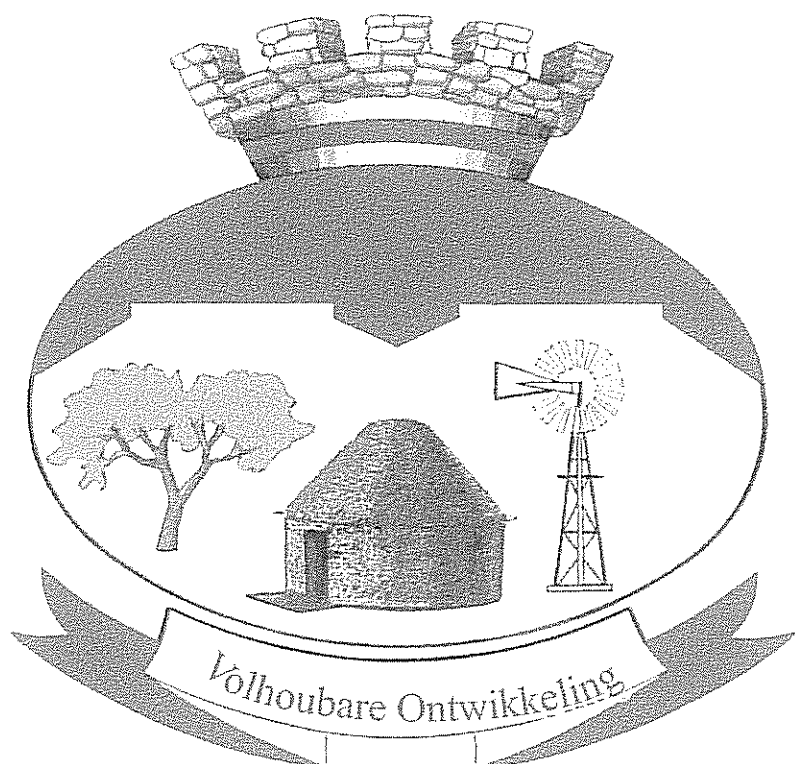


Kareeberg



Munisipaliteit / Municipality

FINANSIELLE STATEMENTE
FINANCIAL STATEMENTS

01-07-2008 - 30-06-2009

KAREEBERG MUNICIPALITY

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KAREEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 B.J.E. Slambee

MUNICIPAL MANAGER

Mr Z.E. Dingile

CHIEF FINANCIAL OFFICER

Mr P.B. Rossouw

REGISTERED OFFICE

Hanau Street
CARNARVON
8925

AUDITORS

Office of the Auditor General (NC)
McDougal Street,
Kimberley, 8301

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

None

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
Infrastructure Grants
SALBC Leave Regulations

KAREEBERG MUNICIPALITY

MEMBERS OF THE KAREEBERG MUNICIPALITY

WARD

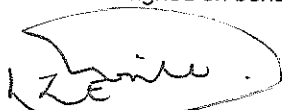
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COUNCILLOR

Ms E. Jann
Ms D. van Wyk
Ms V. Smith
Mr N.I. Titus
Mr.B.J.E. Slambée
Ms. M.L.M. Adams
Mr. G. van Tonder

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 61 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



Mr Z.E. Dingile
Municipal Manager

14 August 2009

Date

KAREEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net Assets		56,994,530	39,782,726
Housing Development Fund	2	757,374	805,497
Capital Replacement Reserve	3	11,347,812	10,754,503
Revaluation Reserve	3	39,900	-
Accumulated Surplus/(Deficit)		44,849,445	28,222,726
Non-Current Liabilities		3,168,960	2,896,728
Long-term Liabilities	4	-	57,746
Non-current Provisions	5	3,168,960	2,838,982
Current Liabilities		21,905,445	38,940,173
Consumer Deposits	6	208,504	193,599
Provisions	7	526,255	434,208
Trade and other payables	8	3,102,996	60,981
Unspent Conditional Government Grants and Receipts	9	16,040,469	36,046,475
Taxes	11	1,969,476	1,826,926
Cash and Cash Equivalents	19	-	217,277
Current Portion of Long-term Liabilities	4	57,746	160,708
Total Net Assets and Liabilities		82,068,935	81,619,627
ASSETS			
Non-Current Assets		44,347,932	28,207,974
Property, Plant and Equipment	12	44,276,782	28,130,867
Non-Current Assets Held for Sale	13	-	2,026
Intangible Assets	14	864	1,314
Long-Term Receivables	15	70,286	73,767
Current Assets		37,721,003	53,411,653
Trade Receivables from exchange transactions	16	2,603,465	3,351,720
Other Receivables from non-exchange transactions	17	-	-
Operating Lease Asset	18.1	6,690	3,656
Current Portion of Long-term Receivables	15	8,032	7,718
Cash and Cash Equivalents	19	35,102,815	50,048,559
Total Assets		82,068,935	81,619,627

KAREEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
REVENUE			
Revenue from Non-exchange Transactions		39,984,939	26,354,759
Taxation Revenue		2,688,654	2,368,796
Property taxes	20	2,688,654	2,368,796
Transfer Revenue		37,107,979	23,976,615
Government Grants and Subsidies	21	36,937,249	23,976,615
Public Contributions and Donations	22	170,730	-
Other Revenue		188,306	9,348
Fines		13,853	9,348
Third party payments		118,200	-
Actuarial Gains	5	56,253	-
Revenue from Exchange Transactions		12,404,358	10,530,724
Property Rates - penalties imposed and collection charges		-	152,547
Service Charges	23	10,159,600	8,067,332
Rental of Facilities and Equipment		421,401	399,681
Interest Earned - external investments		1,667,689	1,467,234
Interest Earned - outstanding debtors		7,086	313,267
Licences and Permits		25,665	10,689
Income for Agency Services		88,345	68,333
Other Income	24	30,021	47,022
Unamortised discount - Interest	25	4,552	4,618
Total Revenue		52,389,297	36,885,483
EXPENDITURE			
Employee related costs	26	8,095,366	7,458,972
Remuneration of Councillors	27	1,024,365	788,507
Debt Impairment	28	-	1,904,116
Depreciation and Amortisation		1,470,316	1,325,332
Impairments	29	120,368	-
Repairs and Maintenance		677,175	415,454
Unamortised discount - Interest	25	9,911	18,448
Actuarial losses	5	-	89,665
Finance Charges	30	349,973	223,119
Bulk Purchases	31	2,772,497	2,015,240
Grants and Subsidies Paid	32	4,324,209	3,209,785
Other Operating Grant Expenditure		13,692,049	15,989,443
General Expenses	33	2,716,513	2,312,133
Total Expenditure		35,252,742	35,750,214
Operating Surplus for the Year		17,136,556	1,135,269
Loss on disposal of Property, Plant and Equipment		(1,135)	(49,749)
Gain on disposal of Property, Plant and Equipment		36,484	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		17,171,904	1,085,520
Refer to Appendix E(1) for explanation of variances			

KAREEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R
Balance at 1 JULY 2007	731,986	10,162,849	557,038	21,929,946	-	7,909,370	41,291,189
Correction of error - Note 35.5	-	-	-	-	-	10,945	10,945
Net Surplus/(Deficit) for the year	-	-	-	-	-	1,085,520	1,085,520
Transfer to/from CRR	-	591,654	-	-	-	(591,654)	-
Capital Grants used to purchase PPE	-	-	-	2,988,679	-	(2,988,679)	-
Transfer to Housing Development Fund	73,510	-	-	-	-	(73,510)	-
Offsetting of depreciation	-	-	(57,144)	(947,977)	-	1,005,122	-
Balance at 30 JUNE 2008	805,497	10,754,503	499,893	23,970,647	-	6,357,113	42,387,653
Change in accounting policy - Note 34.6	-	-	(499,893)	(23,970,647)	-	21,865,614	(2,604,927)
Restated balance	805,497	10,754,503	-	-	-	28,222,726	39,782,726
Net Surplus/(Deficit) for the year	-	-	-	-	-	17,171,904	17,171,904
Transfer to/from CRR	-	593,308	-	-	-	(593,308)	-
Revaluation of Property, Plant and Equipment	-	-	-	-	39,900	-	39,900
Transfer to Housing Development Fund	(48,122)	-	-	-	-	48,122	-
Balance at 30 JUNE 2009	757,374	11,347,812	-	-	39,900	44,849,445	56,994,530

KAREEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		52,636,576	66,195,863
Cash paid to suppliers and employees		(50,875,888)	(33,810,524)
Cash generated/(absorbed) by operations	36	1,760,687	32,385,338
Interest Received		1,667,689	1,467,234
Interest Paid		(349,973)	(223,119)
Net Cash from Operating Activities		3,078,403	33,629,453
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(17,716,449)	(2,975,535)
Proceeds on Disposal of Fixed Assets		55,549	(20,717)
(Increase)/Decrease in Intangible Assets		-	(1,421)
(Increase)/Decrease in Biological Assets		-	113,684
(Increase)/Decrease in Assets held for sale		2,026	(2,026)
(Increase)/Decrease in Long-term Receivables		7,718	31,308
Net Cash from Investing Activities		(17,651,156)	(2,854,707)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(170,619)	(176,017)
Increase/(Decrease) in Consumer Deposits		14,905	10,565
Net Cash from Financing Activities		(155,714)	(165,452)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(14,728,467)	30,609,293
Cash and Cash Equivalents at the beginning of the year		49,831,282	19,221,989
Cash and Cash Equivalents at the end of the year	37	35,102,815	49,831,282
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(14,728,467)	30,609,293

**ACCOUNTING PRINCIPLES AND POLICIES NOTES 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.

These annual financial statements have been prepared in accordance with Directive 5 “Determining the GRAP Reporting Framework”, issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

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 Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories;
GRAP 13 – Leases;
GRAP 16 – Investment Property;
GRAP 17 – Property, Plant and Equipment;
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets;
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations;
GRAP 102 – Intangible Assets.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. 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

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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 material 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. 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:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

1.6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.7. RESERVES

1.7.1 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 / (deficit) 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 / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.7.2 Revaluation Reserve

The surplus arising from the revaluation of game is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

1.8. LEASES

1.8.1 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. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. 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 derecognition 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.

1.8.2 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 derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GRANTS

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

1.10. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits 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. 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 (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits 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:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) 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.

1.11. EMPLOYEE BENEFITS

(a) 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% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are

accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

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

(b) Accrued Leave Pay

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

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1 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. 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). If the acquired item's fair value was 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.

1.12.2 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.12.3 Subsequent Measurement – Cost Model

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

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

1.12.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives

	<i>Years</i>		<i>Years</i>
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<u>Heritage assets</u>			
No depreciation			
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

1.12.5 De-recognition

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

1.13. INTANGIBLE ASSETS

1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. 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; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

1.13.2 Subsequent Measurement – Cost Model

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

1.13.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3

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

1.14. INVESTMENT PROPERTY

1.14.1 Initial Recognition

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.

