



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**Audited Annual Financial Statements**  
**for the year ended 30 June, 2022**

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## GENERAL INFORMATION

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LEGAL FORM OF ENTITY	Central Karoo Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)
COUNTRY OF ORIGIN AND LEGAL FORM	South Africa Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)
JURISDICTION	The Central Karoo Municipality includes the following municipal areas: Beaufort West Municipality Prince Albert Municipality Laingsburg Municipality
MUNICIPAL MANAGER	Dr RR Links (Acting)
CHIEF FINANCE OFFICER	Mr M Nhlengethwa (Acting)
REGISTERED OFFICE	63 Donkin Street, Beaufort West, 6970
AUDITORS	Auditor General of South Africa
BANKERS	First National Bank, Beaufort West ABSA, Beaufort West Nedbank, Beaufort West
ATTORNEYS	Crawfords Attorneys Coetzee & van den Bergh Attorneys
RELEVANT LEGISLATION	Basic Conditions of Employment Act (Act no 75 of 1997) Collective Agreements Division of Revenue Act Employment Equity Act (Act no 55 of 1998) Electricity Act (Act no 41 of 1987) Housing Act (Act no 41 of 1997) Infrastructure Grants Municipal Finance Management Act (Act no 56 of 2003) Municipal Planning and Performance Management Regulations Municipal Property Rates Act (Act no 6 of 2004) Municipal Regulations of Standard Chart of Accounts Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Occupational Health and Safety Act (Act 85 of 1993) SALBC Leave Regulations Skills Development Levies Act (Act No 9 of 1999) Supply Chain Management Regulations, 2005 The Income Tax Act Unemployment Insurance Act (Act no 30 of 1996) Value Added Tax Act

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

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The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

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# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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### Active councillors as at 30 June 2022:

Executive Mayor  
Deputy Mayor  
Speaker  
Chief Whip  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor

G McKenzie  
G Pietersen  
LM Paulse  
IA Jacobs  
N Constable  
J Reynolds  
J van der Linde  
AP Swanepoel  
DE Welgemoed  
JP de Bruyn  
LBJ Mdudumani  
R Skuza  
A MacKay  
SD Koonthea

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2022, which are set out on pages 4 to 96 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 South African 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 assurance that the financial records can be relied on.

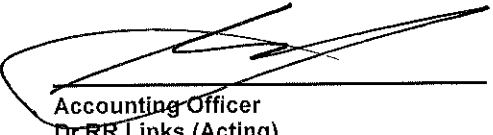
I have reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's audited annual 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 Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Please refer to note 33.

The annual financial statements were prepared on the going concern basis.



Accounting Officer  
Dr RR Links (Acting)  
30 November 2022

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Statement of Financial Position as at 30 June, 2022

Figures in Rand	Note(s)	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	1 279 290	1 368 630
Receivables from non-exchange transactions	3	9 584 978	979 804
VAT receivable	4	1 200 038	573 592
Employee Benefit Receivables	5	500 510	876 234
Cash and cash equivalents	6	12 905 966	21 879 019
		<b>25 470 782</b>	<b>25 677 279</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	9 685 680	8 515 224
Intangible assets	8	47 260	79 968
Employee Benefit Receivables	5	7 372 490	7 079 153
		<b>17 105 430</b>	<b>15 674 345</b>
<b>Total Assets</b>		<b>42 576 212</b>	<b>41 351 624</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current Employee benefit obligation	9	5 055 607	5 437 412
Finance lease obligation	11	141 015	131 508
Payables from exchange transactions	12	1 785 106	7 475 036
Unspent conditional grants and receipts	10	5 375 045	3 873 756
		<b>12 356 773</b>	<b>16 917 712</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	11	99 629	240 644
Employee benefit obligation	13	14 706 000	14 250 491
		<b>14 805 629</b>	<b>14 491 135</b>
<b>Total Liabilities</b>		<b>27 162 402</b>	<b>31 408 847</b>
<b>Net Assets</b>		<b>15 413 810</b>	<b>9 942 777</b>
Accumulated surplus		15 413 806	9 942 775
<b>Total Net Assets</b>		<b>15 413 806</b>	<b>9 942 775</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Operational Revenue	15	130 284	124 929
Rental of facilities and equipment		77 179	51 288
Straight Service Charge	14	5 106 478	4 793 044
Licences and permits		33 538	27 100
Department of Transport - Roads Service Charges	14	55 881 387	51 959 456
Interest received	16	804 544	785 166
Actuarial gains	13	537 696	1 066 419
Reversal of impairment loss		-	3 241
Inventories reversal		28 572	-
<b>Total revenue from exchange transactions</b>		<b>62 599 678</b>	<b>58 810 643</b>
<b>Revenue from non-exchange transactions</b>			
<b>Other revenue</b>			
Reversal of debt impairment		82 255	-
<b>Transfer revenue</b>			
Government grants & subsidies	17	42 433 168	41 118 501
<b>Total revenue from non-exchange transactions</b>		<b>42 515 423</b>	<b>41 118 501</b>
<b>Total revenue</b>		<b>105 115 101</b>	<b>99 929 144</b>
<b>Expenditure</b>			
Employee related costs	18	(53 434 571)	(49 170 275)
Remuneration of councillors	19	(3 879 173)	(3 776 953)
Depreciation and amortisation	20	(1 014 706)	(761 585)
Finance costs	21	(741 112)	(894 101)
Debt Impairment	22	(82 256)	(30 467)
Transfers and Subsidies	23	(2 933 365)	(1 053 700)
Loss on disposal of assets and liabilities	44	-	(106 501)
Contracted services	24	(5 219 853)	(8 922 006)
Inventory consumed	25	(11 251 702)	(9 131 923)
Operational cost	26	(21 087 332)	(19 779 673)
<b>Total expenditure</b>		<b>(99 644 070)</b>	<b>(93 627 184)</b>
<b>Surplus for the year</b>		<b>5 471 031</b>	<b>6 301 960</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	3 866 983	3 866 983
Adjustments		
Correction of errors	(226 166)	(226 166)
<b>Balance at 1 July, 2020 as restated*</b>	<b>3 640 816</b>	<b>3 640 816</b>
Changes in net assets		
Surplus for the year as restated	6 301 960	6 301 960
Surplus previously reported	6 449 875	6 449 875
Correction of errors	(147 914)	(147 914)
<b>Balance at 1 July, 2021</b>	<b>9 942 775</b>	<b>9 942 775</b>
Changes in net assets		
Surplus for the year	5 471 031	5 471 031
Total changes	5 471 031	5 471 031
<b>Balance at 30 June, 2022</b>	<b>15 413 806</b>	<b>15 413 806</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		52 372 970	55 219 624
Grants		46 194 279	41 156 382
Interest income		804 544	785 166
		<u>99 371 793</u>	<u>97 161 172</u>
<b>Payments</b>			
Employee costs		(57 421 569)	(54 522 231)
Suppliers of goods and services		(46 401 663)	(34 541 077)
Finance costs		(21 885)	(9 522)
Transfers and Subsidies		(2 933 365)	(1 053 700)
		<u>(106 778 482)</u>	<u>(90 126 530)</u>
<b>Net cash flows from operating activities</b>	28	<u><b>(7 406 689)</b></u>	<u><b>7 034 642</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1 431 072)	(427 552)
Purchase of other intangible assets	8	(3 783)	(30 599)
<b>Net cash flows from investing activities</b>		<u><b>(1 434 855)</b></u>	<u><b>(458 151)</b></u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(131 508)	(62 504)
<b>Net cash flows from financing activities</b>		<u><b>(131 508)</b></u>	<u><b>(62 504)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(8 973 052)</b></u>	<u><b>6 513 987</b></u>
Cash and cash equivalents at the beginning of the year		21 879 019	15 365 035
<b>Cash and cash equivalents at the end of the year</b>	6	<u><b>12 905 967</b></u>	<u><b>21 879 022</b></u>



CENTRAL KAROO DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Note Ref	Original Budget	Adjustments	Final Adjustment Budget	Final Budget	Actual Outcome 2022	Difference between Final Budget and Actual Outcome
		39	R	R	R	R	R	R
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash		Ref 1	2 518 540	(262 120)	2 256 420	2 256 420	5 216 009	2 959 589
Cash and Cash Equivalents			11 073 700	(262 120)	10 811 580	10 811 580	12 905 966	2 094 386
Less:								
Call Investment Deposits			(8 555 160)	-	(8 555 160)	(8 555 160)	(7 689 957)	865 203
Call Investment Deposits		Ref 2	8 555 160	-	8 555 160	8 555 160	7 689 957	(865 203)
Short-term Investments			-	-	-	-	-	-
Add:								
Cash and Cash Equivalents: Call Investment Deposits			8 555 160	-	8 555 160	8 555 160	7 689 957	(865 203)
Other Debtors		Ref 3	1 837 840	-	1 837 840	1 837 840	10 785 016	8 947 176
Receivables from Non-exchange Transactions			1 837 840	-	1 837 840	1 837 840	9 594 978	7 747 138
Add:								
VAT Receivable			-	-	-	-	1 200 038	1 200 038
Current Portion of long-term receivables		Ref 4	637 000	-	637 000	637 000	500 510	(136 490)
Inventory		Ref 5	1 283 550	-	1 283 550	1 283 550	1 279 290	(4 260)
<b>Total Current Assets</b>			<b>14 832 090</b>	<b>(262 120)</b>	<b>14 569 970</b>	<b>14 569 970</b>	<b>25 470 782</b>	<b>10 900 812</b>
<b>Non-Current Assets</b>								
Long-term Receivables			6 907 000	-	6 907 000	6 907 000	7 372 490	465 490
Employee Benefit Receivable		Ref 6	6 907 000	-	6 907 000	6 907 000	7 372 490	465 490
Property, Plant and Equipment		Ref 7	11 635 870	-	11 635 870	11 635 870	9 685 680	(1 950 190)
Intangible Assets		Ref 8	647 500	-	647 500	647 500	47 260	(600 240)
<b>Total Non-Current Assets</b>			<b>19 190 370</b>	<b>-</b>	<b>19 190 370</b>	<b>19 190 370</b>	<b>17 105 430</b>	<b>(2 084 940)</b>
<b>TOTAL ASSETS</b>			<b>34 022 460</b>	<b>(262 120)</b>	<b>33 760 340</b>	<b>33 760 340</b>	<b>42 576 212</b>	<b>8 815 872</b>

National Treasury Classification Format		GRAP Annual Financial Statement Classification Format				Note Ref 39	Original Budget		Adjustments		Final Adjustment Budget		Final Budget		Actual Outcome 2022		Difference between Final Budget and Actual Outcome	
							R		R		R		R		R		R	
LIABILITIES																		
Current Liabilities																		
Bank Overdraft							20 670		-		20 670		-		141 015		120 345	
Borrowing						Ref 9	20 670		-		20 670		20 670		141 015		120 345	
Consumer Deposits							4 479 570		-		4 479 570		4 479 570		7 160 151		2 680 581	
Trade and Other Payables						Ref 10	2 831 320				2 831 320		2 831 320		1 785 106		(1 046 214)	
						Ref 11	1 648 250				1 648 250		1 648 250		5 375 045		3 726 795	
Unspent Transfers and Subsidies							7 488 700		-		7 488 700		7 488 700		5 055 607		(2 433 093)	
Provisions						Ref 12	7 488 700		-		7 488 700		7 488 700		5 055 607		(2 433 093)	
Current Employee Benefits							11 988 940		-		11 988 940		11 988 940		12 356 773		367 833	
Total Current Liabilities																		
Non-Current Liabilities																		
Borrowing						Ref 13	-		-		-		-		99 629		99 629	
Finance lease obligations							16 235 990		-		16 235 990		16 235 990		14 706 000		(1 529 990)	
Provisions						Ref 14	16 235 990				16 235 990		16 235 990		14 706 000		(1 529 990)	
Non-current Employee Benefits							16 235 990		-		16 235 990		16 235 990		14 805 629		(1 430 361)	
Total Non-Current Liabilities																		
TOTAL LIABILITIES																		
NET ASSETS																		
Accumulated Surplus/(Deficit)							5 797 553		(262 120)		5 535 433		5 535 433		15 413 806		9 878 373	
TOTAL NET ASSETS							5 797 553		(262 120)		5 535 433		5 535 433		15 413 806		9 878 373	

The MBRR requires a comparison to be disclosed between the budgeted and actual figures of the municipality. There are however differences in classification of items due to the disclosure requirement of National Treasury not being in complete alignment with GRAP. Hence the need to show a reconciliation of the different classifications above.

