

# Kareeberg



# Municipality

[THESE FINANCIAL STATEMENTS HAVE NOT BEEN AUDITED]

FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2022

# KAREEBERG LOCAL MUNICIPALITY

## Index

General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of Financial Position	7 - 8
Statement of comparison of budget and actual amounts - Statement of Financial Performance	9 - 10
Statement of comparison of budget and actual amounts - Cash Flow statement	11 - 12
Reportable Segments	13 - 16
Accounting Policies	17 - 54
Notes to the Financial Statements	55 - 94
<b>APPENDICES - Unaudited</b>	
A Segmental Statement of Financial Performance - Municipal Votes	95
B Segmental Statement of Financial Performance	96
C Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	97
D National Treasury Appropriation Statements	
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	98
- Revenue and Expenditure (Standard Classification)	99
- Revenue and Expenditure (Municipal Vote Classification)	100
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	101
- Capital Expenditure by Vote, Standard Classification and Funding	102
- Cashflows	103
E Deviations - Section 36(2) - Supply Chain Management	104 - 106

# KAREEBERG LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 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

*Ms S.D. Malgas*

#### MUNICIPAL MANAGER

*(Acting) Mr A.P.F. van Schalkwyk (Since 11 May 2022)*

#### 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

*M.D. Visser, Victoria Street, Carnarvon  
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

## MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

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

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 1 to 106 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 2023 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.

  
(Acting) Mr A.P.F. van Schalkwyk (Since 11 May 2022)  
Municipal Manager

31 August 2022  
Date

# KAREEBERG LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 (Actual) R	2021 (Restated) R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>264 166 469</b>	<b>206 753 124</b>
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	54 304	52 481
Accumulated Surplus		252 764 353	195 352 831
<b>Non-Current Liabilities</b>		<b>14 922 094</b>	<b>17 285 320</b>
Employee benefits	3	8 345 000	7 791 000
Non-Current Provisions	4	6 577 094	9 494 320
<b>Current Liabilities</b>		<b>92 468 892</b>	<b>63 496 388</b>
Consumer Deposits	5	361 379	348 679
Current Employee benefits	6	2 812 088	2 947 222
Trade and Other Payables from exchange transactions	7	59 249 418	2 627 086
Unspent Transfers and Subsidies	8	29 172 963	57 573 401
Taxes	9	873 044	-
<b>Total Net Assets and Liabilities</b>		<b>371 557 455</b>	<b>287 534 832</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>242 838 091</b>	<b>193 862 178</b>
Property, Plant and Equipment	10	226 944 952	177 941 142
Investment Property	11	15 858 580	15 871 521
Intangible Assets	12	17 575	27 477
Heritage Assets	13	14 900	14 900
Long-Term Receivables	14	2 083	7 137
<b>Current Assets</b>		<b>128 719 364</b>	<b>93 672 654</b>
Inventory	15	390 645	546 936
Receivables from exchange transactions	16	4 713 591	3 493 227
Receivables from non-exchange transactions	17	637 911	1 389 805
Operating Lease Asset	18	2 372	15 057
Taxes	9	-	1 312 271
Current Portion of Long-term Receivables	14	5 599	5 380
Cash and Cash Equivalents	19	122 969 246	86 909 977
<b>Total Assets</b>		<b>371 557 455</b>	<b>287 534 832</b>

## KAREEBERG LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 (Actual) R	2021 (Actual) R	Correction of Error - Note 33.01 R	2021 (Previously reported) R
<b>REVENUE</b>					
Revenue from Non-exchange Transactions		108 912 842	63 331 118	-	63 331 118
<b>Taxation Revenue</b>		<b>10 234 050</b>	<b>9 485 617</b>	-	<b>9 485 617</b>
Property taxes	20	10 234 050	9 485 617	-	9 485 617
<b>Transfer Revenue</b>		<b>98 198 809</b>	<b>53 121 140</b>	-	<b>53 121 140</b>
Government Grants and Subsidies - Capital	21	55 891 461	17 479 222	-	17 479 222
Government Grants and Subsidies - Operating	21	42 307 348	35 504 171	-	35 504 171
Contributed Property, Plant and Equipment		-	137 748	-	137 748
<b>Other Revenue</b>		<b>479 983</b>	<b>724 361</b>	-	<b>724 361</b>
Actuarial Gains	3	57 621	418 021	-	418 021
Availability Charges	22	413 883	299 712	-	299 712
Licences and Permits		7 680	3 557	-	3 557
Fines		799	3 071	-	3 071
<b>Revenue from Exchange Transactions</b>		<b>22 491 626</b>	<b>18 050 866</b>	-	<b>18 050 866</b>
Service Charges	23	18 888 555	14 633 831	-	14 633 831
Rental of Facilities and Equipment		184 523	296 436	-	296 436
Interest Earned - external investments		3 170 654	2 751 806	-	2 751 806
Interest Earned - outstanding debtors		437	648	-	648
Agency Services		60 269	25 164	(38 257)	63 421
Other Revenue	24	187 188	342 981	38 257	304 724
<b>Total Revenue</b>		<b>131 404 468</b>	<b>81 381 984</b>	-	<b>81 381 984</b>
<b>EXPENDITURE</b>					
Employee related costs	26	21 824 899	21 321 672	(43 902)	21 365 574
Remuneration of Councillors	27	3 598 767	2 647 412	-	2 647 412
Debt Impairment	28	5 826 060	4 309 128	-	4 309 128
Depreciation and Amortisation	29	5 507 521	5 000 849	-	5 000 849
Actuarial losses	3	4 372	157 479	-	157 479
Finance Charges	30	1 474 406	1 662 155	-	1 662 155
Bulk Purchases	31	15 672 853	12 755 173	-	12 755 173
General Expenses	32	19 535 855	17 132 197	43 902	17 088 294
<b>Total Expenditure</b>		<b>73 444 732</b>	<b>64 986 065</b>	-	<b>64 986 065</b>
<b>Operating Surplus for the Year</b>		<b>57 959 736</b>	<b>16 395 919</b>	-	<b>16 395 919</b>
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset/Inventory	10/15	(546 936)	(7 038)	-	(7 038)
Fair Value Adjustments	25	545	771	-	771
<b>NET SURPLUS FOR THE YEAR</b>		<b>57 413 345</b>	<b>16 389 652</b>	-	<b>16 389 652</b>

# KAREEBERG LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
R	R	R	R	R
<b>Balance at 1 July 2020</b>	50 721	11 347 812	178 964 939	190 363 471
Correction of error - See Note	-	-	-	-
<b>Restated Balance at 1 July 2020</b>	50 721	11 347 812	178 964 939	190 363 471
Net Surplus/(Deficit) for the year	-	-	16 389 652	16 389 652
Correction of error - See Note 33.01	-	-	-	-
Transfer to Housing Development Fund	1 761	-	(1 761)	-
<b>Balance at 30 June 2021</b>	52 481	11 347 812	195 352 831	206 753 123
<b>Restated Balance at 1 July 2021</b>	52 481	11 347 812	195 352 831	206 753 123
Net Surplus/(Deficit) for the year	-	-	57 413 345	57 413 345
Transfer to/from Housing Development Fund	1 823	-	(1 823)	-
<b>Balance at 30 June 2022</b>	54 304	11 347 812	252 764 353	264 166 468

# KAREEBERG LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	R	(Actual) R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		9 191 264	5 981 683
Service Charges		10 384 807	10 676 480
Other Revenue		8 080 066	839 802
Government - Operating		32 518 000	33 198 000
Government - Capital		37 260 000	80 469 000
Interest		3 141 229	2 742 261
<b>Payments</b>			
Suppliers and employees		(8 571 284)	(53 856 857)
Finance charges	30	(1 474 406)	(1 662 155)
<b>Net Cash from Operating Activities</b>	<b>34</b>	<b>90 529 676</b>	<b>78 388 214</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(54 488 488)	(16 156 124)
Proceeds on Disposal of Fixed Assets/Inventory		-	8 258
Purchase of Intangible Assets		-	-
<b>Net Cash from Investing Activities</b>		<b>(54 488 488)</b>	<b>(16 147 866)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Increase)/Decrease in Long-term Receivables		5 380	5 170
Increase/(Decrease) in Consumer Deposits		12 700	18 700
Rounding		(0)	0
<b>Net Cash from Financing Activities</b>		<b>18 080</b>	<b>23 870</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>36 059 268</b>	<b>62 264 218</b>
Cash and Cash Equivalents at the beginning of the year		86 909 977	24 645 759
Cash and Cash Equivalents at the end of the year	35	122 969 246	86 909 977
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>36 059 268</b>	<b>62 264 218</b>



**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	636 420	3 752 185	(3 115 765)	Lower payment rate
Call investment deposits	122 332 826	24 350 451	97 982 375	Equitable Share in advance received
Consumer debtors	2 865 855	2 042 702	823 153	Lower payment rate
Other Receivables	2 488 019	289 575	2 198 444	Lower payment rate
Current portion of long-term receivables	5 599	8 490	(2 891)	
Inventory	390 645	546 936	(156 291)	Inventory written off
<b>Total current assets</b>	<b>128 719 364</b>	<b>30 990 339</b>	<b>97 729 025</b>	
<b>Non current assets</b>				
Long-term receivables	2 083	19 786	(17 703)	
Investments	-	-	-	
Investment property	15 858 580	15 884 463	(25 883)	
Property, plant and equipment	226 944 952	315 770 515	(88 825 563)	Less expenditure on RBIG
Biological Assets	-	-	-	
Intangible Assets	17 575	37 243	(19 668)	
Heritage Assets	14 900	-	14 900	
<b>Total non current assets</b>	<b>242 838 091</b>	<b>331 712 007</b>	<b>(88 873 916)</b>	
<b>TOTAL ASSETS</b>	<b>371 557 455</b>	<b>362 702 346</b>	<b>8 855 109</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	361 379	380 388	(19 009)	
Trade and other payables	89 295 426	27 722 401	61 573 025	Equitable Share in advance received
Provisions and Employee Benefits	2 812 088	2 787 633	24 455	
<b>Total current liabilities</b>	<b>92 468 892</b>	<b>30 890 422</b>	<b>61 578 470</b>	
<b>Non current liabilities</b>				
Borrowing	-	7 596 002	(7 596 002)	Non-cash items incorrectly allocated
Provisions and Employee Benefits	14 922 093	10 353 521	4 568 572	Non-cash items incorrectly allocated
<b>Total non current liabilities</b>	<b>14 922 093</b>	<b>17 949 523</b>	<b>(3 027 430)</b>	Annual Landfill site provision calculation at year-end
<b>TOTAL LIABILITIES</b>	<b>107 390 986</b>	<b>48 839 945</b>	<b>58 551 041</b>	
<b>NET ASSETS</b>	<b>264 166 470</b>	<b>313 862 401</b>	<b>(49 695 933)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	252 764 353	308 328 609	(53 564 256)	Net effect of above reasons
Reserves	11 402 116	11 398 533	3 583	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>264 166 470</b>	<b>317 727 142</b>	<b>(53 560 672)</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022**

**ADJUSTMENTS TO APPROVED BUDGET**

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
Current assets				
Cash	3 687 893	64 292	3 752 185	
Call investment deposits	24 350 451	-	24 350 451	
Consumer debtors	2 042 702	-	2 042 702	
Other Receivables	289 575	-	289 575	
Current portion of long-term receivables	8 490	-	8 490	
Inventory	546 936	-	546 936	
<b>Total current assets</b>	<b>30 926 047</b>	<b>64 292</b>	<b>30 990 339</b>	
Non current assets				
Long-term receivables	19 786	-	19 786	
Investments	-	-	-	
Investment property	15 884 463	-	15 884 463	
Property, plant and equipment	262 307 153	53 463 362	315 770 515	Less expenditure on RBIG
Biological Assets	-	-	-	
Intangible Assets	37 243	-	37 243	
Heritage Assets	-	-	-	
<b>Total non current assets</b>	<b>278 248 645</b>	<b>53 463 362</b>	<b>331 712 007</b>	
<b>TOTAL ASSETS</b>	<b>309 174 692</b>	<b>53 527 654</b>	<b>362 702 346</b>	
<b>LIABILITIES</b>				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	380 388	-	380 388	
Trade and other payables	27 571 943	150 458	27 722 401	
Provisions and Employee Benefits	2 787 633	-	2 787 633	
<b>Total current liabilities</b>	<b>30 739 964</b>	<b>150 458</b>	<b>30 890 422</b>	
Non current liabilities				
Borrowing	7 596 002	-	7 596 002	
Provisions and Employee Benefits	10 353 521	-	10 353 521	
<b>Total non current liabilities</b>	<b>17 949 523</b>	<b>-</b>	<b>17 949 523</b>	
<b>TOTAL LIABILITIES</b>	<b>48 689 487</b>	<b>150 458</b>	<b>48 839 945</b>	
<b>NET ASSETS</b>	<b>260 485 205</b>	<b>53 377 196</b>	<b>313 862 401</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	253 266 672	53 061 937	306 328 609	Net effect of above reasons
Reserves	11 398 533	-	11 398 533	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>264 665 205</b>	<b>53 061 937</b>	<b>317 727 142</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Property rates	10 234 050	10 697 901	(463 851)	More discount
Property rates - penalties & collection charges	-	-	-	
Service charges	19 302 439	16 423 321	2 879 118	Higher consumption and pre-paid purchase
Rental of facilities and equipment	184 523	212 547	(28 024)	Rental agreements expired
Interest earned - external investments	3 170 654	1 704 616	1 466 038	Equitable Share in advance received
Interest earned - outstanding debtors	437	1 040	(603)	
Dividends received	-	-	-	
Fines	799	2 341	(1 543)	
Licences and permits	7 680	10 788	(3 108)	
Agency services	60 269	22 000	38 269	More transactions
Government Grants and Subsidies - Operating	42 307 348	32 438 925	9 868 423	More VAT and operating expenditure under grants.
Other revenue	245 354	23 899 658	(23 654 304)	Non-cash items counter funding
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>75 513 552</b>	<b>85 413 137</b>	<b>(9 899 585)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	21 824 899	24 883 713	(3 058 814)	Vacant posts
Remuneration of councillors	3 598 767	4 173 303	(574 536)	Increase less than budgeted
Debt impairment	5 826 060	8 500 000	(2 673 940)	Equitable share received after adjusted budget
Depreciation & asset impairment	5 507 521	5 635 375	(127 854)	
Finance charges	1 474 406	1 145 040	329 366	Non-cash items
Bulk purchases	15 672 853	15 150 368	522 485	
Inventory consumed	-	1 879 051	(1 879 051)	Items incorrectly allocated
Contracted services	-	8 051 927	(8 051 927)	Items incorrectly allocated
Grants and subsidies paid	-	999 884	(999 884)	Items incorrectly allocated
Other expenditure	19 540 227	10 668 901	8 871 326	Items incorrectly allocated
Loss on disposal of PPE	546 936	547 000	(64)	
<b>Total Operating Expenditure</b>	<b>73 991 668</b>	<b>81 634 562</b>	<b>(7 642 894)</b>	
<b>Operating Surplus for the year</b>	<b>1 521 885</b>	<b>3 778 575</b>	<b>(2 256 690)</b>	
Government Grants and Subsidies - Capital	55 891 461	140 609 362	(84 717 901)	Less expenditure on RBIG
<b>Net Surplus for the year</b>	<b>57 413 345</b>	<b>144 387 937</b>	<b>(86 974 592)</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

**ADJUSTMENTS TO APPROVED BUDGET**

REVENUE BY SOURCE	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)	Reasons for material adjustments
Property rates	10 697 901	-	10 697 901	
Property rates - penalties & collection charges	-	-	-	
Service charges	16 673 321	(250 000)	16 423 321	
Rental of facilities and equipment	212 547	-	212 547	
Interest earned - external investments	1 704 616	-	1 704 616	
Interest earned - outstanding debtors	1 040	-	1 040	
Dividends received	-	-	-	
Fines	2 341	-	2 341	
Licences and permits	10 788	-	10 788	
Agency services	22 000	-	22 000	
Government Grants and Subsidies - Operating	32 138 000	300 925	32 438 925	
Other revenue	20 849 658	3 050 000	23 899 658	Non-cash items counter funding
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>82 312 212</b>	<b>3 100 925</b>	<b>85 413 137</b>	
EXPENDITURE BY TYPE				
Employee related costs	26 310 850	(1 427 137)	24 883 713	Vacant posts
Remuneration of councillors	4 173 303	-	4 173 303	
Debt impairment	5 500 000	3 000 000	8 500 000	Equitable share received after adjusted budget
Depreciation & asset impairment	5 635 375	-	5 635 375	
Finance charges	1 145 040	-	1 145 040	
Bulk purchases	13 900 368	1 250 000	15 150 368	Increase in consumption
Inventory consumed	2 005 051	(126 000)	1 879 051	
Contracted services	6 732 427	1 319 500	8 051 927	Reallocation of budget
Grants and subsidies paid	1 096 400	(96 516)	999 884	
Other expenditure	11 633 398	(964 497)	10 668 901	Reallocation of budget
Loss on disposal of PPE	-	547 000	547 000	
<b>Total Operating Expenditure</b>	<b>78 132 212</b>	<b>3 502 350</b>	<b>81 634 562</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>4 180 000</b>	<b>(401 425)</b>	<b>3 778 575</b>	
Government Grants and Subsidies - Capital	87 146 000	53 463 362	140 609 362	
<b>Net Surplus for the year</b>	<b>91 326 000</b>	<b>53 061 937</b>	<b>144 387 937</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

<b>COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET</b>				
	<b>2022 R (Actual)</b>	<b>2022 R (Final Budget)</b>	<b>2022 R (Variance)</b>	<b>Explanations for material variances</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property Rates	9 191 264	9 348 941	(157 677)	More discount
Service Charges	10 384 807	12 523 321	(2 138 514)	Lower payment rate
Other Revenue	8 080 066	23 132 734	(15 052 668)	Non-cash items counter funding
Government - Operating	32 518 000	32 438 925	79 075	
Government - Capital	37 260 000	87 146 000	(49 886 000)	Less expenditure on RBIG
Interest	3 141 229	1 704 616	1 436 613	Equitable Share in advance received
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(8 571 284)	(69 135 397)	60 564 113	Equitable Share in advance received
Finance charges	(1 474 406)	(1 145 040)	(329 366)	Non-cash items
Transfers and Grants	-	(380 900)	380 900	Actual reported under suppliers
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>90 529 676</b>	<b>95 633 200</b>	<b>(5 103 524)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	5 380	-	5 380	
Decrease/(increase) in non-current investments	-	-	-	
<b>Payments</b>				
Capital assets	(54 488 488)	(95 652 633)	41 164 145	Less expenditure on RBIG
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(54 483 108)</b>	<b>(95 652 633)</b>	<b>41 169 525</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	12 700	-	12 700	
<b>Payments</b>				
Repayment of borrowing	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>12 700</b>	<b>-</b>	<b>12 700</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 059 268</b>	<b>(19 433)</b>	<b>36 078 702</b>	
Cash and Cash Equivalents at the beginning of the year	86 909 977	28 122 069	58 787 908	
Cash and Cash Equivalents at the end of the year	122 969 246	28 102 637	94 866 609	Equitable Share in advance received

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**ADJUSTMENTS TO APPROVED BUDGET**

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Property rates, penalties & collection charges	9 348 941	-	9 348 941	
Service charges	12 523 321	-	12 523 321	
Other revenue	23 132 734	-	23 132 734	
Government - operating	32 138 000	300 925	32 438 925	
Government - capital	87 148 000	-	87 148 000	
Interest	1 704 616	-	1 704 616	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(69 135 397)	-	(69 135 397)	
Finance charges	(1 145 040)	-	(1 145 040)	
Transfers and Grants	(380 900)	-	(380 900)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>95 332 275</b>	<b>300 925</b>	<b>95 633 200</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(95 416 000)	(236 633)	(95 652 633)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(95 416 000)</b>	<b>(236 633)</b>	<b>(95 652 633)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(83 725)</b>	<b>64 292</b>	<b>(19 433)</b>	
Cash and Cash Equivalents at the beginning of the year	28 122 069	-	28 122 069	
Cash and Cash Equivalents at the end of the year	28 038 345	64 292	28 102 637	

## REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

The key functional segments consist of:

## PRIMARY SEGMENTS

## SECONDARY SEGMENTS

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).