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.

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.

The cost of self-constructed investment property is the cost at date of completion.

1.14.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

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

1.15. NON-CURRENT ASSETS HELD FOR SALE

1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.17. IMPAIRMENT OF 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 amount. 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.

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

1.18. INVENTORIES

1.18.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.18.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, 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 in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

1.19. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.19.1 Initial Recognition

Financial instruments are initially recognised at fair value.

1.19.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.19.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments and is calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.19.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and

collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated 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 income statement.

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.

1.19.2.3 Trade Payables and Borrowings

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

1.19.2.4 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: loans and receivables.

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

1.19.3 De-recognition of Financial Instruments

1.19.3.1 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, 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.

1.19.3.2 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.

1.19.4 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.

1.19.5 Impairment of Financial Assets

The Municipality assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.20. REVENUE

1.20.1 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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

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

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

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

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

1.20.2 Revenue from Exchange Transactions

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

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. Provisional estimates of consumption are made monthly when meter readings have not been performed. 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.

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 based on the recorded number of refuse points per property.

Service charges from sewerage are 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. This includes the issuing of licences and permits.

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

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

1.20.3 Grants, Transfers and Donations (Non-Exchange Revenue)

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

1.21. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

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

1.25. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements.

1.26. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	757,374	805,497
Loans extinguished by Government on 1 April 1998	757,374	805,497
Total Housing Development Fund Assets and Liabilities	757,374	805,497
The above balances are represented by cash and is invested together with the other investments of the municipality (See Notes 19)		
3 NET ASSET RESERVES		
RESERVES	11,387,712	10,754,503
Capital Replacement Reserve	11,347,812	10,754,503
Revaluation Reserve	39,900	-
Total Net Asset Reserve and Liabilities	11,387,712	10,754,503
4 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	78,843	249,462
	78,843	249,462
Less: Current Portion transferred to Current Liabilities	57,746	160,708
Annuity Loans - At amortised cost	78,843	170,619
Unamortised charges on loans	(21,097)	(9,911)
	21,097	88,754
Plus: Unamortised charges on loans	(21,097)	(31,008)
Balance 1 July	(31,008)	-
Adjustment for the period	9,911	18,448
Restatement of prior year comparatives - Note 34.6	-	(49,456)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	-	57,746
One DBSA annuity loan at amortised cost is calculated at 3% interest rate, with a maturity date of 30 December 2009.		
Liabilities are secured by the following property, plant and equipment.		
3 Cabstar pickup trucks	422,655	422,655
1 Isuzu Sewerage truck	392,736	392,736
	815,391	815,391
5 NON-CURRENT PROVISIONS		
Provision for Post Retirement Benefits	3,168,960	2,838,982
Total Non-current Provision Liabilities	3,168,960	2,838,982
<u>Post Retirement Benefits</u>		
Balance 1 July	2,838,982	2,611,481
Contribution for the year	523,052	386,151
Expenditure for the year	(137,143)	(125,479)
Actuarial Loss/(Gain)	(56,253)	89,665
Plus: Transfer of Current Portion previous year from Current Provisions - Note 7	122,836	
Total provision 30 June	3,291,474	2,961,818
Less: Transfer of Current Portion to Current Provisions - Note 7	(122,514)	(122,836)
Balance 30 June	3,168,960	2,838,982

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<u>TOTAL NON-CURRENT PROVISIONS</u>		
Balance 1 July	2,838,982	2,611,481
Contribution for the year	523,052	386,151
Expenditure for the year	(137,143)	(125,479)
Actuarial Loss/(Gain)	(56,253)	89,665
Plus: Transfer of Current Portion previous year from Current Provisions - Note 7	122,836	
Total provision 30 June	3,291,474	2,961,818
Less: Transfer of Current Portion to Current Provisions - Note 7	(122,514)	(122,836)
Balance 30 June	3,168,960	2,838,982

5.1	Provision for Post Retirement Benefits	2009 R	2008 R
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	16	16
	Continuation members (e.g. Retirees, widows, orphans)	6	6
	Total Members	22	22

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

	2009 R	2008 R
In-service members	2,076,250	1,700,665
Continuation members	1,215,224	1,261,153
Total Liability	3,291,474	2,961,818

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

Hosmed
LA Health
Munimed - Key Health

The Municipality's Accrued Unfunded Liability at 30 June 2009 is estimated at R 3.291 million. The Current-service Cost for the year ending 30 June 2009 is estimated at R 208,499. It is estimated to be R 150,477 for the ensuing year.

Key actuarial assumptions used:	2009 %	2008 %
i) Rate of interest		
Discount rate	8.90%	8.90%
Health Care Cost Inflation Rate	7.50%	7.50%
Net Effective Discount Rate	1.30%	1.30%

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 of employees is 65 for Males and 60 for females. It has been assumed that male in-service members will retire at age 64 and female in-service members retire at 59, which then allows for expected rates of early and ill-health retirement.

	2009 R	2008 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3,291,474	2,961,818
Fair value of plan assets	-	-
	3,291,474	2,961,818
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	3,291,474	2,961,818

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

	2009 R	2008 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2,961,818	2,611,481
Total expenses	385,909	260,672
Current service cost	208,499	174,251
Interest Cost	314,553	211,900
Benefits Paid	(137,143)	(125,479)
Actuarial (gains)/losses	(56,253)	89,665
Present value of fund obligation at the end of the year	3,291,474	2,961,818

6		2009 R	2008 R
	CONSUMER DEPOSITS		
	Water & Electricity	208,504	193,599
	Total Consumer Deposits	208,504	193,599

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

7		2009 R	2008 R
	PROVISIONS		
	Staff Leave	403,741	311,372
	Current Portion of Non-Current Provisions	122,514	122,836
	Current Portion of Post Retirement Benefits - Note 5	122,514	122,836
	Total Provisions	526,255	434,208

Post Retirement Benefits

	2009 R	2008 R
Balance at beginning of year	122,836	-
Transfer from non-current	122,514	122,836
Contribution to provision	-	-
Expenditure incurred	(122,836)	-
Balance at end of year	122,514	122,836

Staff Leave

	2009 R	2008 R
Balance at beginning of year	311,372	-
Transfer from non-current	-	-
Transfer from Trade and Other Payables - Note 8 and Note 34.1	-	311,372
Contribution to provision	92,369	-
Expenditure incurred	-	-
Balance at end of year	403,741	311,372

TOTAL - CURRENT PROVISIONS

	2009 R	2008 R
Balance at beginning of year	434,208	-
Transfer from non-current	122,514	122,836
Transfer to Trade Payables	-	311,372
Contribution to provision	92,369	-
Expenditure incurred	(122,836)	-
Balance at end of year	526,255	434,208

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

For more information regarding the provisions for Post Retirement Benefits - Refer to Note 5 to the Financial Statements.

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.1

	2009 R	2008 R
8 TRADE AND OTHER PAYABLES		
Trade Payables	3,037,526	23,269
Payments received in advance	65,470	37,711
Staff Leave Liability	-	311,372
Transfer to Provisions - Note 7 and Note 34.1	-	(311,372)
Total Trade Payables	3,102,996	60,981

Payables being paid within 30 days are being recognised net of discounts.

Staff Leave Reconciliation

	2009 R	2008 R
Balance at beginning of year	-	311,372
Transfer to Provisions - Note 7 and Note 34.1	-	(311,372)
Contribution during the year	-	-
Balance at end of year	-	-

9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

9.1 Conditional Grants from other spheres of Government

Unspent Grants	16,040,469	36,046,475
National and Provincial Government Grants	16,040,469	36,046,475
Other Sources	-	-
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	16,040,469	36,046,475

See appendix "F" for reconciliation of grants from other spheres of government. 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. No grants were withheld.

	2009 R	2008 R
10 UNSPENT CONDITIONAL PUBLIC CONTRIBUTIONS AND RECEIPTS		
Development Bank of SA	-	-

	2009 R	2008 R
11 TAXES		
VAT Payable	1,969,476	1,826,926
VAT Receivable	-	-

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

	2009 R	2008 R
12 PROPERTY, PLANT AND EQUIPMENT		
<u>See attached sheet</u>		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Reconciliation of Carrying Value		Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Biological Assets R	Other R	Total R
Carrying value at 1 JULY 2008		13,128,824	11,170,560	1,841,059	-	-	103,484	1,887,029	28,130,867
Cost		13,712,463	16,418,047	2,771,566	-	-	103,484	4,077,071	37,093,031
Original Cost		13,026,840	15,597,144	2,633,368	-	-	103,484	3,876,979	35,237,815
Residual Value on Cost		685,623	820,902	138,598	-	-	-	200,092	1,845,216
Change in Accounting Policy - Note 34.4		-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-
Accumulated Depreciation		(563,839)	(5,247,386)	(930,897)	-	-	-	(2,190,042)	(8,952,164)
Original Cost		(563,839)	(5,247,386)	(930,897)	-	-	-	(2,190,042)	(8,952,164)
Revaluation		-	-	-	-	-	-	-	-
Acquisitions		-	16,604,854	-	5,000	-	10,400	1,095,195	17,716,449
Cost		-	13,049,312	-	4,750	-	10,400	1,041,385	14,105,847
Under Construction		-	784,626	-	250	-	-	54,810	849,685
Residual Value on Cost		-	2,760,917	-	-	-	-	-	2,760,917
Revaluations		-	-	-	-	-	39,900	-	39,900
Depreciation		(54,602)	(789,001)	(116,067)	-	-	-	(500,196)	(1,469,866)
Normal Depreciation		(54,602)	(789,001)	(116,067)	-	-	-	(500,196)	(1,469,866)
Backlog Depreciation previously not recorded		-	-	-	-	-	-	-	-
Carrying value of disposals		-	-	-	-	-	(20,200)	-	(20,200)
Cost		-	-	-	-	-	(20,200)	-	(20,200)
Residual Value on Cost		-	-	-	-	-	-	-	-
Accumulated Depreciation		-	-	-	-	-	-	-	-
Impairment losses		-	(1,529)	-	-	-	(9,500)	(109,339)	(120,368)
Cost		-	(9,488)	-	-	-	(9,500)	(158,556)	(176,544)
Residual Value on Cost		-	(447)	-	-	-	-	(8,345)	(8,792)
Accumulated Depreciation		-	7,405	-	-	-	-	57,562	64,967
Carrying value at 30 JUNE 2009		13,074,022	26,974,984	1,725,003	5,000	-	124,084	2,373,669	44,276,782
Cost		13,074,022	26,974,984	1,725,003	5,000	-	124,084	2,373,669	44,276,782
Original Cost		13,712,463	33,013,967	2,771,566	5,000	-	124,084	5,006,365	54,633,844
Residual Value on Cost		685,623	1,615,081	138,598	4,750	-	84,184	4,759,808	51,907,835
Revaluation		-	-	-	250	-	-	246,557	2,666,109
Accumulated Depreciation		(638,441)	(6,038,982)	(1,046,963)	-	-	-	(2,632,676)	(10,357,052)
Original Cost		(638,441)	(6,038,982)	(1,046,963)	-	-	-	(2,632,676)	(10,357,052)
Revaluation		-	-	-	-	-	-	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2008

