Kareeberg

Municipality

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2021

KAREEBERG LOCAL MUNICIPALITY

Index

KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Kareeberg Municipality includes the following geographical areas:
Carnarvon
Vosburg
Vanwyksvlei

MAYOR

Mr N.S. van Wyk

MUNICIPAL MANAGER

(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA)

CHIEF FINANCIAL OFFICER

Mr W. de Bruin

REGISTERED OFFICE

Hanau Street,
CARNARVON,
9825

AUDITORS

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

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

M.D. Visser, Victoria Street, Carnarvon
Mjila & Partners, 74B Stockdale Street, Kimberley, 8300
Maduba Attorneys, 67 President Reitz Avenue, Bloemfontein, 9301

RELEVANT LEGISLATION

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

KAREEBERG LOCAL MUNICIPALITY

MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr E. Hoorn
2	Mr N.S. van Wyk
3	Mr G.P. van Louw
4	Mr B.J.E. Slambee
Proportional	Mr J.E.J. Hoorn
Proportional	Ms G. Saal
Proportional	Mr W.D. Horne

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021 , which are set out on pages 1 to 104 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

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

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

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

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

31 August 2021

(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA)
Municipal Manager

Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 (Actual) R	2020 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		**206,753,124**	**190,363,471**
Capital Replacement Reserve	**2**	11,347,812	11,347,812
Housing Development fund	**2**	52,481	50,721
Accumulated Surplus		195,352,831	178,964,939
Non-Current Liabilities		**17,285,320**	**18,197,543**
Employee benefits	**3**	7,791,000	7,844,021
Non-Current Provisions	**4**	9,494,320	10,353,521
Current Liabilities		**63,496,388**	**6,608,858**
Consumer Deposits	**5**	348,679	329,979
Current Employee benefits	**6**	2,947,222	2,737,612
Trade and Other Payables from exchange transactions	**7**	2,627,086	1,779,956
Unspent Transfers and Subsidies	**8**	57,573,401	791,984
Taxes	**9**	-	969,326
Total Net Assets and Liabilities		**287,534,832**	**215,169,872**
ASSETS			
Non-Current Assets		**193,862,178**	**182,589,061**
Property, Plant and Equipment	**10**	177,941,143	166,640,708
Investment Property	**11**	15,871,521	15,884,463
Intangible Assets	**12**	27,477	37,243
Heritage Assets	**13**	14,900	14,900
Long-Term Receivables	**14**	7,137	11,747
Current Assets		**93,672,654**	**32,580,811**
Inventory	**15**	546,936	546,936
Receivables from exchange transactions	**16**	3,493,227	4,887,902
Receivables from non-exchange transactions	**17**	1,389,805	289,575
Unpaid Conditional Government Grants and Receipts	**8**	-	2,177,853
Operating Lease Asset	**18**	15,057	27,615
Taxes	**9**	1,312,271	-
Current Portion of Long-term Receivables	**14**	5,380	5,170
Cash and Cash Equivalents	**19**	86,909,977	24,645,759
Total Assets		**287,534,832**	**215,169,872**

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 (Actual) R	2020 (Actual) R	Correction of Error - Note 33.1 R	2020 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**63,331,118**	**49,042,683**	**1,663,101**	**47,379,582**
Taxation Revenue		**9,485,617**	**8,911,946**	**(316,753)**	**9,228,699**
Property taxes	**20**	9,485,617	8,911,946	(316,753)	9,228,699
Transfer Revenue		**53,121,140**	**39,273,130**	**2,177,853**	**37,095,277**
Government Grants and Subsidies - Capital	**21**	17,479,222	9,019,611	845,350	8,174,261
Government Grants and Subsidies - Operating	**21**	35,504,171	30,230,519	1,332,503	28,898,016
Contributed Property, Plant and Equipment		137,748	23,000	-	23,000
Other Revenue		**724,361**	**857,607**	**(198,000)**	**1,055,607**
Actuarial Gains	**3**	418,021	563,500	(198,000)	761,500
Availability Charges	**22**	299,712	285,740	-	285,740
Licences and Permits		3,557	5,499	-	5,499
Fines		3,071	2,868	-	2,868
Revenue from Exchange Transactions		**18,050,866**	**18,131,969**	**151**	**18,131,818**
Property Rates - Penalties & Collection Charges		-	203,594	-	203,594
Service Charges	**23**	14,633,831	14,963,681	-	14,963,681
Rental of Facilities and Equipment		296,436	395,984	151	395,832
Interest Earned - external investments		2,751,806	2,430,325	-	2,430,325
Interest Earned - outstanding debtors		648	850	-	850
Agency Services		63,421	58,872	-	58,872
Other Revenue	**24**	304,724	78,662	-	78,662
Total Revenue		**81,381,984**	**67,174,652**	**1,663,252**	**65,511,400**
EXPENDITURE					
Employee related costs	**26**	21,365,574	21,405,337	-	21,405,337
Remuneration of Councillors	**27**	2,647,412	2,647,412	-	2,647,412
Debt Impairment	**28**	4,309,128	4,319,191	(316,753)	4,635,944
Depreciation and Amortisation	**29**	5,000,849	5,419,316	686	5,418,630
Actuarial losses	**3**	157,479	96,138	-	96,138
Finance Charges	**30**	1,662,155	1,726,339	-	1,726,339
Bulk Purchases	**31**	12,755,173	12,342,076	-	12,342,076
General Expenses	**32**	17,088,294	17,196,071	-	17,196,071
Total Expenditure		**64,986,065**	**65,151,881**	**(316,066)**	**65,467,947**
Operating Surplus for the Year		**16,395,919**	**2,022,771**	**1,979,318**	**43,453**
Loss on disposal of Property,Plant and Equipment/Investment Property/Intangible Asset	**10**	(7,038)	(1,600)	-	(1,600)
Fair Value Adjustments	**25**	771	966	-	966
NET SURPLUS FOR THE YEAR		**16,389,652**	**2,022,137**	**1,979,318**	**42,819**

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2019	**48,202**	**11,347,812**	**177,178,293**	**188,574,307**
Correction of error - See Note 33.04	-	-	(232,973)	(232,973)
Restated Balance at 1 July 2019	**48,202**	**11,347,812**	**176,945,321**	**188,341,334**
Net Surplus/(Deficit) for the year	-	-	42,819	42,819
Correction of error - See Note 33.1	-	-	1,979,318	1,979,318
Transfer to Housing Development Fund	2,519	-	(2,519)	-
Balance at 30 June 2020	**50,721**	**11,347,812**	**178,964,939**	**190,363,471**
Correction of error - See Note 33.04	-	-	-	-
Restated Balance at 1 July 2020	**50,721**	**11,347,812**	**178,964,939**	**190,363,471**
Net Surplus/(Deficit) for the year	-	-	16,389,652	16,389,652
Transfer to/from Housing Development Fund	1,761	-	(1,761)	-
Balance at 30 June 2021	**52,481**	**11,347,812**	**195,352,831**	**206,753,124**

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 (Actual) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		5,981,683	6,647,283
Service Charges		10,676,480	10,556,058
Other Revenue		839,802	3,014,857
Government - Operating		33,198,000	15,497,001
Government - Capital		80,469,000	8,038,000
Interest		2,742,261	2,279,559
Payments			
Suppliers and employees		(53,856,857)	(56,129,980)
Finance charges	**30**	(1,662,155)	(1,726,339)
Net Cash from Operating Activities	**34**	**78,388,214**	**(11,823,561)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(16,156,124)	(5,948,594)
Proceeds on Disposal of Fixed Assets		8,258	4,630
Purchase of Intangible Assets		-	(21,846)
Net Cash from Investing Activities		**(16,147,866)**	**(5,965,811)**
CASH FLOW FROM FINANCING ACTIVITIES			
(Increase)/Decrease in Long-term Receivables		5,170	4,967
Increase/(Decrease) in Consumer Deposits		18,700	2,075
Net Cash from Financing Activities		**23,870**	**7,042**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**62,264,218**	**(17,782,330)**
Cash and Cash Equivalents at the beginning of the year		24,645,759	42,428,089
Cash and Cash Equivalents at the end of the year	**35**	86,909,977	24,645,759
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**62,264,218**	**(17,782,330)**

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Buget)	2021 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	632,219	3,630,063	(2,997,844)	Less payments.
Call investment deposits	86,277,758	32,670,560	53,607,198	Additional RBIG funds and lower expenditure on grants.
Consumer debtors	2,913,208	4,053,769	(1,140,561)	Higher Debt Impairment provision, lower payment percentage and non-payment of rates.
Other Receivables	3,297,152	29,515	3,267,637	VAT non-payments by SARS.
Current portion of long-term receivables	5,380	8,490	(3,110)	
Inventory	546,936	-	546,936	mSCOA Budget strings do not make provision for inventory.
Total current assets	93,672,654	40,392,397	53,280,257	
Non current assets				
Long-term receivables	7,137	19,786	(12,649)	
Investments	-	-	-	
Investment property	15,871,521	15,482,393	389,128	
Property, plant and equipment	177,941,143	162,789,106	15,152,037	Additional RBIG spending
Biological Assets	-	-	-	
Intangible Assets	27,477	55,339	(27,862)	
Heritage Assets	14,900	-	14,900	
Total non current assets	193,862,178	178,346,624	15,515,554	
TOTAL ASSETS	287,534,832	218,739,021	68,795,811	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	348,679	380,388	(31,709)	
Trade and other payables	60,200,487	9,956,700	50,243,787	Additional RBIG funds
Provisions and Employee Benefits	2,947,222	1,869,676	1,077,546	Budget not adjusted with previous year figures
Total current liabilities	63,496,388	12,206,764	51,289,624	
Non current liabilities				
Borrowing	-	-	-	
Provisions and Employee Benefits	17,285,319	34,523,256	(17,237,937)	Budget not adjusted with previous year figures
Total non current liabilities	17,285,319	34,523,256	(17,237,937)	
TOTAL LIABILITIES	80,781,707	46,730,020	34,051,687	
NET ASSETS	206,753,125	172,009,001	34,744,122	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	195,352,831	205,444,140	(10,091,309)	Net effect of above reasons
Reserves	11,400,293	11,385,824	14,469	
TOTAL COMMUNITY WEALTH/EQUITY	206,753,125	216,829,964	(10,076,839)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	3,630,063	-	3,630,063	
Call investment deposits	32,670,560	-	32,670,560	
Consumer debtors	4,053,769	-	4,053,769	
Other Receivables	29,515	-	29,515	
Current portion of long-term receivables	8,490	-	8,490	
Inventory	-	-	-	
Total current assets	40,392,397	-	40,392,397	
Non current assets				
Long-term receivables	19,786	-	19,786	
Investments	-	-	-	
Investment property	15,482,393	-	15,482,393	
Property, plant and equipment	203,229,056	(40,439,950)	162,789,106	RBIG Grant adjusted on DORA
Biological Assets	-	-	-	
Intangible Assets	55,339	-	55,339	
Heritage Assets	-	-	-	
Total non current assets	218,786,574	(40,439,950)	178,346,624	
TOTAL ASSETS	259,178,971	(40,439,950)	218,739,021	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	380,388	-	380,388	
Trade and other payables	9,956,700	-	9,956,700	
Provisions and Employee Benefits	1,869,676	-	1,869,676	
Total current liabilities	12,206,764	-	12,206,764	
Non current liabilities				
Borrowing	-	-	-	
Provisions and Employee Benefits	34,523,256	-	34,523,256	
Total non current liabilities	34,523,256	-	34,523,256	
TOTAL LIABILITIES	46,730,020	-	46,730,020	
NET ASSETS	212,448,951	(40,439,950)	172,009,001	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	302,356,041	(96,911,901)	205,444,140	Net effect of above reasons
Reserves	11,385,824	-	11,385,824	
TOTAL COMMUNITY WEALTH/EQUITY	313,741,865	(96,911,901)	216,829,964	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Buget)	2021 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	9,485,617	9,084,397	401,220	Less application for rebate
Property rates - penalties & collection charges	-	-	-	
Service charges	14,933,543	15,549,497	(615,954)	Less consumption
Rental of facilities and equipment	296,436	364,634	(68,198)	Rental agreements not renewed
Interest earned - external investments	2,751,806	3,144,766	(392,960)	Low interest rates
Interest earned - outstanding debtors	648	251,000	(250,352)	Interest not charged on rates
Dividends received	-	-	-	
Fines	3,071	2,251	820	
Licences and permits	3,557	6,208	(2,651)	
Agency services	63,421	32,000	31,421	More transactions
Government Grants and Subsidies - Operating	35,504,171	34,121,000	1,383,171	More VAT claimed on grants
Other revenue	861,264	18,490,136	(17,628,872)	Non-cash items contra budget
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	63,903,533	81,045,889	(17,142,356)	
EXPENDITURE BY TYPE				
Employee related costs	21,365,574	25,692,383	(4,326,809)	Vacancies
Remuneration of councillors	2,647,412	2,819,435	(172,023)	No increase approved
Debt impairment	4,309,128	5,500,000	(1,190,872)	Less consumption
Depreciation & asset impairment	5,000,849	4,429,156	571,693	Budget not adjusted with previous year figures
Finance charges	1,662,155	1,001,000	661,155	Budget not adjusted with previous year figures
Bulk purchases	12,755,173	14,983,439	(2,228,266)	Lower consumption
Other materials	-	1,856,907	(1,856,907)	Reclassified to general expenditure
Contracted services	-	7,991,343	(7,991,343)	Reclassified to general expenditure
Grants and subsidies paid	-	2,371,320	(2,371,320)	Reclassified to general expenditure
Other expenditure	17,245,773	12,066,857	5,178,916	Net effect of three line items above
Loss on disposal of PPE	7,038	-	7,038	
Total Operating Expenditure	64,993,103	78,711,840	(13,718,737)	
Operating Surplus/(Deficit) for the year	(1,089,570)	2,334,049	(3,423,619)	
Government Grants and Subsidies - Capital	17,479,222	56,793,000	(39,313,778)	Lower expenditure on grants.
Net Surplus for the year	16,389,652	59,127,049	(42,737,397)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Buget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	9,084,397	-	9,084,397	
Property rates - penalties & collection charges	-	-	-	
Service charges	15,549,497	-	15,549,497	
Rental of facilities and equipment	364,634	-	364,634	
Interest earned - external investments	3,144,766	-	3,144,766	
Interest earned - outstanding debtors	251,000	-	251,000	
Dividends received	-	-	-	
Fines	2,251	-	2,251	
Licences and permits	6,208	-	6,208	
Agency services	32,000	-	32,000	
Government Grants and Subsidies - Operating	31,244,001	2,876,999	34,121,000	Estimated more spending with more VAT claimed
Other revenue	18,490,136	-	18,490,136	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	78,168,890	2,876,999	81,045,889	
EXPENDITURE BY TYPE				
Employee related costs	25,915,383	(223,000)	25,692,383	Vacancies
Remuneration of councillors	2,819,435	-	2,819,435	
Debt impairment	5,500,000	-	5,500,000	
Depreciation & asset impairment	4,429,156	-	4,429,156	
Finance charges	1,001,000	-	1,001,000	
Bulk purchases	14,983,439	-	14,983,439	
Other materials	2,006,907	(150,000)	1,856,907	
Contracted services	7,377,393	613,950	7,991,343	Additional Sebata system cost
Grants and subsidies paid	1,371,320	1,000,000	2,371,320	Additional Equitable Share allocated
Other expenditure	12,764,857	(698,000)	12,066,857	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	78,168,890	542,950	78,711,840	
Operating Surplus/(Deficit) for the year	-	2,334,049	2,334,049	
Government Grants and Subsidies - Capital	99,567,000	(42,774,000)	56,793,000	RBIG Grant adjusted on DORA
Net Surplus/(Deficit) for the year	99,567,000	(40,439,951)	59,127,049	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Buget)	2021 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property Rates	5,981,683	7,711,745	(1,730,062)	Lower payment level - Covid-19
Service Charges	10,676,480	13,199,841	(2,523,361)	Lower payment level - Covid-19
Other Revenue	839,802	18,895,183	(18,055,381)	Non-cash items contra budget
Government - Operating	33,198,000	30,904,000	2,294,000	More VAT claimed on grants
Government - Capital	80,469,000	56,793,000	23,676,000	Additional RBIG received
Interest	2,742,261	3,395,773	(653,512)	Low interest rates
Dividends	-	-	-	
Payments				
Suppliers and Employees	(53,856,857)	(63,927,414)	10,070,557	Lower expenditure - Covid-19
Finance charges	(1,662,155)	(1,001,000)	(661,155)	Budget not adjusted with previous year figures
Transfers and Grants	-	(380,618)	380,618	Budget not adjusted with previous year figures
NET CASH FROM/(USED) OPERATING ACTIVITIES	78,388,214	65,590,510	12,797,704	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	8,258	-	8,258	
Decrease/(increase) in non-current receivables	5,170	-	5,170	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(16,156,124)	(57,027,050)	40,870,926	Less spending
NET CASH FROM/(USED) INVESTING ACTIVITIES	(16,142,696)	(57,027,050)	40,884,354	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	18,700	-	18,700	
Payments				
Repayment of borrowing	-	(3)	3	
NET CASH FROM/(USED) FINANCING ACTIVITIES	18,700	(3)	18,703	
NET INCREASE/(DECREASE) IN CASH HELD	62,264,217	8,563,457	53,700,761	
Cash and Cash Equivalents at the beginning of the year	24,645,759	27,132,735	(2,486,976)	Less cash payments
Cash and Cash Equivalents at the end of the year	86,909,977	35,696,192	51,213,785	More grants received

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	7,711,745	-	7,711,745	
Service charges	13,199,841	-	13,199,841	
Other revenue	18,895,183	-	18,895,183	
Government - operating	31,244,000	(340,000)	30,904,000	
Government - capital	99,567,000	(42,774,000)	56,793,000	RBIG Grant adjusted on DORA
Interest	3,395,773	-	3,395,773	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(64,267,414)	340,000	(63,927,414)	
Finance charges	(1,001,000)	-	(1,001,000)	
Transfers and Grants	(380,618)	-	(380,618)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	108,364,510	(42,774,000)	65,590,510	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(99,567,000)	42,539,950	(57,027,050)	RBIG Grant adjusted on DORA
NET CASH FROM/(USED) INVESTING ACTIVITIES	(99,567,000)	42,539,950	(57,027,050)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(3)	-	(3)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3)	-	(3)	
NET INCREASE/(DECREASE) IN CASH HELD	8,797,507	(234,050)	8,563,457	
Cash and Cash Equivalents at the beginning of the year	42,369,789	(15,237,054)	27,132,735	Less cash payments
Cash and Cash Equivalents at the end of the year	51,167,296	(15,471,104)	35,696,192	Less cash payments

KAREEBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

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	Types of Goods/Services delivered
Vote 1 - Executive and Council	1.1 - Council general expenditure	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Budget and Treasury	2.1 - Budget and Treasury	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Municipal Buildings	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Property Rates	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Housing: Official	Aggregated	Governance and Administration	Supporting service departments
	2.5 - Commanage	Aggregated	Governance and Administration	Supporting service departments
	2.6 - Airport	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Corporate	3.1 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Library	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Museum	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Operations	4.1 - Cemetery	Aggregated	Governance and Administration	Supporting service departments, Water management, Electricity services and waste water management
	4.2 - Electricity - Administration	Aggregated	Governance and Administration	
	4.3 - Electricity - Supply	Aggregated	Governance and Administration	
	4.4 - Electricity - Distribution	Aggregated	Governance and Administration	
	4.5 - Nursing service	Aggregated	Governance and Administration	
	4.6 - Fire brigade	Aggregated	Governance and Administration	
	4.7 - Pubic works	Aggregated	Governance and Administration	
	4.8 - Streets and stormwater	Aggregated	Governance and Administration	
	4.9 - Traffic services	Aggregated	Governance and Administration	
	4.10 - Nature garden	Aggregated	Governance and Administration	
	4.11 - Parks and open spaces	Aggregated	Governance and Administration	
	4.12 - Swimmingpool	Aggregated	Governance and Administration	
	4.13 - Caravan park	Aggregated	Governance and Administration	
	4.14 - Refuse removal	Aggregated	Governance and Administration	
	4.15 - Sewerage services	Aggregated	Governance and Administration	
	4.16 - Water - Supply	Aggregated	Governance and Administration	
	4.17 - Water - Distribution	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.6 - Supply Chain Management	Aggregated	Governance and Administration	

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Governance and Administration	Supporting service departments
	Health services	Aggregated	Governance and Administration	Supporting service departments
• Economic and environmental services	Road transport	Aggregated	Governance and Administration	Supporting service departments
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management service

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).