Ward 1 - Bontshauwe

1

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.

KAREBERG LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

SEGMENT REVENUE	Executive and Council		Budget and Treasury		Corporate		Operations		Unallocated		Total	
	R		R		R		R		R		R	
External revenue from exchange transactions	3 171 895		322 888		2 040		19 349 153		-		22 846 786	
Service Charges - Electricity Revenue	-		-		-		10 146 960		-		10 146 960	
Service Charges - Water Revenue	-		-		-		4 187 916		-		4 187 916	
Service Charges - Sanitation Revenue	-		-		-		2 120 440		-		2 120 440	
Service Charges - Refuse Revenue	-		-		-		2 908 517		-		2 908 517	
Rental of Facilities and Equipment	-		1 170 328		2 040		12 165		-		184 523	
Interest Earned - External Investments	3 170 654		-		-		-		-		3 170 654	
Interest Earned - Outstanding Debts	437		-		-		-		-		437	
License and Permits	-		-		-		-		-		-	
Other Revenue	804		152 370		-		34 559		-		187 733	
External revenue from non-exchange transactions	1 879 500		47 043 187		1 955 169		2 289 782		-		52 867 767	
Property rates	-		10 234 050		-		-		-		10 234 050	
Fines	630		-		189		-		-		709	
Actuarial Gains	-		57 821		-		-		-		57 821	
Agency Services	-		60 289		-		-		-		60 289	
Transfers Recognised - Operational	1 070 900		38 653 567		1 955 030		2 289 782		-		42 307 348	
Contributed PPE	-		-		-		-		-		-	
Revenue from transactions with other segments	-		-		-		-		-		-	
Internal Revenue	-		-		-		889 858		-		889 858	
	-		-		-		889 858		-		889 858	
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>4 851 405</b>		<b>47 265 665</b>		<b>1 957 239</b>		<b>22 695 931</b>		-		<b>70 360 449</b>	
<b>SEGMENT EXPENDITURE</b>												
Employee Related Costs	2 181 005		5 088 110		6 231 829		11 287 164		-		21 824 809	
Remuneration of Councilors	3 698 767		-		-		-		-		3 698 767	
Debt Impairment	-		1 350 000		-		4 476 060		-		6 826 060	
Depreciation and Asset Impairment	-		1 417 540		-		4 089 960		-		5 507 500	
Finance Charges	-		601 000		-		973 408		-		1 574 408	
Bulk Purchase	-		-		-		16 072 853		-		16 072 853	
Other Materials	20 011		287 487		62 847		1 117 687		-		1 488 022	
Contracted Services	51 520		7 001 911		38 811		2 383 001		-		9 473 153	
Actuarial Losses	-		4 572		-		-		-		4 572	
Other Expenditure	1 355 165		3 830 583		350 131		1 749 298		-		7 276 467	
Loss on Disposal of PPE	-		-		-		546 938		-		546 938	
Internal Charges	-		105 654		31 103		729 840		-		866 597	
<b>Total Segment Expenditure</b>	<b>5 258 374</b>		<b>18 887 338</b>		<b>6 702 622</b>		<b>44 000 331</b>		-		<b>74 888 664</b>	
Surplus/(Deficit)	(408 679)		27 468 547		(4 045 283)		(21 494 501)		-		1 521 885	
Transfers Recognised - Capital	-		76 000		-		55 818 481		-		56 894 481	
Contributions Recognised - Capital	-		-		-		-		-		-	
Contributed Assets	-		-		-		-		-		-	
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(408 679)</b>		<b>27 543 547</b>		<b>(4 045 283)</b>		<b>34 321 980</b>		-		<b>57 413 345</b>	
Taxation	-		-		-		-		-		-	
Surplus/(Deficit) after Taxation	(408 679)		27 543 547		(4 045 283)		34 321 980		-		57 413 345	
Attributable to Municipality	-		-		-		-		-		-	
Surplus/(Deficit) Attributable to Municipality	(408 679)		27 543 547		(4 045 283)		34 321 980		-		57 413 345	
Share of Surplus/(Deficit) of Associated	-		-		-		-		-		-	
Surplus/(Deficit) for the year	(408 679)		27 543 547		(4 045 283)		34 321 980		-		57 413 345	



KAREBERG LOCAL MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

SEGMENT REVENUE	Community and public safety		Economic and environmental services		Energy Sources		Trading services		Waste management		Other		Governance and Administration		Unallocated		Total	
	R		R		R		R		R		R		R		R		R	
External revenue from exchange transactions	35 182		12 503		10 145 029		4 197 548		2 120 440		2 869 548		3 484 592		-		22 845 285	
Service Charges - Electricity Revenue	-		-		10 145 000		-		-		-		-		-		10 145 000	
Service Charges - Water Revenue	-		-		-		4 197 516		-		-		-		-		4 197 516	
Service Charges - Sanitation Revenue	-		-		-		-		2 120 440		-		-		-		2 120 440	
Service Charges - Refuse Revenue	-		-		-		-		-		2 869 517		-		-		2 869 517	
Rental of Facilities and Equipment	2 895		11 360		-		-		-		-		170 268		-		184 523	
Interest Earned - External Investments	-		-		-		-		-		-		3 170 054		-		3 170 054	
Interest Earned - Outstanding Debtors	-		-		-		-		-		-		437		-		437	
Other Revenue	32 297		1 143		60		30		1 030		-		153 174		-		187 733	
External revenue from non-exchange transactions	1 055 169		1 278 650		-		1 011 162		-		-		48 733 387		-		62 897 767	
Property rates	-		-		-		-		-		-		10 234 050		-		10 234 050	
Prizes	189		-		-		-		-		-		600		-		789	
Lottery	-		-		-		-		-		-		67 621		-		67 621	
Advertising and Promotions	-		-		-		-		-		-		7 890		-		7 890	
Agency Services	-		-		-		-		-		-		60 269		-		60 269	
Transfers Recognised - Operational	1 055 000		1 278 650		-		1 011 162		-		-		30 362 587		-		42 307 348	
Contributed PPE	-		-		-		-		-		-		-		-		-	
Revenue from transactions with other segments	-		-		631 070		28 470		8 647		-		-		-		660 608	
Internal Revenue	-		-		631 070		28 470		8 647		-		-		-		660 608	
Total Segment Revenue (excluding capital transfers and contributions)	1 650 330		1 291 132		10 977 505		6 205 568		2 128 987		2 869 548		52 217 390		-		79 300 449	
SEGMENT EXPENDITURE																		
Employee Related Costs	2 215 024		3 804 822		487 182		507 854		4 076 129		1 682 389		8 081 611		-		21 824 869	
Remuneration of Councillors	-		-		-		-		-		-		3 588 767		-		3 588 767	
Debt Impairment	1 360 000		-		489 368		876 072		1 850 000		1 050 000		-		-		6 690 500	
Depreciation and Asset Impairment	-		2 432 440		-		-		1 897 040		-		1 417 540		-		6 690 500	
Finance Charges	-		-		-		-		-		073 406		801 000		-		1 474 406	
Bulk Purchases	-		-		15 672 353		-		-		-		-		-		15 672 353	
Other Materials	-		-		-		-		-		-		-		-		-	
Contracted Services	105 061		261 764		71 279		15 267		378 389		338 873		317 589		-		1 488 022	
Actuarial Losses	12 869		640 289		667 226		792 674		298 062		29 793		7 063 341		-		9 473 153	
Other Expenditure	178 307		700 062		108 623		478 249		299 351		48 202		5 403 663		-		7 278 467	
Loss on Disposal of PPE	-		-		-		-		-		-		-		-		-	
Internal charges	61 949		197 547		-		546 938		-		-		108 428		-		648 856	
Total Segment Expenditure	4 115 063		8 187 838		16 549 200		3 304 066		9 491 291		4 722 402		27 401 114		-		74 688 394	
Surplus/(Deficit)	(2 464 732)		(6 896 706)		(7 569 695)		1 891 502		(6 362 264)		(1 852 855)		24 816 266		-		1 621 895	
Transfers Recognised - Capital	-		-		-		51 948 837		-		-		75 000		-		56 951 491	
Surplus/(Deficit) after Capital Transfers & Contributions	(2 464 732)		(2 729 182)		(7 569 695)		53 459 839		(6 362 264)		(1 852 855)		24 891 266		-		57 413 345	
Taxation	-		-		-		-		-		-		-		-		-	
Surplus/(Deficit) after Taxation	(2 464 732)		(2 729 182)		(7 569 695)		53 459 839		(6 362 264)		(1 852 855)		24 891 266		-		57 413 345	
Attributable to Minorities	-		-		-		-		-		-		-		-		-	
Surplus/(Deficit) Attributable to Municipality	(2 464 732)		(2 729 182)		(7 569 695)		53 459 839		(6 362 264)		(1 852 855)		24 891 266		-		57 413 346	
Share of Surplus/(Deficit) of Associate	-		-		-		-		-		-		-		-		-	
Surplus/(Deficit) for the year	(2 464 732)		(2 729 182)		(7 569 695)		53 459 839		(6 362 264)		(1 852 855)		24 891 266		-		57 413 345	

KAREBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2022

Total Segment Revenue (including capital transfers and contributions)

Total Revenue as per Statement of Financial Performance

	132 271 906.30
Difference	131 405 015
	866 896.27

Reconciliation Items

Internal Revenue  
Insert/reconciling item details  
Insert/reconciling item details  
Insert/reconciling item details

	866 896.27
	-
	-

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2022

Total Segment Expenditure

Total Expenditure as per Statement of Financial Performance

	74 556 964.11
	73 581 687.84
Difference	866 896.27

Reconciliation Items

Internal charges  
Insert/reconciling item details  
Insert/reconciling item details  
Insert/reconciling item details

	866 896.27
	-
	-

Reconciliation of the Statement of Financial Performance as at 30 June 2022 as per the Annual Financial Statements with 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

	57 413 346.19
	57 413 346.19
Difference - as explained above	-

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **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 2022**

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.

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.

#### **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:

**KAREEBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 25</b>	<p><b><u>Employee benefits</u></b>                      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>	<b>Unknown</b>
<b>GRAP 104</b>	<p><b><u>Financial Instruments</u></b>                      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>	<b>Unknown</b>
<b>iGRAP 7</b>	<p><b><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></b>                      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>	<b>Unknown</b>
<b>iGRAP 21</b>	<p><b><u>The Effect of Past Decisions on Materiality</u></b>                      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>	<b>1 April 2023</b>
<b>Guideline</b>	<p><b><u>Landfill sites</u></b>                      No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>
<b>Guideline</b>	<p><b><u>Application of Materiality of Financial Statements</u></b>                      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>	<b>Unknown</b>

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 2022**

#### **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 2022**

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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

---

#### **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



## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

---

#### **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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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.

**KAREEBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**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:

**Land and Buildings**

**Years**

Land	Indefinite
Buildings	10-81

**Infrastructure**

**Years**

Roads and Stormwater	10-101
Electricity Mains	3-61
Water Mains and Purification	4-86
Sewerage Mains & Purification	11-81
Refuse Mains	29-61

**Community**

**Years**

Recreation Grounds	11-102
Civil Buildings	30-81
Cemetery	30-81
Museum	30-81
Parks	30-81
Public Conveniences/Bathhouses	30-81
Libraries	11-81
Clinics and Hospitals	30-81

**Other**

**Years**

Motor Vehicles	6-27
Office equipment	1-36
Furniture and fittings	3-43
Plant and Equipment	4-41

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

---

Fire Engines	15-45
Computer Equipment	1-41

---

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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	5-13

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

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 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.



## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

---

#### **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.

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 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.

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

---

(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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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 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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

---

#### **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



**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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

## **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).

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

---

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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;

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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 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.



## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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:

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

---

#### **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:

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 
- (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;

**KAREEBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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.



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
<b>2</b>	<b>NET ASSET RESERVES</b>		
	RESERVES		
	Capital Replacement Reserve	11 402 116	11 400 293
	Housing Development fund	11 347 812	11 347 812
		54 304	52 481
	<b>Total Net Asset Reserves</b>	<b>11 402 116</b>	<b>11 400 293</b>
<b>2.1</b>	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
<b>2.2</b>	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.		
<b>3</b>	<b>EMPLOYEE BENEFITS</b>		
	Post Retirement Benefits - Refer to Note 3.1	7 548 000	7 082 000
	Long Service Awards - Refer to Note 3.2	797 000	709 000
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>8 345 000</b>	<b>7 791 000</b>
	<b><u>Post Retirement Benefits</u></b>		
	Balance 1 July	7 457 000	7 441 000
	Contribution for the year	788 000	783 000
	Expenditure for the year	(347 372)	(348 979)
	Actuarial Loss/(Gain)	4 373	(418 021)
	<b>Total post retirement benefits 30 June</b>	<b>7 902 000</b>	<b>7 457 000</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	(354 000)	(375 000)
	<b>Balance 30 June</b>	<b>7 548 000</b>	<b>7 082 000</b>
	<b><u>Long Service Awards</u></b>		
	Balance 1 July	995 000	971 000
	Contribution for the year	152 000	138 000
	Expenditure for the year	(240 379)	(271 479)
	Actuarial Loss/(Gain)	(57 621)	157 479
	<b>Total long service awards 30 June</b>	<b>849 000</b>	<b>995 000</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	(52 000)	(286 000)
	<b>Balance 30 June</b>	<b>797 000</b>	<b>709 000</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
	Balance 1 July	8 452 000	8 412 000
	Contribution for the year	940 000	921 000
	Expenditure for the year	(587 751)	(620 458)
	Actuarial Loss/(Gain)	(53 249)	(260 542)
	<b>Total employee benefits 30 June</b>	<b>8 751 000</b>	<b>8 452 000</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	(406 000)	(661 000)
	<b>Balance 30 June</b>	<b>8 345 000</b>	<b>7 791 000</b>
<b>3.1</b>	<b>Post Retirement Benefits</b>	<b>2022 R</b>	<b>2021 R</b>
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	9	9
	Continuation members (e.g. Retirees, widows, orphans)	8	9
	<b>Total Members</b>	<b>17</b>	<b>18</b>
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employee) members	2 951 000	2 570 000
	Continuation (retiree and widow) members	4 951 000	4 887 000
	<b>Total Liability</b>	<b>7 902 000</b>	<b>7 457 000</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3

## EMPLOYEE BENEFITS (CONTINUE)

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

	2020 R	2019 R	2018 R
In-service members	3 206 000	3 082 914	3 566 735
Continuation members	4 235 000	4 493 861	5 125 750
<b>Total Liability</b>	<b>7 441 000</b>	<b>7 576 775</b>	<b>8 692 485</b>

Experience adjustments were calculated as follows:

	2022 Rm	2021 Rm
Liabilities: (Gain) / loss		
Assets: Gain / (loss)	(0.195)	(0.748)

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	0.429	(1.239)	0.564

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 2022 is estimated at R7 902 000. The Current-service Cost for the year ending 30 June 2022 is estimated at R63 000. It is estimated to be R75 000 for the ensuing year.

Key actuarial assumptions used:

	2022 %	2021 %
<b>i) Rate of interest</b>		
Discount rate	10.95%	9.97%
Health Care Cost Inflation Rate	7.80%	6.62%
Net Effective Discount Rate	2.92%	3.14%

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 10.95% per annum has been used. The corresponding index-linked yield at this term is 3.91%. 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 8 June 2022.

