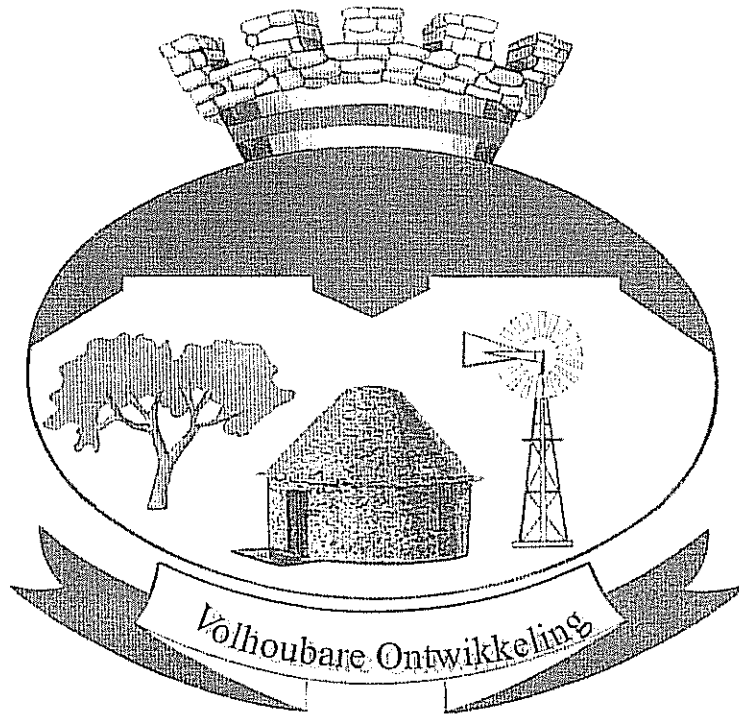


Kareeberg



Munisipaliteit / Municipality

Financial Statements
for the financial year ended

30-06-2011

KAREEBERG LOCAL MUNICIPALITY

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KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Kareeberg Municipality includes the following geographical areas:

Carnarvon

Vosburg

Vanwyksvlei

MAYOR

Mr N.I. Titus

MUNICIPAL MANAGER

Mr Z.E. Dingile

CHIEF FINANCIAL OFFICER

Mr. P.B. Rossouw

REGISTERED OFFICE

*Hanau Street,
CARNARVON,
9825*

AUDITORS

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

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

G.B. Kempen & De Wet Nel, Victoria Street, Carnarvon

RELEVANT LEGISLATION

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

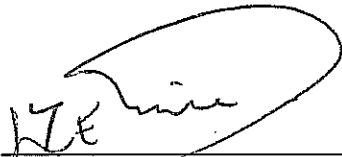
KAREEBERG LOCAL MUNICIPALITY

MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr J Hoorn
2	Mr D.P. Jason
3	Mr N. Titus
4	Ms D. Olifant
Proportional	Ms E.L. Riley
Proportional	Mr J. Horne
Proportional	Mr P. Viviers

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 54 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. Dingle
Municipal Manager

31 August 2011

Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		103,292,984	92,965,243
Capital Replacement Reserve	2	11,347,812	11,347,812
Housing Development fund	2	119,570	362,183
Revaluations Reserve	2	54,450	54,450
Accumulated Surplus/(Deficit)		91,771,153	81,200,798
Non-Current Liabilities		5,975,448	4,673,239
Employee benefits	3	5,975,448	4,673,239
Current Liabilities		6,132,413	14,975,606
Consumer Deposits	4	244,389	225,179
Current Employee benefits	5	1,330,534	1,011,624
Payables from exchange transactions	6	902,009	527,960
Unspent Conditional Government Grants and Receipts	7	3,509,447	13,097,173
Taxes	8	146,035	113,670
Total Net Assets and Liabilities		115,400,845	112,614,088
ASSETS			
Non-Current Assets		91,721,605	81,707,636
Property, Plant and Equipment	9	81,274,883	71,396,532
Investment Property	10	10,227,346	10,239,676
Intangible Assets	11	155,349	5,057
Long-Term Receivables	12	64,028	66,371
Current Assets		23,679,239	30,906,451
Trade Receivables from exchange transactions	13	2,498,099	1,506,103
Other Receivables from non-exchange transactions	14	16,511	130,676
Operating Lease Asset	15.1	10,634	9,038
Current Portion of Long-term Receivables	12	6,633	8,360
Cash and Cash Equivalents	16	21,147,362	29,252,274
Total Assets		115,400,845	112,614,088

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 (Actual) R	2010 (Actual) R	Change in Accounting Policy R	2010 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		33,732,883	21,794,031	75,508	21,718,523
Taxation Revenue		3,908,466	3,892,838	-	3,892,838
Property taxes	17	3,908,466	3,892,838	-	3,892,838
Transfer Revenue		29,592,280	17,803,112	-	17,803,112
Government Grants and Subsidies - Capital	18	12,592,430	5,205,223	-	5,205,223
Government Grants and Subsidies - Operating	18	16,999,850	12,597,889	-	12,597,889
Other Revenue		232,137	98,081	75,508	22,573
Actuarial Gains		152,991	75,508	75,508	-
Third Party Payments		59,494	3,384	-	3,384
Fines		19,652	19,189	-	19,189
Revenue from Exchange Transactions		16,937,279	15,138,051	-	15,138,051
Property Rates - Penalties & Collection Charges		248,377	204,870	-	204,870
Service Charges	19	13,123,661	11,759,682	-	11,759,682
Rental of Facilities and Equipment		446,365	446,335	-	446,335
Interest Earned - external investments		1,115,642	1,743,469	-	1,743,469
Interest Earned - outstanding debtors		4,009	4,336	-	4,336
Licences and Permits		14,737	17,837	-	17,837
Agency Services		105,017	96,122	-	96,122
Other Revenue	20	1,873,180	860,956	-	860,956
Unamortised discount - Interest	21	4,290	4,445	-	4,445
Total Revenue		50,670,162	36,932,082	75,508	36,856,574
EXPENDITURE					
Employee related costs	22	10,521,713	10,154,670	109,043	10,045,627
Remuneration of Councilors	23	1,597,732	1,273,038	-	1,273,038
Debt Impairment	24	167,488	894,743	-	894,743
Depreciation and Amortisation		2,567,616	2,370,287	(173,830)	2,544,118
Impairments	25	19,801	15,874	-	15,874
Repairs and Maintenance		745,904	453,474	-	453,474
Actuarial losses	3	894,809	702,817	-	702,817
Finance Charges	26	434,488	336,225	46,020	290,205
Bulk Purchases	27	4,806,898	3,690,256	-	3,690,256
Grants and Subsidies	28	6,888,136	5,733,259	-	5,733,259
Other Operating Grant Expenditure		7,949,370	5,369,922	-	5,369,922
Unamortised discount - Interest	21	-	21,097	-	21,097
Loss on disposal of Property, Plant and Equipment		15,944	3,100	-	3,100
General Expenses	29	3,732,521	3,662,486	-	3,662,486
Total Expenditure		40,342,420	34,681,247	(18,768)	34,700,015
NET SURPLUS/(DEFICIT) FOR THE YEAR		10,327,741	2,250,835	94,276	2,156,559

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Revaluations Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 1 JULY 2009					
Change in accounting policy - See Note 30.06	39,900	757,374	11,347,812	44,849,445	56,994,530
Restated Balance at 1 JULY 2009	39,900	757,374	11,347,812	44,849,445	90,699,858
Net Surplus/(Deficit) for the year		-	-	2,156,559	2,156,559
Change in accounting policy - See Note 30.07		-	-	94,276	94,276
Revaluation of Property, Plant and Equipment	14,550	-	-	-	14,550
Transfer to Housing Development Fund		(395,191)	-	395,191	-
Balance at 30 JUNE 2010	54,450	362,183	11,347,812	81,200,798	92,965,243
Restated Balance at 1 JULY 2010	54,450	362,183	11,347,812	81,200,798	92,965,243
Net Surplus/(Deficit) for the year	-	-	-	10,327,741	10,327,741
Transfer to Housing Development Fund	-	(242,614)	-	242,614	-
Balance at 30 JUNE 2011	54,450	119,570	11,347,812	91,771,153	103,292,984

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		9,357,683	13,851,460
Government - operating		16,999,850	12,597,889
Government - capital		12,592,430	5,205,223
Interest		1,119,651	1,747,805
Payments			
Suppliers and employees		(28,259,798)	(27,871,421)
Finance charges	32	(434,488)	(336,225)
Transfers and Grants		(6,888,136)	(5,733,259)
Net Cash from Operating Activities		4,487,192	(538,528)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(12,440,419)	(5,251,561)
Proceeds on Disposal of Fixed Assets		13,806	-
Purchase of Intangible Assets		(193,061)	(6,316)
Net Cash from Investing Activities		(12,619,673)	(5,257,877)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans (repaid)		-	(78,843)
(Increase)/Decrease in Long-term Receivables		8,360	8,032
Increase/(Decrease) in Consumer Deposits		19,210	16,675
Net Cash from Financing Activities		27,570	(54,135)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(8,104,912)	(5,850,541)
Cash and Cash Equivalents at the beginning of the year		29,252,274	35,102,815
Cash and Cash Equivalents at the end of the year	34	21,147,362	29,252,274
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(8,104,912)	(5,850,541)

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 101	Agriculture
GRAP 102	Intangible assets
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011
GRAP 104	Financial Instruments	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown

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.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 (Refer to correction of error note as transitions was not utilised in the prior year):

GRAP 12 – Inventories
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

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. 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

As noted below, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 11 to 14 have been disclosed in the 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.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

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

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

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	Heritage Assets Heritage assets are included in PPE and will be moved to Heritage assets with implementation 30 June 2013.	1 April 2012
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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 *Housing Development Fund*

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of Coghsta.