Kareeberg Municipality has the following wards situated in different geographical areas:
Ward 1 - Carnarvon town
Ward 2 - Bonteheuwel
Ward 3 - Vosburg
Ward 4 - Vanwyksvlei

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.

KAREEBERG LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Executive and Council	Budget and Treasury	Corporate	Operations	Unallocated	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	2,753,243	559,901	1,750	14,976,592	-	18,291,485
Service Charges - Electricity Revenue	-	-	-	9,504,770	-	9,504,770
Service Charges - Water Revenue	-	-	-	2,390,401	-	2,390,401
Service Charges - Sanitation Revenue	-	-	-	1,283,223	-	1,283,223
Service Charges - Refuse Revenue	-	-	-	1,755,150	-	1,755,150
Rental of Facilities and Equipment	-	289,211	1,750	5,475	-	296,436
Interest Earned - External Investments	2,751,806	-	-	-	-	2,751,806
Interest Earned - Outstanding Debtors	648	-	-	-	-	648
Licences and Permits	-	3,557	-	-	-	3,557
Other Revenue	789	267,133	-	37,574	-	305,495
External revenue from non-exchange transactions	14,169,607	28,595,928	21	2,846,492	-	45,612,048
Property rates	-	9,485,617	-	-	-	9,485,617
Fines	3,050	-	21	-	-	3,071
Actuarial Gains	-	418,021	-	-	-	418,021
Agency Services	-	63,421	-	-	-	63,421
Transfers Recognised - Operational	14,028,809	18,628,870	-	2,846,492	-	35,504,171
Contributed PPE	137,748	-	-	-	-	137,748
Revenue from transactions with other segments	-	-	-	734,796	-	734,796
Internal Revenue	-	-	-	734,796	-	734,796
Total Segment Revenue (excluding capital transfers and contributions)	16,922,849	29,155,829	1,771	18,557,880	-	64,638,329
SEGMENT EXPENDITURE						
Employee Related Costs	324,593	5,351,731	5,037,854	10,651,396	-	21,365,574
Remuneration of Councillors	2,647,412	-	-	-	-	2,647,412
Debt Impairment	-	1,821,360	-	2,487,768	-	4,309,128
Depreciation and Asset Impairment	-	1,666,950	-	3,333,899	-	5,000,849
Finance Charges	-	780,000	-	882,155	-	1,662,155
Bulk Purchases	-	-	-	12,755,173	-	12,755,173
Other Materials	-	497,006	23,092	656,698	-	1,176,796
Contracted Services	-	4,498,934	508,286	1,126,186	-	6,133,406
Actuarial Losses	-	157,479	-	-	-	157,479
Other Expenditure	1,961,422	4,101,280	310,468	3,404,923	-	9,778,092
Loss on Disposal of PPE	-	7,038	-	-	-	7,038
Internal charges	14	86,238	55,467	593,078	-	734,796
Total Segment Expenditure	4,933,441	18,968,015	5,935,166	35,891,277	-	65,727,899
Surplus/(Deficit)	11,989,408	10,187,814	(5,933,396)	(17,333,397)	-	(1,089,570)
Transfers Recognised - Capital	-	-	-	17,479,222	-	17,479,222
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652

KAREEBERG LOCAL MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R				R	R	R	R
SEGMENT REVENUE										
External revenue from exchange transactions	38,171	5,040	9,504,860	2,390,401	1,283,223	1,756,648	-	3,309,586	-	18,287,928
Service Charges - Electricity Revenue	-	-	9,504,770	-	-	-	-	-	-	9,504,770
Service Charges - Water Revenue	-	-	-	2,390,401	-	-	-	-	-	2,390,401
Service Charges - Sanitation Revenue	-	-	-	-	1,283,223	-	-	-	-	1,283,223
Service Charges - Refuse Revenue	-	-	-	-	-	1,755,150	-	-	-	1,755,150
Rental of Facilities and Equipment	2,185	5,040	-	-	-	-	-	289,211	-	296,436
Interest Earned - External Investments	-	-	-	-	-	-	-	2,751,806	-	2,751,806
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	648	-	648
Other Revenue	35,986	-	90	-	-	1,498	-	267,922	-	305,495
External revenue from non-exchange transactions	21	746,492	-	500,000	1,600,000	-	-	42,769,092	-	45,615,605
Property rates	-	-	-	-	-	-	-	9,485,617	-	9,485,617
Fines	21	-	-	-	-	-	-	3,050	-	3,071
Actuarial Gains	-	-	-	-	-	-	-	418,021	-	418,021
Licences and Permits	-	-	-	-	-	-	-	3,557	-	3,557
Agency Services	-	-	-	-	-	-	-	63,421	-	63,421
Transfers Recognised - Operational	-	746,492	-	500,000	1,600,000	-	-	32,657,679	-	35,504,171
Contributed PPE	-	-	-	-	-	-	-	137,748	-	137,748
Revenue from transactions with other segments	-	-	682,786	45,905	6,105	-	-	-	-	734,796
Internal Revenue	-	-	682,786	45,905	6,105	-	-	-	-	734,796
Total Segment Revenue (excluding capital transfers and contributions)	38,191	751,532	10,187,646	2,936,305	2,889,328	1,756,648	-	46,078,679	-	64,638,329
SEGMENT EXPENDITURE										
Employee Related Costs	2,448,856	3,308,218	429,335	455,163	4,151,633	1,951,076	-	8,621,294	-	21,365,574
Remuneration of Councillors	-	-	-	-	-	-	-	2,647,412	-	2,647,412
Debt Impairment	-	-	542,754	542,754	859,507	542,754	-	1,821,360	-	4,309,128
Depreciation and Asset Impairment	-	1,666,950	-	-	1,666,950	-	-	1,666,950	-	5,000,849
Finance Charges	-	-	-	-	-	882,155	-	780,000	-	1,662,155
Bulk Purchases	-	-	12,755,173	-	-	-	-	-	-	12,755,173
Other Materials	116,459	148,815	52,316	188,105	174,095	-	-	497,006	-	1,176,796
Contracted Services	16,372	298,908	382,332	413,647	30,173	-	-	4,991,973	-	6,133,406
Actuarial Losses	-	-	-	-	-	-	-	157,479	-	157,479
Other Expenditure	230,307	961,474	1,187,554	437,799	471,451	269,207	-	6,220,302	-	9,778,092
Loss on Disposal of PPE	-	-	-	-	-	-	-	7,038	-	7,038
Internal charges	104,093	168,513	3,697	283,414	88,827	-	-	86,252	-	734,796
Total Segment Expenditure	2,916,087	6,552,878	15,353,160	2,320,882	7,442,636	3,645,192	-	27,497,065	-	65,727,899
Surplus/(Deficit)	(2,877,896)	(5,801,346)	(5,165,513)	615,424	(4,553,308)	(1,888,544)	-	18,581,614	-	(1,089,570)
Transfers Recognised - Capital	-	872,816	1,304,348	15,302,058	-	-	-	-	-	17,479,222
Surplus/(Deficit) after Capital Transfers & Contributions	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652

KAREEBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Revenue (including capital transfers and contributions)	82,117,550.79
Total Revenue as per Statement of Financial Performance	81,382,754
Difference	734,796.30

Reconciling items

Internal Revenue	734,796.30
Insert reconciling item details	-
Insert reconciling item details	-
Insert reconciling item details	-

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Expenditure	65,727,898.84
Total Expenditure as per Statement of Financial Performance	64,993,102.54
Difference	734,796.30

Reconciling items

Internal charges	734,796.30
Insert reconciling item details	-
Insert reconciling item details	-
Insert reconciling item details	-

Reconciliation of the Statement of Financial Performance as at 30 June 2021 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	16,389,651.95
Surplus/(Deficit) for the year as per Statement of Financial Performance	16,389,651.95
Difference - as explained above	-

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

The following GRAP standards became effective on 1 April 2020:

- GRAP 18 Segment Reporting
- GRAP 110 Living and non-living resources
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investment in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interest in Other Entities

GRAP 34 - 38 will not have an influence on the operations of the municipality OR the municipality will consider GRAP 34 -38 with the compilation of consolidated financial statements.

Amendments were made to the following GRAP interpretations:

- iGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- iGRAP 20 Accounting for Adjustments to Revenue

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

The comparable information includes the following:

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

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

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

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

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

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

Standard	**Description**	**Effective Date**
GRAP 104 **(Revised – April 2020)**	**Financial Instruments** 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**
Guideline	**Landfill sites** No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**

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

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

1.9.2 Housing Development Fund

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

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

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

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

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

1.11.1 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.11.2 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

1.12. PROVISIONS

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

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

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

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

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

The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

1.13. EMPLOYEE BENEFITS

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

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

1.13.1. Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.13.2. Long Service Awards

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

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

1.13.3. Staff Leave

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

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

Accumulated leave is vesting.

1.13.4. Staff Bonuses Accrued

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

1.13.5. Performance Bonuses

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

1.13.6. Pension and retirement fund obligations

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

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

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

1.13.7. Other Short-term Employee Benefits

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

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

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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

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

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

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

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

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

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

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

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

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

1.14.2 Subsequent Measurement – Cost Model

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

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

1.14.3 Depreciation and Impairment

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

Land and Buildings	**Years**
Land	Indefinite
Buildings	10-81
Infrastructure	**Years**
Roads and Stormwater	14-101
Electricity Mains	14-52
Water Mains and Purification	2-86
Sewerage Mains & Purification	10-81
Refuse Mains	29-61
Community	**Years**
Recreation Grounds	11-102
Civil Buildings	30-81
Cemetery	30-81
Museum	30-81
Parks	30-81
Public Conveniences/Bathhouses	30-81
Libraries	30-81
Clinics and Hospitals	30-81
Other	**Years**
Motor Vehicles	6-26
Office equipment	0-43
Furniture and fittings	4-43
Refuse Truck	10-23

Plant and Equipment	3-45
Fire Engines	25-45
Computer Equipment	3-41

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

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

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

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

1.14.4 De-recognition

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

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

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

1.14.6 Decommissioning and restoration asset

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

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

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

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

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

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

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

Intangible assets are initially recognised at cost.

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

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

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

Intangible Assets	Years
Computer Software	5-12

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

1.15.4 De-recognition

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

1.15.5 Application of deemed cost (Directive 7)

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

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

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

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

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

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

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

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Depreciation and Impairment – Cost Model

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

Investment Property	Years
Buildings	29-30

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

1.16.4 De-recognition

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

1.16.5 Application of deemed cost - Directive 7

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

1.17 HERITAGE ASSETS

1.17.1 Initial Recognition

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.17.4 De-recognition

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

1.17.5 Application of deemed cost - Directive 7

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

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

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

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

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

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- A decision to halt the construction of the asset before it is complete or in a usable condition.

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

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

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

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

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

1.18.2 Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. INVENTORIES

1.19.1 Initial Recognition

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

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

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

1.19.2 Subsequent Measurement

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

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

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

1.20. FINANCIAL INSTRUMENTS

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

1.20.1 Initial Recognition

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

1.20.2 Subsequent Measurement

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

1.20.2.1 *Receivables*

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

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

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

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

1.20.2.2 *Payables and Annuity Loans*

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

1.20.2.3 *Cash and Cash Equivalents*

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

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

1.20.2.4 *Non-Current Investments*

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

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

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

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

1.20.3 De-recognition of Financial Instruments

1.20.3.1 *Financial Assets*

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

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

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

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

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

1.20.3.2 *Financial Liabilities*

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

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

1.20.4 Offsetting of Financial Instruments

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

1.21 STATUTORY RECEIVABLES

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

1.21.1 Initial Recognition

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

1.21.2 Measurement

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

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.21.3 Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without

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

(i) derecognise the receivable; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

1.21.4 Transitional Provisions

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

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

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

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

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

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

Revenue from Grant VAT income is recognised when expenditure occurred.

1.22.2 Revenue from Exchange Transactions

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

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

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

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

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

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

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

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

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

1.23. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

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

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

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

Management personnel include:

(a) All managers or council of the Municipality, being the Mayor and members of the Council.

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

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

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

1.24. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

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

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Management judgement is required when recognising and measuring contingent liabilities.

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

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

1.28.1 Post-retirement medical obligations and long service awards

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

1.28.2 Impairment of Receivables

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

1.28.3 Impairment of Statutory Receivables

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

1.28.4 Property, Plant and Equipment

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

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

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

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

1.28.5 Intangible Assets

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

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

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

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

1.28.6 Investment Property

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

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

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

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

1.28.7 Provisions and Contingent Liabilities

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

1.28.8 Revenue Recognition

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

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

1.28.9 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

1.28.10 Provision for Staff leave

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

1.28.11 Provision for Performance bonuses

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

1.28.12 Componentisation of Infrastructure assets

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

1.29. TAXES – VALUE ADDED TAX

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

1.30. CAPITAL COMMITMENTS

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

1.31. EVENTS AFTER REPORTING DATE

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

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

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

1.32. BORROWING COSTS

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

1.33. CONSTRUCTION CONTRACTS

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

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

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

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

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

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

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

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

1.34. ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

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

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

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

1.35. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

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

Initial Recognition

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

The service concession liability is recognised and initially measured at:

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

Subsequent Measurement

The municipality initially measures the service concession asset at fair value if it Is not an existing asset of the municipality.
After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

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

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

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

Dividing the arrangement

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

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

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

1.36. TRANSFER OF FUNCTIONS (Municipality as the acquirer)

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

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

An asset is identifiable if it either:

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

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

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

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

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

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

1.37. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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

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

1.38. DISCONTINUED OPERATIONS

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

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

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

		2021 R	2020 R
2	**NET ASSET RESERVES**		
	RESERVES	11,400,293	11,398,532
	Capital Replacement Reserve	11,347,812	11,347,812
	Housing Development fund	52,481	50,721
	Total Net Asset Reserves	**11,400,293**	**11,398,532**

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

		2021 R	2020 R
3	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 3.1	7,082,000	7,092,021
	Long Service Awards - Refer to Note 3.2	709,000	752,000
	Total Non-current Employee Benefit Liabilities	**7,791,000**	**7,844,021**
	Post Retirement Benefits		
	Balance 1 July	7,441,000	7,576,774
	Contribution for the year	783,000	779,048
	Expenditure for the year	(348,979)	(351,322)
	Actuarial Loss/(Gain)	(418,021)	(563,500)
	Total post retirement benefits 30 June	**7,457,000**	**7,441,000**
	Less: Transfer of Current Portion - Note 6	(375,000)	(348,979)
	Balance 30 June	**7,082,000**	**7,092,021**
	Long Service Awards		
	Balance 1 July	971,000	933,769
	Contribution for the year	138,000	147,663
	Expenditure for the year	(271,479)	(206,570)
	Actuarial Loss/(Gain)	157,479	96,138
	Total long service awards 30 June	**995,000**	**971,000**
	Less: Transfer of Current Portion - Note 6	(286,000)	(219,000)
	Balance 30 June	**709,000**	**752,000**
	TOTAL NON-CURRENT EMPOLYEE BENEFITS		
	Balance 1 July	8,412,000	8,510,543
	Contribution for the year	921,000	926,711
	Expenditure for the year	(620,458)	(557,892)
	Actuarial Loss/(Gain)	(260,542)	(467,362)
	Total employee benefits 30 June	**8,452,000**	**8,412,000**
	Less: Transfer of Current Portion - Note 6	(661,000)	(567,979)
	Balance 30 June	**7,791,000**	**7,844,021**

		2021 R	2020 R
3.1	**Post Retirement Benefits**		

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

	2021	2020
In-service (employee) members	9	9
Continuation members (e.g. Retirees, widows, orphans)	9	9
Total Members	**18**	**18**

The liability in respect of past service has been estimated to be as follows:

	2021	2020
In-service (employee) members	2,570,000	3,206,000
Continuation (retiree and widow) members	4,887,000	4,235,000
Total Liability	**7,457,000**	**7,441,000**

3 EMPLOYEE BENEFITS (CONTINUE)

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

	2019 R	2018 R	2017 R
In-service members	3,082,914	3,566,735	3,681,751
Continuation members	4,493,861	5,125,750	4,515,318
Total Liability	**7,576,775**	**8,692,485**	**8,197,069**

Experience adjustments were calculated as follows:	2021 Rm	2020 Rm
Liabilities: (Gain) / loss	(0.748)	0.429
Assets: Gain / (loss)	-	-

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	(1.239)	0.564	0.153
Assets: Gain / (loss)	-	-	-

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

Hosmed
LA Health

The Municipality's Accrued Unfunded Liability at 30 June 2021 is estimated at R7 457 000. The Current-service Cost for the year ending 30 June 2021 is estimated at R60 000. It is estimated to be R63 000 for the ensuing year.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	9.97%	9.78%
Health Care Cost Inflation Rate	6.62%	6.04%
Net Effective Discount Rate	3.14%	3.53%

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 9.97% per annum has been used. The corresponding index-linked yield at this term is 4.14%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.

ii) Mortality rates

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

iii) Normal retirement age

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

iv) Average retirement age

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

v) Expected rate of salary increases

2020/2021 - 6.25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

3	EMPLOYEE BENEFITS (CONTINUE)	2021 R	2020 R

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

	2021 R	2020 R
Present value of fund obligations	7,457,000	7,441,000
Total Liability	**7,457,000**	**7,441,000**

Reconciliation of present value of fund obligation:

	2021 R	2020 R
Present value of fund obligation at the beginning of the year	7,441,000	7,576,774
Total expenses	434,021	427,726
Current service cost	60,000	80,793
Interest Cost	723,000	698,255
Benefits Paid	(348,979)	(351,322)
Actuarial (gains)/losses	(418,021)	(563,500)
Present value of fund obligation at the end of the year	7,457,000	7,441,000
Less: Transfer of Current Portion - Note 6	(375,000)	(348,979)
Balance 30 June	**7,082,000**	**7,092,021**

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		2.570	4.887	7.457	
Health care inflation	1%	2.950	5.419	8.369	12%
Health care inflation	-1%	2.256	4.433	6.689	-10%
Discount Rate	1%	2.267	4.449	6.716	-10%
Discount Rate	-1%	2.941	5.407	8.348	12%
Post-retirement mortality	1 year	2.496	4.738	7.234	-3%
Post-retirement mortality	-1 year	2.644	5.036	7.680	3%
Average retirement age	-1 year	2.692	4.887	7.579	2%
Continuation of membership at retirement	-10%	2.228	4.887	7.115	-5%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2022

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		63,000	725,000	788,000	
Health care inflation	1%	76,000	816,000	892,000	13%
Health care inflation	-1%	52,000	649,000	701,000	-11%
Discount Rate	1%	53,000	717,000	770,000	-2%
Discount Rate	-1%	75,000	732,000	807,000	2%
Post-retirement mortality	1 year	61,000	703,000	764,000	-3%
Post-retirement mortality	-1 year	64,000	747,000	811,000	3%
Average retirement age	-1 year	70,000	737,000	807,000	2%
Continuation of membership at retirement	-10%	54,000	691,000	745,000	-5%

Impact of COVID-19

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

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 58 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2021 is R 81 000. The Current-service Cost for the ensuing year has been estimated to be R 76 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	8.89%	6.60%
General Salary Inflation (long-term)	5.71%	3.60%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.01%	2.90%

	2021 Rm	2020 Rm

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 8.89% 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 3.52%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021. The duration of the total liability was estimated to be 8.25 years.

