

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Planning by	Reviewed	Performed by	Final review

Client details

Client name: West Rand District Municipality
Year end: June 30, 2024

Print details

Printed by
Date printed

* See Note

The supplementary information presented does not form part of the financial statements and is unaudited



West Rand District Municipality
Financial statements
for the year ended June 30, 2024

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

General Information

Legal form of entity	District Municipality (DC48) Municipal Finance Management Act (No. 56 of 2003) (MFMA)
Nature of business and principal activities	District municipality is a coordinating structure established in terms of Section 155(1)(c) of the Constitution of the Republic of South Africa as a category C municipality which has municipal executive and legislative authority in an area that includes more than one municipality. West Rand District Municipality coordinates its local municipalities in West Rand region, namely Mogale City Local Municipality, Rand West City Local Municipality and Merafong City Local Municipality.
Members of Council	
Speaker of Council	Cllr H.B Munyai
Executive Mayor	Cllr T.M Bovhungana
Council Whip	Cllr M.N Ndzilane
MPAC Chairperson (Section 79 committee)	Cllr H.O Butler
Mayoral Committee	MMC Financial Services: Ald I.G Khoza MMC Corporate and Shared Services: Ald N Tundzi-Hawu MMC Infrastructure and Human Settlement: Ald D.S Thabe MMC Roads and Transport: Cllr S.R Dikana MMC Local Economic Development: Cllr S Boyce MMC Health and Social Development: Cllr A Shikoane MMC Environmental Management: Cllr L Legabe MMC Public Safety: Cllr T Molusi
Councillors	Cllr H.H Hild Cllr G Kruger Ald B.D Blake Ald J.D.W Zwart Cllr ALME Rowles-Zwart Cllr N.G Mphafudi Cllr O.S.S Moralo Cllr A.A Moleko Cllr B.A Kubayi Cllr D.C Pannall Cllr R.J Mokoto Cllr D Moreotsenye Cllr M.F Chohledi Cllr L.P Pii Cllr B Molefe Cllr M.B Nkabinde Cllr M Naki Cllr L.M Mpupu Cllr P.K Faku Cllr T.M Tlholoe Cllr N.T Xhale Cllr B Van Der Berg Cllr J Kotze Cllr A Steyn Cllr F.J.C Steffers

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

General Information

	Cllr T.L.J Schoeman Cllr N Mrwetyana Cllr M.P Teleko Cllr S.A Dabhelia Cllr T.G Koto Cllr F Ngobeni Cllr K.C Ntshangase
Regional audit committee	Dr L Konar CA(SA) (Chairperson) Mr B Ahmed CA(SA) (Member) Mr L Mangquku CA(SA) (Member) Mr M Maseko (Member) Mr L Ravhuhali CA(SA) (Member)
Regional performance audit committee	Mr P Mongalo (Chairperson) Mr P Fourie CA(SA) (Member) Mr A Mangokwana (Member) Ms O Senokoane (Member) Mr S.P Khoza (Member)
Risk management committee Chairperson	Mr J Mohlakoana
Disciplinary board committee Chairperson	Mr K Moahloli
Accounting Officer	Mr EM Koloji
Chief Finance Officer (CFO)	Mr LS Ramaele
Registered office	Corner Sixth and Park Street Randfontein 1760
Business address	Corner Sixth and Park Street Randfontein 1760
Postal address	Private Bag X033 Randfontein 1760
Bankers	Standard Bank of South Africa First National Bank
Auditors	Auditor-General South Africa Chartered Accountants (S.A.) Registered Auditors Independant regulatory board of auditors
Attorneys	Thejane Attorneys Lizel Venter Attorneys MT Matsau Incorporated Madlhopa & Thenga Incorporated Phambane Mokone Incorporated Attorneys Phungo Incorporated

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

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Abbreviations used:

RMC	Risk Management Committee
DC Board	Disciplinary Committee Board
MPAC	Municipal Public Accounts Committee
AC	Audit Committee
PAC	Performance Audit Committee
GRAP	Generally Recognised Accounting Practice
RSC	Regional Service Council Levy
FMG	Finance Management Grant
MMC	Member of Mayoral Committee
NDPG	Neighbourhood Development Partnership Grant
WCA	Workmen's Compensation Assistance

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Financial Statements for the year ended June 30, 2024

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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

The 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 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 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 June 30, 2026 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.

The municipality is wholly dependent on the municipality for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors. The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements.

The financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed by:

Accounting Officer
E.M Koloi

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Accounting officer's Report

The accounting officer submits his report for the year ended June 30, 2024.

1. Going concern

We draw attention to the fact that at June 30, 2024, the municipality had an accumulated deficits of R (111,922,441) and that the municipality's total liabilities exceed its assets by R (111,922,441).

The 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.

2. Subsequent events

The accounting officer has identified matters or circumstance which arose since the end of the financial year. Please refer to note 50

3. Accounting officers' interest in contracts

The accounting officer did not have any interest in any contract of the municipality.

4. Accounting policies

The financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such 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.

5.

The municipal manager of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr EM Koloji	South Africa

6. Bankers

The Municipality currently primarily banks with Standard Bank of Southern Africa.

The Municipality also banks with First National Bank who were previously the primary bankers up until 31 July 2023.

7. Auditors

Auditor-General South Africa A Supreme Audit Institution (SAI) of South Africa (Chapter nine Institution).

8. Non-compliance with applicable legislation

Any instance of non-compliance to applicable legislation is fairly disclosed in the Notes to the Annual Financial Statements. Please refer to note 54

The financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2024 and were signed by:

Accounting Officer
E.M Koloji

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Statement of Financial Position as at June 30, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	283,231	237,749
Receivables from exchange transactions	4	4,099,806	3,696,839
Receivables from non-exchange transactions	5	-	733,642
Cash and cash equivalents	6	9,615,161	18,525,524
		13,998,198	23,193,754
Non-Current Assets			
Biological assets that form part of an agricultural activity	7	78,408	161,644
Investment property	8	9,200,000	9,200,000
Property, plant and equipment	9	60,077,042	59,630,699
		69,355,450	68,992,343
Total Assets		83,353,648	92,186,097
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	66,532,610	69,614,090
Payables from (non-exchange) transaction	11	33,033,769	30,444,344
VAT payable	12	1,705,577	1,977,033
Employee benefit obligation	13	2,448,000	2,335,000
Unspent conditional grants and receipts	14	-	15,408,260
Provisions	15	12,746,133	12,408,603
		116,466,089	132,187,330
Non-Current Liabilities			
Employee benefit obligation	13	50,428,000	47,534,000
Provisions	15	28,382,000	26,356,000
		78,810,000	73,890,000
Total Liabilities		195,276,089	206,077,330
Net Assets		(111,922,441)	(113,891,233)
Accumulated deficit		(111,922,441)	(113,891,233)
Total Net Assets		(111,922,441)	(113,891,233)

* See Note 47

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	1,798,964	1,850,243
Rental of facilities and equipment	18	2,093,960	2,027,491
Interest received (trading)		352,903	258,147
Licences and permits	19	533,052	514,657
Recoveries		4,550	7,928
Other income	21	400,371	451,779
Interest received - investment	22	6,312,390	3,075,792
Total revenue from exchange transactions		11,496,190	8,186,037
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	23	347,458,422	296,121,874
Total revenue	16	358,954,612	304,307,911
Expenditure			
Employee related costs	24	(214,866,503)	(209,337,716)
Remuneration of councillors	25	(13,282,117)	(11,977,519)
Depreciation and amortisation	26	(5,349,385)	(5,072,455)
Interest costs	27	(8,851,000)	(9,094,920)
Lease rentals on operating lease	28	(406,590)	(379,690)
Debt Impairment	29	(535,529)	859,325
Assets written off	30	-	(156,355)
Contracted services	31	(74,083,571)	(46,285,900)
Transfers and Subsidies	32	(12,242,120)	(11,932,000)
Operating costs	34	(27,324,584)	(21,902,181)
Total expenditure		(356,941,399)	(315,279,411)
Operating surplus (deficit)	36	2,013,213	(10,971,500)
Gain on disposal of assets and liabilities	37	-	6,433
Fair value adjustments	38	(83,236)	733,699
Actuarial gains/losses	39	2,975,434	3,910,593
Impairment loss	40	(153)	(50,361)
Workmen's compensation movement	15	(2,936,464)	(1,536,288)
		(44,419)	3,064,076
Surplus (deficit) for the year		1,968,794	(7,907,424)

* See Note 47

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Statement of Changes in Net Assets

	Accumulated surplus / (deficit)	Total net assets
Figures in Rand		
Balance at July 1, 2022	(105,983,809)	(105,983,809)
Changes in net assets		
Deficit for the year	(7,907,424)	(7,907,424)
Total changes	(7,907,424)	(7,907,424)
Restated* Balance at July 1, 2023	(113,891,235)	(113,891,235)
Changes in net assets		
Surplus for the year	1,968,794	1,968,794
Total changes	1,968,794	1,968,794
Balance at June 30, 2024	(111,922,441)	(111,922,441)
Note(s)		

* See Note 47

West Rand District Municipality
 Financial Statements for the year ended June 30, 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		340,670,904	310,909,241
Interest income		6,312,390	3,075,792
Other receipts		5,228,730	4,852,098
		352,212,024	318,837,131
Payments			
Employee costs		(228,665,430)	(218,097,552)
Suppliers		(126,661,077)	(83,600,809)
		(355,326,507)	(301,698,361)
Net cash flows from operating activities	35	(3,114,483)	17,138,770
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(5,795,880)	(1,560,853)
Proceeds from sale of property, plant and equipment	9	-	305,543
Net cash flows from investing activities		(5,795,880)	(1,255,310)
Net increase/(decrease) in cash and cash equivalents		(8,910,363)	15,883,460
Cash and cash equivalents at the beginning of the year		18,525,524	2,642,064
Cash and cash equivalents at the end of the year	6	9,615,161	18,525,524

The accounting policies on pages 15 to 37 and the notes on pages 37 to 80 form an integral part of the financial statements.