1.7.3 *Revaluations Reserve*

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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. 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.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

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.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.10. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible 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).

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 possible.

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.

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

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

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 present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is partially funded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under this plan is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs.

(c) 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.

(d) Performance bonuses

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

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.

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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, its 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. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate

accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

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	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	4-68	Buildings	30
Refuse	15-30	Specialist vehicles	10-20
Electricity	5-50	Other vehicles	5-20
Water	4-100	Office equipment	3-20
Sewerage	5-100	Furniture and fittings	3-20
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	30	Other plant and	
Security	30	Equipment	3-20
Halls	30	Landfill sites	15
Libraries	30	Quarries	25
Parks and gardens	30	Emergency equipment	5-20
Other assets	30	Computer equipment	5-20
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

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

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

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.

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.13. INTANGIBLE ASSETS

1.13.1 Initial Recognition

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

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

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

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

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

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; 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 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. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3-5
Computer System	5-10

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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.

1.13.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.14. INVESTMENT PROPERTY

1.14.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

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

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

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 – Cost Model

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

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1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is

available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

1.14.4 De-recognition

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

1.14.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

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. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.16.1 Cash-generating assets

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

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

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 Statement of Financial Performance.

1.16.2 Non-cash-generating assets

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

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

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

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

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

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

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

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

1.17. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

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.

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

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 Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

1.19.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.19.2 Subsequent Measurement

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

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. The balance as at 30 June included accumulated interest.

1.19.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

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

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

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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 and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. 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 carried at amortised cost.

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

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

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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

1.20. 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. Interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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.

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

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

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

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

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 relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category.

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.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

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

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

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.20.3 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.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.21. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
-
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All managers or members of the entity, being the Mayor and members of the Council.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being 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 when 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

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

1.25. CONTINGENT LIABILITIES

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

Management judgement is required when recognising and measuring contingent liabilities.

1.26. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard bring new rules in respect of presentation of budget information.

1.27. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Post retirement medical obligations, Long service awards and Ex gratia gratuities

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

Impairment of trade receivables

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

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

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

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

Intangible assets

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

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

Investment Property

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

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

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.20.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.20.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28. TAXES – VALUE ADDED TAX

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

1.29. 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 2011

2	NET ASSET RESERVES	2011 R	2010 R
	RESERVES	11,521,831	11,764,445
	Capital Replacement Reserve	11,347,812	11,347,812
	Housing Development fund	119,570	382,183
	Revaluations Reserve	54,450	54,450
	Total Net Asset Reserves	11,521,831	11,764,445
3	EMPLOYEE BENEFITS	2011 R	2010 R
	Post Retirement Benefits - Refer to Note 3.1	5,415,861	4,141,026
	Long Service Awards - Refer to Note 3.2	559,587	532,213
	Total Non-current Employee Benefit Liabilities	5,975,448	4,673,239
	<u>Post Retirement Benefits</u>		
	Balance 1 July	4,300,494	3,291,474
	Contribution for the year	545,169	437,970
	Expenditure for the year	(148,415)	(131,767)
	Actuarial Loss/(Gain)	894,809	702,817
	Total post retirement benefits 30 June	5,592,057	4,300,494
	Less: Transfer of Current Portion - Note 5	(176,196)	(159,466)
	Balance 30 June	5,415,861	4,141,026
	<u>Long Service Awards</u>		
	Balance 1 July (2010 - Change in Accounting Policy)	701,173	638,865
	Contribution for the year	185,455	137,816
	Expenditure for the year	(74,877)	-
	Actuarial Loss/(Gain)	(152,991)	(75,508)
	Total long awards 30 June	658,760	701,173
	Less: Transfer of Current Portion - Note 5	(99,173)	(168,960)
	Balance 30 June	559,587	532,213
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	5,001,667	3,930,339
	Contribution for the year	730,624	575,786
	Expenditure for the year	(223,292)	(131,767)
	Actuarial Loss/(Gain)	741,818	627,309
	Total employee benefits 30 June	5,250,817	5,001,667
	Less: Transfer of Current Portion - Note 5	(275,369)	(328,428)
	Balance 30 June	5,975,448	4,673,239
3.1	Post Retirement Benefits	2011 R	2010 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:		
	In-service members	4,037,568	2,874,179
	Continuation members	1,554,489	1,426,315
	Total Liability	5,592,057	4,300,494
	The liability in respect of periods commencing prior to the comparative year has been		
		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		
	The Municipality's Accrued Unfunded Liability at 30 June 2011 is estimated at R 5.592 million. The Current-service Cost for the year ending 30 June 2011 is estimated at R 161,138. It is estimated to be R 219 664 for the ensuing year.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3

EMPLOYEE BENEFITS (CONTINUE)

Key actuarial assumptions used:

i) Rate of interest

	2011 %	2010 %
Discount rate	8.56%	9.09%
Health Care Cost Inflation Rate	7.21%	7.16%
Net Effective Discount Rate	1.25%	1.79%

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.

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

	2011 R	2010 R
Present value of fund obligations	5,592,057	4,300,494
Net liability(asset)	<u>5,592,057</u>	<u>4,300,494</u>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	4,300,494	3,291,474
Total expenses	385,701	306,203
Current service cost	161,135	150,477
Interest Cost	384,031	287,493
Benefits Paid	(159,468)	(131,757)
Actuarial (gains)/losses	905,852	702,617
Present value of fund obligation at the end of the year	5,592,057	4,300,494
Less: Transfer of Current Portion - Note 5	(176,196)	(159,468)
Balance 30 June	<u>5,415,861</u>	<u>4,141,026</u>

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	4.036	1.554	5.592

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	4.755	1.661	6.416	15%
Health care inflation	-1%	3.451	1.458	4.909	-12%
Post-retirement mortality	-1 year	4.176	1.635	5.811	4%
Average retirement age	-1 year	4.394	1.554	5.948	6%
Withdrawal Rate	-50%	4.145	1.554	5.700	2%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 65 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2011 is R 134,998. The Current-service Cost for the ensuing year has been estimated to be R 97,682.

Key actuarial assumptions used:

i) Rate of interest

	2011 %	2010 %
Discount rate	7.61%	8.16%
General Salary Inflation (long-term)	6.23%	6.19%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.30%	1.86%

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
3 EMPLOYEE BENEFITS (CONTINUE)		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	658,760	701,173
Net liability/(asset)	658,760	701,173
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year (2010 - Change in Accounting Policy)	701,173	638,865
Total expenses	16,495	74,908
Current service cost	134,998	91,796
Interest Cost	50,457	46,020
Benefits Paid	(168,960)	(62,908)
Actuarial (gains)/losses	(58,908)	(12,600)
Present value of fund obligation at the end of the year	658,760	701,173
<u>Less:</u> Transfer of Current Portion - Note 5	(99,173)	(168,960)
Balance 30 June	559,587	532,213

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		0.659	
General salary inflation	1%	0.695	6%
General salary inflation	-1%	0.625	-5%
Average retirement age	-2 yrs	0.512	-22%
Average retirement age	2 yrs	0.695	5%
Withdrawal rates	-50%	0.724	10%

	2011 R	2010 R
4 CONSUMER DEPOSITS		
Water & Electricity	244,369	225,179
Total Consumer Deposits	244,369	225,179

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

	2011 R	2010 R
5 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 3	176,196	159,468
Current Portion of Long-Service Provisions - Note 3	99,173	168,960
Performance Bonuses	160,818	-
Annual Bonuses	179,265	153,507
Staff Leave	715,082	529,689
Total Current Employee Benefits	1,330,534	1,011,624

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	159,468	122,514
Transfer from non-current	165,143	168,721
Contribution to current portion	-	-
Expenditure incurred	(148,415)	(131,767)
Balance at end of year	176,196	159,468

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	168,960	-
Transfer from non-current	5,090	168,960
Contribution to current portion	-	-
Expenditure incurred	(74,877)	-
Balance at end of year	99,173	168,960

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2011	2010
		R	R
	<u>Performance Bonuses</u>		
	Balance at beginning of year	-	-
	Contribution to current portion	160,818	-
	Expenditure incurred	-	-
	Balance at end of year	160,818	-
	Performance bonuses are being paid to Municipal Manager and Managers after an evaluation of performance by the council. There is no possibility of reimbursement.		
	<u>Staff Leave</u>		
	Balance at beginning of year	529,689	403,741
	Contribution to current portion	155,393	125,048
	Expenditure incurred	-	-
	Balance at end of year	715,082	529,689
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.		
	<u>Annual Bonuses</u>		
	Balance at beginning of year	153,507	-
	Change in Accounting Policy	-	136,280
	Contribution to current portion	25,758	17,247
	Expenditure incurred	-	-
	Balance at end of year	179,265	153,507
	Annual bonuses are being paid to Municipal personnel after one full year's service. There is no possibility of reimbursement.		
6	PAYABLES FROM EXCHANGE TRANSACTIONS	2011	2010
		R	R
	Trade Payables	726,970	440,481
	Payments received in advance	172,822	84,533
	Other Payables	2,217	2,846
	Total Trade Payables	902,009	527,860
	Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.		
7	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2011	2010
		R	R
	Unspent Grants	3,509,447	13,097,173
	National and Provincial Government Grants	3,509,447	13,097,173
	Total Conditional Grants and Receipts	3,509,447	13,097,173
	See appendix "F" for reconciliation of grants from 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.		
8	TAXES	2011	2010
		R	R
	VAT Payable	686,264	658,322
	Less: Contribution to provision for impairment of trade receivables from exchange transactions	(540,229)	(544,652)
		146,035	113,670
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10 JUNE 2011