Experience adjustments were calculated as follows:

	2021 Rm	2020 Rm
Liabilities: (Gain) / loss	172,479	112,138
Assets: Gain / (loss)	-	-

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	97,386	88,534	(89,998)
Assets: Gain / (loss)	-	-	-

The amounts recognised in the Statement of Financial Position are as follows:	**2021 R**	**2020 R**
Present value of fund obligations	995,000	971,000
Net liability/(asset)	**995,000**	**971,000**

Reconciliation of present value of fund obligation:

	2021 R	2020 R
Present value of fund obligation at the beginning of the year	971,000	933,769
Total expenses	(133,479)	(58,907)
Current service cost	81,000	80,410
Interest Cost	57,000	67,253
Benefits Paid	(271,479)	(206,570)
Actuarial losses/(gains)	157,479	96,138
Present value of fund obligation at the end of the year	995,000	971,000
Less: Transfer of Current Portion - Note 6	(286,000)	(219,000)
Balance 30 June	**709,000**	**752,000**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**Change**	**Liability (Rm)**	**% change**
Central assumptions		0.995	
General salary inflation	1%	1.045	5%
General salary inflation	-1%	0.949	-5%
Discount Rate	1%	0.946	-5%
Discount Rate	-1%	1.048	5%
Average retirement age	2 yrs	1.196	20%
Average retirement age	-2 yrs	0.957	-4%
Withdrawal rates	x 2	0.834	-16%
Withdrawal rates	x 0.5	1.104	11%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2022

Assumption	**Change**	**Current-service Cost (R)**	**Interest Cost (R)**	**Total (R)**	**% change**
Central Assumption		76,000	76,000	152,000	
General salary inflation	1%	82,000	81,000	163,000	7%
General salary inflation	-1%	71,000	72,000	143,000	-6%
Discount Rate	1%	72,000	80,000	152,000	0%
Discount Rate	-1%	82,000	72,000	154,000	1%
Average retirement age	2 yrs	88,000	94,000	182,000	20%
Average retirement age	-2 yrs	73,000	73,000	146,000	-4%
Withdrawal rates	x 2	56,000	62,000	118,000	-22%
Withdrawal rates	x 0.5	92,000	86,000	178,000	17%

Impact of COVID-19

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

3 EMPLOYEE BENEFITS (CONTINUE)

3.3 Retirement funds

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

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

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

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund has a funding level of 100% (30 June 2019 - 100,7%).

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund has a funding level of 100,5% (30 June 2019 - 100,3%).

	2021 R	2020 R
Contributions paid recognised in the Statement of Financial Performance	1,875,530	1,788,843

4 NON-CURRENT PROVISIONS

	2021 R	2020 R
Provision for Rehabilitation of Landfill-sites	9,494,320	10,353,521
Total Non-current Provisions	**9,494,320**	**10,353,521**

Landfill Sites

	2021 R	2020 R
Balance 1 July	10,353,521	12,591,198
Balance previously reported	-	12,591,198
Correction of Error - Reverse incorrect calculation - Note 33.03	-	-
Correction of Error - Corrected calculation - Note 33.03	-	-
Increase/(Decrease) in Estimate	(1,741,356)	(3,198,508)
Balance previously reported	-	(3,198,508)
Correction of Error - Reverse incorrect calculation - Note 33.03	-	-
Correction of Error - Corrected calculation - Note 33.03	-	-
Increase/(Decrease) due to discounting	882,155	960,831
Balance previously reported	-	960,831
Correction of Error - Reverse incorrect calculation - Note 33.03	-	-
Correction of Error - Corrected calculation - Note 33.03	-	-
Total provision 30 June	**9,494,320**	**10,353,521**
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	**9,494,320**	**10,353,521**

4 NON-CURRENT PROVISIONS (CONTINUE)

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

	2021		
	Carnarvon	**Vanwyksvlei**	**Vosburg**
Preliminary and General (Rand)	2,014,622.25	610,750.07	561,890.34
Site Clearance and Preparation (Rand)	41,386.41	11,900.07	11,041.29
Storm Water Control Measures (Rand)	1,809,136.67	947,048.22	847,643.19
Capping (Rand)	8,428,098.59	2,446,761.15	2,260,898.96
Gas management (Rand)	-	-	-
Leachate Management (Rand)	596,404.42	340,753.27	326,204.02
Fencing (Rand)	1,522,649.26	11,999.26	11,999.26

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R265 256 001 (2020: R191 508 724) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that reflects the risk for the liability as the municipality is a government institution.

	2021	**2020**
Discount rate:	**%**	**%**
Carnarvon	10.506%	10.632%
Vanwyksvlei	9.345%	11.462%
Vosburg	9.867%	9.456%

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

Other assumptions:	2021		
	Carnarvon	**Vanwyksvlei**	**Vosburg**
Area (m²)	35,373	10,171	9,437
Environmental Authorisation (Closure Licence) (Rand)	445,500.00	445,500.00	445,500.00
Technical ROD (Rand)	195,000.00	195,000.00	195,000.00
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	167,802.61	210,695.37	163,767.65
Landscape Architects (Rand)	142,244.00	139,662.00	139,634.40
Water use licence (Rand)	35,000.00	35,000.00	-
Topographical Survey (Rand)	11,021.48	6,750.00	6,750.00
Contingencies (Rand)	1,441,229.76	436,921.20	401,967.70
Engineering: Professional Fees (Rand)	1,665,585.37	586,255.99	540,117.37
Site Supervision (Engineer's Representative) (Rand)	452,406.40	221,282.40	220,877.60
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	277,410.00	220,350.00	219,795.00

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

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

Location	**Estimated decommission date**	**Cost of rehabilitation**	**Cost of rehabilitation**
		2021 R	**2020 R**
Carnarvon	2044	59,372,517	36,765,372
Vanwyksvlei	2089	191,973,168	144,976,718
Vosburg	2037	13,910,316	9,766,633
		265,256,001	191,508,724

Change in size	**2021**	**2020**	**Movement in size**	**Cost per rehab (m²)**	**R value of change**
Area (m²)					
Carnarvon	35,373	33,024	2,349.00	544	1,278,020
Vanwyksvlei	10,171	10,171	-	675	-
Vosburg	9,437	9,437	-	673	-
					1,278,020

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

Change in PV	**2020**	**2019**	**Movement**
Carnarvon	6,598,815.53	8,092,829	(1,494,013)
Vanwyksvlei	139,695.06	376,457	(236,762)
Vosburg	3,615,010.63	4,121,912	(506,901)
	10,353,521	**12,591,198**	**(2,237,676)**

4 NON-CURRENT PROVISIONS (CONTINUE)

Change in unit rates	2021	2020	Movement	R value
Carnarvon	544.07	479.48	64.59	2,284,742
Vanwyksvlei	675.12	597.93	77.19	785,099
Vosburg	673.21	600.05	73.16	690,411
				3,760,252

Change in unit rates	2020	2019	Movement	R value
Carnarvon	479.48	460.73	18.75	619,200
Vanwyksvlei	597.93	569.05	28.88	293,738
Vosburg	600.05	572.47	27.58	260,272
				1,173,211

5 CONSUMER DEPOSITS

	2021 R	2020 R
Water & Electricity	348,679	329,979
Total Consumer Deposits	**348,679**	**329,979**

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

6 CURRENT EMPLOYEE BENEFITS

	2021 R	2020 R
Current Portion of Post Retirement Benefits - Note 3	375,000	348,979
Current Portion of Long-Service Provisions - Note 3	286,000	219,000
Provision for Performance Bonuses	354,475	370,414
Provision for Annual Bonuses	312,210	276,327
Provision for Staff Leave	1,619,537	1,522,892
Total Current Employee Benefits	**2,947,222**	**2,737,612**

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

	2021 R	2020 R
Balance at beginning of year	348,979	368,321
Transfer from non-current	375,000	331,980
Expenditure incurred	(348,979)	(351,322)
Balance at end of year	**375,000**	**348,979**

Current Portion of Long-Service Provisions - Note 3

	2021 R	2020 R
Balance at beginning of year	219,000	183,393
Transfer from non-current	338,479	242,177
Expenditure incurred	(271,479)	(206,570)
Balance at end of year	**286,000**	**219,000**

Provision for Performance Bonuses

	2021 R	2020 R
Balance at beginning of year	370,414	424,122
Contribution to current portion	492,669	267,134
Expenditure incurred	(508,607)	(320,842)
Balance at end of year	**354,475**	**370,414**

Performance bonuses are being paid to Municipal Manager and Managers after an evaluation of performance was approved by the council. There is no possibility of reimbursement.

Provision for Staff Leave

	2021 R	2020 R
Balance at beginning of year	1,522,892	1,398,123
Contribution to current portion	624,968	599,147
Expenditure incurred	(528,323)	(474,378)
Balance at end of year	**1,619,537**	**1,522,892**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave up to 48 days, at reporting date. This provision will be realised as employees take leave.

Provision for Annual Bonuses

	2021 R	2020 R
Balance at beginning of year	276,327	284,211
Contribution to current portion	35,882	-
Expenditure incurred	-	(7,884)
Balance at end of year	**312,210**	**276,327**

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

		2021	2020
7	**TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**	**R**	**R**
	Trade Payables	1,270,754	1,455,205
	Payments received in advance	1,356,332	324,752
	Total Trade Payables	**2,627,086**	**1,779,956**

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

		2021	2020
8	**UNSPENT TRANSFERS AND SUBSIDIES**	**R**	**R**
	Unspent Grants	57,573,401	791,984
	National and Provincial Government Grants	57,573,401	791,984
	Other Sources	-	-
	Less: Unpaid Grants	-	2,177,853
	National and Provincial Government Grants	-	2,177,853
	Balance previously reported		-
	Correction of error - refer note 33.02		2,177,853
	Other Sources	-	-
	Total Conditional Grants and Receipts	**57,573,401**	**(1,385,869)**

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

		2021	2020
9	**TAXES**	**R**	**R**
	VAT (Payable)	(1,685,529)	(1,460,941)
	Balance previously reported		(1,460,941)
	Correction of Error. Refer note		-
	VAT Receivable	2,997,800	491,615
	Balance previously reported		350,369
	Correction of Error. Refer note 33.03		141,246
	Total VAT (Payable)/Receivable	**1,312,271**	**(969,326)**

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

10 PROPERTY, PLANT AND EQUIPMENT

10.1 **30 JUNE 2021**

Reconciliation of Carrying Value

	Cost					Accumalated Impairments			Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions/ Disposal	Closing Balance	Opening Balance	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	23,685,994	-	-	-	23,685,994	405	-	405	575,064	103,671	-	678,735	23,006,854
Land	21,493,760	-	-	-	21,493,760	-	-	-	-	-	-	-	21,493,760
Buildings	2,192,234	-	-	-	2,192,234	405	-	405	575,064	103,671	-	678,735	1,513,094
Infrastructure	155,184,458	15,974,725	-	-	171,159,183	-	-	-	25,224,244	3,963,334	-	29,187,578	141,971,604
Electricity	7,042,176	42,250	-	-	7,084,426	-	-	-	1,315,981	336,023	-	1,652,004	5,432,422
Road Transport	58,826,348	-	-	-	58,826,348	-	-	-	11,886,938	1,719,478	-	13,606,416	45,219,932
Sanitation	23,722,605	38,396	-	-	23,761,001	-	-	-	5,107,621	535,600	-	5,643,221	18,117,781
Solid Waste Disposal	488,000	-	-	-	488,000	-	-	-	131,101	13,870	-	144,971	343,029
Stormwater	14,806,596	-	-	-	14,806,596	-	-	-	944,506	254,903	-	1,199,410	13,607,187
Water Supply	33,275,672	156,213	-	-	33,431,886	-	-	-	4,414,873	775,541	-	5,190,414	28,241,471
Landfill Sites	8,369,467	(1,741,356)	-	-	6,628,111	-	-	-	1,423,223	327,919	-	1,751,142	4,876,969
WIP	8,653,594	17,479,222	-	-	26,132,815	-	-	-	-	-	-	-	26,132,815
Community Assets	14,073,269	203,543	-	-	14,276,812	61,383	-	61,383	2,439,847	437,303	-	2,877,150	11,338,279
Recreation Grounds	10,119,940	-	-	-	10,119,940	60,248	-	60,248	1,706,367	345,497	-	2,051,864	8,007,828
Civil Buildings	122,360	-	-	-	122,360	-	-	-	28,290	2,191	-	30,480	91,880
Cemetery	1,446,823	203,543	-	-	1,650,366	-	-	-	229,029	31,442	-	260,471	1,389,895
Museum	360,000	-	-	-	360,000	-	-	-	83,145	6,438	-	89,584	270,416
Clinic	360,800	-	-	-	360,800	-	-	-	78,535	6,006	-	84,541	276,259
Libraries	1,549,335	-	-	-	1,549,335	-	-	-	281,696	43,230	-	324,926	1,224,409
Parks & Gardens	29,279	-	-	-	29,279	-	-	-	7,474	574	-	8,048	21,231
Public Conveniences/Bathhouses	84,731	-	-	-	84,731	1,135	-	1,135	25,310	1,925	-	27,236	56,361
Other Assets	7,385,986	115,604	-	(15,296)	7,486,294	-	-	-	5,388,056	473,833	-	5,861,889	1,624,405
Motor Vehicles	3,202,329	-	-	-	3,202,329	-	-	-	2,680,757	125,063	-	2,805,820	396,508
Plant & Equipment	1,620,108	16,691	-	-	1,636,799	-	-	-	1,279,396	86,518	-	1,365,913	270,886
Office Equipment	788,445	25,477	-	-	813,922	-	-	-	469,353	73,282	-	542,635	271,288
Furniture & Fittings	748,761	50,474	-	-	799,235	-	-	-	542,744	29,708	-	572,452	226,783
Fire Engines	2,051	-	-	-	2,051	-	-	-	1,668	61	-	1,730	321
Computer Equipment	953,913	12,696	-	-	966,608	-	-	-	414,137	159,201	-	573,339	393,270
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Game	70,380	10,266	-	(15,296)	65,350	-	-	-	-	-	-	-	65,350
	200,329,707	16,293,872	-	(15,296)	216,608,282	61,788	-	61,788	33,627,211	4,978,141	-	38,605,352	177,941,143

Reconciliation of Property, Plant and Equipment: **30 JUNE 2021**

	Opening Balance	Additions	WIP Additions	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	R	R	R	R	R	R
Land	21,493,760	-	-	-	-	-	-	21,493,760
Buildings	1,616,765	-	-	-	-	(103,671)	-	1,513,094
Infrastructure	129,960,213	(1,504,497)	17,479,222	-	-	(3,963,334)	-	141,971,604
Community Assets	11,572,039	203,543	-	-	-	(437,303)	-	11,338,279
Other Assets	1,997,931	115,604	-	(15,296)	-	(473,833)	-	1,624,405
	166,640,708	(1,185,350)	17,479,222	(15,296)	-	(4,978,141)	-	177,941,143

10 PROPERTY, PLANT AND EQUIPMENT

10.2 30 JUNE 2020

Reconciliation of Carrying Value	Cost					Accumalated Impairments			Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Transfers R	Disposals R	Closing Balance R	Opening Balance R	Additions/ Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R	R
Land and Buildings	24,171,194	-	(485,200)	-	23,685,994	405	-	405	522,970	52,093	-	575,064	23,110,525
Land	21,978,960	-	(485,200)	-	21,493,760	-	-	-	-	-	-	-	21,493,760
Balance previously reported	22,218,460	-	(485,200)	-	21,733,260	-	-	-	-	-	-	-	21,733,260
Correction of Error - Note 33.01	(239,500)	-	-	-	(239,500)	-	-	-	-	-	-	-	(239,500)
Buildings	2,192,234	-	-	-	2,192,234	405	-	405	522,970	52,093	-	575,064	1,616,765
Infrastructure	150,086,701	5,684,842	(0)	(587,086)	155,184,458	-	-	-	21,549,221	4,262,109	(587,086)	25,224,244	129,960,213
Electricity	7,106,630	-	-	(64,454)	7,042,176	-	-	-	1,118,859	261,577	(64,454)	1,315,981	5,726,194
Road Transport	53,793,521	4,192,575	1,063,017	(222,765)	58,826,348	-	-	-	10,411,789	1,697,914	(222,765)	11,886,938	46,939,410
Sanitation	23,845,153	-	-	(122,548)	23,722,605	-	-	-	4,657,872	572,296	(122,548)	5,107,621	18,614,984
Solid Waste Disposal	488,000	-	-	-	488,000	-	-	-	117,231	13,870	-	131,101	356,899
Stormwater	9,303,976	4,541,248	978,046	(16,673)	14,806,596	-	-	-	753,284	207,895	(16,673)	944,506	13,862,090
Water Supply	33,436,317	-	-	(160,645)	33,275,672	-	-	-	3,751,753	823,766	(160,645)	4,414,873	28,860,799
Landfill Sites	11,567,974	(3,198,508)	-	-	8,369,467	-	-	-	738,432	684,791	-	1,423,223	6,946,244
WIP	10,545,129	149,527	(2,041,063)	-	8,653,594	-	-	-	-	-	-	-	8,653,594
Community Assets	13,937,008	136,261	-	-	14,073,269	61,383	-	61,383	2,005,312	434,536	-	2,439,847	11,572,039
Recreation Grounds	10,119,940	-	-	-	10,119,940	60,248	-	60,248	1,360,870	345,497	-	1,706,367	8,353,325
Civil Buildings	122,360	-	-	-	122,360	-	-	-	26,099	2,191	-	28,290	94,070
Cemetery	1,446,823	-	-	-	1,446,823	-	-	-	197,587	31,442	-	229,029	1,217,794
Museum	360,000	-	-	-	360,000	-	-	-	76,707	6,438	-	83,145	276,855
Clinic	360,800	-	-	-	360,800	-	-	-	72,530	6,006	-	78,535	282,265
Libraries	1,413,074	136,261	-	-	1,549,335	-	-	-	241,234	40,462	-	281,696	1,267,639
Parks & Gardens	29,279	-	-	-	29,279	-	-	-	6,901	574	-	7,474	21,805
Public Conveniences/Bathhouses	84,731	-	-	-	84,731	1,135	-	1,135	23,385	1,925	-	25,310	58,286
Other Assets	7,607,590	150,491	-	(372,095)	7,385,986	-	-	-	5,107,519	646,402	(365,865)	5,388,056	1,997,931
Motor Vehicles	3,459,036	-	-	(256,707)	3,202,329	-	-	-	2,760,018	177,446	(256,707)	2,680,757	521,572
Plant & Equipment	1,608,312	16,608	-	(4,813)	1,620,108	-	-	-	1,110,302	173,906	(4,813)	1,279,396	340,712
Office Equipment	759,276	76,283	-	(47,114)	788,445	-	-	-	431,764	84,702	(47,114)	469,353	319,092
Balance previously reported	754,970	76,283	-	(47,114)	784,139	-	-	-	428,698	84,446	(47,114)	466,031	318,109
Correction of Error - Note 33.01	4,306	-	-	-	4,306	-	-	-	3,067	256	-	3,323	983
Furniture & Fittings	776,634	-	-	(27,873)	748,761	-	-	-	527,500	43,117	(27,873)	542,744	206,017
Balance previously reported	768,071	-	-	(27,873)	740,198	-	-	-	522,340	42,686	(27,873)	537,153	203,045
Correction of Error - Note 33.01	8,562	-	-	-	8,562	-	-	-	5,160	430	-	5,591	2,972
Fire Engines	2,648	-	-	(597)	2,051	-	-	-	2,221	45	(597)	1,668	383
Computer Equipment	926,470	56,204	-	(28,762)	953,913	-	-	-	275,713	167,186	(28,762)	414,137	539,775
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Game	75,214	1,396	-	(6,230)	70,380	-	-	-	-	-	-	-	70,380
	195,802,493	5,971,594	(485,200)	(959,181)	200,329,707	61,788	-	61,788	29,185,021	5,395,140	(952,951)	33,627,211	166,640,708

