

Kareeberg



Municipality

[THESE FINANCIAL STATEMENTS HAVE NOT BEEN AUDITED]

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

Annexure A: Financial Statements

KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

GENERAL INFORMATION

NATURE OF BUSINESS

Kareeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Kareeberg Municipality includes the following geographical areas:

Carnarvon
Vosburg
Vanwyksvlei

MAYOR

Mr M.J. MacZali

SPEAKER

Mr W.D. Horne

MUNICIPAL MANAGER

(Acting) Mr T. Mongwe (From 20 March 2023 to 30 September 2023)
Mr M.F. Manuel (Since 1 November 2023)

CHIEF FINANCIAL OFFICER

Mr W. de Bruin

REGISTERED OFFICE

Hanau Street,
CARNARVON,
8925

AUDITORS

Office of the Auditor General (NC)
Oliver Road,
Kimberley, 8301

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

Van Niekerk Coetzee, Victoria street, Carnarvon

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
SALBC Leave Regulations

KAREEBERG LOCAL MUNICIPALITY

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KAREEBERG LOCAL MUNICIPALITY

MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

WARD	COUNCILLOR
Mayor	Mr M.J. MacZall
Speaker	Mr W.D. Horne
1	Mr J. Nyi
2	Ms A.J. Kamles
3	Mr J.S. Newath
4	Mr J.H. Vermeulen
5	Mr R.C.G. Jikella
6	Mr P. Charlies
Proportional	Mr E. Hoorn
Proportional	Mr W.F. Links
Proportional	Ms S.D. Malgas

APPROVAL OF FINANCIAL STATEMENTS

I hold office as the Accounting Officer from 1 November 2023, therefore I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 108 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

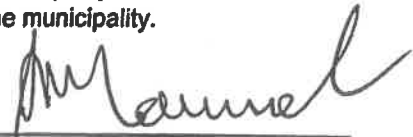
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.


Mr M.F. Manuel (Since 1 November 2023)
Municipal Manager

29 February 2024

Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 (Actual) R	2022 (Actual) R
NET ASSETS AND LIABILITIES			
Net Assets		266 525 693	264 187 891
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	54 998	54 304
Accumulated Surplus		255 122 883	252 785 775
Non-Current Liabilities		15 545 244	14 922 094
Employee benefits	3	8 827 000	8 345 000
Non-Current Provisions	4	6 718 244	6 577 094
Current Liabilities		60 063 005	92 468 892
Consumer Deposits	5	381 089	361 379
Current Employee benefits	6	2 846 666	2 812 088
Trade and Other Payables from exchange transactions	7a	4 786 048	4 218 418
Trade and Other Payables from non-exchange transactions	7b	21 582 000	55 031 000
Unspent Transfers and Subsidies	8	28 500 318	29 172 963
Taxes	9	1 966 883	873 044
Total Net Assets and Liabilities		342 133 941	371 578 877
ASSETS			
Non-Current Assets		250 026 725	242 838 091
Property, Plant and Equipment	10	234 154 570	226 944 952
Investment Property	11	15 845 639	15 858 580
Intangible Assets	12	11 617	17 575
Heritage Assets	13	14 900	14 900
Long-Term Receivables	14	-	2 083
Current Assets		92 107 216	128 740 786
Inventory	15	401 265	412 067
Receivables from exchange transactions	16	5 309 970	4 713 591
Receivables from non-exchange transactions	17	836 513	637 911
Operating Lease Asset	18	12 591	2 372
Current Portion of Long-term Receivables	14	2 367	5 599
Cash and Cash Equivalents	19	85 544 509	122 969 246
Total Assets		342 133 941	371 578 877

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 (Actual) R	2022 (Actual) R
REVENUE			
Revenue from Non-exchange Transactions		58 340 897	108 912 842
Taxation Revenue		8 547 482	10 234 050
Property taxes	20	8 547 482	10 234 050
Transfer Revenue		49 270 322	98 198 809
Government Grants and Subsidies - Capital	21	8 067 112	55 891 461
Government Grants and Subsidies - Operating	21	41 162 981	42 307 348
Contributed Property, Plant and Equipment		40 229	-
Other Revenue		523 093	479 983
Actuarial Gains	3	84 729	57 621
Availability Charges	22	430 787	413 883
Licences and Permits		4 809	7 680
Fines		2 769	799
Revenue from Exchange Transactions		25 767 100	22 491 626
Service Charges	23	18 292 654	18 888 555
Rental of Facilities and Equipment		210 120	184 523
Interest Earned - external investments		6 792 647	3 170 654
Interest Earned - outstanding debtors		218	437
Agency Services		39 789	60 269
Other Revenue	24	431 672	187 188
Total Revenue		84 107 998	131 404 468
EXPENDITURE			
Employee related costs	26	23 134 095	21 317 035
Remuneration of Councillors	27	4 808 242	3 598 767
Debt Impairment	28	5 713 627	5 826 060
Depreciation and Amortisation	29	6 176 669	5 507 521
Impairments	10	42 886	-
Actuarial losses	3	172 064	4 372
Finance Charges	30	1 644 387	1 474 406
Bulk Purchases	31	16 788 896	15 672 853
Water Inventory Consumed	15	4 447 334	3 684 146
General Expenses	32	21 004 556	18 248 764
Total Expenditure		83 932 754	75 333 923
Operating Surplus for the Year		175 243	56 070 545
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset/Inventory	10/15	(3 592)	(546 936)
Gain on disposal of Property, Plant & Equipment/Investment Property/Intangible Asset	10/15	14 544	-
Fair Value Adjustments	25	433 405	545
Water Inventory Gains	15	1 718 202	1 895 601
NET SURPLUS FOR THE YEAR		2 337 802	57 419 755

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2021	52 481	11 347 812	195 367 843	206 768 135
Restated Balance at 1 July 2021	52 481	11 347 812	195 367 843	206 768 135
Net Surplus/(Deficit) for the year	-	-	57 419 755	57 419 755
Transfer to Housing Development Fund	1 823	-	(1 823)	-
Balance at 30 June 2022	54 304	11 347 812	252 785 775	264 187 890
Restated Balance at 1 July 2022	54 304	11 347 812	252 785 775	264 187 890
Net Surplus/(Deficit) for the year	-	-	2 337 802	2 337 802
Transfer to/from Housing Development Fund	693	-	(693)	-
Balance at 30 June 2023	54 998	11 347 812	255 122 883	266 525 692

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Notes	R	(Actual) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		6 692 444	9 191 264
Service Charges		10 652 305	10 384 807
Other Revenue		7 117 295	9 975 667
Government - Operating		5 600 000	87 549 000
Government - Capital		9 500 000	37 260 000
Interest		6 702 058	3 141 229
Payments			
Suppliers and employees		(70 228 436)	(63 388 052)
Net Cash from Operating Activities	33	(23 964 334)	94 113 915
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(13 516 711)	(58 072 728)
Proceeds on Disposal of Fixed Assets/Inventory		31 000	-
Net Cash from Investing Activities		(13 485 711)	(58 072 728)
CASH FLOW FROM FINANCING ACTIVITIES			
(Increase)/Decrease in Long-term Receivables		5 599	5 380
Increase/(Decrease) in Consumer Deposits		19 710	12 700
Net Cash from Financing Activities		25 309	18 081
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(37 424 737)	36 059 268
Cash and Cash Equivalents at the beginning of the year		122 969 246	86 909 977
Cash and Cash Equivalents at the end of the year	34	85 544 509	122 969 246
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(37 424 737)	36 059 268

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	8 550 129	48 178 840	(39 628 711)	Lower payment rate and incorrectly added equitable share income
Call investment deposits	78 994 380	81 967 193	(2 972 813)	More grant spending
Consumer debtors	3 285 575	3 251 374	34 201	Lower payment rate
Other Receivables	2 673 500	307 796	2 585 704	Lower payment rate
Current portion of long-term receivables	2 367	8 490	(6 123)	
Inventory	401 265	582 485	(181 220)	Inventory written off & Water inventory recorded
Total current assets	92 107 218	132 298 178	(40 188 962)	
Non current assets				
Long-term receivables	-	19 785	(19 785)	
Investments	-	-	-	
Investment property	15 945 639	18 918 937	(1 071 298)	Budget figure not correct - more than previous balance
Property, plant and equipment	234 154 570	447 555 539	(213 400 969)	Budget figure not correct - more than previous balance
Biological Assets	-	-	-	
Intangible Assets	11 617	39 861	(28 044)	
Heritage Assets	14 900	-	14 900	
Total non current assets	250 028 725	484 531 922	(214 505 197)	
TOTAL ASSETS	342 133 941	596 828 100	(254 694 159)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	381 089	380 383	706	
Trade and other payables	56 835 250	-	56 835 250	Budget error
Provisions and Employee Benefits	2 846 666	2 968 473	(121 807)	
Total current liabilities	60 063 005	3 348 856	56 714 149	
Non current liabilities				
Borrowing	-	8 069 745	(8 069 745)	Non-cash items incorrectly budgeted - no loans
Provisions and Employee Benefits	15 545 243	-	15 545 243	Non-cash items incorrectly not budgeted wrong line item
Total non current liabilities	15 545 243	8 069 745	7 455 498	Incorrectly provision employee benefits - not correct figures budgeted
TOTAL LIABILITIES	75 608 248	11 438 601	64 169 647	
NET ASSETS	266 525 694	585 389 499	(118 863 807)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	255 122 883	17 361 940	237 760 943	Incorrect budget - balance already more
Reserves	11 402 809	12 139 436	(736 629)	
TOTAL COMMUNITY WEALTH/EQUITY	266 525 694	29 501 376	237 024 318	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET

	2023 R	2023 R	2023 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	48 178 840	-	48 178 840	
Call investment deposits	81 967 193	-	81 967 193	
Consumer debtors	3 251 374	-	3 251 374	
Other Receivables	307 796	-	307 796	
Current portion of long-term receivables	8 490	-	8 490	
Inventory	582 485	-	582 485	
Total current assets	132 296 178	-	132 296 178	
Non current assets				
Long-term receivables	19 785	-	19 785	
Investments	-	-	-	
Investment property	16 916 937	-	16 916 937	
Property, plant and equipment	447 555 539	-	447 555 539	
Biological Assets	-	-	-	
Intangible Assets	39 561	-	39 561	
Heritage Assets	-	-	-	
Total non current assets	464 531 922	-	464 531 922	
TOTAL ASSETS	596 828 100	-	596 828 100	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	380 383	-	380 383	
Trade and other payables	-	-	-	
Provisions and Employee Benefits	2 968 473	-	2 968 473	
Total current liabilities	3 348 856	-	3 348 856	
Non current liabilities				
Borrowing	8 089 745	-	8 089 745	
Provisions and Employee Benefits	-	-	-	
Total non current liabilities	8 089 745	-	8 089 745	
TOTAL LIABILITIES	11 438 601	-	11 438 601	
NET ASSETS	585 389 499	-	585 389 499	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	16 107 487	(745 547)	17 361 940	Budget error
Reserves	12 139 438	-	12 139 438	
TOTAL COMMUNITY WEALTH/EQUITY	30 246 925	(745 547)	29 501 378	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	8 547 482	11 471 750	(2 924 268)	Exemption SKA properties
Service charges	18 723 440	17 208 670	1 514 770	Higher consumption and pre-paid purchase
Rental of facilities and equipment	210 120	147 409	62 711	Increased rentals
Interest earned - external investments	6 762 647	2 674 330	4 118 317	More cash available due to Equitable Share in advance - grants not repaid
Interest earned - outstanding debtors	216	1 092	(874)	
Fines	2 769	2 485	283	
Licences and permits	4 809	11 135	(6 326)	
Agency services	39 789	23 320	16 469	More transactions
Government Grants and Subsidies - Operating	41 182 881	37 927 960	3 255 021	More VAT and operating expenditure under grants.
Other revenue	990 035	14 557 424	(13 567 389)	Non-cash items counter funding
Water Inventory Gains	1 718 202	-	1 718 202	Not budgeted for - non-cash
Gains on disposal of PPE	14 544	-	14 544	
Total Operating Revenue	78 207 036	84 025 578	(5 818 540)	
EXPENDITURE BY TYPE				
Employee related costs	23 134 095	24 147 835	(1 013 540)	Vacant posts
Remuneration of councillors	4 808 242	4 735 386	72 856	Increase less than budgeted
Debt Impairment	5 713 627	7 925 000	(2 211 373)	Surplus equitable share use for outstanding rates indigents
Depreciation & asset impairment	6 176 669	5 635 375	541 294	More additional assets as anticipated
Finance charges	1 644 367	1 145 092	499 295	Non-cash items
Bulk purchases	16 788 896	16 825 531	(36 635)	
Inventory consumed	4 447 334	2 714 594	1 732 740	Non-cash items not fully budgeted
Contracted services	-	15 086 391	(15 086 391)	Wrongly budgeted
Grants and subsidies paid	-	667 175	(667 175)	Wrongly budgeted
Other expenditure	21 219 505	14 787 457	6 432 048	Contracted services part of other expenditure
Loss on disposal of PPE	3 592	-	3 592	
Total Operating Expenditure	83 936 346	83 669 635	(9 733 290)	
Operating Deficit for the year	(5 729 310)	(9 644 060)	3 914 750	
Government Grants and Subsidies - Capital	8 067 112	27 006 000	(18 938 888)	Less expenditure on MIG (Sportsground) and oxidation ponds
Net Surplus for the year	2 337 802	17 361 940	(15 024 138)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET

	2023 R (Approved Budget)	2023 R (Adjustments)	2023 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	11 471 750	-	11 471 750	
Service charges	17 208 670	-	17 208 670	
Rental of facilities and equipment	147 409	-	147 409	
Interest earned - external investments	2 674 330	-	2 674 330	
Interest earned - outstanding debtors	1 092	-	1 092	
Fines	2 486	-	2 486	
Licences and permits	11 135	-	11 135	
Agency services	23 320	-	23 320	
Government Grants and Subsidies - Operating	37 927 960	-	37 927 960	
Other revenue	14 557 424	-	14 557 424	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	84 025 576	-	84 025 576	
EXPENDITURE BY TYPE				
Employee related costs	25 987 935	(1 840 300)	24 147 635	Vacant posts
Remuneration of councillors	4 505 386	230 000	4 735 386	Back pay
Debt impairment	7 925 000	-	7 925 000	
Depreciation & asset impairment	5 635 375	-	5 635 375	
Finance charges	1 145 092	-	1 145 092	
Bulk purchases	16 825 531	-	16 825 531	
Inventory consumed	2 754 361	(49 767)	2 714 594	
Contracted services	11 179 618	3 906 773	15 086 391	Re-allocation
Grants and subsidies paid	1 017 175	(350 000)	667 175	Change grants
Other expenditure	15 938 616	(1 151 159)	14 787 457	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	92 924 069	745 547	93 669 636	
Operating Deficit for the year	(8 898 513)	(745 547)	(9 644 060)	
Government Grants and Subsidies - Capital	27 006 000	-	27 006 000	
Net Surplus/(Deficit) for the year	18 107 487	(745 547)	17 361 940	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property Rates	6 692 444	13 742 741	(7 050 297)	Low payment rate - exemption SKA properties
Service Charges	10 652 305	22 865 250	(12 212 945)	Lower payment rate - more equitable share indigents
Other Revenue	7 117 295	14 743 085	(7 625 800)	Non-cash items counter funding
Government - Operating	5 600 000	38 448 000	(32 848 000)	Change equitable share not part of cash flow - previous year recorded
Government - Capital	9 500 000	27 006 000	(17 506 000)	Less expenditure on MIG (Sportsground) and oxidation ponds
Interest	6 702 058	2 152 890	4 549 168	Equitable Share in advance received
Payments				
Suppliers and Employees	(70 228 436)	(72 087 894)	1 859 558	Vacant posts
Finance charges	-	(1 180 843)	1 180 843	Change in accounting transactions
Transfers and Grants	-	(33 731 413)	33 731 413	Actual reported under suppliers
NET CASH FROM/(USED) OPERATING ACTIVITIES	(23 964 334)	11 948 728	(35 913 060)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	31 000	-	31 000	Biological Assets
Decrease/(increase) in non-current receivables	5 599	-	5 599	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(13 516 711)	(27 136 000)	13 619 289	Less expenditure on MIG (Sportsground) and oxidation ponds
NET CASH FROM/(USED) INVESTING ACTIVITIES	(13 480 112)	(27 136 000)	13 655 888	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	19 710	(5)	19 715	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	19 710	(5)	19 715	
NET INCREASE/(DECREASE) IN CASH HELD	(37 424 737)	(15 187 279)	(22 237 457)	
Cash and Cash Equivalents at the beginning of the year	122 969 246	88 038 338	34 930 908	
Cash and Cash Equivalents at the end of the year	85 544 509	72 851 058	12 693 451	Less spending on grants

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET

	2023 R (Approved Budget)	2023 R (Adjustments)	2023 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	13 742 741	-	13 742 741	
Service charges	22 865 250	-	22 865 250	
Other revenue	14 743 095	-	14 743 095	
Government - operating	38 449 000	-	38 449 000	
Government - capital	27 006 000	-	27 006 000	
Interest	2 152 890	-	2 152 890	
Payments				
Suppliers and Employees	(72 087 994)	-	(72 087 994)	
Finance charges	(1 190 843)	-	(1 190 843)	
Transfers and Grants	(33 731 413)	-	(33 731 413)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	11 948 726	-	11 948 726	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(27 136 000)	-	(27 136 000)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(27 136 000)	-	(27 136 000)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(5)	-	(5)	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5)	-	(5)	
NET INCREASE/(DECREASE) IN CASH HELD	(15 187 279)	-	(15 187 279)	
Cash and Cash Equivalents at the beginning of the year	88 038 338	-	88 038 338	
Cash and Cash Equivalents at the end of the year	72 851 058	-	72 851 058	

KAREBERG LOCAL MUNICIPALITY
REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2023

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a proportional level.
Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS		Reportable Segment		Types of Goods/Services delivered
Functional Segments	Sub vote	Aggregation	Governance and Administration	Supporting service departments
Vote 1 - Executive and Council	1.1 - Council general expenditure	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Budget and Treasury	2.1 - Budget and Treasury	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Municipal Buildings	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Property Rates	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Housing Official	Aggregated	Governance and Administration	Supporting service departments
	2.5 - Communications	Aggregated	Governance and Administration	Supporting service departments
	2.6 - Airport	Aggregated	Governance and Administration	Supporting service departments
	3.1 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Library	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Museum	Aggregated	Governance and Administration	Supporting service departments
	Vote 4 - Operations	4.1 - Cemetery	Aggregated	Governance and Administration
4.2 - Electricity - Administration		Aggregated	Governance and Administration	Supporting service departments
4.3 - Electricity - Supply		Aggregated	Governance and Administration	Supporting service departments
4.4 - Electricity - Distribution		Aggregated	Governance and Administration	Supporting service departments
4.5 - Housing services		Aggregated	Governance and Administration	Supporting service departments
4.6 - Fire brigade		Aggregated	Governance and Administration	Supporting service departments
4.7 - Public works		Aggregated	Governance and Administration	Supporting service departments
4.8 - Streets and stormwater		Aggregated	Governance and Administration	Supporting service departments
4.9 - Traffic services		Aggregated	Governance and Administration	Supporting service departments
4.10 - Nature reserve		Aggregated	Governance and Administration	Supporting service departments
4.11 - Parks and open space		Aggregated	Governance and Administration	Supporting service departments
4.12 - Swimming		Aggregated	Governance and Administration	Supporting service departments
4.13 - Caravan sites		Aggregated	Governance and Administration	Supporting service departments
4.14 - Refuse removal		Aggregated	Governance and Administration	Supporting service departments
4.15 - Sewerage services		Aggregated	Governance and Administration	Supporting service departments
4.16 - Water - Supply		Aggregated	Governance and Administration	Supporting service departments
4.17 - Water - Distribution		Aggregated	Governance and Administration	Supporting service departments
Supporting service departments, Water management, Electricity services and waste water management				

SECONDARY SEGMENTS		Reportable Segment		Types of Goods/Services delivered
Major Functional Segments Identified	Aggregation	Aggregation	Governance and Administration	Supporting service departments
Governance and Administration	Executive and council	Aggregated	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Community and social services	Aggregated	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Security and recreation	Aggregated	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Public safety	Aggregated	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
Community and public safety	Health services	Aggregated	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Road transport	Individually Reported	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Energy sources	Individually Reported	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
Economic and environmental services	Water management	Individually Reported	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
	Waste water management	Individually Reported	Governance and Administration <td>Supporting service departments</td>	Supporting service departments
Trading services	Waste management service	Individually Reported	Governance and Administration <td>Supporting service departments</td>	Supporting service departments

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Kareberg Municipality has the following wards situated in different geographical areas:

- Ward 1 - Bardsheumel
- Ward 2 - Bardsheumel
- Ward 3 - Camarvon town
- Ward 4 - Camarvon town
- Ward 5 - Vamysvlei
- Ward 6 - Vamysvlei

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The cost to develop this separately would be excessive.