* See Note 47

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

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	2,000,000	-	2,000,000	1,798,964	(201,036)	A
Rental of facilities and equipment	2,606,000	-	2,606,000	2,093,960	(512,040)	B
Interest received (trading)	355,000	459,000	814,000	352,903	(461,097)	
Licences and permits	701,000	-	701,000	533,052	(167,948)	C
Recoveries	5,000	-	5,000	4,550	(450)	
Reversal of impairment on investments	4,600,000	-	4,600,000	-	(4,600,000)	
Other income	20,703,000	12,994,000	33,697,000	400,371	(33,296,629)	D
Interest received - investment	3,919,000	2,722,000	6,641,000	6,312,390	(328,610)	E
Gains on disposal of assets	550,000	100,000	650,000	-	(650,000)	
Total revenue from exchange transactions	35,439,000	16,275,000	51,714,000	11,496,190	(40,217,810)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	338,638,000	17,072,000	355,710,000	347,458,422	(8,251,578)	
Total revenue	374,077,000	33,347,000	407,424,000	358,954,612	(48,469,388)	
Expenditure						
Employee related cost	(222,569,000)	(9,587,000)	(232,156,000)	(214,866,503)	17,289,497	F
Remuneration of councillors	(13,132,000)	(985,000)	(14,117,000)	(13,282,117)	834,883	G
Depreciation and amortisation	(5,799,500)	(731,000)	(6,530,500)	(5,349,385)	1,181,115	H
Impairment loss/ Reversal of impairments	(500)	-	(500)	(153)	347	
Interest costs	(6,135,000)	(7,207,000)	(13,342,000)	(8,851,000)	4,491,000	I
Lease rentals on operating lease	-	-	-	(406,590)	(406,590)	
Debt Impairment	(650,000)	(2,500,000)	(3,150,000)	(535,529)	2,614,471	J
Other materials	(250,000)	(226,000)	(476,000)	-	476,000	
Contracted Services	(9,464,000)	(77,988,000)	(87,452,000)	(74,083,571)	13,368,429	K
Transfers and Subsidies	(12,469,000)	983,000	(11,486,000)	(12,242,120)	(756,120)	L
Operating costs	(30,156,000)	(10,835,000)	(40,991,000)	(27,324,584)	13,666,416	M
Total expenditure	(300,625,000)	(109,076,000)	(409,701,000)	(356,941,552)	52,759,448	
Operating surplus/ (deficit)	73,452,000	(75,729,000)	(2,277,000)	2,013,060	4,290,060	
Fair value adjustments	-	-	-	(83,236)	(83,236)	
Actuarial gains/losses	-	-	-	2,975,434	2,975,434	
Workmen's compensation movement	-	-	-	(2,936,464)	(2,936,464)	O
	-	-	-	(44,266)	(44,266)	
Surplus/ (Deficit) before capital expenditure	73,452,000	(75,729,000)	(2,277,000)	1,968,794	4,245,794	
Capital expenditure	73,450,000	(64,547,592)	8,902,408	-	(8,902,408)	N
Surplus/ (Deficit) for the year	2,000	(11,181,408)	(11,179,408)	1,968,794	13,148,202	

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

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
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Figures in Rand

Reconciliation

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	95,000	143,000	238,000	283,231	45,231	
Receivables from exchange transactions	2,783,000	1,647,000	4,430,000	4,099,806	(330,194)	
VAT receivable	-	-	-	(939,423)	(939,423)	
Cash and cash equivalents	-	3,117,000	3,117,000	9,615,161	6,498,161	
	2,878,000	4,907,000	7,785,000	13,058,775	5,273,775	
Non-Current Assets						
Biological assets that form part of an agricultural activity	143,000	19,000	162,000	78,408	(83,592)	
Investment property	8,400,000	800,000	9,200,000	9,200,000	-	
Property, plant and equipment	53,056,000	6,575,000	59,631,000	60,077,042	446,042	H
	61,599,000	7,394,000	68,993,000	69,355,450	362,450	
Total Assets	64,477,000	12,301,000	76,778,000	82,414,225	5,636,225	
Liabilities						
Current Liabilities						
Payables from exchange transactions	74,329,000	(4,715,000)	69,614,000	66,532,610	(3,081,390)	M
Taxes and transfers payable (non-exchange)	-	30,444,000	30,444,000	33,033,769	2,589,769	
VAT payable	-	1,977,000	1,977,000	766,154	(1,210,846)	
Employee benefit obligation	-	-	-	2,448,000	2,448,000	I
Unspent conditional grants and receipts	-	15,442,000	15,442,000	-	(15,442,000)	
Provisions	15,754,000	(1,010,000)	14,744,000	12,746,133	(1,997,867)	
	90,083,000	42,138,000	132,221,000	115,526,666	(16,694,334)	
Non-Current Liabilities						
Employee benefit obligation	49,730,000	-	49,730,000	50,428,000	698,000	I
Provisions	12,679,000	11,481,000	24,160,000	28,382,000	4,222,000	
	62,409,000	11,481,000	73,890,000	78,810,000	4,920,000	
Total Liabilities	152,492,000	53,619,000	206,111,000	194,336,666	(11,774,334)	
Net Assets	(88,015,000)	(41,318,000)	(129,333,000)	(111,922,441)	17,410,559	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated deficit	(88,015,000)	(41,318,000)	(129,333,000)	(111,922,441)	17,410,559	

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

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
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	338,638,000	17,072,000	355,710,000	340,670,904	(15,039,096)	
Interest income	3,919,000	1,722,000	5,641,000	6,312,389	671,389	E
Other receipts	16,371,000	14,552,000	30,923,000	5,228,730	(25,694,270)	D
	358,928,000	33,346,000	392,274,000	352,212,023	(40,061,977)	

Payments

Employee costs and suppliers	(276,090,000)	(94,422,000)	(370,512,000)	(343,084,387)	27,427,613	F
Interest costs	(6,135,000)	(7,207,000)	(13,342,000)	-	13,342,000	
Transfers and Grants	(12,469,000)	983,000	(11,486,000)	(12,242,120)	(756,120)	L
	(294,694,000)	(100,646,000)	(395,340,000)	(355,326,507)	40,013,493	

Net cash flows from operating activities	64,234,000	(67,300,000)	(3,066,000)	(3,114,484)	(48,484)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(73,450,000)	64,548,000	(8,902,000)	(5,795,880)	3,106,120	N
Net increase/(decrease) in cash and cash equivalents	(9,216,000)	(2,752,000)	(11,968,000)	(8,910,364)	3,057,636	
Cash and cash equivalents at the beginning of the year	2,642,000	-	2,642,000	18,525,524	15,883,524	
Cash and cash equivalents at the end of the year	(6,574,000)	(2,752,000)	(9,326,000)	9,615,160	18,941,160	

Reconciliation

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

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
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Figures in Rand

A - Under performance in service charges is as a result of the performance in development of building plan fees for fire services.

B - The decrease in rental is due to the service level agreements of some consumer and rental customers reaching the expiry dates and being in the reviewal process for possible extension.

C - Under collection in licenses and permits was mainly driven by the negative economic effects previously experienced which caused majority of businesses to close down.

D - Under collection in other income is due to under collection of Donaldson Dam revenue and SARS receipts being reallocated to VAT control account but budgeted for under other income.

E - Over-collection in interest earned was a result of the interest earned under the FNB call account used for the ringfencing of grants and statutory obligations. There was also fixed deposits investment made with Standard bank to generate investment revenue.

F - Under expenditure on employee related costs is due to the current service cost on long service and medical aid liability as non-cash items valued at year-end.

G - Under-expenditure in council remuneration is due to the budgeting principle of using inflationary CPIX increment but the increase in terms of the concurrence approved by the MEC is less than the budgeted increment.

H - This is due to depreciation for the year based on the remaining useful life. Management tested the indicators of impairment and assessment was made on the categories of fixed assets.

I - Decrease in interest costs is due to lower interest cost accrued for long service award liability, medical aid liability and interest on workman's compensation provision charged.

J - Decrease in impairment is due to the reversal of impairment for Rand West City Local Municipality due to offset agreement.

K - Under expenditure in contracted services relates to savings in expenses for legal fees and maintenance on assets.

L - Variance in transfers and subsidies relates to the HIV/Aids subsidy that was surrendered back to Gauteng revenue fund and offset against the current tranche.

M - Under expenditure in operating costs is due to implementation of cost containment measures as per the requirements of circular 82 and cost containment regulations.

N - The municipality budgeted for capital expenditure in terms of the grant received and in terms of the implementation protocol agreement the project is implemented on behalf of Rand West City Local municipality.

O - Workmen's compensation movement relates to the amount charged for injury on duty by compensation commissioner based on assessments performed at year-end and these were not budgeted for during adjustment budget process.

The accounting policies on pages 15 to 37 and the notes on pages 37 to 80 form an integral part of the financial statements.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

1.1 Presentation currency

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

1.2 Going concern assumption

These 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 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.4 Biological assets that form part of an agricultural activity

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

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

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

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

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets that form part of an agricultural activity where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

1.5 Investment property

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

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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Significant Accounting Policies

1.5 Investment property (continued)

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

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

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

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

Fair value

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

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

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

1.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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	7 - 30 years
Leasehold property	Straight-line	5 - 20 years
Plant and machinery	Straight-line	3 - 17 years
Furniture and fixtures	Straight-line	5 - 20 years

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1.6 Property, plant and equipment (continued)

Motor vehicles	Straight-line	3 - 20 years
Office equipment	Straight-line	3 - 17 years
Specialised vehicles	Straight-line	5 - 20 years
Security measures	Straight-line	5 - 15 years
Roads and stormwater	Straight-line	20 - 30 years
Water	Straight-line	20 - 30 years
Community facilities	Straight-line	20 - 30 years
Emergency equipment	Straight-line	5 - 15 years
Watercraft	Straight-line	20 - 30 years
Electrical	Straight-line	20 - 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.

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 31).

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

West Rand District Municipality

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Significant Accounting Policies

1.7 Financial instruments (continued)

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Significant Accounting Policies

1.7 Financial instruments (continued)

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity 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
Receivables from exchange transactions	Financial asset measured at fair value
Receivables from non-exchange transactions	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value

The entity 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
Trade and other payables from exchange transactions	Financial asset measured at fair value
Transfers payable (non-exchange)	Financial liability measured at cost
Unspent conditional grants and receipts	Financial liability measured at cost

1.8 Statutory receivables

Identification

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.8 Statutory receivables (continued)

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.

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Significant Accounting Policies

1.8 Statutory receivables (continued)

- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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Significant Accounting Policies

1.9 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.10 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the 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.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Significant Accounting Policies

1.11 Cash and cash equivalents (continued)

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

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

Useful life is either:

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

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Significant Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

West Rand District Municipality

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Significant Accounting Policies

1.13 Employee benefits

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide postemployment

benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

West Rand District Municipality

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Significant Accounting Policies

1.13 Employee benefits (continued)

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability)..

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

West Rand District Municipality

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Significant Accounting Policies

1.13 Employee benefits (continued)

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect 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 post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

West Rand District Municipality

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Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.14 Provisions and contingencies (continued)

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 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.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.16 Revenue from exchange transactions (continued)

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

West Rand District Municipality

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Significant Accounting Policies

1.16 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.18 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.19 Investment income

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

1.20 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Recognition

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

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

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

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

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.22 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

1.23 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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. All expenditure previously incurred is not classified as fruitless and wasteful expenditure until such expenditure is paid. 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.

1.24 Irregular expenditure

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

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

1.25 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.25 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.26 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.

