required changes to revenue from investment activities and cash and bank.

The Municipality identified incorrect allocations of expenditure in the comparative year. This expenditure pertaining the management surrounding measurements to prevent the spread of COVID 19 disclosed separately on the 2020 audited AFS. This expenditure was reclassified to Operational Cost.

The municipality implemented a new valuation roll in 2020. The valuation of erven was not applied correctly and misallocated between various erven occurred, resulting that property rates levied for individual erven were based on incorrect valuations. The correct property rates that had to be levied were calculated by applying the rate per category to the total valuation per category. This was then compared with the actual total property rates levied. The result is that property rates were overstated in 2020.

Calculation of debt impairment for the current year revealed that the opening balance of accumulated impairment for the current year (the closing balance of the previous year) was incorrect and the impairment for the comparative year had to be recalculated. This impacts the Statement of Financial Performance (Receivables from Exchange and Non-exchange Transactions) and the Statement of Financial Position (Debt Impairment).

The change in bank and cash was a result of an extensive exercise the municipality undertook to clear long outstanding items on its bank reconciliation.

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46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	1,103,267	917,113
Amount paid - current year	(1,103,267)	(917,113)
	-	-

Audit fees

Current year expenditure	6,211,348	5,365,850
Amount paid	(6,211,348)	(5,365,850)
	-	-

PAYE and UIF

Current year subscription	14,376,479	13,213,994
Amount paid - current year	(14,376,479)	(13,213,994)
	-	-

Pension and Medical Aid Deductions

Current year payroll deductions (medical aid and pension fund)	26,941,408	25,006,322
Amount paid - current year	(26,941,408)	(25,006,322)
	-	-

VAT

VAT receivable	(14,711,177)	(17,807,763)
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VAT is accounted for on an accrual basis on annual financial statements and on payment basis on VAT returns to SARS.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

No Councillors had arrears accounts as on 30 June 2021. The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30 June 2020	Outstanding more than 90 days	Total
Councillor Shabangu OT	187	187

47. Going concern

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

48. Segment information

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48. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Energy Sources	Executive And Council	Finance And Administration	Planning And Development	Waste management	Waste Water Management	Water Management	Public Safety, Community and Social Services	Other	Total
Revenue										
Service Charges	55,635,447	-	36,165,319	-	10,521,437	17,647,630	36,767,088	-	-	156,736,921
Rental From Fixed Assets	-	-	1,357,440	-	-	-	-	-	20,437	1,377,877
Agency Fees	-	-	(7,369,639)	-	-	-	-	-	20,286,951	12,917,312
Operational Revenue	20,931	-	127,283	145,768	-	-	-	137,310	4,596	435,888
Interest revenue	-	-	5,901,436	-	-	-	-	-	-	5,901,436
Property Rates	-	-	53,951,665	-	-	-	-	-	-	53,951,665
Government Grants & Subsidies	-	151,108,961	790,410	20,348,046	1,043,381	-	8,229,330	-	-	181,520,128
Fines, Penalties And Forfeits	135,812	-	-	-	-	-	-	690	373,422	509,924
Total segment revenue	55,792,190	151,108,961	90,923,914	20,493,814	11,564,818	17,647,630	44,996,418	138,000	20,685,406	413,351,151
Entity's revenue										413,351,151