Reconciliation of Carrying Value									
	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Biological Assets R	Other R	Total R	
Carrying value at 1 JULY 2007									
Cost	13,183,376	9,452,167	1,980,463	-	12,532	-	1,881,031	26,509,589	
Original Cost	13,712,463	13,964,579	2,807,284	-	75,232	-	3,704,671	34,264,229	
Revaluation	13,026,840	13,266,350	2,666,920	-	75,232	-	3,522,572	33,557,914	
Residual Value on Cost	685,623	698,229	140,364	-	-	-	182,099	1,706,315	
Accumulated Depreciation									
Original Cost	(529,087)	(4,512,392)	(826,821)	-	(62,700)	-	(1,823,639)	(7,754,640)	
Revaluation	(529,087)	(4,512,392)	(826,821)	-	(62,700)	-	(1,823,639)	(7,754,640)	
Acquisitions									
Original Cost	-	-	-	-	-	-	417,551	417,551	
Residual Value on Cost	-	-	-	-	-	-	396,674	396,674	
Capital under Construction									
Original Cost	-	2,454,500	-	-	-	-	-	2,454,500	
Residual Value on Cost	-	2,331,775	-	-	-	-	-	2,331,775	
Depreciation									
Normal Depreciation	(54,751)	(735,927)	(117,505)	-	(12,532)	-	(404,508)	(1,325,225)	
Backlog Depreciation previously not recorded	(54,751)	(735,927)	(117,505)	-	(12,532)	-	(404,508)	(1,325,225)	
Carrying value of disposals									
Cost	-	(99)	(21,888)	-	-	-	(7,045)	(29,033)	
Residual Value on Cost	-	(981)	(33,552)	-	-	-	(54,788)	(89,332)	
Accumulated Depreciation	-	(52)	(1,766)	-	-	-	(2,864)	(4,702)	
Transfer between asset categories									
Cost	-	-	-	-	-	-	-	-	
Residual Value on Cost	-	-	-	-	(75,232)	-	75,232	-	
Accumulated Depreciation	-	-	-	-	75,232	-	(75,232)	-	
Transfers from/to Biological Assets - Note 34.5									
Cost	-	-	-	-	-	103,484	-	103,484	
Residual Value on Cost	-	-	-	-	-	103,484	-	103,484	
Accumulated Depreciation	-	-	-	-	-	-	-	-	
Carrying value at 30 JUNE 2008									
Cost	13,128,624	11,170,660	1,841,069	-	-	103,484	1,887,029	28,130,867	
Residual Value on Cost	13,128,624	11,170,660	1,841,069	-	-	103,484	1,887,029	28,130,867	
Accumulated Depreciation	(583,639)	(5,247,386)	(930,897)	-	-	-	(2,190,042)	(8,952,164)	
Carrying value at 30 JUNE 2008									
Cost	13,712,463	16,418,047	2,771,966	-	-	103,484	4,077,071	37,083,031	
Original Cost	13,026,840	15,597,144	2,633,368	-	-	103,484	3,876,979	35,237,815	
Revaluation	685,623	820,902	138,598	-	-	-	200,092	1,845,216	
Accumulated Depreciation									
Original Cost	(529,087)	(4,512,392)	(826,821)	-	(62,700)	-	(1,823,639)	(7,754,640)	
Revaluation	(529,087)	(4,512,392)	(826,821)	-	(62,700)	-	(1,823,639)	(7,754,640)	

12 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land:

- Property, Plant and Equipment financed by way of finance leases;
- Property, Plant and Equipment financed by way of provisions;
- Property, Plant and Equipment transferred as a result of the transfer of functions; and
- Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all Infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
13	NON-CURRENT ASSETS HELD FOR SALE		
	Non-current assets held for sale at beginning of year - at book value	2,026	-
	Additions for the year	-	2,026
		<hr/> 2,026	<hr/> 2,026
	Non-current assets sold/written off during the year	(2,026)	-
		<hr/> -	<hr/> -
	Non-current assets held for sale at end of year - at book value	<hr/> <hr/> -	<hr/> <hr/> 2,026
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.2		
14	INTANGIBLE ASSETS		
	Net Carrying amount at 1 July	1,314	-
	Cost	1,421	-
	Accumulated Amortisation	(107)	-
	Acquisitions	-	230,799
	Amortisation	(450)	(107)
	Transfer to Accumulated Surplus for assets incorrectly capitalised - Note 35.5	-	(229,378)
		<hr/> 864	<hr/> 1,314
	Net Carrying amount at 30 June		
	Cost	1,421	1,421
	Accumulated Amortisation	(557)	(107)
		<hr/> <hr/>	<hr/> <hr/>
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.4		
15	LONG TERM RECEIVABLES		
	Officials Housing Loans - At amortised cost	112,051	119,769
	<u>Less:</u> Unamortised Discount on Loans	(33,732)	(38,283)
	Balance 1 July	(38,283)	-
	Adjustment for the period	4,551	-
	Change in Accounting Policy - Note 34.2	-	(42,902)
	Restatement of prior year comparatives	-	4,618
		<hr/> 78,319	<hr/> 81,485
	<u>Less:</u> Current portion transferred to current receivables		
	Officials Housing Loans - At amortised cost	(8,032)	(7,718)
		<hr/> 70,286	<hr/> 73,767
	<u>Less:</u> Provision for Impairment of Long Term Receivables	-	-
	Total Long Term Receivables	<hr/> <hr/> 70,286	<hr/> <hr/> 73,767
	STAFF HOUSING LOANS		
	Staff are 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.		
16	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Water	1,644,202	1,691,277
	Electricity	1,318,368	1,900,915
	Sundry Receivables	93,726	393,212
	Rental - Commonage	213,675	186,978
	Rental - Sites	6,746	84,156
	Refuse	1,203,226	1,166,923
	Sewerage	1,274,523	1,176,192
	VAT	1,969,476	1,798,800
	Payments made in advance on services	-	36,123
	Create over/under payment of operating leases out of surplus- Note 34.11 and Note 34.12	-	1,575
		<hr/> 7,723,941	<hr/> 8,436,150
	Total: Trade receivables from exchange transactions (before provision)		
	Provision for impairments	(5,120,476)	(5,084,430)
		<hr/> 2,603,465	<hr/> 3,351,720
	Total: Trade receivables from exchange transactions (after provision)	<hr/> <hr/>	<hr/> <hr/>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	346,356	222,653
31 - 60 Days	77,953	45,005
61 - 90 Days	49,452	56,960
+ 90 Days	844,608	1,576,296
Total	1,318,368	1,900,915
	2009 R	2008 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	217,524	140,347
31 - 60 Days	70,525	75,743
61 - 90 Days	103,524	75,551
+ 90 Days	1,252,628	1,399,635
Total	1,644,202	1,691,277
	2009 R	2008 R
<u>(Sundry Receivables): Ageing</u>		
Current (0 - 30 days)	93,726	393,212
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
Total	93,726	393,212
	2009 R	2008 R
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	178,750	123,582
31 - 60 Days	89,059	73,929
61 - 90 Days	88,206	65,545
+ 90 Days	847,211	903,868
Total	1,203,226	1,166,923
	2009 R	2008 R
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	136,467	104,535
31 - 60 Days	87,358	49,512
61 - 90 Days	80,984	58,933
+ 90 Days	969,715	963,212
Total	1,274,523	1,176,192
	2009 R	2008 R
<u>(Rentals): Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	220,421	271,133
Total	220,421	271,133
	2009 R	2008 R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	972,823	984,329
31 - 60 Days	324,895	244,189
61 - 90 Days	322,165	256,989
+ 90 Days	4,134,583	5,114,144
Total	5,754,466	6,599,652

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Summary of all receivables by Customer Classification (Incl. Rates)

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 JUNE 2009			
Current (0 - 30 days)			
31 - 60 Days	838,104	91,316	43,403
61 - 90 Days	240,003	55,415	29,478
+ 90 Days	309,348	3,709	9,108
Sub-total	4,680,879	105,687	138,223
Less: Provision for Impairment	6,068,333	256,126	220,212
	(5,671,313)	(239,369)	-
Total debtors by customer classification	397,020	16,757	220,212

Summary of all receivables by Customer Classification (Incl. Rates)

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 JUNE 2008			
Current (0 - 30 days)			
31 - 60 Days	529,034	71,827	383,468
61 - 90 Days	227,663	6,157	10,369
+ 90 Days	255,103	9,642	(7,755)
Sub-total	6,439,281	286,157	180,509
Less: Provision for Impairment	7,451,080	373,783	566,591
	(6,619,790)	(286,157)	-
Total debtors by customer classification	831,290	87,626	566,591

Reconciliation of Provision for Impairment

	2009 R	2008 R
Balance at beginning of year		
Contribution to provision	5,084,430	3,180,314
Transfer from Other Receivable Impairment provision	-	1,904,116
Impairments (written off)	750,231	-
	(714,185)	-
Balance at end of year	5,120,476	5,084,430

The total amount of this provision for impairment on trade receivables is R5 120 476 and consist of:

	2009 R	2008 R
Other Receivables	220,421	271,133
Service Receivables	4,900,055	4,813,297
Total Provision for Impairments on Trade Receivables from Exchange transaction	5,120,476	5,084,430

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

17

OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2009 R	2008 R
Taxes - Rates	790,206	1,821,517
Other Receivables	-	-
Less: Provision for Impairment	790,206	1,821,517
	(790,206)	(1,821,517)
Total Other Receivables from non-exchange transactions	-	-

The fair value of other receivables approximate their carrying value.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	790,206	1,821,517
Total	790,206	1,821,517

	2009 R	2008 R
<u>Reconciliation of Provision for Impairment</u>		
Balance at beginning of year	1,821,517	1,821,517
Contribution to provision	-	-
Transfer to Trade Receivable Impairment provision	(750,231)	-
Impairment (written off)	(281,079)	-
Balance at end of year	790,206	1,821,517

	2009 R	2008 R
The total amount of this provision for Impairment on Other Receivables is R790 206 and consist of:		
Taxes	790,206	1,821,517
Other Receivables	-	-
Total Provision for Impairment on Other Receivables from non-exchange transactions	790,206	1,821,517

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

18 OPERATING LEASE ARRANGEMENTS

18.1 The Municipality as Lessor

	2009 R	2008 R
Leases not previously recognised - Note 34.7	6,690	3,656
Balance on 30 June	6,690	3,656

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:

	2009 R	2008 R
Up to 1 Year	450,087	411,135
1 to 5 Years	643,198	1,082,254
More than 5 Years	38,930	49,960
Total Operating Lease Arrangements	1,132,215	1,543,350

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.