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value

	Opening Balance R	Accounting Policy Opening Balance	Additions R	Cost Accounting Policy Additions	Disposals R	Accounting Policy Disposals	Closing Balance R	Opening Balance R	Accounting Policy Opening Balance	Additions R	Accumulated Depreciation Accounting Policy Additions	Disposals R	Accounting Policy Disposals	Closing Balance R	Carrying Value R
Land and Buildings	13,712,463	17,322,037	79,394	79,394	-79,394	-	31,034,500	638,441	-	-321,514	55,804	26,216	-	399,046	30,635,453
Land	11,988,394	16,597,166	-	-	-	-	28,583,500	-	-	-	-	-	-	-	28,583,500
Buildings	1,724,069	724,871	79,394	79,394	-79,394	-	2,451,000	638,441	-	-321,514	55,804	26,216	-	399,046	2,051,953
Infrastructure	33,013,967	4,756	4,117,157	4,117,157	0	948	37,134,932	6,038,982	-4,034,955	1,733,268	-318,397	505	27	2,018,856	34,515,975
Main Roads	6,267,270	-6,267,270	1,724,789	1,724,789	-1,724,789	948	-	1,781,351	-1,781,351	404,338	-404,338	505	-505	-	0
Main Waste Management	13,067,121	-13,067,121	750,000	750,000	-750,000	-	-	1,281,104	-1,281,104	650,714	-650,714	-	-	0	0
Main Electricity	1,971,492	-1,971,492	-	-	-	-	-	1,167,267	-1,167,267	89,473	-89,473	-	-	0	0
Main Water	10,437,160	-10,437,160	567,678	567,678	-567,678	-	47	2,091,154	-2,091,154	531,169	-531,169	-	-	30	17
Reservoirs/Pumps - Waste Management	11,303	-6,593	1,054,691	1,054,691	-1,054,691	-	4,709	10,463	-2,065,611	11,557	-11,557	-	-	42	4,668
Transformers, Switchgear and Motors	33,401	-33,401	20,000	20,000	-20,000	-	-	20,638	-20,638	1,610	-1,610	-	-	-	0
Reservoirs/Tanks - Water	1,176,199	-1,176,199	-	-	-	-	-	737,028	-737,028	54,401	-54,401	-	-	0	0
Electricity	1,347,895	-1,347,895	-	-	-	-	43,550	-	-	68,005	-68,005	-	-	109,254	1,282,290
Road Transport	-	6,007,547	-	-	-	948	7,731,397	-	-	564,291	-564,291	-	531	913,712	6,817,675
Stationery	-	14,138,166	-	-	-	-	15,919,297	-	-	59,889	-59,889	-	-	602,236	15,317,659
Stores	-	212,168	-	-	-	-	212,709	-	-	14,391	-14,391	-	-	21,331	191,339
Water Supply	-	11,367,259	-	-	-	-	11,975,237	-	-	495,394	-495,394	-	-	967,673	10,967,554
Community Assets	2,771,566	956,964	-	-	79,394	1,036	3,806,314	1,046,983	-395,037	116,057	9,145	689	-689	777,137	3,031,176
Recreation Grounds	1,740,532	-483,100	-	-	-	-	1,257,432	640,693	-357,065	61,945	-39,364	-	-	333,689	943,763
Civil Buildings	540,469	108,068	-	-	-	1,036	651,277	216,945	-21,351	17,616	4,091	689	-689	216,064	435,213
Cemetery	-	18,000	-	-	-	-	18,000	-	-	-	-	-	-	-	18,000
Museum	-	450,000	-	-	-	-	450,000	-	-	30,041	-30,041	-	-	46,902	46,902
Chic	-	451,000	-	-	-	-	451,000	-	-	15,033	-15,033	-	-	46,941	46,941
Libraries	356,575	398,425	-	-	79,394	-	834,364	121,656	-71,254	11,670	14,210	-	-	79,482	757,993
Parks & Gardens	41,070	-	-	-	-	-	41,070	22,949	-5,140	1,764	-395	-	-	19,177	21,893
Public Conveniences/Bathhouses	85,150	-	-	-	-	-	85,150	35,078	1,645	2,696	142	-	-	36,760	45,380
Land Slip	5,449	-5,449	-	-	-	-	-	2,244	-2,244	173	-173	-	-	-	-
Heritage Assets	5,000	9,900	-	-	-	-	14,900	-	-	-	-	-	-	-	14,900
Historical Buildings	5,000	5,000	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	5,130,449	-77,225	1,069,571	1,069,571	-46,763	1,036	6,074,976	2,632,676	-461,129	636,891	88,050	28,599	2,541	2,875,049	3,189,027
Motor Vehicles	2,033,087	-744,267	744,267	744,267	-	-	2,777,354	839,408	-3,958	384,193	28,464	-	-	1,251,117	1,526,237
Plant & Equipment	1,235,917	-44,469	37,855	37,855	-	0	1,230,945	706,429	-172,697	631,168	22,555	11,841	913	684,908	510,137
Office Equipment	494,163	-693	63,066	63,066	-	6,011	550,334	296,201	-75,092	83,169	1,055	4,561	-	230,724	266,588
Furniture & Fixings	227,238	-23,226	139,063	139,063	-	2,561	339,476	151,203	-35,676	25,243	3,022	2,397	1,122	143,435	30,093
Fire Engines	49,689	-	-	-	-	582	46,117	16,527	617	3,148	166	516	27	19,114	20,093
Computer Equipment	417,399	-6,617	32,070	32,070	-	10,100	430,751	349,515	-163,403	18,942	20,604	9,595	565	215,556	215,193
Relief Tankers	546,768	-	-	-	-	-	546,768	278,763	-40,171	31,092	9,488	-	-	269,595	269,595
Guns	124,084	-	55,250	55,250	-	3,100	174,234	-	-	-	-	-	-	-	174,234
	54,033,844	16,216,432	5,266,111	5,266,111	0	46,767	79,667,621	10,357,082	-6,012,044	2,542,129	-184,396	29,703	1,078	6,671,069	71,386,532

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 February 2009.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

9

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets pledged as security:

No assets are pledged as security.

Third party payments received for losses incurred:

	2011 R	2010 R
Payments received (Excluding VAT)	59,494	3,384
Carrying value of assets written off/lost	-	(2,285)
Surplus/Deficit	59,494	1,099

Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings	-	-
Infrastructure	38	444
Community Assets	-	347
Lease Assets	-	-
Revaluation	-	-
Other	19,763	15,084
	19,801	15,874

Cumulative Impairment charges included in major balances

Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
	-	-

10

INVESTMENT PROPERTY

Net Carrying amount at 1 July

10,239,676 10,252,006

Cost

10,276,700 10,276,700

Balance previously reported

Correction of error. Refer to note

-

10,276,700

Accumulated Depreciation

(37,024) (24,694)

Balance previously reported

Correction of error. Refer to note

-

(24,694)

Acquisitions

-

Disposals

-

Depreciation for the year

(12,330) (12,330)

Impairment

-

Transfers from inventory

-

Transfers from Property, Plant and equipment

-

Net Carrying amount at 30 June

10,227,346 10,239,676

Cost

10,276,700 10,276,700

Accumulated Depreciation

(49,354) (37,024)

Fair value of these investment property is R10 276 700 and expenditure of R4 226 was identified on these investment properties.

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 46.3

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 February 2008.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

	2011 R	2010 R
Land with undetermined use; Land; Buildings; and Land and Buildings.	10,276,700	10,276,700
Total not previously recognised now restated retrospectively	10,276,700	10,276,700
Revenue derived from the rental of investment property	(389,287)	392,797
Operating expenditure incurred on properties generating revenue	4,226	6,334
Operating expenditure incurred on properties not generating revenue	-	-

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

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

Estimated Fair Value of Investment Property at 30 June

10,276,700 10,276,700

Fair value was determined by valuation roll.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
11 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	5,057	834
Cost	7,737	1,421
Accumulated Amortisation	(2,680)	(587)
Acquisitions	183,661	6,316
Disposals	-	-
Impairments	-	-
Amortisation	(42,770)	(2,093)
Net Carrying amount at 30 June	155,348	5,057
Cost	208,798	7,737
Accumulated Amortisation	(45,449)	(2,680)

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 46.4

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

Description	Remaining Amortisation Period	2011 R	Carrying Value 2010 R
None			
No intangible asset were assessed having an indefinite useful life.			
There are no intangible assets whose title is restricted.			
There are no intangible assets pledged as security for liabilities			
There are no contractual commitments for the acquisition of intangible assets.			

12 LONG TERM RECEIVABLES		
Officials' Housing Loans - At amortised cost	95,659	104,018
Less: Unamortised Discount on Loans	(24,997)	(29,287)
Balance 1 July	(29,287)	(33,732)
Adjustment for the period	4,290	4,445
	70,661	74,731
Less: Current portion transferred to current receivables	(6,633)	(8,360)
Officials Housing Loans - At amortised cost	(6,633)	(8,360)
	64,028	66,371
Less: Provision for Impairment of Long Term Receivables	-	-
Total Long Term Receivables	64,028	66,371

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.