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	Energy Sources	Executive And Council	Finance And Administration	Planning And Development	Waste management	Waste Water Management	Water Management	Public Safety, Community and Social Services	Other	Total
48. Segment information (continued)										
Expenditure										
Employee Related Cost	(4,093,314)	(6,879,248)	(21,973,347)	(10,172,993)	(9,934,399)	(6,784,397)	(13,126,890)	(15,425,862)	(9,984,703)	(98,375,153)
Remuneration Of Councillors	-	(8,734,701)	-	-	-	-	-	-	-	(8,734,701)
Inventory Consumed	-	(643,539)	-	-	(5,995,158)	-	(4,293,862)	(276,727)	-	(11,209,286)
Depreciation And Amortisation	(10,934,760)	(2,152,304)	(189,911)	(27,559,653)	(324,936)	(24,384,815)	-	-	(333,852)	(65,880,231)
Finance Cost	-	-	(6,603,604)	-	-	-	-	-	-	(6,603,604)
Lease Rentals On Operating Lease	-	(59,192)	-	-	-	-	-	-	-	(59,192)
Debt Impairment	-	-	(108,567,467)	-	-	-	-	-	-	(108,567,467)
Bulk Purchases	(73,574,292)	-	-	-	-	-	(14,821,341)	-	-	(88,395,633)
Contracted Services	(4,592,549)	(849,358)	(23,364,014)	(3,095,047)	(4,969,350)	4,718,815	(3,853,394)	(5,109,478)	(2,913,927)	(44,028,302)
Operating expenditure	(1,235,154)	(3,476,904)	(17,951,988)	(206,109)	12,889	(42,054)	(14,159,905)	(190,082)	(2,635,932)	(39,885,239)
Impairment of non-current assets	-	-	(15,328,417)	-	-	-	-	-	-	(15,328,417)
Loss on disposal of assets and liabilities	-	709,932	(23,733,663)	-	-	-	-	-	-	(23,023,731)
Actuarial losses	-	-	(2,617,000)	-	-	-	-	-	-	(2,617,000)
Total segment expenditure	(94,430,069)	(22,085,314)	(220,329,411)	(41,033,802)	(21,210,954)	(26,492,451)	(50,255,392)	(21,002,149)	(15,868,414)	(512,707,956)
Total segmental surplus/(deficit)										99,356,805

Refer to Appendix C for the Segmental analysis of property, plant and equipment as at 30 June 2021.

APPENDIX B (Unaudited)
DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2021

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and buildings													
<i>Land</i>													
General plant	30 166 052	-	-	-	-	-	30 166 052	-	-	-	-	-	30 166 052
<i>Operational buildings</i>													
Municipal Offices	60 368 299	-	-	1 195 611	-	-	61 563 910	19 010 050	2 454 591	-	-	21 464 642	40 099 269
Staff Housing	13 914 064	-	-	-	-	-	13 914 064	9 137 029	297 093	-	-	9 434 122	4 479 942
Stores	3 063 688	-	-	-	-	-	3 063 688	1 769 870	92 545	-	-	1 862 414	1 201 274
<i>Community</i>													
Cemeteries/Crematoria	6 256 248	-	-	-	-	-	6 256 248	3 922 019	142 084	-	-	4 064 103	2 192 146
Centres	3 462 748	-	-	-	-	-	3 462 748	756 218	83 042	-	-	839 260	2 623 488
Halls	14 961 264	-	-	-	-	-	14 961 264	9 007 745	459 219	-	-	9 466 964	5 494 300
Libraries	3 705 432	-	-	-	-	-	3 705 432	2 132 599	92 197	-	-	2 224 796	1 480 637
Outdoor Facilities	4 186 106	-	-	-	-	-	4 186 106	2 322 393	151 967	-	-	2 474 361	1 711 746
Clinics/Care Centres	2 235 732	-	-	-	-	-	2 235 732	1 397 187	24 115	-	-	1 421 301	814 431
Markets	11 790 284	-	-	-	-	-	11 790 284	5 373 823	251 142	-	-	5 624 965	6 165 319
Taxi Ranks/Bus Terminals	953 541	-	-	-	-	-	953 541	180 951	12 218	-	-	193 170	760 371
Sport and Recreation Facilities - Outdoor Facilities	23 789 157	-	-	5 058 467	-	-	28 847 624	12 824 389	553 513	-	-	13 377 902	15 469 721
Total	178 852 615	-	-	6 254 078	-	-	185 106 692	67 834 272	4 613 727	-	-	72 447 999	112 658 694
Infrastructure													
HV Transmission Conductors	1 289 706	-	-	-	-	-	1 289 706	210 150	42 964	-	-	253 113	1 036 593
LV Networks	91 281 794	-	-	-	-	(5 160 796)	86 120 998	42 018 319	1 780 197	-	(3 466 201)	40 332 315	45 788 684
MV Networks	198 269 512	-	-	-	-	(275 951)	197 993 560	115 736 595	3 790 910	-	(166 419)	119 361 086	78 632 474
MV Substations	89 581 646	-	-	-	-	(850 251)	88 731 395	31 447 653	1 995 313	-	(590 691)	32 852 274	55 879 121
MV Switching Station	5 741 396	-	-	-	-	-	5 741 396	3 025 311	127 372	-	-	3 152 682	2 588 714
<i>Roads</i>													
Road Furniture	18 638 865	-	-	-	-	-	18 638 865	9 905 312	501 220	-	-	10 406 532	8 232 333
Road Structures	737 417 843	-	-	19 507 193	-	(12 740 142)	744 184 895	499 567 221	37 283 004	-	(9 019 964)	527 830 261	216 354 634
<i>Sanitation</i>													
Pump Stations	23 004 894	-	-	-	-	-	23 004 894	11 766 832	867 468	-	-	12 634 300	10 370 594
Reticulation	134 674 032	-	-	-	-	(1 243 663)	133 430 369	57 017 507	1 655 344	-	(801 872)	57 870 979	75 559 390
Toilet Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	7 472 666	-	-	-	-	-	7 472 666	3 906 089	267 590	-	-	4 173 679	3 298 987
<i>Solid waste</i>													
Electricity Generating Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites	65 651 927	5 917 138	-	-	-	-	71 569 065	8 248 164	5 296 703	-	-	13 544 868	58 024 197
Drainage Collection	102 442 817	-	-	-	-	(4 019 217)	98 423 600	58 703 557	2 406 822	-	(2 908 777)	58 201 602	40 221 998