Reconciliation of Property, Plant and Equipment: 30 JUNE 2020

	Opening Balance R	Additions R	WIP Additions R	Disposals R	Other changes, movements R	Depreciation R	Impairment Losses R	Closing Balance R
Land	21,978,960	-	-	-	(485,200)	-	-	21,493,760
Buildings	1,668,859	-	-	-	-	(52,093)	-	1,616,765
Infrastructure	128,537,480	5,535,315	149,527	-	-	(4,262,109)	-	129,960,213
Community Assets	11,870,314	136,261	-	-	-	(434,536)	-	11,572,039
Other Assets	2,500,072	150,491	-	(6,230)	-	(646,402)	-	1,997,931
	166,555,684	5,822,067	149,527	(6,230)	(485,200)	(5,395,140)	-	166,640,708

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2021 R	2020 R

10.03 Property, Plant and Equipment which is in the process of being constructed or developed:

	2021	2020
Infrastructure Assets	26,132,815	8,653,594
Roads	1,022,343	149,527
Electricity	1,629,797	325,449
Water Supply	23,480,675	8,178,617
Community Assets	-	-
Total	26,132,815	8,653,594

Work in Progress movements for the year can be reconciled as follows:

30 JUNE 2021	Infrastructure R	Community R	Other Assets R	Total R
Balance at beginning of year	8,653,593	-	-	8,653,593
Expenditure during the year	17,716,081	203,543	-	17,919,624
Assets unbundled during the year	(236,859)	(203,543)	-	(440,402)
Impairment recognised during the year	-	-	-	-
Balance at end of year	**26,132,815**	**-**	**-**	**26,132,815**

30 JUNE 2020	Infrastructure R	Community R	Other Assets R	Total R
Balance at beginning of year	10,545,129	-	-	10,545,129
Expenditure during the year	8,883,350	136,261	-	9,019,611
Assets unbundled during the year	(10,774,886)	(136,261)	-	(10,911,147)
Impairment recognised during the year	-	-	-	-
Balance at end of year	**8,653,593**	**-**	**-**	**8,653,593**

10.04 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:

	2021	2020
Infrastructure Assets	23,790,581	8,504,066
Electricity	1,629,797	325,449
Water Supply	22,160,784	8,178,617
Community Assets	-	-
Total	23,790,581	8,504,066

No funding was allocated for 2019/2020 or 2020/21 from the DOE (Department of Energy) for the completion of the Kokkies dorp electricity project.
Tender awarding problems in 2017/2018 for the completion of the Bulk Water Supply: Vanwyksvlei/Carnarvon.

10.05 Property, Plant and Equipment where construction or development has been halted:

	2021	2020
Infrastructure Assets	1,629,797	8,504,066
Electricity	1,629,797	325,449
Water Supply	-	8,178,617
Total	1,629,797	8,504,066

No funding was allocated for 2019/2020 or 2020/21 from the DOE (Department of Energy) for the completion of the Kokkies dorp electricity project.

10.06 Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2021	2020
Other materials	1,161,624	643,156
Contracted Services	47,135	134
Total Repairs and Maintenance	1,208,759	643,290

10.07 Assets pledged as security:

No assets are pledged as security.

10.08 Third party payments received for losses incurred:

	2021	2020
Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost	-	-
Surplus/Deficit	**-**	**-**

10.09 Impairment losses of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

	2021	2020
Community Assets	-	-
Total	**-**	**-**

10.10 Reversal of Impairment losses of Property, Plant and Equipment

Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:

	2021	2020
Other	-	-
Total	**-**	**-**

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.11 Effect of changes in accounting estimates

The effect of a change in accounting estimate will have on the current period and subsequent periods:

	2021 R	2022 R	2023 R
Effect on Property, plant and equipment	(4,626,690)	(4,626,690)	(4,620,735)

10.12 Details of Valuation

The effective date of the valuations was 1 July 2018. Valuations were performed by an independent valuer, HCB Valuators. Land and Buildings are revalued independently every 5 years.

10.13 Contractual commitments for acquisition of Property, Plant and Equipment:

	2021 R	2020 R
Approved and contracted for:	76,412,291	-
Infrastructure	74,085,915	-
Other	2,326,376	-
Total	**76,412,291**	**-**
This expenditure will be financed from:		
Government Grants	74,085,915	-
Own Resources	2,326,376	-
Total	**76,412,291**	**-**

10.14 Land is controlled, but Kareeberg Municipality is not the legal owner/custodian

	2021 R	2020 R
Carrying amount at year end	-	-
Total	**-**	**-**

10.15 Land is not controlled, but Kareeberg Municipality is the legal owner/custodian

	2021 R	2020 R
No of Low Cost Houses	138	139
Total	**138**	**139**

11 INVESTMENT PROPERTY

	2021 R	2020 R
Net Carrying amount at 1 July	**15,884,463**	**15,412,204**
Cost	16,047,300	15,562,100
Accumulated Depreciation	(162,837)	(149,896)
Depreciation for the year	(12,941)	(12,941)
Transfers from Property, Plant and equipment	-	485,200
Net Carrying amount at 30 June	**15,871,521**	**15,884,463**
Cost	16,047,300	16,047,300
Accumulated Depreciation	(175,779)	(162,837)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs and maintenance or enhancements.

	2021 R	2020 R
Estimated Fair Value of Investment Property at 30 June	21,048,700	21,048,700

Fair value was determined by valuation roll.

11.01 Revenue from Investment Property

	2021 R	2020 R
Revenue derived from the rental of Investment Property	284,894	373,495

11.02 Operating Expenditure incurred on properties:

	Repairs and Maintenance	Other Operating Expenditure
Revenue Generating	2,731	15,543
Improved Property	-	-
Unimproved Property	2,731	15,543
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total Operating Expenditure	**2,731**	**15,543**

11	INVESTMENT PROPERTY (CONTINUED)	2021 R	2020 R

11.03 Investment Property which is in the process of being constructed or developed:

	2021 R	2020 R
Revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total	**-**	**-**

The movements for the year can be reconciled as follows:

	2021 R	2020 R
Balance at beginning of year	-	-
Expenditure during the year	-	-
Assets unbundled during the year	-	-
Impairment recognised during the year		
Balance at end of year	**-**	**-**

11.04 Investment Property that is taking a significantly longer period of time to complete than expected:

	2021 R	2020 R
Revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total	**-**	**-**

No reason required

11.05 Investment Property where consruction or development has been halted:

	2021 R	2020 R
Revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total	**-**	**-**

No reason required

11.06 Impairment losses of Investment Property

Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows:

	2021 R	2020 R
Revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total Impairment Losses	**-**	**-**

11.07 Reversal of Impairment losses of Investment Property

Reversal of Impairment losses on Investment Property recognised in statement of financial performance are as follows:

	2021 R	2020 R
Revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total Reversal of Impairment losses	**-**	**-**

		2021 R	2020 R
11	**INVESTMENT PROPERTY (CONTINUED)**		

11.08 Investment Property (Land) is controlled, but Kareeberg Municipality is not the legal owner/custodian

	2021 R	2020 R
Carrying amount at year end	-	-
Total	**-**	**-**

11.09 Investment Property (Land) is not controlled, but Kareeberg Municipality is the legal owner/custodian

	2021 R	2020 R
No of Low Cost Houses	-	-
Total	**-**	**-**

12 INTANGIBLE ASSETS

	2021 R	2020 R
Computer Software		
Net Carrying amount at 1 July	**37,243**	**26,631**
Acquisitions	-	21,846
Disposals	-	(1,004)
Amortisation	(9,766)	(11,234)
Disposal Amortisation	-	1,004
Net Carrying amount at 30 June	**27,477**	**37,243**
Cost	63,154	63,154
Accumulated Amortisation	(35,678)	(25,911)

12.01 Material Intangible Assets included in the carrying value:

		Carrying Value	
Description	Remaining Amortisation Period	2021 R	2020 R
Microsoft Office	2-4	27,477	37,243

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

12.02 Research and Development Costs:

	2021 R	2020 R
Research Expenditure	-	-
Development Expenditure	-	-
Total Research and Development Expenditure	**-**	**-**

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

	2021 R	2020 R
Servitudes	-	-
Computer Software	-	-
Licences and Rights	-	-
Total	**-**	**-**

The movements for the year can be reconciled as follows:

	2021 R	2020 R
Balance at beginning of year	-	-
Expenditure during the year	-	-
Assets unbundled during the year	-	-
Impairment recognised during the year		
Balance at end of year	**-**	**-**

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

	2021 R	2020 R
Servitudes	-	-
Computer Software	-	-
Licences and Rights	-	-
Total	**-**	**-**

No reason required

		2021 R	2020 R
12	**INTANGIBLE ASSETS (CONTINUED)**		

12.05 Intangible Assets where consruction or development has been halted:

	2021 R	2020 R
Servitudes	-	-
Computer Software	-	-
Licences and Rights	-	-
Total	**-**	**-**

No reason required

12.06 Impairment losses of Intangible Assets

Impairment losses on Intangible Assets recognised in Statement of Financial Performance are as follows:

	2021 R	2020 R
Servitudes	-	-
Computer Software	-	-
Licences and Rights	-	-
Total Impairment Losses	**-**	**-**

12.07 Reversal of Impairment losses of Intangible Assets

Reversal of Impairment losses on Intangible Assets recognised in statement of financial performance are as follows:

	2021 R	2020 R
Servitudes	-	-
Computer Software	-	-
Licences and Rights	-	-
Total Reversal of Impairment losses	**-**	**-**

12.08 Effect of changes in accounting estimates

The effect of a change in accounting estimate will have on the current period and subsequent periods:

	2021 R	2022 R	2023 R
Effect on Intangible Assets	(149)	(149)	2,359

		2021 R	2020 R
13	**HERITAGE ASSETS**		
	Net Carrying amount at 1 July	**14,900**	**14,900**
	Transfers to Property, Plant and equipment	-	-
	Net Carrying amount at 30 June	**14,900**	**14,900**
	Cost	14,900	14,900

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

13.01 Third party payments received for losses and impairments incurred:

	2021 R	2020 R
Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impaired	-	-
Surplus/Deficit	-	-

13.02 Expenditure incurred to repair and maintain Heritage Assets:

	2021 R	2020 R
Employee related costs	-	-
Other materials	-	-
Contracted Services	-	-
Other Expenditure	-	-
Total Repairs and Maintenance	**-**	**-**

13.03 Heritage Assets which is in the process of being constructed or developed:

	2021 R	2020 R
Monuments	-	-
Historic Buildings	-	-
Works of Art	-	-
Conservation Areas	-	-
Other Heritage	-	-
Total	**-**	**-**

		2021	2020
13	**HERITAGE ASSETS (CONTINUED)**	**R**	**R**

The movements for the year can be reconciled as follows:

	2021	2020
Balance at beginning of year	-	-
Expenditure during the year	-	-
Assets unbundled during the year	-	-
Impairment recognised during the year		
Balance at end of year	**-**	**-**

13.04 Heritage Assets that is taking a significantly longer period of time to complete than expected:

	2021	2020
Monuments	-	-
Historic Buildings	-	-
Works of Art	-	-
Conservation Areas	-	-
Other Heritage	-	-
Total	**-**	**-**

No reason required

13.05 Heritage Assets where consruction or development has been halted:

	2021	2020
Monuments	-	-
Historic Buildings	-	-
Works of Art	-	-
Conservation Areas	-	-
Other Heritage	-	-
Total	**-**	**-**

No reason required

13.06 Impairment losses of Heritage Assets

Impairment losses on Heritage Assets recognised in Statement of Financial Performance are as follows:

	2021	2020
Monuments	-	-
Historic Buildings	-	-
Works of Art	-	-
Conservation Areas	-	-
Other Heritage	-	-
Total Impairment Losses	**-**	**-**

13.07 Reversal of Impairment losses of Heritage Assets

Reversal of Impairment losses on Heritage recognised in statement of financial performance are as follows:

	2021	2020
Monuments	-	-
Historic Buildings	-	-
Works of Art	-	-
Conservation Areas	-	-
Other Heritage	-	-
Total Reversal of Impairment losses	**-**	**-**

		2021	2020
14	**LONG TERM RECEIVABLES**	**R**	**R**

	2021	2020
Officials' Housing Loans - At amortised cost	13,379	18,549
Less: Unamortised Discount on Loans	(862)	(1,633)
Balance 1 July	(1,633)	(2,598)
Adjustment for the period	771	966
	12,518	16,916
Less: Current portion transferred to current receivables	(5,380)	(5,170)
Officials Housing Loans - At amortised cost	(5,380)	(5,170)
	7,137	11,747
Less: Provision for Impairment of Long Term Receivables	-	-
Total Long Term Receivables	**7,137**	**11,747**

STAFF HOUSING LOANS
Staff was entitled to housing loans which attract interest at 4% per annum and which are repayable over a maximum period of 20 years. When a employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder.

		2021	2020
15	**INVENTORY**	**R**	**R**

	2021	2020
Consumable Stores - Materials - At cost	546,936	546,936
Total Inventory	**546,936**	**546,936**
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
Consumable stores materials surplusses identified during the annual stores counts.	-	-

No inventory assets were pledged as security for liabilities.

		2021	2020
16	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**	**R**	**R**
	Service Receivables		
	Water	3,383,222	2,444,346
	Electricity	1,735,207	2,294,770
	Refuse	2,498,908	1,920,982
	Sewerage	2,362,276	1,396,178
	Total Service Receivables	**9,979,613**	**8,056,276**
	Less: Provision for Impairment	(8,456,210)	(6,511,476)
	Net Service Receivables	**1,523,403**	**1,544,800**
	Other Receivables		
	Sundry Receivables	284,295	1,908,033
	Rentals	1,085,151	904,550
	VAT	1,685,529	1,460,941
	Total Other Receivables	**3,054,975**	**4,273,524**
	Less: Provision for Impairment	(1,085,151)	(930,423)
	Net Other Receivables	**1,969,824**	**3,343,102**
	Total Net Receivables from Exchange Transactions	**3,493,227**	**4,887,902**

Ageing of Receivables from Exchange Transactions

	2021	2020
(Electricity): Ageing		
Current (0 - 30 days)	4,957	454,562
31 - 60 Days	188,393	8,037
61 - 90 Days	158,499	493,993
+ 90 Days	1,383,359	1,338,177
Total	**1,735,207**	**2,294,770**
(Water): Ageing		
Current (0 - 30 days)	245,366	177,720
31 - 60 Days	192,598	17,011
61 - 90 Days	373,838	325,950
+ 90 Days	2,571,420	1,923,666
Total	**3,383,222**	**2,444,346**
(Refuse): Ageing		
Current (0 - 30 days)	201,176	242,106
31 - 60 Days	142,178	16,293
61 - 90 Days	276,699	123,497
+ 90 Days	1,878,854	1,539,086
Total	**2,498,908**	**1,920,982**
(Sewerage): Ageing		
Current (0 - 30 days)	110,168	148,051
31 - 60 Days	120,864	6,970
61 - 90 Days	238,673	110,704
+ 90 Days	1,892,571	1,130,453
Total	**2,362,276**	**1,396,178**
(Sundry Receivables): Ageing		
Current (0 - 30 days)	124,207	26,519
31 - 60 Days	-	4,000
61 - 90 Days	14,637	562,500
+ 90 Days	145,451	1,315,015
Total	**284,295**	**1,908,033**
(VAT): Ageing		
Current (0 - 30 days)	128,746	243,287
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1,556,783	1,217,654
Total	**1,685,529**	**1,460,941**
(Rentals): Ageing		
Current (0 - 30 days)	-	240
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1,085,151	904,310
Total	**1,085,151**	**904,550**

17 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2021 R	2020 R
Service Receivables		
Availability Charges	315,360	287,576
Rates	8,662,124	5,380,013
Total Service Receivables	**8,977,484**	**5,667,589**
Less: Provision for Impairment	(7,587,679)	(5,378,014)
Net Service Receivables	**1,389,805**	**289,575**
Total Net Receivables from Non-Exchange Transactions	**1,389,805**	**289,575**

Ageing of Receivables from Non-Exchange Transactions

(Availability Charges): Ageing

	2021	2020
Current (0 - 30 days)	35,004	60,290
31 - 60 Days	13,086	204
61 - 90 Days	19,471	110,845
+ 90 Days	247,799	116,236
Total	**315,360**	**287,576**

(Rates): Ageing

	2021	2020
Current (0 - 30 days)	14,634	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	8,647,490	5,380,013
Total	**8,662,124**	**5,380,013**

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

Summary of Receivables by Customer Classification	**Residential, Industrial & Commercial** **R's**	**Other Debtors** **R's**	**National and Provincial Government** **R's**	**Total** **R's**
2020				
Total Receivables	14,358,248	43,431	3,595,710	17,997,389
Less: Provision for Impairment	(12,819,912)	-	-	(12,819,912)
Total Recoverable debtors by customer classification	**1,538,336**	**43,431**	**3,595,710**	**5,177,477**

Receivables impaired

2021

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

2020

	Exchange Transactions **R's**	**Non-Exchange Transactions** **R's**	**Total** **R's**
Total	**7,441,898**	**5,378,014**	**12,819,912**

Monthly rate debts are required to be settled after 30 days, interest is charged on rates after this date at prime +1%.
The fair value receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision	**2021** **R**	**2020** **R**
Balance at beginning of the year	12,819,912	8,500,721
Contributions to provision	4,309,128	4,319,191
Impairment written off against provision	-	-
Balance at end of year	**17,129,040**	**12,819,912**

		2021 R	2020 R
18	**OPERATING LEASE ARRANGEMENTS**		
	The Municipality as Lessor		
	Balance on 1 July	27,615	35,756
	Balance previously reported		33,870
	Operating Lease Asset previously year not recognised correctly - Note 33.05		1,886
	Operating Lease Asset for the current year	(12,558)	(8,141)
	Balance previously reported		(8,292)
	Operating Lease Asset previously year not recognised correctly - Note 33.05		151
	Balance on 30 June	**15,057**	**27,615**

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

The municipality is leasing a piece of land at Vanwyksvlei to Vodacom for a period of 119 months with escalations of CPI with a maximum of 10% per year.

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

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

	2021 R	2020 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	209,640	287,725
2 to 5 Years	154,679	364,318
More than 5 Years	83	84
Total Operating Lease Arrangements	**364,402**	**652,127**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

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

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

The lease is in respect of land being leased by Vodacom until 2023.

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

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

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

		2021 R	2020 R
19	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	86,277,758	24,350,452
	Primary Bank Account (Cash book)	632,219	295,308
	Total Cash and Cash Equivalents - Assets	**86,909,977**	**24,645,759**

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

Call Investments Deposits to an amount of R57 573 401 are held to fund the Unspent Conditional Grants (2020: R791 984).