**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**

2021/2022 - 3.50%  
2022/2023 - 4.90%

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3

## EMPLOYEE BENEFITS (CONTINUE)

2022  
R2021  
R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

7 902 000

7 457 000

**Total Liability****7 902 000****7 457 000****Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year

7 457 000

7 441 000

Total expenses

440 628

434 021

Current service cost

63 000

60 000

Interest Cost

725 000

723 000

Benefits Paid

(347 372)

(348 979)

Actuarial (gains)/losses

4 372

(418 021)

Present value of fund obligation at the end of the year

7 902 000

7 457 000

**Less:** Transfer of Current Portion - Note 6

(354 000)

(375 000)

**Balance 30 June****7 548 000****7 082 000****Sensitivity Analysis on the Accrued Liability**

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		2.951	4.951	7.902	
Health care inflation	1%	3.375	5.491	8.866	12%
Health care inflation	-1%	2.599	4.489	7.088	-10%
Discount Rate	1%	2.611	4.505	7.116	-10%
Discount Rate	-1%	3.366	5.479	8.845	12%
Post-retirement mortality	1 year	2.862	4.798	7.660	-3%
Post-retirement mortality	-1 year	3.040	5.103	8.143	3%
Average retirement age	-1 year	3.100	4.951	8.051	2%
Continuation of membership at retirement	-10%	2.558	4.951	7.509	-5%

**Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2023**

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		75 000	846 000	921 000	
Health care inflation	1%	89 000	952 000	1 041 000	13%
Health care inflation	-1%	63 000	757 000	820 000	-11%
Discount Rate	1%	64 000	830 000	894 000	-3%
Discount Rate	-1%	88 000	863 000	951 000	3%
Post-retirement mortality	1 year	72 000	820 000	892 000	-3%
Post-retirement mortality	-1 year	77 000	873 000	950 000	3%
Average retirement age	-1 year	83 000	863 000	946 000	3%
Continuation of membership at retirement	-10%	65 000	803 000	868 000	-6%

**Impact of COVID-19**

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities in table above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity ("1 yr" in the tables). Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

**3.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 64 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2022 is R 76 000. The Current-service Cost for the ensuing year has been estimated to be R 83 000.

Key actuarial assumptions used:

2022  
%2021  
%**i) Rate of interest**

Discount rate

10.41%

8.89%

General Salary Inflation (long-term)

6.98%

5.71%

Net Effective Discount Rate applied to salary-related Long Service Bonuses

3.20%

3.01%

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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 10.41% per annum has been used. The corresponding liability-weighted index-linked yield is 3.71%. 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 8 June 2022. The duration of the total liability was estimated to be 9 years.

Experience adjustments were calculated as follows:

	2022 Rm	2021 Rm
Liabilities: (Gain) / loss	(42 621)	172 479
Assets: Gain / (loss)	-	-

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	112 138	97 386	88 534
Assets: Gain / (loss)	-	-	-

The amounts recognised in the Statement of Financial Position are as follows:

	2022 R	2021 R
Present value of fund obligations	849 000	995 000
<b>Net liability/(asset)</b>	<b>849 000</b>	<b>995 000</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	995 000	971 000
Total expenses	(88 379)	(133 479)
Current service cost	76 000	81 000
Interest Cost	76 000	57 000
Benefits Paid	(240 379)	(271 479)
Actuarial losses/(gains)	(57 621)	157 479
Present value of fund obligation at the end of the year	849 000	995 000
<b>Less: Transfer of Current Portion - Note 6</b>	<b>(52 000)</b>	<b>(286 000)</b>
<b>Balance 30 June</b>	<b>797 000</b>	<b>709 000</b>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% change
Central assumptions		849 000	
General salary inflation	1%	899 000	6%
General salary inflation	-1%	804 000	-5%
Discount Rate	1%	802 000	-6%
Discount Rate	-1%	902 000	6%
Average retirement age	2 yrs	1 088 000	28%
Average retirement age	-2 yrs	807 000	-5%
Withdrawal rates	x 2	695 000	-18%
Withdrawal rates	x 0.5	953 000	12%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2023

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		83 000	86 000	169 000	
General salary inflation	1%	89 000	91 000	180 000	7%
General salary inflation	-1%	77 000	81 000	158 000	-7%
Discount Rate	1%	78 000	89 000	167 000	-1%
Discount Rate	-1%	89 000	82 000	171 000	1%
Average retirement age	2 yrs	98 000	111 000	209 000	24%
Average retirement age	-2 yrs	79 000	81 000	160 000	-5%
Withdrawal rates	x 2	61 000	70 000	131 000	-22%
Withdrawal rates	x 0.5	99 000	97 000	196 000	16%

Impact of COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities in tables above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates. Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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)2022  
R2021  
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 2021 revealed that the fund has a funding level of 104,9% (30 June 2020 - 100%).

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 2021 revealed that the fund has a funding level of 133% (30 June 2020 - 132,2%).

Contributions paid recognised in the Statement of Financial Performance

1 950 720

1 875 530

## 4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

6 577 094

9 494 320

**Total Non-current Provisions**

**6 577 094****9 494 320**Landfill Sites

Balance 1 July

9 494 320

10 353 521

Increase/(Decrease) in Estimate

(3 590 632)

(1 741 356)

Increase/(Decrease) due to discounting

673 406

882 155

**Total provision 30 June**

**6 577 094****9 494 320**

**Less:** Transfer of Current Portion to Current Provisions

-

-

**Balance 30 June**

**6 577 094****9 494 320**

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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:

	Carnarvon	2022 Vanwyksvlei	Vosburg
Preliminary and General (Rand)	2 310 689.32	695 224.93	639 840.74
Site Clearance and Preparation (Rand)	47 399.82	13 629.14	12 645.58
Storm Water Control Measures (Rand)	1 933 373.89	1 013 221.73	907 347.71
Capping (Rand)	9 930 253.86	2 879 973.95	2 661 343.41
Leachate Management (Rand)	628 651.26	359 146.44	343 808.77
Fencing (Rand)	1 679 947.76	12 336.02	12 336.02

In terms of the licencing of the landfill-sites, the municipality will incur licencing and rehabilitation costs of R345 781 455 (2021: R265 256 001) 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.

Discount rate:	2022 %	2021 %
Carnarvon	11.569%	10.506%
Vanwyksvlei	11.353%	9.345%
Vosburg	11.213%	9.867%

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.

Other assumptions:

	Carnarvon	2022 Vanwyksvlei	Vosburg
Area (m <sup>2</sup> )	35 373	10 171	9 437
Environmental Authorisation (Closure Licence) (Rand)	410 800	410 800	410 800
Technical ROD (Rand)	208 260	208 260	208 260
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	182 915	230 114	179 137
Landscape Architects (Rand)	149 651	146 833	146 802
Water use licence (Rand)	35 000	35 000	-
Topographical Survey (Rand)	11 990	7 155	7 155
Contingencies (Rand)	1 653 032	497 353	457 732
Engineering: Professional Fees (Rand)	1 910 216	666 026	613 727
Site Supervision (Engineer's Representative) (Rand)	493 559	242 720	242 272
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	282 030	224 050	223 485

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 2022 R	Cost of rehabilitation 2021 R
Carnarvon	2053	104 648 407	59 372 517
Vanwyksvlei	2089	225 278 755	191 973 168
Vosburg	2038	15 854 292	13 910 316
		<u>345 781 455</u>	<u>265 256 001</u>

Change in size Area (m <sup>2</sup> )	2022	2021	Movement in size	Cost per rehab (m <sup>2</sup> )	R value of change
Carnarvon	35 373	35 373	-	618	-
Vanwyksvlei	10 171	10 171	-	751	-
Vosburg	9 437	9 437	-	749	-
					<u>-</u>

Change in PV	2022	2021	Movement
Carnarvon	3 514 656.33	5 966 377	(2 451 721)
Vanwyksvlei	167 375.34	441 482	(274 107)
Vosburg	2 895 062.66	3 086 461	(191 398)
	<u>6 577 094</u>	<u>9 494 320</u>	<u>(2 917 226)</u>

Change in PV	2021	2020	Movement
Carnarvon	5 966 377.15	6 598 816	(632 438)
Vanwyksvlei	441 482.37	139 695	301 787
Vosburg	3 086 460.73	3 615 011	(528 550)
	<u>9 494 320</u>	<u>10 353 521</u>	<u>(859 201)</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4

NON-CURRENT PROVISIONS (CONTINUE)

<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
				<u>4 111 414</u>
<u>Change in unit rates</u>	2021	2020	Movement	R value
Camarvon	544.07	479.48	64.59	2 284 742
Vanwyksvlei	675.12	597.93	77.19	785 099
Vosburg	673.21	600.05	73.16	690 411
				<u>3 760 252</u>

5

CONSUMER DEPOSITS

	2022 R	2021 R
Water & Electricity	361 379	348 679
<b>Total Consumer Deposits</b>	<b>361 379</b>	<b>348 679</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6

CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 3	353 999	375 000
Current Portion of Long-Service Provisions - Note 3	52 001	286 000
Provision for Performance Bonuses	368 607	354 475
Provision for Annual Bonuses	405 125	312 210
Provision for Staff Leave	1 632 355	1 619 537
<b>Total Current Employee Benefits</b>	<b>2 812 088</b>	<b>2 947 222</b>

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	375 000	348 979
Transfer from non-current	326 372	375 000
Expenditure incurred	(347 372)	(348 979)
Balance at end of year	<u>353 999</u>	<u>375 000</u>

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	286 000	219 000
Transfer from non-current	6 379	338 479
Expenditure incurred	(240 379)	(271 479)
Balance at end of year	<u>52 001</u>	<u>286 000</u>

Provision for Performance Bonuses

Balance at beginning of year	354 475	370 414
Contribution to current portion	460 475	492 669
Expenditure incurred	(446 342)	(508 607)
Balance at end of year	<u>368 607</u>	<u>354 475</u>

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.

Provision for Staff Leave

Balance at beginning of year	1 619 537	1 522 892
Contribution to current portion	469 055	624 968
Expenditure incurred	(456 237)	(528 323)
Balance at end of year	<u>1 632 355</u>	<u>1 619 537</u>

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.

Provision for Annual Bonuses

Balance at beginning of year	312 210	276 327
Contribution to current portion	92 915	35 882
Expenditure incurred	-	-
Balance at end of year	<u>405 125</u>	<u>312 210</u>

Annual bonuses are being paid to Municipal personnel after one full year's service. There is no possibility of reimbursement.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2022 R	2021 R
	Trade Payables	3 622 364	1 270 754
	Equitable Share in advance 2022/23	33 449 000	-
	Equitable Share in advance 2023/24	21 582 000	-
	Payments received in advance	596 054	1 356 332
	<b>Total Trade Payables</b>	<b>59 249 418</b>	<b>2 627 086</b>

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.

8	UNSPENT TRANSFERS AND SUBSIDIES	2022 R	2021 R
	<b>Unspent Grants</b>	29 172 963	57 573 401
	National and Provincial Government Grants	29 172 963	57 573 401
	Other Sources	-	-
	<b>Less: Unpaid Grants</b>	-	-
	National and Provincial Government Grants	-	-
	Other Sources	-	-
	<b>Total Conditional Grants and Receipts</b>	<b>29 172 963</b>	<b>57 573 401</b>

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.

9	TAXES	2022 R	2021 R
	VAT (Payable)	(2 105 128)	(1 685 529)
	Balance previously reported		(1 685 529)
	Correction of Error. Refer note		-
	VAT Receivable	1 232 084	2 997 800
	Balance previously reported		2 997 800
	Correction of Error. Refer note		-
	<b>Total VAT (Payable)/Receivable</b>	<b>(873 044)</b>	<b>1 312 271</b>

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



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10.1 30 JUNE 2022

Reconciliation of Property, Plant and Equipment:

	Opening Balance	Additions	WIP	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	R	R	R	R	R	R
Land	21 493 760	-	-	-	-	-	-	21 493 760
Buildings	1 513 094	19 341	-	-	-	(82 826)	-	1 449 609
Infrastructure	142 514 997	41 285 193	10 940 636	-	-	(4 443 895)	-	190 300 728
Community Assets	10 794 886	-	-	-	-	(403 895)	-	10 391 265
Other Assets	1 624 405	2 243 318	-	-	-	(558 133)	-	3 309 591
	177 941 142	43 547 852	10 940 636	-	-	(5 484 678)	-	226 944 952

10.2 30 JUNE 2021

	Accumulated Impairments						Accumulated Depreciation			Carrying Value				
	Opening Balance R	Additions R	Transfers R	Disposals R	Closing Balance R	Opening Balance R	Additions/ Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R	R	R
Land and Buildings														
Land	23 685 994	-	-	-	23 685 994	405	-	405	575 064	103 671	-	678 735	23 006 864	
Buildings	21 493 760	-	-	-	21 493 760	-	-	-	-	-	-	-	21 493 760	
	2 192 234	-	-	-	2 192 234	405	-	405	575 064	103 671	-	678 735	1 513 094	
Infrastructure	155 948 244	15 974 725	-	-	171 922 969	-	-	-	25 408 411	3 989 560	-	29 407 971	142 514 997	
Electricity	7 805 962	42 250	-	-	7 848 212	-	-	-	1 500 148	372 249	-	1 872 397	5 975 815	
Road Transport	58 826 348	-	-	-	58 826 348	-	-	-	11 886 938	1 719 478	-	13 606 416	45 219 932	
Sanitation	23 722 605	38 396	-	-	23 761 001	-	-	-	5 107 621	535 600	-	5 643 221	18 117 781	
Solid Waste Disposal	488 000	-	-	-	488 000	-	-	-	131 101	13 870	-	144 971	343 029	
Stormwater	14 806 596	-	-	-	14 806 596	-	-	-	944 506	254 903	-	1 189 410	13 607 187	
Water Supply	33 275 672	156 213	-	-	33 431 886	-	-	-	4 414 873	775 541	-	5 190 414	28 241 471	
Landfill Sites	8 369 467	(1 741 356)	-	-	6 628 111	-	-	-	1 423 223	327 919	-	1 751 142	4 876 969	
WIP	8 653 594	17 479 222	-	-	26 132 815	-	-	-	-	-	-	-	26 132 815	
Community Assets	13 309 483	203 543	-	-	13 513 025	61 383	-	61 383	2 255 680	401 077	-	2 656 757	10 794 886	
Recreation Grounds	9 356 154	-	-	-	9 356 154	60 248	-	60 248	1 522 200	309 271	-	1 831 471	7 464 435	
Civil Buildings	122 360	-	-	-	122 360	-	-	-	28 290	2 191	-	30 480	91 680	
Cemetery	1 446 823	203 543	-	-	1 650 366	-	-	-	229 029	31 442	-	260 471	1 369 895	
Museum	360 000	-	-	-	360 000	-	-	-	83 145	6 438	-	89 584	270 416	
Clinic	360 800	-	-	-	360 800	-	-	-	78 535	6 006	-	84 541	276 259	
Libraries	1 549 335	-	-	-	1 549 335	-	-	-	281 696	43 230	-	324 926	1 224 409	
Parks & Gardens	29 279	-	-	-	29 279	-	-	-	7 474	574	-	8 048	21 231	
Public Conveniences/Bathhouses	84 731	-	-	-	84 731	1 135	-	1 135	25 310	1 925	-	27 236	56 361	
Other Assets	7 385 986	115 604	-	(15 296)	7 486 294	-	-	-	5 388 056	473 834	-	5 861 889	1 624 405	
Motor Vehicles	3 202 329	-	-	-	3 202 329	-	-	-	2 680 757	125 063	-	2 805 820	386 508	
Plant & Equipment	1 647 734	16 691	-	-	1 664 425	-	-	-	1 307 445	87 647	-	1 395 093	269 332	
Office Equipment	695 153	25 477	-	-	720 630	-	-	-	464 985	58 698	-	523 683	196 947	
Furniture & Fittings	798 903	50 474	-	-	849 378	-	-	-	506 374	42 876	-	549 250	300 127	
Fire Engines	17 575	-	-	-	17 575	-	-	-	14 356	347	-	14 704	2 871	
Computer Equipment	953 913	12 696	-	-	966 608	-	-	-	414 137	159 201	-	573 339	393 270	
Game	70 380	10 286	-	(15 296)	65 350	-	-	-	-	-	-	-	65 350	
	200 329 707	16 293 872	-	(15 296)										

## 30 JUNE 2021

	Opening Balance	Additions	WIP	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	R	R	R	R	R	R
Buildings	21 493 760	-	-	-	-	-	-	21 493 760
Infrastructure	1 616 765	-	-	-	-	(103 671)	-	1 513 094
Community Assets	130 539 532	(1 504 497)	17 479 222	-	-	(3 995 580)	-	142 514 387
Other Assets	10 982 420	203 543	-	-	-	(401 077)	-	10 784 886
	1 957 931	115 604	-	(15 286)	-	(473 834)	-	1 624 405
	166 640 708	(1 185 350)	17 479 222	(15 286)	-	(4 978 141)	-	177 941 142