	2011 R	2010 R
13 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables		
Water	1,459,243	1,629,314
Electricity	1,462,879	1,491,686
Refuse	1,035,001	1,255,720
Sewerage	1,189,684	1,233,050
Payments received in advance	172,022	84,533
Total Service Receivables	5,319,629	5,694,303
Less: Provision for Impairment	(4,114,534)	(4,665,300)
Net Service Receivables	1,196,095	1,029,003
Other Receivables		
Sundry Receivables	1,165,509	601,876
Rentals	310,229	285,188
VAT	688,264	658,322
Payments received in advance	991	-
Total Other Receivables	2,162,993	1,525,384
Less: Provision for Impairment	(320,760)	(503,633)
Less: Contribution to provision for VAT impairment of trade receivables from exchange transactions	(540,229)	(544,652)
Net Other Receivables	1,302,004	477,100
Total Net Receivables from Exchange Transactions	2,498,099	1,506,103
Ageing of Receivables from Exchange Transactions		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
13 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		
<i>(Electricity): Ageing</i>		
Current (0 - 30 days)	644,752	487,210
31 - 60 Days	85,185	140,273
61 - 90 Days	25,747	138,695
+ 90 Days	707,195	725,508
Total	1,462,879	1,491,686
<i>(Water): Ageing</i>		
Current (0 - 30 days)	226,259	184,700
31 - 60 Days	127,495	128,282
61 - 90 Days	99,106	100,926
+ 90 Days	1,006,383	1,215,407
Total	1,459,243	1,629,314
<i>(Refuse): Ageing</i>		
Current (0 - 30 days)	176,096	156,258
31 - 60 Days	98,471	82,757
61 - 90 Days	69,864	82,201
+ 90 Days	690,470	934,504
Total	1,035,001	1,255,720
<i>(Sewerage): Ageing</i>		
Current (0 - 30 days)	148,989	116,303
31 - 60 Days	91,175	82,214
61 - 90 Days	86,922	84,499
+ 90 Days	853,598	950,034
Total	1,180,684	1,233,050
<i>(Sundry Receivables): Ageing</i>		
Current (0 - 30 days)	1,155,969	363,429
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	9,540	238,447
Total	1,165,509	601,876
<i>(Rentals): Ageing</i>		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	310,229	265,186
Total	310,229	265,186
14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2011 R	2010 R
<i>Service Receivables</i>		
Rates	2,552,080	1,765,499
Other Receivables	2,050	1,670
Accrued Fines	2,050	1,670
Total Service Receivables	2,554,130	1,767,169
Less: Provision for Impairment	(2,537,619)	(1,636,493)
Net Service Receivables	16,511	130,676
Total Net Receivables from Non-Exchange Transactions	16,511	130,676
<i>Ageing of Receivables from Non-Exchange Transactions</i>		
<i>(Rates): Ageing</i>		
Current (0 - 30 days)	14,461	129,006
31 - 60 Days	-	12,491
61 - 90 Days	-	13,846
+ 90 Days	2,537,619	1,610,156
Total	2,552,080	1,765,499

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)	2011 R	2010 R		
	<u>(Other Receivables): Ageing</u>				
	Current (0 - 30 days)	2,050	1,670		
	31 - 60 Days	-	-		
	61 - 90 Days	-	-		
	+ 90 Days	-	-		
	Total	2,050	1,670		
	<u>Summary of Receivables by Customer Classification</u>				
	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's	
	2011				
	Total Receivables	9,926,405	25,610	75,737	10,027,752
	Less: Provision for Impairment	(6,972,913)	-	-	(6,972,913)
	Total Recoverable debtors by customer classification	2,953,492	25,610	75,737	3,054,839
	<u>Summary of Receivables by Customer Classification</u>				
	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's	
	2010				
	Total Receivables	8,734,739	21,786	230,331	8,986,856
	Less: Provision for Impairment	(6,805,425)	-	-	(6,805,425)
	Total Recoverable debtors by customer classification	1,929,314	21,786	230,331	2,181,431
	<u>Receivables impaired</u>				
	2011				
		Exchange Transactions R's	Non-Exchange Transactions R's	Total R's	
	Total	4,435,294	2,537,619	6,972,913	
	2010				
		Exchange Transactions R's	Non-Exchange Transactions R's	Total R's	
	Total	5,160,932	1,636,493	6,805,425	
	Debts are required to be settled after 30 days, interest is charged on rates after this date at prime +1%. The fair value receivables approximates their carrying amounts.				
	<u>Reconciliation of the Total doubtful debt provision</u>	2011 R	2010 R		
	Balance at beginning of the year	6,805,425	5,910,682		
	Contributions to provision	167,468	694,743		
	Transfer to Trade Receivable Impairment provision	-	-		
	Impairment written off against provision	-	-		
	Balance at end of year	6,972,913	6,805,425		
15	OPERATING LEASE ARRANGEMENTS				
15.1	The Municipality as Lessor				
	Balance on 1 July	9,038	6,690		
	Operating Lease Asset for the current year	1,596	2,349		
	Balance on 30 June	10,634	9,038		
	The municipality is leasing a piece of land to MTN for a period of 119 months with escalations of 10% per year.				
		2011 R	2010 R		
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:				
	Up to 1 Year	184,706	437,126		
	1 to 5 Years	46,841	218,203		
	More than 5 Years	13,455	26,799		
	Total Operating Lease Arrangements	245,001	682,128		
	This lease income was determined from a contract that have a specific conditional income and does not include lease income which has a undetermined conditional income. The lease is in respect of land being leased by MTN until 2017.				

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16	CASH AND CASH EQUIVALENTS	2011 R	2010 R
	<u>Assets</u>		
	Call Investments Deposits	21,134,211	28,969,250
	Primary Bank Account (Cash book)	13,151	283,025
	Total Cash and Cash Equivalents - Assets	21,147,362	29,252,274
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	Call Investments Deposits to an amount of R3 509 447 are held to fund the Unspent Conditional Grants (2010: R13 097 173).		
	Kareeberg municipality do not have a bank overdraft facility.		
	The municipality has the following bank accounts:	2011 R	2010 R
	<u>Current Accounts</u>		
	Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):	13,151	283,025
		13,151	283,025
	<i>Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):</i>		
	Cash book balance at beginning of year	283,025	394,454
	Cash book balance at end of year	13,151	283,025
	Bank statement balance at beginning of year	682,505	1,693,931
	Bank statement balance at end of year	1,027,539	682,505
		2011 R	2010 R
	<u>Call Investment Deposits</u>		
	Call investment deposits consist out of the following accounts:		
Account no.	Place of investment	Name of fund	
20-5772-3831	ABSA	Capital Replacement Reserve	
90-7096-5677	STANDARD BANK		11,347,812
18-021-5000	STANDARD BANK		11,347,812
20-6699-9287	ABSA	Housing Fund	119,570
90-7057-3648	ABSA	Job creation - De Bult	362,183
90-7553-5667	ABSA	Land development	34,100
90-7553-5714	ABSA	Land development	14,693
90-7091-9951	ABSA	Land development	13,604
08-870-543-9	STANDARD BANK	Civil Defence	13,262
08-870-542-0	STANDARD BANK	Job Creation	27,200
90-9630-8465	ABSA	Self Build Project	16,972
08-871-077-7	STANDARD BANK	Geotechnical Investigation	27,135
91-7979-1250	ABSA	Water Assistance	16,481
08-870-7644	STANDARD BANK	TV Fund	11,663
20-6699-9318	ABSA	CMIP Kwaggakolk(VAT)	129,274
91-1548-4469	ABSA	MSIG	5,931
91-1135-2446	STANDARD BANK	Sanitation Interest/VAT	72,767
08-870-5536	ABSA	Electricity	10,126
91-1908-0601	ABSA	Water Services Plan	140,148
91-6152-7996	ABSA	CMIP-Saaiport project 301	191,142
91-4181-7074	ABSA	Library Development Projects	419,838
90-9833-4420	ABSA	EPWP - Paving/ Cleaning	2,930,801
91-1908-0893	ABSA	Lotto Carnarvon	32,719
91-0714-4855	ABSA	Lotto Vosburg	60,454
91-1003-7312	ABSA	VWV Housing VAT	3,062
91-2628-3947	ABSA	VB Housing VAT	3,359
91-2628-4105	ABSA	Finance Management Grant	185,643
91-2841-6291	ABSA	Transfer Fees Sub-Economic Housing	22,092
91-3252-1989	ABSA	VB Cleaning Project	1,701
91-3945-6365	ABSA	Vanwyksvlei Drought Relief Fund	29,958
91-7978-9996	ABSA	VAT - retention	86,993
91-5297-7293	ABSA	Carnarvon Waste Management	8,061
91-5667-0176	ABSA	VWV Drought Relief(R 2,1m)	66,107
91-9797-5426	ABSA	Kreeberg Festival	112,434
92-2783-7904	ABSA	MIG	23,887
20-7026-1686	ABSA	Leave Fund	30,786
92-1221-8064	ABSA	Retension	11,095
20-6873-9716	ABSA	Provision for Employee benefits	12,515
92-1221-8064	ABSA	Reserves	537,636
20-6699-9318	ABSA	General Account	59,413
91-8483-7033	ABSA		-
08-871-0777	STANDARD BANK		5,736,528
		21,134,211	28,969,250

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

17	PROPERTY RATES	2011 R	2010 R
	<u>Actual</u>		
	Rateable Land and Buildings	6,975,411	9,517,396
	Residential, Commercial Property, State	6,294,972	8,822,928
	State - National / Provincial Services	680,439	694,468
	<u>Less: Reductions</u>	(417,005)	(411,738)
	<u>Less: Rebates</u>	(2,649,940)	(5,212,820)
	Total Assessment Rates	3,988,466	3,892,838
	<u>Valuations - 30 JUNE 2011:</u>		
	Rateable Land and Buildings	1,545,224,850	1,546,639,550
	Residential & Commercial Property	1,517,227,450	1,518,642,150
	State - National / Provincial Services	27,997,400	27,997,400
	Total Assessment Rates	1,545,224,850	1,546,639,550
	<u>Valuations - 30 JUNE 2011:</u>		Valuation
	Residential		178,052,000
	State		20,802,800
	State: Agriculture		7,194,600
	Agriculture		1,270,045,150
	Municipal		21,035,800
	Municipal: Agriculture		13,153,700
	Schietfontein		165,000
	Churchs		10,287,600
	Infrastructure		817,200
	Public Benefit Organisations		2,617,200
	Commonage		160,000
	Commonage (rentals)		9,747,600
	Commonage (Boschmansberg)		7,752,000
	Agriculture (Dubble levy Camarvon)		2,750,000
	Sport clubs		644,000
	Total Property Valuations		1,545,224,850

Assessment Rates are levied on the values of immovable properties. A supplementary roll were performed during 2010/11. The tariffs applicable is proclaimed by PK 87 dated 28 June 2010.