Kareeberg Municipality do not have a bank overdraft facility.

	2021 R	2020 R
The municipality has the following bank accounts:		
Current Accounts		
Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):	632,219	295,308
	632,219	**295,308**
Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):		
Cash book balance at beginning of year	295,308	257,876
Cash book balance at end of year	632,219	295,308
Bank statement balance at beginning of year	1,000,655	1,006,823
Bank statement balance at end of year	280,915	1,000,655

19 CASH AND CASH EQUIVALENTS (CONTINUED)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Account no.	Place of investment	Name of fund	2021 R Bank Certificates	2021 R	2020 R
088 705 536-003	Standard Bank	Capital Replacement Reserve	11,347,812	11,347,812	11,347,812
20-7477-9380	ABSA	Housing Fund	52,481	52,481	50,721
20-7477-9380	ABSA	Job creation - De Bult	53,099	53,099	51,318
20-7477-9380	ABSA	Land development	22,800	22,800	22,035
20-7477-9380	ABSA	Land development (Vanwyksvlei)	20,798	20,798	20,101
20-7477-9380	ABSA	Land development (Vosburg)	39,763	39,763	38,430
08-870-543-9 002	Standard Bank	VWV Mun Civil Defence	20,944	20,944	20,944
08-870-553-6 008	Standard Bank	RBIG - Vanwyksvlei Pipeline	16,128,359	15,968,378	-
03/7881142979/000	Nedbank	RBIG - Vanwyksvlei Pipeline	28,880,950	28,776,000	-
20-7477-9380	ABSA	CMIP Kwaggakolk(vat)	830	830	803
92-8617-3395	ABSA	WSIG	8,482,351	8,482,351	-
088-705-536 002	Standard Bank	MIG Sanitation interest/vat	184,441	184,441	184,441
20-7477-9380	ABSA	Electricity	47,836	47,836	46,231
20-7477-9380	ABSA	Water Services Plan	4,467	4,467	4,318
20-7477-9380	ABSA	CMIP-Saaipoort project 301	4,905	4,905	4,741
20-7477-9380	ABSA	EPWP - Paving/ Cleaning	32,334	32,334	31,249
20-7477-9380	ABSA	Lotto Carnarvon	2,480	2,480	2,397
20-7477-9380	ABSA	Lotto Vosburg	43,800	43,800	42,330
20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	187,776	185,785	179,532
20-7477-9380	ABSA	VB Cleaning Project	34,977	34,977	33,804
20-7477-9380	ABSA	VAT - retention	16,222	16,222	15,678
92-8617-3395	ABSA	EPWP	300,925	300,925	-
92-8617-3395	ABSA	Municipal Infrastructure Grant	3,236,633	3,236,633	(2,177,853)
92-8617-3395	ABSA	Youth Development	93,632	93,632	93,632
92-1221-8064	ABSA	Leave, PMS and Long Service Funds	3,281,223	3,281,223	2,864,306
92-1221-8064	ABSA	Provision for Employee benefits	2,000,000	2,000,000	2,000,000
92-8504-7305	ABSA	Retension	1,257,575	1,257,575	1,082,889
92-1221-8064	ABSA	General Vehicles	1,650,000	1,650,000	-
92-1221-8064 08-871-0777-002	ABSA STANDARD BANK	General Account	6,915,267	6,915,267	6,190,593
088705536-006	Standard Bank	General Account	2,200,000	2,200,000	2,200,000
			86,544,680	**86,277,758**	**24,350,452**

20 PROPERTY RATES

	2021 R	2020 R
Actual		
Rateable Land and Buildings	15,657,583	14,747,805
Residential, Commercial Property	14,471,107	13,577,798
Residential, Commercial Property	15,071,107	14,211,213
Less: Equitable Share	(600,000)	(633,415)
State - National / Provincial Services	1,186,476	1,170,006
Less: **Reductions**	(569,732)	(539,494)
Less: **Rebates**	(2,724,180)	(2,399,345)
Less: **Income for gone**	(2,878,054)	(2,897,019)
Balance previously reported		(2,580,267)
Correction of error - refer note 33.1		(316,753)
Total Assessment Rates	**9,485,617**	**8,911,946**
Valuations - 30 June 2021:		
Rateable Land and Buildings	2,877,785,800	2,879,526,800
Residential & Commercial Property	2,784,931,300	2,784,972,300
State - National / Provincial Services	92,854,500	94,554,500
Total Assessment Rates	**2,877,785,800**	**2,879,526,800**

Valuations - 30 June 2021:	**Valuation**
Residential	262,534,500
State	35,659,000
State: Agriculture	57,195,500
Agriculture	2,281,619,800
Municipal	24,330,000
Municipal: Agriculture	44,780,000
Industrial	7,168,000
Churches	16,425,000
Infrastructure	432,000
Public Benefit Organisations	3,172,000
SKA	33,785,000
SKA Farms	62,963,000
Commercial	46,926,000
Infrastructure farms	136,000
Sport clubs	660,000
Total Property Valuations	**2,877,785,800**

Assessment Rates are levied on the values of immovable properties. A general valuation was performed during 2017/18 for implementation 1 July 2018. The tariffs applicable are proclaimed by PK 2350 dated 29 June 2020.

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

		2021 R	2020 R
21	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**29,341,000**	**24,348,277**
	Equitable Share - Refer to Note 21.01	29,341,000	24,348,277
	Conditional Grants	**23,642,393**	**14,901,853**
	Drought Relieve	-	-
	Department of Water Affairs and Forestry (WSIG)	1,517,649	-
	Department of Energy (DOE)	1,500,000	-
	Library Development Projects	-	1,112,000
	Municipal Finance Management Grant	2,800,000	2,435,000
	Municipal Infrastructure Grant	1,003,514	10,215,853
	Expanded Public Works Program (PWPG)	756,075	1,085,000
	Department of Water Affairs and Forestry (RBIG)	16,065,155	-
	COVID-19	-	54,000
	Total Government Grants and Subsidies	**52,983,393**	**39,250,130**
	Government Grants and Subsidies - Capital	17,479,222	9,019,611
	Government Grants and Subsidies - Operating	35,504,171	30,230,519
		52,983,393	**39,250,130**

The municipality does not expect any significant changes to the level of grants.

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

	2021 R	2020 R
Equitable share	29,341,000	24,348,277
Executive & Council	1,614,000	2,933,164
Budget & Treasury	1,702,679	1,616,575
Community & Social Services	-	136,261
Waste Water Management	1,600,000	-
Road Transport	1,619,308	10,215,853
Water	15,802,058	-
Electricity	1,304,348	-
	52,983,393	**39,250,130**

21.01 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 6kl free water and 50kwh electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of basic services for the geographical area concerned and range from R383 per month to R766 per month.(2020: R361 per month to R779 per month)

	2021 R	2020 R
Grants received	29,341,000	24,348,277
Conditions met	(29,341,000)	(24,348,277)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.02 Municipal Infrastructure Grant (MIG)

	2021 R	2020 R
Opening balance	(2,177,853)	-
Grants received	6,418,000	8,038,000
Conditions met	(130,697)	(1,332,503)
Conditions met - Capital	(872,816)	(8,883,350)
Grant expenditure to be recovered / Conditions still to be met	3,236,633	(2,177,853)

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

21.03 Local Government Financial Management Grant (FMG)

	2021 R	2020 R
Grants received	2,800,000	2,435,000
Conditions met	(2,800,000)	(2,435,000)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.04 Library Development Projects

	2021 R	2020 R
Grants received	-	1,112,000
Conditions met	-	(975,739)
Conditions met - Capital	-	(136,261)
Conditions still to be met	-	-

The grant was used for the development of libraries in the Kareeberg area.

		2021 R	2020 R
21	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)**		
21.05	**Youth Development**		
	Opening balance	93,632	93,632
	Conditions still to be met	93,632	93,632
	The grant will be used for youth development related issues in the Kareeberg area.		
21.06	**Expanded Public Works Program**		
	Grants received	1,057,000	1,085,000
	Conditions met	(756,075)	(1,085,000)
	Conditions still to be met	300,925	-
	The grant was used for general labour in the Kareeberg area.		
21.07	**Job Creation De Bult**		
	Opening balance	51,318	48,769
	Interest received	1,781	2,549
	Conditions still to be met	53,099	51,318
	The grant will be used for job creation in the Kareeberg area. (Carnarvon)		
21.08	**Land Development**		
	Opening balance	80,565	76,565
	Interest received	2,796	4,000
	Conditions still to be met	83,361	80,565
	The grant will be used for a land development plan in the Kareeberg area.		
21.09	**Civil Defence**		
	Opening balance	20,944	20,944
	Conditions still to be met	20,944	20,944
	The grant will be used for civil defence in the Kareeberg area.		
21.10	**CMIP Kwaggakolk (VAT)**		
	Opening balance	803	765
	Interest received	26	38
	Conditions still to be met	830	803
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)		
21.11	**Sanitation - sewerage**		
	Opening balance	184,441	184,441
	Conditions still to be met	184,441	184,441
	The grant will be used for a sanitation VAT/maintenance in the Kareeberg area.		
21.12	**Electricity Schietfontein**		
	Opening balance	46,231	43,933
	Interest received	1,606	2,297
	Conditions still to be met	47,836	46,231
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
21.13	**Water Service Plan**		
	Opening balance	4,318	4,104
	Interest received	149	214
	Conditions still to be met	4,467	4,318
	The grant will be used for a water service plan in the Kareeberg area.		

		2021	2020
21	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)**	**R**	**R**
21.14	**CMIP - Saaipoort project 301**		
	Opening balance	4,741	4,505
	Interest received	164	235
	Conditions still to be met	4,905	4,741
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
21.15	**Paving Projects**		
	Opening balance	31,249	29,698
	Interest received	1,084	1,551
	Conditions still to be met	32,334	31,249
	The grant will be used for a extended public works program in the Kareeberg area.		
21.16	**Lotto Carnarvon**		
	Opening balance	2,397	2,278
	Interest received	83	119
	Conditions still to be met	2,480	2,397
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
21.17	**Lotto Vosburg**		
	Opening balance	42,330	40,228
	Interest received	1,470	2,103
	Conditions still to be met	43,800	42,330
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
21.18	**Transfer Fees Sub-Economic**		
	Opening balance	179,532	170,593
	Interest received	6,253	8,939
	Conditions still to be met	185,785	179,532
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
21.19	**Cleaning Project Vosburg**		
	Opening balance	33,804	32,126
	Interest received	1,173	1,678
	Conditions still to be met	34,977	33,804
	The grant will be used for a cleaning project in the Kareeberg area.		
21.20	**VAT - Retention**		
	Opening balance	15,678	14,899
	Interest received	544	779
	Conditions still to be met	16,222	15,678
	The grant will be used for maintenance in the Kareeberg area.		
21.21	**Integrated National Electrification Prgramme - INEP**		
	Grants received	1,500,000	-
	Conditions met	(195,652)	-
	Conditions met - Capital	(1,304,348)	-
	Conditions still to be met	-	-
	The grant was used for electricity infrastructure development in the Kareeberg area.		
21.22	**Regional Bulk Infrastructure Grant - RBIG (DWA)**		
	Opening balance	-	13,537,276
	Grants received	62,551,000	-
	Transfer return	-	(13,537,276)
	Carting of water	(1,741,467)	-
	Conditions met	(2,082,988)	-
	Conditions met - Capital	(13,982,167)	-
	Conditions still to be met	44,744,378	-

The grant will be used for water infrastructure development in the Kareeberg area.
Carting of water was on behalf of Sedibeng Water and the debt was paid from the fund after approval of DWA.

			2021 R	2020 R
21		**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)**		
	21.23	**Water Service Infrastructure Grant - WSIG (DWA)**		
		Grants received	10,000,000	-
		Conditions met	(197,759)	-
		Conditions met - Capital	(1,319,891)	-
		Conditions still to be met	8,482,351	-
		The grant will be used for water infrastructure development in the Kareeberg area.		
	21.24	**COVID-19**		
		Grants received	-	54,000
		Conditions met	-	(54,000)
		Conditions still to be met	-	-
		The grant will be used for COVID-19 expenditure in the Kareeberg area. The full amount was used to purchase personal protective equipment.		
	21.25	**Total Grants**		
		Opening balance	(1,385,869)	14,304,758
		Interest received	17,130	24,502
		Grants received	113,667,000	37,072,277
		Transfer return	-	(13,537,276)
		Carting of water	(1,741,467)	-
		Conditions met	(35,504,171)	(30,230,519)
		Conditions met - Capital	(17,479,222)	(9,019,611)
		Conditions still to be met/(Grants expenditure to be recovered)	**57,573,401**	**(1,385,869)**

		2021 R	2020 R
22	**AVAILIABILITY CHARGES**		
	Electricity	159,311	125,885
	Water	140,401	159,855
	Total Availiability Charges	**299,712**	**285,740**

		2021 R	2020 R
23	**SERVICE CHARGES**		
	Electricity	9,345,459	9,496,411
	Service Charges	9,772,293	9,833,733
	Less: Equitable Share	(426,834)	(337,322)
	Water	2,249,999	3,049,125
	Service Charges	6,089,822	6,003,570
	Less: Equitable Share	(3,839,822)	(2,954,445)
	Refuse removal	1,755,150	1,456,562
	Service Charges	4,962,481	4,464,629
	Less: Equitable Share	(3,207,331)	(3,008,067)
	Sewerage and Sanitation Charges	1,283,223	961,583
	Service Charges	4,923,517	4,533,924
	Less: Equitable Share	(3,640,294)	(3,572,341)
	Total Service Charges	**14,633,831**	**14,963,681**

24	**OTHER REVENUE**		
	Application Specific Registrations	-	1,138
	Building Fees	-	240
	Photocopies	2,792	1,588
	Grave Fees	17,920	11,565
	Searching Fees	2,820	75
	Encroachment	744	744
	Cement block Sales	7,800	4,500
	Refuse Bags Sold	1,498	624
	Connection Fees	90	-
	Retention Forfeit	260,750	-
	Gain due to additions on Biological assets	10,266	1,396
	Valuation Certificates	45	180
	Electricity caravan park	-	9
	Annual bonus decrease	-	7,884
	Sale of scrap	-	48,720
	Total Other Income	**304,724**	**78,662**

		2021 R	2020 R
25	**FAIR VALUE ADJUSTMENTS**		
	Unamortised Discount - Interest - LT Receivables	771	966
		771	**966**
26	**EMPLOYEE RELATED COSTS**		
	Salaries & Wages	17,267,914	17,646,485
	Leave Reserve Fund	624,968	599,147
	Personnel Contributions	2,515,666	2,451,470
	Skill Development Levy	155,602	153,660
	Bargaining Council	7,643	7,531
	Pension Gratification	407	444
	UIF	117,323	118,264
	Performance Bonuses	492,669	267,134
	Annual Bonuses	35,882	-
	Ward Committee Compensation	6,500	-
	Contribution to Employee Benefits - Long Service Awards - Note 3	81,000	80,410
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	60,000	80,793
		21,365,574	21,405,337
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**21,365,574**	**21,405,337**

KEY MANAGEMENT PERSONNEL

Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA). There are no post-employment or termination benefits payable to him at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2021 R	2020 R
Remuneration of the Municipal Manager: Mr F. Manuel (Resigned 28 February 2020)		
Salary and Bonus, Performance Bonus	122,775	1,036,265
Travel Allowance	-	138,000
UIF	-	1,190
Bargaining Council	-	75
Cell phone (VAT Included)	-	32,000
Total	**122,775**	**1,207,529**
Remuneration of the Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA)		
Salary and Bonus, Performance Bonus	547,196	-
Travel Allowance	-	-
UIF	1,785	-
Bargaining Council	-	-
Covid	7,000	-
Cell phone (VAT Included)	-	-
Total	**555,980**	**-**
Remuneration of the Chief Financial Officer: Mr W. de Bruin		
Salary and Bonus, Performance Bonus	842,379	783,183
Travel Allowance	84,000	76,000
Rural	81,506	79,266
UIF	1,785	1,785
Bargaining Council	119	112
Covid	7,000	-
Cell phone (VAT Included)	30,000	25,200
Total	**1,046,788**	**965,546**
Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk		
Salary and Bonus, Performance Bonus	1,298,753	1,233,824
Travel Allowance	216,290	203,567
Pension	174,441	160,332
Medical	57,277	53,908
UIF	1,785	1,785
Bargaining Council	119	112
Cell phone (VAT Included)	30,000	25,200
Total	**1,778,665**	**1,678,728**
Remuneration of Head : Corporate Services: Mr. N.J. van Zyl		
Salary and Bonus, Performance Bonus	1,191,416	1,006,088
Travel Allowance	216,290	203,567
Pension	166,362	152,897
Medical	52,650	46,930
UIF	1,785	1,785
Bargaining Council	119	112
Covid	7,000	-
Cell phone (VAT Included)	30,000	25,200
Total	**1,665,622**	**1,436,578**

			2021 R	2020 R
27	**REMUNERATION OF COUNCILLORS**			
	Mayor	Mr N.S. van Wyk	806,066	806,066
	Councillor	Mr J.E.J. Hoorn	255,091	255,091
	Councillor	Ms G. Saal	255,091	255,091
	Councillor	Mr B.J.E. Slambee	255,091	255,091
	Councillor	Mr E. Hoorn	255,091	255,091
	Councillor	Mr G.P. van Louw	255,091	255,091
	Councillor	Mr W.D. Horne	255,091	255,091
	Councillors' Cell phones		310,800	310,800
	Total Councillors' Remuneration		**2,647,412**	**2,647,412**

		2021	2020
		R	R

27 **REMUNERATION OF COUNCILLORS (CONTINUE)**

In-kind Benefits

The Mayor is fulltime. He is provided with an office at the cost of the Council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of ~~Provincial and Local~~ Government's determination in accordance with Government Notice 43246, dated 24 ~~April~~ 2020.

....