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		2022 R	2021 R		
10.03	Property, Plant and Equipment which is in the process of being constructed or developed:				
	Infrastructure Assets	14 003 686	26 132 815		
	Roads	113 362	1 022 343		
	Electricity	3 027 686	1 629 797		
	Water Supply	10 862 637	23 480 675		
	Community Assets	-	-		
	<b>Total</b>	<b>14 003 686</b>	<b>26 132 815</b>		
	Work in Progress movements for the year can be reconciled as follows:				
	<b>30 JUNE 2022</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Other Assets R</b>	<b>Total R</b>
	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)
	Impairment recognised during the year	-	-	-	-
	<b>Balance at end of year</b>	<b>14 003 686</b>	<b>-</b>	<b>-</b>	<b>14 003 686</b>
	<b>30 JUNE 2021</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Other Assets R</b>	<b>Total R</b>
	Balance at beginning of year	8 653 593	-	-	8 653 593
	Expenditure during the year	17 716 081	203 543	-	17 919 624
	Assets unbundled during the year	(236 859)	(203 543)	-	(440 402)
	Impairment recognised during the year	-	-	-	-
	<b>Balance at end of year</b>	<b>26 132 815</b>	<b>-</b>	<b>-</b>	<b>26 132 815</b>
10.04	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:				
	Infrastructure Assets	3 141 048	23 790 581		
	Roads	113 362	-		
	Electricity	3 027 686	1 629 797		
	Water Supply	-	22 160 784		
	Community Assets	-	-		
	<b>Total</b>	<b>3 141 048</b>	<b>23 790 581</b>		
	For various reasons the funding could not be spend for upgrading 22kVa sub-station project. Application for roll over will be submitted.				
	No funding was allocated for 2020/2021 or 2021/22 from MIG for the completion of the Van Wyks Vlei streets Phase 2 project.				
10.05	Property, Plant and Equipment where construction or development has been halted:				
	Infrastructure Assets	3 141 048	1 629 797		
	Roads	113 362	-		
	Electricity	3 027 686	1 629 797		
	<b>Total</b>	<b>3 141 048</b>	<b>1 629 797</b>		
	For various reasons the funding could not be spend for upgrading 22kVa sub-station project. Application for roll over will be submitted.				
	No funding was allocated for 2020/2021 or 2021/22 from MIG for the completion of the Van Wyks Vlei streets Phase 2 project.				
10.06	Expenditure Incurred to repair and maintain Property, Plant and Equipment:				
	Other materials	1 050 806	1 161 624		
	Contracted Services	163 318	47 135		
	<b>Total Repairs and Maintenance</b>	<b>1 214 124</b>	<b>1 208 759</b>		
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	-	-		
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	-	-		
	<b>Total</b>	<b>-</b>	<b>-</b>		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2022	2021
		R	R
10.10	<b>Reversal of Impairment losses of Property, Plant and Equipment</b>		
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
	Other	-	-
	<b>Total</b>	-	-
10.11	<b>Effect of changes in accounting estimates</b>		
	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:		
		2022	2023
		R	R
	Effect on Property, plant and equipment	279 609	279 682
			2024
			R
			351 965
10.12	<b>Details of Valuation</b>	2022	2021
		R	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	<b>Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
	Approved and contracted for:	22 064 206	76 412 291
	Infrastructure	16 494 476	74 085 915
	Other	5 569 730	2 326 376
	<b>Total</b>	<b>22 064 206</b>	<b>76 412 291</b>
	This expenditure will be financed from:		
	Government Grants	16 494 476	74 085 915
	Own Resources	5 569 730	2 326 376
	<b>Total</b>	<b>22 064 206</b>	<b>76 412 291</b>
10.14	<b>Land is controlled, but Kareeberg Municipality is not the legal owner/custodian</b>		
	Carrying amount at year end	-	-
	<b>Total</b>	-	-
10.15	<b>Land is not controlled, but Kareeberg Municipality is the legal owner/custodian</b>		
	No of Low Cost Houses	136	138
	<b>Total</b>	<b>136</b>	<b>138</b>
11	<b>INVESTMENT PROPERTY</b>		
	<b>Net Carrying amount at 1 July</b>	<b>15 871 521</b>	<b>15 884 463</b>
	Cost	16 047 300	16 047 300
	Accumulated Depreciation	(175 779)	(162 837)
	Depreciation for the year	(12 941)	(12 941)
	<b>Net Carrying amount at 30 June</b>	<b>15 858 580</b>	<b>15 871 521</b>
	Cost	16 047 300	16 047 300
	Accumulated Depreciation	(188 720)	(175 779)
	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	<b>Revenue from Investment Property</b>		
	Revenue derived from the rental of Investment Property	178 298	284 894
11.02	<b>Operating Expenditure incurred on properties:</b>		
		<b>Repairs and Maintenance</b>	<b>Other Operating Expenditure</b>
	Revenue Generating	8 086	2 731
	Improved Property	-	-
	Unimproved Property	8 086	2 731
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total Operating Expenditure</b>	<b>8 086</b>	<b>2 731</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

11	INVESTMENT PROPERTY (CONTINUED)	2022 R	2021 R
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	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Balance at end of year</b>	-	-
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	-	-
	<b>Total</b>	-	-
	No reason required		
11.05	Investment Property where construction or development has been halted:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Total Impairment Losses</b>	-	-
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	-	-
	<b>Total Reversal of Impairment losses</b>	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
11	<b>INVESTMENT PROPERTY (CONTINUED)</b>		
11.08	<b>Investment Property (Land) is controlled, but Kareeberg Municipality is not the legal owner/custodian</b>		
	Carrying amount at year end	-	-
	<b>Total</b>	-	-
11.09	<b>Investment Property (Land) is not controlled, but Kareeberg Municipality is the legal owner/custodian</b>		
	No of Low Cost Houses	-	-
	<b>Total</b>	-	-
12	<b>INTANGIBLE ASSETS</b>	2022 R	2021 R
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	27 477	37 243
	Cost	63 154	63 154
	Accumulated Amortisation	(35 678)	(25 911)
	Disposals	(5 548)	-
	Amortisation	(9 901)	(9 766)
	Disposal Amortisation	5 548	-
	<b>Net Carrying amount at 30 June</b>	17 575	27 477
	Cost	57 606	63 154
	Accumulated Amortisation	(40 031)	(35 678)
12.01	<b>Material Intangible Assets included in the carrying value:</b>		
		<b>Carrying Value</b>	
	<u>Description</u>	<u>Remaining Amortisation Period</u>	
	Microsoft Office	2 - 3	
		2022 R	2021 R
		17 575	27 477
	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	<b>Research and Development Costs:</b>	2022 R	2021 R
	Research Expenditure	-	-
	Development Expenditure	-	-
	<b>Total Research and Development Expenditure</b>	-	-
12.03	<b>Intangible Assets which is in the process of being constructed or developed:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Balance at end of year</b>	-	-
12.04	<b>Intangible Assets that is taking a significantly longer period of time to complete than expected:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	No reason required		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12	INTANGIBLE ASSETS (CONTINUED)	2022 R	2021 R	
12.05	Intangible Assets where construction or development has been halted:			
	Servitudes	-	-	
	Computer Software	-	-	
	Licences and Rights	-	-	
	Total	-	-	
	No reason required			
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:			
		2022 R	2023 R	2024 R
	Effect on Intangible Assets	135	135	9 901
13	HERITAGE ASSETS	2022 R	2021 R	
	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	-	-	

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
13	<b>HERITAGE ASSETS (CONTINUED)</b>		
	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	-	-
	<b>Balance at end of year</b>	<b>-</b>	<b>-</b>
13.04	<b>Heritage Assets that is taking a significantly longer period of time to complete than expected:</b>		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	No reason required		
13.05	<b>Heritage Assets where construction or development has been halted:</b>		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	No reason required		
13.06	<b>Impairment losses of Heritage Assets</b>		
	Impairment losses on Heritage Assets recognised in Statement of Financial Performance are as follows:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total Impairment Losses</b>	<b>-</b>	<b>-</b>
13.07	<b>Reversal of Impairment losses of Heritage Assets</b>		
	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	-	-
	<b>Total Reversal of Impairment losses</b>	<b>-</b>	<b>-</b>
14	<b>LONG TERM RECEIVABLES</b>	<b>2022 R</b>	<b>2021 R</b>
	Officials' Housing Loans - At amortised cost	7 999	13 379
	<b>Less:</b> Unamortised Discount on Loans	(317)	(862)
	Balance 1 July	(862)	(1 633)
	Adjustment for the period	545	771
		7 682	12 518
	<b>Less:</b> Current portion transferred to current receivables	(5 599)	(5 380)
	Officials Housing Loans - At amortised cost	(5 599)	(5 380)
		2 083	7 137
	<b>Less:</b> Provision for Impairment of Long Term Receivables	-	-
	<b>Total Long Term Receivables</b>	<b>2 083</b>	<b>7 137</b>
	<b>STAFF HOUSING LOANS</b>		
	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 a employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder.		
15	<b>INVENTORY</b>	<b>2022 R</b>	<b>2021 R</b>
	Consumable Stores - Materials - At cost	937 581	546 936
	Disposals	(546 936)	-
	<b>Total Inventory</b>	<b>390 645</b>	<b>546 936</b>
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
	Consumable stores materials surplusses identified during the annual stores counts.	-	-
	No inventory assets were pledged as security for liabilities.		



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16

## RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
<b>Service Receivables</b>		
Water	4 598 126	3 383 222
Electricity	2 156 963	1 735 207
Refuse	3 365 170	2 498 908
Sewerage	2 480 320	2 362 276
<b>Total Service Receivables</b>	<b>12 600 579</b>	<b>9 979 613</b>
Less: Provision for Impairment	(10 372 635)	(8 456 210)
<b>Net Service Receivables</b>	<b>2 227 944</b>	<b>1 523 403</b>
<b>Other Receivables</b>		
Sundry Receivables	622 165	284 295
Rentals	1 167 130	1 085 151
VAT	2 105 128	1 685 529
<b>Total Other Receivables</b>	<b>3 894 423</b>	<b>3 054 975</b>
Less: Provision for Impairment	(1 408 776)	(1 085 151)
<b>Net Other Receivables</b>	<b>2 485 647</b>	<b>1 969 824</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>4 713 591</b>	<b>3 493 227</b>
<b>Ageing of Receivables from Exchange Transactions</b>		
<b><u>(Electricity): Ageing</u></b>		
Current (0 - 30 days)	624 204	4 957
31 - 60 Days	183 869	188 393
61 - 90 Days	242 483	158 499
+ 90 Days	1 106 406	1 383 359
<b>Total</b>	<b>2 156 963</b>	<b>1 735 207</b>
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	517 251	245 366
31 - 60 Days	347 114	192 598
61 - 90 Days	487 975	373 838
+ 90 Days	3 245 787	2 571 420
<b>Total</b>	<b>4 598 126</b>	<b>3 383 222</b>
<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	315 902	201 176
31 - 60 Days	217 651	142 178
61 - 90 Days	352 539	276 699
+ 90 Days	2 479 078	1 878 854
<b>Total</b>	<b>3 365 170</b>	<b>2 498 908</b>
<b><u>(Sewerage): Ageing</u></b>		
Current (0 - 30 days)	265 629	110 168
31 - 60 Days	190 405	120 864
61 - 90 Days	262 950	238 673
+ 90 Days	1 761 336	1 892 571
<b>Total</b>	<b>2 480 320</b>	<b>2 362 276</b>
<b><u>(Sundry Receivables): Ageing</u></b>		
Current (0 - 30 days)	270 591	124 207
31 - 60 Days	6 203	-
61 - 90 Days	44 990	14 637
+ 90 Days	300 381	145 451
<b>Total</b>	<b>622 165</b>	<b>284 295</b>
<b><u>(VAT): Ageing</u></b>		
Current (0 - 30 days)	187 056	128 746
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1 918 072	1 556 783
<b>Total</b>	<b>2 105 128</b>	<b>1 685 529</b>
<b><u>(Rentals): Ageing</u></b>		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1 167 130	1 085 151
<b>Total</b>	<b>1 167 130</b>	<b>1 085 151</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17

## RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R	2021 R
<i>Service Receivables</i>		
Availability Charges		
Rates	472 377	315 360
<b>Total Service Receivables</b>	<b>9 658 671</b>	<b>8 662 124</b>
Less: Provision for Impairment	10 131 049	8 977 484
	(9 493 137)	(7 587 679)
<b>Net Service Receivables</b>	<b>637 911</b>	<b>1 389 805</b>

Total Net Receivables from Non-Exchange Transactions

637 911 1 389 805

Ageing of Receivables from Non-Exchange Transactions

(Availability Charges): Ageing

Current (0 - 30 days)		
31 - 60 Days	32 432	35 004
61 - 90 Days	33 477	13 086
+ 90 Days	39 560	19 471
	366 908	247 799
<b>Total</b>	<b>472 377</b>	<b>315 360</b>

(Rates): Ageing

Current (0 - 30 days)	-	14 634
31 - 60 Days	10 770	-
61 - 90 Days	-	-
+ 90 Days	9 647 902	8 647 490
<b>Total</b>	<b>9 658 671</b>	<b>8 662 124</b>

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
<b>2022</b>				
Total Receivables	24 849 038	512 237	1 264 776	26 626 051
Less: Provision for Impairment	(21 274 548)	-	-	(21 274 548)
<b>Total Recoverable debtors by customer classification</b>	<b>3 574 490</b>	<b>512 237</b>	<b>1 264 776</b>	<b>5 351 502</b>

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
<b>2021</b>				
Total Receivables	19 944 400	133 617	1 934 056	22 012 072
Less: Provision for Impairment	(17 129 040)	-	-	(17 129 040)
<b>Total Recoverable debtors by customer classification</b>	<b>2 815 360</b>	<b>133 617</b>	<b>1 934 056</b>	<b>4 883 032</b>

Receivables impaired

2022

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	11 781 411	9 493 137	21 274 548

2021

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	9 541 361	7 587 679	17 129 040

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.

Reconciliation of the Total doubtful debt provision

	2022 R	2021 R
Balance at beginning of the year	17 129 040	12 819 912
Contributions to provision	5 826 060	4 309 128
Equitable share IOT	(1 680 552)	-
Impairment written off against provision	-	-
<b>Balance at end of year</b>	<b>21 274 548</b>	<b>17 129 040</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18

## OPERATING LEASE ARRANGEMENTS

2022  
R2021  
R

## The Municipality as Lessor

## Balance on 1 July

15 057

27 615

## Balance previously reported

Operating Lease Asset previously year not recognised correctly - Note

27 615

Operating Lease Asset for the current year

(12 685)

(12 558)

## Balance previously reported

Operating Lease Asset previously year not recognised correctly - Note

(12 558)

## Balance on 30 June

2 372

15 057

The municipality is leasing a piece of land at Carnarvon 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.

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.

The municipality is leasing a piece of land at Vosburg to Vodacom for a period of 59 months with escalations of CPI with a maximum of 10% per year.

The municipality is leasing a piece of land at Vosburg to Sentechn for a period of 60 months with escalations of CPI with a maximum of 10% per year.

2022  
R2021  
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

75 856

224 316

2 to 5 Years

360 186

377 466

More than 5 Years

82

58 658

## Total Operating Lease Arrangements

436 124

660 440

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.

The lease is in respect of land being leased by IHS Towers SA (Pty) Ltd until 2027.

The lease is in respect of land being leased by Vodacom until 2027.

The lease is in respect of land being leased by Vodacom until 2022.

The lease is in respect of land being leased by Sentechn until 2022.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year.

19

## CASH AND CASH EQUIVALENTS

2022  
R2021  
R

## Assets

Call Investments Deposits

122 332 826

86 277 758

Primary Bank Account (Cash book)

636 420

632 219

## Total Cash and Cash Equivalents - Assets

122 969 246

86 909 977

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R29 172 963 are held to fund the Unspent Conditional Grants (2021: R57 573 401).

Kareeberg Municipality do not have a bank overdraft facility.

2022  
R2021  
R

The municipality has the following bank accounts:

## Current Accounts

Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):

636 420

632 219

636 420

632 219

Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):

Cash book balance at beginning of year

632 219

295 308

Cash book balance at end of year

636 420

632 219

Bank statement balance at beginning of year

280 915

1 000 655

Bank statement balance at end of year

608 706

280 915

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19

## CASH AND CASH EQUIVALENTS (CONTINUED)

## Call Investment Deposits

Call investment deposits consist out of the following accounts:

Account no.	Place of investment	Name of fund	2022 R	2022 R	2021 R
Bank Certificates					
088 705 536-003	Standard	Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
20-7477-9380	ABSA	Housing Fund	54 304	54 304	52 481
20-7477-9380	ABSA	Job creation - De Bult	54 943	54 943	53 099
20-7477-9380	ABSA	Land development	23 592	23 592	22 800
20-7477-9380	ABSA	Land development (Vanwyksvlei)	21 519	21 519	20 798
20-7477-9380	ABSA	Land development (Vosburg)	41 144	41 144	39 763
20-7477-9380	ABSA	Civil Defence	21 191	21 191	20 944
08-870-553-6 008	Standard Bank	RBIG - Vanwyksvlei Pipeline	-	-	15 968 378
03/7881142979/000	Nedbank	RBIG - Vanwyksvlei Pipeline	17 156 985	17 156 985	28 776 000
92 8617 3395	ABSA	Electrification DoE INEP	5 000 000	5 000 000	-
20-7477-9380	ABSA	CMIP Kwaggakolk(vat)	858	858	830
92 8617 3395	ABSA	WSIG	2 518 512	2 518 512	8 482 351
088-705-536 002	Standard	MIG Sanitation interest/vat	184 441	184 441	184 441
20-7477-9380	ABSA	Electricity	49 498	49 498	47 836
20-7477-9380	ABSA	Water Services Plan	4 622	4 622	4 467
20-7477-9380	ABSA	CMIP-Saalpoort project 301	5 075	5 075	4 905
20-7477-9380	ABSA	EPWP - Paving/ Cleaning	33 456	33 456	32 334
20-7477-9380	ABSA	Lotto Camarvon	2 566	2 566	2 480
20-7477-9380	ABSA	Lotto Vosburg	45 322	45 322	43 800
20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	192 258	194 651	185 785
20-7477-9380	ABSA	VB Cleaning Project	36 192	36 192	34 977
20-7477-9380	ABSA	VAT - retention	16 785	16 785	16 222
92-8617-3395	ABSA	EPWP	-	-	300 925
92-8617-3395	ABSA	Municipal Infrastructure Grant	3 667 981	3 667 981	3 236 633
92-1221-8064	ABSA	Youth Development	93 632	93 632	93 632
92-1221-8064	ABSA	Leave, PMS and Long Service Funds	3 255 089	3 255 089	3 281 223
92-1221-8064	ABSA	Provision for Employee benefits	2 000 000	2 000 000	2 000 000
92 8504 7305	ABSA	Retension	3 522 054	3 522 054	1 257 575
92 1221 8064	ABSA	General Account - Vehicles	6 650 000	6 650 000	1 650 000
92 1221 8064	ABSA	General Account	4 130 605	4 130 605	6 915 267
088705536-006	Standard Bank	General Account	2 200 000	2 200 000	2 200 000
20-8039-4405	ABSA	General Account	30 000 000	30 000 000	-
088705536-009	Standard Bank	General Account	30 000 000	30 000 000	-
			<b>122 330 433</b>	<b>122 332 826</b>	<b>86 277 758</b>

20

## 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 for gone

Balance previously reported  
 Correction of error - refer note 33.01

## Total Assessment Rates

## Valuations - 30 June 2022:

## Rateable Land and Buildings

Residential & Commercial Property  
 State - National / Provincial Services

## Total Assessment Rates

## Valuations - 30 June 2022:

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

	2022 R	2021 R
	15 950 723	15 657 583
	14 839 882	14 471 107
	15 521 595	15 071 107
	(681 713)	(600 000)
	1 110 841	1 186 476
	(600 585)	(569 732)
	(2 002 310)	(2 724 180)
	(3 113 778)	(2 878 054)
		(2 878 054)
		-
	<b>10 234 050</b>	<b>9 485 617</b>
	2 881 048 040	2 877 785 800
	2 788 193 540	2 784 931 300
	92 854 500	92 854 500
	<b>2 881 048 040</b>	<b>2 877 785 800</b>

## Valuation

Residential	263 216 740
State	35 659 000
State: Agriculture	57 195 500
Agriculture	2 284 329 800
Municipal	24 200 000
Municipal: Agriculture	44 780 000
Industrial	7 168 000
Churches	16 425 000
Infrastructure	340 000
Public Benefit Organisations	3 172 000
SKA	33 785 000
SKA Farms	62 963 000
Commercial	46 926 000
Infrastructure farms	228 000
Sport clubs	660 000
<b>Total Property Valuations</b>	<b>2 881 048 040</b>

Assessment Rates are levied on the values of immovable properties. A general valuation was performed during 2017/18 for implementation 1 July 2018. The tariffs applicable are proclaimed by PK 2424 dated 21 June 2021.