KARREBERG LOCAL MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Executive and Council	Budget and Treasury	Corporate	Operations	Unallocated	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
Estimate revenue from exchange transactions	6 793 624	502 152	1 530	19 194 196	-	26 591 903
Service Charges - Electricity Revenue	-	-	-	9 400 872	-	9 400 872
Service Charges - Water Revenue	-	-	-	3 605 219	-	3 605 219
Service Charges - Sanitation Revenue	-	-	-	2 300 261	-	2 300 261
Service Charges - Refuse Revenue	-	-	-	2 726 175	-	2 726 175
Rental of Facilities and Equipment	6 793 647	198 198	1 530	10 395	-	210 120
Interest Earned - External Investments	216	-	-	-	-	6 792 647
Interest Earned - Outstanding Debtors	799	403 857	-	891 145	-	218
Other Revenue	-	-	-	-	-	1 292 863
External revenue from non-exchange transactions	2 624 800	43 695 054	1 775 619	3 518 350	-	51 615 533
Property rates	-	8 547 452	-	-	-	8 547 452
Fines	2 600	-	169	-	-	2 769
Actualised Gains	-	84 729	-	-	-	84 729
Agency Services	-	39 789	-	-	-	39 789
Transfers Recognised - Operational	2 622 000	35 020 156	1 775 451	1 745 375	-	41 162 981
Contributed PPE	-	-	-	40 229	-	40 229
Water Inventory Gain	-	-	-	1 718 202	-	1 718 202
Gain on Disposal of PPE	-	-	-	14 544	-	14 544
Revenue from transactions with other segments	-	-	-	848 245	-	848 245
Internal Revenue	-	-	-	848 245	-	848 245
Total Segment Revenue (excluding capital transfers and contributions)	9 418 224	44 299 117	1 777 149	23 559 491	-	79 053 961
SEGMENT EXPENDITURE						
Employee Related Costs	333 750	5 652 363	6 127 898	11 020 084	-	23 134 095
Remuneration of Councilors	4 808 242	-	-	-	-	4 808 242
Child Impairment	-	1 870 314	-	4 043 313	-	5 913 627
Depreciation and Asset Impairment	-	1 263 190	-	4 892 979	-	6 156 169
Asset Impairment	-	42 686	-	-	-	42 686
Finance Charges	-	932 000	-	712 387	-	1 644 387
Bulk Purchases	-	-	-	16 708 096	-	16 708 096
Inventory consumed	26 182	357 280	43 540	1 337 547	-	1 764 556
Contracted Services	545 300	6 752 445	33 016	421 528	-	9 753 340
Transfers and Grants	-	65 000	-	562 006	-	627 006
Autumnal Loans	-	172 054	-	-	-	172 054
Other Expenditure	1 290 333	4 446 023	322 981	2 819 938	-	8 878 263
Water Inventory Consumed	-	-	-	4 447 334	-	4 447 334
Loss on Disposal of PPE	-	3 692	-	-	-	3 692
Interest charges	-	67 673	43 781	735 180	-	848 545
Total Segment Expenditure	7 005 857	23 435 629	6 570 614	47 771 190	-	84 763 291
Surplus/(Deficit)	2 412 367	20 863 488	(4 793 465)	(24 211 700)	-	(5 723 310)
Transfers Recognised - Capital	-	-	24 549	8 042 563	-	8 067 112
Surplus/(Deficit) after Capital Transfers & Contributions	2 412 367	20 863 488	(4 768 916)	(16 169 137)	-	2 337 802
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	2 412 367	20 863 488	(4 768 916)	(16 169 137)	-	2 337 802
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	2 412 367	20 863 488	(4 768 916)	(16 169 137)	-	2 337 802
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 412 367	20 863 488	(4 768 916)	(16 169 137)	-	2 337 802

KAREEBERG LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

SEGMENT REVENUE

Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
		Energy Services	Water Management	Waste water management	Waste management services				
R	R	R	R	R	R	R	R	R	R
Estimated revenue from exchange transactions	29 586	8 720	9 855 475	4 011 739	2 300 251	3 159 815	-	7 385 777	28 581 503
Service Charges - Electricity Revenue	-	-	9 400 872	-	-	-	-	-	9 400 872
Service Charges - Water Revenue	-	-	-	3 855 316	-	-	-	-	3 855 316
Service Charges - Sanitation Revenue	-	-	-	-	2 300 251	-	-	-	2 300 251
Service Charges - Refuse Revenue	-	-	-	-	-	2 728 175	-	-	2 728 175
Rental of Facilities and Equipment	3 526	8 400	-	-	-	-	-	186 186	216 132
Interest Earned - External Investments	-	-	-	-	-	-	-	5 752 647	5 752 647
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	215	215
Other Revenue	28 161	205	234 604	146 423	-	433 640	-	404 716	1 255 552
External revenue from non-exchange transactions	1 830 293	843 238	-	2 030 338	-	-	-	46 321 564	51 615 533
Property rates	-	-	-	-	-	-	-	6 547 482	6 547 482
Fees	169	-	-	-	-	-	-	2 805	2 974
Actualised Gains	-	-	-	-	-	-	-	84 729	84 729
Licences and Permits	-	-	-	-	-	-	-	4 809	4 809
Agency Services	1 715 451	843 238	-	802 136	-	-	-	39 789	39 789
Transfers Recognised - Operational	40 229	-	-	1 718 202	-	-	-	37 642 154	41 182 851
Contributed PPE	-	-	-	-	-	-	-	-	40 229
Water Inventory Gain	14 544	-	-	-	-	-	-	-	14 544
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	848 945
Revenue from transactions with other segments	-	-	802 346	34 180	10 419	-	-	-	848 945
Internal Revenue	-	-	802 346	34 180	10 419	-	-	-	848 945
Total Segment Revenue (including capital transfers and contributions)	1 860 078	951 956	10 487 821	6 868 257	2 310 710	3 159 815	-	53 717 341	79 053 981
SEGMENT EXPENDITURE									
Employee Related Costs	2 348 512	3 737 376	1 015 901	-	4 077 500	1 860 500	-	9 895 257	23 134 086
Remuneration of Councilors	-	-	-	-	-	-	-	4 808 242	4 808 242
Debt Impairment	-	-	660 000	1 172 813	1 973 795	1 137 750	-	1 670 314	5 713 627
Depreciation and Asset Impairment	-	1 845 299	748 900	-	1 654 090	640 900	-	1 283 690	5 176 888
Asset Impairment	-	-	-	-	-	-	-	42 645	42 645
Finance Charges	-	-	-	-	-	712 387	-	932 000	1 644 387
Gift Purchases	53 537	351 738	18 788 895	-	-	-	-	-	18 788 895
Inventory consumed	99 607	320 200	154 800	38 654	531 915	251 452	-	385 462	1 765 658
Contracted Services	-	-	358 953	(575 202)	176 256	74 530	-	9 257 735	9 782 340
Actualised Loans	-	-	-	-	-	-	-	172 064	172 064
Transfers and Grants	51 987	-	500 136	-	-	-	-	55 000	607 058
Other Expenditure	192 773	840 340	1 030 221	537 548	285 455	62 616	-	5 839 698	8 078 652
Water Inventory Consumed	-	-	-	4 447 334	-	-	-	-	4 447 334
Loss on Disposal of PPE	-	-	-	-	-	-	-	3 592	3 592
Internal charges	77 659	114 798	1 744	435 358	149 414	-	-	67 973	849 945
Total Segment Expenditure	2 812 156	7 209 740	21 259 454	9 055 505	7 951 380	4 840 043	-	34 855 913	84 783 291
Surplus/(Deficit)	(952 078)	(6 257 782)	(10 771 633)	510 752	(5 640 670)	(1 680 228)	-	19 062 328	(5 729 310)
Transfers Recognised - Capital	24 549	936 315	3 592 951	1 513 299	-	-	-	-	8 052 112
Surplus/(Deficit) after Capital Transfers & Contributions	(927 529)	(5 321 467)	(9 178 682)	2 024 048	(5 510 170)	(1 680 228)	-	19 062 328	2 337 802
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(927 529)	(5 321 467)	(9 178 682)	2 024 048	(5 510 170)	(1 680 228)	-	19 062 328	2 337 802
Attributable to Municipality	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(927 529)	(5 321 467)	(9 178 682)	2 024 048	(5 510 170)	(1 680 228)	-	19 062 328	2 337 802
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(927 529)	(5 321 467)	(9 178 682)	2 024 048	(5 510 170)	(1 680 228)	-	19 062 328	2 337 802

KAREBERG LOCAL MUNICIPALITY
REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2023

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2023

Total Segment Revenue (including capital transfers and contributions)
Total Revenue as per Statement of Financial Performance

87 121 052,88
86 274 148,06
Difference
846 944,79

Reconciling Items

Internal Revenue
Insert reconciling item details

846 944,79
-

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2023

Total Segment Expenditure
Total Expenditure as per Statement of Financial Performance

84 783 230,90
83 936 346,30
Difference
846 944,79

Reconciling Items

Internal charges
Insert reconciling item details

846 944,79
-

Reconciliation of the Statement of Financial Performance as at 30 June 2023 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments
Surplus/(Deficit) for the year as per Statement of Financial Performance

2 337 901,96
2 337 901,96
Difference - as explained above
0,00

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. For the financial year, no new standards became effective.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 25	<p><u>Employee benefits</u> The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
GRAP 103	<p><u>Heritage assets</u> There are proposed amendments to the classification of mixed-use assets and the fair value accounting.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u> The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2025
GRAP 1: Materiality	<p><u>Presentation of Financial statements: Materiality</u> The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.</p> <p>The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
GRAP 1: Going concern	<p><u>Presentation of Financial statements: Going concern</u> The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.</p>	Unknown

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	<p>The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
Improvement to the Standards of GRAP	<p><u>Improvement to the Standards of GRAP</u></p> <p>The improvements are to address concerns by prepares and updated wording of selected standards. The changes will improve the application of accounting policies and therefore not major changes expected.</p>	1 April 2023
iGRAP 7	<p><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
iGRAP 21	<p><u>The Effect of Past Decisions on Materiality</u></p> <p>This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
Guideline	<p><u>Landfill sites</u></p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
Guideline	<p><u>Application of Materiality of Financial Statements</u></p> <p>The guideline is not authoritative but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11.1 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable where applicable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11.2 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met.

The Municipality 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.

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

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.13. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

1.13.1. Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of all retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service

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up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at 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 requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13.3. Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days, limited to 48 days, due to employees at year-end and also on the total salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave, limited to 48 days will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.13.4. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.13.5. Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 56 and 57 employees, is recognised as it accrues to Section 56 and 57 employees. Municipal performance bonus provisions are based on the performance contract stipulations as well as previous performance bonus payment trends.

1.13.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis.

Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13.7. Other Short-term Employee Benefits

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

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

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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

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The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

Municipal land and building qualify as property, plant and equipment when the property is registered at the Deeds Office in the name of the Municipality or any identifiable unknown registered property. Where a split for land and building valuation cost is not available on the valuation received, management assumed that the building is calculated at 80% and the land at 20% of the valuation value.

Biological assets of the Municipality qualify as property plant and equipment as it is for recreation purposes. The Municipality controls the asset as a result of past events. Biological assets are initially measured at their fair value less cost to sell. The fair value of game is determined based on market prices of game. A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.14.2 Subsequent Measurement – Cost Model

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

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

1.14.3 Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

<u>Land and Buildings</u>	<u>Years</u>
Land	Indefinite
Buildings	10-81
<u>Infrastructure</u>	<u>Years</u>
Roads and Stormwater	10-101
Electricity Mains	3-61
Water Mains and Purification	5-86
Sewerage Mains & Purification	11-81
Refuse Mains	29-61
<u>Community</u>	<u>Years</u>
Recreation Grounds	11-102
Civil Buildings	30-81
Cemetery	22-81
Museum	30-81
Parks	30-81
Public Conveniences/Bathhouses	30-81
Libraries	11-81
Clinics and Hospitals	30-81
<u>Other</u>	<u>Years</u>
Motor Vehicles	6-27
Office equipment	2-36
Furniture and fittings	3-43
Plant and Equipment	1-41

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Fire Engines	15-45
Computer Equipment	2-41

The depreciation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.14.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.14.6 Decommissioning and restoration asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for

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impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criteria in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and

Intangible assets are initially recognised at cost.

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

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of

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operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5-14

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.15.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property is recognised as an asset when, and only 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 includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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- both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
 - A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
 - A property owned by the municipality and leased out at a below market rental; and
 - Property that is being constructed or developed for future use as investment property.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	29-30

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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1.16.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.17 HERITAGE ASSETS

1.17.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.17.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.17.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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1.17.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.

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- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation 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 shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

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(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss and is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

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An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an 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 an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. INVENTORIES

1.19.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilolitre of water, determined by council resolution, by the volume of water in storage.

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

1.19.2 Subsequent Measurement

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

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

The basis of allocating cost to inventory items is the weighted average method.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit

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losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.2 Payables and Annuity Loans

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

1.20.2.3 Cash and Cash Equivalents

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

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

1.20.2.4 Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

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1.20.3 De-recognition of Financial Instruments

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 Offsetting of Financial Instruments

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

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1.21 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.21.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset.

1.21.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the 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 Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable 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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.21.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) 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

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needing to impose additional restrictions on the transfer. In this case, the Municipality:

- (i) derecognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

1.21.4 Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes of spot fines. Revenue from spot fines is recognised when receipted.

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

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Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present 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 will be recognised as revenue.

Revenue from Grant VAT income is recognised when expenditure occurred.

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made

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in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 2 to 3 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is not material and thus not disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are levied monthly.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of some residential property a fixed monthly tariff is levied and in the case of other properties a tariff is levied based on the number of sewerage removals on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

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

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

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;

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- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of management of the Municipality;
- (b) a member of management of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the management who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the accounting officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All managers or council of the Municipality, being the Mayor and members of the Council.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.24. UNAUTHORISED EXPENDITURE

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

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1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these

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estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1.28.1 Post-retirement medical obligations and long service awards

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an individual assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness and the effect of COVID-19. This was performed per service-identifiable categories across all classes of debtors.

1.28.3 Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

1.28.4 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.5 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.28.6 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.7 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.8 Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Fine Revenue constitutes of spot fines. Revenue from spot fines is recognised when receipted. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28.9 Provision for Landfill Sites

The provision for rehabilitation of the landfill sites are recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill sites. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.28.10 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date (limited to 48 days). This provision will be realised as employees take leave or when employment is terminated.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.28.11 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to Council approval.

1.28.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of taxes in the Statement of Financial Position.

1.30. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed, according to Service Level Agreement, to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.31. EVENTS AFTER REPORTING DATE

Events after the 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).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.32. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.33. CONSTRUCTION CONTRACTS

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

The municipality assessed all of the contracts in place and found that only those contracts pertaining to Housing Arrangements as those described in ASB's Accounting for Arrangements Undertaken in terms of the National Housing Programme would meet the definition on Construction Contracts.

All of these contracts for the municipality are fixed-price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost-plus or cost-based contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

1.34. ACCOUNTING BY PRINCIPALS AND AGENTS

A principal-agent arrangement exists where there is 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).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.35. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial Recognition

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

Subsequent Measurement

The municipality initially measures the service concession asset at fair value if it is not an existing asset of the municipality.

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the municipality accounts for the liability as a financial liability.

The municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial Instruments.

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

Dividing the arrangement

When the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.36. TRANSFER OF FUNCTIONS (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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- (a) identifying the acquirer (Municipality);
 - (b) determining the acquisition date;
 - (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
 - (d) recognising the difference between (c) and the consideration to transfer to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired, and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.37. SEGMENT REPORTING

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

Management identifies reportable segments in accordance with the monthly reports, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

1.38. DISCONTINUED OPERATIONS

Discontinued operation is a component of a municipality that has been disposed of and:

- represents a distinguishable activity, group of activities or geographical area of operations;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or
- is a controlled entity acquired exclusively with a view to resale.

Where a significant part of the municipality is disposed, disclosure would be made in the annual financial statements. An asset temporarily taken out of use or change in use, do not qualify as a discontinued operation.

1.39. CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
2	NET ASSET RESERVES		
	RESERVES	11 402 809	11 402 116
	Capital Replacement Reserve	11 347 812	11 347 812
	Housing Development fund	54 998	54 304
	Total Net Asset Reserves	11 402 809	11 402 116
2.1	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
2.2	The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.		
3	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 3.1	7 985 000	7 548 000
	Long Service Awards - Refer to Note 3.2	842 000	797 000
	Total Non-current Employee Benefit Liabilities	8 827 000	8 345 000
	<u>Post Retirement Benefits</u>		
	Balance 1 July	7 902 000	7 457 000
	Contribution for the year	921 000	788 000
	Expenditure for the year	(391 064)	(347 372)
	Actuarial Loss/(Gain)	172 064	4 372
	Total post retirement benefits 30 June	8 604 000	7 902 000
	Less: Transfer of Current Portion - Note 6	(619 000)	(354 000)
	Balance 30 June	7 985 000	7 548 000
	<u>Long Service Awards</u>		
	Balance 1 July	849 000	995 000
	Contribution for the year	168 000	152 000
	Expenditure for the year	(52 271)	(240 379)
	Actuarial Loss/(Gain)	(84 729)	(57 621)
	Total long service awards 30 June	881 000	849 000
	Less: Transfer of Current Portion - Note 6	(39 000)	(52 000)
	Balance 30 June	842 000	797 000
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	8 751 000	8 452 000
	Contribution for the year	1 090 000	940 000
	Expenditure for the year	(443 335)	(587 751)
	Actuarial Loss/(Gain)	87 335	(53 249)
	Total employee benefits 30 June	9 485 000	8 751 000
	Less: Transfer of Current Portion - Note 6	(658 000)	(406 000)
	Balance 30 June	8 827 000	8 345 000
3.1	Post Retirement Benefits	2023 R	2022 R
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	8	9
	Continuation members (e.g. Retirees, widows, orphans)	11	8
	Total Members	19	17
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employee) members	717 000	2 951 000
	Continuation (retiree and widow) members	7 887 000	4 951 000
	Total Liability	8 604 000	7 902 000

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3

EMPLOYEE BENEFITS (CONTINUE)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2021 R	2020 R	2019 R
In-service members	2 570 000	3 206 000	3 082 914
Continuation members	4 887 000	4 235 000	4 493 861
Total Liability	7 457 000	7 441 000	7 576 775

Experience adjustments were calculated as follows:

	2023 Rm	2022 Rm
Liabilities: (Gain) / loss	1,310	(0,195)
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	(0,745)	0,429	(1,239)
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Hosmed
LA Health

The Municipality's Accrued Unfunded Liability at 30 June 2023 is estimated at R8 604 000. The Current-service Cost for the year ending 30 June 2023 is estimated at R75 000. It is estimated to be R56 000 for the ensuing year.