CENTRAL KAROO DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Note Ref	Original Budget	Adjustments	Final Adjustment Budget	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome 2022	Difference between Final Budget and Actual Outcome
		39	R		R		R	R	R
<b>REVENUE</b>			93 000	-	93 000	-	93 000	77 179	(15 821)
Rental of Facilities and Equipment	Rent on Land		-	-	-	-	-	-	-
	Rental from Fixed Assets	Ref 15	93 000	-	93 000	-	93 000	77 179	(15 821)
Interest Earned - External Investments		Ref 16	1 000 000	-	1 000 000	-	1 000 000	804 544	(195 456)
Licences and Permits		Ref 17	27 500	-	27 500	-	27 500	33 538	6 038
Agency Services	Department of Transport - Roads Service Charges	Ref 18	5 076 750	-	5 076 750	-	5 076 750	5 106 478	29 728
Transfers and subsidies	Government grants & subsidies	Ref 19	47 837 700	378 000	48 215 700	-	48 215 700	40 508 168	(7 707 532)
Other Revenue		Ref 20	54 204 560	1 733 942	55 938 502	-	55 938 502	56 093 928	155 424
	Department of Transport - Roads Service Charges		54 204 560	1 733 942	55 938 502	-	55 938 502	55 881 387	(57 115)
	Operational Revenue		-	-	-	-	-	130 284	130 284
	Reversal of debt impairment		-	-	-	-	-	82 255	82 255
Gains	Actuarial Gains	Ref 21	-	-	-	-	-	586 268	586 268
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value	Ref 22	-	-	-	-	-	537 696	537 696
			-	-	-	-	-	28 572	28 572
<b>Total Revenue (excluding capital transfers and contributions)</b>			108 239 510	2 111 942	110 351 452	-	110 351 452	103 190 101	(7 161 351)

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Note Ref	Original Budget	Adjustments	Final Adjustment Budget	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome 2022	Difference between Final Budget and Actual Outcome
			R		R	R	R	R	R
<b>EXPENDITURE</b>									
Employee Related Costs		Ref 23	(58 477 430)	(540 120)	(59 117 550)	-	(59 117 550)	(53 434 571)	5 682 979
Remuneration of Councillors		Ref 24	(4 624 850)	-	(4 624 850)	-	(4 624 850)	(3 879 173)	745 677
Debt Impairment		Ref 25	-	-	-	-	-	(82 256)	(82 256)
	Reversal of Impairment Loss/(Impairment Loss) on Receivables		-	-	-	-	-	(82 256)	(82 256)
	Bad Debts Written Off	Ref 26	(811 660)	-	(811 660)	(117 700)	(929 360)	(1 014 706)	(85 346)
	Depreciation and Amortisation	Ref 27	-	-	-	-	-	(741 112)	(741 112)
	Finance Charges	Ref 28	(11 935 850)	-	(11 935 850)	755 377	(11 180 473)	(11 251 702)	(71 229)
	Inventory consumed		(11 935 850)	-	(11 935 850)	755 377	(11 180 473)	(11 251 702)	(71 229)
	Contracted Services	Ref 29	(10 077 590)	-	(10 077 590)	375 602	(9 701 988)	(5 219 853)	4 482 135
	Transfers and Subsidies	Ref 30	(2 893 000)	-	(2 893 000)	(19 796)	(2 912 796)	(2 933 365)	(20 569)
	Other Expenditure	Ref 31	(19 417 600)	(1 733 942)	(21 151 542)	(993 483)	(22 145 025)	(21 087 332)	1 057 693
	Operational Costs		(19 417 600)	(1 733 942)	(21 151 542)	(993 483)	(22 145 025)	(21 087 332)	1 057 693
<b>Total Expenditure</b>			(108 237 980)	(2 374 062)	(110 612 042)	-	(110 612 042)	(99 644 070)	10 967 972
			1 530	(262 120)	(260 590)	-	(260 590)	3 546 031	3 806 621
<b>Surplus/(Deficit)</b>		Ref 32	600 000	-	600 000	-	600 000	1 925 000	1 325 000
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies (Capital only)								
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental allocations) (National / Provincial Departmental allocations)									
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)									
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment								
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>			601 530	(262 120)	339 410	-	339 410	5 471 031	5 131 621
Taxation									
<b>Surplus/(Deficit) after Taxation</b>			601 530	(262 120)	339 410	-	339 410	5 471 031	5 131 621
Attributable to Minorities									
<b>Surplus/(Deficit) Attributable to Municipality</b>			601 530	(262 120)	339 410	-	339 410	5 471 031	5 131 621
Share of Surplus/(Deficit) of Associate									
<b>Surplus/(Deficit) for the year</b>			601 530	(262 120)	339 410	-	339 410	5 471 031	5 131 621

The MBRR requires a comparison to be disclosed between the budgeted and actual figures of the municipality. There are however differences in classification of items due to the disclosure requirement of National Treasury not being in complete alignment with GRAP. Hence the need to show a reconciliation of the different classifications above.

CENTRAL KAROO DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Note Ref 39	Original Budget		Adjustments		Final Adjustment Budget		Virement (i.t.o. Council approved by-law)		Final Budget		Actual Outcome 2022		Difference between Final Budget and Actual Outcome
			R	R	R	R	R	R	R	R	R	R	R		
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts															
	Other Revenue		59 401 810	-		59 401 810					59 401 810	52 372 970		(7 028 840)	
	Transfers and Subsidies - Operating		47 837 700	378 000		48 215 700					48 215 700	44 269 279		(3 946 421)	
	Transfers and Subsidies - Capital		600 000			600 000					600 000	1 925 000		1 325 000	
	Interest		1 000 000	-		1 000 000					1 000 000	804 544		(195 456)	
	Dividends		-	-		-					-	-		-	
Payments															
	Suppliers and Employees		(103 834 390)	(640 120)		(104 274 510)					(104 274 510)	(103 823 232)		451 278	
	Employee related cost		(62 275 470)	(640 120)		(62 915 590)					(62 915 590)	(57 421 599)		5 494 021	
	Suppliers of goods and services		(41 358 920)	-		(41 358 920)					(41 358 920)	(46 401 663)		(5 042 743)	
	Finance costs		-			-					-	(21 885)		(21 885)	
	Finance charges		(2 893 000)			(2 893 000)					(2 893 000)	(2 933 365)		(40 365)	
	Transfers and Grants														
	Net Cash from/(used) Operating Activities		2 312 120	(262 120)		2 050 000				-	2 050 000	(7 406 689)		(9 456 689)	
CASH FLOW FROM INVESTING ACTIVITIES															
Receipts															
	Proceeds on disposal of PPE		-	-		-					-	-		-	
	Decrease (increase) in Non-Current Receivables		-	-		-					-	-		-	
	Decrease/(increase) in Non-Current Investments		-	-		-					-	-		-	
Payments															
	Capital Assets		(2 708 860)	-		(2 708 860)					(2 708 860)	(1 434 855)		1 274 005	
	Purchase of Property, Plant and Equipment		(2 708 860)	-		(2 708 860)					(2 708 860)	(1 431 072)		1 277 788	
	Purchase of Intangible Assets		-	-		-					-	(3 783)		(3 783)	
	Net Cash from/(used) Investing Activities		(2 708 860)	-		(2 708 860)				-	(2 708 860)	(1 434 855)		1 274 005	

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Note Ref 39	Original Budget	Adjustments	Final Adjustment Budget	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome 2022	Difference between Final Budget and Actual Outcome
			R	R	R	R	R	R	R
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short Term Loans			-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-
<b>Payments</b>									
Repayment of Borrowing			-	-	-	-	-	(131 508)	(131 508)
	Repayment of Borrowing		-	-	-	-	-	(131 508)	(131 508)
	Repayment of Finance leases		-	-	-	-	-	(131 508)	(131 508)
<b>Net Cash from/(used) Financing Activities</b>									
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>			(396 740)	(262 120)	(658 860)	-	(658 860)	(8 973 052)	(8 314 192)
Cash and Cash Equivalents at the year begin:			11 470 440		11 470 440		11 470 440	21 879 019	10 408 579
Cash and Cash Equivalents at the year end:			11 073 700	(262 120)	10 811 580	-	10 811 580	12 905 967	2 094 387

\*Suppliers and employees are aggregated in the budget, no longer in the AFS.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>											
Rental of Facilities and Equipment	93 000	-	-	93 000	-	93 000	77 179		(15 821)	83 %	83 %
Interest Earned - External Investments	1 000 000	-	-	1 000 000	-	1 000 000	804 544		(195 456)	80 %	80 %
Transfers recognised - operational	47 837 700	378 000	48 215 700		-	48 215 700	40 508 168		(7 707 532)	84 %	85 %
Other own revenue	59 308 810	1 733 942	61 042 752		-	61 042 752	61 800 210		757 458	101 %	104 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>108 239 510</b>	<b>2 111 942</b>	<b>110 351 452</b>		-	<b>110 351 452</b>	<b>103 190 101</b>		<b>(7 161 351)</b>	<b>94 %</b>	<b>95 %</b>
Employee costs	(58 477 430)	(640 000)	(59 117 430)		-	(59 117 430)	(53 434 571)		5 682 859	90 %	91 %
Remuneration of councillors	(4 624 850)	-	(4 624 850)		-	(4 624 850)	(3 879 173)		745 677	84 %	84 %
Debt impairment	-	-	-		-	-	(82 256)		(82 256)	100 %	100 %
Depreciation and asset impairment	(811 660)	-	(811 660)		(117 700)	(929 360)	(1 014 706)		(85 346)	109 %	125 %
Finance charges	-	-	-		-	-	(741 112)		(741 112)	100 %	100 %
Inventory consumed	(11 935 850)	-	(11 935 850)		755 377	(11 180 473)	(11 251 702)		(71 229)	101 %	94 %
Contracted Services	(10 077 590)	-	(10 077 590)		375 602	(9 701 988)	(5 219 853)		4 482 135	54 %	52 %
Transfers and grants	(2 893 000)	-	(2 893 000)		(19 796)	(2 912 796)	(2 933 365)		(20 569)	101 %	101 %
Other expenditure	(19 417 600)	(1 733 942)	(21 151 542)		(993 483)	(22 145 025)	(21 087 332)		1 057 693	95 %	109 %
<b>Total expenditure</b>	<b>(108 237 980)</b>	<b>(2 373 942)</b>	<b>(110 611 922)</b>		-	<b>(110 611 922)</b>	<b>(99 644 070)</b>		<b>10 967 852</b>	<b>90 %</b>	<b>92 %</b>
<b>Surplus/(Deficit)</b>	<b>1 530</b>	<b>(262 000)</b>	<b>(260 470)</b>		-	<b>(260 470)</b>	<b>3 546 031</b>		<b>3 806 501</b>	<b>(1 361)%</b>	<b>231 767 %</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	600 000	-	600 000	-	-	600 000	1 925 000		1 325 000	321 %	321 %
Surplus (Deficit) after capital transfers and contributions	601 530	(262 000)	339 530	-	-	339 530	5 471 031		5 131 501	1 611 %	910 %
Surplus/(Deficit) for the year	601 530	(262 000)	339 530	-	-	339 530	5 471 031		5 131 501	1 611 %	910 %
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	2 715 500	-	2 715 500	-	-	2 715 500	2 152 454		(563 046)	79 %	79 %
<b>Sources of capital funds</b>											
Transfers recognised - capital	600 000	880 000	1 480 000	-	-	1 480 000	1 997 880		517 880	135 %	333 %
Internally generated funds	2 115 500	(880 500)	1 235 000	-	-	1 235 000	154 573		(1 080 427)	13 %	7 %
<b>Total sources of capital funds</b>	<b>2 715 500</b>	<b>(500)</b>	<b>2 715 000</b>	<b>-</b>	<b>-</b>	<b>2 715 000</b>	<b>2 152 453</b>		<b>(562 547)</b>	<b>79 %</b>	<b>79 %</b>



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>										
Net cash from (used) operating	2 312 120	(262 120)	2 050 000	-	-	2 050 000	(7 406 691)		(9 456 691)	(361)%
Net cash from (used) investing	(2 708 860)	-	(2 708 860)	-	-	(2 708 860)	(1 434 855)		1 274 005	53 %
Net cash from (used) financing	-	-	-	-	-	-	(131 508)		(131 508)	100 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(396 740)</b>	<b>(262 120)</b>	<b>(658 860)</b>	<b>-</b>	<b>-</b>	<b>(658 860)</b>	<b>(8 973 054)</b>		<b>(8 314 194)</b>	<b>1 362 %</b>
Cash and cash equivalents at the beginning of the year	11 470 440	-	11 470 440	-	-	11 470 440	21 879 019		10 408 579	191 %
<b>Cash and cash equivalents at year end</b>	<b>11 073 700</b>	<b>(262 120)</b>	<b>10 811 580</b>	<b>-</b>	<b>-</b>	<b>10 811 580</b>	<b>12 905 965</b>		<b>2 094 385</b>	<b>119 %</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>2021</b>				
<b>Financial Performance</b>				
Rental of Facilities and Equipment				51 288
Interest Earned - External Investments				785 166
Transfers recognised - operational				41 118 501
Other own revenue				57 970 948
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>99 925 903</b>
Employee costs	-	-	-	(49 170 275)
Remuneration of councillors	-	-	-	(3 776 953)
Debt impairment	-	-	-	(30 467)
Depreciation and asset impairment	-	-	-	(761 585)
Finance charges	-	-	-	(894 101)
Materials and bulk purchases	(69 693)	-	(69 693)	(9 131 923)
Transfers and grants	-	-	-	(1 053 700)
Other expenditure	-	-	-	(28 808 180)
<b>Total expenditure</b>	<b>(69 693)</b>	<b>-</b>	<b>(69 693)</b>	<b>(93 627 184)</b>
<b>Surplus/(Deficit)</b>				<b>6 298 719</b>
Reversal of impairment loss				(3 241)
<b>Surplus/(Deficit) for the year</b>				<b>6 301 960</b>
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				872 139
<b>Sources of capital funds</b>				
Borrowing				413 988
Internally generated funds				458 151
<b>Total sources of capital funds</b>				<b>872 139</b>
<b>Cash flows</b>				
Net cash from (used) operating				7 034 642
Net cash from (used) investing				(458 152)
Net cash from (used) financing				(62 504)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>6 513 986</b>
Cash and cash equivalents at the beginning of the year				15 365 035
<b>Cash and cash equivalents at year end</b>				<b>21 879 021</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## ACCOUNTING POLICIES

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### 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 (Revised – March 2015) 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 expenditure 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.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

These accounting policies are consistent with the previous period.

#### 1.1 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.

#### 1.2 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. Management considers key financial metrics and approved medium-term budgets to conclude that the going concern assumption used in the compiling of the Annual Financial Statements is appropriate. The recent COVID-19 pandemic and its effect on the Municipality's current and expected performance has been considered by management in the Going concern assumption.

#### 1.3 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 restatement 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 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.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality is continually busy during the year with a process to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process results in reclassifications and naming of items in the annual financial statements.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.4 Amended Disclosure Policy

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. The principal amendments to matters disclosed in the current financial statements include prior period error disclosure.

### 1.5 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.

### 1.6 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 is disclosed as separate additional financial statements, namely Statements 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.

Where Budget information classification and disclosure does not conform with the classification within the GRAP financial statements, a reconciliation is provided to that effect to ensure comparability is maintained.