	2009 R	2008 R
<u>Reconciliation</u>		
Amount previously recorded (Through change in accounting policy)	3,656	-
Change in accounting policy - Note 34.7	-	3,656
Movement during the year	3,034	-
Balance on 30 June	6,690	3,656

19 CASH AND CASH EQUIVALENTS

Assets

	2009 R	2008 R
Call Investments Deposits	34,708,361	50,048,559
Primary Bank Account	394,454	-
Cash Floats	-	-
Total Cash and Cash Equivalents - Assets	35,102,815	50,048,559

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Liabilities		
Primary Bank Account	-	217,277
Total Cash and Cash Equivalents - Liabilities	<u>-</u>	<u>217,277</u>

Call Investments Deposits to an amount of R16 040 468.63 are held to fund the Unspent Conditional Grants (2008: R36 046 474.56).

	2009 R	2008 R
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The municipality has the following bank accounts:

Current Accounts

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

394,454	(217,277)
<u>394,454</u>	<u>(217,277)</u>

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

Cash book balance at beginning of year

Cash book balance at end of year

2009 R	2008 R
(217,277)	(229,711)
<u>394,454</u>	<u>(217,277)</u>

Bank statement balance at beginning of year

Bank statement balance at end of year

469,544	1,241,564
<u>1,693,931</u>	<u>469,544</u>

20

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential & Commercial Property
State - National / Provincial Services

2,815,319	2,479,913
<u>2,181,994</u>	<u>1,924,328</u>
<u>633,325</u>	<u>555,585</u>

Less: Rebates

Total Assessment Rates

(126,665)	(111,117)
<u>2,688,654</u>	<u>2,368,796</u>

Valuations - 1 JULY 2008

Rateable Land and Buildings

Residential & Commercial Property
State - National / Provincial Services

54,458,721	54,456,311
<u>41,979,041</u>	<u>41,976,631</u>
<u>12,479,680</u>	<u>12,479,680</u>

Total Assessment Rates

<u>54,458,721</u>	<u>54,456,311</u>
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Valuations on 1 JULY 2008: IN ANY FORMAT YOU CAN GIVE

	Building Clause Valuation	Site Valuation	Building Valuation	Total Valuation
Domestic	-	601,317	32,923,310	33,524,627
Commercial	-	376,561	5,967,720	6,344,281
Commonage	-	2,009,113	-	2,009,113
Vacant Land	-	101,020	-	101,020
State - owned	-	178,860	12,300,820	12,479,680
Total Property Valuations	<u>-</u>	<u>3,266,871</u>	<u>51,191,850</u>	<u>54,458,721</u>

Assessment Rates are levied on the values of immovable properties, which valuations were not performed on a regular basis. The last valuation came into effect on the following dates:- Carnarvon 1 July 1996, Vanwyksvlei 1 July 1990 and Vosburg 1 January 1990. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Kareeberg Municipality was exempted from an interim valuation for the 2008-09 financial year.

The applicable rates that are applied to property valuations to determine assessment rates are as follows:- Land - 17.1 cents per rand, Commonage - 4.3 cents per rand and Improvements - 4.9 cents per rand. A discount of 20% was granted to the State.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Rates are levied monthly and are payable the 20th of each month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments. Interest was not levied since March 2008 till year-end 30 June 2009, as per Council Resolution.

21	GOVERNMENT GRANTS AND SUBSIDIES	2009 R	2008 R
	Equitable share	5,648,175	4,188,493
	Drought relief	797,447	151,579
	Library Development	304,335	111,562
	Financial Management Grant	616,321	660,590
	EPWP	-	380,052
	Councillor Allowance	-	304,000
	MSIG	897,295	837,396
	Electricity	78,068	19,436
	MIG - Upgrading of streets	1,921,102	-
	Saaipoort VAT	12,561	-
	VAT Retention	11,278	-
	Tourism	57,525	-
	Museum	-	6,000
	Water Service Plan	2,742,002	28,839
	Capital Expenditure on Grants and Subsidies	-	2,988,679
	Other Operating Expenditure on Grants and Subsidies	-	1,212,831
	District Municipality Contribution	500,000	554,113
	Sport Development	47,042	84,417
	MIG Sanitation	19,400,424	11,225,890
	Waste Management	32,873	3,121
	VAT Housing	-	3,000
	MIG Vanwyksvlei Short term Water Supply	3,870,802	1,143,802
	Drought relief	-	72,815
	Total Government Grants and Subsidies	36,937,249	23,976,615

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

21.1 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. 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 R173 per month to R263 per month. (2008: R141 per month to R208 per month)

(See Appendix "F" for a reconciliation of all grants).

22	PUBLIC CONTRIBUTIONS AND DONATIONS	2009 R	2008 R
	Development Bank of South Africa	170,730	-
		170,730	-

(See Appendix "F" for a reconciliation of all contributions and donations).

23	SERVICE CHARGES	2009 R	2008 R
	Electricity	3,725,462	2,837,561
	Service Charges	3,725,462	2,837,561
	<u>Less:</u> Rebates	-	-
	Water	2,624,724	2,179,482
	Service Charges	2,624,724	2,179,482
	<u>Less:</u> Rebates	-	-
	Refuse removal, Sewerage and Sanitation Charges	3,809,414	3,050,289
	Service Charges	3,809,414	3,050,289
	<u>Less:</u> Rebates	-	-
	Total Service Charges	10,159,600	8,067,332

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
24	OTHER INCOME		
	Application Specific Registrations		
	Sale of Sand	2,400	2,900
	Building Fees	50	110
	Photocopies	660	1,029
	Grave Fees	3,168	2,224
	Searching Fees	4,995	4,985
	Opening of Graves	-	10
	Encroachment	-	120
	Cement block Sales	917	917
	Pond Fees	420	720
	Hawker Fees	160	275
	Refuse Bags Sold	760	40
	Connection Fees	1,145	1,065
	Surplus Cash	960	630
	Gain due to additions on Biological assets	4	5
	Valuation Certificates	10,400	30,400
	Grazing Rights	2,015	1,365
	Money paid back	252	222
	Faxes	1,716	-
		-	6
	Total Other Income	30,021	47,022
		2009	2008
		R	R
25	UNAMORTISED DISCOUNT - INTEREST		
	External loans - Expenditure	(9,911)	(18,448)
	Long term loans - Income	4,552	4,618
		(5,359)	(13,830)
		2009	2008
		R	R
26	EMPLOYEE RELATED COSTS		
	Other Allowances	900	900
	Salaries & Wages	6,529,844	6,053,327
	Uniform Allowance	20,518	20,022
	Leave Reserve Fund	92,369	80,812
	Personnel Contributions	1,113,766	1,002,994
	Skill Development Levy	69,313	62,555
	Medical Aid Contribution - Pensioners	-	9,425
	Bargaining Council	2,922	2,771
	Pension Gratification	444	444
	UIF Fund	56,791	51,470
	Defined Benefit Plan Expenses - Vested Past Service Cost	-	-
	Contribution to provision - Ex-gratia pensions - Note 7	-	-
	Contribution to provision - Long Service Awards - Note 7	-	-
	Contribution to provision - Post Retirement Medical - Note 7	-	-
		208,499	174,251
	Less: Employee Costs allocated elsewhere	8,095,366	7,458,972
	Total Employee Related Costs	8,095,366	7,458,972
	KEY MANAGEMENT PERSONNEL		
	Municipal Manger is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to him at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL	2009	2008
		R	R
	<i>Remuneration of the Municipal Manager</i>		
	Salary and Bonus, Leave Paid	446,508	370,333
	Travel Allowance	96,000	88,000
	UIF	1,497	-
	Cell phone (VAT Included)	18,000	9,700
	Total	562,005	468,033

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<i>Remuneration of the Chief Finance Officer</i>		
Salary and Bonus, Leave Paid	263,409	243,212
Travel Allowance	94,512	87,264
Pension	20,663	38,156
Medical	21,248	28,586
UIF	1,497	1,473
Bargaining Council	41	38
Cell phone (VAT Included)	12,000	7,800
Total	413,370	406,530

	2009 R	2008 R
<i>Remuneration of Chief Operations Manager</i>		
Salary and Bonus, Leave Paid	322,419	297,705
Travel Allowance	94,512	87,264
Pension	25,291	46,706
Medical	24,817	28,586
UIF	1,497	1,473
Bargaining Council	41	38
Cell phone (VAT Included)	18,000	12,700
Total	486,578	474,473

	2009 R	2008 R
<i>Remuneration of Chief Corporate Services</i>		
Salary and Bonus, Leave Paid	248,716	243,212
Travel Allowance	94,512	87,264
Pension	20,663	38,156
Medical	16,524	22,097
UIF	1,497	1,473
Bargaining Council	41	38
Cell phone (VAT Included)	12,000	7,900
Total	393,953	400,140

27 REMUNERATION OF COUNCILLORS

	2009 R	2008 R
Mayor	339,977	258,868
Councillors	611,957	466,176
Councillors' Cell phones	72,431	63,463
Total Councillors' Remuneration	1,024,365	788,507

In-kind Benefits

The Mayor is fulltime. He is provided with an office and his own PA at the cost of the Council.

28 DEBT IMPAIRMENT

	2009 R	2008 R
Trade Receivables from exchange transactions - Note 16	-	1,904,116
Long-term Receivables - Note 15	-	-
Other Receivables from non-exchange transactions - Note 17	-	-
Total Contribution to Impairment Provision	-	1,904,116