Key actuarial assumptions used:

	2023 %	2022 %
i) Rate of interest		
Discount rate	11,93%	10,95%
Health Care Cost Inflation Rate	7,58%	7,80%
Net Effective Discount Rate	4,04%	2,92%

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 11,93% per annum has been used. The corresponding index-linked yield at this term is 5,04%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

iv) Average retirement age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early, ill-health and early retirement. In-service members who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

v) Expected rate of salary increases

2022/2023 - 4,90%
2023/2024 - 5,40%

The new three-year Salary and Wage Collective Agreement ends on 30 June 2024.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3	EMPLOYEE BENEFITS (CONTINUE)	2023	2022
		R	R
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	8 604 000	7 902 000
	Total Liability	8 604 000	7 902 000
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	7 902 000	7 457 000
	Total expenses	529 938	440 628
	Current service cost	75 000	63 000
	Interest Cost	846 000	725 000
	Benefits Paid	(391 064)	(347 372)
	Actuarial (gains)/losses	172 064	4 372
	Present value of fund obligation at the end of the year	8 604 000	7 902 000
	Less: Transfer of Current Portion - Note 6	(619 000)	(354 000)
	Balance 30 June	7 985 000	7 548 000
	Sensitivity Analysis on the Accrued Liability		

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		0.717	7.887	8.604	
Health care inflation	1%	0.866	8.694	9.560	11%
Health care inflation	-1%	0.598	7.190	7.788	-9%
Discount Rate	1%	0.603	7.221	7.824	-9%
Discount Rate	-1%	0.861	8.668	9.529	11%
Post-retirement mortality	1 year	0.700	7.673	8.373	-3%
Post-retirement mortality	-1 year	0.735	8.099	8.834	3%
Average retirement age	-1 year	0.804	7.887	8.691	1%
Continuation of membership at retirement	-10%	0.622	7.887	8.509	-1%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2024

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		56 000	991 000	1 047 000	
Health care inflation	1%	68 000	1 105 000	1 173 000	12%
Health care inflation	-1%	46 000	893 000	939 000	-10%
Discount Rate	1%	46 000	973 000	1 019 000	-3%
Discount Rate	-1%	67 000	1 009 000	1 076 000	3%
Post-retirement mortality	1 year	54 000	963 000	1 017 000	-3%
Post-retirement mortality	-1 year	57 000	1 018 000	1 075 000	3%
Average retirement age	-1 year	63 000	1 001 000	1 064 000	2%
Continuation of membership at retirement	-10%	48 000	979 000	1 027 000	-2%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 63 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2023 is R 83 000. The Current-service Cost for the ensuing year has been estimated to be R 87 000.

Key actuarial assumptions used:	2023	2022
	%	%
i) Rate of interest		
Discount rate	11.20%	10.41%
General Salary Inflation (long-term)	6.52%	6.98%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.39%	3.20%

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rm	2022 Rm			
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit 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 11.20% per annum has been used. The corresponding liability-weighted index-linked yield is 4.91%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023.					
Experience adjustments were calculated as follows:					
	(24 729)	(42 621)			
Liabilities: (Gain) / loss					
Assets: Gain / (loss)					
The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:					
	2021 Rm	2019 Rm			
Liabilities: (Gain) / loss	172 479	97 386			
Assets: Gain / (loss)					
The amounts recognised in the Statement of Financial Position are as follows:					
	2023 R	2022 R			
Present value of fund obligations	881 000	849 000			
Net liability/(asset)	881 000	849 000			
Reconciliation of present value of fund obligation:					
	849 000	995 000			
Present value of fund obligation at the beginning of the year	116 729	(98 379)			
Total expenses					
Current service cost	83 000	76 000			
Interest Cost	86 000	76 000			
Benefits Paid	(52 271)	(240 379)			
Actuarial losses/(gains)	(84 729)	(57 621)			
Present value of fund obligation at the end of the year	881 000	849 000			
Less: Transfer of Current Portion - Note 6	(39 000)	(52 000)			
Balance 30 June	842 000	797 000			
Sensitivity Analysis on the Unfunded Accrued Liability					
Assumption	Change	Liability	% change		
Central assumptions		881 000			
General salary inflation	1%	927 000	5%		
General salary inflation	-1%	838 000	-5%		
Discount Rate	1%	837 000	-5%		
Discount Rate	-1%	929 000	5%		
Average retirement age	2 yrs	1 062 000	21%		
Average retirement age	-2 yrs	838 000	-5%		
Withdrawal rates	x 2	740 000	-16%		
Withdrawal rates	x 0.5	974 000	11%		
Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2024					
	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption		87 000	97 000	184 000	
Central Assumption		93 000	102 000	195 000	6%
General salary inflation	1%	81 000	92 000	173 000	-6%
General salary inflation	-1%	82 000	100 000	182 000	-1%
Discount Rate	1%	92 000	93 000	185 000	1%
Discount Rate	-1%	98 000	117 000	215 000	17%
Average retirement age	2 yrs	82 000	92 000	174 000	-5%
Average retirement age	-2 yrs	66 000	81 000	147 000	-20%
Withdrawal rates	x 2	101 000	107 000	208 000	13%
Withdrawal rates	x 0.5				

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3 EMPLOYEE BENEFITS (CONTINUE)

3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Consolidated retirement fund for local government is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

2023	2022
R	R

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund has a funding level of 104,5% (30 June 2021 - 102%).

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund has a funding level of 100,4% (30 June 2021 - 100,5%).

Contributions paid recognised in the Statement of Financial Performance

2 178 441	1 950 720
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4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

6 718 244	6 577 094
-----------	-----------

Total Non-current Provisions

6 718 244	6 577 094
-----------	-----------

Landfill Sites

Balance 1 July

6 577 094	9 494 320
-----------	-----------

Increase/(Decrease) in Estimate

(571 237)	(3 590 632)
-----------	-------------

Increase/(Decrease) due to discounting

712 387	673 406
---------	---------

Total provision 30 June

6 718 244	6 577 094
-----------	-----------

Less: Transfer of Current Portion to Current Provisions

-	-
---	---

Balance 30 June

6 718 244	6 577 094
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KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4

NON-CURRENT PROVISIONS (CONTINUE)

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Camraron	2023 Vanwyksvlei	Vosburg
Preliminary and General (Rand)	2 684 121	792 005	729 300
Site Clearance and Preparation (Rand)	46 692	13 426	12 457
Storm Water Control Measures (Rand)	2 067 200	1 083 193	969 547
Capping (Rand)	11 829 047	3 370 141	3 115 749
Leachate Management (Rand)	690 385	393 957	377 087
Fencing (Rand)	1 884 345	13 163	13 163

In terms of the licensing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R387 529 747 (2022: R345 781 455) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that reflects the risk for the liability as the municipality is a government institution.

	2023 %	2022 %
<u>Discount rate:</u>		
Camraron	12.310%	11.569%
Vanwyksvlei	12.292%	11.353%
Vosburg	11.413%	11.213%

The discount rate used to calculate the present value of the rehabilitation cost at each reporting period is based on calculated rate as determined by the municipality.

	Camraron	2023 Vanwyksvlei	Vosburg
<u>Other assumptions:</u>			
Area (m²)	35 373	10 171	9 437
Environmental Authorisation (Closure Licence) (Rand)	441 773	441 773	441 773
Technical ROD (Rand)	223 900	223 900	223 900
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	168 119	211 178	164 196
Landscape Architects (Rand)	159 640	156 805	156 775
Water use licence (Rand)	38 000	38 000	-
Topographical Survey (Rand)	12 585	7 500	7 500
Contingencies (Rand)	1 920 179	566 588	521 730
Engineering: Professional Fees (Rand)	2 052 317	757 417	698 204
Site Supervision (Engineer's Representative) (Rand)	541 312	255 164	254 724
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	308 840	245 400	244 780

The municipality has an obligation to rehabilitate landfill sites at the end of expected useful life of the asset.

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	Cost of rehabilitation 2023 R	Cost of rehabilitation 2022 R
Camraron	2054	119 612 249	104 648 407
Vanwyksvlei	2090	251 024 771	225 278 755
Vosburg	2038	16 892 727	15 854 292
		<u>387 529 747</u>	<u>345 781 455</u>

Change in size	2023	2022	Movement in size	Cost per rehab (m²)	R value of change
<u>Area (m²)</u>					
Camraron	35 373	35 373	-	709	-
Vanwyksvlei	10 171	10 171	-	843	-
Vosburg	9 437	9 437	-	840	-

Change in PV	2023	2022	Movement
Camraron	3 272 385	3 514 656	(242 272)
Vanwyksvlei	108 286	167 375	(61 089)
Vosburg	3 339 573	2 895 063	444 511
	<u>6 718 244</u>	<u>6 577 094</u>	<u>141 149</u>

Change in PV	2022	2021	Movement
Camraron	3 514 656	5 966 377	(2 451 721)
Vanwyksvlei	167 375	441 482	(274 107)
Vosburg	2 895 063	3 086 461	(191 398)
	<u>6 577 094</u>	<u>9 494 320</u>	<u>(2 917 226)</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4	NON-CURRENT PROVISIONS (CONTINUE)				
	<u>Change in unit rates</u>	2023	2022	Movement	R value
	Camarvon	708.69	618.21	90.48	3 200 549
	Vanwyksvlei	842.55	751.34	91.21	927 697
	Vosburg	840.4	748.83	91.57	884 146
					4 992 392
	<u>Change in unit rates</u>	2022	2021	Movement	R value
	Camarvon	618.21	544.07	74.14	2 622 554
	Vanwyksvlei	751.34	675.12	76.22	775 234
	Vosburg	748.83	673.21	75.62	713 626
					4 111 414
5	CONSUMER DEPOSITS	2023	2022		
		R	R		
	Water & Electricity				
		381 089	361 379		
	Total Consumer Deposits	381 089	361 379		
	The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.				
6	CURRENT EMPLOYEE BENEFITS	2023	2022		
		R	R		
	Current Portion of Post Retirement Benefits - Note 3	618 999	353 999		
	Current Portion of Long-Service Provisions - Note 3	39 000	52 001		
	Provision for Performance Bonuses	345 801	368 607		
	Provision for Annual Bonuses	427 624	405 125		
	Provision for Staff Leave	1 415 242	1 632 355		
	Total Current Employee Benefits	2 846 666	2 812 088		
	The movement in current employee benefits are reconciled as follows:				
	<u>Current Portion of Post Retirement Benefits - Note 3</u>				
	Balance at beginning of year	353 999	375 000		
	Transfer from non-current	656 064	326 372		
	Expenditure incurred	(391 084)	(347 372)		
	Balance at end of year	618 999	353 999		
	<u>Current Portion of Long-Service Provisions - Note 3</u>				
	Balance at beginning of year	52 001	286 000		
	Transfer from non-current	39 271	6 379		
	Expenditure incurred	(52 271)	(240 379)		
	Balance at end of year	39 000	52 001		
	<u>Provision for Performance Bonuses</u>				
	Balance at beginning of year	368 607	354 475		
	Contribution to current portion	344 222	460 475		
	Expenditure incurred	(367 028)	(446 342)		
	Balance at end of year	345 801	368 607		
	Performance bonuses are being paid to Municipal Manager and Managers after an evaluation of performance was approved by the council. There is no possibility of reimbursement.				
	<u>Provision for Staff Leave</u>				
	Balance at beginning of year	1 632 355	1 619 537		
	Contribution to current portion	809 498	469 055		
	Expenditure incurred	(1 026 612)	(456 237)		
	Balance at end of year	1 415 242	1 632 355		
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave up to 48 days, at reporting date. This provision will be realised as employees take leave.				
	<u>Provision for Annual Bonuses</u>				
	Balance at beginning of year	405 125	312 210		
	Contribution to current portion	22 499	92 915		
	Expenditure incurred	-	-		
	Balance at end of year	427 624	405 125		
	Annual bonuses are being paid to Municipal personnel after one full year's service. There is no possibility of reimbursement.				

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
7a TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	3 254 421	100 310
Retention	524 807	3 522 054
Other Payables	792 239	-
Payments received in advance	214 582	596 054
Total Trade and other Payables from exchange transactions	4 786 048	4 218 418
7b TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Equitable Share in advance 2022/23	-	33 449 000
Equitable Share in advance 2023/24	21 582 000	21 582 000
Total Trade and other Payables from non-exchange transactions	21 582 000	55 031 000

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary. Payables are being recognised net of any discounts.

	2023 R	2022 R
8 UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Grants	28 500 318	29 172 963
National and Provincial Government Grants	28 500 318	29 172 963
Other Sources	-	-
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	28 500 318	29 172 963

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

	2023 R	2022 R
9 TAXES		
VAT (Payable)	(2 790 972)	(2 105 128)
VAT Receivable	824 088	1 232 084
Total VAT (Payable)/Receivable	(1 966 883)	(873 044)

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

KAREEBERG MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

19 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2023

Reconciliation of Carrying Value

	Opening Balance R	Additions R	Cost Transfers R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Impairments Additional Disposal R	Closing Balance R	Opening Balance R	Accumulated Depreciation Depreciation Charge R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	23 705 334	-	188 287	-	23 893 621	405	-	405	761 551	82 123	-	853 673	23 040 542
Land	21 493 780	-	-	-	21 493 780	-	-	-	-	-	-	-	21 493 780
Buildings	2 211 554	-	198 287	-	2 409 841	405	-	405	761 551	82 123	-	853 673	1 556 762
Infrastructure	229 560 828	6 142 971	(198 287)	(521 818)	230 973 691	-	-	-	33 250 097	4 872 350	(521 819)	37 600 058	193 373 024
Electricity	7 557 363	-	-	-	7 557 363	-	-	-	1 789 558	209 772	-	2 000 331	5 557 032
Road Transport	41 425 781	-	-	-	41 425 781	-	-	-	15 118 148	1 759 036	(185 568)	16 889 613	44 550 609
Sanitation	23 781 001	-	-	(185 568)	23 595 433	-	-	-	536 575	-	-	536 575	17 044 831
Solid Waste Disposal	488 000	-	-	-	488 000	-	-	-	158 842	13 870	-	172 712	315 288
Stormwater	15 578 615	-	-	(10 173)	15 568 442	-	-	-	6 825 593	263 197	(10 173)	6 988 517	13 852 855
Water Supply	97 658 860	-	-	(328 078)	97 330 782	-	-	-	1 937 200	53 734	-	1 990 934	95 340 848
Landfill Sites	3 037 478	(138 117)	-	-	2 899 361	-	-	-	-	-	-	-	2 899 361
WIP	14 003 685	8 281 088	(198 287)	-	22 086 478	-	-	-	-	-	-	-	22 086 478
Community Assets	13 513 025	-	-	-	13 513 025	61 383	42 886	104 269	3 060 378	411 089	-	3 471 467	9 837 290
Recreation Grounds	9 388 154	-	-	-	9 388 154	60 248	-	60 248	2 140 742	309 615	-	2 450 367	6 937 786
Civil Buildings	122 360	-	-	-	122 360	-	-	-	32 671	2 191	-	34 861	87 499
Cemetery	1 850 386	-	-	-	1 850 386	-	42 886	42 886	294 457	41 513	-	335 970	1 272 919
Museum	360 800	-	-	-	360 800	-	-	-	86 022	6 438	-	92 460	257 539
Clinic	1 549 335	-	-	-	1 549 335	-	-	-	90 547	8 008	-	98 555	1 450 780
Libraries	29 279	-	-	-	29 279	1 135	-	1 135	368 158	43 230	-	411 388	1 137 048
Parks & Gardens	64 731	-	-	-	64 731	-	-	-	8 632	671	-	9 303	19 697
Public Conveniences/Bathrooms	-	-	-	-	-	-	-	-	29 181	1 026	-	30 207	52 610
Other Assets	6 644 674	5 287 348	-	(578 321)	13 353 601	-	-	-	5 334 063	782 177	(558 273)	5 557 967	7 784 714
Motor Vehicles	4 711 323	5 240 135	-	(397 559)	9 553 899	-	-	-	2 530 290	540 826	(397 559)	2 673 557	6 880 342
Plant & Equipment	1 306 157	1 632	-	(82 128)	1 225 661	-	-	-	51 705	(92 128)	-	1 081 529	124 154
Office Equipment	653 972	-	-	(12 811)	641 161	-	-	-	503 251	37 028	(12 811)	527 468	113 592
Furniture & Fittings	839 825	34 065	-	(14 333)	859 557	-	-	-	44 451	(14 333)	-	30 118	2 236
Fire Engines	10 381	-	-	-	10 381	-	-	-	582 864	250	-	583 114	354 526
Computer Equipment	1 045 275	-	-	(41 424)	1 003 851	-	-	-	683 043	107 706	(41 424)	749 132	83 190
Gems	71 742	11 499	-	(20 048)	63 193	-	-	-	-	-	-	-	63 193
	269 413 759	13 430 319	-	(1 100 140)	281 743 938	81 768	42 886	104 673	42 407 016	6 157 768	(1 080 092)	47 484 685	234 154 570

Reconciliation of Property, Plant and Equipment:

30 JUNE 2023

	Opening Balance R	Additions R	WIP Additions R	Disposals R	Other changes, movements R	Depreciation R	Impairment Losses R	Closing Balance R
Land	21 493 780	-	-	-	-	-	-	21 493 780
Buildings	1 469 808	-	-	-	198 287	(92 123)	-	1 575 972
Infrastructure	190 300 728	(138 117)	8 281 088	-	(159 287)	(4 872 350)	-	193 373 024
Community Assets	10 361 865	-	-	-	-	(411 089)	(42 886)	9 897 290
Other Assets	3 300 591	5 287 348	-	(20 048)	-	(782 177)	-	7 784 714
	226 944 952	5 149 231	8 281 088	(20 048)	-	(6 157 768)	(42 886)	234 154 570