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 Notes to the annual Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

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

### 1.7 Consistent and new accounting policies

#### 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. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

### 1.8 Standards, amendments to standards and interpretations issued but not yet effective

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

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

### 1.8 Standards, amendments to standards and interpretations issued but not yet effective (continued)

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104 (Revised – April 2020)	<b><u>Financial Instruments</u></b>  The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.  No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 25	<b><u>Employee Benefits</u></b>  The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.  The municipality might need to revise the recognition and measurement of employee benefits.	Unknown
IGRAP 7	<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.  The municipality might need to revise its application of materiality.	Unknown
Guideline	<b><u>Application of Materiality of Financial Statements</u></b>  The guideline is not authoritative but only to encourage.  The municipality might need to revise its application of materiality.	Unknown

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.9 Leases

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

#### 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 installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition 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 rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise 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.

### 1.10 Borrowing cost

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

### 1.11 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.

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 the public.

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.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.12 Unpaid conditional government grants and receipts

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in 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 grant conditions being met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### 1.13 Unspent public contributions

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

- Unspent public contributions 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.

### 1.14 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits 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 pre-tax 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 possibility 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.

The amount recognised as a provision shall be 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 derecognised.

### 1.15 Employee benefits

#### Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. 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 charged against income in the year they become payable.

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

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.15 Employee benefits (continued)

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually using 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 charged against income 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.

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Post-Retirement Medical Obligations

The Municipality provided post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service 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 charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability is 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 fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against 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 charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

### Long Service Awards



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.15 Employee benefits (continued)

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 periodically 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 charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

#### Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

#### Staff Leave

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

Accumulated 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 will be paid out to the specific employee at the end of that employee's employment term.

#### Staff Bonuses

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

#### Performance Bonuses

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

### 1.16 Property, Plant and Equipment

#### Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for used 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.

The cost of an item of property, plant and equipment shall be 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 entity, 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.

# CENTRAL KAROO DISTRICT MUNICIPALITY

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### 1.16 Property, Plant and Equipment (continued)

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

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

#### Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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 associated with the asset.

#### Depreciation and Impairment

Depreciation 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 annual depreciation rates are based on the following estimated useful lives:

	Years
<b><u>Land and Buildings</u></b>	
Land	Indefinite
Buildings (Civic and Other)	100
<b><u>Other Assets</u></b>	
Machinery and equipment	9 - 41
Disaster Management equipment	10 - 28
Furniture and office equipment	5 - 50
Computer equipment	5 - 25
Transport assets (General vehicles)	11 - 25
Transport assets (Fire Engines)	18 - 25
<b><u>Leased Assets</u></b>	
Furniture and office equipment	3 - 5

# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.16 Property, Plant and Equipment (continued)

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

Changes to the useful life of assets and residual value 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 is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to 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 impairment is recognised in the Statement of Financial Performance.

#### 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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 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 the Other Asset the depreciation cost method was used to establish the deemed cost as at 1 July 2007.

### 1.17 Intangible assets

#### Initial Recognition

An intangible asset is an identifiable asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity 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 agreements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity 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

# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.17 Intangible assets (continued)

- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and 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.

#### Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. 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 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	1 - 5

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

Changes to the useful life and residual values 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.

#### 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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 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 depreciation cost method was used to establish the deemed cost as at 1 July 2007.

### 1.18 Impairment of non-financial asset

#### 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:

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## Accounting Policies

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### 1.18 Impairment of non-financial asset (continued)

#### 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;
- 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 cash-generating unit'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.

### 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.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.18 Impairment of non-financial asset (continued)

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.

#### 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 recorded 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:

- 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 to 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.

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.

# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.18 Impairment of non-financial asset (continued)

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

#### 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.

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.

#### Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, materials and supplies 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.

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

In general, the basis of allocating cost to inventory items is the weighted average method.

### 1.20 Financial Instruments

Financial instruments recognised on 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). The future utilisation of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

#### 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.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.20 Financial Instruments (continued)

#### 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, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured 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 (more than 90 days overdue). 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 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 allowances 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.

#### Payables and Annuity Loans

Financial liabilities consist of trade and other payables and finance lease liabilities. They are categorised as financial liabilities held at amortised cost, 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.

#### 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: other financial liabilities carried at amortised cost.

#### Non-Current Investments

Investments which include investments in Municipal Entities and 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.



# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.20 Financial Instruments (continued)

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.

#### De-recognition

##### 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 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.

##### 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.

##### 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. Statutory receivables can arise from both exchange and non-exchange transactions.

#### Initial Recognition

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

# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.21 Statutory receivables (continued)

#### Subsequent Measurement

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

#### 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 needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - i. derecognises the receivable; and
  - ii recognises separately any rights and obligations created or retained in the transfer.

#### 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. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision.

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

#### Measurement

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

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.21 Statutory receivables (continued)

#### Interest, royalties and dividends

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

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

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

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

### 1.22 Revenue

#### Revenue from Non-Exchange Transactions

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

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

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

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).

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.

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 shall be 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.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- It is probable that the future economic benefits or service potential will flow to the Municipality; and

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

### 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.

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

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

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.

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.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods 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. The Municipality performs a function on behalf of the Provincial Administration: Western Cape for the proclaimed roads within its area.

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 entity 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 entity.

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:

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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

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

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.23 Related parties (continued)

- 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:

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

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- 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 where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 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 where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 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 where 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 entity. 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.

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.

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.

### 1.28 Significant accounting judgements and estimates

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### Post-retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities 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 13 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 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. This was performed per service-identifiable categories across all classes of debtors.

#### 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.

#### 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:

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.28 Significant accounting judgements and estimates (continued)

- 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.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement 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.

### 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.

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.

### Provisions and Contingent Liabilities

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

### 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.

In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee. This provision will be realised as employees take leave or when employment is terminated.



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Accounting Policies

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### 1.28 Significant accounting judgements and estimates (continued) 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 an evaluation by Council.

### Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy 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. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### 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 receivables or payables in the Statement of Financial Position.

### 1.30 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred 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 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 section 71 report, 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

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>2. Inventories</b>		
Maintenance Materials - At cost	1 279 290	1 368 630
Inventories recognised as an expense during the year	11 251 702	9 131 923
<b>Inventory pledged as security</b>		
No Inventories have been pledged as collateral for liabilities of the Municipality.		
<b>3. Receivables from non-exchange transactions</b>		
Department of transport and public works	8 909 586	-
Other receivables	675 392	1 062 059
Less: Provision for debt impairment	-	(82 255)
	<b>9 584 978</b>	<b>979 804</b>
<b>Receivables from non-exchange transactions past due but not impaired</b>		
Debtors are payable within 30 days.		
This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.		
The ageing of amounts past due but not impaired is as follows:		
Current (0 - 30 days)	59 359	175 498
31 - 60 Days	7 884 285	266 908
61 - 90 Days	10 021	69 952
+ 90 Days	1 631 313	467 446
	<b>9 584 978</b>	<b>979 804</b>
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at the beginning of year	82 255	51 789
Contribution to provision/(Reversal of provision)	(82 255)	30 466
	<b>-</b>	<b>82 255</b>
The fair value of other receivables approximate their carrying value.		
<b>4. VAT receivable</b>		
VAT	1 200 038	573 592
Please refer to note 29 for prior year errors relating to this note.		
<b>5. Employee Benefit Receivable</b>		
<b>Actual</b>		
Department of Transport: Roads - Post Employment Health Care Benefits	6 283 000	6 105 000
Department of Transport: Roads - Long Service Awards	1 590 000	1 681 000
Department of Transport: Roads - Ex Gratia Pension Benefits	-	169 387
	<b>7 873 000</b>	<b>7 955 387</b>
<b>Less: Current portion transferred to current receivables</b>		

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 5. Employee Benefit Receivable (continued)

Department of Transport: Roads - Post Employment Health Care Benefits	(423 378)	(393 871)
Department of Transport: Roads - Long Service Awards	(77 132)	(331 465)
Department of Transport: Roads - Ex-Gratia Pension Benefits	-	(150 898)
	<b>(500 510)</b>	<b>(876 234)</b>
<b>Total Non-current Employee benefit receivables</b>	<b>7 372 490</b>	<b>7 079 153</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 294	1 300
Bank balances	5 214 715	10 635 167
Call Investments Deposits	7 689 957	11 242 552
	<b>12 905 966</b>	<b>21 879 019</b>

The Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the Municipality in terms of the utilisation of its cash and cash equivalents. Except for cash and cash equivalents that relate to unspent conditional grants, it has to remain cash-backed.

The carrying value approximates the fair value of the asset.

The Municipality did not make use of, nor has access to any overdraft facilities during the financial year.

### The municipality had the following bank accounts

Account number	Bank statement balances			Cash book balances		
	30 June, 2022	30 June, 2021	30 June, 2020	30 June, 2022	30 June, 2021	30 June, 2020
ABSA Bank Acc nr 1540000014 (Cheque account)	285 262	952 948	535 155	285 262	952 948	373 662
First National Bank Acc nr 62062151429 (Cheque account)	127 563	342 936	797 902	127 563	342 936	1 425 395
Nedbank Acc nr 1178835510 (Cheque account)	4 798 475	9 335 868	3 529 959	4 801 891	9 339 284	1 009 516
<b>Total</b>	<b>5 211 300</b>	<b>10 631 752</b>	<b>4 863 016</b>	<b>5 214 716</b>	<b>10 635 168</b>	<b>2 808 573</b>

### Call Investment deposits

Nedbank - 03/7881114568	2 391 517	2 305 221
Nedbank - 03/7881125551	2 277 846	2 187 609
Nedbank - 03/7881121858	861 187	3 754 398
Nedbank - 03/7881150777	1 559 481	1 503 208
Nedbank - 03/7881151625	569 726	1 463 016
First Rand Bank Limited - 628 352 72361	30 101	29 003
	<b>7 689 858</b>	<b>11 242 455</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

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### 7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 207 650	-	1 207 650	1 207 650	-	1 207 650
Buildings	5 940 333	(2 444 897)	3 495 436	5 940 333	(2 390 835)	3 549 498
Machinery and Equipment	714 338	(480 710)	233 628	714 338	(364 680)	349 658
Furniture and Office Equipment	2 451 004	(1 513 207)	937 797	2 408 600	(1 322 858)	1 085 742
Transport Assets	5 086 611	(1 957 466)	3 129 145	3 088 731	(1 667 658)	1 421 073
Computer Equipment	1 376 198	(841 920)	534 278	1 267 811	(734 469)	533 342
Leased Furniture and Office Equipment	413 988	(266 242)	147 746	413 988	(45 727)	368 261
<b>Total</b>	<b>17 190 122</b>	<b>(7 504 442)</b>	<b>9 685 680</b>	<b>15 041 451</b>	<b>(6 526 227)</b>	<b>8 515 224</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 7. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	WIP Additions	Disposals	Residual Value adjustments	Depreciation	Impairment reversal	Total
Land	1 207 650	-	-	-	-	-	-	1 207 650
Buildings	3 549 498	-	-	-	-	(54 062)	-	3 495 436
Machinery and equipment	349 658	-	-	-	-	(116 030)	-	233 628
Furniture and Office Equipment	1 085 742	16 983	25 421	-	-	(190 349)	-	937 797
Transport Assets	1 421 073	-	1 997 879	-	-	(289 807)	-	3 129 145
Computer Equipment	533 342	108 387	-	-	-	(107 451)	-	534 278
Leased Furniture and Office Equipment	368 261	-	-	-	-	(220 515)	-	147 746
	<b>8 515 224</b>	<b>125 370</b>	<b>2 023 300</b>	<b>-</b>	<b>-</b>	<b>(978 214)</b>	<b>-</b>	<b>9 685 680</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	WIP Additions	Disposals	Residual Value adjustments	Depreciation	Impairment reversal	Total
Land	1 207 650	-	-	-	-	-	-	1 207 650
Buildings	3 608 444	-	-	-	-	(58 946)	-	3 549 498
Machinery and Equipment	574 972	4 218	-	(68 178)	-	(161 354)	-	349 658
Furniture and Office Equipment	938 879	315 652	-	(10 275)	-	(159 006)	492	1 085 742
Transport Assets	1 606 738	-	-	-	-	(185 665)	-	1 421 073
Computer Equipment	540 462	107 682	-	(16 063)	-	(101 488)	2 749	533 342
Leased Furniture and Office Equipment	13 253	413 988	-	-	-	(58 980)	-	368 261
	<b>8 490 398</b>	<b>841 540</b>	<b>-</b>	<b>(94 516)</b>	<b>-</b>	<b>(725 439)</b>	<b>3 241</b>	<b>8 515 224</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 7. Property, plant and equipment (continued)

#### Pledged as security

Leased Property, Plant and Equipment of R240 644 is secured for leases as set out in Note 11.

There are no contractual commitments for the acquisition of property.

#### Property, plant and equipment in the process of being constructed or developed

Transport assets	1 997 880	-
Office equipment	25 421	-
	<u>2 023 301</u>	<u>-</u>

A specialised Fire truck was purchased before year end, but only received after year end in a working condition as required by management.

Additional Biometric scanners were received after year end and have not yet been installed for use/connected to the network.

No property, plant and equipment is taking a significantly longer period of time to complete than was expected.

No Property, plant and equipment's construction has been halted either in the current or prior period.

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	210 619	102 613
Inventory consumed	-	19 336
Operational Cost	11 157	-
	<u>221 776</u>	<u>121 949</u>

#### Other Information

No service concession arrangements are applicable to the municipality.

There is no Land appointed in terms of legislation which CKDM controls without legal ownership or custodianship.

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

#### Change in Estimate

The useful lives of certain plant and equipment were estimated in 2021/2022 to be a certain number of years as per the Fixed asset register.