29 IMPAIRMENTS

	2009 R	2008 R
Property Plant & Equipment	110,868	-
PPE - Biological Asset	9,500	-
	120,368	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
30	FINANCE CHARGES		
	Long-term Liabilities	6,214	11,219
	Post Retirement Charges	314,553	211,900
	Fair Value of Creditors	29,207	-
	Total finance charges	349,973	223,119
		2009 R	2008 R
31	BULK PURCHASES		
	Electricity	2,772,497	2,015,240
	Water	-	-
	Total Bulk Purchases	2,772,497	2,015,240
		2009 R	2008 R
32	GRANTS AND SUBSIDIES PAID		
	Equitable share	4,324,209	3,209,785
	Total Grants and Subsidies	4,324,209	3,209,785
		2009 R	2008 R
33	GENERAL EXPENSES		
	General Expenses	2,716,513	2,312,133
	General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, insurance and audit fees.		
		2008 R	2007 R
34	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
		2008 R	2007 R
34.1	Provisions and Reserves		
	Balance previously reported:	-	-
	Transfer from Trade and other payables (Staff Leave) - Note 34.10 and Note 7	311,372	-
	Transfer from Accumulated Surplus/(Deficit) - Note 7 and Note 34.6	122,836	-
	Total	434,208	-
		2008 R	2007 R
34.2	Long-term Liabilities		
	Balance previously reported:	249,462	-
	Implementation of IAS 39 - Financial Instruments	(31,008)	-
	Restatement of fair values of External loans out of Surplus up to 30 June 2007 - Note 34.6	(49,456)	-
	Restatement of fair values of External loans for the year 2007/08 - Note 34.12	18,448	-
	Total	218,454	-
		2008 R	2007 R
34.3	Non-Current Provisions		
	Balance previously reported	-	-
	Implementation of IAS 19	-	-
	Transfer from Accumulated Surplus/(Deficit) - Note 34.6 and Note 34.12	2,838,982	-
	Post-Employment Medical Benefit Fund	2,838,982	-
	Total	2,838,982	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2008 R	2007 R
34.4	Property, Plant and Equipment - GRAP 17		
	Balance previously reported	36,979,547	-
	Implementation of GRAP		
	Transfer from Biological assets at fair value - Note 34.5	103,484	-
	Total	<u>37,083,031</u>	<u>-</u>
34.5	Biological Assets - GRAP		
	Balance previously reported	103,484	-
	Implementation of GRAP		
	Transfer to Property, Plant and Equipment at cost - Note 34.4 and Note 12	(103,484)	-
	Total	<u>-</u>	<u>-</u>
34.6	Accumulated Surplus/(Deficit)		
	Implementation of GRAP		
	Transfer to Non-Current Provisions - Note 34.3 and Note 34.12	(2,734,317)	-
	Transfer to Current Provisions - Note 7 and Note 34.1	122,836	-
	Transfer from Capitalisation Reserve - Note 34.8	499,893	-
	Transfer from Government Grant Reserve - Note 34.9	23,970,647	-
	Restatement of fair values of External loans out of Surplus up to 30 June 2007 - Note 34.2	49,456	-
	Restatement of fair values of Long Term Receivables - Note 34.12 and Note 34.13	(42,902)	-
	Total	<u>21,865,614</u>	<u>-</u>
34.7	Operating Lease Assets		
	Balance previously reported	-	-
	Implementation of GRAP		
	Leases previously not recognised - Note 18.1 and Note 34.12	3,656	-
	Total	<u>3,656</u>	<u>-</u>
34.8	Capitalisation Reserve		
	Balance previously reported	499,893	-
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 34.6	(499,893)	-
	Total	<u>-</u>	<u>-</u>
34.9	Government Grant Reserve		
	Balance previously reported	23,970,647	-
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 34.6	(23,970,647)	-
	Total	<u>-</u>	<u>-</u>
34.10	Trade and Other Payables		
	Balance previously reported	372,352	-
	Implementation of GRAP		
	Transfer (Staff Leave) to Provisions - Note 34.1 and Note 7	(311,372)	-
	Total	<u>60,981</u>	<u>-</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2008 R	2007 R
34.11	Trade receivables from Exchange transactions		
	Balance previously reported	8,434,575	-
	Implementation of GRAP		
	Create over/under payment of operating leases out of surplus- Note 34.12 and Note 16	1,575	-
	Total	<u>8,436,150</u>	<u>-</u>
		2008 R	2007 R
34.12	Changes to Statement of Financial Performance		
	Balance previously reported	1,673,833	-
	Implementation of GRAP and IAS 39 - Financial Instruments		
	Restatement of interest expenditure - Unamortised discount - Note 34.2	(18,448)	-
	Adjusting the operating lease for the previous year - Note 34.7 and Note 18.1	3,656	-
	Transfer Actuarial Losses to Non-Current Provisions - Note 34.3 and Note 34.6	(89,665)	-
	Transfer Interest Cost to Non-Current Provisions - Note 34.3 and Note 34.6	(211,900)	-
	Transfer Employee Benefits Current service Cost to Non-Current Provisions - Note 34.3 and Note 34.6	(174,251)	-
	Transfer Employee Benefits Paid to Non-Current Provisions - Note 34.3 and Note 34.6	125,479	-
	Transfer Building Clause Income from Other Income to Property Rates - Note 24 and Note 20	5,225	-
	Transfer Building Clause Income from Other Income to Property Rates - Note 24 and Note 20	(5,225)	-
	Transfer Commission on insurance recoveries to Agency services - Note 24	10,026	-
	Transfer Commission on insurance recoveries to Agency services - Note 24	(10,026)	-
	Create over/under payment of operating leases out of surplus- Note 34.11 and Note 16	1,575	-
	Restatement of interest revenue - Unamortised discount - Note 34.13 and Note 34.6	4,618	-
	Total	<u>1,314,898</u>	<u>-</u>
		2008 R	2007 R
34.13	Long Term Receivables		
	Balance previously reported	119,769	-
	IAS 39 - Financial Instruments		
	Restatement of fair values of housing loans to staff of Surplus up to 30 June 2007 - Note 34.12	(42,902)	-
	Restatement of fair values of housing loans to staff for the year 2007-08 - Note 34.6	4,618	-
	Total	<u>81,485</u>	<u>-</u>
		2008 R	2007 R
35	CORRECTION OF ERROR IN TERMS OF GRAP 3		
35.1	Trade Payables		
	Balance previously reported		940,456
	VAT payable transferred to Taxes - Note 35.2		(640,306)
	Total		<u>300,150</u>
35.2	Taxes		
	Balance previously reported		-
	VAT payable transferred from Trade Payables - Note 35.1		640,306
	Total		<u>640,306</u>
35.3	Trade Receivables from exchange transaction		
	Balance previously reported		2,075,960
	Sundry Receivables transferred from Other Receivables from non-exchange transactions - Note 35.4		31,069
	Rental - Commonage transferred from Other Receivables from non-exchange transactions - Note 35.4		90,155
	Rental - Sites transferred from Other Receivables from non-exchange transactions - Note 35.4		96,748
	Rates transferred to Other Receivables from non-exchange transactions - Note 35.4		(1,277,470)
	Provision for Impairment on Rates transferred to Other Receivables from non-exchange transactions - Note 35.4		1,244,684
	Total		<u>2,261,146</u>
35.4	Other Receivables from non-exchange transactions		
	Balance previously reported		217,972
	Sundry Receivables transferred to Trade Receivables from exchange transactions - Note 35.3		(31,069)
	Rental - Commonage transferred to Trade Receivables from exchange transactions - Note 35.3		(90,155)
	Rental - Sites transferred to Trade Receivables from exchange transactions - Note 35.3		(96,748)
	Rates transferred from Trade Receivables from exchange transactions - Note 35.3		1,277,470
	Provision for Impairment on Rates transferred from Trade Receivables from exchange transactions - Note 35.3		(1,244,684)
	Total		<u>32,786</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

35.5	Accumulated surplus		
	Balance previously reported	-	7,909,370
	Lease Liability transferred from Long term Liabilities (Liability over calculated) - Note 35.6	-	10,945
	Total	-	7,920,315
35.6	Long-term Liabilities		
	Balance previously reported		436,424
	Lease Liability transferred to Accumulated Surplus (Liability over calculated) - Note 35.5		(10,945)
	Total		425,479
35.7	Intangible Assets		
	Balance previously reported	230,692	-
	Transfer to Accumulated Surplus for assets incorrectly capitalised - Note 35.8	(229,378)	-
	Total	1,314	-
35.8	Changes to Statement of Financial Performance		
	Balance previously reported	1,314,898	-
	Transfer from Intangible Assets for assets incorrectly capitalised - Note 35.7	(229,378)	-
	Total	1,085,520	-

36 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	17,171,904	1,085,520
Adjustments for:		
Depreciation and amortisation	1,469,866	1,325,225
Amortisation of Intangible Assets	450	107
(Gain)/Loss on disposal of property, plant and equipment	(35,349)	49,749
Impairments	120,368	-
Contribution from/to provisions - Non-Current	523,052	386,151
Contribution from/to provisions - Non-Current - Expenditure incurred	(137,143)	(125,479)
Contribution from/to provisions - Non-Current - Actuarial losses	-	89,665
Contribution from/to provisions - Non-Current - Actuarial gains	(56,253)	-
Contribution to provisions - current	92,369	-
Unamortised discount - Interest - Revenue	(4,552)	(4,618)
Unamortised discount - Interest - Expenditure	9,911	18,448
Impairment written off	(995,265)	-
Operating lease Income accrued	(3,034)	(3,656)
Investment income	(1,667,689)	(1,467,234)
Interest paid	349,973	223,119
Operating Surplus/(Deficit) before changes in working capital	16,838,609	1,576,997
Changes in working capital	(15,077,922)	30,808,341
Increase/(Decrease) in Trade and Other Payables	3,042,015	72,203
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(20,006,006)	30,607,307
Increase/(Decrease) in Taxes	142,550	1,186,620
(Increase)/Decrease in Trade Receivables from exchange transactions	712,209	(1,090,574)
(Increase)/Decrease in Other Receivables from non-exchange transactions	1,031,311	32,786
Cash generated/(absorbed) by operations	1,760,687	32,385,338

37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 19	34,708,361	50,048,559
Cash Floats - Note 19	-	-
Bank - Note 19	394,454	-
Bank overdraft - Note 19	-	(217,277)
Total cash and cash equivalents	35,102,815	49,831,282

38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 4	78,843	249,462
Used to finance property, plant and equipment - at cost	(78,843)	(249,462)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
39	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
39.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Unauthorised expenditure current year	-	-
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	Incident		
	None		
	Disciplinary steps/criminal proceedings		
	None		
39.2	<u>Fruitless and wasteful expenditure</u>	2009 R	2008 R
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Fruitless and wasteful expenditure awaiting condonement	-	-
	Incident		
	None		
	Disciplinary steps/criminal proceedings		
	None		
39.3	<u>Irregular expenditure</u>	2009 R	2008 R
	Reconciliation of irregular expenditure:		
	Opening balance	-	-
	Irregular expenditure current year	-	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting condonement	-	-
	Incident		
	None		
	Disciplinary steps/criminal proceedings		
	None		
40	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2009 R	2008 R
40.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	32,458	22,940
	Amount paid - current year	(32,458)	(22,940)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
40.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>	2009 R	2008 R
	Opening balance	-	-
	Current year audit fee	775,940	303,686
	External Audit - Auditor-General	775,940	303,686
	Internal Audit	-	-
	Audit Committee	-	-
	Amount paid - current year	(775,940)	(303,686)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
40.3 VAT - [MFMA 125 (1)(b)]		
Opening balance		
Amounts received - current year	(346,843)	-
Amounts claimed - current year (payable)	1,395,006	673,684
Amounts received - current year	(2,389,235)	(1,168,099)
Amounts received - previous year	954,469	235,166
Amount paid - current year	346,843	-
Amount paid - previous year	-	(87,595)
Closing balance	<u>(39,760)</u>	<u>(346,843)</u>
	2009 R	2008 R
40.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1,079,870	926,999
Amount paid - current year	(1,079,870)	(926,999)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
	2009 R	2008 R
40.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1,942,141	1,781,114
Amount paid - current year	(1,942,141)	(1,781,114)
L.A. Health	(441,320)	(535,886)
Munimed	(91,616)	(93,946)
Cape Pension Fund	(226,774)	(208,620)
Hosmed	(155,773)	-
Cape Joint Retirement Fund	(674,539)	(587,702)
SAMWU Provident Fund	(352,119)	(354,959)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
40.6 Councilor's arrear consumer accounts - [MFMA 125 (1)(b)]		
The following Councilors had arrear accounts for more than 90 days as at 30 JUNE 2009:		
None		
The following Councilors had arrear accounts outstanding for more than 90 days during the year:		
None		
	Highest amount outstanding	Ageing
		> 150 days
		> 120 days
		> 90 days
40.7 Quotations awarded - Section 45 - Supply Chain Management		
Mr G.D. de Kock - Husband of Senior Accountant - Rent of Commonage	-	71,000
Mr C van der Merwe - Chief Operations Manager's Wife - Brother-in-law	2,569,953	3,314,266
Oranje Butchery - Brother of Senior Typist	-	2,296
Jacobs Electrical - Part-time Electrician of the municipality.	-	25,001
BC & DD Bricks - Director is the spouse of a senior general worker.	193,341	190,536
	<u>2,763,294</u>	<u>3,603,099</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