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.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21

## GOVERNMENT GRANTS AND SUBSIDIES

## Unconditional Grants

Equitable Share - Refer to Note 21.01

## Conditional Grants

Department of Water Affairs and Forestry (WSIG)  
 Department of Energy (DOE)  
 Library Development Projects  
 Municipal Finance Management Grant  
 Municipal Infrastructure Grant  
 Expanded Public Works Program (PWPG)  
 Department of Water Affairs and Forestry (RBIG)

## Total Government Grants and Subsidies

Government Grants and Subsidies - Capital  
 Government Grants and Subsidies - Operating

2022  
R2021  
R

27 308 000

29 341 000

27 308 000

29 341 000

70 890 809

23 642 393

10 963 839

1 517 649

-

1 500 000

1 655 000

-

2 650 000

2 800 000

4 792 652

1 003 514

1 280 925

756 075

49 548 393

16 065 155

98 198 809

52 983 393

55 891 461

17 479 222

42 307 348

35 504 171

98 198 809

52 983 393

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

25 629 000

29 341 000

Executive &amp; Council

1 679 000

1 614 000

Budget &amp; Treasury

11 129 567

1 702 679

Community &amp; Social Services

1 655 000

-

Waste Water Management

-

1 600 000

Road Transport

5 446 153

1 619 308

Water

52 660 089

15 802 058

Electricity

-

1 304 348

98 198 809

52 983 393

## 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 R402 per month to R804 per month.(2021: R383 per month to R766 per month)

Grants received

27 308 000

29 341 000

Conditions met

(27 308 000)

(29 341 000)

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

3 236 633

(2 177 853)

Grants received

5 224 000

6 418 000

Conditions met

(625 129)

(130 697)

Conditions met - Capital

(4 167 523)

(872 816)

Grant expenditure to be recovered / Conditions still to be met

3 667 981

3 236 633

The grant was used to upgrade infrastructure in the Kareeberg areas.

## 21.03 Local Government Financial Management Grant (FMG)

Grants received

2 650 000

2 800 000

Conditions met

(2 575 000)

(2 800 000)

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

1 655 000

-

Conditions met

(1 655 000)

-

Conditions met - Capital

-

-

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 2022

21		2022 R	2021 R
	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
21.05	<b>Youth Development</b>		
	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	<b>Expanded Public Works Program</b>		
	Opening balance	300 925	-
	Grants received	980 000	1 057 000
	Conditions met	(1 280 925)	(756 075)
	Conditions still to be met	0	300 925
	The grant was used for general labour in the Kareeberg area.		
21.07	<b>Job Creation De Bult</b>		
	Opening balance	53 099	51 318
	Interest received	1 529	1 781
	Conditions still to be met	54 628	53 099
	The grant will be used for job creation in the Kareeberg area. (Camarvon)		
21.08	<b>Land Development</b>		
	Opening balance	83 361	80 565
	Interest received	3 209	2 796
	Conditions still to be met	86 570	83 361
	The grant will be used for a land development plan in the Kareeberg area.		
21.09	<b>Civil Defence</b>		
	Opening balance	20 944	20 944
	Interest received	246	-
	Conditions still to be met	21 191	20 944
	The grant will be used for civil defence in the Kareeberg area.		
21.10	<b>CMIP Kwaggakolk (VAT)</b>		
	Opening balance	830	803
	Interest received	28	26
	Conditions still to be met	858	830
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)		
21.11	<b>Sanitation - sewerage</b>		
	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	<b>Electricity Schietfontein</b>		
	Opening balance	47 836	46 231
	Interest received	1 662	1 606
	Conditions still to be met	49 498	47 836
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
21.13	<b>Water Service Plan</b>		
	Opening balance	4 467	4 318
	Interest received	154	149
	Conditions still to be met	4 622	4 467
	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 2022

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2022 R	2021 R
<b>21.14</b>	<b>CMIP - Saaipoort project 301</b>		
	Opening balance	4 905	4 741
	Interest received	170	164
	Conditions still to be met	5 075	4 905
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
<b>21.15</b>	<b>Paving Projects</b>		
	Opening balance	32 334	31 249
	Interest received	1 123	1 084
	Conditions still to be met	33 456	32 334
	The grant will be used for a extended public works program in the Kareeberg area.		
<b>21.16</b>	<b>Lotto Carnarvon</b>		
	Opening balance	2 480	2 397
	Interest received	86	83
	Conditions still to be met	2 566	2 480
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
<b>21.17</b>	<b>Lotto Vosburg</b>		
	Opening balance	43 800	42 330
	Interest received	1 522	1 470
	Conditions still to be met	45 322	43 800
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
<b>21.18</b>	<b>Transfer Fees Sub-Economic</b>		
	Opening balance	185 785	179 532
	Interest received	8 866	6 253
	Conditions still to be met	194 651	185 785
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
<b>21.19</b>	<b>Cleaning Project Vosburg</b>		
	Opening balance	34 977	33 804
	Interest received	1 214	1 173
	Conditions still to be met	36 192	34 977
	The grant will be used for a cleaning project in the Kareeberg area.		
<b>21.20</b>	<b>VAT - Retention</b>		
	Opening balance	16 222	15 678
	Interest received	563	544
	Conditions still to be met	16 785	16 222
	The grant will be used for maintenance in the Kareeberg area.		
<b>21.21</b>	<b>Integrated National Electrification Programme - INEP</b>		
	Grants received	5 000 000	1 500 000
	Conditions met	-	(195 652)
	Conditions met - Capital	-	(1 304 348)
	Conditions still to be met	5 000 000	-
	The grant was used for electricity infrastructure development in the Kareeberg area.		
<b>21.22</b>	<b>Regional Bulk Infrastructure Grant - RBIG (DWA)</b>		
	Opening balance	44 744 378	-
	Grants received	21 961 000	62 551 000
	Conditions met Inventory	(392 287)	-
	Carting of water	-	(1 741 467)
	Conditions met	(7 049 916)	(2 082 988)
	Conditions met - Capital	(42 106 190)	(13 982 167)
	Conditions still to be met	17 156 985	44 744 378
	The grant was used for water infrastructure development in the Kareeberg area. Carting of water was on behalf of Sedibeng Water and the debt was paid from the fund after approval of DWA.		

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2022 R	2021 R
21.23	<b>Water Service Infrastructure Grant - WSIG (DWA)</b>		
	Opening balance	8 482 351	-
	Grants received	5 000 000	10 000 000
	Conditions met	(1 421 092)	(197 759)
	Conditions met - Capital	(9 542 747)	(1 319 891)
	Conditions still to be met	2 518 512	8 482 351
	The grant will be used for water infrastructure development in the Kareeberg area.		
21.24	<b>Total Grants</b>		
	Opening balance	57 573 401	(1 385 869)
	Interest received	20 371	17 130
	Grants received	69 778 000	113 667 000
	Conditions met Inventory	(392 287)	-
	Cartino of water	-	(1 741 467)
	Conditions met	(41 915 061)	(35 504 171)
	Conditions met - Capital	(55 891 461)	(17 479 222)
	Conditions still to be met/(Grants expenditure to be recovered)	29 172 963	57 573 401
22	<b>AVAILABILITY CHARGES</b>	2022 R	2021 R
	Electricity	274 539	159 311
	Water	139 345	140 401
	<b>Total Availability Charges</b>	413 883	299 712
23	<b>SERVICE CHARGES</b>	2022 R	2021 R
	Electricity	9 871 027	9 345 459
	Service Charges	10 028 647	9 772 293
	Less: Equitable Share	(157 620)	(426 834)
	Water	4 028 571	2 249 999
	Service Charges	6 547 246	6 089 822
	Less: Equitable Share	(2 518 675)	(3 839 822)
	Refuse removal	2 868 517	1 755 150
	Service Charges	5 331 845	4 962 481
	Less: Equitable Share	(2 463 328)	(3 207 331)
	Sewerage and Sanitation Charges	2 120 440	1 283 223
	Service Charges	5 294 134	4 923 517
	Less: Equitable Share	(3 173 694)	(3 640 294)
	<b>Total Service Charges</b>	18 888 555	14 633 831
24	<b>OTHER REVENUE</b>		
	Application Specific Registrations	954	-
	Building Fees	1 143	-
	Photocopies	5 647	2 792
	Grave Fees	20 755	17 920
	Searching Fees	270	2 820
	Encroachment	744	744
	Cement block Sales	5 100	7 800
	Pond Fees	-	-
	Refuse Bags Sold	1 030	1 498
	Connection Fees	90	90
	Retention Forfeit	-	260 750
	Gain due to additions on Biological assets	6 392	10 266
	Valuation Certificates	60	45
	Electricity caravan park	50	-
	Commission on insurance	39 434	38 257
	Balance previously reported		-
	Correction on Classification - Commission on insurance revenue moved from agency services to other revenue.		38 257
	Sale of scrap	105 520	-
	<b>Total Other Income</b>	187 188	342 981



## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

25	FAIR VALUE ADJUSTMENTS	2022	2021
		R	R
	Unamortised Discount - Interest - LT Receivables	545	771
		<b>545</b>	<b>771</b>
26	EMPLOYEE RELATED COSTS		
	Salaries & Wages	17 835 932	17 267 914
	Leave Reserve Fund	469 055	624 968
	Personnel Contributions	2 558 595	2 515 666
	Skill Development Levy	-	-
	Balance previously reported	-	155 602
	Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	-	(155 602)
	Bargaining Council	7 920	7 643
	Pension Gratification	-	407
	UIF	139 807	117 323
	Performance Bonuses	460 475	492 669
	Annual Bonuses	92 915	35 882
	Telephone Costs	121 200	118 200
	Balance previously reported	-	-
	Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	-	118 200
	Ward Committee Compensation	-	-
	Balance previously reported	-	6 500
	Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	-	(6 500)
	Contribution to Employee Benefits - Long Service Awards - Note 3	76 000	81 000
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	63 000	60 000
		<b>21 824 899</b>	<b>21 321 672</b>
	<b>Less:</b> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b>21 824 899</b>	<b>21 321 672</b>
<b>KEY MANAGEMENT PERSONNEL</b>			
Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA until 8 February 2022). There are no post-employment or termination benefits payable to him at the end of the contract period.			
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>			
<b>Remuneration of the Municipal Manager: Mr F. Manuel (Resigned 28 February 2020)</b>			
	Salary and Bonus, Performance Bonus	-	122 775
	<b>Total</b>	<b>-</b>	<b>122 775</b>
<b>Remuneration of the Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA and ended 8 February 2022)</b>			
	Salary and Bonus, Performance Bonus	336 708	547 196
	UIF	1 240	1 785
	Covid	-	7 000
	<b>Total</b>	<b>337 948</b>	<b>555 980</b>
<b>Remuneration of the Chief Financial Officer: Mr W. de Bruin</b>			
	Salary and Bonus, Performance Bonus	829 686	842 379
	Travel Allowance	84 000	84 000
	Rural	81 506	81 506
	UIF	2 125	1 785
	Bargaining Council	124	119
	Covid	-	7 000
	Cell phone (VAT Included)	30 000	30 000
	<b>Total</b>	<b>1 027 441</b>	<b>1 046 788</b>
<b>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)</b>			
	Salary and Bonus, Performance Bonus	1 380 405	1 298 753
	Travel Allowance	223 860	216 290
	Pension	184 888	174 441
	Medical	57 277	57 277
	UIF	2 125	1 785
	Bargaining Council	124	119
	Covid	-	7 000
	Cell phone (VAT Included)	30 000	30 000
	<b>Total</b>	<b>1 878 680</b>	<b>1 778 665</b>
<b>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</b>			
	Salary and Bonus, Performance Bonus, Long service Bonus	1 411 849	1 191 416
	Travel Allowance	223 860	216 290
	Pension	176 216	166 362
	Medical	57 277	52 650
	UIF	2 125	1 785
	Bargaining Council	124	119
	Covid	-	7 000
	Cell phone (VAT Included)	30 000	30 000
	<b>Total</b>	<b>1 901 451</b>	<b>1 665 622</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27

REMUNERATION OF COUNCILLORS

		2022 R	2021 R
Mayor	Mr N.S. van Wyk	296 675	806 066
Councillor	Mr J.E.J. Hoom	93 887	255 091
Councillor	Ms G. Saal	93 887	255 091
Councillor	Mr B.J.E. Siambee	93 887	255 091
Councillor	Mr E. Hoom	85 030	255 091
Councillor	Mr G.P. van Louw	93 887	255 091
Councillor	Mr W.D. Horne	85 030	255 091
Mayor	Mr M.J. MacZali	517 017	-
Speaker	Ms S.D. Malgas	415 506	-
Councillor	Mr E. Hoom	222 356	-
Councillor	Mr W.D. Horne	175 163	-
Councillor	Mr R.C.G. Jikella	184 945	-
Councillor	Mr P. Charlies	170 083	-
Councillor	Ms A.J. Kamies	170 083	-
Councillor	Mr J.S. Newath	170 083	-
Councillor	Mr J. Nyl	170 083	-
Councillor	Mr W.F. Links	170 083	-
Councillor	Mr J.H. Vermeulen	21 895	-
Councillors' Cell phones		369 186	310 800
<b>Total Councillors' Remuneration</b>		<b>3 598 767</b>	<b>2 647 412</b>

**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 46470, dated 2 June 2022. Provision was made for back pay.

  
Signed: (Acting) Municipal Manager

28

DEBT IMPAIRMENT

Receivables from exchange transactions - Note 16	3 920 602	2 099 462
Receivables from non-exchange transactions - Note 17	1 905 458	2 209 665
<b>Debt impairment recognised in statement of financial performance</b>	<b>5 826 060</b>	<b>4 309 128</b>

29

DEPRECIATION AND AMORTISATION

Property, plant and equipment	5 484 678	4 978 141
Intangible assets	9 901	9 766
Investment property carried at cost	12 941	12 941
<b>Total depreciation and amortisation</b>	<b>5 507 521</b>	<b>5 000 849</b>

30

FINANCE CHARGES

Post Retirement Charges	801 000	780 000
Landfill sites	673 406	882 155
<b>Total finance charges</b>	<b>1 474 406</b>	<b>1 662 155</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
31	<b>BULK PURCHASES</b>		
	Electricity bulk purchases	15 672 853	12 755 173
	Electricity distribution losses	(3 879 009)	(2 827 225)
	<b>Total Bulk Purchases</b>	<b>11 793 844</b>	<b>9 927 948</b>
32	<b>GENERAL EXPENSES</b>		
	Advertisement, printing & stationary	112 458	532 614
	Audit Costs	2 889 701	2 451 631
	Bank charges	80 808	133 097
	Compensation insurance	163 621	207 833
	Electricity Eskom	428 085	409 056
	Fuel & Oil	-	557 984
	Indigents energy sources	1 281 306	1 038 266
	Insurance	735 868	460 442
	Legal costs	117 232	1 377 255
	Membership for associations	475 000	975 000
	Other General Expenses	685 703	622 742
	Balance previously reported	-	616 242
	Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	-	6 500
	Inventory Consumed	1 488 022	1 535 151
	Skill Development Levy	188 717	155 602
	Balance previously reported	-	-
	Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	-	155 602
	Street Lighting	540 450	458 337
	Subsistence and Travelling	935 584	1 052 937
	Telephone & Postage	471 958	433 421
	Balance previously reported	-	551 621
	Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	-	(118 200)
	Uniforms	86 432	95 748
	Internal Audit	227 391	217 391
	Personnel and Labour	1 121 983	235 741
	Maintenance of Unspecified Assets	1 433 193	-
	Water Distribution Tanker	52 250	251 530
	Accounting Support	829 703	657 552
	Audit Committee	73 847	83 744
	Business and Financial Management	3 928 423	1 375 387
	Human Resources Support	424 855	556 030
	Valuer and Assessors	48 043	27 250
	Actuaries	22 000	15 000
	Laboratory Services	131 755	93 729
	Water Research	20 871	21 235
	Rental of buildings	69 984	64 152
	Electricity Support Services	258 050	283 500
	Commission/IT services Prepaid Electricity Vendors	197 409	147 905
	Administrative and Support Staff	15 153	604 933
	<b>General Expenses</b>	<b>19 535 855</b>	<b>17 132 197</b>

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, cleaning materials, refreshments, water services fees and workmen compensation.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33

## CORRECTION OF ERROR IN TERMS OF GRAP 3

2021  
R

## 33.01 Statement of Financial Performance

<b>Balance previously reported</b>	<b>16 389 652</b>
Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	(118 200)
Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	118 200
Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	6 500
Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	(6 500)
Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	155 602
Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	(155 602)
Correction on Classification - Commission on insurance revenue moved from agency services to other revenue.	38 257
Correction on Classification - Commission on insurance revenue moved from agency services to other revenue.	(38 257)
<b>Total</b>	<b>16 389 652</b>
Correction of Error in note to 33.01 was resulted of: Reclassification of revenue and expense items to be in line with mSCOA.	