In the current period management have revised their estimate. The effect of this revision has caused the depreciation charges for the current and future periods to be affected as follows:

	2021/2022	2022/2023	2023/2024
Computer Equipment	7 224	101 006	102 440
Computer Software and applications	5 483	10 407	11 541
Furniture and office equipment	(129 770)	222 249	226 230
Machinery and Equipment	(56 273)	86 765	88 937
	<u>(173 336)</u>	<u>420 427</u>	<u>429 148</u>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 8. Intangible assets

	2022		2021			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	138 395	(91 135)	47 260	134 612	(54 644)	79 968

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	79 968	3 783	-	(36 491)	47 260
	<b>79 968</b>	<b>3 783</b>	<b>-</b>	<b>(36 491)</b>	<b>47 260</b>

### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	97 499	30 599	(11 984)	(36 146)	79 968
	<b>97 499</b>	<b>30 599</b>	<b>(11 984)</b>	<b>(36 146)</b>	<b>79 968</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 8. Intangible assets (continued)

The following material intangible assets are included in the carrying value above:

Microsoft software and other software	47 260	79 968
	<u>47 260</u>	<u>79 968</u>

### Other information

There are no intangible assets in the process of being constructed or developed.

No intangible assets were assessed as having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title are restricted.

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

No service concession arrangements are applicable to the Municipality.

There are no intangible assets pledged as security for liabilities.



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 9. Current employee benefits

#### Designated at fair value

Current Portion of Ex Gratia Benefits - Refer to Note 13	-	150 898
Current Portion of Long Service Provisions - Refer to Note 13	114 000	504 000
Current Portion of Post Retirement Benefits - Refer to Note 13	901 000	840 000
Provision for Performance Bonuses	473 108	623 364
Provision for Staff Leave	2 300 361	2 129 676
Staff Bonuses Accrued	1 267 138	1 189 474
	<b>5 055 607</b>	<b>5 437 412</b>

The movement in current employee benefits are reconciled as follows:

#### Provision for Staff Leave

Balance at beginning of year	2 129 676	2 197 838
Contribution to current portion	577 040	184 220
Expenditure incurred	(406 355)	(252 382)
	<b>2 300 361</b>	<b>2 129 676</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or resign.

#### Provision for Performance Bonuses

Balance at beginning of year	623 364	394 027
Contribution to current portion	161 426	229 337
Expenditure incurred	(311 682)	-
	<b>473 108</b>	<b>623 364</b>

#### Staff Bonuses Accrued

Balance at beginning of year	1 189 474	1 097 994
Correction of error	-	(22 793)
Contribution to current portion	2 592 469	2 154 310
Expenditure incurred	(2 514 805)	(2 040 037)
	<b>1 267 138</b>	<b>1 189 474</b>

Bonuses are being paid to all permanent municipal staff, excluding the bonus payable to section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

Please refer to note 29 for prior year errors relating to this note.

#### Provision for Termination of Contract

Balance at beginning of year	-	2 033 641
Expenditure incurred	-	(2 033 641)
	<b>-</b>	<b>-</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>9. Current employee benefits (continued)</b>		
Council resolved to terminate the contract of employment of the Municipal Manager, Mr S Jooste as a result of breach of the relationship of trust between the Municipal Manager and the Council from 30 June 2020. Council resolved to pay a final severance amount of 18 months cost to company to Mr S Jooste.		
<b>10. Unspent conditional grants and receipts</b>		
National Government Grants	1 272 220	1 967 193
Provincial Government Grants	4 111 009	1 633 368
Other Grant Providers	201 784	273 195
Less Unpaid Grants		
Other Grants	(209 968)	-
	<b>5 375 045</b>	<b>3 873 756</b>

### Reconciliation of Unspent Conditional Grants and Receipts

<b>National Government Grants</b>		
Rural Roads Asset Management Grant	1 130 983	1 967 192
Local Government Financial Management Grant	141 237	-
<b>Provincial Government Grants</b>		
FMG Graduate Internship Programme (Disaster Management)	11 673	9 448
Western Cape Financial Management Support Grant	9 485	-
Western Cape Financial Management Capacity Building Grant	395 715	583 375
Fire Service Capacity Building Grant	-	-
Safety Initiative Implementation - Whole of Society Approach (WOSA)	344 136	1 040 546
Joint District and Metro Approach Grant	1 800 000	-
Local Government Public Employment Support Grant	200 000	-
Municipal Drought Relief Grant	1 350 000	-
<b>Other Grant Providers</b>		
The Chemical industries Education and Training Authority	(209 968)	71 411
Local Government Sector and Training Authority	201 784	201 784
	<b>5 375 045</b>	<b>3 873 756</b>

All the unspent conditional grants are cash backed. The Covid 19 Pandemic still had an effect on the spending of grants. The Municipality is currently busy with the Roll-over application process.

The Joint District and Metro Approach Grant as well as the Local Government Public Employment Support Grant were not included in an adjustment budget within 60 days of receipt in the 2021/2022 financial year - as required by the Local Government: Municipal Finance Management Act, 2003 Municipal Budget and Reporting Regulations par 23(3). There is a possibility that the Municipality will have to repay this in the new year.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	153 393	153 393
- In second to fifth year inclusive	102 262	255 655
	<u>255 655</u>	<u>409 048</u>
less: future finance charges	(15 011)	(36 896)
<b>Present value of minimum lease payments</b>	<u>240 644</u>	<u>372 152</u>
 <b>Present value of minimum lease payments due</b>		
- within one year	141 015	131 508
- In second to fifth year inclusive	99 629	240 644
	<u>240 644</u>	<u>372 152</u>
 Non-current liabilities	99 629	240 644
Current liabilities	141 015	131 508
	<u>240 644</u>	<u>372 152</u>

Refer to Appendix A for the detailed capitalised lease liability.

### 12. Payables from exchange transactions

Trade payables	2 040 258	5 428 205
Debtors with credit balances	5 538	24 319
Sundry Creditors	(260 690)	608 277
Department of transport and public works	-	1 414 235
	<u>1 785 106</u>	<u>7 475 036</u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days of receipt of invoice or statement as prescribed by the MFMA, unless the account is in dispute. This did not always occur timeously throughout the year.

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. Interest and penalties on late payment may arise if payment is not done.

### 13. Employee benefit obligations

#### Post Retirement Medical Aid Benefits

Present value of fund obligation at the beginning of the year	13 020 000	12 772 000
Contribution for the year	281 000	205 000
Interest cost	1 217 000	1 516 000
Benefits paid	(837 141)	(864 182)
Actuarial (Gain)/Loss	(309 859)	(608 818)
Less: Transfer of Current Portion - Refer to Note 9	(901 000)	(840 000)
	<u>12 470 000</u>	<u>12 180 000</u>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures In Rand	2022	2021
<b>13. Employee benefit obligations (continued)</b>		
<b>Long Service Awards</b>		
Present value of fund obligation at the beginning of the year	2 556 000	2 653 000
Contribution for the year	231 000	251 000
Interest cost	212 000	222 000
Benefits paid	(417 742)	(220 749)
Actuarial (Gain)/Loss	(231 258)	(349 251)
Less: Transfer of Current Portion - Refer to Note 9	(114 000)	(504 000)
	<b>2 236 000</b>	<b>2 052 000</b>
<b>Ex-Gratia Benefits</b>		
Present value of fund obligation at the beginning of the year	169 387	401 000
Interest Cost	7 960	22 000
Benefits paid	(180 768)	(145 263)
Actuarial Loss/(Gain)	3 421	(108 350)
Less: Transfer of Current Portion - Refer to Note 9	-	(150 898)
	<b>-</b>	<b>18 489</b>
<b>TOTAL NON-CURRENT EMPLOYEE BENEFITS</b>		
Opening balance	15 745 387	15 826 000
Contribution for the year	512 000	456 000
Interest cost - Refer to Note 21	1 436 960	1 760 000
Benefits paid	(1 435 651)	(1 230 194)
Actuarial Gain for the year	(537 696)	(1 066 419)
Transfer of Current portion - Note 9	(1 015 000)	(1 494 898)
	<b>14 706 000</b>	<b>14 250 489</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 13. Employee benefit obligations (continued)

#### 13.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

Current (In Service) Members	35	32
Current (In Service) Non-members	102	114
Continuation members (e.g. Retirees, widows, orphans)	23 %	22 %
<b>Total members</b>	<b>160</b>	<b>168</b>

The amount recognised in the Statement of Financial Position:

Current (In Service) members	2 788 000	2 918 000
Current (In Service) Non-members	1 059 000	951 000
Continuation members	9 524 000	9 151 000
	<b>13 371 000</b>	<b>13 020 000</b>

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

2020	2019	2018
12 772 000	13 921 000	16 087 000

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

Bonitas;

LA Health

Samwumed

#### Key Actuarial assumptions used:

##### Rate of Interest

Discount rate	Yield curve	10.85 %
Health Care Cost Inflation Rate	CPI + 1,5%	7.77 %
Net-of-health-care-cost-inflation Discount Rate	Yield curve based	2,86 %

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates for longer maturities by extrapolating current market rates along the yield curve."

Consequently, a discount rate of 10.85% per annum has been used. The corresponding index-linked yield at this term is 3.84%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 1 June 2022.

##### Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables, adjusted for female lives. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA(90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

##### Average Retirement Age

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 13. Employee benefit obligations (continued)

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.

Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

#### Continuation of Membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

#### Family Profile

It has been assumed that female spouses will be four years younger than their male counterparts. Furthermore, we've assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependent. For current retiree members, actual subsidised spouse dependents were used and the potential for remarriage was ignored.

#### Reconciliation of present value of fund obligation

Present value of fund obligation at the beginning of the year	13 020 000	12 772 000
Current service cost	281 000	205 000
Interest cost	1 217 000	1 516 000
Benefits paid	(840 000)	(866 439)
Actuarial (Gains)/Losses	(307 000)	(606 561)
Transfer of Current Portion - Note 9	(901 000)	(840 000)
<b>Non - current Portion</b>	<b>12 470 000</b>	<b>12 180 000</b>

#### Sensitivity Analysis on the Accrued Liability

##### Mortality Rate:

Illustrated is the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 1 year respectively.

	-1 year Mortality Rate	Valuation Assumption	+1 year Mortality Rate
Total Accrued Liability	13 792 000	13 371 000	12 950 000
Current Service Cost	288 000	281 000	274 000
Interest Cost	1 256 000	1 217 000	1 178 000

##### Health care inflation:

The effect of a 1% per annum change in the health care inflation assumption is as follows:

	-1% Health Care Inflation	Valuation Assumption	+1% Health Care Inflation
Total Accrued Liability	-	13 371 000	-
Current Service Cost	238 000	281 000	318 000
Interest Cost	R 1 106 000	R 1 217 000	R 1 636 000

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.

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.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 13. Employee benefit obligations (continued)

#### 13.2 Long Service Awards

The Long service awards (LSA) plans are defined benefit plans.

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

#### Employees eligible for Long service awards:

Roads	99	103
Other	38	43
<b>As at year end, the following number of employees were eligible for Long Service Bonuses</b>	<b>137</b>	<b>146</b>

#### Key Actuarial assumptions used:

##### Rate of Interest

Discount rate	Yield Curve	10.46%
General earnings Inflation rate (long-term)	Equal to CPI+1%	6.92%
Net Effective Discount Rate applied to earning-related Long Service Bonuses	Yield curve based	3.31%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Consequently, a discount rate of 10.46% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 3.82%. 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 1 June 2022. The duration of the total liability was estimated to be 9.75 years.

##### Average Retirement age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

##### Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases.

##### Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

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### 13. Employee benefit obligations (continued)

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

Present value of fund obligations	2 350 000	2 556 000
	<b>2 350 000</b>	<b>2 556 000</b>

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

2020	2019	2018
<b>2 653 000</b>	<b>2 208 000</b>	<b>2 119 000</b>

### Reconciliation of present value of fund obligation (LSA):

Present value of fund obligation at the beginning of the year	2 556 000	2 653 000
Current service cost	231 000	251 000
Interest cost	212 000	222 000
Benefits paid	(417 742)	(220 749)
Actuarial (gain)/losses	(231 258)	(349 251)
Transfer of Current Portion - Note 9	(114 000)	(504 000)
	<b>2 236 000</b>	<b>2 052 000</b>

### Non - current Portion

### Sensitivity Analysis on the Unfunded Accrued Liability

Withdrawal Rate:

Illustrated is the effect of a higher and lower withdrawal rates by increasing two-fold and decreasing the withdrawal rate by 50%:

	-50% Withdrawal Rate	Valuation Assumption	Two fold increase Withdrawal Rate
Total Accrued Liability	2 655 000	2 350 000	1 907 000
Current Service cost	284 000	231 000	163 000
Interest cost	239 000	212 000	173 000
	<b>3 178 000</b>	<b>2 793 000</b>	<b>2 243 000</b>

General earnings inflation rate:

The effect of a 1% per annum change in the general earnings inflation assumption:

	-1% Normal Salary inflation	Valuation Assumption	+1% Normal Salary inflation
Total Accrued Liability	2 218 000	2 350 000	2 495 000
Current Service cost	213 000	231 000	252 000
Interest cost	201 000	212 000	226 000
	<b>2 632 000</b>	<b>2 793 000</b>	<b>2 973 000</b>

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.

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.



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

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### 13. Employee benefit obligations (continued)

#### 13.3 Ex Gratia Benefits

The Ex-Gratia plans are defined benefit plans. Following the exit of the four remaining employees eligible for the Ex-Gratia benefit since the last valuation, there were no employees entitled to the benefit at this valuation.

#### Number of employees eligible for Ex-Gratia Benefits:

Roads	0	4
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#### Key actuarial assumptions used:

Discount rate	None Required	8.34%
Benefit increase rate (CPI inflation)	None Required	5.49%
Net Effective Discount Rate	None Required	2.70%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

#### Average retirement age

The normal retirement age of employees is 65.

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

#### Pre-retirement Mortality

SA85-90 ultimate table was used, adjusted for female lives.

#### Mortality Rates and Spouses

Mortality before retirement has been based on the PA(90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.