41	CAPITAL COMMITMENTS	2009 R	2008 R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:		
	Infrastructure	5,975,419	27,870,503
	Community	5,975,419	27,870,503
	Other	-	-
	Approved but not yet contracted for	-	-
	Infrastructure	-	-
	Community	-	-
	Other	-	-
	Total	5,975,419	27,870,503
		2009 R	2008 R
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	-	-
	Government Grants	-	-
	Own Resources	5,975,419	27,870,503
	District Council Grants	-	-
		5,975,419	27,870,503
42	FINANCIAL RISK MANAGEMENT	2009 R	2008 R

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) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

(c) 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 financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. 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. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(e) Other Risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer 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. Consumer debtors are presented net of an allowance for impairment.

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.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2009 R	2008 R
The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:		
Long Term Receivables	104,018	112,051
Trade receivables from exchange transactions	7,723,941	8,436,150
Other receivables from non-exchange transactions	790,206	1,821,517
Other Debtors	65,470	37,711
Current Portion of Long-term Receivables	8,032	7,718
Short-term Investment Deposits	34,708,361	50,048,559
Bank and Cash Balances	394,454	-
Maximum Credit and Interest Risk Exposures	43,794,483	60,463,706

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FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial sets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Staff Loans	Loans and Receivables	104,018	112,051
Consumer Debtors			
Trade receivables from exchange transactions	Loans and Receivables	7,723,941	8,436,150
Other receivables from non-exchange transactions	Loans and Receivables	790,206	1,821,517
Other Debtors			
Payments made in Advance	Loans and Receivables	65,470	37,711
Current Portion of Long-term Receivables			
Staff Loans	Loans and Receivables	8,032	7,718
Short-term Investment Deposits			
Call Deposits	Held to maturity	34,708,361	50,048,559
Bank Balances and Cash			
Bank Balances	Held to maturity	394,454	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

<u>Financial Liability</u>	<u>Classification</u>		
Non-Current Liabilities			
Long-term Liabilities	Loans and Payables	-	78,843
Current Liabilities			
Trade and other payables	Loans and Payables	3,037,526	23,269
Trade and other payables	Loans and Payables	65,470	37,711
Bank Balances and Cash			
Bank Balances	Held to maturity	-	217,277

SUMMARY OF FINANCIAL ASSETS

		2009 R	2008 R
Held to maturity:			
Short-term Investment Deposits	Call Deposits	34,708,361	50,048,559
Bank Balances	Primary Bank Account	394,454	-
		35,102,815	50,048,559
Loans and Receivables			
Long-term Receivables	Staff Loans	104,018	112,051
Consumer Debtors	Exchange transactions	7,723,941	8,436,150
Consumer Debtors	Non-exchange transactions	790,206	1,821,517
Other Debtors	Payments made in advance	65,470	37,711
Current Portion of Long-term Receivables	Staff Loans	8,032	7,718
		8,691,668	10,415,147
Total Financial Assets		43,794,483	60,463,706

SUMMARY OF FINANCIAL LIABILITIES

		2009 R	2008 R
Held to maturity:			
Bank Balances	Primary Bank Account	-	217,277
		-	217,277
Loans and Payables			
Long-term Liabilities	External Loans	-	78,843
Trade and other payables	Trade payables	3,037,526	23,269
Trade and other payables	Payments made in advance	65,470	37,711
		3,037,526	102,112
Total Financial Liabilities		3,037,526	319,390

		2009 R	2008 R
44	EVENTS AFTER THE REPORTING DATE		
	Management is not aware of any events after reporting date.		
45	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
46	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
47	COMPARISON WITH THE BUDGET		
	The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure "E (1) and E (2)".		
48	CONTINGENT LIABILITY		
	Council did not have any contingent liabilities during the financial year 2008/2009.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
49	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
49.1	Related Party Transactions		
		Rates Levied for the year	Service Charges for the year
	Year ended 30 JUNE 2009		Outstanding Balances
	Councillors	6,359	2,858
	Municipal Manager and Section 57 Employees	13,857	2,251
	The rates, service charges and other charges are in accordance with approved tariffs. No impairment expenses have been recognised in respect of amounts owed by related parties.		
49.2	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 15 to the Annual Financial Statements.		
49.3	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.		
49.4	Other related party transactions		
	The following purchases were made during the year where Councillors or Management have an interest:	2009 R	2008 R
	<u>Councillor/Staff Member</u> <u>Entity</u>		
	Mr C van der Merwe - Chief Operations Manager's Wife - Brother-in-law	2,569,953	3,314,266
50	Exemptions taken according to those in Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.		
50.1	GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:		
	Refuse tip-sites financed by way of a provision;		
	The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2010 financial statements.		
	Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:		
	Refuse tip-sites financed by way of a provision;	2009 R	2008 R
	Post retirement benefits	-	-
		-	2,961,818
		<u>-</u>	<u>2,961,818</u>
50.2	GRAP 100 -Non-current assets and discontinued operations		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

50.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all the Investment Properties.

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

50.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible assets financed by way of finance leases;
Intangible assets transferred as a result of the transfer of functions; and
Servitudes.

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2010 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

50.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following inventories:

Water;
Land held for sale; and
Other (list).

50.6 GRAP 17 - Property, Plant and Equipment

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 12

APPENDIX A
KAREEBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2008	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2009
ANNUITY LOANS							
DBSA	3.00%	Vehicles & Equipment Ref - K11, L23	31/12/2009	249,462	-	170,619	78,843
Total Annuity Loans				249,462	-	170,619	78,843
TOTAL EXTERNAL LOANS				249,462	-	170,619	78,843

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
403,741	-
403,741	-
403,741	-

APPENDIX B
KAREEBERG MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009													
	Cost/Revaluation						Accumulated Depreciation			Carrying Value			
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Revaluation	Disposals	Residual Value Disposals	Closing Balance		Opening Balance	Additions	Disposals Income
Land and Buildings													
Land	11,387,075	-	-	-	-	-	-	-	-	-	-	-	11,386,304
Buildings	1,039,765	66,303	-	-	-	-	-	-	-	583,830	54,602	-	1,087,528
	13,026,840	66,303	-	-	-	-	-	-	-	583,830	54,602	-	13,074,022
Infrastructure													
Main Roads	3,970,429	209,070	1,677,488	-	91,261	349,123	-	-	0,207,270	1,495,003	295,447	-	4,505,920
Main Waste Management	1,870,979	98,946	10,552,766	555,410	-	-	-	-	13,097,161	282,146	18,958	-	12,808,017
Main Electricity	1,872,917	98,575	-	-	-	-	-	-	1,071,402	1,027,773	89,473	-	2,950,657
Main Water	6,708,970	353,099	019,037	147,955	2,411,794	-	3,399	179	10,437,180	1,744,409	339,057	2,313	8,550,027
Reservoirs/Pumps - Waste Management	15,830	833	-	-	-	-	-	268	11,343	15,470	77	840	16,403
Transformers, Switchgear and Meters	31,731	1,670	-	-	-	-	-	-	33,401	19,052	1,507	-	32,059
Reservoirs/Tanks - Water	1,117,369	58,010	-	-	-	-	-	-	1,176,168	682,624	54,401	-	2,073,025
	15,597,144	870,502	13,040,312	784,620	2,760,917	-	8,400	447	33,013,967	5,247,306	780,001	7,405	36,074,964
Community Assets													
Recreation Grounds	1,653,506	97,027	-	-	-	-	-	-	1,740,532	566,148	81,945	-	1,992,439
Civil Buildings	516,029	27,150	-	-	-	-	-	-	543,119	189,327	17,618	-	750,243
Libraries	308,747	17,820	-	-	-	-	-	-	326,576	169,789	11,870	-	507,243
Parks & Gardens	38,017	2,054	-	-	-	-	-	-	41,070	21,184	1,784	-	53,918
Public Conveniences/Bathhouses	80,803	4,358	-	-	-	-	-	-	85,160	32,379	2,696	-	111,222
Land Strip	5,176	272	-	-	-	-	-	-	5,448	2,072	173	-	56,075
	2,833,368	130,590	-	-	-	-	-	-	2,971,968	930,807	118,087	-	3,204
Heritage Assets													
Vehicles	-	-	4,750	250	-	-	-	-	5,000	-	-	-	1,725,093
	-	-	4,750	250	-	-	-	-	5,000	-	-	-	5,000
Total carried forward	31,257,352	1,645,124	13,054,062	784,870	2,760,917	-	8,400	447	46,503,365	6,762,122	980,000	7,405	51,779,090

APPENDIX B
KAREEBERG MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Revaluation	Disposals	Residual Value Disposals	Closing Balance	
Total brought forward	31,257,352	1,645,124	13,054,082	794,878	2,760,917	-	447	49,503,365	41,770,000
Biological Assets									
Game	103,464	-	10,400	-	-	39,900	-	-	-
	103,464	-	10,400	-	-	39,900	-	-	-
Other Assets									
Motor Vehicles	1,233,691	64,931	697,742	39,723	-	-	-	2,031,414	1,194,579
Plant & Equipment	1,027,323	54,079	273,792	14,410	-	-	6,729	1,355,394	928,539
Office Equipment	439,804	19,188	40,608	2,153	-	-	394	480,445	392,662
Furniture & Fittings	203,869	18,727	19,497	1,026	-	-	391	223,286	184,143
Fire Engines	47,214	2,485	-	-	-	-	-	49,699	46,729
Computer Equipment	402,662	21,203	9,446	497	-	-	831	412,306	381,099
Refuse Tankers	522,277	27,488	-	-	-	-	-	549,765	475,277
	3,875,978	200,092	1,041,285	54,810	-	-	6,345	5,068,368	3,817,513
Total Property, Plant and Equipment	35,237,915	1,845,216	14,105,367	849,688	2,760,917	39,900	6,792	64,563,733	49,957,487
Intangible Assets									
Computer Software	1,350	71	-	-	-	-	-	1,421	1,379
	1,350	71	-	-	-	-	-	1,421	1,379
Total	35,135,681.00	1,845,287	14,095,447	849,685	2,760,917	-	6,792	64,565,154	49,958,866