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

18	GOVERNMENT GRANTS AND SUBSIDIES	2011 R	2010 R
	Unconditional Grants	9,050,480	7,227,967
	Equitable Share - Refer to Note 18.1	9,050,480	7,227,967
	Conditional Grants	20,541,800	11,380,634
	Department of Economic Affairs	-	15,000
	Development Bank	-	45,375
	Municipal Infrastructure Grant - Upgrading of streets	-	1,063,096
	Copperton pipeline	-	165,000
	Municipal Infrastructure Grant - Sanitation	-	5,058,293
	Municipal Infrastructure Grant - Vanwyksvlei Short term Water Supply	-	317,951
	Self Build Project	129,746	-
	Water Assistance	73,303	-
	CMIP Kwaggakolk (VAT)	51,737	-
	Municipal Systems Improvement Grant	1,460,447	881,506
	Sanitation - sewerage	2,289,225	1,541,524
	Electricity	27,889	54,823
	Water Service Plan	-	64,751
	Library Development Projects	527,817	332,918
	Vanwyksvlei Housing VAT	87,311	-
	Vosburg Housing VAT	8,064	28,500
	Municipal Finance Management Grant	1,160,011	857,244
	Vanwyksvlei Drought Relief Fund	30,856	-
	Camarvon Waste Management	12,523	8,596
	Vanwyksvlei Drought Relief (R 2.1mil)	473,882	842,339
	Municipal Infrastructure Grant	10,893,603	41,472
	Services: Housing 81 homes	2,541,551	-
	Kareeberg Festival	140,587	62,246
	Department of Economic Affairs - Fly-in	100,000	-
	Premier's Funds - Job Creation	325,000	-
	Housing B.Agiendam	61,673	-
	Department of Water Affairs	89,120	-
	Open Africa	57,455	-
	Total Government Grants and Subsidies	29,592,280	18,608,601
	Government Grants and Subsidies - Capital	12,592,430	5,205,223
	Government Grants and Subsidies - Operating	16,999,850	13,403,378
		29,592,280	18,608,601

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2011	2010
		R	R
10.1	Equitable share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 10kl 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 R212 per month to R460 per month.(2010: R199 per month to R354 per month)		
	(See Appendix "F" for a reconciliation of all grants).		
19	SERVICE CHARGES		
	Electricity	5,514,194	4,466,914
	Service Charges	5,514,194	4,466,914
	Water	3,100,112	2,974,678
	Service Charges	3,100,112	2,974,678
	Refuse removal	2,584,520	2,470,537
	Service Charges	2,584,520	2,470,537
	Sewerage and Sanitation Charges	1,924,634	1,647,553
	Service Charges	1,924,634	1,647,553
	Total Service Charges	13,123,660	11,759,682
20	OTHER REVENUE		
	Application Specific Registrations	1,700	3,100
	Sale of Sand	65	30
	Building Fees	540	120
	Photocopies	4,658	2,891
	Grave Fees	5,535	5,070
	Encroachment	917	917
	Cement block Sales	660	600
	Pond Fees	780	1,090
	Refuse Bags Sold	771	772
	Connection Fees	460	590
	Surplus Cash	-	30
	Gain due to additions on Biological assets	27,100	36,700
	Valuation Certificates	995	1,180
	Grant VAT Income	1,734,166	805,489
	Retention forfeited	93,525	-
	Electricity caravan park	1,310	378
	Total Other Income	1,873,180	860,956
21	FAIR VALUE ADJUSTMENTS		
	Unamortised Discount - Interest - LT Receivables	4,290	4,445
	Unamortised Discount - Interest - External Loans	-	(21,097)
		4,290	(16,652)
22	EMPLOYEE RELATED COSTS		
	Other Allowances	900	900
	Salaries & Wages	6,260,372	7,455,340
	Uniform Allowance	21,054	19,427
	Leave Reserve Fund	185,393	125,946
	Personnel Contributions	1,401,691	2,161,614
	Skill Development Levy	99,161	80,630
	Bargaining Council	3,493	3,188
	Pension Gratification	407	444
	UIF	73,087	64,706
	Performance Bonuses	160,618	-
	Contribution to Employee Benefits - Long Service Awards - Note 3	134,998	91,796
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	161,138	150,477
		10,521,713	10,154,670
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	10,521,713	10,154,670

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
22 EMPLOYEE RELATED COSTS (CONTINUE)		
KEY MANAGEMENT PERSONNEL		
Municipal Manager 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		
<i>Remuneration of the Municipal Manager</i>		
Salary and Performance Bonus	636,004	554,000
Travel Allowance	96,000	96,000
UIF	1,497	1,497
Cell phone (VAT Included)	20,500	18,000
Total	754,001	669,497
<i>Remuneration of the Chief Finance Officer</i>		
Salary and Bonus, Performance Bonus	369,730	296,805
Travel Allowance	113,292	104,436
Pension	50,570	45,665
Medical	31,334	27,450
UIF	1,497	1,497
Bargaining Council	49	45
Cell phone (VAT Included)	14,500	12,000
Total	580,972	487,898
<i>Remuneration of Chief Operations Manager</i>		
Salary and Bonus, Performance Bonus	464,464	363,295
Travel Allowance	113,292	104,436
Pension	61,897	55,894
Medical	38,618	33,236
UIF	1,497	1,497
Bargaining Council	49	45
Cell phone (VAT Included)	20,500	18,000
Total	701,310	576,404
<i>Remuneration of Head : Corporate Services</i>		
Salary and Bonus, Performance Bonus	353,913	281,584
Travel Allowance	113,292	104,436
Pension	50,570	45,665
Medical	31,334	26,262
UIF	1,497	1,497
Bargaining Council	49	45
Cell phone (VAT Included)	14,500	12,000
Total	565,156	471,489
23 REMUNERATION OF COUNCILLORS		
Mayor	529,530	367,933
Councillors	987,035	827,645
Councillors' Cell phones	81,168	77,259
Total Councillors' Remuneration	1,597,732	1,273,038
<i>In-kind Benefits</i>		
The Mayor is fulltime. He is provided with an office and his own PA at the cost of the Council.		
24 DEBT IMPAIRMENT		
Long term Receivables - Note 12	-	-
Receivables from exchange transactions - Note 13	(733,638)	48,456
Receivables from non-exchange transactions - Note 14	901,126	846,287
Total Contribution to Impairment Provision	167,488	894,743
25 IMPAIRMENTS		
Property Plant & Equipment	19,801	15,874
PPE - Biological Asset	-	-
Total	19,801	15,874
26 FINANCE CHARGES		
Long-term Liabilities	-	2,712
Post Retirement Charges	434,488	333,513
Fair Value of Creditors	-	-
Total finance charges	434,488	336,225
27 BULK PURCHASES		
Electricity	4,806,898	3,690,256
Water	-	-
Total Bulk Purchases	4,806,898	3,690,256
28 GRANTS AND SUBSIDIES		
Indigent Subsidies	6,888,136	5,733,259
Total Grants and Subsidies	6,888,136	5,733,259

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

29	GENERAL EXPENSES	2011 R	2010 R
	Audit Costs	901,793	996,135
	Fuel & Oil	459,841	387,161
	Subsistence and Travelling	523,085	469,645
	Telephone & Postage	318,173	285,707
	Bank charges	85,913	69,486
	Electricity Eskom	145,525	109,172
	Advertisement, printing & stationary	144,390	145,995
	Refuse bag purchases	93,600	93,600
	Insurance	209,421	126,723
	Other General Expenses	345,374	323,918
	Housing Fund	247,100	409,178
	Membership for associations	100,000	100,000
	Chemicals	93,764	97,203
	Special programmes	64,541	48,564
	General Expenses	<u>3,732,521</u>	<u>3,662,486</u>

Other General Expenses includes administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as workman's compensation, vehicle licenses, cleaning agents and membership fees.