#### Reconciliation of present value of fund obligation (Ex-Gratia)

Present value of fund obligation at the beginning of the year	169 387	401 000
Interest paid	7 960	22 000
Benefits paid	(183 504)	(145 263)
Actuarial losses/(gains)	6 157	(108 350)
Transfer of Current Portion - Note 11	-	(150 898)
	<u>-</u>	<u>18 489</u>

#### Sensitivity Analysis on the Unfunded Accrued Liability

The effect of a 1% increase and decrease in the assumed general salary inflation rate:

	-1% Pension inflation	Valuation Assumption	+1% Pension inflation
Interest Cost	7 813	7 960	8 116

#### 13.4 Retirement Funds

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

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### 13. Employee benefit obligations (continued)

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 claimed that the pensioner data is 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 Cape Joint Retirement Fund 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.

### 14. Straight Service Charge

Department of Transport and Public Works	5 106 478	4 793 044
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The Municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within the jurisdiction of the Central Karoo District Municipality. The commission is calculated at a pre-determined rate on the total received from the Department of Transport of Public Works. The amount received for the current financial year amounted to R 55 881 387.

Grap 109 is not applicable as the relationship between the municipality and the Department of Public Works and Transport of the Western Cape, does not meet the principal agent criteria as determined by the standard.

To align to the accounting treatment for the funding received from the Department of Transport and Public Works with regards to the road maintenance, the prior year naming convention for this funding source was changed from agency services to Straight service charge. Both the prior year and current year naming convention is therefore consistent. This allows the users of the Annual Financial Statements to have a clear understanding of the substance to this funding.

### 15. Operational Revenue

Admin fee	7 087	8 765
Commission	44 451	38 013
LG Seta Admin fee	38 730	53 395
Photocopies, telephone, sale of tenders and other	40 016	24 756
	<u>130 284</u>	<u>124 929</u>

### 16. Interest Received

Interest revenue		
Bank	359 521	183 327
Call Investment Deposits	445 023	601 839
	<u>804 544</u>	<u>785 166</u>

### 17. Government grants and subsidies

Operating grants		
Government Grants and Subsidies - Operational	40 508 168	41 118 501
Capital grants		
Government Grants and Subsidies - Capital	1 925 000	-
	<u>42 433 168</u>	<u>41 118 501</u>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 17. Government grants and subsidies (continued)

#### Conditional and Unconditional Government Grants:

Included in above are the following grants and subsidies received:

Conditional grants received	9 165 168	8 326 501
Unconditional grants received	33 268 000	32 792 000
	<u>42 433 168</u>	<u>41 118 501</u>

#### Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	33 268 000	32 792 000
Public safety	1 983 328	-
Executive and Council	1 579 079	250 000
Corporate services	1 701 579	4 986 032
Planning and Development	2 797 619	-
Finance	858 763	1 000 000
Municipal Manager	244 800	2 090 469
	<u>42 433 168</u>	<u>41 118 501</u>

Conditions still to be met - remain liabilities (see note 10).

#### Equitable share

Current-year receipts	33 268 000	32 792 000
Conditions met - transferred to revenue	(33 268 000)	(32 792 000)
	<u>-</u>	<u>-</u>

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.

#### Local Government Financial Management Grant (FMG)

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(858 763)	(1 000 000)
	<u>141 237</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 10).

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 (Eg: Salary costs of the Financial Management Interns).

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>17. Government grants and subsidies (continued)</b>		
<b>Other Grants</b>		
Balance unspent at beginning of year	3 873 756	4 870 885
Current-year receipts	11 926 279	7 364 382
Conditions met - transferred to revenue	(8 306 405)	(7 326 501)
Repayments during the year	(2 259 822)	(1 035 010)
	<b>5 233 808</b>	<b>3 873 756</b>

Various grants were received from other spheres of Government.

Refer to Appendix B for the detailed disclosure of Grants and Subsidies.

### 18. Employee related costs

Employee Related Costs - Salaries and Wages	37 916 765	35 247 402
Bonuses	2 373 651	2 367 766
Contributions for UIF, Pensions and Medical Aids	8 766 564	7 978 633
Overtime payments	1 115 075	1 383 481
Long-service awards	209 000	-
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 778 632	1 260 213
Current service cost	228 000	211 000
Housing Benefits and Allowances	280 401	336 910
Leave Provision	766 483	181 257
Provision adjustment - Employee benefits	-	203 613
	<b>53 434 571</b>	<b>49 170 275</b>

Please refer to note 29 for prior year errors relating to this note.

#### Remuneration of Municipal Manager - Mr S Jooste

Annual Remuneration	-	596 641
Car Allowance	-	36 000
Performance Bonuses	-	-
Cellphone allowance	-	21 000
Contributions to UIF, Medical and Pension Funds	-	892
Other benefits and allowances	-	44 347
	<b>-</b>	<b>698 880</b>

Mr S Jooste resigned with an effective date of 30 June 2020. He received a package payout that reflected accordingly.

#### Remuneration of Municipal Manager - Dr SW Vatala

Annual Remuneration	900 179	-
Car Allowance	70 000	-
Performance Bonuses	-	-
Cellphone allowance	30 000	-
Contributions to UIF, Medical and Pension Funds	40 710	-
Other benefits and allowances	118 913	-
	<b>1 159 802</b>	<b>-</b>

Dr SW Vatala commenced with his appointment on 1 September 2021.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

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### 18. Employee related costs (continued)

#### Remuneration of Chief Finance Officer - Ms U Baartman

Annual Remuneration	115 794	692 677
Car Allowance	26 503	159 018
Performance Bonuses	155 841	-
Cellphone allowance	5 000	35 000
Contributions to UIF, Medical and Pension Funds	31 148	164 930
Other benefits and allowances	58 889	91 729
Acting Allowance - Municipal Manager	-	2 712
	<b>393 175</b>	<b>1 146 066</b>

Ms U Baartman resigned with an effective date of 31 August 2021.

#### Remuneration of Chief Finance Officer - Mr MR Abdullah

Annual Remuneration	413 789	-
Car Allowance	-	-
Performance Bonuses	-	-
Cellphone allowance	12 500	-
Contributions to UIF, Medical and Pension Funds	19 684	-
Other benefits and allowances	30 343	-
	<b>476 316</b>	<b>-</b>

Mr MR Abdullah commenced with his appointment on 1 February 2022.

#### Remuneration of Manager: Corporate Services - Mr J Jonkers

Annual Remuneration	442 995	781 174
Car Allowance	78 312	144 000
Performance Bonuses	155 841	-
Cellphone allowance	16 315	35 000
Contributions to UIF, Medical and Pension Funds	67 131	100 277
Other benefits and allowances	37 757	82 725
Acting Allowance - Municipal Manager	73 077	28 294
	<b>871 428</b>	<b>1 171 470</b>

Mr J Jonkers resigned with an effective date of 16 January 2022.

#### Remuneration of Manager: Corporate Services - Dr RR Links

Annual Remuneration	66 517	-
Car Allowance	20 000	-
Performance Bonuses	-	-
Cellphone allowance	2 500	-
Contributions to UIF, Medical and Pension Funds	177	-
Other benefits and allowances	6 069	-
	<b>95 263</b>	<b>-</b>

Dr RR Links commenced with his appointment on 1 June 2022.

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Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

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<b>18. Employee related costs (continued)</b>		
<b>Total Remuneration of Key Management Personnel</b>		
Annual Remuneration	1 939 273	2 070 492
Car Allowance	194 815	339 018
Performance Bonuses	311 682	-
Cellphone Allowance	66 315	91 000
Contributions to UIF, Medical and Pension Funds	158 849	266 099
Other benefits and allowances	251 970	218 801
Acting Allowance	73 077	31 006
	<b>2 995 981</b>	<b>3 016 416</b>
<b>19. Remuneration of councillors</b>		
Executive Major	612 407	906 635
Executive Committee Members	1 381 552	1 135 719
Councillors	1 885 214	1 734 599
	<b>3 879 173</b>	<b>3 776 953</b>
<b>In-kind benefits</b>		
The Councillors occupying the positions of Mayor, Speaker and certain members of the Executive Committee of the Municipality serve in a full-time capacity. They are provided with office, accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.		
Gazette number 46470 pertaining to the Remuneration of public office bearers act 20 of 1998 - Determination of the upper limits of the salaries, allowances and benefits of different members of municipal councils - was only published on the 2nd of June 2022.		
Council is required to approve this gazette and apply to the MEC for permission to implement the proposed increases. This will result in backpay in the new financial year still to be quantified.		
<b>20. Depreciation and amortisation</b>		
Property, plant and equipment	978 215	725 439
Intangible assets	36 491	36 146
	<b>1 014 706</b>	<b>761 585</b>
<b>21. Finance costs</b>		
Employee benefits	1 439 187	1 760 579
Less: Employee benefits transferred to Roads	(719 960)	(876 000)
Finance leases	21 885	9 522
	<b>741 112</b>	<b>894 101</b>
<b>22. Debt impairment</b>		
Debt impairment	-	30 467
Bad debts written off	82 256	-
	<b>82 256</b>	<b>30 467</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>23. Transfers and Subsidies</b>		
<b>Other subsidies</b>		
Bursaries and study assistance provided	1 354 286	253 700
Money allocations to B Municipalities	1 579 079	800 000
	<b>2 933 365</b>	<b>1 053 700</b>
<b>24. Contracted services</b>		
Other Contractors	5 219 853	8 922 006
<b>25. Inventory consumed</b>		
Materials, supplies and other consumables	11 251 702	9 131 923
<b>26. Operational cost</b>		
Administration costs - Roads	5 869 000	5 512 000
Advertising	145 689	148 496
Auditors remuneration	3 222 289	3 252 043
Bank charges	30 426	26 820
Bursaries (Employees)	152 288	100 050
Membership fees	595 075	589 935
Entertainment	355	7 386
Insurance	347 272	534 709
Employee Wellness	-	1 250
Computer expenses	2 509 850	2 635 509
Courier Fees	45 482	75 840
Telephone and postage	697 440	618 543
Training	401 524	-
Travel and Subsistence	2 144 345	1 295 388
Travel and Subsistence - Council	-	359 280
Rates	-	227 388
Registration and Congress Fees	147 390	81 987
Uniforms	276 964	-
Sundry Projects	3 148 799	2 768 037
Printing	154 447	501 860
Vehicle licences	23 556	24 453
Electricity, water & sanitation	864 200	713 124
Resettlement Costs	3 776	27 145
Signage Costs	44 303	-
Samples and Specimens	32	30 085
Workmen's Compensation Contributions	262 830	248 345
	<b>21 087 332</b>	<b>19 779 673</b>
<b>27. Auditors' remuneration</b>		
Fees	3 222 289	3 252 043
	<b>3 222 289</b>	<b>3 252 043</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>28. Cash (used in) generated from operations</b>		
Surplus	5 471 031	6 301 960
<b>Adjustments for:</b>		
Depreciation and amortisation	1 014 706	761 585
(Gain)/Loss on disposal of assets and liabilities	-	106 501
Reversal of impairment loss	-	(3 241)
Reversal on inventory NRV	28 572	-
Contribution to debt impairment provision	-	30 467
Bad debts written off	82 256	-
Government Grants and Subsidies paid back	(2 259 822)	(1 035 010)
Government Grants and Subsidies received	46 194 279	41 156 382
Government Grants and Subsidies recognised as revenue	(42 433 168)	(41 118 501)
Contribution to current employee benefits	(381 805)	(1 526 294)
Contribution to non-current employee benefits	993 207	753 908
Non-cash movement in employee benefits	(293 337)	343 054
Actuarial (Gains)/Losses	(537 696)	(1 066 419)
Reversal of contribution to debt impairment provision	(82 255)	-
<b>Changes in working capital:</b>		
Inventories	60 768	(193 267)
Receivables from non-exchange transactions	(8 605 174)	246 997
Employee Benefit Receivables	375 724	(239 234)
Payables from exchange transactions	(6 407 529)	2 980 861
Decrease in taxes	(626 446)	(465 107)
	<b>(7 406 689)</b>	<b>7 034 642</b>
<b>29. Prior period errors</b>		
<b>Accumulated Surplus</b>		
Balance previously reported as at 1 July 2020		3 866 983
VAT portion on the audit fees relating to the roads payment contribution adjusted		(226 166)
<b>Restated Balance as at 1 July 2020</b>		<b>3 640 817</b>
<b>Surplus for the 2020/21 year as previously reported</b>		<b>6 449 875</b>
I Zempie should have been a creditor and should have been included in the expense		(94 454)
Incorrect bonus provision inclusion corrected		22 793
Accrued Reimbursive costs for 25 June to 30 June 2021 not provided for previously		(20 673)
Inventory consumed creditors identified in the Creditors Recon		(27 543)
Operational Cost creditors identified in the Creditors Recon		(27 457)
Finance Cost creditors identified in the Creditors Recon		(579)
<b>Surplus for the 2020/21 year as restated</b>		<b>6 301 962</b>
<b>Restated Balance as at 1 July 2021</b>		<b>9 942 779</b>
<b>Payables from exchange transactions</b>		
Balance previously reported		7 301 168
I Zempie should have been a creditor and should have been included in the expense		94 454
Creditors previously not brought in as part of the sub-ledger		58 739
Accrued Reimbursive costs for 25 June to 30 June 2021 not provided for previously		20 673
<b>Restated Balance</b>		<b>7 475 034</b>

This prior year error relates to note 12.