APPENDIX C

[illegible]

APPENDIX C
KAREEBERG MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation											Carrying Value	
	Opening Balance	Residual Value Opening Bal	Additions	Residual Value Additions	Under Construction	Revaluation	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Accumulated Depreciation Disposals Income		Closing Balance
Executive & Council	6,667	351	-	-	-	-	6,413	338	268	1,228	1,012	1,985	255
Budget & Treasury Office	13,894,017	727,305	28,547	1,502	-	-	28,022	14,621,874	1,193,487	148,263	28,022	13,313,728	13,308,146
Health	285,747	15,082	-	-	-	-	8	0	301,831	116,754	9,448	126,185	175,636
Community & Social Services	672,956	35,419	99,951	5,261	-	-	502	26	813,057	273,191	64,032	337,666	475,390
Public Safety	60,591	3,169	-	-	-	-	5,561	293	57,926	25,756	3,148	23,342	34,584
Sport & Recreation	1,870,042	89,619	10,400	-	-	39,900	29,700	-	1,920,461	601,852	-	695,328	1,235,135
Waste Management	3,319,677	174,720	11,060,409	582,127	-	-	5,092	268	15,131,572	969,654	210,075	5,092	13,956,935
Road Transport	4,710,514	247,922	1,855,561	100,633	349,123	-	5,474	288	7,257,991	1,938,293	358,608	2,291,612	4,956,379
Water	0,127,430	427,759	1,040,671	160,041	2,411,784	-	114,528	6,038	12,055,140	2,520,619	450,714	17,109	9,100,915
Electricity	2,349,174	123,641	2,308	121	-	-	1,445	76	2,473,724	1,311,529	139,992	1,450,076	1,023,648
	35,237,815	1,845,216	14,105,847	849,685	2,760,917	39,900	196,744	8,792	54,633,844	6,952,164	1,469,868	10,357,062	44,276,782

APPENDIX D
KAREEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
5,825	(62,384)	(56,559)	Cemetery	5,415	(66,304)	(60,889)
1,098	(490,057)	(488,958)	Library	693	(507,689)	(506,996)
6,000	(89,042)	(83,042)	Museum	-	(95,361)	(95,361)
-	-	-	Corporate Services	-	(29,207)	(29,207)
2,837,971	(100,995)	2,736,976	Electricity Administration	4,053,098	(117,716)	3,935,383
-	(2,097,234)	(2,097,234)	Electricity Generation	-	(2,963,422)	(2,963,422)
-	(216,627)	(216,627)	Electricity Distribution	-	(307,710)	(307,710)
25,455,456	(23,495,933)	1,959,523	General Expenditure of Council	37,819,779	(20,966,090)	16,853,689
2,280	(1,156)	1,124	Official Housing	2,400	(1,177)	1,223
2,368,796	-	2,368,796	Property Rates	2,688,654	-	2,688,654
346,431	(43,766)	302,665	Commonage	364,239	(160,124)	204,115
31,689	(53,454)	(21,765)	Municipal Buildings	41,180	(55,894)	(14,714)
547,039	(4,279,915)	(3,732,876)	Municipal Manager/Treasurer	317,557	(4,867,418)	(4,549,861)
40	(3,562)	(3,522)	Health Service	760	(11,426)	(10,666)
-	(13,197)	(13,197)	Nursing Service	-	(6,825)	(6,825)
440	(27,429)	(26,989)	Air Port	300	(47,197)	(46,897)
-	(18)	(18)	Abattoir	-	(20)	(20)
-	(9,689)	(9,689)	Fire Department	-	(12,512)	(12,512)
-	(23,037)	(23,037)	Civil Protection	-	(23,626)	(23,626)
275	(7,820)	(7,545)	Pound	160	(5,477)	(5,317)
1,229	(1,301,083)	(1,299,854)	Public Works	1,010	(1,297,254)	(1,296,244)
-	(322,937)	(322,937)	Streets & Pavements	-	(304,737)	(304,737)
6,495	(237,749)	(231,254)	Licensing & Traffic	17,820	(285,350)	(247,530)
30,475	(121,011)	(90,536)	Nature Reserve	10,400	(84,065)	(73,665)
700	(80,364)	(79,664)	Parks & Open areas	700	(108,254)	(107,554)
7,187	(49,289)	(42,102)	Swimming Pool	4,914	(55,231)	(50,317)
5,000	(7,093)	(2,093)	Caravan Park	7,260	(4,736)	2,524
3,051,354	(3,118,007)	(66,653)	Sewerage, Refuse & Cleansing	4,137,593	(3,385,791)	751,802
-	(214,281)	(214,281)	Water Distribution	-	(267,564)	(267,564)
2,179,702	(171,320)	2,008,381	Water Provision	2,951,849	(234,948)	2,716,902
36,885,483	(36,638,448)	247,035	Sub Total	52,425,781	(36,253,124)	16,172,657
-	(838,485)	838,485	Less Inter-Departmental Charges	-	999,248	999,248
36,885,483	(37,476,933)	1,085,520	Total	52,425,781	(35,253,877)	17,171,904

APPENDIX D
KAREEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
25,455,456	(23,495,933)	1,959,523	Executive & Council	37,819,779	(20,966,090)	16,853,689
3,297,905	(5,706,820)	(2,408,916)	Budget & Treasury	3,414,329	(5,131,830)	(1,717,500)
-	-	-	Corporate Services	-	(29,207)	(29,207)
40	(16,759)	(16,719)	Health	760	(18,251)	(17,491)
12,923	(641,482)	(628,559)	Community & Social Services	6,108	(669,354)	(663,246)
275	(40,546)	(40,271)	Public Safety	160	(41,616)	(41,456)
43,362	(257,758)	(214,395)	Sport & Recreation	23,274	(252,286)	(229,012)
3,051,354	(3,118,007)	(66,653)	Waste Management	4,137,593	(3,385,791)	751,802
6,495	(560,686)	(554,191)	Road Transport	18,830	(1,867,341)	(1,848,511)
2,179,702	(385,601)	1,794,100	Water	2,951,849	(502,511)	2,449,338
2,837,971	(2,414,856)	423,115	Electricity	4,053,098	(3,388,848)	664,251
36,885,483	(36,638,448)	247,035	Sub Total	52,425,781	(36,253,124)	16,172,657
-	(838,485)	838,485	Less Inter-Departmental Charges	-	999,248	999,248
36,885,483	(37,476,933)	1,085,520	Total	52,425,781	(35,253,877)	17,171,904

APPENDIX E(1)
KAREEBERG MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	2,688,654	2,688,962	(308)	-0.01%	
Government Grants and Subsidies	36,937,249	35,879,928	1,057,321	2.95%	
Public Contributions and Donations	170,730	-	170,730	0.00%	
Fines	13,853	13,537	316	2.34%	
Third Party Payments	118,200	115,043	3,157	2.74%	
Actuarial Gains	56,253	-	56,253	0.00%	
Property Rates - Penalties & Collection Charges	-	-	-	0.00%	
Service Charges	10,159,600	10,229,050	(69,450)	-0.68%	
Rental of Facilities and Equipment	421,401	382,043	39,358	10.30%	
Interest Earned - External Investments	1,667,689	1,532,503	135,186	8.82%	
Interest Earned - Outstanding Debtors	7,086	5,500	1,586	28.84%	
Licences and Permits	25,665	23,885	1,780	7.45%	
Agency Services	88,345	79,023	9,322	11.80%	
Other Revenue	30,021	35,197	(5,176)	-14.71%	
Unamortised Discount - Interest	4,552	-	4,552	0.00%	
Gains on Disposal of PPE	36,484	-	36,484	0.00%	
Total Revenue	52,425,781	50,984,671	1,441,110	2.83%	
EXPENDITURE					
Cemetery	(66,304)	(69,504)	3,200	-4.60%	
Library	(507,689)	(505,048)	(2,641)	0.52%	
Museum	(95,361)	(104,100)	8,739	-8.40%	
Corporate Services	(29,207)	-	(29,207)	0.00%	
Electricity Administration	(117,716)	(125,684)	7,968	-6.34%	
Electricity Generation	(2,963,422)	(2,836,874)	(126,548)	4.46%	
Electricity Distribution	(307,710)	(277,447)	(30,263)	10.91%	Budgeted according to GFS Classification
General Expenditure of Council	(20,966,090)	(37,261,896)	16,295,806	-43.73%	
Official Housing	(1,177)	(3,677)	2,500	-67.99%	
Commonage	(160,124)	(158,139)	(1,985)	1.26%	
Municipal Buildings	(55,894)	(49,870)	(6,024)	12.08%	Budgeted according to GFS Classification
Municipal Manager/Treasurer	(4,867,418)	(4,783,286)	(84,132)	1.76%	
Health Service	(11,426)	(12,205)	779	-6.38%	
Nursing Service	(6,825)	(20,437)	13,612	-66.61%	
Air Port	(47,197)	(45,149)	(2,048)	4.54%	
Abattoir	(20)	(345)	325	-94.20%	
Fire Department	(12,512)	(15,424)	2,912	-18.88%	
Civil Protection	(23,626)	(31,588)	7,962	-25.20%	
Pound	(5,477)	(10,042)	4,565	-45.45%	
Public Works	(1,297,254)	(1,319,186)	21,932	-1.66%	
Streets & Pavements	(304,737)	(311,368)	6,631	-2.13%	
Licensing & Traffic	(265,350)	(255,064)	(10,286)	4.03%	
Nature Reserve	(84,065)	(107,595)	23,530	-21.87%	
Parks & Open areas	(108,254)	(118,073)	9,819	-8.32%	
Swimming Pool	(55,231)	(60,861)	5,630	-9.25%	
Caravan Park	(4,736)	(7,858)	3,122	-39.73%	
Sewerage, Refuse & Cleansing	(3,395,791)	(3,617,997)	232,206	-6.42%	
Water Distribution	(267,564)	(243,049)	(24,515)	10.09%	Budgeted according to GFS Classification
Water Provision	(234,948)	(294,544)	59,596	-20.23%	
Less Inter-Departmental Charges	999,248	1,189,639	(190,391)	-16.00%	
Total Expenditure	(35,253,877)	(51,456,671)	16,202,794	-31.49%	
SURPLUS / (DEFICIT) FOR THE YEAR	17,171,904	(472,000)	17,643,904		