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
<b>34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus for the year	57 413 345	16 389 652
<b>Adjustments for:</b>		
Depreciation	5 497 619	4 991 083
Amortisation of Intangible Assets	9 901	9 766
(Gain)/Loss on disposal of property, plant and equipment/Inventory	546 936	7 038
Contribution from/to employee benefits - non-current	940 000	921 000
Contribution from/to employee benefits - non-current - expenditure incurred	(587 751)	(620 458)
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	(57 621)	157 479
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	4 373	(418 021)
Contribution to employee benefits - current	1 022 445	1 153 519
Contribution to employee benefits - current - expenditure incurred	(902 579)	(1 036 930)
Contribution to provisions - non-current - Rehabilitation of Landfill-sites	(3 590 632)	(1 741 356)
Contribution to provisions - non-current - Unwinding of discounted interest	673 406	882 155
Contribution to provisions - bad debt movement	4 145 509	4 309 128
Unamortised discount - Interest - Revenue	(545)	(771)
Contributed PPE	-	(137 748)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(28 400 438)	56 781 417
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	2 177 853
Operating lease income accrued	12 685	12 558
Operating Surplus/(Deficit) before changes in working capital	36 726 653	83 837 363
Changes in working capital	53 803 023	(5 449 149)
Increase/(Decrease) in Payables from exchange transactions	56 622 332	847 130
Increase/(Decrease) in Taxes	2 185 315	(2 281 596)
(Increase)/Decrease in Inventory	(390 645)	-
(Increase)/Decrease in Trade Receivables from exchange transactions	(3 460 414)	(704 788)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(1 153 565)	(3 309 895)
<b>Cash generated/(absorbed) by operations</b>	<b>90 529 676</b>	<b>78 388 214</b>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 19	122 332 826	86 277 758
Bank - Note 19	636 420	632 219
<b>Total cash and cash equivalents</b>	<b>122 969 246</b>	<b>86 909 977</b>
<b>36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 35	122 969 246	86 909 977
Less:	122 969 246	86 909 977
	29 227 267	57 625 882
Unspent Conditional Grants - Note 8	29 172 963	57 573 401
Cash Portion of Housing Development Fund - Note 2	54 304	52 481
<b>Net cash resources available for internal distribution</b>	<b>93 741 978</b>	<b>29 284 095</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	(11 347 812)	(11 347 812)
Retension	(3 522 054)	(1 257 575)
Provision for Employee benefits	(2 000 000)	(2 000 000)
Vehicles	(6 650 000)	(3 672 936)
Staff Leave, Performance Management Bonus, Long Service	(3 255 089)	(3 281 223)
Equitable Share in advance	(55 031 000)	-
<b>Resources available for working capital requirements</b>	<b>11 936 024</b>	<b>7 724 551</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2022 R	2021 R
37.01	<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	-	-
	Written off by Council	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	-	-

Incident	Disciplinary steps/criminal proceedings
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	-	-
Cash	-	-
	-	-

Analysed as follows: Non-cash

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 (Donated assets)	-	-
	-	-

Analysed as follows: Cash

Bulk Purchases	-	-
Employee related cost	-	-
Operational Costs	-	-
Capital Costs	-	-
	-	-

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

	2022 R (Actual)	2022 R (Budget)	2022 R (Variance)	2022 R (Unauthorised)
<u>Unauthorised expenditure current year - operating</u>				
Executive & Council	5 258 374	7 516 181	(2 257 807)	-
Budget & Treasury	19 897 338	20 059 596	(162 258)	-
Corporate Services	3 582 452	4 205 462	(623 010)	-
Other	-	70 633	(70 633)	-
Health	7 560	14 185	(6 625)	-
Community & Social Services	2 454 833	3 043 686	(588 853)	-
Housing	-	12 196	(12 196)	-
Public Safety	13 137	54 549	(41 412)	-
Sport & Recreation	287 511	319 700	(32 189)	-
Environmental Protection	-	76 528	(76 528)	-
Waste Management	4 727 902	8 985 326	(4 257 424)	-
Waste Water Management	8 489 734	8 497 065	(7 331)	-
Road Transport	8 190 310	8 192 789	(2 479)	-
Water	3 368 196	4 073 663	(705 467)	-
Electricity	17 714 321	20 693 003	(2 978 682)	-
	<b>73 991 668</b>	<b>85 814 562</b>	<b>(11 822 894)</b>	-
	2022 R (Actual)	2022 R (Budget)	2022 R (Variance)	2022 R (Unauthorised)
<u>Unauthorised expenditure current year - capital</u>				
Executive & Council	-	155 000	(155 000)	-
Budget & Treasury	231 842	855 000	(623 158)	-
Community & Social Services	-	340 000	(340 000)	-
Waste Management	-	3 800 000	(3 800 000)	-
Waste Water Management	1 012 718	1 390 000	(377 282)	-
Road Transport	2 770 066	8 460 633	(5 690 567)	-
Water	52 659 155	128 538 729	(75 879 574)	-
Electricity	1 398 947	5 340 000	(3 941 053)	-
	<b>58 072 728</b>	<b>148 879 362</b>	<b>(90 806 634)</b>	-

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

37

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

2022

R

2021

R

37.02

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance

1 534 151

37 500

Correction of prior period error

-

-

Restated opening balance

1 534 151

37 500

Fruitless and wasteful expenditure current year

47 429

1 496 651

Written off by Council

(10 000)

-

Current

(10 000)

-

Prior Period

-

-

Transfer to receivables for recovery - not written off

-

-

Current

-

-

Prior Period

-

-

Fruitless and wasteful expenditure awaiting further action

1 571 580

1 534 151

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/Carnarvon - Saaijpoort settlement

None

-

395 574

Legal cost - Bulk Water Supply:

Vanwyksvlei/Carnarvon - Saaijpoort settlement

None

-

995 312

Toilets Carnarvon

None

-

105 766

Poor workmanship

None

22 115

-

Accommodation MM paid without stay

None

10 000

-

Conciliation costs

None

15 314

-

47 429

1 534 151

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)	2022 R	2021 R
37.03	<b>Irregular expenditure</b>		
	Reconciliation of irregular expenditure:		
	Opening balance	2 700 148	356 413
	Correction of prior period error	-	-
	Restated opening balance	2 700 148	356 413
	Irregular expenditure current year	11 719 569	2 343 736
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Current	-	-
	Prior Period	-	-
	Written off as supported by council	(14 218 266)	-
	Current	(11 634 230)	-
	Prior Period	(2 584 036)	-
	Transfer to receivables for recovery - not written off	(26 113)	-
	Current	-	-
	Prior Period	(26 113)	-
	Irregular expenditure awaiting further action	175 338	2 700 148

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	-	165 462
Advertisements	None	-	96 531
Civil consulting services	None	-	1 066 159
Not lowest quotation	None	-	17 250
Advertisement	None	96 531	-
Advert not 30 days	None	9 671 560	-
Panel did not do scoring	None	1 431 443	-
Not lowest quotation	None	17 250	-
Rental of scaffolding - Not CSD registered	None	5 040	-
Accommodation - Not CSD registered	None	3 600	-
Bags of tar - Not CSD registered	None	11 213	-
Not lowest quotation	None	25 300	-
Repair fence - Not CSD registered	None	2 865	-
Legal opinion - No quotes requested	None	63 347	-
Legal opinion - Not CSD registered	None	6 900	-
Panel did not do scoring	None	362 529	-
Legal opinion - Not CSD registered	None	6 571	-
Legal opinion - Not CSD registered	None	11 520	-
Transport - No quotes requested	None	3 900	-
		11 719 569	2 700 148

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

37.04	<b>Material Losses</b>		
	<b>Electricity distribution losses</b>		
	Electricity distribution losses ( R )	(3 879 009)	(2 827 225)
	Units purchased (Kwh)	7 990 979	7 714 967
	- Units lost during distribution (Kwh)	1 977 756	1 710 047
	- Percentage lost during distribution	24.75%	22.17%



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2022 R	2021 R
38.01	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>		
	Council subscriptions	475 000	975 000
	Amount paid - current year	(475 000)	(975 000)
	<b>Balance unpaid (included in creditors)</b>	-	-
38.02	<b>Audit fees - [MFMA 125 (1)(b)] (excl. VAT)</b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year audit fee	2 889 701	2 451 631
	External Audit - Auditor-General	2 889 701	2 451 631
	Amount paid - current year	(2 889 701)	(2 451 631)
	<b>Balance unpaid (included in creditors)</b>	-	-
38.03	<b>VAT - [MFMA 125 (1)(b)]</b>		
	Opening balance	(2 833 768)	(350 369)
	Correction of prior period error	-	-
	Restated opening balance	(2 833 768)	(350 369)
	Amounts received - current year	12 125 955	3 396 968
	Amounts claimed - current year (payable)	(12 898 640)	(6 230 736)
	Amounts received - previous year	2 833 768	350 369
	<b>Closing balance</b>	<b>(772 686)</b>	<b>(2 833 768)</b>
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
38.04	<b>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	4 073 000	3 924 888
	Amount paid - current year	(4 073 000)	(3 924 888)
	<b>Balance unpaid (included in creditors)</b>	-	-
38.05	<b>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	(4 718 913)	(4 671 895)
	Amount paid - current year	4 718 913	4 671 895
	L.A. Health	488 713	612 561
	LA retirement fund	283 536	336 107
	Hosmed	819 402	754 870
	Consolidated retirement fund for local government	2 812 425	2 647 019
	Municipal workers retirement fund	314 838	321 338
	<b>Balance unpaid (included in creditors)</b>	-	-
38.06	<b>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2022:		
		<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	Councillor B.J.E. Slambec	-	10 298
	Councillor N.S. van Wyk	-	30 113
	Councillor W. Horne (Including Spouse)	23 743	6 090
	Councillor G.P. van Louw	-	604
	Councillor G. Saal (Including Spouse)	-	71 658
	Councillor W. Links	1 120	-
	Councillor JH Vermeulen	42 591	-
	Councillor R. Jikella	10 267	-
	Councillor S. Newath (Including Spouse)	34 542	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>112 263</b>	<b>118 762</b>
38.07	<b>Quotations awarded - Section 45 - Supply Chain Management</b>		
	Unigratia Trading Spouse works at Municipality	-	178 783
	XYX Construction Johannes Nicolaas van der Merwe (Director) works at Nat Research Foundation	40 917	-
	Conlog Nirvasha Moodley, spouse to Logandhren Moodley is a director, dept of health-Data Managem	229 381	-
	G3-Group Emily Jacobs (Wife) works at Sol Plaatjie Municipality	64 014	-
	Barbie Group Amorei Vermeulen - Works at education	2 520	-
	Barbie Group Amorei Vermeulen - Works at education	2 830	-
	Meerkat Zirk Brits (Husband) works at NRF	5 221	-
	Cape Dutch Guesthr Elda Jann - Employed at Department of Health	3 000	-
	R. Jikella Councillor - transport	5 100	-
	M van Zyl NJ van Zyl (Husband) is Head Corporate Services at Kareeberg Municipality	600	-
	Cape Dutch Guesthr Elda Jann - Employed at Department of Health	750	-
	N J van Zyl Head corporate purchase patrons cash	6 121	-
	N J van Zyl Head corporate services - hire of trailer	600	-
	G3-Group Emily Jacobs (Wife) works at Sol Plaatjie Municipality	218 517	-
		<b>579 572</b>	<b>178 783</b>

# KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

#### 38.08 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 2022				
Emergency cases	132 631	57 215	-	-
Availability	444 836	172 507	-	-
Limited Quotations	78 018	-	-	-
Service provider	207 862	4 862 912	-	-
	<u>863 346</u>	<u>5 092 633</u>	<u>-</u>	<u>-</u>
30 June 2021				
Emergency cases	40 939	-	-	-
Availability	410 794	120 000	-	-
Limited Quotations	20 923	1 500 872	-	-
Service provider	179 204	41 675	-	-
	<u>651 859</u>	<u>1 662 546</u>	<u>-</u>	<u>-</u>

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

### 39 CAPITAL COMMITMENTS

#### Commitments in respect of capital expenditure:

	2022 R	2021 R
Approved and contracted for:	22 064 206	76 412 291
Infrastructure	16 494 476	74 085 915
Other	5 569 730	2 326 376
<b>Total</b>	<b>22 064 206</b>	<b>76 412 291</b>
This expenditure will be financed from:		
Government Grants	16 494 476	74 085 915
Own Resources	5 569 730	2 326 376
	<b>22 064 206</b>	<b>76 412 291</b>

All amounts disclosed are VAT inclusive.

### 40 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	614 846	434 550
0.5% Decrease in interest rates	(614 846)	(434 550)

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

40

## 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:

	2022 %	2022 R	2021 %	2021 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
Availability Charges	0.00%	-	0.00%	-
	0.00%	0	0.00%	0
<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	0.00%	0

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:

	2022 %	2022 R	2021 %	2021 R
<u>Non-Exchange Receivables</u>				
Rates	95.61%	9 076 585	96.73%	7 339 393
Availability Charges	4.39%	416 553	3.27%	248 286
	100.00%	9 493 137	100.00%	7 587 679
<u>Exchange Receivables</u>				
Electricity	11.27%	1 327 711	16.67%	1 590 175
Water	34.10%	4 017 274	32.16%	3 068 713
Refuse	25.52%	3 006 573	24.06%	2 295 542
Sewerage	17.15%	2 021 077	15.74%	1 501 780
Other	11.96%	1 408 776	11.37%	1 085 151
	100.00%	11 781 411	100.00%	9 541 361

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

40

## FINANCIAL RISK MANAGEMENT (CONTINUE)

	2022 %	2022 R	2021 %	2021 R
The provision for bad debts could be allocated between the different categories of debtors as follows:				
Industrial	4.27%	907 909	10.23%	1 752 653
Residential	95.73%	20 366 639	89.77%	15 376 387
	100.00%	21 274 548	100%	17 129 040
	2022 %	2022 R	2021 %	2021 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:

	2022 R	2021 R
Long term receivables	7 682	12 518
Trade receivables and other receivables	5 351 502	4 883 032
Cash and Cash Equivalents	122 969 246	86 909 977
	128 328 431	91 805 527

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

40

## FINANCIAL RISK MANAGEMENT (CONTINUE)

2022  
R2021  
R

## (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
<b>2022</b>				
Provisions - Landfill Sites	-	-	-	345 781 455
Capital repayments	-	-	-	6 577 094
Interest	-	-	-	339 204 360
Trade and Other Payables	4 218 418	-	-	-
Consumer Deposits	361 379	-	-	-
Unspent conditional government grants and receipts	29 172 963	-	-	-
	<u>33 752 760</u>	<u>-</u>	<u>-</u>	<u>345 781 455</u>
<b>2021</b>				
Provisions - Landfill Sites	-	-	-	265 256 002
Capital repayments	-	-	-	9 494 320
Interest	-	-	-	255 761 681
Trade and Other Payables	2 627 086	-	-	-
Consumer Deposits	348 679	-	-	-
Unspent conditional government grants and receipts	57 573 401	-	-	-
	<u>60 549 166</u>	<u>-</u>	<u>-</u>	<u>265 256 002</u>

41

## FINANCIAL INSTRUMENTS

2022  
R2021  
R

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

<b>41.1 Financial Assets</b>	<b>Classification</b>		
<b>Long-term Receivables</b>			
Staff Loans	Financial instruments at amortised cost	2 400	7 999
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Financial instruments at amortised cost	12 600 579	9 979 613
Other receivables from exchange transactions	Financial instruments at amortised cost	3 894 423	3 054 975
<b>Current Portion of Long-term Receivables</b>			
Staff Loans	Financial instruments at amortised cost	5 599	5 380
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	122 332 826	86 277 758
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	636 420	632 219
		<u>139 472 247</u>	<u>99 957 945</u>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Financial instruments at amortised cost		<u>139 472 247</u>	<u>99 957 945</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

41	FINANCIAL INSTRUMENTS (CONTINUE)		2022 R	2021 R
41.2	<b>Financial Liability</b>	<b>Classification</b>		
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	3 622 364	1 270 754
	Payments received in advance	Financial instruments at amortised cost	596 054	1 356 332
	<b>Consumer deposits</b>			
	Other liabilities	Financial instruments at amortised cost	361 379	348 679
	<b>Unspent Conditional Grants and Receipts</b>			
	Other Spheres of Government	Financial instruments at amortised cost	29 172 963	57 573 401
			<b>33 752 760</b>	<b>60 549 166</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<b>33 752 760</b>	<b>60 549 166</b>

42 **EVENTS AFTER THE REPORTING DATE**

The Municipality had no significant events after reporting date.

43 **IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

44 **PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

45 **CONTINGENT ASSET/LIABILITIES**

The Municipality had no contingent asset/liabilities at reporting date.

46 **RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

46.1 **Related Party Transactions**

	Rates - Levied 1 July 2021 - 30 June 2022	Service Charges - Levied 1 July 2021 - 30 June 2022	Other - Levied 1 July 2021 - 30 June 2022	Outstanding Balances 30 June 2022
<b>Year ended 30 June 2022</b>				
Councillors	37 349	131 268	-	135 352
Municipal Manager and Section 56 Employees	25 329	107 834	-	115 603
<b>Year ended 30 June 2021</b>				
Councillors	5 381	87 115	6 408	137 061
Municipal Manager and Section 56 Employees	24 126	51 775	-	39 250

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.

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

46.2 **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.

46.3 **Compensation of key management personnel**

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

46.4 **Other related party transactions**

	2022 R	2021 R
The following purchases were made during the year where Councillors or Management have an interest:		
<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)	600	-
NJ van Zyl - Head of Corporate Services	6 721	-
R Jikella - Councillor	5 100	-
	<b>17 771</b>	<b>-</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

47

## FINANCIAL SUSTAINABILITY

2022  
R2021  
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 1.39:1 from 1.48:1 in the prior year.

The municipality have budgeted for a surplus of R144 387 937 for the 2021/2022 financial year. The municipality is also budgeting for surplus during 2022/2023 and 2023/2024 amounting to R44 036 771 and R44 336 283 respectively.