# CENTRAL KAROO DISTRICT MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>29. Prior period errors (continued)</b>		
<b>VAT</b>		
Balance previously reported		796 598
VAT portion on the audit fees relating to the roads payment contribution adjusted		(226 166)
VAT on creditors previously not brought in		3 160
<b>Restated Balance</b>		<b>573 592</b>
This prior year error relates to note 4.		
<b>Current Employee Benefits - Staff Bonuses accrued</b>		
Balance previously reported		1 212 267
Incorrect bonus provision inclusion corrected		(22 793)
<b>Restated Balance</b>		<b>1 189 474</b>
This prior year error relates to note 9.		
<b>Inventory Consumed</b>		
Balance previously reported		9 104 379
Creditors previously not brought in as part of the sub-ledger		27 543
<b>Restated Balance</b>		<b>9 131 922</b>
<b>Finance costs</b>		
Balance previously reported		893 522
Creditors previously not brought in as part of the sub-ledger		579
<b>Restated Balance</b>		<b>894 101</b>
<b>Employee related costs</b>		
Balance previously reported		49 091 098
I Zempie should have been a creditor and should have been included in the expense		94 454
Incorrect bonus provision inclusion corrected		(22 793)
Accrued Reimbursable costs for 25 June to 30 June 2021 not provided for previously		7 516
<b>Restated Balance</b>		<b>49 170 275</b>
This prior year error relates to note 18.		
<b>Remuneration of Councillors</b>		
Balance previously reported		3 774 747
Accrued reimbursable costs for 25 June to 30 June 2021 not provided for previously		2 206
<b>Restated Balance</b>		<b>3 776 953</b>
<b>Operational Cost</b>		
Balance previously reported		19 741 265
Accrued reimbursable costs for 25 June to 30 June 2021 not provided for previously		10 951
Creditors previously not brought in as part of the sub-ledger		27 457
<b>Restated Balance</b>		<b>19 779 673</b>

### Disclosure amendments made relating to the prior year:

Interest Received for the year has been moved from note 6 to it's note 16 this year.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

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### 29. Prior period errors (continued)

Transfers and Subsidies was disclosed in note 44 in the prior year and is now disclosed under note 23.

The impact on the surplus due to changes in interest rate risk disclosure was adjusted for the prior year in note 38.

The ratios in the financial sustainability note 36 were amended year on year.

The naming of the disclosures relating to the National Treasury budget schedules was updated to reflect the latest descriptions in the budget comparison and other relevant disclosures.

The prior year Other Grants section of note 17 was corrected to show the FMG grant movement separately.

See below for a summary of GRAP 3 amendments effect on the financial statements:

Statement of financial performance	Balance as previously reported	Re-classifications	Prior period errors	Restated Balance
	-	-	-	-
	-	-	-	-
Actuarial gains	1 066 419	-	-	1 066 419
Straight service charges	4 793 044	-	-	4 793 044
Department of Transport - Roads Service Charges	51 959 456	-	-	51 959 456
Reversal on impairment loss	3 241	-	-	3 241
Interest received	785 166	-	-	785 166
Licences and permits	27 100	-	-	27 100
Operational Revenue	124 930	-	-	124 930
Rental from fixed assets	51 288	-	-	51 288
Government grants and subsidies	41 118 501	-	-	41 118 501
Employee related cost	(49 091 098)	-	(79 177)	(49 170 275)
Remuneration of Councillors	(3 774 747)	-	(2 206)	(3 776 953)
Depreciation and amortisation	(761 585)	-	-	(761 585)
Loss on disposal of assets and liabilities	(106 501)	-	-	(106 501)
Finance costs	(893 522)	-	(579)	(894 101)
Debt Impairment	(30 467)	-	-	(30 467)
Transfers and Subsidies	(1 053 700)	-	-	(1 053 700)
Inventory consumed	(9 104 379)	-	(27 544)	(9 131 923)
Contracted services	(8 922 006)	-	-	(8 922 006)
Operational Cost	(19 741 265)	-	(38 408)	(19 779 673)
	<b>6 449 875</b>	<b>-</b>	<b>(147 914)</b>	<b>6 301 961</b>

### 30. Unauthorised expenditure

Opening balance as previously reported	8 865 202	8 795 509
<b>Opening balance as restated</b>	<b>8 865 202</b>	<b>8 795 509</b>
Add: Current Year Operating Expenditure	170 200	69 693
Add: Expenditure identified - current	3 695 101	-
Add: Expenditure identified - prior period	-	-
Less: Approved/condoned/authorised by council	-	-
<b>Closing balance</b>	<b>12 730 503</b>	<b>8 865 202</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

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### 30. Unauthorised expenditure (continued)

Unauthorised expenditure for the year can be summarised as follows:

2022	Budget Expenditure	Actual Expenditure	Variance	Recalculate Unauthorised
Finance	13 380 000	17 075 101	(3 695 101)	(3 695 101)
Corporate Services	31 708 000	18 298 733	13 409 267	-
Municipal Manager	3 621 000	2 280 945	1 340 055	-
Executive and Council	8 526 000	7 953 203	572 797	-
Technical Services	54 952 000	54 036 088	915 912	-
	<b>112 187 000</b>	<b>99 644 070</b>	<b>12 542 930</b>	<b>(3 695 101)</b>
2021	Budget Expenditure	Actual Expenditure	Variance	Recalculate Unauthorised
Finance	13 159 144	10 441 565	2 717 579	-
Corporate Services	28 826 318	24 104 556	4 721 762	-
Municipal Manager	4 446 048	2 268 281	2 177 767	-
Executive and Council	5 992 164	5 037 384	954 780	-
Technical Services	51 558 030	51 627 723	(69 693)	(69 693)
	<b>103 981 704</b>	<b>93 479 509</b>	<b>10 502 195</b>	<b>(69 693)</b>

### 31. Fruitless and wasteful expenditure

Opening balance as previously reported	165 885	165 885
<b>Opening balance as restated</b>	<b>165 885</b>	<b>165 885</b>
Add: Expenditure identified - current	12 089	343
Add: Expenditure identified - prior period	-	353
Less: Amounts recoverable - current	-	(343)
Less: Amounts recoverable - prior period	-	(353)
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
<b>Closing balance</b>	<b>177 974</b>	<b>165 885</b>

The opening balance of Fruitless and wasteful expenditure - as well as Irregular expenditure - formed part of a forensic investigation into Unauthorised, Irregular, Fruitless and Wasteful expenditure performed during the 2020/2021 financial year.

The Covid 19 pandemic resulted in a significant delay in the process that was to follow, but was covered by Government Gazette 429 providing exemption from the MFMA and it's relevant regulations until the state of disaster is lifted.

The effect of this investigation on fruitless and wasteful expenditure's recoverability is not known at this time.

### 32. Irregular expenditure

Opening balance as previously reported	30 959 244	30 959 244
<b>Opening balance as restated</b>	<b>30 959 244</b>	<b>30 959 244</b>
Add: Irregular Expenditure - current	6 669 799	-
Add: Irregular Expenditure - prior period	-	-
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
<b>Closing balance</b>	<b>37 629 043</b>	<b>30 959 244</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

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### 32. Irregular expenditure (continued)

#### Amounts potentially recoverable

Recoverability, condonement and disciplinary steps of all other irregular expenditure will be evaluated by Council in terms of section 32 of MFMA.

After a forensic investigation into Unauthorised, Irregular, Fruitless and Wasteful expenditure was performed during the 2020/2021 financial year, the following defendants were noted as being responsible for the amounts mentioned below:

Mr S Jooste (Previous Municipal Manager)	5 119 500	5 119 500
Africa Creek Investment (Pty) Ltd	4 507 500	4 507 500
Mr Jonton Snyman	4 507 500	4 507 500
NB Wilson & Associates	612 000	612 000
Mr Lance Wilson	612 000	612 000
Mrs Lorraine Wilson	612 000	612 000
	<b>15 970 500</b>	<b>15 970 500</b>

R3 068 154 of this amount is Irregular expenditure identified in the 2019 financial year relating to the previous years. The total amount disclosed relates to a technical interpretation difference as identified by the Auditor General. All these contracts were entered into during the 2017 year.

### 33. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA

Opening balance	573 681	534 805
Current year subscription / fee	(573 681)	(534 805)
Amount paid - current year	-	-
Amount paid - previous years	-	-

#### Audit fees - [MFMA 125 (1)(c)]

Opening balance	4 140 261	1 765 705
Correction of prior period error	226 166	-
Restated opening balance	4 366 427	1 765 705
Current year fee	3 222 290	3 252 043
Amount paid - current year	(3 013 039)	(877 487)
Amount paid - previous years	(4 366 427)	-
	<b>209 251</b>	<b>4 140 261</b>

#### PAYE, SDL and UIF - [MFMA 125 (1)(c)]

Opening balance	-	790 363
Current year subscription / fee	8 572 220	8 420 657
Amount paid - current year	(8 572 220)	(8 420 657)
Amount paid - previous years	-	(790 363)

# CENTRAL KAROO DISTRICT MUNICIPALITY

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

#### Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year subscription / fee	12 473 542	10 820 544
Amount paid - current year	(12 473 542)	(10 820 544)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>

#### VAT - [MFMA 125 (1)(c)]

VAT receivable	<u>1 200 038</u>	<u>573 592</u>
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VAT output payables and VAT input receivables are shown in note 4.

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

#### Councillors' outstanding debt to municipality

The following Councillors and former Councillors had arrear amounts outstanding for more than 90 days at 30 June, 2022:

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor J Bostander	-	46 714	46 714
Councillor M Furman	-	22 552	22 552
Councillor EZ Njadu	-	41 841	41 841
Councillor G de Vos	-	1 170	1 170
Councillor M Daniels	-	737	737
Councillor J Jonas	-	4 515	4 515
Councillor T Prince	-	439	439
Councillor GP Adolph	-	2 511	2 511
	<u>-</u>	<u>120 479</u>	<u>120 479</u>
30 June, 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor J Bostander	-	46 714	46 714
Councillor M Furman	-	22 552	22 552
Councillor EZ Njadu	-	43 388	43 388
Councillor G de Vos	-	6 923	6 923
Councillor M Daniels	-	737	737
Councillor J Jonas	-	4 515	4 515
Councillor T Prince	-	439	439
Councillor GP Adolph	-	2 511	2 511
	<u>-</u>	<u>127 779</u>	<u>127 779</u>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

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

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

#### 2022

	Up to R30 000	Between R30 000 and R200 000
Emergency	-	47 049
Impractical	494 679	2 684 923
Sole Supplier/Agent	968 790	309 736
	<b>1 463 469</b>	<b>3 041 708</b>

	Amount	Sole Supplier/ Agent	Impractical	Emergency
July	164 446	5	7	0
August	116 141	3	4	0
September	734 904	20	9	0
October	250 278	17	9	0
November	289 914	11	5	0
December	85 751	5	6	0
January	103 961	5	5	0
February	217 837	6	5	0
March	187 064	14	6	0
April	447 901	9	1	1
May	1 620 870	13	8	0
June	286 111	4	7	0
	<b>4 505 178</b>	<b>112</b>	<b>72</b>	<b>1</b>

#### 2021

	Up to R30 000	Between R30 000 and R200 000
Emergency	17 240	778 016
Impractical	574 943	1 674 239
Sole Supplier	1 198 262	868 320
Prior period regulation 32 contract continuation	47 985	30 382
	<b>1 838 430</b>	<b>3 350 957</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 33. Additional disclosure in terms of Municipal Finance Management Act (continued)

	Amount	Sole Supplier/ Agent	Impractical	Emergency
Prior period regulation 32 contracts	-			
July	709 196	15	8	2
August	819 589	11	2	1
September	140 117	14	3	0
October	75 012	5	4	1
November	625 982	11	7	0
December	295 999	13	4	0
January	186 428	11	5	0
February	217 136	11	10	0
March	1 083 933	28	20	1
April	132 692	10	4	0
May	271 780	16	7	1
June	631 522	18	10	0
	<b>5 189 386</b>	<b>163</b>	<b>84</b>	<b>6</b>

### Non-compliance with the Municipal Finance Management Act and other Legislation [MFMA 125 (2)(e)]

#### Non-compliance with MFMA Section 24

The MTREF 2021/2022 Budget was not approved by Council in terms of the MFMA section 24, this resulted in the Municipality being placed under provisional administration in July 2021. This came to an end when council approved the budget on 27 July 2021.

#### Non-compliance with MFMA Section 71

The monthly in-year budget report was not always timeously submitted during the financial year.

#### Non-compliance with MFMA Section 65 (2) (e)

Money owing by the municipality was not paid within 30 days of receiving the relevant invoice or statement from the supplier.

The following purchases were made during the year where a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months:

Ann's Deli and Projects	2 550	15 905
Beaufort West Luxury Coaches	8 990	89 600
Admiror Trading	43 989	31 929
AH Enterprises	-	110 078
Clear-cut events	-	10 125
Mubesko Africa	1 571 662	490 230
Illanja Sweiswerke t/a B en B Sweiswerke	80 214	180 181
Alfreda Elrico Hermanus	54 397	-
Magrietha Heibregt Jacobs	830	-
TNA General Services (Pty) Ltd	4 255	-
	<b>1 766 887</b>	<b>928 048</b>

### 34. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>35. Financial instruments disclosure</b>		
<b>Financial assets</b>		
Receivables from non-exchange transactions	9 584 978	979 804
Call Investment Deposits	7 689 957	11 242 552
Bank balances	5 214 715	10 635 167
Cash on hand	1 294	1 300
	<b>22 490 944</b>	<b>22 858 823</b>
<b>Financial liabilities</b>		
Non-current Capitalised Lease Liability	99 629	240 644
Trade payables	2 040 258	5 428 205
Sundry creditors	(260 690)	608 277
Debtors with credit balances	5 538	24 319
Current capitalised lease liability	141 015	131 508
	<b>2 025 750</b>	<b>6 432 953</b>

### 36. Financial sustainability

The indicators of conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Current assets exceeded current liabilities with the current ratio being 2.06:1 (2022)  
Current assets exceeded current liabilities with the current ratio being 1.52:1 (2021)  
Cash Cost Coverage Ratio of 2 months (2022)  
Cash Cost Coverage Ratio of 3 months (2021)  
Accumulated surplus of R15 413 806 (2022)  
Accumulated surplus of R 9 942 775 (2021)

The definition of going concern is that there is no reason to believe that an institution will have to close down or liquidate in the foreseeable future and at least, but not limited to 12 months. The financial statements for this Municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following the reporting date.

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

### COVID-19 Expenditure

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.

Since this time there have been various levels of lockdown announced. The State of Disaster was lifted in April 2022.