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2022

Reconciliation of Carrying Value	Cost				Accumulated Impairments			Accumulated Depreciation			Carrying Value	
	Opening Balance R	Additions R	Cost Transfers R	Disposals R	Closing Balance R	Opening Balance R	Additional Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R
	23 685 894	18 341	-	-	23 705 334	405	-	405	678 735	82 826	-	761 561
Land and Buildings	21 493 760	-	-	-	21 493 760	-	-	-	678 735	82 826	-	761 561
Land Buildings	2 192 234	18 341	-	-	2 211 574	405	-	405	-	-	-	-
Infrastructure	171 922 969	52 235 828	0	(597 972)	223 550 825	-	-	-	28 407 971	4 440 096	(597 972)	33 250 095
Electricity	7 646 212	-	-	(290 818)	7 355 393	-	-	-	1 872 367	217 681	(290 818)	1 799 559
Road Transport	59 626 346	2 189 886	712 179	(282 723)	61 425 791	-	-	-	12 636 416	1 792 452	(282 723)	15 116 146
Sanitation	29 781 001	-	-	-	29 781 001	-	-	-	5 643 221	535 575	-	6 178 795
Solid Waste Disposal	488 000	-	-	-	488 000	-	-	-	144 971	13 870	(24 431)	148 053
Stormwater	14 800 596	580 948	190 602	(24 431)	15 578 615	-	-	-	1 189 410	237 553	-	1 426 963
Water Supply	33 431 868	42 106 150	22 160 784	-	97 698 862	-	-	-	5 190 114	1 435 576	-	6 625 690
Landfill Sites	6 028 111	(3 390 632)	-	-	2 637 479	-	-	-	1 761 142	186 058	-	1 937 200
WIP	26 132 815	10 940 636	(23 089 755)	-	14 003 696	-	-	-	-	-	-	-
Community Assets	13 513 025	-	-	-	13 513 025	61 383	-	61 383	2 650 757	403 621	-	3 050 378
Recreation Grounds	9 358 154	-	-	-	9 358 154	60 248	-	60 248	1 831 471	309 271	-	2 140 742
Civil Buildings	122 360	-	-	-	122 360	-	-	-	30 480	2 191	-	32 671
Cemetery	1 650 366	-	-	-	1 650 366	-	-	-	260 471	33 896	-	294 457
Museum	350 000	-	-	-	350 000	-	-	-	89 554	6 009	-	95 563
Clinic	380 600	-	-	-	380 600	-	-	-	224 928	43 230	-	268 158
Libraries	1 549 335	-	-	-	1 549 335	-	-	-	8 046	574	-	8 620
Parks & Gardens	28 278	-	-	-	28 278	-	-	-	1 925	-	-	1 925
Public Conveniences/Bathrooms	84 731	-	-	-	84 731	1 135	-	1 135	37 236	1 925	-	39 161
Other Assets	7 496 204	2 243 318	-	(1 085 039)	8 644 574	-	-	-	5 961 989	558 133	(1 085 039)	5 334 983
Motor Vehicles	3 202 320	2 022 936	-	(513 942)	4 711 313	-	-	-	2 826 820	238 411	(513 942)	2 530 299
Plant & Equipment	1 894 426	1 067	-	(359 309)	1 536 184	-	-	-	1 385 090	89 182	(359 309)	1 121 953
Office Equipment	720 830	3 362	-	(70 120)	653 072	-	-	-	623 683	48 688	(70 120)	603 251
Furniture & Fittings	849 378	3 095	-	(12 648)	839 825	-	-	-	549 250	48 062	(12 648)	584 664
Fire Engines	17 575	-	-	(1 194)	16 381	-	-	-	14 704	376	(1 194)	15 562
Computer Equipment	968 608	206 475	-	(127 803)	1 046 279	-	-	-	573 338	137 512	(127 803)	593 043
Game	65 350	6 392	-	-	71 742	-	-	-	-	-	-	-
	216 605 252	54 489 489	0	(1 693 011)	269 413 759	61 768	-	61 768	38 605 352	5 484 678	(1 693 011)	42 407 019

Reconciliation of Property, Plant and Equipment: 30 JUNE 2022

	Opening Balance R	Additions R	WIP Additions R	Disposals R	Other changes, movements R	Depreciation R	Impairment Losses R	Closing Balance R
Land	21 493 760	-	-	-	-	(82 826)	-	21 493 760
Buildings	1 513 094	18 341	-	-	-	-	-	1 494 809
Infrastructure	142 514 987	41 286 193	10 940 836	-	-	(4 440 096)	-	190 300 728
Community Assets	10 784 886	-	-	-	-	(403 621)	-	10 381 265
Other Assets	1 824 405	2 243 318	-	-	-	(558 133)	-	3 309 590
	177 941 142	43 547 852	10 940 836	-	-	(5 484 678)	-	226 944 952

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2023 R	2022 R		
10.03	Property, Plant and Equipment which is in the process of being constructed or developed:				
	Infrastructure Assets	22 086 478	14 003 686		
	Roads	113 362	113 362		
	Electricity	9 597 182	3 027 686		
	Water Supply	12 375 934	10 862 637		
	Community Assets	-	-		
	Total	22 086 478	14 003 686		
	Work in Progress movements for the year can be reconciled as follows:				
	30 JUNE 2023	Infrastructure R	Community R	Other Assets R	Total R
	Balance at beginning of year	14 003 686	-	-	14 003 686
	Expenditure during the year	8 281 088	-	-	8 281 088
	Assets unbundled during the year	(198 297)	-	-	(198 297)
	Balance at end of year	22 086 477	-	-	22 086 477
	30 JUNE 2022	Infrastructure R	Community R	Other Assets R	Total R
	Balance at beginning of year	26 132 815	-	-	26 132 815
	Expenditure during the year	55 816 461	-	-	55 816 461
	Assets unbundled during the year	(67 945 590)	-	-	(67 945 590)
	Balance at end of year	14 003 686	-	-	14 003 686
10.04	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:				
	Infrastructure Assets	22 086 478	3 141 048		
	Roads	113 362	113 362		
	Electricity	9 597 182	3 027 686		
	Water Supply	12 375 934	-		
	Community Assets	-	-		
	Total	22 086 478	3 141 048		
	For various reasons the funding could not be spend for upgrading 22kVa sub-station project. Water project not finalised due to poor work performance. Snack list not completed. No funding was allocated for 2021/22 or 2022/23 from MIG for the completion of the Vanwyksvlei streets Phase 2 project.				
10.05	Property, Plant and Equipment where construction or development has been halted:				
	Infrastructure Assets	113 362	3 141 048		
	Roads	113 362	113 362		
	Electricity	-	3 027 686		
	Total	113 362	3 141 048		
	No funding was allocated for 2021/22 or 2022/23 from MIG for the completion of the Vanwyksvlei streets Phase 2 project.				
10.06	Expenditure Incurred to repair and maintain Property, Plant and Equipment:				
	Other materials	47 758	1 050 806		
	Contracted Services	380 611	163 318		
	Total Repairs and Maintenance	428 369	1 214 124		
10.07	Assets pledged as security:				
	No assets are pledged as security.				
10.08	Third party payments received for losses incurred:				
	Payments received (Excluding VAT)	-	-		
	Carrying value of assets written off/lost	-	-		
	Surplus/Deficit	-	-		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
10.09	Impairment losses of Property, Plant and Equipment		
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
	Community Assets	42 886	-
	Total	42 886	-
10.10	Reversal of Impairment losses of Property, Plant and Equipment		
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
	Other	-	-
	Total	-	-
10.11	Effect of changes in accounting estimates		
	The change in accounting estimate due to the annual assessment of remaining useful life, will have the following effect on the current period and subsequent periods:		
		2023 R	2024 R
	Effect on Property, plant and equipment	(59 308)	(59 308)
			2025 R
			(6 688)
10.12	Details of Valuation	2023 R	2022 R
	The effective date of the valuations was 1 July 2018. Valuations were performed by an independent valuer, HCB Valuers. Land and Buildings are revalued independently every 5 years.		
10.13	Contractual commitments for acquisition of Property, Plant and Equipment:		
	Approved and contracted for:	6 778 411	22 064 206
	Infrastructure	6 778 411	18 494 476
	Other	-	5 569 730
	Total	6 778 411	22 064 206
	This expenditure will be financed from:		
	Government Grants	6 778 411	16 494 476
	Own Resources	-	5 569 730
	Total	6 778 411	22 064 206
10.14	Land is controlled, but Kareeberg Municipality is not the legal owner/custodian		
	Carrying amount at year end	-	-
	Total	-	-
10.15	Land is not controlled, but Kareeberg Municipality is the legal owner/custodian		
	No of Low Cost Houses	145	136
	Total	145	136

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

11	INVESTMENT PROPERTY	2023	2022
		R	R
	Net Carrying amount at 1 July	15 858 580	15 871 521
	Cost		
	Accumulated Depreciation	16 047 300	16 047 300
	Depreciation for the year	(188 720)	(175 779)
	Net Carrying amount at 30 June	(12 941)	(12 941)
	Cost	15 845 639	15 858 580
	Accumulated Depreciation	16 047 300	16 047 300
		(201 661)	(188 720)
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs and maintenance or enhancements.		
	Estimated Fair Value of Investment Property at 30 June	21 048 700	21 048 700
	Fair value was determined by valuation roll.		
11.01	Revenue from Investment Property		
	Revenue derived from the rental of Investment Property	182 976	178 298
11.02	Operating Expenditure Incurred on properties:		
		Repairs and Maintenance	Other Operating Expenditure
	Revenue Generating	-	6 559
	Improved Property	-	902
	Unimproved Property	-	5 657
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total Operating Expenditure	-	6 559
11.03	Investment Property which is in the process of being constructed or developed:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total	-	-
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	Balance at end of year	-	-
11.04	Investment Property that is taking a significantly longer period of time to complete than expected:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total	-	-
	No reason required		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
11	INVESTMENT PROPERTY (CONTINUED)		
11.05	Investment Property where construction or development has been halted:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total	-	-
	No reason required		
11.06	Impairment losses of Investment Property		
	Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total Impairment Losses	-	-
11.07	Reversal of Impairment losses of Investment Property		
	Reversal of Impairment losses on Investment Property recognised in statement of financial performance are as follows:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total Reversal of Impairment losses	-	-
11.08	Investment Property (Land) is controlled, but Kareeberg Municipality is not the legal owner/custodian		
	Carrying amount at year end	-	-
	Total	-	-
11.09	Investment Property (Land) is not controlled, but Kareeberg Municipality is the legal owner/custodian		
	No of Low Cost Houses	-	-
	Total	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12	INTANGIBLE ASSETS	2023 R	2022 R
	Computer Software		
	Net Carrying amount at 1 July	17 575	27 477
	Cost	57 608	63 154
	Accumulated Amortisation	(40 031)	(35 678)
	Disposals	(4 123)	(5 548)
	Amortisation	(5 959)	(9 901)
	Disposal Amortisation	4 123	5 548
	Net Carrying amount at 30 June	11 617	17 575
	Cost	53 483	57 606
	Accumulated Amortisation	(41 867)	(40 031)

12.01 Material Intangible Assets included in the carrying value:

Description	Remaining Amortisation Period	Carrying Value 2023 R	2022 R
Microsoft Office	2	11 617	17 575

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

12.02 Research and Development Costs:

Research Expenditure
Development Expenditure

Total Research and Development Expenditure

2023 R	2022 R
-	-
-	-
-	-

12.03 Intangible Assets which is in the process of being constructed or developed:

Servitudes
Computer Software
Licences and Rights

Total

-	-
-	-
-	-
-	-

The movements for the year can be reconciled as follows:

Balance at beginning of year
Expenditure during the year
Assets unbundled during the year
Impairment recognised during the year
Balance at end of year

-	-
-	-
-	-
-	-
-	-

12.04 Intangible Assets that is taking a significantly longer period of time to complete than expected:

Servitudes
Computer Software
Licences and Rights

Total

-	-
-	-
-	-
-	-

No reason required

12.05 Intangible Assets where construction or development has been halted:

Servitudes
Computer Software
Licences and Rights

Total

-	-
-	-
-	-
-	-

No reason required

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
12	INTANGIBLE ASSETS (CONTINUED)		
12.06	Impairment losses of Intangible Assets		
	Impairment losses on Intangible Assets recognised in Statement of Financial Performance are as follows:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	Total Impairment Losses	-	-
12.07	Reversal of Impairment losses of Intangible Assets		
	Reversal of Impairment losses on Intangible Assets recognised in statement of financial performance are as follows:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	Total Reversal of Impairment losses	-	-
12.08	Effect of changes in accounting estimates		
	The effect of a change in accounting estimate will have on the current period and subsequent periods:		
		2023 R	2024 R
	Effect on Intangible Assets	(2 640)	(2 640)
			2025 R
			-
13	HERITAGE ASSETS		
	Net Carrying amount at 1 July	14 900	14 900
	Transfers to Property, Plant and equipment	-	-
	Net Carrying amount at 30 June	14 900	14 900
	Cost	14 900	14 900
	There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
	There are no Heritage Assets pledged as security for liabilities		
	There are no Heritage Assets that are used by the municipality for more than one purpose.		
13.01	Third party payments received for losses and impairments incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost/impaired	-	-
	Surplus/Deficit	-	-
13.02	Expenditure incurred to repair and maintain Heritage Assets:		
	Employee related costs	-	-
	Other materials	-	-
	Contracted Services	-	-
	Other Expenditure	-	-
	Total Repairs and Maintenance	-	-
13.03	Heritage Assets which is in the process of being constructed or developed:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13	HERITAGE ASSETS (CONTINUED)	2023 R	2022 R
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	Balance at end of year	-	-
13.04	Heritage Assets that is taking a significantly longer period of time to complete than expected:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total	-	-
	No reason required		
13.05	Heritage Assets where construction or development has been halted:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total	-	-
	No reason required		
13.06	Impairment losses of Heritage Assets		
	Impairment losses on Heritage Assets recognised in Statement of Financial Performance are as follows:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total Impairment Losses	-	-
13.07	Reversal of Impairment losses of Heritage Assets		
	Reversal of Impairment losses on Heritage recognised in statement of financial performance are as follows:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	Total Reversal of Impairment losses	-	-
14	LONG TERM RECEIVABLES	2023 R	2022 R
	Official's Housing Loans - At amortised cost		
	<u>Less:</u> Unamortised Discount on Loans	2 400	7 999
	Balance 1 July	(32)	(317)
	Adjustment for the period	(317)	(862)
		284	545
		2 367	7 682
	<u>Less:</u> Current portion transferred to current receivables	(2 400)	(5 599)
	Officials Housing Loans - At amortised cost	(2 400)	(5 599)
	<u>Less:</u> Provision for Impairment of Long Term Receivables	(32)	2 083
	Total Long Term Receivables	-	-
		(32)	2 083
	STAFF HOUSING LOANS		
	Staff was entitled to housing loans which attract interest at 4% per annum and which are repayable over a maximum period of 20 years. When an employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
15 INVENTORY		
Consumable Stores - Materials - At cost	390 645	937 581
Issues of Consumable Stores	(12 092)	-
	22 713	21 422
Water Inventory		
Balance previously reported	21 422	15 012
Tariff adjustment (Gain) on Water Inventory	1 291	756
Gains on Water Inventory to Water Inventory	1 716 911	1 894 845
Water department direct expenditure to Water Inventory	2 730 423	1 794 955
Water inventory consumed from Water Inventory	(4 447 334)	(3 684 146)
	-	(546 936)
Disposals		
Total Inventory	401 265	412 067
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
Consumable stores materials surpluses identified during the annual stores counts.	-	-
No inventory assets were pledged as security for liabilities.		
16 RECEIVABLES FROM EXCHANGE TRANSACTIONS	2023 R	2022 R
<i>Service Receivables</i>		
Water	6 271 267	4 598 126
Electricity	2 626 011	2 156 963
Refuse	4 452 776	3 365 171
Sewerage	3 159 045	2 480 319
Total Service Receivables	16 509 099	12 600 579
Less: Provision for Impairment	(14 060 037)	(10 372 635)
Net Service Receivables	2 449 062	2 227 944
<i>Other Receivables</i>		
Sundry Receivables	451 826	622 165
Short banking under investigation	17 474	-
Rentals	1 250 649	1 167 130
VAT portion of debtors	2 790 972	2 105 128
Total Other Receivables	4 510 920	3 894 423
Less: Provision for Impairment	(1 650 012)	(1 408 776)
Net Other Receivables	2 860 908	2 485 647
Total Net Receivables from Exchange Transactions	5 309 970	4 713 591
Ageing of Receivables from Exchange Transactions		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	713 821	624 204
31 - 60 Days	45 126	183 859
61 - 90 Days	288 725	242 483
+ 90 Days	1 578 339	1 106 406
Total	2 626 011	2 156 963
<u>(Water): Ageing</u>		
Current (0 - 30 days)	705 111	517 251
31 - 60 Days	96 279	347 114
61 - 90 Days	559 958	487 975
+ 90 Days	4 909 919	3 245 787
Total	6 271 267	4 598 126
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	531 860	315 902
31 - 60 Days	66 288	217 651
61 - 90 Days	385 129	352 539
+ 90 Days	3 469 499	2 479 078
Total	4 452 776	3 365 171

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2023 R	2022 R
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)		
	31 - 60 Days	248 364	265 629
	61 - 90 Days	86 272	190 405
	+ 90 Days	297 140	262 950
	Total	2 547 269	1 761 336
		3 159 045	2 480 319
	<u>(Sundry Receivables): Ageing</u>		
	Current (0 - 30 days)		
	31 - 60 Days	68 692	270 591
	61 - 90 Days	2 418	6 203
	+ 90 Days	-	44 990
	Total	398 190	300 381
		469 300	622 165
	<u>(VAT): Ageing</u>		
	Current (0 - 30 days)		
	31 - 60 Days	152 414	187 056
	61 - 90 Days	-	-
	+ 90 Days	-	-
	Total	2 638 657	1 918 072
		2 790 972	2 105 128
	<u>(Rentals): Ageing</u>		
	Current (0 - 30 days)		
	31 - 60 Days	1 245	-
	61 - 90 Days	-	-
	+ 90 Days	-	-
	Total	1 249 404	1 167 130
		1 250 649	1 167 130
17	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2023 R	2022 R
	<u>Service Receivables</u>		
	Availability Charges		
	Rates	614 878	472 377
	Total Service Receivables	11 499 761	9 658 671
	Less: Provision for Impairment	12 114 639	10 131 049
		(11 278 126)	(9 493 137)
	Net Service Receivables	836 513	637 911
	Total Net Receivables from Non-Exchange Transactions	836 513	637 911
	<u>Ageing of Receivables from Non-Exchange Transactions</u>		
	<u>(Availability Charges): Ageing</u>		
	Current (0 - 30 days)		
	31 - 60 Days	36 715	32 432
	61 - 90 Days	12 125	33 477
	+ 90 Days	36 239	39 560
	Total	529 799	366 908
		614 878	472 377
	<u>(Rates): Ageing</u>		
	Current (0 - 30 days)		
	31 - 60 Days	-	-
	61 - 90 Days	-	10 770
	+ 90 Days	-	-
	Total	11 499 761	9 647 902
		11 499 761	9 658 671