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 an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

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

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

1.27 Related parties

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

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

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

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

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

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

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

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Significant Accounting Policies

1.27 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.28 Events after reporting date

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

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

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

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

Notes to the Financial Statements

Figures in Rand 2024 2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<input type="checkbox"/> GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	April 1, 2024	Unlikely there will be a material impact
<input type="checkbox"/> GRAP 103 (as revised): Heritage Assets	April 1, 2024	Unlikely there will be a material impact
<input type="checkbox"/> GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unlikely there will be a material impact

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
3. Inventories		
Consumable stores (1)	266,279	220,797
Fixed assets auctioned (2)	-	299,110
Fixed assets to be auctioned (3)	16,952	16,952
	283,231	536,859
Fixed Assets auctioned (Carrying value)	-	(299,110)
	283,231	237,749

(1) Annual inventory count was performed on 30 June 2024. An invitation was extended to both internal audit unit and external auditors to be part of the year end inventory count.

(2) The municipality opted to perform the public auction on redundant assets internally and the implementation plan for the public auction has been approved by the senior management team. The municipality had a successful auction which took place during October 2022.

(3) Council approved the disposal of redundant and irreparable assets. These assets will be scheduled for public auction. Refer to note 9 for reconciliation of property, plant and equipment.

4. Receivables from exchange transactions

Contributions from local municipalities	7,225,800	7,225,800
Other consumer debtors	5,363,697	4,375,087
Prepaid expenses	283,053	333,166
Impairment of receivables	(8,772,744)	(8,237,214)
	4,099,806	3,696,839

Gross receivables are as follows:

Contributions from local municipalities	7,225,800	7,225,800
Other consumer debtors	5,363,697	4,375,088
Prepaid expenses	283,053	333,166
	12,872,550	11,934,054

Impairment on receivables above are as follows:

Contributions from local municipalities	(5,400,000)	(5,400,000)
Other consumer debtors	(3,372,744)	(2,837,215)
	(8,772,744)	(8,237,215)

Financial asset receivables included in receivables from exchange transactions above	-	-
Total receivables from exchange transactions	4,099,806	3,696,839

Receivables past due but not impaired

Receivables where there is a settlement agreement in place are not considered to be impaired. At June 30, 2024, R 1,825,800 (2023: R 1,825,800) was past due but not impaired. See note 44 for further details.

The ageing of amounts past due but not impaired is as follows:

More than a year past due	1,825,800	1,825,800
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West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

4. Receivables from exchange transactions (continued)

Receivables impaired

As of June 30, 2024, receivables of R 12,872,550 (2023: R 11,934,054) were impaired and provided for.

The amount of the provision was R (8,772,744) as of June 30, 2024 (2023: R 8,237,214).

The ageing of these receivables is as follows:

3 to 6 months	410,936	400,608
Over 6 months	8,361,808	7,836,607

Reconciliation of provision for impairment of trade and other receivables

Opening balance	8,237,214	9,096,540
Contribution to/(Reversals of) debt impairment provision	535,530	(859,326)
	8,772,744	8,237,214

5. Receivables from non-exchange transactions

Government grants and subsidies	-	733,642
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Concomitant assets included in receivables from non-exchange transactions above are as follows:

HIV/ Aids grant (Local municipalities)	-	733,642
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Total receivables from non-exchange transactions	-	733,642
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	29,971	18,714
Bank balances	2,917,666	12,606,130
Short-term deposits	6,667,524	5,900,680
	9,615,161	18,525,524

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2024	June 30, 2023	June 30, 2022
First National Bank - Corporate - 62777660872	1,519,667	11,218,490	2,263,987	1,519,609	11,217,045	2,264,818
Standard Bank - Corporate - 021307350	1,398,057	1,389,086	3,596	1,398,057	1,389,086	3,635
First National Bank - Call Account- 62835844334	548,752	5,897,712	366,526	548,752	5,897,712	366,526
Standard Bank - Call account - 658833952	6,118,772	2,967	2,967	6,118,772	2,967	2,967
First National Bank E-wallet cards	4,027	18,413	4,118	4,027	18,714	4,118
Standard Bank - Petty Cash	9,252	-	-	9,252	-	-
Petty Cash Float	16,692	-	-	16,692	-	-
Total	9,615,219	18,526,668	2,641,194	9,615,161	18,525,524	2,642,064

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
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6. Cash and cash equivalents (continued)

Concomitant assets for unspent conditional grants

Cash and cash equivalents that are not available for use by the municipality other than conditions intended for. The funds are ring-fenced for Rural asset management grant roll-over.	-	297,948
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Cash and cash equivalents that are not available for use by the municipality other than conditions intended for. The funds are ring-fenced for Fire services and Disaster management grant roll-over.	-	14,376,669
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West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

7. Biological assets that form part of an agricultural activity

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - Flowers	78,408	-	78,408	161,644	-	161,644

Reconciliation of biological assets that form part of an agricultural activity - 2024

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	161,644	(83,236)	78,408

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

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	227,945	(66,301)	161,644

Non-financial information

Quantities of each biological asset

Biological assets - Flowers	77,760	174,600
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The municipality performed a physical verification of all biological assets at 30 June 2024.

A register of all biological assets is available at the Regional planning and Re-industrialisation department of the municipality for inspection. Biological assets are situated at Merafong Flora and Multiflora prices were utilised as a basis of the valuation.

The decrease in the value of biological assets is as result of the decrease in average unit price of flowers from R13.41 in the previous financial year to R3.49 in the current financial year as well as the decline in quantities produced at Merafong Flora. This is as a result of poor performance on the quality of fresh produce which was attributed to the municipality's financial constraints.

Methods and assumptions used in determining fair value

The fair value of the different varieties of plants (flowers) were determined by the Multiflora Auction Market. Multiflora Auction Market is the outlet through which the flowers are sold.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

8. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,200,000	-	9,200,000	9,200,000	-	9,200,000

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	9,200,000	9,200,000

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	8,400,000	800,000	9,200,000

Fair value of investment properties 9,200,000 8,400,000

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.

Amounts recognised in surplus or deficit

Rental revenue from Investment property 860,138 1,028,100

From investment property that generated rental revenue

Direct operating expenses (excluding repairs and maintenance) (167,923) (155,298)

The effective date of the valuation was 30 June 2024. Valuations were performed by an independent valuer, Kgoshi Sasa (Professional Valuer-SACPVP Reg no: 4417/6). Kgoshi Sasa is not connected to the municipality and has recent experience in location and category of the investment property being valued.

This property shall be valued based on the RAS MATRIX guidelines, forecourt rentals are a function of the amount of fuel being sold.

These assumptions are based on current market conditions

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

9. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12,118,881	-	12,118,881	12,118,881	-	12,118,881
Buildings	53,213,995	(40,817,911)	12,396,084	53,213,995	(39,841,719)	13,372,276
Plant and machinery	2,881,770	(1,943,086)	938,684	2,272,160	(1,838,822)	433,338
Furniture and fixtures	3,952,561	(3,874,471)	78,090	3,952,561	(3,832,456)	120,105
Motor vehicles	9,842,333	(6,760,345)	3,081,988	7,445,794	(5,740,070)	1,705,724
Infrastructure	10,456,141	(9,979,510)	476,631	10,456,141	(9,922,264)	533,877
Security measures	9,034,195	(8,710,054)	324,141	9,034,194	(8,683,998)	350,196
Emergency equipments	2,348,223	(1,130,951)	1,217,272	1,314,336	(1,098,019)	216,317
Electrical equipment	477,850	(448,335)	29,515	477,850	(446,244)	31,606
Office equipment	6,181,518	(3,545,505)	2,636,013	4,425,404	(3,006,921)	1,418,483
Specialised vehicles	54,008,076	(27,228,333)	26,779,743	54,008,348	(24,678,452)	29,329,896
Total	164,515,543	(104,438,501)	60,077,042	158,719,664	(99,088,965)	59,630,699

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	12,118,881	-	-	-	12,118,881
Buildings	13,372,276	-	(976,192)	-	12,396,084
Plant and machinery	433,338	609,610	(104,264)	-	938,684
Furniture and fixtures	120,105	-	(41,862)	(153)	78,090
Motor vehicles	1,705,724	2,396,268	(1,020,004)	-	3,081,988
Infrastructure	533,877	-	(57,246)	-	476,631
Security measures	350,196	-	(26,055)	-	324,141
Emergency equipments	216,317	1,033,888	(32,933)	-	1,217,272
Electrical equipment	31,606	-	(2,091)	-	29,515
Office equipment	1,418,483	1,756,114	(538,584)	-	2,636,013
Specialised vehicles	29,329,896	-	(2,550,153)	-	26,779,743
	59,630,699	5,795,880	(5,349,384)	(153)	60,077,042

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Write off	Depreciation	Impairment loss	Total
Land	12,118,881	-	-	-	-	-	12,118,881
Buildings	14,401,374	-	-	-	(978,735)	(50,363)	13,372,276
Plant and machinery	110,987	389,879	(366)	(15,446)	(51,716)	-	433,338
Furniture and fixtures	228,330	-	(696)	(29,801)	(77,728)	-	120,105
Motor vehicles	2,566,513	-	-	(8,710)	(852,079)	-	1,705,724
Infrastructure	591,123	-	-	-	(57,246)	-	533,877
Security measures	376,444	-	-	-	(26,248)	-	350,196
Emergency equipments	162,850	121,740	(4,067)	(37,826)	(26,380)	-	216,317
Electrical equipment	33,697	-	-	-	(2,091)	-	31,606
Office equipment	895,726	1,049,234	(11,823)	(64,573)	(450,081)	-	1,418,483
Specialised vehicles	31,880,046	-	-	-	(2,590,706)	-	29,329,896
	63,365,971	1,560,853	(16,952)	(156,356)	(5,113,010)	(50,363)	59,630,699

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.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
10. Payables from exchange transactions		
Trade payables	36,714,078	35,133,262
Unallocated deposits	85,719	59,319
Bonus payable (1)	618,587	556,441
Third parties outstanding	3,275,588	8,695,513
Leave payable	25,826,113	25,157,030
Other payables	12,525	12,525
	66,532,610	69,614,090

(1) This relates to a portion of performance bonus payable following the conclusion of performance assessments for senior managers.

11. Transfers payable (non-exchange)

Transfers payable (1)	30,444,344	30,444,344
Other payables from non-exchange transactions (2)	2,589,425	-
	33,033,769	30,444,344

(1) Transfers payable amount relates to amount received from Provincial Human Settlements in terms of implementation protocol and the unspent portion is payable to Gauteng Department of Human Settlements. The funds were withheld with VBS Mutual Bank which was placed under curatorship from 11 March 2018.