### COVID-19 Impact on Municipality

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 however, 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.

### COVID-19 - Response Expenditure



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures In Rand		2022	2021
<b>36. Financial sustainability (continued)</b>			
<b>Type of expenditure</b>	<b>Nature of expenditure</b>		
Cloth masks	Inventory consumed	15 755	28 480
Sanitiser, sanitiser dispensers and equipment	Inventory consumed	27 835	90 809
Disinfection of premises	Contracted services	13 018	44 976
Disposable and surgical masks	Inventory consumed	13 939	40 880
Face Shields	Inventory consumed	24 990	5 217
Gloves	Inventory consumed	-	1 767
Paper towels	Inventory consumed	-	3 679
Protective Clothing	Inventory consumed	-	170
Soap	Inventory consumed	-	1 121
Surface Cleaner	Inventory consumed	-	12 426
Thermometers	Inventory consumed	15 704	11 680
Covid Law Enforcement Monitoring Officers	Employee Related Cost	472 357	204 000
		<b>583 598</b>	<b>445 205</b>
The COVID-19 response expenditure is funded from the following sources:			
Own Funding		76 755	-
Department of Transport - Roads		18 731	65 000
Grant funding		488 112	380 205
		<b>583 598</b>	<b>445 205</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

2022

2021

### 37. Contingent Liabilities

#### CKDM//DEPARTMENT OF TRANSPORT AND PUBLIC WORKS - WESTERN CAPE GOVERNMENT

Case no: 550/19

PA 190415 - 18 August 2016,

Ford Bakkie swept away in river current:

R139 025.52

Case no: 222/19

PA 180 217 & PA 180 220 - 14 April 2016,

Collision of Swartberg Pass:

R184 904.41

Both claims are being opposed by the Municipality and further engagement will be taking place in terms of Section 41 of the Constitution 1996, Section 40(b) of intergovernmental regulation framework Act, 2005 and clause 29 of the Agreement.

There has been no movement on this matter.

#### CKDM // CAPX INVOICE DISCOUNTING (PTY) LTD HIGH COURT CASE NO: 6615/2017

CKDM has been summonsed by the Plaintiff for payment of the amount of R 2 000 000, alternatively R 1 000 000. The cause of the action relates to the LGSETA project, in terms of which the implementing agent (Africa Creek) ceded its rights in terms of the Turnkey Service Level Agreement between CKDM and Africa Creek to CAPX Invoice Discounting (Pty) Ltd. The Plaintiff now wishes to enforce its rights in terms of the Session Agreement for monies which is due to them by Africa Creek.

This claim is being defended by CKDM on the basis that the Turnkey Service Agreement between itself and Africa Creek has been validly terminated and that there is accordingly no funds payable to Africa Creek. The prospects in defending this claim is very good and there has been no movement on the matter for almost over 2 years now.

This matter is still ongoing and we are still awaiting a trial date in the High Court.

The costs exposure for the Central Karoo District Municipality could range between R100 000.00 and R200 000.00, inclusive of all other fees that has been paid by the municipality this far.

#### CKDM & AFRICA CREEK // ENTREPRENEURIAL BUSINESS SCHOOL (PTY) LTD / CB WILLIAMS TRAINING CC / BRIGHT IDEA PROJECTS 447 (PTY) LTD HIGH COURT CASE NO:1723/2018

The Plaintiff's cause of action against CKDM also relates to the LGSETA project, where Africa Creek was appointed as implementing agent and Africa Creek failed to pay the three Plaintiffs (Training Providers), monies which was due to the Plaintiff.

This claim has been defended by CKDM on the basis that Africa Creek is the party that is responsible for the payment of the Training Providers and not CKDM.

With regards to the prospects of success it is difficult to make a pronouncement of our prospects, as the Plaintiffs hold the municipality liable on the basis that Africa Creek acted as its agent and that the Central Karoo District Municipality as principal is therefore responsible for paying the Plaintiff's fees. This matter could go either way and it will in all probability have to be tried in Court.

The Plaintiff's attorneys have filed a Notice of Condonation, to condone the lateness and we have after thorough research found that they do not have to file a Notice of Condonation. We have in the meantime filed a Notice of Withdrawal of our Opposition.

The costs exposure for the Central Karoo District Municipality could range between R100 000.00 and R300 000.00.

There has been no movement on this matter for over two years now.

#### FINANCIAL PERFORMANCE GUARANTEES FOR THE REHABILITATION OF LAND DISTURBED BY PROSPECT MINING IN TERMS OF THE EXECUTION OF ENVIRONMENTAL MANAGEMENT PLAN/PROGRAMME

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 37. Contingent Liabilities (continued)

On 12 September 2012 the municipality entered into 16 financial performance guarantees with the Department of Mineral Resources amounting to R1 301 980 relating to the future rehabilitation of burrow pits. No movement on any of the guarantees have taken place since 2012 and there is no expectation that it will be taken up in the foreseeable future.

### CKDM // AFRICA CREEK HIGH COURT CASE NO:21067/2019

In this matter the Central Karoo District Municipality received a Summons for the amount of R2 595 750.00.

The cause of action relates to the LG SETA project in terms of which Africa Creek was appointed as the Implementing Agent.

The cause of action relates to monies that is due to Africa Creek as a result of certain services that was rendered to CKDM by Africa Creek.

We confirm that we have served a Notice of Intention to defend the matter and a few Special Plea's as well as our Plea of Plaintiff's legal representatives.

Up until date we have not received any further pleadings or correspondence from the Plaintiff's legal representatives and at this stage it is unclear if the Plaintiff's will proceed with litigation in respect of this claim.

The financial exposure for the Central Karoo District Municipality could range between R100 000.00 and R250 000.00

There has been no movement on this matter for over two years now.

### 38. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 38. Risk management (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash or the availability of funding through proper budgeting.

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

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

At 30 June, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 785 106	-	-	-
Unspent Government Grants and Receipts	5 375 045	-	-	-
Short-term liabilities				
Capital repayments	153 393	102 262	-	-
Finance cost	(12 378)	(2 633)	-	-
At 30 June, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	7 475 036	-	-	-
Unspent Government Grants and Receipts	3 873 756	-	-	-
Short-term liabilities				
Capital repayments	153 393	255 655	-	-
Finance cost	(21 885)	(15 011)	-	-

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

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.

Unspent government grants have to cash-backed and as a result R5 375 045 are pledged as security for financial liabilities.

Long-term Receivables and Other receivables are individually evaluated annually at reporting date for impairment.

Financial assets exposed to credit risk at year end were as follows:

	2022	2021
Cash and Cash Equivalents	12 904 672	21 877 719
Receivables from non-exchange transactions	9 562 137	954 582

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 38. Risk management (continued)

#### Market risk

##### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. 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 following was taken into consideration when determining interest rate risk:

Cash and Cash Equivalents

Receivables from non-exchange transactions

Unspent and Unpaid conditional grants and subsidies

Trade and other payables

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

(2022: 2.00%) (2021: 0,50%) Increase in interest rates	601 395	171 032
(2022: 0,25%) (2021: 0,25%) Decrease in interest rates	(75 174)	(85 516)

#### Foreign exchange risk

The Municipality does not engage in foreign currency transactions.

#### Price risk

The Municipality is not exposed to price risks.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 39. Budget Comparison Information

#### Budget Information

The Annual Budget of the Municipality is prepared for a 2021/22 MTREF period and is applicable from 1 July 2021 until 30 June 2022.

A reconciliation of the Statement of comparison of budget and actual amounts for the classification disclosure differences resulting between the Budget and the Annual financial statements is included as an annexure to the financial statements.

#### Explanation of variances between approved and final budget amounts

GRAP 24 specifically requires reasons for the differences between approved budget and final budget amounts. The main reasons for differences between the approved and final budget is due to additional monies received by the Department of Transport and grant allocation amendments.

#### Explanation of variances between the final budget and actual figures

Explanation of variances between the final budget and actual amount are provided below. Amounts under R5 000 or a percentage change of less than 10% were seen as not material.

#### Statement of Financial Position

##### Ref 1.

Growth in bank by surplus amount.

##### Ref 2

Late submissions of Roads claims resulted in a slight decline in investable cash.

##### Ref 3

Roads claims were submitted late, resulting in payments being received after year end. Vat was not budgeted for separately.

##### Ref 4

Actuarial movements are unpredictable due to external factors beyond the control of the municipality.

##### Ref 5

In line with general inflation.

##### Ref 6

Actuarial Movement are unpredictable due to external factors beyond the control of the municipality.

##### Ref 7

Depreciation was more than budgeted and the MSIG capital budget grant was not received.

##### Ref 8

Intangible assets were not budgeted for correctly from a Carrying value perspective.

##### Ref 9

New finance leases from the prior year were not taken into account in the budget process.

##### Ref 10

Acceptable

##### Ref 11

Two grants were not brought into the budget, and as such could not be spent during the financial year.

##### Ref 12

Actuarial Movement are unpredictable due to external factors beyond the control of the municipality.

##### Ref 13

Non-current Finance leases were omitted during the budget process.

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

2022

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### 39. Budget Comparison Information (continued)

#### Ref 14

Actuarial Movement are unpredictable due to external factors beyond the control of the municipality.

### Statement of Financial Performance

#### Ref 15

Additional COVID19 relief provided.

#### Ref 16

Late submissions of Roads claims resulted in a slight decline in investable cash. This affected our interest earnings

#### Ref 17

In line with previous year

#### Ref 18

In line and acceptable

#### Ref 19

This is determined by National and Provincial Treasury, additional allocations received during the year.

#### Ref 20

Acceptable variance

#### Ref 21

Actuarial movements are unpredictable due to external factors beyond the control of the municipality.

#### Ref 22

Stock variances due to year end system stock take update

#### Ref 23

Vacant posts not filled / not filled timeously.

#### Ref 24

Upper limit amendments were only gazetted on 2 June 2022. Thus effect of backpay only to be felt in following year.

#### Ref 25

Bad debts were written off this year equalling the prior years provision for debt impairment.

#### Ref 26

Finance leases were in effect for the full financial year whereas they were only depreciated for 3 months in the prior financial year. Change in estimates also contributed to the increase in depreciation year on year.

#### Ref 27

Finance leases and other finance charge budget items were omitted during the budget process.

#### Ref 28

Acceptable

#### Ref 29

The Preferential procurement act court case resulted in a halt in procurement processes which affected expenditure.

#### Ref 30

Acceptable

#### Ref 31

Acceptable

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 39. Budget Comparison Information (continued)

#### Ref 32

A Fire Truck was purchased during the financial year financed via a grant.

### Cash Flow Statement

Motivations for amendments made to the original budget is present in the Adjustment Budget report.

### 40. Related parties

#### Related party balances

Amounts included in Trade receivables are outstanding money(s) to be recovered from Councillors, and mayor, due to upper limits changes and travel and lodging claimed, but not spent:

Councillor J Bostander	46 714	46 714
Councillor M Furmen	22 552	22 552
Councillor M Daniels	737	737
Councillor EZ Njadu	41 841	43 388
Councillor G de Vos	1 170	6 923
Councillor J Jonas	4 515	4 515
Councillor T Prince	439	439
Councillor GP Adolph	2 511	2 511
	<b>120 479</b>	<b>127 779</b>

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Including any director of Central Karoo District Municipality.

### Compensation of key management personnel

The compensation of key management personnel is set out in note 18 to the Annual Financial Statements.

### Remuneration of management

#### Current Employee Benefits

The Municipality has the following current employee benefit obligation and made other non-Employee Related Cost payments towards senior management.

2022	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistence	Total
Municipal Manager	56 775	194 847	47 719	299 341
Chief Financial Officer	31 779	315 882	8 599	356 260
Head Corporate Services	6 386	315 882	25 659	347 927
	<b>94 940</b>	<b>826 611</b>	<b>81 977</b>	<b>1 003 528</b>
2021	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistence	Total
Municipal Manager	-	-	48 897	48 897
Chief Financial Officer	12 100	311 682	11 023	334 805
Head Corporate Services	15 710	311 682	22 405	349 797
	<b>27 810</b>	<b>623 364</b>	<b>82 325</b>	<b>733 499</b>



# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 41. Events after the reporting date

The Joint District and Metro Approach Grant as well as the Local Government Public Employment Support Grant were not included in an adjustment budget within 60 days of receipt in the 2021/2022 financial year - as required by the Local Government: Municipal Finance Management Act, 2003 Municipal Budget and Reporting Regulations par 23(3). There is a possibility that the Municipality will have to repay this in the new year.

A legal letter was received from Albert Hibbert Inc Attorneys representing TTM Trading and Projects (Pty) Ltd with regards to a contract dispute with Central Karoo District Municipality (Contract nr: CKDM026/2020/21). Legal costs regarding this potential contingent liability cannot be quantified at this point of time.

Dr SW Vatala (Municipal Manager) and Mr MR Abdullah (Chief Financial Officer) were suspended from their official duties pending investigation on 12 August 2022.

The Accounting Officer further is not aware of any other matter or circumstance arising since the end of the financial year.

### 42. Statutory Receivables

#### Transaction(s) arising from statute

Statutory Receivables applicable to Central Karoo District Municipality arises from the Value Added Tax Act (89 of 1991)

Taxes	1 200 038	573 592
Vat Receivable	1 200 038	573 592

#### Determination of transaction amount

Statutory receivables are initially measured at transaction value, and subsequently at cost.

### 43. Contingent Assets

During the previous financial year an investigation into Unauthorised, Irregular, Fruitless and Wasteful expenditure was performed and the Council decided that the following amounts are recoverable from the individuals/party's listed below.

Mr S Jooste (Previous Municipal Manager)	5 119 500	5 119 500
Africa Creek Investment (Pty) Ltd	4 507 500	4 507 500
Mr Jonton Snyman	4 507 500	4 507 500
NB Wilson & Associates	612 000	612 000
Mr Lance Wilson	612 000	612 000
Mrs Lorraine Wilson	612 000	612 000
	<b>15 970 500</b>	<b>15 970 500</b>

This is an ongoing investigation.