Signed: ~~(Acting)~~ **Municipal Manager**

28 **DEBT IMPAIRMENT**

	2021 R	2020 R
Receivables from exchange transactions - Note 16	2 099 462	2 211 152
Receivables from non-exchange transactions - Note 17	2 209 665	2 108 040
Balance previously reported		2 424 793
Correction of error - refer note 33,1		(316 753)
Debt impairment recognised in statement of financial performance	**4 309 128**	**4 319 191**

29 **DEPRECIATION AND AMORTISATION**

	2021 R	2020 R
Property, plant and equipment	4 978 141	5 395 140
Intangible assets	9 766	11 234
Investment property carried at cost	12 941	12 941
Total depreciation and amorisation	**5 000 849**	**5 419 316**

30 **FINANCE CHARGES**

	2021 R	2020 R
Post Retirement Charges	780 000	765 508
Landfill sites	882 155	960 831
Total finance charges	**1 662 155**	**1 726 339**

31 **BULK PURCHASES**

	2021 R	2020 R
Electricity bulk purchases	12 755 173	12 342 076
Electricity distribution losses	(2 827 225)	(2 201 401)
Total Bulk Purchases	**9 927 948**	**10 140 675**

32 **GENERAL EXPENSES**

	2021 R	2020 R
Advertisement, printing & stationary	532 614	192 805
Animal Feeds	12 364	392 501
Audit Costs	2 451 631	2 149 735
Bank charges	133 097	261 944
Compensation insurance	207 833	147 899
Chemicals	-	2 930
Cleaning supplies	171 206	175 211
Electricity Eskom	409 056	421 403
Fuel & Oil	557 984	801 131
Indigents energy sourses	1 038 266	1 733 720
Insurance	460 442	408 499
Legal costs	1 377 255	1 267 739
Material losses	-	-
Membership for associations	975 000	500 000
Other General Expenses	851 983	1 075 382
Refuse bag purchases	174 785	189 450
Other materials	1 176 796	663 569
Street Lighting	458 337	454 274
Subsistence and Travelling	1 052 937	811 749
Telephone & Postage	551 621	536 975
Uniforms	95 748	122 195
Internal Auditors	217 391	524 365
Refuse Removal Contractor	-	-
Water Distribution Tanker	251 530	242 900
Accounting Support	657 552	733 337
Audit Committee	83 744	38 667
Business and Financial Management	1 375 387	2 769 550
Human Resources Support	556 030	18 561
Valuer and Assessors	27 250	-
Actuaries	15 000	19 300
Laboratory Services	93 729	47 684
Water Research	21 235	23 684
Rental of buildings	64 152	70 632
Electricity Support Services	283 500	257 783
Commission/IT services Prepaid Electricity Vendors	147 905	140 478
Administrative and Support Staff	604 933	-
General Expenses	**17 088 294**	**17 196 071**

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

		2020 R
33	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
33.01	**Property, Plant and Equipment**	
	Balance previously reported	**166,876,253**
	Corrected Land not on Kareeberg Municipal name on Windeed - Note 33.04	(243,100)
	Corrected Land on Kareeberg Municipal name on Windeed - Note 33.04	3,600
	Corrected calculated Cost pre 2019 on FTR2021 - Note 33.04	12,868
	Corrected calculated Accumulated Depreciation till 30 June 2019 on FTR2021 - Note 33.04	(8,227)
	Corrected calculated Depreciation 2019-2020 on FTR2021 - Note 33.1	(686)
	Total	**166,640,708**
33.02	**Unpaid Conditional Government Grants and Receipts**	
	Balance previously reported	**-**
	Unpaid Conditional Government Grants and Receipts correctly reversed after AG finding required it to be removed from AFS 2020 - Note 33.1	2,177,853
	Total	**2,177,853**
33.03	**Taxes**	
	Balance previously reported	**(1,110,572)**
	Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions with VAT Retention - Note 33.06	141,246
	Total	**(969,326)**
33.04	**Accumulated Surplus/(Deficit)**	
	Balance previously reported	**177,178,293**
	Operating Lease Asset rental cost not disclosed pre-2019 - Note 33.05	1,886
	Corrected Land not on Kareeberg Municipal name on Windeed - Note 33.01	(243,100)
	Corrected Land on Kareeberg Municipal name on Windeed - Note 33.01	3,600
	Corrected calculated Cost pre 2019 on FTR2021 - Note 33.01	12,868
	Corrected calculated Accumulated Depreciation till 30 June 2019 on FTR2021 - Note 33.01	(8,227)
	Total	**176,945,321**
33.05	**Operating Lease Asset**	
	Balance previously reported	**25,578**
	Operating Lease Asset rental cost not disclosed pre-2019 - Note 33.04	1,886
	Operating Lease Asset rental cost not disclosed during 2019-20 - Note 33.1	151
	Total	**27,615**
33.06	**Receivables from exchange transactions**	
	Balance previously reported	**5,029,148**
	Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions with VAT Retention - Note 33.03	(141,246)
	Total	**4,887,902**
33.07	**Receivables from non-exchange transactions**	
	Balance previously reported	**289,575**
	Rates discount accounted and corrected on Receivables from non-exchange transactions - Note 33.1	(316,753)
	Debt impairment discount accounted and corrected on Receivables from non-exchange transactions - Note 33.1	316,753
	Total	**289,575**
33.08	**Employee Benefits**	
	Balance previously reported	**7,596,000**
	Actuarial Gains adjusted for Post Retirement Benefits - Note 33.10	198,000
	Current portion of Post Retirement Benefits adjusted - Note 33.09	50,021
	Total	**7,844,021**
33.09	**Current Employee Benefits**	
	Balance previously reported	**2,787,633**
	Current portion of Post Retirement Benefits adjusted - Note 33.08	(50,021)
	Total	**2,737,612**
33.10	**Statement of Financial Performance**	
	Balance previously reported	**42,819**
	Corrected calculated Depreciation 2019-2020 on FTR2021 - Note 33.01	(686)
	Rates discount accounted and corrected on Receivables from non-exchange transactions - Note 33.07	(316,753)
	Debt impairment discount accounted and corrected on Receivables from non-exchange transactions - Note 33.07	316,753
	Operating Lease Asset rental cost not disclosed during 2019-20 - Note 33.05	151
	Actuarial Gains adjusted for Post Retirement Benefits - Note 33.08	(198,000)
	Unpaid Conditional Government Grants and Receipts correctly reversed after AG finding required it to be removed from AFS 2020 - Note 33.03	2,177,853
	Total	**2,022,137**

Correction of Errror in note 33.01 to 33.10 was resulted of:
Taxes and Unpaid Conditional Government Grants and Receipts corrected after the 2019/20 audit.
Property rates and Impairment corrected under Receivables from non-exchange transactions due to Income for gone.
Recon on land revealed land not owned/owned by municipality according to Windeed and corrected.
Employee Benefits adjusted to include all members.
First Time Recognitions at Losses assets and Operating Lease Assets identified and corrected.

		2021	2020
34	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**	**R**	**R**
	Surplus for the year	16,389,652	2,022,137
	Adjustments for:		
	Depreciation	4,991,083	5,408,082
	Amortisation of Intangible Assets	9,766	11,234
	(Gain)/Loss on disposal of property, plant and equipment	7,038	1,600
	Impairments	-	-
	Contribution from/to employee benefits - non-current	921,000	926,711
	Contribution from/to employee benefits - non-current - expenditure incurred	(620,458)	(557,892)
	Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	157,479	96,138
	Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	(418,021)	(563,500)
	Contribution to employee benefits – current	1,153,519	858,397
	Contribution to employee benefits – current - expenditure incurred	(1,036,930)	(795,220)
	Contribution to provisions – non-currect - Rehabilitation of Landfill-sites	(1,741,356)	(3,198,508)
	Contribution to provisions – non-currect - Unwinding of discounted interest	882,155	960,831
	Contribution to provisions – bad debt	4,309,128	4,319,191
	Unamortised discount - Interest - Revenue	(771)	(966)
	Contributed PPE	(137,748)	(23,000)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	56,781,417	(13,512,774)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	2,177,853	(2,177,853)
	Operating lease income accrued	12,558	8,141
	Operating Surplus/(Deficit) before changes in working capital	83,837,363	(6,217,249)
	Changes in working capital	(5,449,149)	(5,606,312)
	Increase/(Decrease) in Payables from exchange transactions	847,130	(178,045)
	Increase/(Decrease) in Taxes	(2,281,596)	652,906
	(Increase)/Decrease in Trade Receivables from exchange transactions	(704,788)	(3,733,412)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(3,309,895)	(2,347,762)
	Cash generated/(absorbed) by operations	**78,388,214**	**(11,823,561)**

		2021	2020
35	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 19	86,277,758	24,350,452
	Bank - Note 19	632,219	295,308
	Total cash and cash equivalents	**86,909,977**	**24,645,759**

		2021	2020
36	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 35	86,909,977	24,645,759
		86,909,977	24,645,759
	Less:	57,625,882	845,224
	Unspent Conditional Grants - Note 8	57,573,401	791,984
	Cash Portion of Housing Development Fund - Note 2	52,481	53,240
	Net cash resources available for internal distribution	29,284,095	23,800,536
	Allocated to:		
	Capital Replacement Reserve	(11,347,812)	(11,347,812)
	Retension	(1,257,575)	(1,082,889)
	Provision for Employee benefits	(2,000,000)	(2,000,000)
	Vehicles	(3,672,936)	-
	Staff Leave, Performance Management Bonus, Long Service	(3,281,223)	(2,864,306)
	Resources available for working capital requirements	**7,724,551**	**6,505,529**

37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37.01 Unauthorised expenditure

	2021 R	2020 R
Reconciliation of unauthorised expenditure:		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Unauthorised expenditure current year - capital	-	897,345
Unauthorised expenditure current year - operating	-	-
Written off by Council	-	(897,345)
Current	-	(897,345)
Prior Period	-	-
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	**-**	**-**

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	*None*

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

	2021 R	2020 R
Non-cash	-	23,000
Cash	-	874,345
	-	**897,345**

Analysed as follows: Non-cash

	2021 R	2020 R
Employee related cost (Actuarial Valuations)	-	-
Depreciation and Amortisation	-	-
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	-	-
Loss on disposal of Property, Plant and Equipment	-	-
Impairment Losses	-	-
Other (Donated assets)	-	23,000
	-	**23,000**

Analysed as follows: Cash

	2021 R	2020 R
Bulk Purchases	-	-
Employee related cost	-	-
Operational Costs	-	-
Capital Costs	-	874,345
	-	**874,345**

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

Unauthorised expenditure current year - operating	2021 R (Actual)	2021 R (Budget)	2021 R (Variance)	2021 R (Unauthorised)
Executive & Council	8,529,050	11,782,445	(3,253,395)	-
Budget & Treasury	18,968,015	20,159,385	(1,191,370)	-
Corporate Services	-	-	-	-
Other	-	15,435	(15,435)	-
Health	5,295	11,587	(6,292)	-
Community & Social Services	2,531,989	3,983,806	(1,451,817)	-
Housing	-	11,077	(11,077)	-
Public Safety	37,093	67,279	(30,186)	-
Sport & Recreation	341,710	432,477	(90,767)	-
Environmental Protection	-	119,645	(119,645)	-
Waste Management	3,645,192	6,202,947	(2,557,755)	-
Waste Water Management	7,436,531	7,496,313	(59,782)	-
Road Transport	6,552,878	7,175,827	(622,949)	-
Water	2,274,977	3,086,225	(811,248)	-
Electricity	14,670,373	18,167,392	(3,497,019)	-
	64,993,103	**78,711,840**	**(13,718,737)**	**-**

Unauthorised expenditure current year - capital	2021 R (Actual)	2021 R (Budget)	2021 R (Variance)	2021 R (Unauthorised)
Budget & Treasury	101,401	115,000	(13,599)	-
Community & Social Services	206,152	2,022,000	(1,815,848)	-
Waste Water Management	39,724	138,500	(98,776)	-
Road Transport	872,816	7,918,000	(7,045,184)	-
Water	15,458,271	43,789,600	(28,331,329)	-
Electricity	1,346,598	5,143,950	(3,797,352)	-
	18,024,962	**59,127,050**	**(41,102,088)**	**-**

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

		2021	2020
37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)	R	R

37.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2021	2020
Opening balance	37,500	-
Correction of prior period error	-	-
Restated opening balance	37,500	-
Fruitless and wasteful expenditure current year	1,496,651	37,500
Written off by Council	-	-
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not written off	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting further action	**1,534,151**	**37,500**

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2021	2020
No evidence of loads delivered.	*None*	-	22,500
No evidence of loads delivered.	*None*	-	15,000
Legal cost - Bulk Water Supply: Vanwyksvlei/Carnarvon - Saaipoort settlement	*None*	395,574	-
Legal cost - Bulk Water Supply: Vanwyksvlei/Carnarvon - Saaipoort settlement	*None*	995,312	-
Toilets Carnarvon	*None*	105,766	-
		1,496,651	37,500

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

37.03 Irregular expenditure

Reconciliation of irregular expenditure:

	2021	2020
Opening balance	356,413	-
Correction of prior period error	-	-
Restated opening balance	356,413	-
Irregular expenditure current year	2,343,736	356,413
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Current	-	-
Prior Period	-	-
Written off as supported by council	-	-
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not written off	-	-
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	**2,700,148**	**356,413**

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2021	2020
Advance	*None*	-	26,113
Carting of water to Vanwyksvlei.	*None*	-	90,000
Training of personnel	*None*	79,200	52,800
Service provider of wood	*None*	-	187,500
Provision of Transformer	*None*	48,588	-
Supply and replacement of asbestos pipes	*None*	724,404	-
Advertisements	*None*	146,142	-
Advertisements	*None*	165,462	-
Advertisements	*None*	96,531	-
Civil consulting services	*None*	1,066,159	-
Actuarial Reports	*None*	17,250	-
		2,343,736	356,413

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

37.04 Material Losses

Electricity distribution losses	2021	2020
Electricity distribution losses (R)	(2,827,225)	(2,201,401)
Units purchased (Kwh)	7,714,967	7,882,482
- Units lost during distribution (Kwh)	1,710,047	1,405,963
- Percentage lost during distribution	22.17%	17.84%

		2021 R	2020 R
38	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		

38.01 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

	2021 R	2020 R
Council subscriptions	975,000	500,000
Amount paid - current year	(975,000)	(500,000)
Balance unpaid (included in creditors)	**-**	**-**

38.02 Audit fees - [MFMA 125 (1)(b)] (excl. VAT)

	2021 R	2020 R
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year audit fee	2,451,631	2,149,735
External Audit - Auditor-General	2,451,631	2,149,735
Amount paid - current year	(2,451,631)	(2,149,735)
Balance unpaid (included in creditors)	**-**	**-**

38.03 VAT - [MFMA 125 (1)(b)]

	2021 R	2020 R
Opening balance	(350,369)	(722,827)
Correction of prior period error	-	-
Restated opening balance	(350,369)	(722,827)
Amounts received - current year	3,396,968	4,794,432
Amounts claimed - current year (payable)	(6,230,736)	(5,144,801)
Amounts received - previous year	350,369	722,827
Closing balance	**(2,833,768)**	**(350,369)**

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

38.04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

	2021 R	2020 R
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	3,924,888	3,760,201
Amount paid - current year	(3,924,888)	(3,760,201)
Balance unpaid (included in creditors)	**-**	**-**

38.05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

	2021 R	2020 R
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	(4,671,895)	(4,761,020)
Amount paid - current year	4,671,895	4,761,020
L.A. Health	612,561	682,357
LA retirement fund	336,107	310,564
Hosmed	754,870	728,507
Consolidated retirement fund for local government	2,647,019	2,715,849
Municipal workers retirement fund	321,338	323,743
Balance unpaid (included in creditors)	**-**	**-**

38.06 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2021:

	Outstanding more than 90 days	**Outstanding more than 90 days**
Councillor B.J.E. Slambee	10,298	8,765
Councillor N.S. van Wyk	30,113	26,637
Councillor W. Horne	6,090	5,443
Councillor G.P. van Louw	604	166
Councillor G. Saal (Husband)	71,658	52,589
Total Councillor Arrear Consumer Accounts	**118,762**	**93,600**

38.07 Quotations awarded - Section 45 - Supply Chain Management

		2021 R	2020 R
Unigratia Trading	Spouse works at Municipality	178,783	-
Gertriam Trading	Spouse works at Municipality	-	3,510
		178,783	3,510

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

38.08 **Deviations - Section 36(2) - Supply Chain Management**

30 June 2021	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Emergency cases	40,939	-	-	-
Availability	410,794	120,000	-	-
Limited Quotations	20,923	1,500,872	-	-
Deviation on tender/Not cheapest awarded	-	-	-	-
Service provider	179,204	41,675	-	-
	651,859	1,662,546	-	-

30 June 2020	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Emergency cases	52,567	149,694	-	-
Availability	230,571	194,360	-	-
Limited Quotations	80,519	1,210,702	-	-
Deviation on tender/Not cheapest awarded	8,177	-	-	-
Service provider	167,826	589,889	-	-
	539,660	2,144,645	-	-

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

39 **CAPITAL COMMITMENTS**

	2021 R	2020 R
Commitments in respect of capital expenditure:		
Approved and contracted for:	76,412,291	-
Infrastructure	74,085,915	-
Other	2,326,376	-
Total	**76,412,291**	**-**
This expenditure will be financed from:		
Government Grants	74,085,915	-
Own Resources	2,326,376	-
	76,412,291	**-**

All amounts disclosed are VAT inclusive.

40 **FINANCIAL RISK MANAGEMENT**

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

	2021	2020
0.5% Increase in interest rates	434,550	123,229
0.5% Decrease in interest rates	(434,550)	(123,229)

40 FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

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

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

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

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

Balances past due not impaired:

	2021 %	2021 R	2020 %	2020 R
Non-Exchange Receivables				
Rates	0.00%	-	0.00%	-
Availability Charges	0.00%	-	0.00%	-
	0.00%	0	0.00%	0
Exchange Receivables				
Electricity	0.00%	-	0.00%	-
Water	0.00%	-	0.00%	-
Refuse	0.00%	-	0.00%	-
Sewerage	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	0	0.00%	0

No receivables are pledged as security for financial liabilities.

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

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

	2021 %	2021 R	2020 %	2020 R
Non-Exchange Receivables				
Rates	96.73%	7,339,393	95.69%	5,449,255
Availability Charges	3.27%	248,286	4.31%	245,511
	100.00%	7,587,679	100.00%	5,694,767
Exchange Receivables				
Electricity	16.67%	1,590,175	18.38%	1,367,640
Water	32.16%	3,068,713	29.32%	2,182,231
Refuse	24.06%	2,295,542	23.75%	1,767,546
Sewerage	15.74%	1,501,780	16.05%	1,194,058
Other	11.37%	1,085,151	12.50%	930,423
	100.00%	9,541,361	100.00%	7,441,898

40 FINANCIAL RISK MANAGEMENT (CONTINUE)

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

	2021 %	2021 R	2020 %	2020 R
Industrial	10.23%	1,752,653	19.69%	2,587,063
Residential	89.77%	15,376,387	80.31%	10,549,602
	100.00%	17,129,040	100%	13,136,665

Bad debts written off per debtor class:

	2021 %	2021 R	2020 %	2020 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Services	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	-	0.00%	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA, Nedbank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:	2021 R	2020 R
Long term receivables	12,518	16,916
Trade receivables and other receivables	4,883,032	5,177,477
Cash and Cash Equivalents	86,909,977	24,645,759
	91,805,527	29,840,153

		2021 R	2020 R
40	FINANCIAL RISK MANAGEMENT (CONTINUE)		

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2021				
Provisions - Landfill Sites	-	-	-	265,256,002
Capital repayments	-	-	-	9,494,320
Interest	-	-	-	255,761,681
Trade and Other Payables	2,627,086	-	-	-
Consumer Deposits	348,679	-	-	-
Unspent conditional government grants and receipts	57,573,401	-	-	-
	60,549,166	-	-	265,256,002
2020				
Provisions - Landfill Sites	-	-	-	191,508,724
Capital repayments	-	-	-	10,353,521
Interest	-	-	-	181,155,203
Trade and Other Payables	1,779,956	-	-	-
Consumer Deposits	329,979	-	-	-
Unspent conditional government grants and receipts	791,984	-	-	-
	2,901,920	-	-	191,508,724

		2021 R	2020 R
41	FINANCIAL INSTRUMENTS		

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

41.1 Financial Assets	Classification		
Long-term Receivables			
Staff Loans	Financial instruments at amortised cost	7,999	13,379
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	9,979,613	8,056,276
Other receivables from exchange transactions	Financial instruments at amortised cost	3,054,975	4,273,524
Current Portion of Long-term Receivables			
Staff Loans	Financial instruments at amortised cost	5,380	5,170
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	86,277,758	24,350,452
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	632,219	295,308
		99,957,945	**36,994,108**

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	**99,957,945**	**36,994,108**

41 FINANCIAL INSTRUMENTS (CONTINUE)

41.2

Financial Liability	Classification	2021 R	2020 R
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	1,270,754	1,455,205
Payments received in advance	Financial instruments at amortised cost	1,356,332	324,752
Consumer deposits			
Other liabilities	Financial instruments at amortised cost	348,679	329,979
Unspent Conditional Grants and Receipts			
Other Spheres of Government	Financial instruments at amortised cost	57,573,401	791,984
		60,549,166	**2,901,920**

SUMMARY OF FINANCIAL LIABILITY

	2021 R	2020 R
Financial instruments at amortised cost	**60,549,166**	**2,901,920**

42 EVENTS AFTER THE REPORTING DATE

The national state of disaster has been extended until 15 September 2021. Refer to note 47 whereby the financial impact of the COVID- 19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.