APPENDIX B (Unaudited)
DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2021

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>Water supply</i>													
Boreholes	3 623 495	17 662 424	-	-	-	-	21 285 919	1 563 020	835 341	-	-	2 398 361	18 887 558
Bulk Mains	127 294 919	-	-	-	-	-	127 294 919	66 672 705	4 102 925	-	-	70 775 631	56 519 288
Dams and Weirs	63 159 487	-	-	-	-	-	63 159 487	24 761 686	788 953	-	-	25 550 640	37 608 847
Distribution	92 874 988	9 321 823	-	64 599 741	-	(714 847)	166 081 705	22 952 505	2 275 512	-	(529 874)	24 698 143	141 383 562
Pump Stations	6 076 343	-	-	-	-	-	6 076 343	3 419 048	238 223	-	-	3 657 272	2 419 071
Reservoirs	114 855 449	-	-	-	-	(431 740)	114 423 709	59 636 311	2 436 050	-	(282 407)	61 789 954	52 633 755
Water Treatment Works	154 693 714	-	-	-	-	(49 104 255)	105 589 459	99 424 942	5 447 795	-	(35 536 676)	69 336 062	36 253 397
Total	2 038 045 492	32 901 386	-	84 106 934	-	(74 540 862)	2 080 512 950	1 119 982 928	72 139 705	-	(53 302 882)	1 138 819 752	941 693 198
Leased assets													
Transport Assets	365 842	-	-	-	-	(365 842)	-	293 011	72 830	-	(365 842)	-	-
Total	365 842	-	-	-	-	(365 842)	-	293 011	72 830	-	(365 842)	-	-
Other assets													
<i>Computer Equipment</i>													
Computer Hardware	2 189 832,81	265 286,68	-	-	-	-453 116,11	2 002 003,37	1 145 121,28	208 692,20	-	-254 139,78	1 099 673,70	902 329,68
<i>Furniture And Office Equipment</i>													
Other Furniture And Fittings	4 780 646,37	137 473,89	-	-	-	-72 197,21	4 845 923,05	2 832 461,57	256 427,96	-	-50 497,66	3 038 391,88	1 807 531,17

APPENDIX B (Unaudited)
DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2021