### 44. Loss on disposal of assets and liabilities

Intangible assets	-	11 984
Property, plant and equipment	-	94 516
	<b>-</b>	<b>106 500</b>

# CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June, 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>45. Impairment of assets</b>		
<b>Reversal of impairments</b>		
Property, plant and equipment	-	(3 241)

In the previous year the condition of certain Property, plant and equipment assets were re-evaluated, resulting in a reversal of previous impairment losses disclosed.

46 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Type of Goods/Services delivered
<b>Vote 1 - Executive &amp; Council</b>	1.1 - Council General Expenses	Aggregated	Governance and Administration	Supporting service departments
	1.2 - EOA	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 2 - Municipal Manager</b>	2.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 3 - Financial Services</b>	2.2 - Internal Audit	Aggregated	Governance and Administration	Supporting service departments
	3.1 - Financial Services	Aggregated	Governance and Administration	Supporting service departments
	3.2 - District Council Levies	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Finance Management Grant	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 4 - Corporate Services</b>	4.1 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
	4.2 - Tourism	Aggregated	Governance and Administration	Supporting service departments
	4.3 - Strategic Planning	Aggregated	Governance and Administration	Supporting service departments
	4.4 - Environmental Health	Individually Reported	Environment health	Inspect localities, air quality monitoring, health inspections at shops
	4.5 - Civil Defence	Individually Reported	Disaster Management	Fire Services Support
	4.6 - LED	Aggregated	Governance and Administration	Supporting service departments
	4.7 - Work for water	Aggregated	Governance and Administration	Supporting service departments
	4.8 - IDP	Aggregated	Governance and Administration	Supporting service departments
	4.9 - Human Resources	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 5 - Technical Services</b>	5.1 - Roads	Individually Reported	Roads Function	Administering the roads function on behalf of Province.

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).

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.

CENTRAL KÁROO DISTRICT MUNICIPALITY									
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022									
	Governance and Administration	Environment health	Disaster Management	Roads Function	Non-Reportable	Total			
	R	R	R	R	R	R			
<b>SEGMENT REVENUE</b>									
External revenue from exchange transactions	6 080 216	33 078	-	55 881 387	-	61 984 682			
Rental of Facilities and Equipment	77 179	-	-	-	-	77 179			
Interest Earned - External Investments	804 544	-	-	-	-	804 544			
Interest Earned - Outstanding Debtors	-	-	-	-	-	-			
Licences and Permits	460	-	-	-	-	460			
Other Revenue	5 188 033	33 078	-	55 881 387	-	61 112 498			
External revenue from non-exchange transactions	41 137 093	-	58 328	-	-	41 185 421			
Licences and Permits	-	-	-	-	-	-			
Agency Services	40 488 570	-	58 328	-	-	40 546 897			
Transfers Recognised - Operational	648 524	-	-	-	-	648 524			
Other Revenue	-	-	-	-	-	-			
Gains	-	-	-	-	-	-			
Revenue from transactions with other segments	-	-	-	-	-	-			
Internal Revenue	-	-	-	-	-	-			
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>47 217 309</b>	<b>33 078</b>	<b>58 328</b>	<b>55 881 387</b>	<b>-</b>	<b>103 190 102</b>			
<b>SEGMENT EXPENDITURE</b>									
Employee Related Costs	18 153 365	4 840 621	1 249 262	29 391 332	-	53 434 571			
Remuneration of Councilors	3 879 174	-	-	-	-	3 879 174			
Debt Impairment	82 256	-	-	-	-	82 256			
Depreciation and Asset Impairment	666 115	17 451	331 140	-	-	1 014 705			
Finance Charges	740 879	0	-	238	-	741 117			
Inventory consumed	395 631	8 751	31 785	10 875 584	-	11 261 792			
Contracted Services	2 714 844	53 265	24 532	2 427 212	-	5 219 853			
Transfers and Grants	2 933 365	-	-	-	-	2 933 365			
Other Expenditure	9 286 641	235 905	142 926	11 421 862	-	21 067 333			
Losses	-	-	-	-	-	-			
Internal charges	-	-	-	-	-	-			
<b>Total Segment Expenditure</b>	<b>38 792 265</b>	<b>4 952 992</b>	<b>1 779 604</b>	<b>54 115 209</b>	<b>-</b>	<b>99 644 070</b>			
<b>Surplus/(Deficit)</b>	<b>8 425 044</b>	<b>(4 922 914)</b>	<b>(1 721 277)</b>	<b>1 765 179</b>	<b>-</b>	<b>3 546 033</b>			
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	1 925 000	-	-	1 925 000			
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>8 425 044</b>	<b>(4 922 914)</b>	<b>203 723</b>	<b>1 765 179</b>	<b>-</b>	<b>5 471 033</b>			
Taxation	-	-	-	-	-	-			
<b>Surplus/(Deficit) after Taxation</b>	<b>8 425 044</b>	<b>(4 922 914)</b>	<b>203 723</b>	<b>1 765 179</b>	<b>-</b>	<b>5 471 033</b>			
Attributable to Minorities	-	-	-	-	-	-			
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>8 425 044</b>	<b>(4 922 914)</b>	<b>203 723</b>	<b>1 765 179</b>	<b>-</b>	<b>5 471 033</b>			
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-			
<b>Surplus/(Deficit) for the year</b>	<b>8 425 044</b>	<b>(4 922 914)</b>	<b>203 723</b>	<b>1 765 179</b>	<b>-</b>	<b>5 471 033</b>			
* A reconciliation is not required between the Segment Report's revenue and expenditure and that of the Annual Financial Statements, as they are in balance.									
<b>Capital Expenditure for the year</b>	<b>134 973,34</b>	<b>19 600,00</b>	<b>1 597 880,00</b>	<b>-</b>	<b>-</b>	<b>2 152 453,34</b>			

CENTRAL KANOO DISTRICT MUNICIPALITY												
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021												
	Governance and Administration		Environment health		Disaster Management		Roads Function		Non-Reportable		Total	
	R		R		R		R		R		R	
<b>SEGMENT REVENUE</b>												
External revenue from exchange transactions	5 575 512		27 100		216		52 040 354		-		57 744 222	
Rental of Facilities and Equipment	51 288		-		-		-		-		51 288	
Interest Earned - External Investments	704 227		-		-		80 939		-		785 166	
Interest Earned - Outstanding Debtors	-		-		-		-		-		-	
Licences and Permits	-		27 100		-		-		-		27 100	
Other Revenue	4 820 997		-		216		51 959 455		-		56 980 669	
<b>External revenue from non-exchange transactions</b>												
Dividends Received	42 119 167		-		65 753		-		-		42 184 920	
Fines	-		-		-		-		-		-	
Licences and Permits	-		-		-		-		-		-	
Agency Services	-		-		-		-		-		-	
Transfers Recognised - Operational	41 052 748		-		65 753		-		-		41 118 501	
Other Revenue	1 066 419		-		-		-		-		1 066 419	
Gains	-		-		-		-		-		-	
<b>Revenue from transactions with other segments</b>												
Internal Revenue	-		-		-		-		-		-	
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>47 795 679</b>		<b>27 100</b>		<b>65 969</b>		<b>52 040 354</b>		<b>-</b>		<b>99 929 142</b>	
<b>SEGMENT EXPENDITURE</b>												
Employee Related Costs	16 739 065		3 719 322		1 023 949		27 687 537		-		49 170 273	
Remuneration of Councilors	3 776 953		-		-		-		-		3 776 953	
Debt Impairment	30 467		-		-		-		-		30 467	
Depreciation and Asset Impairment	376 860		15 166		344 201		25 358		-		761 585	
Finance Charges	894 101		-		-		-		-		894 101	
Inventory consumed	627 715		-		-		8 504 203		-		9 131 923	
Contracted Services	4 074 652		180		2 673		4 844 501		-		8 922 009	
Transfers and Grants	1 053 700		-		-		-		-		1 053 700	
Other Expenditure	9 932 140		159 075		134 787		10 660 173		-		19 886 175	
Losses	-		-		-		-		-		-	
Internal charges	-		-		-		-		-		-	
<b>Total Segment Expenditure</b>	<b>36 505 552</b>		<b>3 893 743</b>		<b>1 505 611</b>		<b>51 722 177</b>		<b>-</b>		<b>93 627 183</b>	
<b>Surplus/(Deficit)</b>	<b>11 290 026</b>		<b>(3 866 643)</b>		<b>(1 439 641)</b>		<b>318 218</b>		<b>-</b>		<b>6 301 959</b>	
Transfers Recognised - Capital	-		-		-		-		-		-	
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>11 290 026</b>		<b>(3 866 643)</b>		<b>(1 439 641)</b>		<b>318 218</b>		<b>-</b>		<b>6 301 959</b>	
Taxation	-		-		-		-		-		-	
<b>Surplus/(Deficit) after Taxation</b>	<b>11 290 026</b>		<b>(3 866 643)</b>		<b>(1 439 641)</b>		<b>318 218</b>		<b>-</b>		<b>6 301 959</b>	
Attributable to Minorities	-		-		-		-		-		-	
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>11 290 026</b>		<b>(3 866 643)</b>		<b>(1 439 641)</b>		<b>318 218</b>		<b>-</b>		<b>6 301 959</b>	
Share of Surplus/(Deficit) of Associate	-		-		-		-		-		-	
<b>Surplus/(Deficit) for the year</b>	<b>11 290 026</b>		<b>(3 866 643)</b>		<b>(1 439 641)</b>		<b>318 218</b>		<b>-</b>		<b>6 301 959</b>	
* A reconciliation is not required between the Segment Report's revenue and expenditure and that of the Annual Financial Statements, as they are in balance.												
<b>Capital Expenditure for the year</b>	<b>653 466</b>		<b>13 303</b>		<b>5 370</b>		<b>-</b>		<b>-</b>		<b>672 140</b>	

**APPENDIX A - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Start Date</b>	<b>Balance at 30 June 2021</b>	<b>Correction of Error</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2022</b>
<b>LEASE LIABILITY</b>							
Ricoh IMC3500 3110R610607	7.00%	01/03/2021	75 714	-	-	(26 755)	48 958
Ricoh IMC3500 3110R610518	7.00%	01/03/2021	75 714	-	-	(26 755)	48 958
Ricoh IMC3500 3110R610806	7.00%	01/03/2021	75 712	-	-	(26 755)	48 958
Ricoh MP6503SP G659C970117	7.00%	01/03/2021	145 013	-	-	(51 243)	93 769
<b>Total Lease Liabilities</b>			<b>372 152</b>	<b>-</b>	<b>-</b>	<b>(131 508)</b>	<b>240 644</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>372 152</b>	<b>-</b>	<b>-</b>	<b>(131 508)</b>	<b>240 644</b>

APPENDIX B - Unaudited  
CENTRAL KAROO DISTRICT MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2021	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT transferred to Revenue	Impairment of Grant	Balance 30 June 2022	Unspent 30 June 2022 (Creditor)	Unpaid 30 June 2022 (Debtor)
<b>National Government Grants</b>										
Equitable Share	-	33 288 000	-	(33 288 000)	-	-	-	-	-	-
Local government financial management grant	-	1 000 000	-	(802 498)	-	(56 265)	-	141 237.02	141 237	-
Expanded public works programme integrated grant for municipalities	-	1 289 000	-	(1 289 000)	-	-	-	-	-	-
Rural Asset Management Grant (RAMS)	1 967 193	1 963 000	(1 967 000)	(806 287)	-	(25 922)	-	1 130 984	1 130 984	-
<b>Total National Government Grants</b>	<b>1 967 193</b>	<b>37 500 000</b>	<b>(1 967 000)</b>	<b>(36 145 784)</b>	-	<b>(82 188)</b>	-	<b>1 272 221</b>	<b>1 272 221</b>	-
<b>Provincial Government Grants</b>										
Western Cape Financial Management Capacity Building Grant	583 375	250 000	(283 375)	(154 285)	-	-	-	395 715	395 715	-
Safety initiative implementation - Whole of Society Approach (WOSA)	1 040 546	-	-	(696 410)	-	-	-	344 136	344 136	-
Municipal Drought Relief Grant	-	2 929 079	-	(1 579 079)	-	-	-	1 350 000	1 350 000	-
Western Cape Financial Management Support Grant	-	100 000	-	(80 450)	-	(10 065)	-	9 485	9 485	-
Local Government Public Employment Support Grant	-	200 000	-	-	-	-	-	200 000	200 000	-
Joint District and Metro Approach Grant	-	1 800 000	-	-	-	-	-	1 800 000	1 800 000	-
Fire Service Capacity Building Grant	-	1 925 000	-	-	(1 925 000)	-	-	-	-	-
Local Government Internship Grant	9 448	70 000	(9 448)	(58 328)	-	-	-	11 673	11 673	-
<b>Total Provincial Government Grants</b>	<b>1 633 368</b>	<b>7 274 079</b>	<b>(292 822)</b>	<b>(2 568 551)</b>	<b>(1 925 000)</b>	<b>(10 065)</b>	-	<b>4 111 008</b>	<b>4 111 008</b>	-
<b>Other Grant Providers</b>										
The Chemical Industries Education and Training Authority	71 411	1 420 200	-	(1 610 633)	-	(90 946)	-	(209 968)	-	(209 968)
Local Government Sector and Training Authority	201 784	-	-	-	-	-	-	201 784	201 784	-
<b>Total Other Grant Providers</b>	<b>273 195</b>	<b>1 420 200</b>	<b>-</b>	<b>(1 610 633)</b>	<b>-</b>	<b>(90 946)</b>	-	<b>(8 184)</b>	<b>201 784</b>	<b>(209 968)</b>
<b>Total Grants</b>	<b>3 873 756</b>	<b>46 194 279</b>	<b>(2 259 822)</b>	<b>(40 324 968)</b>	<b>(1 925 000)</b>	<b>(183 199)</b>	-	<b>5 375 045</b>	<b>5 585 013</b>	<b>(209 968)</b>