30	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3	2010 R	2009 R
30.01	Non-Current & Current Employee Benefits		
	Employee Benefits recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2009	775,125	-
	Implementation of GRAP 25		
	Transfer to Accumulated Surplus/(Deficit) - Note 30.06	79,555	775,125
	Long-service not previously recognised transferred from Accumulated Surplus - Note 30.06 and Note 30.07	62,308	638,665
	Annual Leave not previously recognised transferred from Accumulated Surplus - Note 30.06 and Note 30.07	17,247	136,260
	Total	<u>854,680</u>	<u>775,125</u>
30.02	Property, Plant and Equipment - GRAP 17		
	Property, Plant and Equipment recorded as they are required by GRAP.		
	Balance previously reported	54,633,844	54,633,844
	Opening balance GRAP movements 2009	18,216,432	-
	Implementation of GRAP		
	Transfer from Accumulated Surplus - Land and Buildings at fair value - Note 30.06	-	18,216,432
	Additions 2009/2010	5,265,111	-
	Disposals 2009/2010	(48,767)	-
	Total	<u>78,067,620</u>	<u>72,050,276</u>
30.03	Accumulated Depreciation		
	Accumulated Depreciation recorded as they are required by GRAP.		
	Balance previously reported	(10,357,062)	(10,357,062)
	Opening balance GRAP movements 2009	5,987,350	-
	Implementation of GRAP		
	Transfer from Accumulated Surplus - Accumulated Depreciation on Land and Buildings recalculated - Note 30.06	-	6,012,044
	Additions 2009/2010	(2,542,129)	-
	Transfer from Changes to Statement of Financial Performance - Accumulated Depreciation on Land and Buildings additions recalculated - Note 30.07	184,386	-
	Disposals 2009/2010	29,793	-
	Transfer from Changes to Statement of Financial Performance - Accumulated Depreciation on Land and Buildings disposals recalculated - Note 30.07	1,878	-
	Transfer from Accumulated Surplus - Accumulated Depreciation on Investment Properties recalculated - Note 30.06	-	(24,694)
	Transfer from Changes to Statement of Financial Performance - Accumulated Depreciation on Investment Property additions recalculated - Note 30.07	(12,330)	-
	Total	<u>(5,708,113)</u>	<u>(4,345,018)</u>
30.04	Accumulated Amortisation		
	Accumulated Amortisation recorded as they are required by GRAP.		
	Balance previously reported	(557)	(557)
	Opening balance GRAP movements 2009	(29)	-
	Implementation of GRAP		
	Additional Amortisation 2009/2010	(1,988)	-
	Transfer from Accumulated Surplus & Changes to Statement of Financial Performance - Accumulated Amortisation on Intangible assets recalculated - Note 30.06 & 30.07	(105)	(29)
	Total	<u>(2,680)</u>	<u>(587)</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2010 R	2009 R
30	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 (CONTINUE)		
30.05	Investment Properties		
	Investment Properties recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2009	10,276,700	-
	Implementation of GRAP		
	Transfer from Accumulated Surplus - Land and Buildings at fair value - Note 30.06	-	10,276,700
	Total	10,276,700	10,276,700
30.06	Accumulated Surplus/(Deficit)		
	Movements on Accumulated Surplus recorded as they are required by GRAP.		
	Implementation of GRAP		
	Transfer to Non-Current Employee Benefits - Note 30.01	-	(638,865)
	Transfer to Current Employee Benefits - Note 30.01	-	(139,269)
	Transfer to PPE - Land and Buildings at fair value - Note 30.02	-	18,216,432
	Transfer to Investment Properties - Land and Buildings at fair value - Note 30.05	-	10,276,700
	Transfer from Accumulated Surplus & Changes to Statement of Financial Performance - Accumulated Amortisation on Intangible assets recalculated - Note 30.04	-	(29)
	Transfer to Accumulated Depreciation - Accumulated Depreciation on Land and Buildings recalculated - Note 30.03	-	6,012,044
	Transfer to Accumulated Depreciation - Accumulated Depreciation on Investment Properties recalculated - Note 30.03	-	(24,694)
	Total	-	33,705,320
30.07	Changes to Statement of Financial Performance		
	Movements on Operating account recorded as they are required by GRAP.		
	Balance previously reported	2,156,559	-
	Implementation of GRAP and IAS 35 - Financial Instruments		
	Transfer to Accumulated Depreciation on Land and Buildings additions recalculated - Note 30.03	184,386	-
	Transfer to Accumulated Depreciation on Land and Buildings disposals recalculated - Note 30.03	1,878	-
	Transfer to Accumulated Depreciation on Investment Property additions recalculated - Note 30.03	(12,330)	-
	Transfer from Accumulated Surplus & Changes to Statement of Financial Performance - Accumulated Amortisation on Intangible assets recalculated - Note 30.04	(105)	-
	Transfer to Interest Cost for Long-service not previously recognised - Note 30.01	(46,020)	-
	Transfer to Actuarial Gain for Long-service not previously recognised - Note 30.01	75,508	-
	Transfer to Current-service Cost for Annual Bonus not previously recognised - Note 30.01	(17,247)	-
	Transfer to Current-service Cost for Long-service not previously recognised - Note 30.01	(91,796)	-
	Total	2,250,835	-
31	CORRECTION OF ERROR IN TERMS OF GRAP 3		
31.01	Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities"		
	In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards:		
	GRAP 12 – Inventories		
	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		
	These GRAPs were not adopted in the prior year and are now adopted for periods ending on and after 30 June 2011.		
31.02	Taxes	2010 R	2009 R
	Taxes recorded as they are required by GRAP.		
	Balance previously reported	650,322	1,969,476
	Provision for impairment of trade receivables from exchange transactions not previously charged against the VAT Liability - Note 31.03	(544,652)	(1,748,899)
	Total	113,670	220,577
31.03	Trade Receivables from exchange transactions		
	Trade Receivables from exchange transactions recorded as they are required by GRAP.		
	Balance previously reported	2,050,755	2,603,465
	Provision for impairment of trade receivables from exchange transactions not previously charged against the VAT Liability - Note 31.02	(544,652)	(1,748,899)
	Total	1,506,103	854,566
32	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2011 R	2010 R
	Surplus/(Deficit) for the year	10,327,741	2,250,835
	Adjustments for:		
	Depreciation	2,524,846	2,368,194
	Amortisation of Intangible Assets	42,770	2,093
	(Gain)/Loss on disposal of property, plant and equipment	15,944	3,100
	Impairments	19,601	15,874
	Contribution from/to employee benefits - non-current	730,624	575,766
	Contribution from/to employee benefits - non-current - expenditure incurred	(223,292)	(131,767)
	Contribution from/to employee benefits - non-current - actuarial losses	894,609	702,817
	Contribution from/to employee benefits - non-current - actuarial gains	(152,991)	(75,500)
	Contribution to employee benefits - current	371,969	143,195
	Contribution to provisions - bad debt	167,468	894,743

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

33	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS (CONTINUE)	2011	2010
		R	R
	Contribution to provisions – VAT Impairment	(4,423)	(1,204,247)
	Unamortised discount - Interest - Revenue	(4,290)	(4,445)
	Unamortised discount - Interest - Expenditure	-	21,087
	Operating lease income accrued	(1,596)	(2,346)
	Operating Surplus/(Deficit) before changes in working capital	14,709,401	5,559,419
	Changes in working capital	(10,222,209)	(9,097,947)
	Increase/(Decrease) in Trade and Other Payables	374,049	(2,575,035)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(9,587,726)	(2,543,296)
	Increase/(Decrease) in Taxes	32,364	(100,807)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(253,935)	504,254
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(760,861)	(970,953)
	Cash generated/(absorbed) by operations	4,467,192	(530,520)
34	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 16	21,134,211	28,060,250
	Bank - Note 16	13,151	203,025
	Total cash and cash equivalents	21,147,362	29,262,274
35	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 34	21,147,362	29,252,274
	Less:	21,147,362	29,252,274
	Unspent Committed Conditional Grants - Note 7	3,509,447	13,097,173
	Cash Portion of Housing Development Fund - Note 2	119,570	362,183
	Net cash resources available for internal distribution	17,518,346	15,792,918
	Allocated to:		
	Capital Replacement Reserve	(11,347,812)	(11,347,812)
	Retention	(658,736)	(387,088)
	Provision for Employee benefits	(2,000,000)	(1,000,000)
	Reserves	(352,116)	(352,116)
	Staff Leave, PMS, Long Service	(564,724)	(529,689)
	Resources available for working capital requirements	2,194,959	2,176,214
36	BUDGET COMPARISONS		
		2011	2011
		R	R
		(Actual)	(Budget)
			(Variance)
			(%)
36.1	Operational		
	Revenue by source		
	Property Rates	3,908,466	4,026,881
	Government Grants and Subsidies - Capital	12,592,430	15,086,347
	Government Grants and Subsidies - Operating	16,999,850	20,366,653
	Third Party Payments	59,494	59,494
	Fines	19,652	7,230
	Property Rates - Penalties & Collection Charges	248,377	190,800
	Service Charges	13,123,661	12,887,429
	Rental of Facilities and Equipment	448,365	409,610
	Interest Earned - external investments	1,115,642	1,307,000
	Interest Earned - outstanding debtors	4,909	4,518
	Licences and Permits	14,737	14,200
	Agency Services	105,017	82,000
	Other Revenue	1,873,180	577,358
	Unamortised discount - Interest	4,290	-
	Actuarial Gains	152,991	-
		50,870,162	54,959,234
			(4,289,072)
			-8%
	Expenditure by nature		
	Employee Related Costs	(10,521,713)	(10,473,732)
	Remuneration of Councillors	(1,597,732)	(1,469,486)
	Debt Impairment	(167,468)	(225,000)
	Collection Cost	-	(35,000)
	Depreciation and Amortisation	(2,567,616)	(2,630,601)
	Impairments	(19,801)	-
	Repairs and Maintenance	(745,904)	(752,445)
	Actuarial losses	(894,809)	-
	Finance Charges	(434,488)	(315,158)
	Bulk Purchases	(4,806,898)	(4,012,822)
	Contracted services	-	-
	Grants and Subsidies	(6,888,135)	(6,888,013)
	Operating Grant Expenditure	(7,949,370)	(24,183,000)
	Unamortised Discount - Interest - Expenditure	-	-
	General Expenses	(3,732,521)	(3,971,977)
		(40,328,476)	(54,957,234)
			14,830,758
			-27%
	Other Gains/Losses		
	Loss on Disposal of PPE	(15,944)	(2,000)
		(15,944)	(13,944)
			897%
	Net Surplus for the year	10,327,741	-
			10,327,741
			100%
	Details of material variances		
	Actuarial losses - Adjusted Actuarial Report		
	Finance Charges - Adjusted Actuarial Report		
	Bulk Purchases - Increase in electricity from Eskom tariffs and usage		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