(2) The amount of R 2,589,425 (2023: R -) for other payables from non-exchange transactions relates to the projected savings realised from the spending of conditional grants due to the effectiveness of price and market analysis applied during the procurement processes. The municipality has submitted a request to both the transferring department and Gauteng Provincial Treasury to redirect the utilisation of these realised savings for maintenance of fire vehicles to assist with service delivery.

12. VAT payable

Tax payables	1,705,577	1,977,033
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West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

13. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(52,876,000)	(49,869,000)
Non-current liabilities	(50,428,000)	(47,534,000)
Current liabilities	(2,448,000)	(2,335,000)
	(52,876,000)	(49,869,000)

An actuarial valuation has been performed of the liability in respect of post-employment medical aid benefits to employees and retirees of the WRDM, and to their registered dependents as at 30 June 2024. An independent Actuarial Valuer, which is ARCH Actuarial Consulting was appointed by the municipality to perform these valuations. The company is practicing according to the conditions and requirements of the Actuarial Society of South Africa. Chanan Weiss is a qualified member of the Actuarial Society of South Africa.

The valuation considers all employees, retired employees and their dependents who participate in the medical aid arrangements and are entitled to a post-employment medical aid subsidy. The post-employment medical aid subsidy liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability. The Accounting Standards require that an employer's liability be based on the cost of the benefits provided by the employer.

The Medical Schemes Act 1998 enforces community ratings which means that the contributions payable by retirees are the same as those paid by younger members. The employer's cost can therefore be taken as the expected contributions only, as opposed to the expected cost of actual medical aid benefits.

Post retirement medical aid plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid scheme, most of which offers a range of options pertaining to the levels of cover. Upon retirement a retired employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-on-retirement the surviving dependents may continue membership of the medical scheme.

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

Opening balance	49,869,000	51,578,695
Benefits paid	(2,304,014)	(2,345,728)
Net expense recognised in the statement of financial performance	5,311,014	636,033
	52,876,000	49,869,000

Net expense recognised in the statement of financial performance are as follows:

Remeasurements of the net defined benefit liability (asset)	5,311,014	636,033
- Actuarial gains and losses arising from:	5,311,014	636,033
Current service cost	1,683,000	2,393,704
Interest cost	6,077,000	6,549,604
Actuarial (gains) losses	(2,448,986)	(8,307,275)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(2,448,986)	(8,307,275)
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West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

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13. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used (D)	12.25 %	12.47 %
Consumer price inflation (C)	6.22 %	6.42 %
Health care cost inflation (H)	7.72 %	8.08 %
Net discount rate $((1+D)/(1+H)-1)$	4.21 %	4.06 %

Medical Scheme Arrangements

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Contribution Rate Structure

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Financial Assumptions

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve

Consequently, a discount rate of 12.00% per annum has been used. These rates do not reflect any adjustment for taxation. These rates were reduced from the yield curve obtained from the Bond Exchange of South Africa after the market closed on 30 June 2024.

Key Demographic Assumptions

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

We have assumed continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependents.

It has been assumed that female spouses will be four years younger than their male counterparts. Further, we have assumed that 95% of eligible employees on a health care arrangement at retirement will have an adult dependent. For current retiree members, actual marital status was used and the potential for remarriage was ignored.]

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

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13. Employee benefit obligations (continued)

Sensitivity analysis

Healthcare cost trends

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

2024	One percentage point increase	One percentage point decrease
Effect on the service cost	1,812,000	1,496,000
Effect on interest cost	6,428,000	5,611,000
Effect on defined benefit obligation	55,874,000	48,981,000
2023	One percentage point increase	One percentage point decrease
Effect on the service cost	2,929,880	1,969,917
Effect on interest cost	7,672,073	5,626,341
Effect on defined benefit obligation	52,684,000	46,124,000

The methods and assumptions used in preparing the sensitivity analyses and the limitations of those methods are [Provide details]

Changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes are [Provide details]

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Rural asset management systems grant	-	297,948
HIV/AIDS subsidy	-	733,642
Disaster management grant	-	2,634,508
Fire brigade services grant- operational	-	9,865,754
Fire brigade services grant- capital	-	1,876,408
	-	15,408,260

The municipality achieved all objectives which were attached to conditional grants based on DoRA and Gauteng Gazette.

See note 11 for the details of projected savings realised from the conditional grants spending.

See note 23 for reconciliation of grants from National/Provincial Government.

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

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Settled during the year	Transfers	Interest cost	Total
Long Service Award provision	26,356,000	1,250,552	(1,998,552)	-	2,774,000	28,382,000
Performance Bonus	999,318	731,291	-	(618,587)	-	1,112,022
Department of labour assessment provision	11,409,285	2,936,463	(2,711,637)	-	-	11,634,111
	38,764,603	4,918,306	(4,710,189)	(618,587)	2,774,000	41,128,133

Reconciliation of provisions - 2023

	Opening Balance	Additions	Settled during the year	Transfers	Interest cost	Total
Arbitration awards	-	248,880	(248,880)	-	-	-
Long Service Award provision	18,826,812	5,566,891	-	-	1,962,297	26,356,000
Performance Bonus	1,083,176	472,584	-	(556,442)	-	999,318
Department of labour assessment provision	11,313,778	1,536,288	(2,023,800)	-	583,019	11,409,285
	31,223,766	7,824,643	(2,272,680)	(556,442)	2,545,316	38,764,603

Non-current liabilities		28,382,000	26,356,000
Current liabilities		12,746,133	12,408,603
		41,128,133	38,764,603

Long Service Award provision

Long service award provision relates to benefits granted to employees for working with the municipality for 10 years or more.

Reconciliation of long service awards provision

Opening accrued liability		26,356,000	18,826,812
Current service cost		1,777,000	1,170,209
Current interest cost		2,774,000	1,962,297
Benefits paid		(1,998,552)	-
Actuarial (gain)/ loss during the year		(526,448)	4,396,682
		28,382,000	26,356,000

Performance Bonus

Performance bonus provision relates to the performance awarded to Section 56 managers calculated at 14% of the total cost to company.

Department of labour assessment provision

The labour assessment provision is based on the statements from Compensation commissioner following the assessments concluded during the financial year.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
16. Revenue		
Service charges	1,798,964	1,850,243
Rental of facilities and equipment	2,093,960	2,027,491
Interest received (trading)	352,903	258,147
Licences and permits	533,052	514,657
Recoveries	4,550	7,928
Other income	400,371	451,779
Interest received - investment	6,312,390	3,075,792
Government grants & subsidies	347,458,422	296,121,874
	358,954,612	304,307,911
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1,798,964	1,850,243
Rental of facilities and equipment	2,093,960	2,027,491
Interest received (trading)	352,903	258,147
Licences and permits	533,052	514,657
Recoveries	4,550	7,928
Other income	400,371	451,779
Interest received - investment	6,312,390	3,075,792
	11,496,190	8,186,037
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	347,458,422	296,121,874
17. Service charges		
Service charges	513,901	568,302
Fire & rescue service	1,285,063	1,281,941
	1,798,964	1,850,243
18. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	2,075,085	2,007,241
Parking spaces	18,875	20,250
	2,093,960	2,027,491
19. Licences and permits		
Atmospheric air quality licensing	455,138	421,122
Health certificates	77,914	93,535
	533,052	514,657
20. Other revenue		
Recoveries	4,550	7,928
Other income	400,371	451,779
	404,921	459,707

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
21. Other income		
Donaldson dam revenue (1)	138,945	163,787
Sale of bid documents	36,522	61,174
Commission	80,456	84,985
Sale of plants (2)	5,148	3,083
Rural asset management implementation fee	139,300	138,750
	400,371	451,779

(1) Donaldson dam revenue relates to the tickets issued for gate takings in accessing the facilities. A decline in revenue is due to safety challenges recently being experienced at the Dam which has a negative impact on fishing.

(2) Sale of plants has slightly increased compared to the previous year, however this still results to a low collection of which it relates to poor performance on the quality of fresh produce which was attributed to the municipality's financial constraints

22. Investment revenue

Interest revenue

Bank	528,017	59,350
Call account	4,757,818	2,696,868
Fixed deposit	1,026,555	319,574
	6,312,390	3,075,792

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
23. Government grants & subsidies		
Operating grants		
Equitable share	51,354,948	48,516,000
RSC Replacement grant	187,061,000	181,736,000
Expanded public works programme	1,203,000	1,221,000
Financial management grant	1,200,000	1,200,000
GRAP 17 Asset management grant	-	424,845
Disaster management grant	1,917,211	387,493
Fire brigade services grant- operational	8,811,065	1,484,246
HIV/AIDS grant	12,469,000	11,932,000
LG Seta grant	3,307,393	2,558,396
Rural asset management grant	2,646,700	2,338,302
	269,970,317	251,798,282
Capital grants		
Neighbourhood development partnership grant	73,429,000	44,000,000
Fire brigade service grant- capital	4,059,105	323,592
	77,488,105	44,323,592
	347,458,422	296,121,874
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	106,449,948	65,869,874
Unconditional grants received	238,415,948	230,252,000
	344,865,896	296,121,874
Expanded public works programme		
Current-year receipts	1,203,000	1,221,000
Conditions met - transferred to revenue	(1,203,000)	(1,221,000)
	-	-
The grant used for Labour Intensive programmes as outlined by National Government.		
Neighborhood development partnership grant		
Current-year receipts	73,429,000	44,000,000
Conditions met - transferred to revenue	(73,429,000)	(44,000,000)
	-	-
The grant is used for the development of Regional capital projects within West Rand region.		
Equitable share		
Current-year receipts	51,354,948	48,352,920
Transferred to revenue	(51,354,948)	(48,352,920)
	-	-
The grant used for subsidization of administration and provision of basic services.		

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
23. Government grants & subsidies (continued)		
RSC Replacement grant		
Current-year receipts	187,061,000	181,899,080
Transferred to revenue	(187,061,000)	(181,899,080)
	-	-
The grant used as revenue adjustment factor as the district does not collect own revenue from service levies.		
Rural asset management grant		
Balance unspent at beginning of year	297,948	-
Current-year receipts	2,786,000	2,775,000
Conditions met - transferred to revenue	(2,646,700)	(2,338,302)
Repayment to revenue fund	(297,948)	-
Management implementation fee - transferred to revenue	(139,300)	(138,750)
	-	297,948
Conditions still to be met - remain liabilities (see note 14).		
This grant is used to improve asset management at rural and farming areas.		
GRAP17 Asset management grant		
Balance unspent at beginning of year	-	424,845
Conditions met - transferred to revenue	-	(424,845)
	-	-
The grant used for conditional assessment and asset verification on Property, plant and equipment in adherence to GRAP reporting framework.		
Financial management grant		
Current-year receipts	1,200,000	1,200,000
Conditions met - transferred to revenue	(1,200,000)	(1,200,000)
	-	-
The grant is used to promote and support reforms in financial management by building capacity in the municipality.		
HIV/AIDS grant		
Balance unspent at beginning of year	733,642	1,260,078
Current-year receipts	12,469,000	11,932,000
Conditions met - transferred to revenue	(12,469,000)	(11,932,000)
Local municipalities rollover/(conditions met by local municipalities)	-	(526,436)
Surrendered to Gauteng Provincial Treasury	(733,642)	-
	-	733,642
Grant is utilised to finance HIV/AIDS project campaigns at the WRDM and its constituent Local Municipalities.		
LG Seta grant		
Current-year receipts	3,307,393	2,558,396
Conditions met - transferred to revenue	(3,307,393)	(2,558,396)
	-	-

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
23. Government grants & subsidies (continued)		
The grant relates to amounts claimed training of staff members and stipends paid to interns.		
Disaster management grant		
Balance unspent at beginning of year	2,634,508	-
Current-year receipts	-	3,022,000
Conditions met - transferred to revenue	(1,917,212)	(387,492)
Realised savings	(717,296)	-
	-	2,634,508

Savings has been realised - remain liabilities (see note 11).