The average debtors' payment days increased to 332 days from 329 days.

## Other Indicators

No outflow of resources due the contingent liability disclosed in note 45

The Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect of the lock down levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdown levels.

When analysing the results of the ratio's it can be concluded that the COVID-19 pandemic did have an adverse effect from financial sustainability perspective. The Municipality has assessed that no going concern issues has been noted and that the Municipality can continue in operational existence for the foreseeable future.

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality and close monitoring of the municipality's cash forecast, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so. The council has also approved our revised budget for 2022 which includes various concessions in order to further mitigate the economic impact of the virus in our communities.

48

## STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2022 R	2021 R
<b>Taxes</b>		
VAT Receivable	1 232 084	2 997 800
<b>Receivables from non-exchange transactions</b>		
Property Rates	9 658 671	8 662 124
<b>Total Statutory Receivables (before provision)</b>	<b>10 890 755</b>	<b>11 659 924</b>
<b>Less:</b> Provision for Debt Impairment	(9 076 585)	(7 339 393)
<b>Total Statutory Receivables (after provision)</b>	<b>1 814 171</b>	<b>4 320 531</b>

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.

	2022 R	2021 R
<b>(VAT): Ageing</b>		
Current (0 - 30 days)	187 056	128 746
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1 918 072	1 556 783
<b>Total</b>	<b>2 105 128</b>	<b>1 685 529</b>
<b>(Rates): Ageing</b>		
Current (0 - 30 days)	-	14 634
31 - 60 Days	10 770	-
61 - 90 Days	-	-
+ 90 Days	9 647 902	8 647 490
<b>Total</b>	<b>9 658 671</b>	<b>8 662 124</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48

## STATUTORY RECEIVABLES (CONTINUE)

2022  
R2021  
RReconciliation of Provision for Debt Impairment

Balance at beginning of year	7 339 393	5 449 255
Contribution to provision	1 737 191	1 890 138
Reversal of provision	-	-
Balance at end of year	<u>9 076 585</u>	<u>7 339 393</u>

2022  
R2021  
RAgeing of amounts past due and impaired:

1 month past due	-	-
2+ months past due	9 076 585	7 339 393
	<u>9 076 585</u>	<u>7 339 393</u>

2022  
R2021  
RAgeing of amounts past due but not impaired:

1 month past due	-	-
2+ months past due	571 317	1 308 097
	<u>571 317</u>	<u>1 308 097</u>

The basis used to assess and test whether a statutory receivable is impaired, including how receivables are grouped and assessed for collective impairment

2022  
R2021  
RInterest Received from Statutory Receivables

Taxes	-	-
Receivables from Non-Exchange Transactions	-	-
	<u>-</u>	<u>-</u>

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

49

## 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 2022**  
**MUNICIPAL VOTES CLASSIFICATION**

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
25 720	(192 432)	(166 712)	Cemetery	25 855	(334 763)	(308 908)
1 771	(2 333 427)	(2 331 657)	Library	1 657 239	(2 112 729)	(455 490)
-	(6 130)	(6 130)	Museum	-	(7 341)	(7 341)
-	-	-	Corporate Services	-	(3 582 452)	(3 582 452)
10 809 208	(1 119 206)	9 690 002	Electricity Administration	10 145 626	(1 124 039)	9 021 587
-	(13 996 813)	(13 996 813)	Electricity Generation	-	(17 093 913)	(17 093 913)
-	(237 141)	(237 141)	Electricity Distribution	-	(328 248)	(328 248)
16 922 849	(8 529 050)	8 393 799	General Expenditure of Council	4 851 495	(5 256 352)	(404 858)
9 480	(287)	9 193	Official Housing	9 600	(694)	8 906
9 485 617	(1 821 360)	7 664 256	Property Rates	10 234 050	(1 350 000)	8 884 050
202 846	(5 387)	197 459	Commonage	132 508	(12 476)	120 032
89 096	(589 844)	(500 748)	Municipal Buildings	40 559	(293 751)	(253 192)
19 368 444	(16 541 421)	2 827 023	Municipal Manager/Treasurer	37 023 821	(18 179 292)	18 844 530
-	-	-	Health Service	-	-	-
-	(5 295)	(5 295)	Clinic	-	(7 560)	(7 560)
347	(9 662)	(9 315)	Air Port	347	(61 001)	(60 654)
-	(54)	(54)	Abattoir	-	(125)	(125)
-	(37 093)	(37 093)	Fire Department	-	(4 137)	(4 137)
-	-	-	Civil Protection	-	(9 000)	(9 000)
-	-	-	Pound	-	-	-
-	-	-	Main Roads	-	-	-
746 492	(4 752 925)	(4 006 433)	Public Works	1 279 772	(6 308 897)	(5 029 125)
872 816	(1 579 103)	(706 287)	Streets & Pavements	4 167 523	(1 578 333)	2 589 190
5 040	(220 850)	(215 810)	Licensing & Traffic	11 360	(303 079)	(291 719)
10 266	(14 080)	(3 814)	Nature Reserve	6 392	(37 878)	(31 486)
435	(272 659)	(272 224)	Parks & Open areas	435	(232 582)	(232 148)
-	(19 214)	(19 214)	Swimming Pool	-	(13 734)	(13 734)
-	(35 757)	(35 757)	Caravan Park	410	(5 338)	(4 928)
1 756 648	(3 645 192)	(1 888 544)	Refuse	2 869 546	(4 727 902)	(1 858 356)
2 883 223	(7 442 636)	(4 559 413)	Sewerage & Cleansing	2 120 440	(8 498 281)	(6 377 841)
-	(591 356)	(591 356)	Water Distribution	-	(1 126 083)	(1 126 083)
18 192 458	(1 729 526)	16 462 933	Water Provision	56 828 035	(2 268 583)	54 559 452
81 382 754	(65 727 899)	15 654 856	Sub Total	131 405 013	(74 858 564)	56 546 449
-	734 796	734 796	Less Inter-Departmental Charges	-	866 896	866 896
81 382 754	(64 993 103)	16 389 652	Total	131 405 013	(73 991 668)	57 413 345

**APPENDIX B - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
16 922 849	(8 529 050)	8 393 799	Executive & Council	4 851 495	(5 258 374)	(406 879)
29 155 829	(18 968 015)	10 187 814	Budget & Treasury	47 440 885	(19 897 338)	27 543 547
-	-	-	Corporate Services	-	(3 582 452)	(3 582 452)
-	-	-	Other	-	-	-
-	(5 295)	(5 295)	Health	-	(7 560)	(7 560)
27 491	(2 531 989)	(2 504 498)	Community & Social Services	1 683 094	(2 454 833)	(771 740)
-	-	-	Housing	-	-	-
-	(37 093)	(37 093)	Public Safety	-	(13 137)	(13 137)
10 701	(341 710)	(331 010)	Sport & Recreation	7 237	(287 511)	(280 274)
-	-	-	Environmental Protection	-	-	-
1 756 648	(3 645 192)	(1 888 544)	Waste Management	2 869 546	(4 727 902)	(1 858 356)
2 883 223	(7 442 636)	(4 559 413)	Waste Water Management	2 120 440	(8 498 281)	(6 377 841)
1 624 348	(6 552 878)	(4 928 530)	Road Transport	5 458 656	(8 190 310)	(2 731 654)
18 192 458	(2 320 882)	15 871 577	Water	56 828 035	(3 394 666)	53 433 369
10 809 208	(15 353 160)	(4 543 952)	Electricity	10 145 626	(18 546 200)	(8 400 574)
81 382 754	(65 727 899)	15 654 856	Sub Total	131 405 013	(74 858 564)	56 546 449
-	734 796	734 796	Less Inter-Departmental Charges	-	866 896	866 896
81 382 754	(64 993 103)	16 389 652	<b>Total</b>	131 405 013	(73 991 668)	57 413 345

**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 2021	Correction of error	Restated balance	Interest on Investments	Other Income	Inventory Expenditure during the year Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2022
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Job Creation De Built	53 099	-	53 099	1 529	-	-	-	-	54 628
Land Development	83 361	-	83 361	3 209	-	-	-	-	86 570
Civil Defence	20 944	-	20 944	246	-	-	-	-	21 191
CWIP Kwaggaak (VAT)	830	-	830	28	-	-	-	-	858
Sanitation - sewerage	184 441	-	184 441	-	-	-	-	-	184 441
Electricity Schietfontein	47 836	-	47 836	1 662	-	-	-	-	49 498
Water Service Plan	4 467	-	4 467	154	-	-	-	-	4 622
CWIP - Saalpoort project 301	4 905	-	4 905	170	-	-	-	-	5 075
Library Development Projects	-	-	-	-	1 655 000	-	1 655 000	-	-
Paving Projects	32 334	-	32 334	1 123	-	-	-	-	33 456
Lotto Camarvon	2 480	-	2 480	86	-	-	-	-	2 566
Municipal Finance Management Grant	43 800	-	43 800	1 522	-	-	-	-	45 322
Transfer Fees Sub-Economic	-	-	-	-	2 650 000	-	2 575 000	75 000	-
Cleaning Project Vosburg	185 785	-	185 785	866	-	-	-	-	194 651
VAT - Retention	34 977	-	34 977	1 214	-	-	-	-	36 192
Municipal Infrastructure Grant	16 222	-	16 222	563	-	-	-	-	16 785
Youth Development	3 236 633	-	3 236 633	-	5 224 000	-	625 129	-	3 667 981
Expanded Public Works Program (PWPG)	93 632	-	93 632	-	-	-	-	4 167 523	93 632
Integrated National Electrification Programme - INEP	300 925	-	300 925	-	980 000	-	1 280 925	-	0
Water Service Infrastructure Grant - WSIG (DWA)	-	-	-	-	5 000 000	-	-	-	5 000 000
Regional Bulk Infrastructure Grant - RBIG (DWA)	8 482 351	-	8 482 351	-	5 000 000	-	1 421 092	9 542 747	2 518 512
	44 744 378	-	44 744 378	-	21 961 000	392 287	7 049 916	42 106 190	17 156 985
<b>Total</b>	<b>57 573 401</b>	<b>-</b>	<b>57 573 401</b>	<b>20 371</b>	<b>42 470 000</b>	<b>392 287</b>	<b>14 607 061</b>	<b>55 891 461</b>	<b>29 172 963</b>

**APPENDIX D - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Reconciliation of Table B1 Budget Summary												
Description	2021/2022					2020/2021						
	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	Revised Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12
<b>Financial Performance</b>												
Property rates	10 698	-	10 698	10 234	-	(464)	0.0%	0.0%	-	-	-	-
Service charges	16 673	(250)	16 423	18 889	-	2 465	0.0%	0.0%	-	-	-	-
Investment revenue	1 705	-	1 705	3 171	-	1 466	0.0%	0.0%	-	-	-	-
Transfers recognised- operational	32 138	301	32 439	42 307	-	9 868	0.0%	0.0%	-	-	-	-
Other own revenue	21 068	3 050	24 148	913	-	(23 236)	0.0%	0.0%	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>82 312</b>	<b>3 101</b>	<b>85 413</b>	<b>75 514</b>	-	<b>(9 900)</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-
Employee costs	26 311	(1 427)	24 884	21 825	-	(3 059)	0.0%	0.0%	-	-	-	-
Remuneration of councillors	4 173	-	4 173	3 559	-	(575)	0.0%	0.0%	-	-	-	-
Depreciation & asset impairment	5 635	-	5 635	5 508	-	(128)	0.0%	0.0%	-	-	-	-
Finance charges	1 145	-	1 145	1 474	-	329	0.0%	0.0%	-	-	-	-
Inventory consumed and bulk purchases	15 905	1 124	17 029	15 673	-	(1 357)	0.0%	0.0%	-	-	-	-
Transfers and grants	1 096	(87)	1 000	-	-	(1 000)	0.0%	0.0%	-	-	-	-
Other expenditure	23 866	3 902	27 768	25 913	-	(1 855)	0.0%	0.0%	-	-	-	-
<b>Total Expenditure</b>	<b>78 132</b>	<b>3 502</b>	<b>81 635</b>	<b>73 992</b>	-	<b>(7 643)</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>4 180</b>	<b>(401)</b>	<b>3 779</b>	<b>1 522</b>	-	<b>(2 257)</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-
Transfers recognised - capital	87 146	53 463	140 609	55 891	-	(84 718)	0.0%	0.0%	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>87 146</b>	<b>53 463</b>	<b>140 609</b>	<b>55 891</b>	-	<b>(84 718)</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-
Share of surplus / (deficit) of associate	91 326	53 062	144 388	57 413	-	(86 975)	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>57 413</b>	-	<b>(86 975)</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	87 146	53 463	140 609	55 891	-	(84 718)	0.0%	0.0%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Borrowing	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Internally generated funds	8 270	-	8 270	2 181	-	(6 089)	0.0%	0.0%	-	-	-	-
<b>Total sources of capital funds</b>	<b>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	-	<b>(86 807)</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-
<b>Cash flows</b>												
Net cash from (used) operating	95 332	301	95 633	90 530	-	(5 104)	0.0%	0.0%	-	-	-	-
Net cash from (used) investing	(95 416)	(237)	(95 653)	(54 488)	-	41 164	0.0%	0.0%	-	-	-	-
Net cash from (used) financing	0	-	0	18	-	18	0.0%	0.0%	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>28 038</b>	<b>64</b>	<b>28 103</b>	<b>38 058</b>	-	<b>7 957</b>	<b>0.0%</b>	<b>0.0%</b>	-	-	-	-

**APPENDIX D - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

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

Description	2021/2022								2020/2021			
	Original Budget	Budget Adjustments (i.to. 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
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	59 314	3 050	62 364	52 292	-	10 072	0.0%	0.0%	-	-	-	-
Executive and council	1 807	-	1 807	4 851	-	(3 044)	0.0%	0.0%	-	-	-	-
Finance and administration	57 507	3 050	60 557	47 441	-	13 116	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i>Community and public safety</i>	1 264	(16)	1 248	1 680	-	(442)	0.0%	0.0%	-	-	-	-
Community and social services	1 221	-	1 221	1 683	-	(463)	0.0%	0.0%	-	-	-	-
Sport and recreation	34	(16)	18	7	-	11	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>	8 658	538	7 197	5 459	-	1 738	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	6 654	538	7 192	5 459	-	1 733	0.0%	0.0%	-	-	-	-
Environmental protection	5	-	5	-	-	5	0.0%	0.0%	-	-	-	-
<i>Trading services</i>	102 250	52 977	155 227	71 984	-	83 263	0.0%	0.0%	-	-	-	-
Electricity	17 002	(250)	16 752	10 146	-	6 606	0.0%	0.0%	-	-	-	-
Water	76 964	53 227	130 191	56 828	-	73 363	0.0%	0.0%	-	-	-	-
Waste water management	2 300	-	2 300	2 120	-	179	0.0%	0.0%	-	-	-	-
Waste management	5 985	-	5 985	2 870	-	3 115	0.0%	0.0%	-	-	-	-
<i>Other</i>	0	-	0	-	-	0	0.0%	0.0%	-	-	-	-
<b>Total Revenue - Standard</b>	<b>169 488</b>	<b>56 548</b>	<b>226 036</b>	<b>131 405</b>	<b>-</b>	<b>94 631</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	32 503	(722)	31 781	28 738	-	3 043	0.0%	0.0%	-	-	-	-
Executive and council	13 702	(1 980)	11 722	5 258	-	6 463	0.0%	0.0%	-	-	-	-
Finance and administration	18 801	1 258	20 060	23 480	-	(3 420)	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i>Community and public safety</i>	3 826	(382)	3 444	2 763	-	681	0.0%	0.0%	-	-	-	-
Community and social services	3 282	(239)	3 044	2 455	-	589	0.0%	0.0%	-	-	-	-
Sport and recreation	446	(126)	320	288	-	32	0.0%	0.0%	-	-	-	-
Public safety	72	(18)	55	13	-	41	0.0%	0.0%	-	-	-	-
Housing	12	0	12	-	-	12	0.0%	0.0%	-	-	-	-
Health	13	1	14	8	-	7	0.0%	0.0%	-	-	-	-
<i>Economic and environmental services</i>	8 209	60	8 269	8 190	-	79	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	8 083	110	8 193	8 190	-	2	0.0%	0.0%	-	-	-	-
Environmental protection	127	(50)	77	-	-	77	0.0%	0.0%	-	-	-	-
<i>Trading services</i>	37 711	4 538	42 249	34 300	-	7 949	0.0%	0.0%	-	-	-	-
Electricity	19 213	1 480	20 693	17 714	-	2 979	0.0%	0.0%	-	-	-	-
Water	3 309	764	4 074	3 368	-	705	0.0%	0.0%	-	-	-	-
Waste water management	6 789	1 708	8 497	8 490	-	7	0.0%	0.0%	-	-	-	-
Waste management	8 400	586	8 985	4 728	-	4 257	0.0%	0.0%	-	-	-	-
<i>Other</i>	63	8	71	-	-	71	0.0%	0.0%	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>82 312</b>	<b>3 502</b>	<b>85 815</b>	<b>73 992</b>	<b>-</b>	<b>11 823</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>87 176</b>	<b>53 046</b>	<b>140 222</b>	<b>57 413</b>	<b>-</b>	<b>82 809</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D - Unaudited  
KAREEBERG LOCAL MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022  
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

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

Vote Description	2021/2022								2020/2021			
	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
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	8 888	3 000	11 888	4 851	-	(7 036)	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	50 232	50	50 282	47 441	-	(2 842)	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	1 203	-	1 203	-	-	(1 203)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	109 135	53 514	162 650	79 113	-	(83 537)	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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>169 458</b>	<b>56 564</b>	<b>226 022</b>	<b>131 405</b>	<b>-</b>	<b>(94 617)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive and Council	10 271	(1 687)	8 584	5 258	-	(3 326)	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	16 210	1 087	17 297	19 897	-	2 601	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	6 675	(541)	6 133	3 582	-	(2 551)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	49 157	4 643	53 801	45 254	-	(8 547)	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%	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>62 312</b>	<b>3 502</b>	<b>65 815</b>	<b>73 992</b>	<b>-</b>	<b>(11 823)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>67 146</b>	<b>53 062</b>	<b>140 208</b>	<b>57 413</b>	<b>-</b>	<b>(82 795)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