36 BUDGET COMPARISONS (CONTINUE)

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
36.2 Expenditure by Vote				
Cemetery	(120,548)	(119,394)	(1,154)	1%
Library	(576,005)	(683,384)	7,379	-1%
Museum	(96,922)	(130,753)	33,831	-26%
Corporate Services	(1,249,183)	(1,309,801)	60,618	-5%
Electricity Administration	(116,533)	(157,952)	41,419	-26%
Electricity Generation	(5,113,479)	(4,324,303)	(789,176)	18%
Electricity Distribution	(426,504)	(341,808)	(84,696)	25%
General Expenditure of Council	(18,840,751)	(34,773,283)	15,932,532	-46%
Official Housing	(1,198)	(3,698)	2,500	-68%
Property Rates	-	-	-	0%
Commonage	(91,298)	(76,507)	(14,791)	19%
Municipal Buildings	(145,116)	(153,191)	8,075	-5%
Municipal Manager/Treasurer	(6,238,639)	(5,253,583)	(985,056)	19%
Health Service	(1,630)	-	(1,630)	100%
Nursing Service	(19,263)	(29,627)	10,364	-35%
Air Port	(70,355)	(41,163)	(29,192)	71%
Abattoir	(24)	(530)	506	-95%
Fire Department	(13,852)	(15,825)	1,973	-12%
Civil Protection	(21,917)	(36,602)	14,685	-40%
Pound	(33,818)	(10,684)	(23,134)	217%
Public Works	(1,885,927)	(2,035,292)	149,365	-7%
Streets & Pavements	(528,913)	(567,596)	38,683	-7%
Licensing & Traffic	(203,198)	(213,400)	10,202	-5%
Nature Reserve	(120,502)	(114,975)	(5,527)	5%
Parks & Open areas	(250,587)	(204,533)	(46,054)	23%
Swimming Pool	(73,649)	(73,684)	35	0%
Caravan Park	(7,793)	(8,563)	770	-9%
Refuse	(2,345,036)	(2,482,877)	137,841	-6%
Sewerage & Cleansing	(2,352,012)	(2,711,268)	359,257	-13%
Water Distribution	(341,315)	(287,916)	(73,399)	27%
Water Provision	(568,616)	(569,823)	33,207	-6%
Less Inter-Departmental Charges	1,580,141	1,752,781	(172,640)	-10%
	(40,342,420)	(54,959,234)	14,616,814	-27%

Details of material variances

Electricity Generation - Increase in electricity from ESKOM tariffs and usage
 Electricity Distribution - Increase in electricity from ESKOM tariffs and usage
 Municipal Manager/Treasurer - Adjusted Actuarial Report
 Parks & Open areas - Reallocation of personnel
 Water Distribution - Reallocation of personnel

36.3 Capital expenditure by vote

Budget & Treasury Office	(218,274)	-	(218,274)	100%
Library	(72,651)	-	(72,651)	100%
Electricity Administration	(2,974,053)	(401,000)	(2,573,053)	642%
General Expenditure of Council	(11,548)	-	(11,548)	100%
Public Works	(4,318,843)	(20,409,000)	16,090,157	-78%
Refuse	(1,377,431)	(1,653,000)	275,569	-17%
Sewerage	(1,380,159)	(1,200,000)	(180,159)	15%
Water Provision	(2,060,359)	-	(2,060,359)	100%
	(12,413,319)	(23,663,000)	11,249,681	-48%

Details of material variances

Municipal Manager/Treasurer - 2 Pre-paid vendors
 Library - Additional improvements
 Electricity Administration - Budgeted high mast lights under Public Works
 Water Provision - Water network improvements (roll-over)

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	2,053,788	-
Approved by Council or condoned	(2,053,788)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-

Incident	Disciplinary steps/criminal proceedings
None	None

37.2 Fruitless and wasteful expenditure

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	Disciplinary steps/criminal proceedings
None	None

37.3 Irregular expenditure

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	Disciplinary steps/criminal proceedings
None	None

37.4 Material Losses

Electricity distribution losses

Units purchased (Kwh)	8,412,346	8,203,635
- Units lost during distribution (Kwh)	1,137,922	1,201,021
- Percentage lost during distribution	13.53%	14.64%

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Council subscriptions	100,000	100,000
Amount paid - current year	(100,000)	(100,000)
Balance unpaid (included in creditors)	-	-

37.5 Audit fees - [MFMA 125 (1)(b)]

	2011 R	2010 R
Opening balance	-	-
Current year audit fee	901,793	996,135
External Audit - Auditor-General	901,793	996,135
Amount paid - current year	(901,793)	(996,135)
Balance unpaid (included in creditors)	-	-

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

Opening balance	(451,018)	(39,760)
Amounts received - current year	2,865,913	1,763,053
Amounts claimed - current year (payable)	(3,749,903)	(2,214,070)
Amounts received - current year	-	-
Amounts received - previous year	451,018	39,760
Closing balance	(883,990)	(451,018)

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

37	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)	2011 R	2010 R
37.7	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Current year payroll deductions and Council Contributions	1,518,387	1,127,470
	Amount paid - current year	(1,518,387)	(1,127,470)
	Balance unpaid (Included in creditors)	-	-
37.8	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Current year payroll deductions and Council Contributions	2,406,268	2,177,017
	Amount paid - current year	(2,406,268)	(2,177,017)
	L.A. Health	(224,814)	(241,338)
	Munimed	(25,878)	(42,586)
	Cape Pension Fund	(279,612)	(251,521)
	Hosmed	(640,724)	(484,565)
	Cape Joint Retirement Fund	(863,753)	(793,541)
	SAMWU Provident Fund	(371,487)	(363,464)
	Balance unpaid (Included in creditors)	-	-
37.9	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:		
	None	2011 R Outstanding more than 90 days	2010 R Outstanding more than 90 days
	Total Councillor Arrear Consumer Accounts	-	-
38	<u>Quotations awarded - Section 45 - Supply Chain Management</u>		
	Mr C van der Merwe - Chief Operational Manager's Wife - Brother-in-law	851,141	1,870,674
		<u>851,141</u>	<u>1,870,674</u>
30	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:		
	Infrastructure	-	5,083,096
	Total	-	5,083,096
	This expenditure will be financed from:		
	Government Grants	-	5,083,096
		-	5,083,096
39	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The municipality is not exposed to price risk.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

39

FINANCIAL RISK MANAGEMENT (CONTINUE)

(c) Interest Rate Risk

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

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

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

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

	2011 R	2010 R
0.5% (2009 - 0.5%) Increase in interest rates	105,737	146,261
0.5% (2009 - 0.5%) Decrease in interest rates	(105,737)	(146,261)

(d) Credit Risk

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

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

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

All rates and services are payable within 30 days from invoice date. Refer to note 13 & 14 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 13 & 14 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 13 & 14 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

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

	2011 %	2011 R	2010 %	2010 R
Electricity	13.11%	914,382	14.76%	1,004,477
Water	16.13%	1,263,960	21.23%	1,444,614
Rentals	4.46%	311,220	3.90%	265,186
Refuse	12.67%	863,441	16.16%	1,099,462
Sewerage	15.10%	1,052,750	16.41%	1,116,746
Other Consumer Arrears	0.14%	9,540	3.50%	238,447
Rates	36.39%	2,537,619	24.05%	1,636,493
	100.00%	6,972,912	100.00%	6,805,425

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

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

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

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

Long term receivables	70,661	74,731
Trade receivables and other receivables	2,514,610	1,636,779
Cash and Cash Equivalents	21,147,362	29,252,274
	23,732,633	30,963,784

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

39

FINANCIAL RISK MANAGEMENT (CONTINUE)

2011

R

2010

R

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Trade and Other Payables	902,009	-	-	-
Consumer Deposits	244,369	-	-	-
Unspent conditional government grants and receipts	3,509,447	-	-	-
	4,655,845	-	-	-
2010				
Trade and Other Payables	527,960	-	-	-
Consumer Deposits	225,179	-	-	-
Unspent conditional government grants and receipts	13,097,173	-	-	-
	13,850,312	-	-	-

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FINANCIAL INSTRUMENTS

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

The fair value of financial instruments approximates the amortised costs as reflected below.

40.1

Financial Assets

Classification

Long-term Receivables			
Staff Loans	Financial instruments at amortised cost	69,025	95,659
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	5,310,629	5,694,303
Other receivables from exchange transactions	Financial instruments at amortised cost	2,162,993	1,525,384
Receivables from non-exchange transactions	Financial instruments at amortised cost	2,554,130	1,767,169
Current Portion of Long-term Receivables			
Staff Loans	Financial instruments at amortised cost	6,633	8,360
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	21,134,211	26,969,250
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	13,151	263,025
		31,270,773	38,343,149
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		31,270,773	38,343,149

40.2

Financial Liability

Classification

Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	726,970	440,481
Payments received in advance	Financial instruments at amortised cost	172,822	64,533
Unspent Conditional Grants and Receipts			
Other Spheres of Government	Financial instruments at amortised cost	3,509,447	13,097,173
		4,409,238	13,622,187
SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		4,409,238	13,622,187

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EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 30 June 2011.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42 IN-KIND DONATIONS AND ASSISTANCE

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

43 PRIVATE PUBLIC PARTNERSHIPS

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

44 CONTINGENT LIABILITY

The municipality did not have any contingent liabilities during the year under review.