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)	2023			2022
		Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	R
	<u>Summary of Receivables by Customer Classification</u>				Total R's
	2023				
	Total Receivables	29 431 661	1 293 388	2 409 608	33 134 658
	Less: Provision for Impairment	(26 988 175)	-	-	(26 988 175)
	Total Recoverable debtors by customer classification	2 443 486	1 293 388	2 409 608	6 146 483
	<u>Summary of Receivables by Customer Classification</u>				Total R's
	2022				
	Total Receivables	24 849 038	512 237	1 264 776	26 626 051
	Less: Provision for Impairment	(21 274 548)	-	-	(21 274 548)
	Total Recoverable debtors by customer classification	3 574 490	512 237	1 264 776	5 351 502
	<u>Receivables impaired</u>				
	2023		Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
	Total		15 710 049	11 278 126	26 988 175
	2022		Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
	Total		11 781 411	9 493 137	21 274 548
	Monthly rate debts are required to be settled after 30 days, interest is charged on rates after this date at prime +1%. The fair value receivables approximates their carrying amounts.				
	<u>Reconciliation of the Total doubtful debt provision</u>		2023 R	2022 R	
	Balance at beginning of the year		21 274 548	17 129 040	
	Contributions to provision		5 713 627	5 826 060	
	Equitable share IOT		-	(1 680 552)	
	Impairment written off against provision		-	-	
	Balance at end of year		26 988 175	21 274 548	

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18	OPERATING LEASE ARRANGEMENTS	2023	2022
		R	R
	The Municipality as Lessor		
	Balance on 1 July		
	Operating Lease Asset for the current year	2 372	15 057
		10 219	(12 685)
	Balance on 30 June	12 591	2 372
	<p>The municipality is leasing a piece of land at Camarvon to IHS Towers SA (Pty) Ltd for a period of 60 months with escalations of CPI of 7.4% per year starting at June 2022.</p> <p>The municipality is leasing a piece of land at Vanwyksvlei to Vodacom for a period 60 months with escalations of CPI of 5.9% per year starting at March 2022.</p> <p>The municipality is leasing a piece of land at Vosburg to Vodacom for a period 60 months with escalations of CPI of 7.6% per year starting at August 2022.</p> <p>The municipality is leasing a piece of land at Vosburg to Sentech for a period of 60 months with escalations of CPI of 7.2% per year starting at December 2022.</p>		
		2023	2022
		R	R
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	186 750	108 138
	2 to 5 Years	309 165	493 500
	More than 5 Years	81	2 495
	Total Operating Lease Arrangements	495 995	604 133
	<p>This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.</p> <p>The lease is in respect of land being leased by IHS Towers SA (Pty) Ltd until 2027.</p> <p>The lease is in respect of land being leased by Vodacom Vanwyksvlei until 2027.</p> <p>The lease is in respect of land being leased by Vodacom Vosburg until 2027.</p> <p>The lease is in respect of land being leased by Sentech until 2024.</p> <p>The municipality does not engage in any sub-lease arrangements.</p> <p>The municipality did not receive any contingent rent during the year.</p>		
19	CASH AND CASH EQUIVALENTS	2023	2022
		R	R
	Assets		
	Call Investments Deposits		
	Primary Bank Account (Cash book)	78 994 360	122 332 826
		6 550 129	636 420
	Total Cash and Cash Equivalents - Assets	85 544 509	122 969 246
	<p>Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.</p> <p>Call Investments Deposits to an amount of R28 500 318 are held to fund the Unspent Conditional Grants (2022: R29 172 963).</p> <p>Kareeberg Municipality do not have a bank overdraft facility.</p>		
		2023	2022
		R	R
	The municipality has the following bank accounts:		
	Current Accounts		
	Camarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):	6 550 129	636 420
		6 550 129	636 420
	Camarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):		
	Cash book balance at beginning of year	636 420	632 219
	Cash book balance at end of year	6 550 129	636 420
	Bank statement balance at beginning of year	608 706	280 915
	Bank statement balance at end of year	2 128 951	608 706

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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CASH AND CASH EQUIVALENTS (CONTINUED)

Call Investment Deposits

2023 R 2023 R 2022 R

Bank Certificates

Call investment deposits consist out of the following accounts:

Account no.	Place of investment	Name of fund	2023 R	2023 R	2022 R
088 705 536-003	Standard Bank	Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
20-7477-9380	ABSA	Housing Fund	54 998	54 998	54 304
20-7477-9380	ABSA	Job creation - De Bult	55 330	55 330	54 943
20-7477-9380	ABSA	Land development	24 208	24 208	23 592
20-7477-9380	ABSA	Land development (Vanwyksvlei)	21 794	21 794	21 519
20-7477-9380	ABSA	Land development (Vosburg)	41 869	41 869	41 144
20-7477-9380	ABSA	Civil Defence	21 461	21 461	21 191
03/7881142979/0000203	Nedbank	RBIG - VVV Pyplyn	16 513 094	16 234 528	17 156 985
92 8617 3395	ABSA	Electrification DoE INEP	2 068 106	2 068 106	5 000 000
20-7477-9380	ABSA	CMIP Kwaggakolk(vat)	868	868	858
92 8617 3395	ABSA	WSIG	768 531	768 531	2 518 512
088-705-536 002	Standard Bank	MIG Sanitation Interest/vat	184 441	184 441	184 441
20-7477-9380	ABSA	Electricity	50 130	50 130	49 498
20-7477-9380	ABSA	Water Services Plan	4 681	4 681	4 622
20-7477-9380	ABSA	CMIP-Saaiport project 301	5 139	5 139	5 075
20-7477-9380	ABSA	EPWP - Paving/ Cleaning	33 883	33 883	33 456
20-7477-9380	ABSA	Lotto Camarvon	2 599	2 599	2 566
20-7477-9380	ABSA	Lotto Vosburg	45 900	45 900	45 322
20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	215 848	198 545	194 651
20-7477-9380	ABSA	VB Cleaning Project	36 654	36 654	36 192
20-7477-9380	ABSA	VAT - retention	16 999	16 999	16 785
92 8617 3395	ABSA	Municipal Infrastructure Grant	8 268 142	5 591 219	3 667 981
92 8617 3395	ABSA	Youth Development	93 632	93 632	93 632
92-1221-8064	ABSA	Leave, PMS and Long Service Funds	3 069 667	3 069 667	3 255 089
20-8039-4405	ABSA	Provision for Employee benefits	2 000 000	2 000 000	2 000 000
92-8504-7305	ABSA	Retention	530 855	524 807	3 522 054
92 1221 8064	ABSA	General Account - Vehicles	-	-	6 650 000
9212218064/2080394405	ABSA	General Account	13 702 814	12 714 779	4 130 605
088705536-006	Standard Bank	General Account	2 200 000	2 200 000	2 200 000
20-8039-4405	ABSA	General Account	-	-	30 000 000
088705536-009	Standard Bank	General Account	21 582 000	21 582 000	30 000 000
			82 959 255	78 994 380	122 332 826

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PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property
 Residential, Commercial Property
 Less: Equitable Share
 State - National / Provincial Services

Less: Reductions
Less: Rebates
Less: Income foregone

Total Assessment Rates

Valuations - 30 June 2023:

Rateable Land and Buildings

Residential & Commercial Property
 State - National / Provincial Services

Total Assessment Rates

Valuations - 30 June 2023:

Residential
 State
 State: Agriculture
 Agriculture
 Municipal
 Municipal: Agriculture
 Industrial
 Churches
 Infrastructure
 Public Benefit Organisations
 SKA
 SKA Farms
 Commercial
 Infrastructure farms
 Sport clubs

Total Property Valuations

2023 R 2022 R

12 612 189	15 950 723
11 758 141	14 839 882
12 844 433	15 521 595
(1 086 292)	(681 713)
854 048	1 110 841
(635 657)	(600 585)
(473 243)	(2 002 310)
(2 955 807)	(3 113 778)
8 547 482	10 234 050
2 862 134 040	2 881 048 040
2 769 279 540	2 788 193 540
92 854 500	92 854 500
2 862 134 040	2 881 048 040

Valuation

263 561 740
 35 659 000
 57 195 500
 2 247 334 800
 24 200 000
 44 780 000
 7 168 000
 16 080 000
 340 000
 3 172 000
 67 217 000
 5 345 000
 89 193 000
 228 000
 860 000
2 862 134 040

Assessment Rates are levied on the values of immovable properties. A general valuation was performed during 2017/18 for implementation 1 July 2018.

Rates are levied annually and are payable after due dates. Interest is levied on monthly and annually outstanding amounts at prime rate plus 1% after due dates.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

21	GOVERNMENT GRANTS AND SUBSIDIES	2023 R	2022 R
	Unconditional Grants	33 449 000	27 308 000
	Equitable Share - Refer to Note 21.01	33 449 000	27 308 000
	Conditional Grants	15 781 093	70 890 809
	Department of Water Affairs and Forestry (WSIG)	1 749 981	10 963 838
	Department of Energy (DOE)	6 431 894	-
	Library Development Projects	1 800 000	1 655 000
	Municipal Finance Management Grant	2 850 000	2 650 000
	Municipal Infrastructure Grant	1 076 762	4 792 652
	Expanded Public Works Program (PWPG)	950 000	1 280 925
	Department of Water Affairs and Forestry (RBIG)	922 457	49 548 393
	Total Government Grants and Subsidies	49 230 093	98 198 809
	Government Grants and Subsidies - Capital	8 067 112	55 891 461
	Government Grants and Subsidies - Operating	41 162 981	42 307 348
		49 230 093	98 198 809
	The municipality does not expect any significant changes to the level of grants.		
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	30 827 000	25 629 000
	Executive & Council - Equitable share	2 622 000	1 679 000
	Budget & Treasury	4 193 156	11 129 567
	Community & Social Services	1 800 000	1 655 000
	Road Transport	1 879 553	5 446 153
	Water	2 315 433	52 660 089
	Electricity	5 592 951	-
		49 230 093	98 198 809
21.01	Equitable share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 6kl free water and 50kwh electricity per month, which is funded from this grant.		
	All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of basic services for the geographical area concerned and range from R426 per month to R853 per month.(2022: R402 per month to R804 per month)		
	Grants received	33 449 000	27 308 000
	Conditions met	(33 449 000)	(27 308 000)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
21.02	Municipal Infrastructure Grant (MIG)		
	Opening balance		
	Grants received	3 667 981	3 236 633
	Conditions met	3 000 000	5 224 000
	Conditions met - Capital	(140 447)	(625 129)
	Grant expenditure to be recovered / Conditions still to be met	(936 315)	(4 187 523)
		5 591 219	3 667 981
	The grant was used to upgrade infrastructure in the Kareeberg areas.		
21.03	Local Government Financial Management Grant (FMG)		
	Grants received	2 850 000	2 650 000
	Conditions met	(2 850 000)	(2 575 000)
	Conditions met - Capital	-	(75 000)
	Conditions still to be met	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
21.04	Library Development Projects		
	Grants received	1 800 000	1 655 000
	Conditions met	(1 775 451)	(1 655 000)
	Conditions met - Capital	(24 549)	-
	Conditions still to be met	-	-
	The grant was used for the development of libraries in the Kareeberg area.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
21.05	Youth Development		
	Opening balance	93 632	93 632
	Conditions still to be met	93 632	93 632
	The grant will be used for youth development related issues in the Kareeberg area.		
21.06	Expanded Public Works Program		
	Opening balance	-	300 925
	Grants received	950 000	980 000
	Conditions met	(950 000)	(1 280 925)
	Conditions still to be met	-	-
	The grant was used for general labour in the Kareeberg area.		
21.07	Job Creation De Buik		
	Opening balance	54 628	53 099
	Interest received	702	1 529
	Conditions still to be met	55 330	54 628
	The grant will be used for job creation in the Kareeberg area. (Camavon)		
21.08	Land Development		
	Opening balance	88 570	83 361
	Interest received	1 101	3 209
	Conditions still to be met	87 671	86 570
	The grant will be used for a land development plan in the Kareeberg area.		
21.09	Civil Defence		
	Opening balance	21 191	20 944
	Interest received	271	246
	Conditions still to be met	21 461	21 191
	The grant will be used for civil defence in the Kareeberg area.		
21.10	CMIP Kwaggakolk (VAT)		
	Opening balance	858	830
	Interest received	11	28
	Conditions still to be met	868	858
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)		
21.11	Sanitation - sewerage		
	Opening balance	184 441	184 441
	Conditions still to be met	184 441	184 441
	The grant will be used for a sanitation VAT/maintenance in the Kareeberg area.		
21.12	Electricity Schietfontein		
	Opening balance	49 498	47 836
	Interest received	632	1 662
	Conditions still to be met	50 130	49 498
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
21.13	Water Service Plan		
	Opening balance	4 622	4 467
	Interest received	59	154
	Conditions still to be met	4 681	4 622
	The grant will be used for a water service plan in the Kareeberg area.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2023 R	2022 R
21.14	CMIP - Saaipoort project 301		
	Opening balance	5 075	4 905
	Interest received	64	170
	Conditions still to be met		
		<u>5 139</u>	<u>5 075</u>
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
21.15	Paving Projects		
	Opening balance	33 456	32 334
	Interest received	427	1 123
	Conditions still to be met		
		<u>33 883</u>	<u>33 456</u>
	The grant will be used for a extended public works program in the Kareeberg area.		
21.16	Lotto Camarvon		
	Opening balance	2 565	2 480
	Interest received	33	86
	Conditions still to be met		
		<u>2 599</u>	<u>2 566</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
21.17	Lotto Vosburg		
	Opening balance	45 322	43 800
	Interest received	579	1 522
	Conditions still to be met		
		<u>45 900</u>	<u>45 322</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
21.18	Transfer Fees Sub-Economic		
	Opening balance	194 651	185 785
	Interest received	3 894	8 866
	Conditions still to be met		
		<u>198 545</u>	<u>194 651</u>
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
21.19	Cleaning Project Vosburg		
	Opening balance	36 192	34 977
	Interest received	462	1 214
	Conditions still to be met		
		<u>36 654</u>	<u>36 192</u>
	The grant will be used for a cleaning project in the Kareeberg area.		
21.20	VAT - Retention		
	Opening balance	16 785	16 222
	Interest received	214	563
	Conditions still to be met		
		<u>16 999</u>	<u>16 785</u>
	The grant will be used for maintenance in the Kareeberg area.		
21.21	Integrated National Electrification Programme - INEP		
	Opening balance	5 000 000	-
	Grants received	6 500 000	5 000 000
	Conditions met	(838 943)	-
	Conditions met - Capital	(5 592 951)	-
	Conditions still to be met		
		<u>5 068 106</u>	<u>5 000 000</u>
	The grant was used for electricity infrastructure development in the Kareeberg area.		
21.22	Regional Bulk Infrastructure Grant - RBIG (DWAF)		
	Opening balance	17 156 985	44 744 378
	Grants received	-	21 981 000
	Conditions met Inventory	-	(392 287)
	Conditions met	(922 457)	(7 048 916)
	Conditions met - Capital	-	(42 106 190)
	Conditions still to be met		
		<u>16 234 528</u>	<u>17 156 985</u>
	The grant was used for water infrastructure development in the Kareeberg area.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
21.23	Water Service Infrastructure Grant - WSIG (DWAF)		
	Opening balance	2 518 512	8 482 351
	Grants received	-	5 000 000
	Conditions met	(236 684)	(1 421 092)
	Conditions met - Capital	(1 513 296)	(9 542 747)
	Conditions still to be met	768 531	2 518 512
	The grant will be used for water infrastructure development in the Kareeberg area.		
21.24	Total Grants		
	Opening balance	29 172 963	57 573 401
	Interest received	8 448	20 371
	Grants received	48 549 000	69 778 000
	Conditions met Inventory	-	(392 287)
	Conditions met	(41 162 981)	(41 915 061)
	Conditions met - Capital	(8 087 112)	(55 891 461)
	Conditions still to be met/(Grants expenditure to be recovered)	28 500 318	29 172 963
22	AVAILABILITY CHARGES		
	Electricity	284 604	274 539
	Water	146 183	139 345
	Total Availability Charges	430 787	413 883
23	SERVICE CHARGES		
	Electricity	9 400 872	9 871 027
	Service Charges	9 906 432	10 028 647
	Less: Equitable Share	(505 580)	(157 820)
	Water	3 865 316	4 028 571
	Service Charges	7 326 329	6 547 246
	Less: Equitable Share	(3 461 013)	(2 518 675)
	Refuse removal	2 726 175	2 868 517
	Service Charges	5 644 774	5 331 845
	Less: Equitable Share	(2 918 599)	(2 463 328)
	Sewerage and Sanitation Charges	2 300 291	2 120 440
	Service Charges	5 635 577	5 294 134
	Less: Equitable Share	(3 335 286)	(3 173 694)
	Total Service Charges	18 292 654	18 888 555
24	OTHER REVENUE		
	Application Specific Registrations	2 886	954
	Building Fees	320	1 143
	Photocopies	5 640	5 647
	Grave Fees	11 570	20 755
	Searching Fees	-	270
	Encroachment	744	744
	Cement block Sales	3 000	5 100
	Refuse Bags Sold	520	1 030
	Connection Fees	240	90
	Gain due to additions on Biological assets	11 496	6 392
	Valuation Certificates	15	60
	Electricity caravan park	95	50
	Commission on insurance	47 846	38 434
	Sale of scrap	347 500	105 520
	Total Other Income	431 672	187 188


KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
25	FAIR VALUE ADJUSTMENTS		
	Unamortised Discount - Interest - LT Receivables	284	545
	Landfill sites	433 120	-
		433 405	545
26	EMPLOYEE RELATED COSTS		
	Salaries & Wages	19 609 334	17 835 932
	Leave Reserve Fund	809 498	489 055
	Personnel Contributions	2 789 857	2 559 595
	Bargaining Council	8 668	7 920
	UIF	143 320	139 807
	Performance Bonuses	344 222	460 475
	Annual Bonuses	22 499	92 915
	Telephone Costs	119 350	121 200
	Contribution to Employee Benefits - Long Service Awards - Note 3	83 000	76 000
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	75 000	63 000
		24 004 749	21 824 899
	<u>Less:</u> Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	24 004 749	21 824 899
	<u>Less:</u> Employee Costs allocated to water inventory	(870 654)	(507 864)
	Total Employee Related Costs	23 134 095	21 317 035
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager(Acting) Mr T. Mongwe (Since 20 March 2023 secondment from COGHSTA). There are no post-employment or termination benefits payable to him at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA and ended 8 February 2022)</i>		
	Salary and Bonus, Performance Bonus	-	336 708
	UIF	-	1 240
	Total	-	337 948
	<i>Remuneration of the Municipal Manager(Acting) Mr Leserwane (Since 7 December 2022 and ended 28 February 2023)</i>		
	Salary and Bonus, Performance Bonus	289 692	-
	Travel Allowance	61 486	-
	Rural	28 969	-
	UIF	354	-
	Total	380 502	-
	<i>Remuneration of the Municipal Manager(Acting) Mr T. Mongwe (Since 20 March 2023 and ended 30 September 2023)</i>		
	Salary and Bonus, Performance Bonus	315 587	-
	UIF	354	-
	Total	315 941	-
	<i>Remuneration of the Chief Financial Officer: Mr W. de Bruin</i>		
	Salary and Bonus, Performance Bonus	834 467	829 688
	Travel Allowance	84 000	84 000
	Rural	85 211	81 508
	UIF	2 125	2 125
	Bargaining Council	130	124
	Cell phone (VAT Included)	30 000	30 000
	Total	1 035 933	1 027 441

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
26	EMPLOYEE RELATED COSTS (CONTINUE)		
	<i>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk (Acting Municipal Manager since 9 February 2022 to 9 May 2022 and since 11 May 2022 to 30 November 2022 and retired 31 January 2023)</i>	1 120 316	1 380 405
	Salary and Bonus, Performance Bonus	138 984	223 880
	Travel Allowance	96 974	184 888
	Pension	35 049	57 277
	Medical	1 240	2 125
	UIF	76	124
	Bargaining Council	17 500	30 000
	Cell phone (VAT Included)		
	Total	1 408 139	1 878 680
	<i>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</i>	1 412 362	1 411 849
	Salary and Bonus, Performance Bonus, Long service Bonus	234 830	223 880
	Travel Allowance	189 393	176 216
	Pension	60 084	57 277
	Medical	2 125	2 125
	UIF	130	124
	Bargaining Council	30 000	30 000
	Cell phone (VAT Included)		
	Total	1 928 924	1 901 451
27	REMUNERATION OF COUNCILLORS	2023 R	2022 R
	Mayor	-	296 675
	Councillor	-	93 887
	Councillor	-	93 887
	Councillor	-	93 887
	Councillor	-	85 030
	Councillor	-	93 887
	Councillor	-	85 030
	Councillor	-	517 017
	Mayor	881 797	415 506
	Speaker	689 438	222 356
	Councillor	360 579	175 163
	Councillor/Speaker	272 728	184 945
	Councillor	360 579	170 083
	Councillor	272 728	170 083
	Councillor	272 728	170 083
	Councillor	272 728	170 083
	Councillor	350 001	170 083
	Councillor	272 728	170 083
	Councillor	272 728	21 895
	Councillor	549 480	369 186
	Councillors' Cell phones		
	Total Councillors' Remuneration	4 808 242	3 598 767
	In-kind Benefits		
	The Mayor and Speaker are fulltime. They are provided with an office and personal assistant at the cost of the Council.		
	Certification by the Municipal Manager		
	I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with Government Notice 47437, dated 2 November 2022. Provision was made for back pay.		
			