43 IN-KIND DONATIONS AND ASSISTANCE

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

44 PRIVATE PUBLIC PARTNERSHIPS

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

45 CONTINGENT ASSET/LIABILITIES

R.G. de Wee is claiming R8 million for alleged negligence and/or lack of maintenance of electricity network by the Municipality.

Bhejula GCM Trading is claiming R125 000 for alleged none payment of carting of water to Vanwyksvlei, by the Municipality.

46 RELATED PARTIES

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

46.1 Related Party Transactions

	Rates - Levied 1 July 2020 - 30 June 2021	Service Charges - Levied 1 July 2020 - 30 June 2021	Other - Levied 1 July 2020 - 30 June 2021	Outstanding Balances 30 June 2021
Year ended 30 June 2021				
Councillors	5,381	87,115	6,408	137,061
Municipal Manager and Section 56 Employees	24,126	51,775	-	39,250
Year ended 30 June 2020				
Councillors	4,484	80,060	9,552	108,984
Municipal Manager and Section 56 Employees	22,755	43,266	-	21,201

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party relationship

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

46.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 14 to the Annual Financial Statements.

46.3 Compensation of key management personnel

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

46.4 Other related party transactions

	2021	2020
The following purchases were made during the year where Councillors or Management have an interest:	R	R
Councillor/Staff Member		
None	-	-

		2021	2020
47	**FINANCIAL SUSTAINABILITY**	R	R

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

Financial Indicators

The current ratio decreased to 1.48:1 from 4.93:1 in the prior year.

The municipality have budgeted for a surplus of R59 127 049 for the 2020/2021 financial year. The municipality is also budgeting for surplus during 2021/2022 and 2022/2023 amounting to R43 011 170 and R14 745 560 respectively.

The average debtors' payment days increased to 329 days from 268 days.

Other Indicators

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

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

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

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

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a results of the robust financial model applied by the municipality and close monitoring of the municipality's cash forecast, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so. The council has also approved our revised budget for 2021 which includes various concessions in order to further mitigate the economic impact of the virus in our communities.

48 **STATUTORY RECEIVABLES**

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

	2021 R	2020 R
Taxes		
VAT Receivable	2,997,800	491,615
Receivables from non-exchange transactions		
Property Rates	8,662,124	5,380,013
Total Statutory Receivables (before provision)	**11,659,924**	**5,871,628**
Less: Provision for Debt Impairment	(7,339,393)	(5,449,255)
Total Statutory Receivables (after provision)	**4,320,531**	**422,373**

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No 89 of 1991)
Rates - Municipal Properties Rates Act (No 6 of 2004)

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

	2021 R	2020 R
(VAT): Ageing		
Current (0 - 30 days)	128,746	243,287
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1,556,783	1,217,654
Total	**1,685,529**	**1,460,941**
(Rates): Ageing		
Current (0 - 30 days)	14,634	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	8,647,490	5,380,013
Total	**8,662,124**	**5,380,013**

		2021 R	2020 R
48	**STATUTORY RECEIVABLES (CONTINUE)**		

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	5,449,255	2,990,279
Contribution to provision	1,890,138	2,458,977
Reversal of provision	-	-
Balance at end of year	**7,339,393**	**5,449,255**

Ageing of amounts past due and impaired:

	2021 R	2020 R
1 month past due	-	-
2+ months past due	7,339,393	5,449,255
	7,339,393	**5,449,255**

Ageing of amounts past due but not impaired:

	2021 R	2020 R
1 month past due	-	-
2+ months past due	1,308,097	(69,242)
	1,308,097	**(69,242)**

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

Interest Received from Statutory Receivables

	2021 R	2020 R
Taxes	-	-
Receivables from Non-Exchange Transactions	-	203,594
	-	203,594

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

49 ADDITIONAL DISCLOSURE IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

APPENDIX A - Unaudited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
MUNICIPAL VOTES CLASSIFICATION

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
16,065	(173,168)	(157,103)	Cemetery	25,720	(192,432)	(166,712)
139,139	(2,010,484)	(1,871,345)	Library	1,771	(2,333,427)	(2,331,657)
-	(8,013)	(8,013)	Museum	-	(6,130)	(6,130)
9,622,296	(832,279)	8,790,017	Electricity Administration	10,809,208	(1,119,206)	9,690,002
-	(14,261,651)	(14,261,651)	Electricity Generation	-	(13,996,813)	(13,996,813)
-	(1,065,740)	(1,065,740)	Electricity Distribution	-	(237,141)	(237,141)
30,873,794	(11,869,527)	19,004,266	General Expenditure of Council	16,922,849	(8,529,050)	8,393,799
8,904	(140)	8,764	Official Housing	9,480	(287)	9,193
9,228,699	(1,177,644)	8,051,055	Property Rates	9,485,617	(1,821,360)	7,664,256
309,989	(17,549)	292,440	Commonage	202,846	(5,387)	197,459
75,760	(148,485)	(72,725)	Municipal Buildings	89,096	(589,844)	(500,748)
2,649,549	(14,682,620)	(12,033,070)	Municipal Manager/Treasurer	19,368,444	(16,541,421)	2,827,023
-	(6,053)	(6,053)	Clinic	-	(5,295)	(5,295)
347	(7,099)	(6,752)	Air Port	347	(9,662)	(9,315)
-	(25)	(25)	Abattoir	-	(54)	(54)
-	(8,470)	(8,470)	Fire Department	-	(37,093)	(37,093)
-	(48,229)	(48,229)	Pound	-	-	-
48,960	(4,663,859)	(4,614,899)	Public Works	746,492	(4,752,925)	(4,006,433)
8,883,350	(1,568,758)	7,314,592	Streets & Pavements	872,816	(1,579,103)	(706,287)
5,600	(192,264)	(186,664)	Licensing & Traffic	5,040	(220,850)	(215,810)
1,396	(352,984)	(351,588)	Nature Reserve	10,266	(14,080)	(3,814)
435	(217,740)	(217,306)	Parks & Open areas	435	(272,659)	(272,224)
-	(8,685)	(8,685)	Swimming Pool	-	(19,214)	(19,214)
339	(14,249)	(13,910)	Caravan Park	-	(35,757)	(35,757)
1,457,186	(5,103,022)	(3,645,836)	Refuse	1,756,648	(3,645,192)	(1,888,544)
961,583	(4,975,050)	(4,013,467)	Sewerage & Cleansing	2,883,223	(7,442,636)	(4,559,413)
-	(614,466)	(614,466)	Water Distribution	-	(591,356)	(591,356)
3,208,980	(2,233,133)	975,847	Water Provision	18,192,458	(1,729,526)	16,462,933
67,492,371	(66,261,386)	1,230,984	Sub Total	81,382,754	(65,727,899)	15,654,856
-	791,153	791,153	Less Inter-Departmental Charges	-	734,796	734,796
67,492,371	(65,470,234)	2,022,137	**Total**	81,382,754	(64,993,103)	16,389,652

APPENDIX B - Unaudited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
30,873,794	(11,869,527)	19,004,266	Executive & Council	16,922,849	(8,529,050)	8,393,799
12,263,997	(16,026,323)	(3,762,325)	Budget & Treasury	29,155,829	(18,968,015)	10,187,814
347	(7,099)	(6,752)	Other	-	-	-
-	(6,053)	(6,053)	Health	-	(5,295)	(5,295)
155,204	(2,191,666)	(2,036,462)	Community & Social Services	27,491	(2,531,989)	(2,504,498)
8,904	(140)	8,764	Housing	-	-	-
-	(56,699)	(56,699)	Public Safety	-	(37,093)	(37,093)
774	(240,674)	(239,900)	Sport & Recreation	10,701	(341,710)	(331,010)
1,396	(352,984)	(351,588)	Environmental Protection	-	-	-
1,457,186	(5,103,022)	(3,645,836)	Waste Management	1,756,648	(3,645,192)	(1,888,544)
961,583	(4,975,050)	(4,013,467)	Waste Water Management	2,883,223	(7,442,636)	(4,559,413)
8,937,910	(6,424,880)	2,513,030	Road Transport	1,624,348	(6,552,878)	(4,928,530)
3,208,980	(2,847,599)	361,381	Water	18,192,458	(2,320,882)	15,871,577
9,622,296	(16,159,670)	(6,537,374)	Electricity	10,809,208	(15,353,160)	(4,543,952)
67,492,371	(66,261,386)	1,230,984	Sub Total	81,382,754	(65,727,899)	15,654,856
-	791,153	791,153	Less Inter-Departmental Charges	-	734,796	734,796
67,492,371	(65,470,234)	2,022,137	**Total**	81,382,754	(64,993,103)	16,389,652

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

Grant Description	Balance 30 June 2020	Correction of error	Restated balance	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS								
	R	R	R	R	R	R	R	R
Job Creation De Bult	51,318	-	51,318	1,781	-	-	-	53,099
Land Development	80,565	-	80,565	2,796	-	-	-	83,361
Civil Defence	20,944	-	20,944	-	-	-	-	20,944
CMIP Kwaggakolk (VAT)	803	-	803	26	-	-	-	830
Sanitation - sewerage	184,441	-	184,441	-	-	-	-	184,441
Electricity Schietfontein	46,231	-	46,231	1,606	-	-	-	47,836
Water Service Plan	4,318	-	4,318	149	-	-	-	4,467
CMIP - Saaipoort project 301	4,741	-	4,741	164	-	-	-	4,905
Library Development Projects	-	-	-	-	-	-	-	-
Paving Projects	31,249	-	31,249	1,084	-	-	-	32,334
Lotto Carnarvon	2,397	-	2,397	83	-	-	-	2,480
Lotto Vosburg	42,330	-	42,330	1,470	-	-	-	43,800
Municipal Finance Management Grant	-	-	-	-	2,800,000	2,800,000	-	-
Transfer Fees Sub-Economic	179,532	-	179,532	6,253	-	-	-	185,785
Cleaning Project Vosburg	33,804	-	33,804	1,173	-	-	-	34,977
VAT - Retention	15,678	-	15,678	544	-	-	-	16,222
Municipal Infrastructure Grant	-	(2,177,853)	(2,177,853)	-	6,418,000	130,697	872,816	3,236,633
Youth Development	93,632	-	93,632	-	-	-	-	93,632
Expanded Public Works Program (PWPG)	-	-	-	-	1,057,000	756,075	-	300,925
Integrated National Electrification Prgramme - INEP	-	-	-	-	1,500,000	195,652	1,304,348	-
Water Service Infrastructure Grant - WSIG (DWA)	-	-	-	-	10,000,000	197,759	1,319,891	8,482,351
Regional Bulk Infrastructure Grant - RBIG (DWA)	-	-	-	-	62,551,000	3,824,455	13,982,167	44,744,378
Total	**791,984**	**(2,177,853)**	**(1,385,869)**	**17,130**	**84,326,000**	**7,904,638**	**17,479,222**	**57,573,401**

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Reconciliation of Table A1 Budget Summary

Description	2020/2021								2019/2020			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	9,084	–	9,084	9,486	–	401	0.0%	0.0%	–	–	–	–
Service charges	15,549	–	15,549	14,634	–	(916)	0.0%	0.0%	–	–	–	–
Investment revenue	3,145	–	3,145	2,752	–	(392)	0.0%	0.0%	–	–	–	–
Transfers recognised - operational	31,244	2,877	34,121	35,504	–	1,383	0.0%	0.0%	–	–	–	–
Other own revenue	19,146	–	19,146	1,527	–	(17,619)	0.0%	0.0%	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	**78,169**	**2,877**	**81,046**	**63,904**	**–**	**(17,142)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Employee costs	25,915	(223)	25,692	21,366	–	(4,327)	0.0%	0.0%	–	–	–	–
Remuneration of councillors	2,819	–	2,819	2,647	–	(172)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	4,429	–	4,429	5,001	–	572	0.0%	0.0%	–	–	–	–
Finance charges	1,001	–	1,001	1,662	–	661	0.0%	0.0%	–	–	–	–
Materials and bulk purchases	16,990	(150)	16,840	12,755	–	(4,085)	0.0%	0.0%	–	–	–	–
Transfers and grants	1,371	1,000	2,371	–	–	(2,371)	0.0%	0.0%	–	–	–	–
Other expenditure	25,642	(84)	25,558	21,562	–	(3,996)	0.0%	0.0%	–	–	–	–
Total Expenditure	**78,169**	**543**	**78,712**	**64,993**	**–**	**(13,719)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Surplus/(Deficit)	**–**	**2,334**	**2,334**	**(1,090)**	**–**	**(30,861)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Transfers recognised - capital	99,567	(42,774)	56,793	17,479	–	(39,314)	0.0%	0.0%	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	-	-	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**99,567**	**(40,440)**	**59,127**	**16,390**	**–**	**(42,737)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	-	-	–	–	–	–
Surplus/(Deficit) for the year	**99,567**	**(40,440)**	**59,127**	**16,390**	**–**	**(42,737)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	99,567	(42,774)	56,793	17,479	–	(39,314)	0.0%	0.0%	–	–	–	–
Public contributions & donations	–	–	–	138	–	138	0.0%	0.0%	–	–	–	–
Borrowing	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Internally generated funds	–	2,334	2,334	408	–	(1,926)	0.0%	0.0%	–	–	–	–
Total sources of capital funds	**99,567**	**(40,440)**	**59,127**	**18,025**	**–**	**(41,102)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Cash flows												
Net cash from (used) operating	108,365	(42,774)	65,591	78,388	–	12,798	0.0%	0.0%	–	–	–	–
Net cash from (used) investing	(99,567)	42,540	(57,027)	(16,148)	–	40,879	0.0%	0.0%	–	–	–	–
Net cash from (used) financing	(0)	–	(0)	24	–	24	0.0%	0.0%	–	–	–	–
Cash/cash equivalents at the year end	**51,167**	**(15,471)**	**35,696**	**62,264**	**–**	**53,701**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2020/2021								2019/2020			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**57,154**	**3,217**	**60,371**	**46,079**	**–**	**14,292**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Executive and council	10,350	–	10,350	16,923	–	(6,573)	0.0%	0.0%	–	–	–	–
Finance and administration	46,804	3,217	50,021	29,156	–	20,865	0.0%	0.0%	–	–	–	–
Internal audit	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Community and public safety	**1,303**	**(75)**	**1,228**	**38**	**–**	**1,190**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Community and social services	1,283	(75)	1,208	27	–	1,180	0.0%	0.0%	–	–	–	–
Sport and recreation	11	–	11	11	–	0	0.0%	0.0%	–	–	–	–
Public safety	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Housing	9	–	9	–	–	9	0.0%	0.0%	–	–	–	–
Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Economic and environmental services	**9,078**	**(363)**	**8,715**	**1,624**	**–**	**7,091**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Planning and development	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Road transport	9,078	(363)	8,715	1,624	–	7,091	0.0%	0.0%	–	–	–	–
Environmental protection	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Trading services	**110,200**	**(42,676)**	**67,524**	**33,642**	**–**	33,883	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Electricity	18,856	(3,900)	14,956	10,809	–	4,147	0.0%	0.0%	–	–	–	–
Water	85,439	(38,776)	46,663	18,192	–	28,471	0.0%	0.0%	–	–	–	–
Waste water management	1,346	–	1,346	2,883	–	(1,537)	0.0%	0.0%	–	–	–	–
Waste management	4,559	–	4,559	1,757	–	2,802	0.0%	0.0%	–	–	–	–
Other	**0**	–	**0**	**–**	**–**	0	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Total Revenue - Standard	**177,736**	**(39,897)**	**137,839**	**81,383**	**–**	**56,456**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Expenditure - Standard												
Governance and administration	**31,548**	**394**	**31,942**	**27,497**	**–**	**4,445**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Executive and council	12,102	(320)	11,782	8,529	–	3,253	0.0%	0.0%	–	–	–	–
Finance and administration	19,445	714	20,159	18,968	–	1,191	0.0%	0.0%	–	–	–	–
Internal audit	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Community and public safety	**3,464**	**1,042**	**4,506**	**2,916**	**–**	**1,590**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Community and social services	2,942	1,042	3,984	2,532	–	1,452	0.0%	0.0%	–	–	–	–
Sport and recreation	432	–	432	342	–	91	0.0%	0.0%	–	–	–	–
Public safety	67	–	67	37	–	30	0.0%	0.0%	–	–	–	–
Housing	11	–	11	–	–	11	0.0%	0.0%	–	–	–	–
Health	12	–	12	5	–	6	0.0%	0.0%	–	–	–	–
Economic and environmental services	**8,188**	**(893)**	**7,295**	**6,553**	**–**	**743**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Planning and development	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Road transport	7,919	(743)	7,176	6,553	–	623	0.0%	0.0%	–	–	–	–
Environmental protection	270	(150)	120	–	–	120	0.0%	0.0%	–	–	–	–
Trading services	**34,953**	**–**	**34,953**	**28,027**	**–**	**6,926**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Electricity	18,167	–	18,167	14,670	–	3,497	0.0%	0.0%	–	–	–	–
Water	3,086	–	3,086	2,275	–	811	0.0%	0.0%	–	–	–	–
Waste water management	7,496	–	7,496	7,437	–	60	0.0%	0.0%	–	–	–	–
Waste management	6,203	–	6,203	3,645	–	2,558	0.0%	0.0%	–	–	–	–
Other	**15**	–	**15**	**–**	**–**	15	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Total Expenditure - Standard	**78,169**	**543**	**78,712**	**64,993**	**–**	**13,719**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Surplus/(Deficit) for the year	**99,567**	**(40,440)**	**59,127**	**16,390**	**–**	**42,737**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2020/2021								2019/2020			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	10,263	–	10,263	16,923	–	6,660	0.0%	0.0%	–	–	–	–
Vote 2 - Budget and Treasury	46,545	3,217	49,762	29,156	–	(20,606)	0.0%	0.0%	–	–	–	–
Vote 3 - Corporate	1,266	(75)	1,191	–	–	(1,191)	0.0%	0.0%	–	–	–	–
Vote 4 - Operations	119,663	(43,039)	76,624	35,304	–	(41,320)	0.0%	0.0%	–	–	–	–
Example 5 - Vote5	–	–	–	–	–	–	-	-	–	–	–	–
Example 6 - Vote6	–	–	–	–	–	–	-	-	–	–	–	–
Example 7 - Vote7	–	–	–	–	–	–	-	-	–	–	–	–
Example 8 - Vote8	–	–	–	–	–	–	-	-	–	–	–	–
Example 9 - Vote9	–	–	–	–	–	–	-	-	–	–	–	–
Example 10 - Vote10	–	–	–	–	–	–	-	-	–	–	–	–
Example 11 - Vote11	–	–	–	–	–	–	-	-	–	–	–	–
Example 12 - Vote12	–	–	–	–	–	–	-	-	–	–	–	–
Example 13 - Vote13	–	–	–	–	–	–	-	-	–	–	–	–
Example 14 - Vote14	–	–	–	–	–	–	-	-	–	–	–	–
Example 15 - Vote15	–	–	–	–	–	–	-	-	–	–	–	–
Total Revenue by Vote	**177,735**	**(39,897)**	**137,838**	**81,383**	**–**	**(56,456)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
***Expenditure by Vote** to be appropriated*												
Vote 1 - Executive and Council	8,370	(320)	8,050	8,529	–	479	0.0%	0.0%	–	–	–	–
Vote 2 - Budget and Treasury	17,244	1,474	18,718	18,968	–	250	0.0%	0.0%	–	–	–	–
Vote 3 - Corporate	5,967	357	6,324	–	–	(6,324)	0.0%	0.0%	–	–	–	–
Vote 4 - Operations	46,588	(968)	45,620	37,496	–	(8,124)	0.0%	0.0%	–	–	–	–
Example 5 - Vote5	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 6 - Vote6	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 7 - Vote7	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 8 - Vote8	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 9 - Vote9	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 10 - Vote10	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 11 - Vote11	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 12 - Vote12	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 13 - Vote13	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 14 - Vote14	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Example 15 - Vote15	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Total Expenditure by Vote	**78,169**	**543**	**78,712**	**64,993**	**–**	**(13,719)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Surplus/(Deficit) for the year	**99,566**	**(40,440)**	**59,126**	**16,390**	**–**	**(42,737)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2020/2021								2019/2020			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	9,084	–	9,084	9,486	–	**401**	0.0%	**0.0%**	–	–	–	–
Service charges - electricity revenue	9,856	–	9,856	9,345	–	**(511)**	0.0%	0.0%	–	–	–	–
Service charges - water revenue	2,888	–	2,888	2,250	–	**(638)**	0.0%	0.0%	–	–	–	–
Service charges - sanitation revenue	1,346	–	1,346	1,283	–	**(63)**	0.0%	0.0%	–	–	–	–
Service charges - refuse revenue	1,459	–	1,459	1,755	–	**296**	0.0%	0.0%	–	–	–	–
Rental of facilities and equipment	365	–	365	296	–	**(68)**	0.0%	0.0%	–	–	–	–
Interest earned - external investments	3,145	–	3,145	2,752	–	**(393)**	0.0%	0.0%	–	–	–	–
Interest earned - outstanding debtors	251	–	251	1	–	**(250)**	0.0%	0.0%	–	–	–	–
Dividends received	–	–	–	–	–	**–**	0.0%	0.0%	–	–	–	–
Fines, penalties and forfeits	2	–	2	3	–	**1**	0.0%	0.0%	–	–	–	–
Licences and permits	6	–	6	4	–	**(3)**	0.0%	0.0%	–	–	–	–
Agency services	32	–	32	63	–	**31**	0.0%	0.0%	–	–	–	–
Transfers and subsidies	31,244	2,877	34,121	35,504	–	1,383	0.0%	0.0%	–	–	–	–
Other revenue	18,490	–	18,490	1,160	–	(17,330)	0.0%	0.0%	–	–	–	–
Gains on disposal of PPE	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	**78,169**	**2,877**	**81,046**	**63,903**	**–**	**(17,143)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
							-	-				
Expenditure By Type							-	-				
Employee related costs	25,915	(223)	25,692	21,366	–	(4,327)	0.0%	0.0%	–	–	–	–
Remuneration of councillors	2,819	–	2,819	2,647	–	(172)	0.0%	0.0%	–	–	–	–
Debt impairment	5,500	–	5,500	4,309	–	(1,191)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	4,429	–	4,429	5,001	–	572	0.0%	0.0%	–	–	–	–
Finance charges	1,001	–	1,001	1,662	–	661	0.0%	0.0%	–	–	–	–
Bulk purchases	14,983	–	14,983	12,755	–	(2,228)	0.0%	0.0%	–	–	–	–
Other materials	2,007	(150)	1,857	–	–	(1,857)	0.0%	0.0%	–	–	–	–
Contracted services	7,377	614	7,991	–	–	(7,991)	0.0%	0.0%	–	–	–	–
Transfers and grants	1,371	1,000	2,371	–	–	(2,371)	0.0%	0.0%	–	–	–	–
Other expenditure	12,765	(698)	12,067	17,246	–	5,179	0.0%	0.0%	–	–	–	–
Loss on disposal of PPE	–	–	–	7	–	7	0.0%	0.0%	–	–	–	–
Total Expenditure	**78,169**	**543**	**78,712**	**64,993**	**–**	**(13,719)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
							-	-				
Surplus/(Deficit)	**–**	**2,334**	**2,334**	**(1,090)**	**–**	**(3,424)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Transfers recognised - capital	99,567	(42,774)	56,793	17,479	–	(39,314)	0.0%	0.0%	–	–	–	–
Contributions recognised - capital	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Contributed assets	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**99,567**	**(40,440)**	**59,127**	**16,389**	**–**	**(42,738)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Taxation	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Surplus/(Deficit) after taxation	**99,567**	**(40,440)**	**59,127**	**16,389**	**–**	**(42,738)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Attributable to minorities	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Surplus/(Deficit) attributable to municipality	**99,567**	**(40,440)**	**59,127**	**16,389**	**–**	**(42,738)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Surplus/(Deficit) for the year	**99,567**	**(40,440)**	**59,127**	**16,389**	**–**	**(42,738)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**–**