The grant relates to the improvement of the state of readiness for disaster management services in line with Disaster Management Act, 57 of 2002 as amended.

Fire brigade service grant- operational

Balance unspent at beginning of year	9,865,754	-
Current-year receipts	-	11,350,000
Conditions met - transferred to revenue	(8,811,065)	(1,484,246)
Realised savings	(1,054,689)	-
	-	9,865,754

Savings has been realised - remain liabilities (see note 11).

This grant is utilised to subsidise fire and rescue service operations since the fire services function is an unfunded mandate. This assisted the municipality in purchasing a medium pumper fire engine, to repair existing emergency vehicles and buying uniform for fire service officials.

Fire brigade service grant- capital

Balance unspent at beginning of year	1,876,408	-
Current-year receipts	3,000,000	2,200,000
Conditions met - transferred to revenue	(4,058,970)	(323,592)
Realised savings	(817,438)	-
	-	1,876,408

Savings has been realised - remain liabilities (see note 11).

The grants relates to the improvement of fire and rescue services response capabilities in line with Fire Brigade Services Act 99 of 1987 and the South African National Standard on community protection against fire code SANS:10090.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
24. Employee related costs		
Basic	135,375,062	131,537,566
Bonus	10,497,009	9,809,368
Medical aid - company contributions	13,079,383	12,504,624
UIF	709,047	717,063
SDL	1,690,113	1,741,963
Leave pay provision charge	879,656	137,476
Pension fund contribution	24,540,912	24,403,820
Group Insurance	2,323,924	2,298,479
Travel, motor car, and other allowances	11,997,940	10,682,440
Overtime payments	12,057	66,894
Acting allowances	341,966	915,057
Housing benefits and allowances	1,245,679	1,161,390
Standby and night shift allowance	8,668,496	9,753,869
Bargaining council	45,259	43,794
Current service cost (Medical and long service)	3,460,000	3,563,913
	214,866,503	209,337,716

Remuneration of municipal manager

Annual Remuneration	1,464,989	1,370,066
Car Allowance	216,000	216,000
Performance Bonuses	140,568	-
Other	17,921	15,560
	1,839,478	1,601,626

Mr M.E Kolozi was appointed as the Municipal manager by Council and his 5 year term began on 01 May 2022.

Remuneration of chief finance officer

Annual Remuneration	1,162,803	1,099,967
Car Allowance	216,000	216,000
Performance Bonuses	114,908	-
Other	14,643	12,859
	1,508,354	1,328,826

Mr. L.S Ramaele was appointed by Council as the Chief financial officer and his 5 year term began on 1 March 2020.

Remuneration of executive director Corporate services

Annual Remuneration	1,208,291	1,273,005
Car Allowance	171,000	-
Performance Bonuses	51,830	-
Other	12,207	11,620
	1,443,328	1,284,625

Ms. G Magole was appointed by Council as the Executive manager: Corporate services and her 5 year term began on 1 December 2021

Remuneration of executive director Regional planning and reindustrialisation

Annual Remuneration	1,162,803	1,099,967
Car Allowance	216,000	216,000
Performance Bonuses	114,908	-
Acting allowance	7,600	-
Other	15,129	12,899

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

	2024	2023
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24. Employee related costs (continued)

	1,516,440	1,328,866
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Mr. Z Mphaphuli was appointed by Council as the Executive manager: Regional planning and reindustrialisation and his 5 year term began on 1 July 2021.

Remuneration of executive director: Health & social development

Annual Remuneration	1,243,803	1,315,967
Car Allowance	135,000	-
Performance Bonuses	114,908	-
Other	14,805	13,290
	1,508,516	1,329,257

Dr. M Daka was appointed by Council as the Executive manager: Health and social development and her 5 year term began on 1 July 2021.

Remuneration of acting executive director Public safety

Acting allowance	85,047	60,860
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Mr. H.N.J Kahts has been the acting as Executive manager: Public safety from 1 November 2019 to date.

25. Remuneration of councillors

Executive Mayor	962,914	695,441
Mayoral Committee Members	6,226,252	4,748,211
Speaker	447,507	436,793
Councillors	5,645,444	6,097,074
	13,282,117	11,977,519

In-kind benefits

The Executive Mayor, Council Whip, 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 and the Speaker has use of a Council owned vehicle for official duties.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

26. Depreciation and amortisation

Property, plant and equipment	5,349,385	5,072,455
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27. Interest costs

Interest cost - actuarial valuation	8,851,000	8,511,901
Interest cost - Department of Labour	-	583,019
	8,851,000	9,094,920

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
28. Lease rentals on operating lease		
Equipment		
Contractual amounts	406,590	379,690
Lease rentals on operating lease refer to the lease of office equipment (printing machines) through a transversal contract between Apex Business Systems and the West Rand District Municipality.		
29. Debt impairment		
Reversal of debt impairment	535,529	(859,325)
30. Assets written off		
The break down of asset written off has been disclosed as follows:		
Property, plant and equipment- written off	-	156,335
31. Contracted services		
Outsourced Services		
Burial Services	268,435	84,522
Business and Advisory	19,205	20,700
Security Services	4,099,766	3,572,756
Consultants and Professional Services		
Business and Advisory	1,126,167	1,797,265
Infrastructure and Planning	24,584	71,394
Legal Cost	327,325	1,181,570
Contractors		
NDPG expenditure (1)	63,851,299	38,373,735
Maintenance of Buildings and Facilities	2,560,059	127,859
Maintenance of Equipment	110,540	53,976
Maintenance of Unspecified Assets	1,696,191	1,002,123
	74,083,571	46,285,900
(1) This expenditure relates to the design and implementation of Neighbourhood development partnership related construction projects and this is done on behalf of Rand West City Local municipality.		
32. Transfer and subsidies		
Other subsidies		
Roll-over not approved (1)	733,642	-
Local Municipalities HIV/ Aids Subsidy	11,508,478	11,932,000
	12,242,120	11,932,000
(1) Roll over not approved relates to the unspent grant relating to HIV/ Aids subsidy which was surrendered back to Gauteng Revenue Fund.		
33. Auditors' remuneration		
Fees	3,605,280	3,536,193

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand	2024	2023
34. Operating costs		
Advertising	205,759	306,880
Auditors remuneration	3,605,280	3,536,193
Bank charges	33,822	45,901
Insurance	1,294,728	2,596,639
Municipal Levies	4,177,405	3,874,974
Fuel and oil	1,536,632	1,300,000
License fees	46,857	29,024
Software expenses	4,608,888	4,037,312
Subscriptions and membership fees	2,605,749	2,467,992
Telephone and fax	1,588,590	1,042,405
Training	3,164,826	2,099,802
Travel expenses	339,077	54,275
Uniforms and protective clothing (1)	2,618,998	35,780
Stock and materials	782,016	475,004
Unexpected losses (2)	715,957	-
	27,324,584	21,902,181

(1) Uniforms and protective clothing relates to the procurement of fire fighting services protective gear and uniform purchased through operational fire services grant allocated by Gauteng CoGTA in improving the implementation of service delivery.

(2) Unexpected losses relates to the missing funds which were discovered by the municipality on 20 June 2024 as a result of cyber crime. A case has been opened with South African Police Services (SAPS) and the matter is currently under investigation. The matter was immediately reported to Council and has been referred to DC Board for further internal investigation.

35. Cash (used in) generated from operations

Surplus (deficit)	1,968,794	(7,907,424)
Adjustments for:		
Depreciation and amortisation	5,349,385	5,072,455
Gains on sale of assets and liabilities	-	(6,433)
Workmen's compensation additions	2,936,464	1,536,288
Fair value adjustments	83,236	(733,699)
Impairment deficit	153	50,361
Debt impairment	535,529	(859,325)
Assets written off	-	156,355
Movements in retirement benefit assets and liabilities	3,007,000	(1,709,695)
Movements in long service award	8,791,144	7,529,188
Actuarial gain/ losses	(8,890,000)	(3,910,593)
Workmen's compensation settlement	2,714,000	2,023,000
Other non-cash items	(4,209,855)	205,380
Movement in arbitration awards	-	248,880
Changes in working capital:		
Inventories	(45,482)	163,808
Receivables from exchange transactions	(402,967)	(1,586,894)
Receivables from non-exchange transactions	733,642	526,436
Payables from exchange transactions	(3,081,482)	698,876
VAT	(271,456)	1,432,222
Taxes and transfers payable (non-exchange)	2,589,425	-
Unspent conditional grants and receipts	(15,408,260)	13,723,337
Movement in employee benefit obligations	486,247	486,247
	(3,114,483)	17,138,770

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

36. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Operating lease charges

Equipment		
<input type="checkbox"/> Contractual amounts	406,590	379,690
Gain on sale of property, plant and equipment	-	6,433
Impairment on property, plant and equipment	153	50,361
Workmen's compensation movement	2,936,464	1,536,288
Depreciation on property, plant and equipment	5,349,385	5,072,455
Employee costs and councillors remuneration	228,148,620	221,315,235

37. Gain on disposal of assets and liabilities

The gains on disposal of assets is made up of the following:

Carrying value of Property, plant and equipment	-	(299,110)
Proceeds from the auction	-	305,543
	-	6,433

A public auction was held on October 2023 at the municipal premises and the municipality made a profit of R6 433.

38. Fair value adjustments

Investment property (Fair value model)	-	800,000
Biological assets - (Fair value model)	(83,236)	(66,301)
	(83,236)	733,699

39. Actuarial gains/losses

Actuarial gains/ losses is made up of the following:

Long service award	526,448	(4,396,682)
Post employment medical subsidy	2,448,986	8,307,275
	2,975,434	3,910,593

40. Impairment loss

Impairments

Property, plant and equipment	153	50,361
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The impairment loss expense is as a result of infrastructure assets at the Donaldson dam and Cut Foliage Farm being in a poor condition. The condition of the impaired assets has resulted in the municipality not being able to derive any service potential from these assets, deeming the recoverable service amount to be nil.