	Signed: Municipal Manager		
28	DEBT IMPAIRMENT		
	Receivables from exchange transactions - Note 16	3 928 638	3 920 602
	Receivables from non-exchange transactions - Note 17	1 784 989	1 905 458
	Debt impairment recognised in statement of financial performance	5 713 627	5 826 060
29	DEPRECIATION AND AMORTISATION		
	Property, plant and equipment	6 157 768	5 484 678
	Intangible assets	5 959	9 901
	Investment property carried at cost	12 941	12 941
	Total depreciation and amortisation	6 176 668	5 507 521
30	FINANCE CHARGES		
	Post Retirement Charges	932 000	801 000
	Landfill sites	712 387	673 406
	Total finance charges	1 644 387	1 474 406

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
31	BULK PURCHASES		
	Electricity bulk purchases	16 788 896	15 672 853
	Total Bulk Purchases	16 788 896	15 672 853
32	GENERAL EXPENSES		
	Advertisement, printing & stationary	55 442	112 458
	Audit Costs	3 246 189	2 889 701
	Bank charges	93 144	80 808
	Compensation insurance	-	163 621
	Electricity Eskom	424 932	428 085
	Indigents energy sources	1 494 164	1 281 306
	Insurance	1 066 031	735 868
	Legal costs	7 407	117 232
	Membership of associations	475 000	475 000
	Other General Expenses	589 029	685 703
	Inventory Consumed	3 625 328	1 488 022
	Skill Development Levy	201 139	188 717
	Street Lighting	561 245	540 450
	Subsistence and Travelling	1 072 003	935 584
	Telephone & Postage	357 638	471 958
	Uniforms	90 889	86 432
	Internal Audit	244 218	227 391
	Personnel and Labour	114 100	1 121 983
	Maintenance of Unspecified Assets	(98 976)	1 433 193
	Water Distribution Tanker	7 900	52 250
	Accounting Support	802 465	829 703
	Audit Committee	87 385	73 847
	Business and Financial Management	5 823 202	3 928 423
	Human Resources Support	915 796	424 855
	Valuer and Assessors	278 474	48 043
	Actuaries	-	22 000
	Laboratory Services	179 572	131 755
	Water Research	69 961	20 871
	Rental of buildings	65 406	69 984
	Electricity Support Services	22 000	258 050
	Commission/IT services Prepaid Electricity Vendors	168 764	197 409
	Administrative and Support Staff	823 497	15 153
	General Expenses	22 864 325	19 535 855
	Less: General Expenses allocated to water inventory	(1 859 789)	(1 287 091)
	Total General Expenses	21 004 536	18 248 764

Other General Expenses include administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial Performance. This include items such as vehicle licenses, refreshments, water services fees and workmen compensation.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	R	R
33 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus for the year	2 337 802	57 419 755
<u>Adjustments for:</u>		
Depreciation	6 170 710	5 497 619
Amortisation of Intangible Assets	5 959	9 901
Gain due to additions on Biological assets	(11 496)	(6 392)
(Gain)/Loss on disposal of property, plant and equipment/Inventory	(10 952)	548 938
Impairments	42 886	-
Contribution from/to employee benefits - non-current	1 090 000	940 000
Contribution from/to employee benefits - non-current - expenditure incurred	(443 335)	(587 751)
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	(84 729)	(57 621)
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	172 064	4 372
Contribution to employee benefits - current	1 176 219	1 022 445
Contribution to employee benefits - current - expenditure incurred	(1 393 641)	(902 579)
Contribution to provisions - non-current - Unwinding of discounted interest	712 387	873 408
Contribution to provisions - bad debt movement	5 713 627	4 145 509
Unamortised discount - Interest - Revenue	(284)	(545)
Fair value adjustment	(433 120)	-
Contributed PPE	(40 229)	-
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(872 645)	(28 400 438)
Operating lease income accrued	(10 219)	12 685
Operating Surplus/(Deficit) before changes in working capital	14 321 002	40 317 302
Changes in working capital	(38 285 336)	53 796 613
Increase/(Decrease) in Payables from exchange transactions	567 630	1 591 332
Increase/(Decrease) in Payables from non-exchange transactions	(33 449 000)	55 031 000
Increase/(Decrease) in Taxes	1 093 839	2 185 315
(Increase)/Decrease in Inventory	10 801	(397 055)
(Increase)/Decrease in Trade Receivables from exchange transactions	(4 525 016)	(3 460 414)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(1 983 590)	(1 153 565)
Cash generated/(absorbed) by operations	(23 964 334)	94 113 915
34 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 19	78 994 380	122 332 826
Bank - Note 19	8 550 129	636 420
Total cash and cash equivalents	85 544 509	122 969 246
35 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 34	85 544 509	122 969 246
Less:		
Unspent Conditional Grants - Note 8	85 544 509	122 969 246
Cash Portion of Housing Development Fund - Note 2	28 555 315	29 227 267
Net cash resources available for internal distribution	28 500 318	29 172 963
Allocated to:	54 998	54 304
Capital Replacement Reserve	56 989 194	93 741 978
Retention	(11 347 812)	(11 347 812)
Provision for Employee benefits	(524 807)	(3 522 054)
Vehicles	(2 000 000)	(2 000 000)
Staff Leave, Performance Management Bonus, Long Service	-	(6 650 000)
Equitable Share in advance	(3 069 667)	(3 255 089)
Resources available for working capital requirements	(21 582 000)	(55 031 000)
	18 464 908	11 936 024

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

36	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2023 R	2022 R
36.01	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	1 427 999	-
	Written off by Council	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	<u>Incident</u>	<u>Disciplinary steps/criminal proceedings</u>	
	Over expenditure of approved budget	None	
	The over expenditure incurred by municipal departments on their budgets during the year is attributable to the following categories:		
	Non-cash	1 427 999	-
	Cash	-	-
		<u>1 427 999</u>	<u>-</u>
	<u>Analysed as follows: Non-cash</u>		
	Employee related cost (Actuarial Valuations)	-	-
	Depreciation and Amortisation	-	-
	Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	-	-
	Loss on disposal of Property, Plant and Equipment	-	-
	Impairment Losses	-	-
	Other (Water Inventory)	1 427 999	-
		<u>1 427 999</u>	<u>-</u>
	<u>Analysed as follows: Cash</u>		
	Bulk Purchases	-	-
	Employee related cost	-	-
	Operational Costs	-	-
	Capital Costs	-	-
		<u>-</u>	<u>-</u>

The overspending of the Budget per municipal vote can be summarised as follows:

	2023 R (Actual)	2023 R (Budget)	2023 R (Variance)	2023 R (Unauthorised)
<u>Unauthorised expenditure current year - operating</u>				
Executive & Council	7 005 857	7 484 276	(478 419)	-
Budget & Treasury	23 435 629	26 654 718	(3 219 089)	-
Corporate Services	4 213 526	4 301 633	(88 107)	-
Other	-	74 936	(74 936)	-
Health	10 012	18 548	(6 536)	-
Community & Social Services	2 606 979	2 889 399	(282 420)	-
Housing	-	6 977	(6 977)	-
Public Safety	34 460	58 294	(23 834)	-
Sport & Recreation	160 705	297 118	(136 413)	-
Environmental Protection	-	99 830	(99 830)	-
Waste Management	4 840 043	8 829 997	(3 989 954)	-
Waste Water Management	7 940 961	8 549 131	(608 170)	-
Road Transport	7 209 740	7 338 489	(128 749)	-
Water	6 021 325	4 593 326	1 427 999	1 427 999
Electricity	20 457 108	22 474 964	(2 017 856)	-
	<u>83 936 346</u>	<u>93 669 636</u>	<u>(9 733 290)</u>	<u>1 427 999</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

36

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

	2023 R (Actual)	2023 R (Budget)	2023 R (Variance)	2023 R (Unauthorised)
<u>Unauthorised expenditure current year - capital</u>				
Executive & Council	431	38 000	(37 569)	-
Budget & Treasury	613 884	1 202 000	(588 116)	-
Community & Social Services	24 549	340 000	(315 451)	-
Sport & Recreation	-	11 000 000	(11 000 000)	-
Waste Management	503 356	650 000	(146 644)	-
Waste Water Management	302 400	10 400 000	(10 097 600)	-
Road Transport	3 222 120	3 606 000	(383 880)	-
Water	1 513 298	3 340 000	(1 826 704)	-
Electricity	7 378 904	8 370 000	(993 096)	-
	<u>13 556 940</u>	<u>38 946 000</u>	<u>(25 389 060)</u>	<u>-</u>

All amounts disclosed under the unauthorised expenditure note, are VAT exclusive

36.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2023	2022
Opening balance	1 571 580	1 534 151
Correction of prior period error	-	-
Restated opening balance	1 571 580	1 534 151
Fruitless and wasteful expenditure current year	73 298	47 429
Written off by Council	(15 314)	(10 000)
Current	-	(10 000)
Prior Period	(15 314)	-
Transfer to receivables for recovery - not written off	-	-
Current	-	-
Prior Period	-	-
	<u>1 629 564</u>	<u>1 571 580</u>

Fruitless and wasteful expenditure awaiting further action

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
No evidence of loads delivered.	None	-	22 500
No evidence of loads delivered.	None	-	15 000
Legal cost - Bulk Water Supply: Vanwyksvlei/Camarvon - Saaipoot settlement	None	-	395 574
Legal cost - Bulk Water Supply: Vanwyksvlei/Camarvon - Saaipoot settlement	None	-	885 312
Toilets Camarvon	None	-	105 766
Poor workmanship	None	-	22 115
Accommodation MM paid without stay	None	-	10 000
Conciliation costs	None	-	15 314
Travel costs service vehicle	None	1 683	-
Travel costs service vehicle	None	1 683	-
Accommodation officials	None	2 000	-
Travel costs contrary to the policy	None	34 458	-
Readvertisement MM Position without MEC Approval	None	12 420	-
Senior post not filled within 30 days	None	15 870	-
Acting allowance official - None performance	None	1 956	-
Study support official - Resigned before completion	None	3 230	-
		<u>73 298</u>	<u>1 581 580</u>

All amounts disclosed under the fruitless and wasteful expenditure note, are VAT inclusive.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

36

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

2023
R2022
R36.03 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	175 338	2 700 148
Correction of prior period error	-	-
Restated opening balance	175 338	2 700 148
Irregular expenditure current year	10 745 218	11 719 569
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Current	-	-
Prior Period	-	-
Written off as supported by council	(2 646 781)	(14 216 266)
Current	(2 624 790)	(11 634 230)
Prior Period	(21 991)	(2 584 036)
Transfer to receivables for recovery - not written off	-	(26 113)
Current	-	-
Prior Period	-	(26 113)
Irregular expenditure awaiting further action	8 273 775	175 338

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Advance	Subpoena issued	-	26 113
Carting of water to Vanwyksvlei	None	-	90 000
Training of personnel	None	-	132 000
Service provider of wood	None	-	187 500
Provision of Transformer	None	-	48 588
Supply and replacement of asbestos pipes	None	-	724 404
Advertisements	None	-	146 142
Advertisements	None	-	185 462
Advertisements	None	-	96 531
Advertisements	None	-	1 066 159
Advertisements	None	-	17 250
Advertisements	None	-	96 531
Advertisements	None	-	9 671 560
Advertisements	None	-	1 431 443
Advertisements	None	-	17 250
Advertisements	None	-	5 040
Advertisements	None	-	3 600
Advertisements	None	-	11 213
Advertisements	None	-	25 300
Advertisements	None	-	2 865
Advertisements	None	-	63 347
Advertisements	None	-	6 900
Advertisements	None	-	362 529
Advertisements	None	-	6 571
Advertisements	None	-	11 520
Advertisements	None	-	3 900
Advertisements	None	4 400	-
Advertisements	None	1 132 175	-
Advertisements	None	692 984	-
Advertisements	None	113 285	-
Advertisements	None	331 694	-
Advertisements	None	217 000	-
Advertisements	None	1 927 406	-
Advertisements	None	4 611 451	-
Advertisements	None	21 816	-
Advertisements	None	380 502	-
Advertisements	None	315 941	-
Advertisements	None	3 758	-
Advertisements	None	3 500	-
Advertisements	None	2 133	-
Advertisements	None	4 395	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Acting MM travel costs contrary to the act - not competent - no council resolution - meeting attend	None	2 134	-
Accommodation contrary act - acting MM	None	55 800	-
Accommodation contrary act - acting MM	None	25 200	-
Accommodation contrary act - acting MM	None	20 500	-
Accommodation contrary act - acting MM	None	24 800	-
Accommodation contrary act - acting MM	None	18 000	-
Accommodation contrary act - acting MM	None	2 000	-
Not qualify bursary	None	169 900	-
Excedance of Quote limits	None	6 508	-
Excedance of Quote limits	None	40 230	-
Excedance of Quote limits	None	15 739	-
SLA expired on 30 April 2023	None	9 246	-
Internet SLA expired	None		-
71 supply chain transactions not approved by Acting Municipal Managers	None	592 723	-
		10 745 218	14 419 717

All amounts disclosed under the irregular expenditure note, are VAT inclusive.

36.04 Material Losses

Electricity distribution losses	(4 048 135)	(3 879 009)
Electricity distribution losses (R)	7 265 899	7 990 979
Units purchased (Kwh)	1 751 952	1 977 756
- Units lost during distribution (Kwh)	24.11%	24.75%
- Percentage lost during distribution		
Water distribution losses	574 591	505 452
- Mega litres purified	176 715	161 487
- Mega litres lost during distribution	30.75%	31.95%
- Percentage lost during distribution		

37 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

37.01 Contributions to organised local government - (MFMA 125 (1)(b)) - SALGA CONTRIBUTIONS

	2023 R	2022 R
Council subscriptions	475 000	475 000
Amount paid - current year	(475 000)	(475 000)
Balance unpaid (included in creditors)	-	-

37.02 Audit fees - (MFMA 125 (1)(b)) (excl. VAT)

	2023 R	2022 R
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year audit fee	3 246 189	2 889 701
External Audit - Auditor-General	3 246 189	2 889 701
Amount paid - current year	(3 246 189)	(2 889 701)
Balance unpaid (included in creditors)	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

37	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2023 R	2022 R
37.03	VAT - [MFMA 125 (1)(b)]		
	Opening balance		
	Correction of prior period error	(772 686)	(2 833 768)
	Restated opening balance	(772 686)	(2 833 768)
	Amounts received - current year	6 397 781	12 125 955
	Amounts claimed - current year (payable)	(7 153 416)	(12 898 640)
	Amounts received - previous year	772 686	2 833 768
	Closing balance	(755 635)	(772 686)
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
37.04	PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	4 731 297	4 073 000
	Amount paid - current year	(4 731 297)	(4 073 000)
	Balance unpaid (included in creditors)	-	-
37.05	Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	(5 205 335)	(4 718 913)
	Amount paid - current year	5 205 335	4 718 913
	L.A. Health	454 290	488 713
	LA retirement fund	145 461	283 536
	Hosmed	981 786	819 402
	Consolidated retirement fund for local government	3 293 533	2 812 425
	Municipal workers retirement fund	330 265	314 838
	Balance unpaid (included in creditors)	-	-
37.06	Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2023:		
		Outstanding more than 90 days	Outstanding more than 90 days
	Councillor W. Horne (Including Spouse)	42 869	23 743
	Councillor P. Charlies	391	-
	Councillor W Links	420	1 120
	Councillor JH Vermeulen	50 673	42 591
	Councillor R Jikella	18 911	10 267
	Councillor S Newath (Including Spouse)	23 975	34 542
	Total Councillor Arrear Consumer Accounts	137 239	112 263
37.07	Quotations awarded - Section 45 - Supply Chain Management		
	XYX Construction (Director) works at Nat Research Foundation	-	40 917
	Contlog Spouse is a director, dept of health-Data Management & GIS	194 079	229 381
	G3-Group Spouse works at Sol Plaatje Municipality	3 323 277	64 014
	Barbie Group Daughter of Councillor- Works at education	-	2 520
	Barbie Group Daughter of Councillor- Works at education	-	2 830
	Meerkat Spouse works at NRF	-	5 221
	Cape Dutch Guesthouse Owner is employed at Department of Health	1 050	3 000
	Councillor - transport	-	5 100
	Manager Spouse is Head Corporate Services at Kareeberg Municipality	-	600
	Cape Dutch Guesthouse Owner is employed at Department of Health	-	750
	Manager Spouse is Head Corporate Services at Kareeberg Municipality - Purchase patrons cash	-	6 121
	Manager Spouse is Head Corporate Services at Kareeberg Municipality - Hire of trailer	-	600
	G3-Group Spouse works at Sol Plaatje Municipality	-	218 517
		3 518 406	579 572

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

37.08 Deviations - Section 36(2) - Supply Chain Management

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
30 June 2023				
Availability	197 347	-	-	-
Limited Quotations	4 706	-	-	-
Deviation on tender/Not cheapest awarded	37 749	-	-	-
Service provider	110 190	298 377	-	-
	<u>349 992</u>	<u>298 377</u>	<u>-</u>	<u>-</u>
30 June 2022				
Emergency cases	132 631	57 215	-	-
Availability	444 836	109 159	-	-
Limited Quotations	78 018	-	-	-
Service provider	207 862	4 826 823	-	-
	<u>863 346</u>	<u>4 993 197</u>	<u>-</u>	<u>-</u>

Refer to Appendix E for detail on Deviations according to Section 36(2) - Supply Chain Management

38 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure
Other

Total

This expenditure will be financed from:

Government Grants
Own Resources

	2023 R	2022 R
	6 778 411	22 064 206
Infrastructure	6 778 411	16 494 476
Other	-	5 569 730
Total	<u>6 778 411</u>	<u>22 064 206</u>
This expenditure will be financed from:		
Government Grants	6 778 411	16 494 476
Own Resources	-	5 569 730
	<u>6 778 411</u>	<u>22 064 206</u>

All amounts disclosed are VAT inclusive.