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>Machinery And Equipment</i>													
Other Plant And Equipment	1 145 140,88	18 433,04	-	-	-	-342 572,50	821 001,42	384 507,01	115 732,91	-	-198 757,12	301 482,80	519 518,62
Trucks, Buses And Ldv'S	51 016 971,34	8 457 707,13	-	-	-	-4 438 953,83	55 035 724,63	9 039 148,69	3 400 787,94	-	-2 137 874,70	10 302 061,93	44 733 662,70
Total	59 132 591	8 878 901	-	-	-	(5 306 840)	62 704 652	13 401 239	3 981 641	-	(2 641 269)	14 741 610	47 963 042
Total	2 276 396 540	41 780 286	-	90 361 012	-	(80 213 543)	2 328 324 295	1 201 511 450	80 807 904	-	(56 309 993)	1 226 009 361	1 102 314 934

APPENDIX B (unaudited)
DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2021

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R

DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2021

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage													
Antiques and Collections	3 697 000	-	-	-	-	-	3 697 000	-	-	-	-	-	3 697 000
Total	3 697 000	-	-	-	-	-	3 697 000	-	-	-	-	-	3 697 000

DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2021

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment properties													
Land	102 120 507	-	-	-	-	-	102 120 507	-	-	-	-	-	102 120 507
Buildings	9 507 376	-	-	-	-	-	9 507 376	7 560 997	67 072	-	-	7 628 069	1 879 307
Total	111 627 884	-	-	-	-	-	111 627 884	7 560 997	67 072	-	-	7 628 069	103 999 814

Total Asset Register	2 391 721 424	41 780 286	-	90 361 012	-	(80 213 543)	2 443 649 179	1 209 072 447	80 874 976	-	(56 309 993)	1 233 637 430	1 210 011 748
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APPENDIX C (Unaudited)

DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2021

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
BUDGET AND TREASURY	140 402 179	421 194	-	-	(867 886)	139 955 487	4 362 090	580 853	-	(503 395)	4 439 548	135 515 939
FINANCIAL SERVICES 203	8 115 620	421 194	-	-	(867 886)	7 668 928	4 362 090	580 853	-	(503 395)	4 439 548	3 229 379
PROPERTY SERVICES 204	132 286 559	-	-	-	-	132 286 559	-	-	-	-	-	132 286 559
CORPORATE SERVICES	212 907 910	8 457 707	90 361 012	-	(4 438 954)	307 287 676	84 434 418	8 081 587	-	(2 137 875)	90 378 130	216 909 546
CORPORATE SERVICES: ADMIN 200	51 016 971	8 457 707	90 361 012	-	(4 438 954)	145 396 737	9 039 149	3 400 788	-	(2 137 875)	10 302 062	135 094 675
HUMAN RESOURCES 202	3 697 000	-	-	-	-	3 697 000	-	-	-	-	-	3 697 000
MUNICIPAL BUILDINGS 206	158 193 939	-	-	-	-	158 193 939	75 395 269	4 680 799	-	-	80 076 068	78 117 871
POLITICAL OFFICE	365 842	-	-	-	(365 842)	-	293 011	72 830	-	(365 842)	-	-
COUNCIL GENERAL 101	365 842	-	-	-	(365 842)	-	293 011	72 830	-	(365 842)	-	-
TECHNICAL SERVICES	2 038 045 492	32 901 386	-	-	(74 540 862)	1 996 406 016	1 119 982 928	72 139 705	-	(53 302 882)	1 138 819 752	857 586 264
PLANNING AND DEVELOPMENT 303	756 056 708	-	-	-	(12 740 142)	743 316 567	509 472 533	37 784 223	-	(9 019 964)	538 236 792	205 079 774
WASTE MANAGEMENT SOLID WASTE	895 824 730	32 901 386	-	-	(55 513 723)	873 212 393	418 072 368	26 618 727	-	(40 059 606)	404 631 489	468 580 904
ELECTRICITY DISTRIBUTION 1301	386 164 054	-	-	-	(6 286 998)	379 877 056	192 438 027	7 736 755	-	(4 223 312)	195 951 470	183 925 586
Total	2 391 721 424	41 780 286	90 361 012	-	(80 213 543)	2 443 649 179	1 209 072 447	80 874 976	-	(56 309 993)	1 233 637 430	1 210 011 748