The main classes of assets affected by impairment losses are:
Infrastructure assets at Donaldson Dam

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The impairment loss expense is as a result of infrastructure assets at the Donaldson dam and Cut Foliage Farm being in a poor condition. The condition of the impaired assets has resulted in the municipality not being able to derive any service potential from these assets, deeming the recoverable service amount to be nil.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand 2024 2023

41. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	Total
Receivables from exchange transactions	3,816,753	3,816,753
Cash and cash equivalents	9,615,161	9,615,161
	13,431,914	13,431,914

Financial liabilities

	At fair value	At cost	Total
Trade and other payables from exchange transactions	(36,812,322)	-	(36,812,322)
Transfers payable (non-exchange)	-	(33,033,769)	(33,033,769)
	(36,812,322)	(33,033,769)	(69,846,091)

2023

Financial assets

	At fair value	Total
Receivables from exchange transactions	3,363,673	3,363,673
Receivables from non-exchange transactions	733,642	733,642
Cash and cash equivalents	18,525,524	18,525,524
	22,622,839	22,622,839

Financial liabilities

	At fair value	At cost	Total
Trade and other payables from exchange transactions	(35,205,106)	-	(35,205,106)
Transfers payable (non-exchange)	-	(30,444,344)	(30,444,344)
Unspent conditional grants and receipts	-	(15,408,260)	(15,408,260)
	(35,205,106)	(45,852,604)	(81,057,710)

42. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three core functional areas: community and public safety, health & social services and planning & development. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Aggregated segments

The municipality operates throughout the West Rand region in three cities (namely, Mogale City, Rand West City and Merafong City). Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout West Rand were sufficiently similar to warrant aggregation.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

42. Change in estimate (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
Revenue					
Revenue from non-exchange transactions	122,971,492	48,186,700	106,150,808	70,149,421	347,458,421
Revenue from exchange transactions	1,285,064	533,051	144,093	2,868,689	4,830,897
Interest received (trading)	-	-	-	352,903	352,903
Interest on investment	-	-	-	6,312,390	6,312,390
Actuarial gains/(losses)	-	-	-	2,975,434	2,975,434
Total	124,256,556	48,719,751	106,294,901	82,658,837	361,930,045
Total segment revenue					361,930,045
Expenditure					
Total segment expenses	112,410,605	48,860,810	79,733,920	101,200,145	342,205,480
Depreciation and amortisation	2,680,452	511,271	185,098	1,972,565	5,349,386
Debt impairment	-	-	-	535,531	535,531
Interest costs	-	-	-	8,851,000	8,851,000
Impairment loss	-	-	-	153	153
Fair value adjustment	-	-	-	83,226	83,226
Workmen's compensation movement	-	-	-	2,936,464	2,936,464
Total segment expenditure	115,091,057	49,372,081	79,919,018	115,579,084	359,961,240
Total segmental surplus/(deficit)	9,165,499	(652,330)	26,375,883	(32,920,247)	1,968,805
Assets					
Segment assets	32,215,041	4,150,784	2,849,792	44,138,088	83,353,705
Total assets as per Statement of financial Position					83,353,705

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
42. Change in estimate (continued)					
Liabilities					
Segment liabilities	69,288,222	25,084,976	34,559,283	66,343,608	195,276,089
Total liabilities as per Statement of financial Position					195,276,089

	Community and public safety	Planning and development	Non-reportable segments *
Other information			
Capital expenditure	38,815,468	224,298	1,756,114

* 'Non-reportable segments' incorporates the departments which are assessed by management as non-segmental information. This includes the support departments such as the office of the Municipal manager, Budget & Treasury office, Corporate services and Corporate Governance.

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements

Figures in Rand

42. Change in estimate (continued)

2023

	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
Revenue					
Revenue from non-exchange transactions	108,111,251	46,469,800	75,189,541	66,351,281	296,121,873
Revenue from exchange transactions	1,281,941	514,656	305,620	2,749,880	4,852,097
Interest received (trading)	-	-	-	258,147	258,147
Interest on investment	-	-	-	3,075,792	3,075,792
Fair value adjustment	-	-	-	800,000	800,000
Actuarial gains/ (losses)	-	-	-	3,910,593	3,910,593
Gains on disposal of assets	-	-	-	6,433	6,433
Total	109,393,192	46,984,456	75,495,161	77,152,126	309,024,935
Total segment revenue					309,024,935
Expenditure					
Total segment expenses	105,666,388	46,020,780	53,349,776	96,778,062	301,815,006
Depreciation and amortisation	2,630,363	324,749	181,639	1,935,704	5,072,455
Debt impairment	-	-	-	(859,326)	(859,326)
Interest costs	-	-	-	9,094,920	9,094,920
Asset written off and losses	-	-	-	156,355	156,355
Impairment loss	-	-	-	50,361	50,361
Fair value adjustment	-	-	-	66,301	66,301
Workmen's compensation movement	-	-	-	1,536,288	1,536,288
Total segment expenditure	108,296,751	46,345,529	53,531,415	108,758,665	316,932,360
Total segmental surplus/(deficit)	1,096,441	638,927	21,963,746	(31,606,539)	(7,907,425)
Assets					
Segment assets	35,791,766	4,611,631	3,166,195	48,616,504	92,186,096
Total assets as per Statement of financial Position					92,186,096

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	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
42. Change in estimate (continued)					
Liabilities					
Segment liabilities	66,290,859	24,263,626	33,427,718	82,095,126	206,077,329
Total liabilities as per Statement of financial Position					206,077,329

	Community and public safety	Non-reportable segments *
Other information		
Capital expenditure	511,619	1,049,234

* 'Non-reportable segments' incorporates the departments which are assessed by management as non-segmental information. This includes the support departments such as the office of the Municipal manager, Budget & Treasury office, Corporate services and Corporate Governance.

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated

West Rand District Municipality

Financial Statements for the year ended June 30, 2024

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43. Commitments

Authorised capital expenditure

Already contracted for but not provided for

<input type="checkbox"/> Property, plant and equipment	-	450,000
<input type="checkbox"/> Neighborhood Development Partnership	64,367,000	70,000,000
	64,367,000	70,450,000

Not yet contracted for and authorised by accounting officer

<input type="checkbox"/> Property, plant and equipment	3,600,000	3,000,000
--	-----------	-----------

Total capital commitments

Already contracted for but not provided for	64,367,000	70,450,000
Not yet contracted for and authorised by accounting officer	3,600,000	3,000,000
	67,967,000	73,450,000

Total commitments

Total commitments		
Authorised capital expenditure	67,967,000	73,450,000

The above disclosed total commitments pertain to 2023/2024 financial year.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	69,852	279,408
- in second to fifth year inclusive	-	69,852
	69,852	349,260

The operating lease commitment related to the lease of municipal vehicles and printing equipment.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	2,029,857	2,029,857
- in second to fifth year inclusive	1,155,994	3,185,851
	3,185,851	5,215,708

Operating lease income is derived from the leasing of rental property by the municipality.

West Rand District Municipality

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44. Contingencies

A litigation is in process against the municipality relating to a dispute with a former municipal manager who alleges that the municipality has unfairly terminated his contract and is seeking damages of R 3,481,377 (2023 R3,481,377). The municipality's lawyers consider the likelihood of the action against the municipality being unsuccessful as the case expected to be resolved through the high court.

A litigation is in process against the municipality due to a former municipal employee who alleges to have suffered injuries while he was still an employee of the municipality and is seeking damages of R 4 500 000 (2023 R4 500 000). The municipality's lawyers consider the likelihood of the action against the municipality being unsuccessful as prospects of success to defend the matter in favor of the municipality are very high.

Litigation is in the process against the municipality relating to a dispute whereby IMATU on behalf of its members claims the reimbursement of locomotion allowance which was unfairly suspended from November 2017 and the plaintiff is seeking damages of R 9,426,483, (2023 R 10,305,307). The municipality's lawyers consider the likelihood of the action against the municipality being unlikely, and the case should be resolved within the next two years.

Contingent assets

VBS investments

VBS Mutual Bank was placed under curatorship on 11 March 2018. On the 14 March 2018, the curator informed the municipality that he will consider the interests of all depositors and creditors. The WRDM made investments in terms of Section 13 of the MFMA supported by Council approved policy.

The municipality had lodged a claim for the first distribution account was approved by the liquidator and paid to the municipality during 2021/22 financial period. The municipality has since then lodged another claim against other distribution accounts and as matters stand the likelihood of any recovery of any amount from the liquidator is uncertain. Numerous follow up has been made and it appears the liquidator is behind the schedule in terms of processing additional claims.

Municipal levies account

The municipality (District) entered into set off/ settlement agreement with its sister municipality (Rand West City local municipality) concerning both the amounts owed to and owed by the District municipality. The accounting officers of both municipalities signed a set off/ settlement agreement which reduced the outstanding obligation to R8 251 621 based on the District's commitment to adhere to the payment arrangement and interest together with billing errors incorrectly levied being rectified.

Unexpected losses

The municipality has lodged an insurance claim on the unexpected losses incurred as a result of cyber crime and the assessor is estimating a recovery of the sum of insured amounting to approximately R715 957 with a settlement of excess payment of R257 394.

West Rand District Municipality

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45. Related parties

Relationships

Accounting officer

Members of key management

Mr E.M Koloji: Accounting Officer

Mr L.S Ramaele: Chief Financial Officer

Mr Z. Mphaphuli: Executive manager -
Regional planning and reindustrialisation

Ms G. Magole: Executive manager -
Corporateservices

Dr M Daka: Executive manager - Health and
socialdevelopment

N. Kahts: Acting Executive Manager - Public Safety

The accounting officer and key management remuneration, please refer to note 24.