APPENDIX E(1)
KAREEBERG MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	2,688,654	2,688,962	(308)	-0.01%	
Government Grants and Subsidies	36,937,249	35,879,928	1,057,321	2.95%	
Public Contributions and Donations	170,730	-	170,730	0.00%	
Fines	13,653	13,537	316	2.34%	
Third Party Payments	118,200	115,043	3,157	2.74%	
Stock Adjustments	-	-	-	0.00%	
Actuarial Gains	56,253	-	56,253	0.00%	
Property Rates - Penalties & Collection Charges	-	-	-	0.00%	
Service Charges	10,159,600	10,229,050	(69,450)	-0.68%	
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	421,401	382,043	39,358	10.30%	
Interest Earned - External Investments	1,667,689	1,532,503	135,186	8.82%	
Interest Earned - Outstanding Debtors	7,086	5,500	1,586	28.84%	
Licences and Permits	25,665	23,885	1,780	7.45%	
Agency Services	88,345	79,023	9,322	11.80%	
Other Revenue	30,021	35,197	(5,176)	-14.71%	
Unamortised Discount - Interest	4,552	-	4,552	0.00%	
Dividends Received	-	-	-	0.00%	
Contributed PPE	-	-	-	0.00%	
Gains on Disposal of PPE	36,484	-	36,484	0.00%	
Total Revenue	52,425,781	50,984,671	1,441,110	2.83%	
EXPENDITURE					
Executive & Council	(20,966,090)	(37,261,896)	16,295,806	-43.73%	
Budget & Treasury	(5,131,830)	(5,040,466)	(91,364)	1.81%	
Corporate Services	(29,207)	-	(29,207)	0.00%	
Health	(18,251)	(32,642)	14,391	-44.09%	
Community & Social Services	(669,354)	(678,652)	9,298	-1.37%	
Public Safety	(41,616)	(57,054)	15,438	-27.06%	
Sport & Recreation	(252,286)	(294,387)	42,101	-14.30%	
Waste Management	(3,385,791)	(3,617,997)	232,206	-6.42%	
Road Transport	(1,867,341)	(1,885,618)	18,277	-0.97%	
Water	(502,511)	(537,593)	35,082	-6.53%	
Electricity	(3,388,848)	(3,240,005)	(148,843)	4.59%	
Less: Interdepartmental Charges	999,248	1,189,639	(190,391)	-16.00%	
Total Expenditure	(35,253,877)	(51,456,671)	16,202,794	-31.49%	
SURPLUS / (DEFICIT) FOR THE YEAR	17,171,904	(472,000)	17,643,904		

APPENDIX E (2)
KAREEBERG MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance		2009 Variance %	Explanation of Significant Variances greater than 5% versus Budget
					R	R		
Municipal Manager/Treasurer	30,050	-	30,050	28,365	1,685		5.94%	Not material
Library	100,211	-	100,211	52,197	48,014		91.99%	Additional funding received for fencing.
Museum	5,000	-	5,000	5,000	-		0.00%	
Electricity Administration	2,430	-	2,430	1,552	878		56.56%	Not material
Public Works	5,884	-	5,884	188,825	(182,941)		-96.88%	
Streets & Pavements	1,665,043	349,123	2,014,166	2,537,606	(523,440)		-20.63%	
Licensing & Traffic	285,268	-	285,268	-	285,268		0.00%	Budgeted under Streets & Pavements
Nature Reserve	10,400	-	10,400	-	10,400		0.00%	Game increase (own breeding)
Sewerage, Refuse & Cleansing	11,642,536	-	11,642,536	15,527,681	(3,885,145)		-25.02%	
Water Provision	1,208,712	2,411,794	3,620,506	3,731,968	(111,462)		-2.99%	
Total	14,955,532	2,760,917	17,716,449	22,073,194	(4,356,745)		-19.74%	

APPENDIX E (2)
KAREEBERG MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance		2009 Variance %	Explanation of Significant Variances greater than 5% versus Budget
					Variance	R		
Budget & Treasury	30,050	-	30,050	28,365	1,685		5.94%	Not material
Community & Social Services	105,211	-	105,211	57,197	48,014		83.95%	Additional funding received for fencing.
Sport & Recreation	10,400	-	10,400	-	10,400		0.00%	Game increase (own breeding)
Waste Management	11,642,536	-	11,642,536	15,527,681	(3,885,145)		-25.02%	
Road Transport	1,956,195	349,123	2,305,317	2,726,431	(421,114)		-15.45%	
Water	1,208,712	2,411,794	3,620,506	3,731,968	(111,462)		-2.99%	
Electricity	2,430	-	2,430	1,552	878		56.56%	Not material
Total	14,955,532	2,760,917	17,716,449	22,073,194	(4,356,745)		-19.74%	

APPENDIX F
KAREEBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2008	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2009
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
	R	R	R	R	R	R	R
Job Creation De Bult	29,485	-	2,423	-	-	-	31,907
Land Development	50,341	-	3,303	-	-	-	53,644
Civil Defence	14,658	-	1,188	-	-	-	15,846
Job Creation	10,072	-	817	-	-	-	10,889
Contribution Sport Development	4,144	-	90	-	-	-	-
Self Build Project	120,597	-	6,718	-	4,233	-	127,315
Geotechnical Investigation	5,174	-	436	-	-	-	5,610
Water Assistance	67,169	-	4,112	-	-	-	71,281
TV Fund	9,224	-	875	-	-	-	10,099
CMIP Kwaggakolk(VAT)	178,313	-	9,934	-	-	-	188,246
MSIG	150,077	-	13,562	735,000	891,411	5,884	1,344
MIG Sanitation	28,780,881	-	2,165,386	274,000	7,502,568	11,897,856	11,819,843
Electricity	181,871	-	10,067	-	78,068	-	113,870
Water Service Plan	114,710	-	6,174	2,674,369	2,653,111	88,891	53,251
CMIP - Saaipoot project 301	3,261	-	96	-	-	-	3,357
Library Development Projects	159,479	-	14,830	310,000	204,124	100,211	179,974
Paving Projects	21,304	-	730	-	-	-	22,034
Lotto Camarvon	1,650	-	48	-	-	-	1,699
Lotto Vosburg	28,105	-	1,447	-	-	-	29,553
Saaipoot VAT	11,766	-	794	-	12,561	-	-0
VWV Housing VAT	81,154	-	4,521	-	-	-	85,675
VB Housing VAT	34,708	-	1,787	-	-	-	36,496
Mun.Fin.Management Grant	514,216	-	25,455	250,000	616,321	-	173,350
Transfer Fees Sub-Econ	98,983	-	8,778	-	-	-	107,761
Cleaning Project Vosburg	23,034	-	789	-	-	-	23,824
Vanwyksvlei Drought Relief Fund	28,960	-	1,491	-	-	-	30,451
VAT - Retention	21,596	-	738	-	11,278	-	11,056
Camarvon Waste Management	51,724	-	2,204	-	32,673	-	21,056
Sport Development	18,799	-	255	23,755	42,808	-	-
VWV Short Term Water Provision	2,538,367	-	114,741	1,535,644	492,016	3,378,786	317,951
VWV Drought Relief (R 2.1mil)	2,075,789	-	101,633	-	797,447	-	1,379,974
MIG upgrading of streets	616,663	-	27,335	2,340,000	124,976	1,796,126	1,063,096
Tourism	-	-	-	57,525	57,525	-	-
District Municipality	-	-	-	500,000	500,000	-	-
Kareeberg Festival	-	-	19	50,000	-	-	50,019
Total	36,046,475	-	2,532,775	8,760,293	14,021,319	17,267,765	16,040,469
UNSPENT CONDITIONAL PUBLIC CONTRIBUTIONS AND RECEIPTS							
Development Bank of SA	-	-	-	170,730	170,730	-	-
Total	-	-	-	170,730	170,730	-	-
Total Receipts	36,046,475	-	2,532,775	8,921,023	14,192,049	17,267,765	16,040,469

Job Creation De Bult

Council of Representatives Job creation at De Bult - Camarvon

Land Development

Department of Housing and Local Government Development Plans (IDP)

Civil Defence

Provincial Administration Civil Defence

Job Creation

Provincial Administration Vanwyksvlei job creation

Contribution Sport Development

Provincial Administration Vanwyksvlei sport development

Self Build Project

Department of Housing and Local Government Housing projects- Vanwyksvlei

Geotechnical Investigation

Department of Housing and Local Government Geotechnical Investigation - Vanwyksvlei

<u>Water Assistance</u>	
Provincial Administration	Water Assistance - Vanwyksvlei
<u>TV Fund</u>	
Ninham Shand	TV Transmitter
<u>CMIP Kwaggakolk (VAT)</u>	
SARS	VAT Water Project - Vanwyksvlei
<u>MSIG</u>	
DORA - National Treasury	Annual allocation according to DORA.
<u>MIG Sanitation</u>	
DORA - National Treasury	Eradication of Buckets
<u>Electricity</u>	
Eskom	Schietfontein electrification (DM)
<u>Water Service Plan</u>	
Department of Water Affairs and Forestry	Water service plan projects
<u>CMIP - Saaipoort project 301</u>	
DORA - National Treasury	Saaipoort bore hole water project - Carnarvon
<u>Library Development Projects</u>	
Department of Sports, Arts and Culture	Development and upgrading of libraries.
<u>Paving Projects</u>	
Department of Public Works	EPWP (Extended Public Works Program)
<u>Lotto Carnarvon</u>	
LOTTO	Erection of Sport facilities
<u>Lotto Vosburg</u>	
LOTTO	Erection of Sport facilities
<u>Saaipoort VAT</u>	
SARS	Water Project - Carnarvon
<u>VWV Housing VAT</u>	
SARS	Housing Projects - Vanwyksvlei
<u>VB Housing VAT</u>	
SARS	Housing Projects - Vosburg
<u>Municipal Finance Management Grant</u>	
DORA - National Treasury	Annual allocation according to DORA.
<u>Transfer Fees Sub-Econ</u>	
Council of Representatives	Transfer fees of Sub-Economic Houses
<u>Cleaning Project Vosburg</u>	
Vosburg Municipality	Cleaning Project - Vosburg
<u>Vanwyksvlei Drought Relief Fund</u>	
Department of Water Affairs and Forestry	Drought Relief - Vanwyksvlei
<u>VAT - Retention</u>	
SARS	VAT money - General
<u>Carnarvon Waste Management</u>	
Department of Environmental Management	Carnarvon - Cleanest Town Competition
<u>Sport Development</u>	
Department of Sports, Arts and Culture	Sport Development
<u>VWV Short Term Water Provision</u>	
Department of Water Affairs and Forestry	Short term water projects - Vanwyksvlei

VWV Drought Relief (R 2,1mil)

Department of Water Affairs and Forestry

Drought Relief - Vanwyksvlei

MIG upgrading of streets

DORA - National Treasury

Annual allocation according to DORA.

Tourism

Department of Sport, Arts & Culture

Kareeberg Festival, Mayor's Sport Tournament

District Municipality

Pixley ka Seme District Municipality

Contribution to Municipal Manager Salary

Kareeberg Festival

Department of Sport, Arts & Culture

Kareeberg Festival

Development Bank of SA

Development Bank of South Africa

Development Strategy