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

Description	2021/2022								2020/2021			
	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
<b>Revenue By Source</b>												
Property rates	10 698	-	10 698	10 234	-	(464)	0.0%	0.0%	-	-	-	-
Service charges - electricity revenue	9 447	(250)	9 197	9 871	-	674	0.0%	0.0%	-	-	-	-
Service charges - water revenue	3 042	-	3 042	4 029	-	987	0.0%	0.0%	-	-	-	-
Service charges - sanitation revenue	2 300	-	2 300	2 120	-	(179)	0.0%	0.0%	-	-	-	-
Service charges - refuse revenue	1 885	-	1 885	2 869	-	984	0.0%	0.0%	-	-	-	-
Rental of facilities and equipment	213	-	213	185	-	(28)	0.0%	0.0%	-	-	-	-
Interest earned - external investments	1 705	-	1 705	3 171	-	1 466	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	1	-	(2)	0.0%	0.0%	-	-	-	-
Licences and permits	11	-	11	8	-	(3)	0.0%	0.0%	-	-	-	-
Agency services	22	-	22	60	-	38	0.0%	0.0%	-	-	-	-
Transfers and subsidies	32 138	301	32 439	42 307	-	9 868	0.0%	0.0%	-	-	-	-
Other revenue	20 850	3 050	23 900	659	-	(23 241)	0.0%	0.0%	-	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>82 312</b>	<b>3 101</b>	<b>85 413</b>	<b>75 513</b>	<b>-</b>	<b>(9 900)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure By Type</b>												
Employee related costs	26 311	(1 427)	24 884	21 625	-	(3 059)	0.0%	0.0%	-	-	-	-
Remuneration of councillors	4 173	-	4 173	3 599	-	(575)	0.0%	0.0%	-	-	-	-
Debt impairment	5 500	3 000	8 500	5 826	-	(2 674)	0.0%	0.0%	-	-	-	-
Depreciation & asset impairment	5 636	-	5 636	5 508	-	(128)	0.0%	0.0%	-	-	-	-
Finance charges	1 145	-	1 145	1 474	-	329	0.0%	0.0%	-	-	-	-
Bulk purchases	13 900	1 250	15 150	15 673	-	522	0.0%	0.0%	-	-	-	-
Other materials	2 005	(126)	1 879	-	-	(1 879)	0.0%	0.0%	-	-	-	-
Contracted services	6 732	1 320	8 052	-	-	(8 052)	0.0%	0.0%	-	-	-	-
Transfers and grants	1 096	(97)	1 000	-	-	(1 000)	0.0%	0.0%	-	-	-	-
Other expenditure	11 633	(964)	10 669	19 540	-	8 871	0.0%	0.0%	-	-	-	-
Loss on disposal of PPE	-	547	547	547	-	(0)	0.0%	0.0%	-	-	-	-
<b>Total Expenditure</b>	<b>78 132</b>	<b>3 502</b>	<b>81 635</b>	<b>73 992</b>	<b>-</b>	<b>(7 643)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>4 180</b>	<b>(401)</b>	<b>3 779</b>	<b>1 521</b>	<b>-</b>	<b>(2 257)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	87 146	53 463	140 609	55 891	-	(84 718)	0.0%	0.0%	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Contributed assets	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>57 414</b>	<b>-</b>	<b>(86 975)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxation	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>57 414</b>	<b>-</b>	<b>(86 975)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Attributable to minorities	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>57 414</b>	<b>-</b>	<b>(86 975)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>57 414</b>	<b>-</b>	<b>(86 975)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**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	2021/2022						2020/2021					
	Original Budget	Total 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
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Executive and Council	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Operations	68 922	44 744	113 666	52 659	-	(61 007)	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%	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>68 922</b>	<b>44 744</b>	<b>113 666</b>	<b>52 659</b>	<b>-</b>	<b>(61 007)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure</b>												
Vote 1 - Executive and Council	155	-	155	-	-	(155)	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury	855	-	855	232	-	(623)	0%	0%	-	-	-	-
Vote 3 - Corporate	340	-	340	-	-	(340)	0%	0%	-	-	-	-
Vote 4 - Operations	25 144	8 719	33 863	5 182	-	(28 681)	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%	-	-	-	-
<b>Capital single-year expenditure</b>	<b>26 494</b>	<b>8 719</b>	<b>35 213</b>	<b>5 414</b>	<b>-</b>	<b>(29 799)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	<b>-</b>	<b>(90 807)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	<b>1 010</b>	<b>-</b>	<b>1 010</b>	<b>232</b>	<b>-</b>	<b>(778)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council	155	-	155	-	-	(155)	0%	0%	-	-	-	-
Finance and administration	855	-	855	232	-	(623)	0%	0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Community and public safety</b>	<b>340</b>	<b>-</b>	<b>340</b>	<b>-</b>	<b>-</b>	<b>(340)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	340	-	340	-	-	(340)	0%	0%	-	-	-	-
Sport and recreation	-	-	-	-	-	-	0%	0%	-	-	-	-
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Economic and environmental services</b>	<b>8 224</b>	<b>237</b>	<b>8 461</b>	<b>2 770</b>	<b>-</b>	<b>(5 691)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	8 224	237	8 461	2 770	-	(5 691)	0%	0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Trading services</b>	<b>85 842</b>	<b>53 227</b>	<b>139 069</b>	<b>55 071</b>	<b>-</b>	<b>(83 998)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity	5 340	-	5 340	1 399	-	(3 941)	0%	0%	-	-	-	-
Water	75 312	53 227	128 539	52 659	-	(75 880)	0%	0%	-	-	-	-
Waste water management	1 390	-	1 390	1 013	-	(377)	0%	0%	-	-	-	-
Waste management	3 800	-	3 800	-	-	(3 800)	0%	0%	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	<b>-</b>	<b>(90 807)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funded by:</b>												
National Government	87 146	53 463	140 609	55 891	-	(84 718)	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>	<b>87 146</b>	<b>53 463</b>	<b>140 609</b>	<b>55 891</b>	<b>-</b>	<b>(84 718)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>8 270</b>	<b>-</b>	<b>8 270</b>	<b>2 181</b>	<b>-</b>	<b>(6 089)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	<b>-</b>	<b>(90 807)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**APPENDIX D - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**CASH FLOWS**

**Reconciliation of Table B7 Budgeted Cash Flows**

Description  R thousand	2021/2022							2020/2021
	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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties and collection charges	9 349	–	9 349	9 191	(158)	0.0%	0.0%	–
Service charges	12 523	–	12 523	10 385	(2 139)	0.0%	0.0%	–
Other revenue	23 133	–	23 133	8 080	(15 053)	0.0%	0.0%	–
Government - operating	32 138	301	32 439	32 518	79	0.0%	0.0%	–
Government - capital	87 146	–	87 146	37 260	(49 886)	0.0%	0.0%	–
Interest	1 705	–	1 705	3 141	1 437	0.0%	0.0%	–
Dividends	–	–	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Suppliers and employees	(69 135)	–	(69 135)	(8 571)	60 564	0.0%	0.0%	–
Finance charges	(1 145)	–	(1 145)	(1 474)	(329)	0.0%	0.0%	–
Transfers and Grants	(381)	–	(381)	–	381	0.0%	0.0%	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>95 332</b>	<b>301</b>	<b>95 633</b>	<b>90 530</b>	<b>(5 104)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	–	–	–	–	–	0.0%	0.0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) in non-current investments	–	–	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Capital assets	(95 416)	(237)	(95 653)	(54 488)	41 164	0.0%	0.0%	–
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(95 416)</b>	<b>(237)</b>	<b>(95 653)</b>	<b>(54 488)</b>	<b>41 164</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	–	–	–	5	5	0.0%	0.0%	–
Increase (decrease) in consumer deposits	0	–	0	13	13	0.0%	0.0%	–
<b>Payments</b>								
Repayment of borrowing	–	–	–	–	–	0.0%	0.0%	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(84)</b>	<b>64</b>	<b>(19)</b>	<b>36 059</b>	<b>36 079</b>			<b>–</b>
Cash/cash equivalents at the year begin:	28 122	–	28 122	86 910	58 788			–
Cash/cash equivalents at the year end:	28 038	64	28 103	122 969	94 867	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 2022**

**NOT THREE QUOTATIONS**

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2022-01-11	Media 24 Bpk	11 937.00	Exceptional
2021-07-03	Ukuchuma Construction	3 690.00	Exceptional
2021-11-26	Lexis Nexis	8 735.05	Exceptional
2022-02-09	Vacuum Industrial Systems	29 756.25	Exceptional
2022-02-14	Tricom	3 933.00	Exceptional
2022-04-19	Fulcrum Technologies	17 566.25	Exceptional
2022-06-06	Emzini Wakuti	2 400.00	Exceptional
		<u>78 017.55</u>	

**EMERGENCY**

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2021-07-21	Die Meerkat	5 221.00	Emergency
2021-07-29	Middel Karoo Begrafnisdienste	3 400.00	Emergency
2021-08-26	Middel Karoo Begrafnisdienste	4 900.00	Emergency
2021-09-08	JJB Meyer windpompe	20 695.40	Emergency
2021-09-10	Middel Karoo Begrafnisdienste	4 650.00	Emergency
2021-09-25	Middel Karoo Begrafnisdienste	6 100.00	Emergency
2021-11-08	Middel Karoo Begrafnisdienste	3 550.00	Emergency
2021-11-18	Visser's Engineers	3 613.30	Emergency
2021-11-16	Middel Karoo Begrafnisdienste	12 400.00	Emergency
2021-12-02	Middel Karoo Begrafnisdienste	20 050.00	Emergency
2021-12-09	Karoo Vleisboere	4 281.55	Emergency
2022-01-15	Tricom Africa	21 539.50	Emergency
2022-01-17	Middel Karoo Begrafnisdienste	6 650.00	Emergency
2022-01-24	Middel Karoo Begrafnisdienste	5 160.00	Emergency
2022-05-02	Middel Karoo Begrafnisdienste	2 220.00	Emergency
2022-05-20	Middel Karoo Begrafnisdienste	8 200.00	Emergency
		<u>132 630.75</u>	
R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
2022-01-09	Tricom Africa	<u>57 214.80</u>	Emergency
		<u>57 214.80</u>	

**APPENDIX E - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**AVAILABILITY**

**R2,001 - R30,000**

Date of tender committee	Supplier	Amount	Reason
2021-07-01	CSB Handel	7 999.92	Exceptional
2021-07-15	CSB Handel	2 274.48	Exceptional
2021-07-20	Karoo Vleisboere	2 230.20	Exceptional
2021-07-20	CSB Handel	12 825.00	Exceptional
2021-07-21	Kloppers CAW	6 121.00	Exceptional
2021-07-28	CSB Handel	3 135.86	Exceptional
2021-07-23	Camraron Spar	3 681.00	Exceptional
2021-08-20	Johann Pienaar Motors	2 656.50	Exceptional
2021-09-14	Johann Pienaar Motors	11 339.59	Exceptional
2021-09-14	Johann Pienaar Motors	20 308.94	Exceptional
2021-09-14	Johann Pienaar Motors	4 528.06	Exceptional
2021-09-14	Johann Pienaar Motors	19 351.26	Exceptional
2021-08-24	R Riley	5 040.00	Exceptional
2021-08-25	Camraron Spar	2 543.56	Exceptional
2021-09-13	Wings a Things	4 600.00	Exceptional
2021-09-14	Barbie Group Corporation	2 520.00	Exceptional
2021-09-16	Barbie Group Corporation	2 830.00	Exceptional
2021-09-20	XYX Construction	2 334.50	Exceptional
2021-09-22	Johann Pienaar Motors	14 937.76	Exceptional
2021-09-30	PDK Office	3 127.00	Exceptional
2021-10-05	Karoo Vleisboere	2 815.19	Exceptional
2021-10-07	Karoo Vleisboere	2 945.09	Exceptional
2021-10-07	BKB	2 484.99	Exceptional
2021-10-07	BKB	2 375.90	Exceptional
2021-10-19	CSB Handel	2 413.14	Exceptional
2021-10-27	CSB Handel	2 859.45	Exceptional
2021-11-02	XYX Construction	2 001.00	Exceptional
2021-11-04	Karoo Vleisboere	2 059.30	Exceptional
2021-11-10	XYX Construction	2 357.50	Exceptional
2021-11-13	XYX Construction	2 242.50	Exceptional
2021-11-17	Profound Pursuit	8 200.00	Exceptional
2021-11-23	Leon Swanepoel	9 200.00	Exceptional
2021-11-24	Leon Swanepoel	5 589.00	Exceptional
2021-11-25	Johann Pienaar Motors	27 061.03	Exceptional
2021-11-25	Johann Pienaar Motors	14 947.87	Exceptional
2021-11-26	Ignite Advisory	6 000.01	Exceptional
2021-11-29	CSB Handel	7 115.05	Exceptional
2021-12-03	XYX Construction	3 530.50	Exceptional
2021-12-22	CSB Handel	4 314.48	Exceptional
2021-12-23	BKB Beperk	2 336.92	Exceptional
2022-01-01	CSB Handel	2 523.04	Exceptional
2022-01-07	PDK Office	2 939.50	Exceptional
2022-01-16	Karoo Vleisboere	2 335.36	Exceptional
2022-01-17	Die Noordwester	2 415.00	Exceptional
2022-01-19	CSB Handel	9 670.57	Exceptional
2022-01-21	PDK Office	6 116.00	Exceptional
2022-02-09	PDK Office	5 429.50	Exceptional
2022-02-14	XYX Construction	3 829.50	Exceptional
2022-02-18	CSB Handel	5 428.95	Exceptional
2022-02-18	CSB Handel	22 114.94	Exceptional
2022-02-20	XYX Construction	4 657.50	Exceptional
2022-03-02	BKB Beperk	2 213.98	Exceptional
2022-03-15	BKB Beperk	2 352.42	Exceptional
2022-03-24	Leon Swanepoel	6 786.03	Exceptional
2022-03-24	Leon Swanepoel	4 172.08	Exceptional
2022-03-27	CSB Handel	11 828.75	Exceptional
2022-04-01	Johann Pienaar Motors	7 488.75	Exceptional
2022-04-01	MM Coreejas	2 865.00	Exceptional
2022-04-06	BKB Beperk	3 456.96	Exceptional
2022-04-11	CSB Handel	5 475.45	Exceptional
2022-04-11	Karoo Vleisboere	2 250.94	Exceptional
2022-04-14	XYX Construction	2 001.00	Exceptional
2022-04-14	XYX Construction	2 645.00	Exceptional
2022-04-22	CSB Handel	8 648.96	Exceptional
2022-04-25	PDK Office	6 842.00	Exceptional
2022-05-16	R Jikella	3 900.00	Exceptional
2022-05-17	Karoo Vleisboere	2 457.06	Exceptional
2022-05-19	Karoo Smul	2 673.00	Exceptional
2022-05-23	Kempen en Kempen	6 900.00	Exceptional
2022-05-24	CSB Handel	20 874.30	Exceptional
2022-06-09	Stopler en Seuns	2 380.00	Exceptional
2022-06-22	Van Niekerk Coetzee	11 520.00	Exceptional
2022-06-22	Van Niekerk Coetzee	6 571.00	Exceptional
2022-06-30	Karoo Vleisboere	3 839.60	Exceptional
		<b>444 835.69</b>	

**APPENDIX E - Unaudited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**R30,001 - R200,000**

Date of tender committee	Supplier	Amount	Reason
2021-10-30	Mubesko Africa	65 159.35	Exceptional
2022-01-07	Mike's Kitchen	44 000.00	Exceptional
2022-06-27	Faure and Faure	63 347.17	Exceptional
		<u>172 506.52</u>	

**SERVICE PROVIDER**

**R2,001 - R30,000**

Date of tender committee	Supplier	Amount	Reason
	Broadband infraco	27 738.00	Sole provider
	Afrihost	1 917.00	Sole provider
	Inzalo internet	28 420.10	Sole provider
2021-07-01	Conlog	7 475.00	Sole provider
2021-07-14	Visser's Ingenieurswerke	8 625.00	Sole provider
2021-07-20	Ukuchuma Construction	5 500.00	Sole provider
2021-08-11	Fantique Trade 1215 cc	2 650.00	Sole provider
2021-08-24	XYX Construction	7 866.00	Sole provider
2021-09-05	SAGE VIP	4 367.13	Sole provider
2021-09-17	Besters Auto	2 607.65	Sole provider
2021-10-08	SAGE	7 101.25	Sole provider
2021-11-11	Inzalo EMS	18 200.00	Sole provider
2021-11-29	Mubesko Africa	13 282.50	Sole provider
2022-01-07	SAGE VIP	4 335.50	Sole provider
2022-03-25	Boland Fire	7 164.50	Sole provider
2022-03-08	Volvo Group	3 821.17	Sole provider
2022-03-30	Arch Actuarial	25 800.00	Sole provider
2022-03-14	Besters Auto	2 787.47	Sole provider
2022-04-19	Fulcrum	17 566.25	Sole provider
2022-06-02	Conlog	8 222.50	Sole provider
2022-06-03	Die Noordwester	2 415.00	Sole provider
		<u>207 862.02</u>	

**R30,001 - R200,000**

Date of tender committee	Supplier	Amount	Reason
	Fantique Trade 1215 cc	82 006.82	Sole provider
	inzalo	63 528.30	Sole provider
	Inzalo	209 814.16	Sole provider
	Inzalo License fees	4 070 696.29	Sole provider
	Johan Plenaar Motors	30 273.75	Sole provider
	Conlog	112 199.72	Sole provider
	Conlog	117 181.32	Sole provider
	Telecom Africa Publishers	96 531.00	Sole provider
2021-11-29	Mubesko Africa	36 089.30	Sole provider
2022-01-01	SAGE VIP	44 591.25	Sole provider
		<u>4 862 911.91</u>	

**TOTAL DEVIATIONS**

5 955 979.24