Remuneration of management

Management class: Councillors

2024

	Basic salary	Travel Allowance	Other Benefits (Cell-Phone, 3G card & Skills)	Total
Mayoral committee members and Councillors from July 2023 - June 2024				
Cllr T.M Bovungana (Executive Mayor)	972,018	-	59,824	1,031,842
Ald N Tunzdi-hawu (MMC Corporate and Shared Services)	727,489	2,307	58,754	788,550
Ald D.S Thabe (MMC: Infrastructure)	727,489	2,307	57,397	787,193
Ald G Khoza (MMC Financial services)	237,543	-	19,189	256,733
Cllr R.T Molusi (MMC: Public Safety)	736,408	5,837	57,515	799,760
Cllr S Boyce (MMC: Regional planning & Re-industrialisation)	727,489	2,307	57,397	787,193
Cllr S.R Dikana (MMC: Roads and Transport)	729,795	-	57,402	787,197
Cllr A Shikoane (MMC: Health and Social development)	566,623	163,172	57,076	786,871
Cllr L Legabe (MMC: Environmental management)	417,066	-	31,247	448,313
Cllr M.N Ndzilane (Chief whip)	727,489	2,307	57,397	787,193
Cllr H.O Butler (Chairperson)	705,446	2,537	57,179	765,163
Cllr H.B Munyai (Speaker)	432,169	-	31,398	463,567
J Zwart	33,366	2,822	27,432	63,621
B.D Blake	250,163	74,372	53,201	377,736
Alme Rowles Z	250,163	74,372	53,201	377,736
B Van der berg	36,948	2,822	27,468	67,238
J.N Kotze	44,166	2,462	27,537	74,166
M.P Teleko	235,125	78,375	53,082	367,018
M Naki	25,460	-	27,331	52,791
H.H Hild	39,200	-	27,468	66,668
M Myeki	216,223	72,074	45,691	333,989
B Mahuma	100,944	-	9,328	110,272
W. S Njani	5,768	-	10,512	16,280
H.H Kruger	5,786	1,929	889	8,604
A Steyn	29,727	-	26,546	56,273
A.A Moleko	319,470	5,065	53,339	377,874
N.G Mphafudi	319,470	5,065	53,339	377,874
T.L.J Schoeman	235,125	78,375	53,082	366,582
M.F Chohledi	235,125	78,375	53,082	366,582
G Kruger	18,765	-	27,264	46,029
F.J.C Steffers	38,421	-	27,460	65,882
B.V Molefe	27,906	-	27,355	55,261

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Notes to the Financial Statements

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45. Related parties (continued)				
N.T Xhale	30,437	-	27,380	57,818
L.P PII	31,228	-	27,388	58,617
R.J Mokoto	38,521	-	27,461	65,983
O.S.S Moralo	34,687	2,462	27,443	64,592
B.A Kubayi	33,790	-	27,414	61,204
M.B Nkabinde	20,699	-	27,283	47,982
L.M Mpupu	16,068	-	27,237	43,304
T.M Tiholoe	31,574	-	27,392	58,966
D.C Pannall	235,125	78,375	53,082	366,582
S.A Dabhelia	29,128	-	27,367	56,496
N Mrwetyana	30,883	-	26,321	57,204
K.C Ntshangase	29,488	-	23,815	53,302
T.G Koto	34,205	-	23,862	58,067
F Ngobeni	33,026	-	23,850	56,876
P.K Faku	21,231	-	17,318	38,549
B Makhene	518	-	951	1,469
T Ramaisa	1,123	-	2,776	3,899
A Saba	1,784	-	3,574	5,358
M.R Lephadi	1,123	-	2,776	3,899
M.J Koboekae	1,123	-	2,776	3,899
	10,830,106	737,719	1,713,848	13,282,117

2023

	Basic salary	Travel Allowance	Other benefits (Cell-Phone, 3G card & Skills)	Total
Current 3 months Mayoral committee members and Councillors from April 2023 - June 2023				
	-	-	-	-
Cllr T.M Bovungana (Executive Mayor)	217,825	-	13,389	231,214
Cllr H.B Munyai (Speaker of Council)	104,802	-	7,108	111,910
Ald N Tunzdi-hawu (MMC Financial Services)	125,779	6,070	12,517	144,366
Ald D.S Thabe (MMC: Infrastructure)	125,779	6,070	12,517	144,366
Cllr M.N Ndzilane (MMC Corporate and Shared Services)	125,779	6,070	12,517	144,366
Cllr R.T Molusi (MMC: Public Safety)	139,990	27,927	12,834	180,751
Cllr S Boyce (MMC: Reindustrialisation)	125,779	6,070	12,517	144,366
Cllr S.R Dikana (MMC: Roads and Transport)	131,849	-	12,529	144,378
Cllr A Shikoane (MMC: Health and Social)	131,849	-	12,529	144,378
Cllr L Legabe (MMC: Environmental management)	61,283	-	6,673	67,956
Cllr B.V Molefe	4,545	-	6,105	10,650
J Zwart	6,346	979	6,131	13,456
B.D Blake	69,706	7,049	11,964	88,719
H.O Butler	96,579	12,140	12,274	120,993
Alme Rowles Z	69,706	7,049	11,964	88,719
B Van der ber	7,482	979	6,143	14,604
J.N Kotze	8,252	857	6,149	15,258
M Myeki	54,629	18,210	11,100	83,939
M.P Teleko	54,629	18,210	11,903	84,742
M Naki	4,545	-	6,105	10,650
H.H Hild	227	-	6,063	6,290
A Steyn	21,400	-	6,274	27,674
A.A Moleko	69,706	7,049	11,964	88,719
N.G Mphafudi	69,706	7,049	11,964	88,719
T.L.J Schoeman	54,629	18,210	11,903	84,742
M.F Chohledi	54,629	18,210	11,903	84,742
G Kruger	(6,000)	-	6,000	-
F.J.C Steffers	6,818	-	6,128	12,946

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45. Related parties (continued)				
B Mahuma	81,666	-	6,877	88,543
N.T Xhale	5,682	-	6,117	11,799
L.P Pii	4,545	-	6,105	10,650
R.J Mokoto	5,682	-	6,117	11,799
O.S.S Moralo	7,115	857	6,138	14,110
B.A Kubayi	5,682	-	6,117	11,799
M.J Koboekae	3,409	-	4,074	7,483
T Ramaisa	3,409	-	4,074	7,483
M.B Nkabinde	4,545	-	6,105	10,650
L.M Mpupu	4,545	-	6,105	10,650
T.M Tlholoe	5,682	-	6,117	11,799
A Saba	3,409	-	6,094	9,503
M.R Lephadi	3,409	-	4,074	7,483
D.C Pannall	54,629	18,210	11,903	84,742
S.A Dabhelia	5,682	-	6,117	11,799
N Mrwetyana	5,682	-	6,117	11,799
Prior 9 months Mayoral committee members and Councillors from July 2022 - March 2023	-	-	-	-
Cllr H.H Hild (Executive Mayor)	441,631	-	22,596	464,227
Cllr G Kruger (Speaker)	303,666	-	21,217	324,883
Alme Rowles Z (Chief Whip)	406,512	127,825	38,722	573,059
Cllr J Zwart (MMC: Corporate and Shared Services)	231,541	73,903	38,571	326,531
Cllr B.D Blake (MMC: Financial Services)	406,512	127,825	38,721	573,058
Cllr R.T Molusi (MPAC Chairperson)	394,590	124,044	38,571	557,205
Cllr B Van der ber (MMC: Public Safety)	231,574	73,903	21,087	326,564
Cllr J.N Kotze (MMC: Enviromental management)	202,245	64,664	20,720	287,629
Cllr A.A Moleko (MMC: Infrastructure)	400,743	127,825	38,663	567,231
Cllr N.G Mphafudi (MMC: Health and Social Development)	400,743	127,825	38,663	567,231
Cllr O.S.S Moralo (MMC: Reindustrialisation)	201,994	64,664	20,717	287,375
Cllr H.H Kruger (MMC: Roads and Transport)	146,859	46,286	14,921	208,066
Ald D.S Thabe	191,693	53,922	35,981	281,596
Cllr N Tundzi-Hawu	183,485	53,922	35,899	273,306
Cllr H.O Butler	182,688	53,922	35,891	272,501
Cllr M.N Ndzilane	175,335	53,922	35,818	265,075
Cllr M Myeki	174,791	53,922	33,300	262,013
Cllr M.P Teleko	170,852	53,922	35,773	260,547
Cllr M Naki	14,768	-	18,328	33,096
Cllr H.B Munyai	16,103	-	18,341	34,444
Cllr A Steyn	31,562	-	4,356	35,918
Cllr T.M Bovungana	224,006	-	35,873	259,879
Cllr S.R Dikana	244,006	-	35,873	279,879
Cllr S Boyce	170,084	53,922	35,765	259,771
Cllr A Shikoane	224,006	-	35,873	259,879
Cllr T.L.I Schoeman	170,084	53,922	35,765	259,771
Cllr M.F Chohledi	170,084	53,922	35,765	259,771
Cllr B Makhene	13,891	-	16,299	30,190
Cllr F.J.C Steffers	43,037	-	18,610	61,647
Cllr B Mahuma	13,891	-	18,320	32,287
Cllr L Legabe	12,930	-	18,309	31,239
Cllr B.V Molefe	16,272	-	18,343	34,615
Cllr N.T Xhale	19,781	-	18,378	38,159
Cllr L.P Pii	10,591	-	18,286	28,877
Cllr R.J Mokoto	15,269	-	18,333	33,602
Cllr B.A Kubayi	46,446	-	18,644	65,090
Cllr M.J Koboekae	26,764	-	18,448	45,212
Cllr T Ramaisa	26,731	-	18,447	45,178
Cllr M.B Nkabinde	12,864	-	18,309	31,173
Cllr L.M Mpupu	15,169	-	18,332	33,501
Cllr T.M Tlholoe	18,611	-	18,366	36,977
Cllr A Saba	12,897	-	18,309	31,206

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45. Related parties (continued)				
Cllr M.R Lephadi	26,532	-	18,445	44,977
Cllr D.C Pannall	165,635	53,922	35,721	255,278
Cllr S.A Dabhelia	16,405	-	15,697	32,102
	8,768,894	1,685,249	1,540,784	11,977,519

Management class: Key advisors/Sub committees

2024

	Audit committee	Performance Audit committee	Risk management committee	Disciplinary Board	Total
Members of the committee					
L Konar (AC Chairperson)	67,998	-	-	-	67,998
K Moahloli (DC Board Chairperson)	-	-	-	116,568	116,568
B Ahmed (AC Member)	35,352	-	-	-	35,352
L Mangquku (AC Member)	45,066	-	-	-	45,066
M Maseko (AC Member)	35,352	-	-	-	35,352
L Ravhuhali (AC Member)	35,352	-	-	-	35,352
A Mangokwana (PAC Member)	-	17,676	-	-	17,676
M.J Mohlakoana (RMC Chairperson)	10,146	-	29,142	-	39,288
P Mongalo (PAC Chairperson)	21,603	67,998	-	-	89,601
O Senokoane (PAC Member)	-	1,308	-	-	1,308
P Fourie (PAC Member)	-	23,568	-	-	23,568
S.P Khoza (PAC Member)	5,892	23,568	-	-	29,460
	256,761	134,118	29,142	116,568	536,589