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2020/2021								2019/2020			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Budget and Treasury	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Operations	67,551	(33,776)	33,775	15,458	–	(18,317)	0%	0%	–	–	–	–
Example 5 - Vote5	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 6 - Vote6	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 7 - Vote7	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 8 - Vote8	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 9 - Vote9	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 10 - Vote10	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 11 - Vote11	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 12 - Vote12	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 13 - Vote13	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 14 - Vote14	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 15 - Vote15	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**67,551**	**(33,776)**	**33,775**	**15,458**	**–**	**(18,317)**	**0%**	**0%**	**–**	**–**	**–**	**–**
			–				-	-			–	
Single-year expenditure												
Vote 1 - Executive and Council	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Budget and Treasury	–	115	115	101	–	(14)	0%	0%	–	–	–	–
Vote 3 - Corporate	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Operations	32,016	(6,779)	25,237	2,465	–	(22,772)	0%	0%	–	–	–	–
Example 5 - Vote5	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 6 - Vote6	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 7 - Vote7	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 8 - Vote8	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 9 - Vote9	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 10 - Vote10	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 11 - Vote11	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 12 - Vote12	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 13 - Vote13	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 14 - Vote14	–	–	–	–	–	–	0%	0%	–	–	–	–
Example 15 - Vote15	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	**32,016**	**(6,664)**	**25,352**	**2,567**	**–**	**(22,785)**	0%	0%	–	–	–	–
Total Capital Expenditure - Vote	**99,567**	**(40,440)**	**59,127**	**18,025**	**–**	**(41,102)**	0%	0%	–	–	–	–
							-	-				
Capital Expenditure - Standard												
Governance and administration	**–**	**115**	**115**	**101**	**–**	**(14)**	**0%**	**0%**	**–**	**–**	**–**	**–**
Executive and council	–	–	–	–	–	–	0%	0%	–	–	–	–
Finance and administration	–	115	115	101	–	(14)	0%	0%	–	–	–	–
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	–
Community and public safety	**–**	**2,022**	**2,022**	**206**	**–**	**(1,816)**	**0%**	**0%**	**–**	**–**	**–**	**–**
Community and social services	–	2,022	2,022	206	–	(1,816)	0%	0%	–	–	–	–
Sport and recreation	–	–	–	–	–	–	0%	0%	–	–	–	–
Public safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Housing	–	–	–	–	–	–	0%	0%	–	–	–	–
Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Economic and environmental services	**3,702**	**4,216**	**7,918**	**873**	**–**	**(7,045)**	**0%**	**0%**	**–**	**–**	**–**	**–**
Planning and development	–	–	–	–	–	–	0%	0%	–	–	–	–
Road transport	3,702	4,216	7,918	873	–	(7,045)	0%	0%	–	–	–	–
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	**95,865**	**(46,793)**	**49,072**	**16,845**	**–**	**(32,227)**	**0%**	**0%**	**–**	**–**	**–**	**–**
Electricity	9,000	(3,856)	5,144	1,347	–	(3,797)	0%	0%	–	–	–	–
Water	82,551	(38,761)	43,790	15,458	–	(28,331)	0%	0%	–	–	–	–
Waste water management	4,314	(4,175)	139	40	–	(99)	0%	0%	–	–	–	–
Waste management	–	–	–	–	–	–	0%	0%	–	–	–	–
Other	–	–	–	**–**	–	–	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**99,567**	**(40,440)**	**59,127**	**18,025**	**–**	**(41,102)**	**0%**	**0%**	**–**	**–**	**–**	**–**
							-	-				
Funded by:												
National Government	99,567	(42,774)	56,793	17,479	–	(39,314)	0%	0%	**–**	**–**	**–**	**–**
Provincial Government	–	–	–	–	–	–	0%	0%	**–**	**–**	**–**	**–**
District Municipality	–	–	–	–	–	–	0%	0%	**–**	**–**	**–**	**–**
Other transfers and grants	–	–	–	–	–	–	0%	0%	**–**	**–**	**–**	**–**
Transfers recognised - capital	**99,567**	**(42,774)**	**56,793**	**17,479**	**–**	**(39,314)**	**0%**	**0%**	**–**	**–**	**–**	**–**
Public contributions & donations	–	–	–	**138**	–	138	**0%**	**0%**	**–**	**–**	**–**	**–**
Borrowing	–	–	–	**–**	–	–	**0%**	**0%**	**–**	**–**	**–**	**–**
Internally generated funds	–	2,334	2,334	**408**	–	(1,926)	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Funding	**99,567**	**(40,440)**	**59,127**	**18,025**	**–**	**(41,102)**	**0%**	**0%**	**–**	**–**	**–**	**–**

APPENDIX D - Unaudited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
CASH FLOWS

Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/2021							2019/2020
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	7,712	–	7,712	5,982	(1,730)	0.0%	0.0%	–
Service charges	13,200	–	13,200	10,676	(2,523)	0.0%	0.0%	–
Other revenue	18,895	–	18,895	840	(18,055)	0.0%	0.0%	–
Government - operating	31,244	(340)	30,904	33,198	2,294	0.0%	0.0%	–
Government - capital	99,567	(42,774)	56,793	80,469	23,676	0.0%	0.0%	–
Interest	3,396	–	3,396	2,742	(654)	0.0%	0.0%	–
Dividends	–	–	–	–	–	0.0%	0.0%	–
Payments	–	–	–					
Suppliers and employees	(64,267)	340	(63,927)	(53,857)	10,071	0.0%	0.0%	–
Finance charges	(1,001)	–	(1,001)	(1,662)	(661)	0.0%	0.0%	–
Transfers and Grants	(381)	–	(381)	–	381	0.0%	0.0%	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**108,365**	**(42,774)**	**65,591**	**78,388**	**12,798**	**0.0%**	**0.0%**	**–**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	8	8	0.0%	0.0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) in non-current investments	–	–	–	–	–	0.0%	0.0%	–
Payments	–	–	–					
Capital assets	(99,567)	42,540	(57,027)	(16,156)	40,871	0.0%	0.0%	–
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(99,567)**	**42,540**	**(57,027)**	**(16,148)**	**40,879**	**0.0%**	**0.0%**	**–**
						-	-	
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	–	–	–	5	5	0.0%	0.0%	–
Increase (decrease) in consumer deposits	–	–	–	19	19	0.0%	0.0%	–
Payments	–	–	–					
Repayment of borrowing	(0)	–	(0)	–	0	0.0%	0.0%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(0)**	**–**	**(0)**	**24**	**24**	**0.0%**	**0.0%**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD	**8,798**	**(234)**	**8,563**	**62,264**	**53,701**			–
Cash/cash equivalents at the year begin:	42,370	(15,237)	27,133	24,646	(2,487)			–
Cash/cash equivalents at the year end:	51,167	(15,471)	35,696	86,910	51,214	0.0%	0.0%	–

APPENDIX E - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2021

NOT THREE QUOTATIONS

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
2021-03-15	NJ Kersop	10,000.00	Exceptional
2021-04-13	Van Niekerk Coetzee	2,440.00	Exceptional
2021-03-04	BKB Beperk	8,482.85	Exceptional
		20,922.85	

R30,001 - R200,000

Date of tender committee	Supplier	Amount	Reason
2020-08-04	Mjila and Partners	109,986.00	Exceptional
2021-03-15	Van der Meer Attorneys	395,573.67	Exceptional
2020-11-25	Maduba Prokureurs	995,311.97	Exceptional
		1,500,871.64	

EMERGENCY

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
2020-12-03	Super Amature Winding	18,864.60	Emergency
2020-12-14	CSB Handel	4,015.83	Emergency
2020-12-19	Multilec	15,344.45	Emergency
2021-01-20	SAW Africa	2,713.97	Emergency
		40,938.85	

APPENDIX E - Unaudited
KAREEBERG LOCAL MUNICIPALITY
DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2021

AVAILABILITY

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
2020-07-01	Carnarvon Spar	2,275.40	Exceptional
2020-07-08	Out of Africa Guesthouses	7,620.00	Exceptional
2020-07-08	Karoo Vleisboere	5,196.67	Exceptional
2020-07-13	Karoo Smul	2,380.00	Exceptional
2020-07-27	Lord Carnarvon Guest House	17,250.00	Exceptional
2020-07-28	Lord Carnarvon Guest House	6,210.00	Exceptional
2020-07-29	Trek in Midas	2,280.00	Exceptional
2020-08-14	Mooi Karoo Begrafnisdienste	3,200.00	Exceptional
2020-08-17	TJ Begrafnisdienste	2,622.00	Exceptional
2020-08-17	CSB Handel	5,265.19	Exceptional
2020-09-03	BKB Beperk	2,711.97	Exceptional
2020-09-03	TJ Begrafnisdienste	3,933.00	Exceptional
2020-09-06	Karoo Smul	2,880.00	Exceptional
2020-09-10	Out of Africa Guesthouses	12,400.00	Exceptional
2020-09-11	Magrietha's Guesthouse	3,045.00	Exceptional
2020-09-11	Karoo Smul	3,360.00	Exceptional
2020-09-17	Marie Jacobs	8,000.00	Exceptional
2020-09-17	Magrietha's Guesthouse	9,750.00	Exceptional
2020-09-18	Visser's Engineering	4,673.03	Exceptional
2020-09-23	TJ Begrafnisdienste	9,177.00	Exceptional
2020-09-25	DJ van Schalkwyk	2,589.80	Exceptional
2020-09-29	Profound Chemicals	2,900.00	Exceptional
2020-10-05	Out of Africa Guesthouses	15,500.00	Exceptional
2020-10-09	PDK Office National	4,787.00	Exceptional
2020-10-23	Leon Swanepoel	2,216.63	Exceptional
2020-10-26	MD Visser	2,500.00	Exceptional
2020-10-27	Middel Karoo Begrafnisdienste	2,250.00	Exceptional
2020-11-04	TJ Begrafnisdienste	6,555.00	Exceptional
2020-11-06	Karoo Smul	4,000.00	Exceptional
2020-11-09	BKB Beperk	2,704.93	Exceptional
2020-11-16	XYX Construction	2,714.00	Exceptional
2020-11-20	Out of Africa Guesthouses	2,240.00	Exceptional
2020-11-23	UIS Analytical Services	11,319.45	Exceptional
2020-11-27	CSB Handel	3,900.00	Exceptional
2020-12-09	Johan Pienaar Motors	5,840.80	Exceptional
2020-12-09	CSB Handel	4,521.90	Exceptional
2020-12-10	XYX Construction	5,336.00	Exceptional
2020-12-10	CSB Handel	2,553.90	Exceptional
2020-12-14	CSB Handel	3,201.54	Exceptional
2020-12-16	Bester's Auto	7,400.00	Exceptional
2020-12-28	Senwes Equipment	2,066.52	Exceptional
2021-01-11	BKB Beperk	2,420.99	Exceptional
2021-01-13	Bidvest Waltons	2,514.21	Exceptional
2021-01-18	Mubesko Africa	15,839.51	Exceptional
2021-01-19	Johan Pienaar Motors	24,946.58	Exceptional
2021-01-26	Middel Karoo Begrafnisdienste	2,050.00	Exceptional
2021-01-26	CSB Handel	19,379.31	Exceptional
2021-01-28	CSB Handel	3,320.45	Exceptional
2021-02-02	PA Stationers	2,513.00	Exceptional
2021-02-09	Spar	2,343.56	Exceptional
2021-02-16	Boland Fire	6,869.81	Exceptional
2021-02-17	Karoo Vleisboere	2,510.71	Exceptional
2021-02-19	Leon Swanepoel	3,993.66	Exceptional
2021-02-24	Leon Swanepoel	4,050.39	Exceptional
2021-02-24	Leon Swanepoel	2,837.05	Exceptional
2021-02-18	Karoo Vleisboere	2,400.03	Exceptional
2021-03-01	Johan Pienaar Motors	6,048.30	Exceptional
2021-03-08	Randtip 75 Zenith Mining & Industrial	6,037.50	Exceptional
2021-04-12	Karoo Vleisboere	2,008.64	Exceptional
2021-04-16	Leon Swanepoel	2,875.00	Emergency
2021-04-23	Leon Swanepoel	17,090.62	Exceptional
2021-04-23	Leon Swanepoel	2,886.69	Exceptional
2021-04-26	Leon Swanepoel	3,981.99	Exceptional
2021-05-12	DJ van Schalkwyk	3,174.00	Sole Provider
2021-05-17	GM Pretorius	3,150.00	Sole Provider
2021-05-17	CSB Handel	2,090.00	Exceptional
2021-05-18	Karoo Vleisboere	4,783.63	Exceptional
2021-05-18	Bester's Auto	3,923.35	Exceptional
2021-06-08	XYX Construction	2,898.00	Exceptional
2021-06-10	Karoo Vleisboere	2,434.14	Exceptional
2021-06-15	Carnarvon Boukontrakteurs	5,051.22	Exceptional
2021-06-15	DJ van Schalkwyk	2,589.00	Sole Provider
2021-06-22	CSB Handel	5,825.92	Exceptional
2021-06-22	SAGA Distirbutors	3,437.93	Exceptional
2021-06-22	Sheqomspec	3,000.00	Sole Provider
2021-06-23	Die Noordwester	2,244.80	Sole Provider
2021-06-28	CSB Handel	15,947.17	Exceptional
		410,793.89	

R30,001 - R200,000

Date of tender committee	Supplier	Amount	Reason
2020-07-10	Bhejula GCM Trading (Pty) Ltd	120,000.00	Exceptional
		120,000.00	

SERVICE PROVIDER

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
2020-07-07	Fantique Trade 1215 cc	88,987.92	Sole provider
2020-07-01	Broadband infraco	19,947.90	Sole provider
2020-07-01	Afrihost	23,004.00	Exceptional
2020-07-31	CSB Handel installering van meters	16,929.00	Sole Provider
2020-10-19	SSE (Pty) Ltd	3,622.50	Sole provider
2020-10-30	Bester's Auto	3,735.08	Sole provider
2020-10-30	Bester's Auto	3,255.39	Sole provider
2020-11-16	Fantique Trade 1215 cc	3,990.00	Sole provider
2021-03-03	Bester's Auto	3,000.21	Sole provider
2021-04-28	VIP Projects	2,167.75	Sole provider
2021-05-03	SAGE	3,823.75	Sole provider
2021-05-06	Fantique Trade 1215 cc	2,100.00	Sole Provider
2021-05-06	Fantique Trade 1215 cc	2,500.00	Exceptional
2021-05-17	Muscular Dystrophy Foundation of SA	2,140.00	Sole provider
		179,203.50	

R30,001 - R200,000

Date of tender committee	Supplier	Amount	Reason
2020-12-29	SAGE South Africa	41,674.85	Sole provider
		41,674.85	

TOTAL DEVIATIONS	2,314,405.58