39 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% Increase in interest rates
0.5% Decrease in interest rates

427 723	614 846
(427 723)	(614 846)

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

39

FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 16 and 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2023 %	2023 R	2022 %	2022 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
Availability Charges	0.00%	-	0.00%	-
	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Electricity	0.00%	-	0.00%	-
Water	0.00%	-	0.00%	-
Refuse	0.00%	-	0.00%	-
Sewerage	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	-	0.00%	-

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 16 & 17 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2023 %	2023 R	2022 %	2022 R
<u>Non-Exchange Receivables</u>				
Rates	95.58%	10 780 103	95.61%	9 076 585
Availability Charges	4.42%	498 023	4.39%	416 553
	100.00%	11 278 126	100.00%	9 493 137
<u>Exchange Receivables</u>				
Electricity	13.87%	2 179 562	11.27%	1 327 711
Water	34.22%	5 376 300	34.10%	4 017 274
Refuse	25.01%	3 929 216	25.52%	3 006 573
Sewerage	16.39%	2 574 958	17.15%	2 021 077
Other	10.50%	1 650 012	11.96%	1 408 776
	100.00%	15 710 049	100.00%	11 781 411

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

39	FINANCIAL RISK MANAGEMENT (CONTINUE)	2023 %	2023 R	2022 %	2022 R
	The provision for bad debts could be allocated between the different categories of debtors as follows:				
	Industrial	0.33%	89 673	4.27%	907 909
	Residential	98.67%	26 898 502	95.73%	20 366 639
		100.00%	26 988 175	100%	21 274 548
		2023 %	2023 R	2022 %	2022 R
	Bad debts written off per debtor class:				
	<u>Non-Exchange Receivables</u>				
	Rates	0.00%	-	0.00%	-
	<u>Exchange Receivables</u>				
	Services	0.00%	-	0.00%	-
	Other	0.00%	-	0.00%	-
		0.00%	-	0.00%	-
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.				
	The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.				
	The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA, Nedbank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.				
	The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.				
	Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.				
	Financial assets exposed to credit risk at year end are as follows:			2023 R	2022 R
	Long term receivables			2 367	7 682
	Trade receivables and other receivables			6 146 483	5 351 502
	Cash and Cash Equivalents			85 544 509	122 969 246
				91 693 359	128 328 431

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

39	FINANCIAL RISK MANAGEMENT (CONTINUE)	2023 R	2022 R
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(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2023				
Provisions - Landfill Sites	-	-	-	387 529 747
Capital repayments	-	-	-	6 718 244
Interest	-	-	-	380 811 503
Trade and Other Payables	3 489 003	-	-	-
Consumer Deposits	381 089	-	-	-
Unspent conditional government grants and receipts	28 500 318	-	-	-
	<u>32 350 410</u>	<u>-</u>	<u>-</u>	<u>387 529 747</u>
2022				
Provisions - Landfill Sites	-	-	-	345 781 455
Capital repayments	-	-	-	6 577 094
Interest	-	-	-	339 204 380
Trade and Other Payables	696 364	-	-	-
Consumer Deposits	361 379	-	-	-
Unspent conditional government grants and receipts	29 172 963	-	-	-
	<u>30 230 706</u>	<u>-</u>	<u>-</u>	<u>345 781 455</u>

40	FINANCIAL INSTRUMENTS	2023 R	2022 R
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In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

40.01	Financial Assets	Classification		
	Long-term Receivables			
	Staff Loans	Financial instruments at amortised cost	-	2 400
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	16 509 099	12 600 579
	Other receivables from exchange transactions	Financial instruments at amortised cost	4 510 920	3 894 423
	Current Portion of Long-term Receivables			
	Staff Loans	Financial instruments at amortised cost	2 400	5 599
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	78 994 380	122 332 826
	Bank Balances and Cash			
	Cash Balances	Financial instruments at amortised cost	8 550 129	636 420
			<u>106 566 927</u>	<u>139 472 247</u>
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		<u>106 566 927</u>	<u>139 472 247</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R		
40	FINANCIAL INSTRUMENTS (CONTINUE)				
40.02	<u>Financial Liability</u>				
	<u>Classification</u>				
	Payables from exchange transactions				
	Trade creditors	4 284 827	3 622 364		
	Consumer deposits				
	Other liabilities	381 089	361 379		
	Unspent Conditional Grants and Receipts				
	Other Spheres of Government	28 500 318	29 172 963		
		<u>33 146 234</u>	<u>33 156 706</u>		
	SUMMARY OF FINANCIAL LIABILITY				
	Financial instruments at amortised cost	<u>33 146 234</u>	<u>33 156 706</u>		
41	EVENTS AFTER THE REPORTING DATE				
	The Municipality had no significant events after reporting date.				
42	IN-KIND DONATIONS AND ASSISTANCE				
	The municipality did not receive any in-kind donations or assistance during the year under review.				
43	PRIVATE PUBLIC PARTNERSHIPS				
	Council has not entered into any private public partnerships during the financial year.				
44	CONTINGENT ASSET/LIABILITIES				
	BM Infrastructure development for outstanding consultancy fees - R919 383				
45	RELATED PARTIES				
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
45.01	Related Party Transactions				
		Rates - Levied 1 July 2022 - 30 June 2023	Service Charges - Levied 1 July 2022 - 30 June 2023	Other - Levied 1 July 2022 - 30 June 2023	Outstanding Balances 30 June 2023
	Year ended 30 June 2023				
	Councillors	43 022	162 969	-	154 401
	Municipal Manager and Section 56 Employees	21 582	117 289	-	248 207
	Year ended 30 June 2022				
	Councillors	37 349	131 268	-	135 352
	Municipal Manager and Section 56 Employees	25 329	107 834	-	115 603
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.				
	<u>Related party relationship</u>				
	Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.				
45.02	Related Party Loans				
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 14 to the Annual Financial Statements.				
45.03	Compensation of key management personnel				
	The compensation of key management personnel and council is set out in note 26 and 27 to the Annual Financial Statements.				
45.04	Other related party transactions		2023		2022
	The following purchases were made during the year where Councillors or Management have an interest:		R		R
	<u>Councillor/Staff Member</u>				
	Amorei Vermeulen (Daughter of SD Malgas - Speaker)		-		5 350
	M van Zyl (Wife of NJ van Zyl - Head of Corporate Services)		-		800
	NJ van Zyl - Head of Corporate Services		-		6 721
	R Jikella - Councillor		-		5 100
			<u>-</u>		<u>17 771</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

46	FINANCIAL SUSTAINABILITY	2023 R	2022 R
	The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:		
	Financial Indicators		
	The current ratio decreased to 1.53:1 from 1.39:1 in the prior year.		
	The municipality have budgeted for a surplus of R17 361 940 for the 2022/2023 financial year. The municipality is also budgeting for surplus during 2023/2024 and 2024/2025 amounting to R33 459 456 and R35 464 920 respectively.		
	The average debtors' payment days increased to 447 days from 332 days.		
	Other Indicators		
	No current outflow of resources due to the contingent liability disclosed in note 44		
47	STATUTORY RECEIVABLES		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
		2023 R	2022 R
	Taxes		
	VAT Receivable	824 088	1 232 084
	Receivables from non-exchange transactions		
	Property Rates	11 499 761	9 658 671
	Total Statutory Receivables (before provision)	12 323 849	10 890 755
	Less: Provision for Debt Impairment	(10 780 103)	(9 076 585)
	Total Statutory Receivables (after provision)	1 543 746	1 814 171
	Statutory Receivables arises from the following legislation:		
	Taxes - Value Added Tax Act (No 89 of 1991)		
	Rates - Municipal Properties Rates Act (No 6 of 2004)		
	Statutory receivables are initially measured at transaction value, and subsequently at cost.		
		2023 R	2022 R
	(Rates): Ageing		
	Current (0 - 30 days)	-	-
	31 - 60 Days	-	10 770
	61 - 90 Days	-	-
	+ 90 Days	11 499 761	9 647 902
	Total	11 499 761	9 658 671

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
47 STATUTORY RECEIVABLES (CONTINUE)		
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	9 076 585	7 339 393
Contribution to provision	1 703 518	1 737 191
Reversal of provision	-	-
Balance at end of year	<u>10 780 103</u>	<u>9 076 585</u>
	2023 R	2022 R
<u>Ageing of amounts past due and impaired:</u>		
1 month past due	10 780 103	9 076 585
2+ months past due	<u>10 780 103</u>	<u>9 076 585</u>
	2023 R	2022 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	-	-
2+ months past due	719 658	571 317
	<u>719 658</u>	<u>571 317</u>
The basis used to assess and test whether a statutory receivable is impaired, including how receivables are grouped and assessed for collective impairment		
	2023 R	2022 R
<u>Interest Received from Statutory Receivables</u>		
Taxes	-	-
Receivables from Non-Exchange Transactions	-	-
	<u>-</u>	<u>-</u>

Interest is levied at a rate determined by the council on outstanding rates amounts.

48 ADDITIONAL DISCLOSURE IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT
Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

APPENDIX A - Unaudited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
MUNICIPAL VOTES CLASSIFICATION

2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
25 855	(334 763)	(308 908)	Cemetery	14 570	(249 891)	(235 321)
1 657 239	(2 112 729)	(455 490)	Library	1 801 699	(2 344 502)	(542 803)
-	(7 341)	(7 341)	Museum	-	(12 586)	(12 586)
-	(3 582 452)	(3 582 452)	Corporate Services	-	(4 213 526)	(4 213 526)
10 145 628	(1 124 039)	9 021 587	Electricity Administration	15 278 427	(1 722 148)	13 556 279
-	(17 093 913)	(17 093 913)	Electricity Generation	-	(18 383 143)	(18 383 143)
-	(328 248)	(328 248)	Electricity Distribution	-	(1 154 163)	(1 154 163)
4 851 495	(5 256 352)	(404 858)	General Expenditure of Council	9 418 224	(7 005 857)	2 412 367
9 600	(694)	8 906	Official Housing	9 600	(902)	8 698
10 234 050	(1 350 000)	8 884 050	Property Rates	8 547 482	(1 670 314)	6 877 168
132 508	(12 476)	120 032	Commonage	92 914	(5 657)	87 256
40 559	(293 751)	(253 192)	Municipal Buildings	85 116	(284 366)	(199 251)
37 023 821	(18 179 292)	18 844 530	Municipal Manager/Treasurer	35 563 659	(21 404 034)	14 159 625
-	(7 560)	(7 560)	Clinic	-	(10 012)	(10 012)
347	(61 001)	(60 654)	Air Port	347	(70 356)	(70 009)
-	(125)	(125)	Abattoir	-	-	-
-	(4 137)	(4 137)	Fire Department	-	(34 460)	(34 460)
-	(9 000)	(9 000)	Civil Protection	-	-	-
1 279 772	(6 308 897)	(5 029 125)	Public Works	943 558	(5 055 468)	(4 111 910)
4 167 523	(1 578 333)	2 589 190	Streets & Pavements	936 315	(1 758 444)	(822 129)
11 360	(303 079)	(291 719)	Licensing & Traffic	8 400	(395 828)	(387 428)
6 392	(37 878)	(31 486)	Nature Reserve	26 040	(170)	25 870
435	(232 582)	(232 148)	Parks & Open areas	40 664	(137 602)	(96 938)
-	(13 734)	(13 734)	Swimming Pool	-	(11 253)	(11 253)
410	(5 338)	(4 928)	Caravan Park	1 655	(11 681)	(10 026)
2 869 546	(4 727 902)	(1 858 356)	Refuse	3 159 815	(4 840 043)	(1 680 228)
2 120 440	(8 498 281)	(6 377 841)	Sewerage & Cleansing	2 300 291	(7 951 380)	(5 651 089)
-	(1 126 083)	(1 126 083)	Water Distribution	-	(935 092)	(935 092)
56 828 035	(2 268 583)	54 559 452	Water Provision	8 045 373	(5 120 413)	2 924 960
131 405 013	(74 858 564)	56 546 449	Sub Total	86 274 148	(84 783 291)	1 490 857
-	866 896	866 896	Less Inter-Departmental Charges	-	846 945	846 945
131 405 013	(73 991 668)	57 413 345	Total	86 274 148	(83 936 346)	2 337 802

APPENDIX B - Unaudited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
4 851 495	(5 258 374)	(406 879)	Executive & Council	9 418 224	(7 005 857)	2 412 367
47 440 885	(19 897 338)	27 543 547	Budget & Treasury	44 299 117	(23 435 629)	20 863 488
-	(3 582 452)	(3 582 452)	Corporate Services	-	(4 213 526)	(4 213 526)
-	(7 560)	(7 560)	Health	-	(10 012)	(10 012)
1 683 094	(2 454 833)	(771 740)	Community & Social Services	1 816 269	(2 606 979)	(790 710)
-	(13 137)	(13 137)	Public Safety	-	(34 460)	(34 460)
7 237	(287 511)	(280 274)	Sport & Recreation	68 359	(160 705)	(92 346)
2 869 546	(4 727 902)	(1 858 356)	Waste Management	3 159 815	(4 840 043)	(1 680 228)
2 120 440	(8 498 281)	(6 377 841)	Waste Water Management	2 300 291	(7 951 380)	(5 651 089)
5 458 656	(8 190 310)	(2 731 654)	Road Transport	1 888 273	(7 209 740)	(5 321 467)
56 828 035	(3 394 666)	53 433 369	Water	8 045 373	(6 055 505)	1 989 868
10 145 626	(18 546 200)	(8 400 574)	Electricity	15 278 427	(21 259 454)	(5 981 028)
131 405 013	(74 858 564)	56 546 449	Sub Total	86 274 148	(84 783 291)	1 490 857
-	866 896	866 896	Less Inter-Departmental Charges	-	846 945	846 945
131 405 013	(73 991 668)	57 413 345	Total	86 274 148	(83 936 346)	2 337 802

APPENDIX C - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2022	Restated balance	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2023
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R
Job Creation De Bult	54 628	54 628	702	-	-	-	55 330
Land Development	86 570	86 570	1 101	-	-	-	87 671
Civil Defence	21 191	21 191	271	-	-	-	21 461
CMIP Kwaggakolk (VAT)	858	858	11	-	-	-	868
Sanitation - sewerage	184 441	184 441	-	-	-	-	184 441
Electricity Schietfontein	49 498	49 498	632	-	-	-	50 130
Water Service Plan	4 622	4 622	59	-	-	-	4 681
CMIP - Saaipoot project 301	5 075	5 075	84	-	-	-	5 139
Library Development Projects	-	-	-	1 800 000	1 775 451	24 549	-
Paving Projects	33 458	33 458	427	-	-	-	33 883
Lotto Camarvon	2 568	2 568	33	-	-	-	2 599
Lotto Vosburg	45 322	45 322	579	-	-	-	45 900
Municipal Finance Management Grant	-	-	-	2 850 000	2 850 000	-	-
Transfer Fees Sub-Economic	194 651	194 651	3 894	-	-	-	198 545
Cleaning Project Vosburg	36 192	36 192	462	-	-	-	36 654
VAT - Retention	16 785	16 785	214	-	-	-	16 999
Municipal Infrastructure Grant	3 667 981	3 667 981	-	3 000 000	140 447	836 315	5 591 219
Youth Development	93 632	93 632	-	-	-	-	93 632
Expanded Public Works Program (PWPG)	-	-	-	850 000	950 000	-	-
Integrated National Electrification Program - INEP	5 000 000	5 000 000	-	6 500 000	638 943	5 592 951	5 088 106
Water Service Infrastructure Grant - WSIG (DWAF)	2 518 512	2 518 512	-	-	235 684	1 513 286	768 531
Regional Bulk Infrastructure Grant - RBIG (DWAF)	17 156 985	17 156 985	-	-	922 457	-	16 234 528
Total	29 172 953	29 172 953	8 448	15 100 000	7 713 981	8 087 112	28 500 318

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Reconciliation of Table B1 Budget Summary

Reconciliation of Table B1 Budget Summary										2021/2022				
R thousands	Description	2022/2023							2021/2022					
		Original Budget	Budget Adjustments (L.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
		1	2	3	4	5	6	7	8	9	10	11	12	
Financial Performance														
	Property rates	11 472	-	11 472	6 547	-	(2 924)	0.0%	0.0%	-	-	-	-	-
	Service charges	17 209	-	17 209	16 293	-	1 084	0.0%	0.0%	-	-	-	-	-
	Investment revenue	2 674	-	2 674	6 793	-	4 119	0.0%	0.0%	-	-	-	-	-
	Transfers recognised - operational	37 928	-	37 928	41 163	-	3 235	0.0%	0.0%	-	-	-	-	-
	Other own revenue	14 743	-	14 743	3 371	-	(11 372)	0.0%	0.0%	-	-	-	-	-
	Total Revenue (excluding capital transfers and contributions)	84 928	-	84 928	78 167	-	(6 859)	0.0%	0.0%	-	-	-	-	-
	Employee costs	25 988	(1 840)	24 148	23 134	-	(1 014)	0.0%	0.0%	-	-	-	-	-
	Remuneration of councillors	4 505	230	4 735	4 608	-	73	0.0%	0.0%	-	-	-	-	-
	Depreciation & asset impairment	5 635	-	5 635	5 177	-	541	0.0%	0.0%	-	-	-	-	-
	Finance charges	1 145	-	1 145	1 644	-	499	0.0%	0.0%	-	-	-	-	-
	Inventory consumed and bulk purchases	19 590	(50)	19 540	16 789	-	(2 751)	0.0%	0.0%	-	-	-	-	-
	Transfers and grants	1 017	(360)	667	-	-	(657)	0.0%	0.0%	-	-	-	-	-
	Other expenditure	35 043	2 756	37 799	31 384	-	(6 415)	0.0%	0.0%	-	-	-	-	-
	Total Expenditure	92 924	748	93 672	83 936	-	(9 733)	0.0%	0.0%	-	-	-	-	-
	Surplus/(Deficit)	(8 896)	(748)	(9 644)	(5 770)	-	3 875	0.0%	0.0%	-	-	-	-	-
	Transfers recognised - capital	27 006	-	27 006	8 067	-	(18 939)	0.0%	0.0%	-	-	-	-	-
	Contributions recognised - capital & contributed assets	-	-	-	40	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit) after capital transfers & contributions	16 107	(748)	17 362	2 338	-	(15 064)	0.0%	0.0%	-	-	-	-	-
	Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit) for the year	16 107	(748)	17 362	2 338	-	(15 064)	0.0%	0.0%	-	-	-	-	-
Capital expenditure & finance sources														
Capital expenditure														
	Transfers recognised - capital	31 606	-	31 606	8 067	-	(23 539)	0.0%	0.0%	-	-	-	-	-
	Public contributions & donations	-	-	-	40	-	40	0.0%	0.0%	-	-	-	-	-
	Borrowing	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-	-
	Internally generated funds	7 340	-	7 340	5 450	-	(1 890)	0.0%	0.0%	-	-	-	-	-
	Total sources of capital funds	38 946	-	38 946	13 557	-	(25 389)	0.0%	0.0%	-	-	-	-	-
Cash flows														
	Net cash from (used) operating	11 949	-	11 949	(23 964)	-	(35 913)	0.0%	0.0%	-	-	-	-	-
	Net cash from (used) investing	(27 136)	-	(27 136)	(13 486)	-	13 650	0.0%	0.0%	-	-	-	-	-
	Net cash from (used) financing	(0)	-	(0)	25	-	25	0.0%	0.0%	-	-	-	-	-
	Cash/cash equivalents at the year end	72 851	-	72 851	(37 423)	-	(110 278)	0.0%	0.0%	-	-	-	-	-

**APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Reconciliation of Table B2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	45 663	-	45 663	53 717	-	(8 054)	0.0%	0.0%	-	-	-	-
Executive and council	2 626	-	2 626	9 418	-	(6 792)	0.0%	0.0%	-	-	-	-
Finance and administration	43 037	-	43 037	44 299	-	(1 262)	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i>Community and public safety</i>	12 236	-	12 236	1 885	-	10 352	0.0%	0.0%	-	-	-	-
Community and social services	1 222	-	1 222	1 816	-	(594)	0.0%	0.0%	-	-	-	-
Sport and recreation	11 004	-	11 004	68	-	10 936	0.0%	0.0%	-	-	-	-
Public safety	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Housing	10	-	10	-	-	10	0.0%	0.0%	-	-	-	-
Health	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i>Economic and environmental services</i>	9 467	-	9 467	1 888	-	7 578	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	9 462	-	9 462	1 888	-	7 573	0.0%	0.0%	-	-	-	-
Environmental protection	5	-	5	-	-	5	0.0%	0.0%	-	-	-	-
<i>Trading services</i>	-	-	-	28 784	-	(28 784)	0.0%	0.0%	-	-	-	-
Electricity	-	-	-	15 278	-	(15 278)	0.0%	0.0%	-	-	-	-
Water	-	-	-	8 045	-	(8 045)	0.0%	0.0%	-	-	-	-
Waste water management	-	-	-	2 300	-	(2 300)	0.0%	0.0%	-	-	-	-
Waste management	-	-	-	3 160	-	(3 160)	0.0%	0.0%	-	-	-	-
Other	0	-	0	-	-	0	0.0%	0.0%	-	-	-	-
Total Revenue - Standard	67 366	-	67 366	86 274	-	(18 908)	0.0%	0.0%	-	-	-	-
Expenditure - Standard												
<i>Governance and administration</i>	36 407	2 034	38 441	34 655	-	3 786	0.0%	0.0%	-	-	-	-
Executive and council	14 565	(2 779)	11 786	7 006	-	4 780	0.0%	0.0%	-	-	-	-
Finance and administration	21 842	4 812	26 655	27 649	-	(904)	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i>Community and public safety</i>	3 695	(427)	3 268	2 812	-	456	0.0%	0.0%	-	-	-	-
Community and social services	3 143	(254)	2 889	2 607	-	282	0.0%	0.0%	-	-	-	-
Sport and recreation	445	(147)	297	161	-	138	0.0%	0.0%	-	-	-	-
Public safety	76	(16)	58	34	-	24	0.0%	0.0%	-	-	-	-
Housing	15	(8)	7	-	-	7	0.0%	0.0%	-	-	-	-
Health	16	1	17	10	-	7	0.0%	0.0%	-	-	-	-
<i>Economic and environmental services</i>	7 473	(34)	7 438	7 210	-	229	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	7 342	(3)	7 338	7 210	-	129	0.0%	0.0%	-	-	-	-
Environmental protection	131	(31)	100	-	-	100	0.0%	0.0%	-	-	-	-
<i>Trading services</i>	45 288	(838)	44 447	39 259	-	5 188	0.0%	0.0%	-	-	-	-
Electricity	23 057	(582)	22 475	20 457	-	2 018	0.0%	0.0%	-	-	-	-
Water	4 753	(159)	4 593	6 021	-	(1 428)	0.0%	0.0%	-	-	-	-
Waste water management	8 519	30	8 549	7 941	-	608	0.0%	0.0%	-	-	-	-
Waste management	8 957	(127)	8 830	4 840	-	3 990	0.0%	0.0%	-	-	-	-
Other	64	11	75	-	-	75	0.0%	0.0%	-	-	-	-
Total Expenditure - Standard	92 924	746	93 670	83 936	-	9 733	0.0%	0.0%	-	-	-	-
Surplus/(Deficit) for the year	(25 558)	(746)	(26 303)	2 338	-	(28 641)	0.0%	0.0%	-	-	-	-

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Reconciliation of Table B3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	5 301	-	5 301	9 418	-	4 118	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	55 095	-	55 095	44 289	-	(10 796)	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	1 203	-	1 203	-	-	(1 203)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	49 436	-	49 436	32 557	-	(16 880)	0.0%	0.0%	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	111 035	-	111 035	86 274	-	(24 761)	0.0%	0.0%	-	-	-	-
Expenditure by Vote to be appropriated												
Vote 1 - Executive and Council	10 773	(2 384)	8 389	7 008	-	(1 384)	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	19 098	5 231	24 329	23 438	-	(893)	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	7 534	(695)	6 840	4 214	-	(2 626)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	55 518	(1 407)	54 111	49 281	-	(4 830)	0.0%	0.0%	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Total Expenditure by Vote	92 924	746	93 670	83 936	-	(9 733)	0.0%	0.0%	-	-	-	-
Surplus/(Deficit) for the year	18 111	(746)	17 365	2 338	-	(15 028)	0.0%	0.0%	-	-	-	-

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Reconciliation of Table B4 Budgeted Financial Performance (revenue and expenditure)

Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	11 472	—	11 472	8 547	—	(2 924)	0.0%	0.0%	—	—	—	—
Service charges - electricity revenue	10 178	—	10 178	9 401	—	(777)	0.0%	0.0%	—	—	—	—
Service charges - water revenue	3 262	—	3 262	3 865	—	603	0.0%	0.0%	—	—	—	—
Service charges - sanitation revenue	1 681	—	1 681	2 300	—	620	0.0%	0.0%	—	—	—	—
Service charges - refuse revenue	2 088	—	2 088	2 726	—	638	0.0%	0.0%	—	—	—	—
Rental of facilities and equipment	147	—	147	210	—	63	0.0%	0.0%	—	—	—	—
Interest earned - external investments	2 674	—	2 674	6 793	—	4 118	0.0%	0.0%	—	—	—	—
Interest earned - outstanding debtors	1	—	1	0	—	(1)	0.0%	0.0%	—	—	—	—
Dividends received	—	—	—	—	—	—	0.0%	0.0%	—	—	—	—
Fines, penalties and forfeits	2	—	2	3	—	0	0.0%	0.0%	—	—	—	—
Licences and permits	11	—	11	5	—	(6)	0.0%	0.0%	—	—	—	—
Agency services	23	—	23	40	—	16	0.0%	0.0%	—	—	—	—
Transfers and subsidies	37 928	—	37 928	41 163	—	3 235	0.0%	0.0%	—	—	—	—
Other revenue	14 557	—	14 557	3 089	—	(11 459)	0.0%	0.0%	—	—	—	—
Gains on disposal of PPE	—	—	—	15	—	15	0.0%	0.0%	—	—	—	—
Total Revenue (excluding capital transfers and contributions)	84 026	—	84 026	78 167	—	(5 859)	0.0%	0.0%	—	—	—	—
Expenditure By Type												
Employee related costs	25 988	(1 840)	24 148	23 134	—	(1 014)	0.0%	0.0%	—	—	—	—
Remuneration of councillors	4 505	230	4 735	4 808	—	73	0.0%	0.0%	—	—	—	—
Debt impairment	7 925	—	7 925	5 714	—	(2 211)	0.0%	0.0%	—	—	—	—
Depreciation & asset impairment	5 635	—	5 635	6 177	—	541	0.0%	0.0%	—	—	—	—
Finance charges	1 145	—	1 145	1 644	—	499	0.0%	0.0%	—	—	—	—
Bulk purchases	16 826	—	16 826	16 789	—	(37)	0.0%	0.0%	—	—	—	—
Other materials	2 784	(50)	2 715	—	—	(2 715)	0.0%	0.0%	—	—	—	—
Contracted services	11 180	3 907	15 086	—	—	(15 086)	0.0%	0.0%	—	—	—	—
Transfers and grants	1 017	(350)	667	—	—	(667)	0.0%	0.0%	—	—	—	—
Other expenditure	15 939	(1 151)	14 787	25 667	—	10 879	0.0%	0.0%	—	—	—	—
Loss on disposal of PPE	—	—	—	4	—	4	0.0%	0.0%	—	—	—	—
Total Expenditure	92 924	746	93 670	83 936	—	(9 733)	0.0%	0.0%	—	—	—	—
Surplus/(Deficit)	(8 899)	(746)	(9 644)	(5 770)	—	3 875	0.0%	0.0%	—	—	—	—
Transfers recognised - capital	27 006	—	27 006	8 067	—	(18 939)	0.0%	0.0%	—	—	—	—
Contributions recognised - capital	—	—	—	40	—	40	0.0%	0.0%	—	—	—	—
Contributed assets	—	—	—	—	—	—	0.0%	0.0%	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	18 107	(746)	17 362	2 338	—	(15 024)	0.0%	0.0%	—	—	—	—
Taxation	—	—	—	—	—	—	0.0%	0.0%	—	—	—	—
Surplus/(Deficit) after taxation	18 107	(746)	17 362	2 338	—	(15 024)	0.0%	0.0%	—	—	—	—
Attributable to minorities	—	—	—	—	—	—	0.0%	0.0%	—	—	—	—
Surplus/(Deficit) attributable to municipality	18 107	(746)	17 362	2 338	—	(15 024)	0.0%	0.0%	—	—	—	—
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	0.0%	0.0%	—	—	—	—
Surplus/(Deficit) for the year	18 107	(746)	17 362	2 338	—	(15 024)	0.0%	0.0%	—	—	—	—

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Reconciliation of Table B5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2022/2023						2021/2022					
	Original Budget	Total Budget Adjustments (i.e. MFMA s26)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Operations	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	0%	0%	-	-	-	-
Single-year expenditure												
Vote 1 - Executive and Council	80	(42)	38	0	-	(38)	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury	1 100	(78)	1 022	614	-	(408)	0%	0%	-	-	-	-
Vote 3 - Corporate	340	-	340	-	-	(340)	0%	0%	-	-	-	-
Vote 4 - Operations	37 378	170	37 546	12 943	-	(24 603)	0%	0%	-	-	-	-
Example 5 - Vote5	50	(50)	-	-	-	-	0%	0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0%	0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital single-year expenditure	38 946	-	38 946	13 557	-	(25 389)	0%	0%	-	-	-	-
Total Capital Expenditure - Vote	38 946	-	38 946	13 557	-	(25 389)	0%	0%	-	-	-	-
Capital Expenditure - Standard												
Governance and administration	1 380	(140)	1 240	614	-	(626)	0%	0%	-	-	-	-
Executive and council	80	(42)	38	0	-	(38)	0%	0%	-	-	-	-
Finance and administration	1 300	(98)	1 202	614	-	(588)	0%	0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
Community and public safety	11 390	(50)	11 340	25	-	(11 315)	0%	0%	-	-	-	-
Community and social services	390	(50)	340	25	-	(315)	0%	0%	-	-	-	-
Sport and recreation	11 000	-	11 000	-	-	(11 000)	0%	0%	-	-	-	-
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
Economic and environmental services	3 606	-	3 606	3 222	-	(384)	0%	0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	3 606	-	3 606	3 222	-	(384)	0%	0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
Trading services	22 570	190	22 760	9 898	-	(13 064)	0%	0%	-	-	-	-
Electricity	8 180	160	8 340	7 377	-	(893)	0%	0%	-	-	-	-
Water	3 340	-	3 340	1 513	-	(1 827)	0%	0%	-	-	-	-
Waste water management	10 400	-	10 400	302	-	(10 098)	0%	0%	-	-	-	-
Waste management	650	-	650	503	-	(147)	0%	0%	-	-	-	-
Other	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Standard	38 946	-	38 946	13 557	-	(25 389)	0%	0%	-	-	-	-
Funded by:												
National Government	31 606	-	31 606	8 067	-	(23 539)	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers recognised - capital	31 606	-	31 606	8 067	-	(23 539)	0%	0%	-	-	-	-
Public contributions & donations	-	-	-	40	-	40	0%	0%	-	-	-	-
Borrowing	-	-	-	-	-	-	0%	0%	-	-	-	-
Internally generated funds	7 340	-	7 340	5 450	-	(1 890)	0%	0%	-	-	-	-
Total Capital Funding	38 946	-	38 946	13 557	-	(25 389)	0%	0%	-	-	-	-

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
CASH FLOWS

Reconciliation of Table B7 Budgeted Cash Flows

Description R thousand	2022/2023							2021/2022
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	13 743	-	13 743	6 692	(7 050)	0.0%	0.0%	-
Service charges	22 865	-	22 865	10 652	(12 213)	0.0%	0.0%	-
Other revenue	14 743	-	14 743	7 117	(7 626)	0.0%	0.0%	-
Government - operating	38 449	-	38 449	5 600	(32 849)	0.0%	0.0%	-
Government - capital	27 006	-	27 006	9 500	(17 506)	0.0%	0.0%	-
Interest	2 153	-	2 153	6 702	4 549	0.0%	0.0%	-
Dividends	-	-	-	-	-	0.0%	0.0%	-
Payments								
Suppliers and employees	(72 088)	-	(72 088)	(70 228)	1 860	0.0%	0.0%	-
Finance charges	(1 191)	-	(1 191)	-	1 191	0.0%	0.0%	-
Transfers and Grants	(33 731)	-	(33 731)	-	33 731	0.0%	0.0%	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	11 949	-	11 949	(23 964)	(35 913)	0.0%	0.0%	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	31	31	0.0%	0.0%	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) other non-current receivables	(0)	-	(0)	-	0	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
Payments								
Capital assets	(27 136)	-	(27 136)	(13 517)	13 619	0.0%	0.0%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(27 136)	-	(27 136)	(13 486)	13 650	0.0%	0.0%	-
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	0.0%	0.0%	-
Borrowing long term/refinancing	-	-	-	6	6	0.0%	0.0%	-
Increase (decrease) in consumer deposits	(0)	-	(0)	20	20	0.0%	0.0%	-
Payments								
Repayment of borrowing	-	-	-	-	-	0.0%	0.0%	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(0)	-	(0)	25	25	0.0%	0.0%	-
NET INCREASE/ (DECREASE) IN CASH HELD	(15 187)	-	(15 187)	(37 425)	(22 237)			-
Cash/cash equivalents at the year begin:	88 038	-	88 038	122 969	34 931			-
Cash/cash equivalents at the year end:	72 851	-	72 851	85 545	12 693	0.0%	0.0%	-

APPENDIX E - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2023

NOT THREE QUOTATIONS

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2022-08-31	BKB Beperk	4 706.06	Exceptional
		<u>4 706.06</u>	

NOT CHEAPEST QUOTATION

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2023-01-09		8 600.00	Exceptional
2023-06-28		<u>29 149.48</u>	Exceptional
		<u>37 749.48</u>	

AVAILABILITY

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2022-07-08	Ukuchuma	2 850.00	Exceptional
2022-07-11	Reflecto Signs	3 399.30	Exceptional
2022-07-15	CSB Handel	2 025.00	Exceptional
2022-07-19	PDK Office	4 505.00	Exceptional
2022-07-27	CSB Handel	5 750.88	Exceptional
2022-08-01	Camaron Spar	3 637.68	Exceptional
2022-08-11	PDK Office	2 364.50	Exceptional
2022-08-11	CSB Handel	10 360.48	Exceptional
2022-08-21	CSB Handel	4 029.54	Exceptional
2022-08-25	CSB Handel	5 623.54	Exceptional
2022-08-26	CSB Handel	6 956.53	Exceptional
2022-08-26	Leon Swanepoel	2 090.00	Exceptional
2022-08-26	Leon Swanepoel	4 276.85	Exceptional
2022-08-26	CSB Handel	2 236.80	Exceptional
2022-09-08	Johann Pienaar Motors	22 661.44	Exceptional
2022-09-12	CSB Handel	3 895.93	Exceptional
2022-09-20	CSB Handel	2 891.54	Exceptional
2022-09-21	CSB Handel	3 886.98	Exceptional
2022-09-21	PDK Office	4 286.00	Exceptional
2022-09-21	Johann Pienaar Motors	7 821.48	Exceptional
2022-09-29	Johann Pienaar Motors	2 298.57	Exceptional
2022-10-05	BKB Beperk	4 235.36	Exceptional
2022-10-17	CSB Handel	3 364.00	Exceptional
2022-10-24	CSB Handel	3 402.26	Exceptional
2022-10-26	CSB Handel	3 460.70	Exceptional
2022-10-27	CSB Handel	2 381.60	Exceptional
2022-10-31	CSB Handel	2 126.50	Exceptional
2022-11-08	PDK Office	5 949.00	Exceptional
2022-11-08	Parsons Home Appliances	2 400.00	Exceptional
2022-11-08	Bokaro	5 390.62	Exceptional
2022-11-17	Karoo Vleisboere	4 800.00	Exceptional
2022-11-21	Van Tonder Transport	15 902.94	Exceptional
2022-11-21	Johann Pienaar Motors	19 033.55	Exceptional
2022-11-21	Johann Pienaar Motors	2 648.40	Exceptional
2023-12-08	CSB Handel	2 715.20	Exceptional
2023-01-10	CSB Handel	2 663.99	Exceptional
2023-01-12	BKB Beperk	3 337.49	Exceptional
2023-01-23	CSB Handel	2 673.94	Exceptional
2023-04-27	BKB Beperk	<u>3 006.00</u>	Exceptional
2023-05-14	PDK Office	<u>197 346.59</u>	

APPENDIX E - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2023

SERVICE PROVIDER			
R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
20-07-2022	Broadband Infraco	16 180.50	Sole provider
29-07-2022	Bester's Auto	7 355.40	Sole provider
15-08-2022	Morgan Nissan Kimberley	8 418.02	Sole provider
30-08-2022	Volvo	6 337.45	Sole provider
19-09-2022	Noordwester	3 450.00	Sole provider
29-11-2023	SAGE VIP	4 367.13	Sole provider
31-12-2023	Bester's Auto	5 069.00	Sole provider
27-05-2023	SAGE VIP	48 603.60	Sole provider
13-06-2023	Vissers Ingenieurswese	5 337.15	Sole provider
13-06-2023	SAGE VIP	2 472.50	Sole provider
13-06-2023	SAGE VIP	2 599.00	Sole provider
		110 189.75	
R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
2022-07-01	Fantique Trade 1215 cc	89 360.04	Sole provider
2022-07-01	Johann Piensaar Motors	12 937.50	Exceptional
	Conlog	194 079.17	Sole provider
		296 376.71	
TOTAL DEVIATIONS		646 368.59	

Annexure B: Report of the Auditor-General