2023

	Audit committee	Performance Audit committee	Risk management committee	Disciplinary Board	Total
Members of the committee					
L Konar (AC Chairperson)	48,570	-	-	-	48,570
B Ahmed (AC Member)	33,282	-	-	-	33,282
L Mangquku (AC Member)	23,568	-	-	-	23,568
M Maseko (AC Member)	35,352	-	-	-	35,352
L Ravhuhali (AC Member)	45,066	-	-	-	45,066
P Mongalo (PAC Chairperson)	-	37,104	-	-	37,104
P Fourie (PAC Member)	-	5,892	-	-	5,892
A Mangokwana (PAC Member)	-	5,892	-	-	5,892
S.P Khoza (PAC Member)	-	23,568	-	-	23,568
O Senokoane (PAC Member)	-	1,308	-	-	1,308
M.J Mohlakoana (RMC Chairperson)	-	-	3,600	-	3,600
L.A Malinga (Former RMC Chairperson and DC Board)	-	-	8,632	5,892	14,524
K Moahloli (DC Board Chairperson)	-	-	-	19,428	19,428
	185,838	73,764	12,232	25,320	297,154

West Rand District Municipality

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46. Change in estimate

Property, plant and equipment

The useful life of property, plant and equipment were revised during the current year based on the annual assessment of the useful. The effect of this revision has decreased the depreciation charges for the current period by R39 927 and has increased depreciation charges for future periods by R 65,059

	Depreciation before adjustment in useful lives	Depreciation after adjustment in useful lives	Effect of change in estimate on current depreciation	Effect of change in estimate on future depreciation
Buildings	(976,192)	(976,192)	-	(5)
Plant and Machinery	(107,934)	(104,264)	3,670	(6,061)
Furniture and Fixtures	(57,827)	(41,862)	15,965	(16,116)
Motor vehicles	(1,020,004)	(1,020,004)	-	-
Infrastructure	(57,246)	(57,246)	-	-
Security measures	(26,055)	(26,055)	-	(3)
Emergency equipments	(34,748)	(32,933)	1,815	(2,218)
Electrical equipment	(2,091)	(2,091)	-	-
Office equipment	(557,002)	(538,525)	18,477	(40,656)
Specialised vehicles	(2,550,153)	(2,550,153)	-	-
	(5,389,252)	(5,349,325)	39,927	(65,059)

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47. 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

Statement of financial performance

Disclosure

2023

	Note	As previously reported	Correction of error	Restated
Total commitments				
Authorised capital expenditure		(73,450,000)	-	(73,450,000)
Authorised operational expenditure		(15,773,969)	15,773,969	-
		(89,223,969)	15,773,969	(73,450,000)
Segment information				
Revenue from exchange transactions		5,007,038	(154,940)	4,852,098
Interest received (trading)		492,271	(234,124)	258,147
Interest received - investment		2,924,346	151,446	3,075,792
Gains on disposal of assets		-	6,433	6,433
Salaries and wages		(221,315,235)	221,315,235	-
Other expenses		(83,285,646)	83,285,646	-
Total segment expenses		-	(301,815,006)	(301,815,006)
Debt impairment		-	859,326	859,326
Interest costs		-	(9,094,920)	(9,094,920)
Asset written off		-	(156,355)	(156,355)
Impairment loss		-	(50,361)	(50,361)
Workmen's compensation movement		-	(1,536,288)	(1,536,288)
Capital expenditure (Public safety)		-	(511,619)	(511,619)
Capital expenditure (Non-reportable segments)		-	(1,049,234)	(1,049,234)
		(296,177,226)	(8,984,761)	(305,161,987)

Errors

The municipality identified errors affecting prior periods and has restated the prior balances in the financial statements.

The following prior period errors adjustments occurred:

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47. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

Total commitments

There is a change in accounting policy with regards to how commitments are disclosed as to prior year

The authorised operational expenditure commitments is no longer mandatory to be disclosed in the financial statements due to the updated reporting framework. Only authorised capital commitments are deemed necessary.

Segment information

Management has improved the presentation of the segment information in line with GRAP 18 (Segment reporting) and this also has an impact on the information presented for prior year.

The municipality has renamed the segments as follows:

- 'Community service (public safety)' as 'Community and public safety'
- 'Community service (health)' as 'Health and social services'
- 'Economic development and regional planning' as 'Planning and development'
- 'Other' as 'Non-reportable segments'

48. Risk management

Financial 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.

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.

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.

49. Going concern

We draw attention to the fact that at June 30, 2024, the municipality had an accumulated deficits of R (111,922,441) and that the municipality's total liabilities exceed its assets by R (111,922,441).

West Rand District Municipality

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49. Going concern (continued)

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

The municipality is presently implementing a financial recovery plan with seven (7) strategies and reports on progress to National Treasury, National CoGTA, Gauteng Provincial Treasury and Gauteng Provincial CoGTA on monthly basis. The municipality annually reviews its financial turnaround strategy as part of budget related policies and reports to Gauteng Provincial Treasury on challenges and improvements.

With the implementation of the District Development Model, the District will be playing its coordinating function to ensure that service delivery is not compromised. A detailed funding assessment will have to be undertaken prior to the implementation of the District Development Model. The District Development Model is a new integrated planning model for Cooperative Governance which seeks to be a new integrated, district-based, service delivery approach aimed at fasttracking service delivery and ensure that municipalities are adequately supported and resourced to carry out their mandate.

The municipality manages its working capital management by continuous engagements with their major creditors and payments are made upon the receipt of equitable share tranche. The municipality entered into settlement agreement with its consumer debtors and local municipalities to collect amounts outstanding to them. Cash flow forecast is reviewed and analysed regularly to manage monthly unavoidable obligations.

50. Events after the reporting date

The municipal council adopted the recommendations from the DC board during the council meeting held on 29 August 2024 and these recommendations had an impact on the information presented in the financial statements as at 30 June 2024. See note 52 and 53

51. Unauthorised expenditure

Opening balance as previously reported (1)	89,956,740	84,842,126
Add: Unauthorised expenditure - prior period	-	5,114,614
Less: Amount written off - prior period (2)	(38,819,115)	-
Closing balance	51,137,625	89,956,740

(1) Unauthorised expenditure relates to over-expenditure of actual expenditure when compared to the budgeted expenditure due to VBS investments impaired during 2017/2018 financial period. The matter was referred to MPAC for investigation and recommended that a criminal case be lodged with SAPS. A national office case number has been issued.

(2) Following the investigation by Municipal Public accounts committee (MPAC), a recommendation was made to Council to write off unauthorised expenditure amounting to R38 819 115. A decision was made during a Council meeting held on 27 June 2024.

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

Non-cash	-	5,114,614
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Analysed as follows: non-cash

Interest costs and penalties	-	2,991,920
Assets written off	-	156,355
Other expenditure	-	1,966,339
	-	5,114,614

Unauthorised expenditure: Budget overspending – per municipal department:

Corporate governance	-	5,114,614
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West Rand District Municipality

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51. Unauthorised expenditure (continued)

Recoverability steps taken/criminal proceedings

Following the implementation of Council resolution on a VBS matter, the municipality became aware that a criminal case has already been lodged with SAPS (CAS 414/02/2020).

Recoverability of unauthorised expenditure

The liquidator allowed for the submission of claims from other creditors (to allow assistance to unrepresented claimants). A Liquidation and Distribution account was due to be filed in terms of the Companies Act and in May 2020, the Liquidator applied for an extension of time from the Master of the High Court.

A claim for the first distribution account was approved by the liquidator and paid to the municipality during 2021/22 financial period. The municipality has lodged another claim against other distribution accounts.

52. Fruitless and wasteful expenditure

Opening balance as previously reported	2,977,029	2,394,010
Add: Fruitless and wasteful expenditure identified - current (1)	715,957	-
Add: Fruitless and wasteful expenditure identified - prior period (2)	-	583,019
Less: Amount written off - prior period	(297,500)	-
Closing balance	3,395,486	2,977,029

(1) This relates to unexpected loss incurred on funds as a result of cyber crime, the item has been table to council of referral to the disciplinary board to investigation

(2) This relates to interest levied on workmen's compensation as the amount is outstanding.

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52. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Unexpected losses	The municipality has opened a case with SAPS (CAS: 259/06/2024). The matter has been recommended to be referred to the DC board for further internal investigation.	715,957	-

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52. Fruitless and wasteful expenditure (continued)

Amount written-off

After the DC board investigations, Council adopted the DC board recommendation to write-off an amount of R 297,500 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Arbitration awards	Written off by: Council	297,500	-
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53. Irregular expenditure

Opening balance as previously reported	71,103,593	71,103,593
Less: Amount written off - prior period	(68,167,096)	-
Closing balance	2,936,497	71,103,593

Cases under investigation

Municipal Supply Chain Management Policies and PPPFA Act	2,936,497	71,103,593
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Amount written-off

After the DC board investigations, Council adopted the DC board recommendation to write-off an amount of R 68,167,096 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Procurement for the lease of fire engines and mini rescue vehicles	46,740,892	-
Procurement for the lease and maintenance of municipal vehicles	21,426,204	-
	68,167,096	-

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54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	8,044,529	7,136,930
Current year subscription / fee	2,500,000	2,407,599
Amount paid - current year	(1,500,000)	(1,500,000)
	9,044,529	8,044,529

Material losses through criminal conduct

Opening balance as previously reported	2,219,775	2,219,775
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During 2011/12 financial year the accounting Officer opened a criminal case with the South African Police Services (SAPS) in terms of Section 52 of the MFMA. The alleged incumbent resigned and has pleaded guilty and the judgement will be passed by Court. Further civil matters has already been pursued to recover the municipality losses. The internal personnel have already underwent disciplinary procedures and the employee have been dismissed. The municipality recovered R1.7 million through the MGF Pension fund.

Audit fees

Opening balance	583,000	1,716,906
Current year subscription / fee	3,558,086	3,536,193
Amount paid - current year	(3,377,534)	(4,670,099)
	763,552	583,000

PAYE and UIF

Opening balance	2,805,164	2,731,041
Current year subscription / fee	38,697,043	34,826,152
Amount paid - current year	(38,207,128)	(34,752,029)
	3,295,079	2,805,164

Pension and Medical Aid Deductions

Opening balance	5,025,861	2,952,853
Current year subscription / fee	31,518,067	36,908,445
Amount paid - current year	(36,543,928)	(34,835,437)
	-	5,025,861

VAT

VAT payable	1,705,557	1,977,033
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VAT output payables and VAT input receivables are shown in note 12.

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

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

Deviation from supply chain management regulations

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

Incident

Sole provider	-	7,381
Impractical to follow SCM processes	33,276	43,526
	33,276	50,907

Municipal Finance Management Act compliance provisions

The municipality is striving to comply with the provisions of Section 65(2)(e) of the MFMA which requires that all payments be reasonably made within 30 days. The municipality is currently implementing the financial recovery plan as a result of its negative net asset value position which is directly attributed by the financial challenges which were experienced in the recent financial years. The accounting officer has taken all reasonable step to ensure payments are made by negotiating with its creditors to implement the extended payment plan linked with the dates of receipt of equitable share. The municipality has a signed payment arrangements in place.