45 RELATED PARTIES

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

45.1 Related Party Transactions

	Rates - Levied 1 Jul 10 - 30 Jun 11	Service Charges - Levied 1 Jul 10 - 30 Jun 11	Other - Levied 1 Jul 10 - 30 Jun 11	Outstanding Balances 30 June 2011
Year ended 30 JUNE 2011				
Councillors	15,934	14,952	-	4,601
Municipal Manager and Section 57 Employees	17,729	40,544	-	2,426

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.

45.2 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 12 to the Annual Financial Statements.

45.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.

45.4 Other related party transactions

	2011	2010
The following purchases were made during the year where Councillors or Management have an interest:	R	R
<u>Councillor/Staff Member</u>		
Mr C van der Merwe - Chief Operational Manager Wife's - Brother-in-law	851,141	1,870,674
	<u>851,141</u>	<u>1,870,674</u>

46 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

These GRAP's were not adopted in the prior year and are now adopted for periods ending on and after 30 June 2011.

46.1 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 February 2008.

46.2 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 February 2008.

46.3 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 February 2008.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

	2011 R	2010 R
Land with undetermined use;		
Land and Buildings.	10,276,700	10,276,700
Total not previously recognised now restated retrospectively	<u>10,276,700</u>	<u>10,276,700</u>

46.4 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 February 2008.

46.5 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 February 2008.

46.6 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 February 2008.

Refer to Note 9

APPENDIX A
KAREEBERG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Correction	Balance at 30 JUNE 2010 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS									
DBSA	3.00%	Vehicles & Equipment Ref - K11, L23	31/12/2009	-	-	-	-	-	-
Total Annuity Loans				-	-	-	-	-	-
TOTAL EXTERNAL LOANS				-	-	-	-	-	-

APPENDIX B
KAREEBERG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation			Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	
Land and Buildings								
Land	28,583,500	-	-	28,583,500	-	-	-	28,583,500
Buildings	2,451,000	54,072	-	2,505,072	399,046	82,342	-	2,023,883
	31,034,500	54,072	-	31,088,572	399,046	82,342	-	30,607,183
Infrastructure								
Electricity	1,391,545	2,939,053	-	4,330,597	109,254	43,641	-	4,177,702
Road Transport	7,731,387	4,316,907	-	12,048,294	913,712	372,127	-	10,762,455
Sanitation	15,919,297	1,346,926	-	17,266,223	602,238	575,611	-	16,087,375
Solid Waste Disposal	-	1,377,431	-	1,377,431	-	35,892	-	1,341,540
Stormwater	212,709	-	-	212,709	21,381	7,121	-	184,207
Water Supply	11,875,237	2,035,999	-	13,912,236	967,673	485,066	-	12,459,497
Reservoirs/Pumps - Waste Management	4,709	-	4,709	-	4,668	16	4,684	-
Main: Water	47	-	47	-	30	5	35	-
	37,134,932	12,017,317	4,756	49,147,492	2,618,956	1,520,478	4,718	45,012,776
Community Assets								
Recreation Grounds	1,277,432	-	-	1,277,432	333,669	42,581	-	901,182
Civil Buildings	651,277	-	-	651,277	215,064	21,709	-	413,504
Cemetery	18,000	-	-	18,000	1,802	600	-	15,598
Museum	450,000	-	-	450,000	45,041	15,000	-	389,959
Clinic	451,000	-	-	451,000	45,141	15,033	-	390,825
Libraries	834,384	-	-	834,384	76,482	27,813	-	730,088
Parks & Gardens	41,070	-	-	41,070	19,177	1,369	-	20,524
Public Conveniences/Bathhouses	85,150	-	-	85,150	39,760	2,838	-	42,552
Land Strip	-	-	-	-	-	-	-	-
	3,808,314	-	-	3,808,314	777,137	126,944	-	2,904,233
Heritage Assets								
Historical Buildings	4,900	-	-	4,900	-	-	-	4,900
Vehicles	10,000	-	-	10,000	-	-	-	10,000
	14,900	-	-	14,900	-	-	-	14,900
Total carried forward	71,992,645	12,071,389	4,756	84,059,277	3,795,140	1,729,764	4,718	78,539,082

APPENDIX B
KAREEBERG LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost			Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	
Total brought forward	71,992,645	12,071,389	-	84,059,277	3,795,140	1,729,754	4,718	78,539,092
Housing Rental Stock	-	-	-	-	-	-	-	-
Housing Rentals	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Biological Assets								
Game	174,234	27,100	29,750	171,584	-	-	-	171,584
	174,234	27,100	29,750	171,584	-	-	-	171,584
Other Assets								
Motor Vehicles	2,777,354	-	-	2,777,354	1,251,117	434,959	-	1,091,267
Plant & Equipment	1,203,945	94,733	31,340	1,267,337	684,808	133,698	23,260	472,092
Office Equipment	550,334	35,224	34,513	551,044	283,745	79,203	26,199	214,295
Furniture & Fittings	339,475	13,692	5,145	348,024	141,435	35,340	5,145	178,392
Fire Engines	49,117	-	-	49,117	19,114	3,268	-	26,736
Computer Equipment	430,751	198,281	6,039	622,992	215,558	55,695	2,671	354,410
Refuse Tankers	549,766	-	-	549,766	280,171	40,579	-	229,015
	5,900,742	341,930	77,038	6,165,635	2,873,949	782,752	57,275	2,564,208
Total Property, Plant and Equipment	78,067,621	12,440,419	111,544	90,396,496	6,671,089	2,512,516	61,993	81,274,883
Investment Property								
Land	9,906,800	-	-	9,906,800	-	-	-	9,906,800
Buildings	369,900	-	-	369,900	37,024	12,330	-	320,546
	10,276,700	-	-	10,276,700	37,024	12,330	-	10,227,346
Intangible Assets								
Computer Software	7,737	193,061	-	200,798	2,680	42,770	-	155,349
	7,737	193,061	-	200,798	2,680	42,770	-	155,349
Total	88,352,058	12,633,479	111,544	100,873,994	6,710,793	2,567,616	61,993	91,657,578

APPENDIX C
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost			Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Closing Balance
Municipal Buildings	33,646,792	-	114	33,646,678	747,049	180,042	926,976
Budget & Treasury Office	1,073,988	218,274	45,015	1,247,246	502,828	141,036	610,531
Library	464,461	72,651	568	536,544	190,538	50,276	240,246
Museum	84,420	-	-	84,420	43,356	7,744	51,100
Electricity Administration	1,771,742	2,974,053	9,141	4,736,653	406,559	95,207	500,401
General Expenditure of Council	268	11,548	-	11,817	188	1,485	1,673
Health Service	1,581	-	-	1,581	1,107	79	1,186
Fire Department	57,032	-	3,256	53,776	25,633	3,501	25,877
Public Works	8,284,901	4,318,843	2,398	12,601,346	1,098,251	422,680	1,518,573
Streets & Pavements	418,966	-	-	418,966	238,279	45,979	284,258
Licensing & Traffic	337,718	-	-	337,718	159,841	11,410	171,251
Nature Reserve	29,279	-	-	29,279	13,672	976	14,648
Parks & Open areas	757,932	-	-	757,932	290,977	25,523	316,500
Swimming Pool	24	-	-	24	17	1	18
Caravan Park	11,791	-	-	11,791	5,506	393	5,899
Refuse	554,475	1,377,431	4,709	1,927,197	284,839	76,487	356,642
Sewerage	18,063,596	1,380,159	16,001	19,427,754	1,488,051	898,051	2,370,112
Water Provision	12,334,423	2,060,359	591	14,394,191	1,174,390	551,646	1,725,721
TOTAL	77,893,387	12,413,319	81,794	90,224,912	6,671,089	2,512,516	9,121,613
						61,993	81,103,299

APPENDIX C
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation			Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	
Executive & Council	485	11,548	-	12,033	209	-	10,296
Budget & Treasury Office	34,720,563	218,274	45,129	34,893,707	1,249,856	33,447	33,356,264
Health	1,581	-	-	1,581	1,107	-	395
Community & Social Services	548,880	72,651	568	620,963	233,894	568	329,617
Public Safety	57,032	-	3,256	53,776	25,633	3,256	27,899
Sport & Recreation	799,027	-	-	799,027	310,171	-	461,963
Waste Management	554,475	1,410,664	4,709	1,960,430	284,839	4,684	1,601,670
Waste Water Management	18,063,596	1,346,926	16,001	19,394,521	1,488,061	16,001	17,026,527
Road Transport	9,041,585	4,318,843	2,398	13,358,030	1,496,370	2,358	11,353,948
Water	12,334,423	2,060,359	591	14,394,191	1,174,390	315	12,668,470
Electricity	1,771,742	2,974,053	9,141	4,736,653	406,559	1,365	4,236,252
	77,893,387	12,413,319	81,794	90,224,912	6,671,089	61,993	81,103,299

APPENDIX D
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
5,670	(107,751)	(102,081)	Cemetery	6,195	(120,548)	(114,353)
1,099	(603,737)	(602,638)	Library	1,102	(676,005)	(674,903)
-	(36,306)	(36,306)	Museum	-	(96,922)	(96,922)
-	(1,048,017)	(1,048,017)	Corporate Services	-	(1,249,183)	(1,249,183)
4,793,857	(117,901)	4,675,956	Electricity Administration	5,840,750	(116,533)	5,724,217
-	(3,980,594)	(3,980,594)	Electricity Generation	-	(5,113,479)	(5,113,479)
-	(285,419)	(285,419)	Electricity Distribution	-	(426,504)	(426,504)
18,488,156	(16,419,050)	2,069,106	General Expenditure of Council	29,027,036	(18,840,751)	10,186,284
2,520	(1,173)	1,347	Official Housing	2,640	(1,198)	1,442
3,997,838	-	3,997,838	Property Rates	4,634,745	-	4,634,745
387,120	(51,769)	335,351	Commonage	387,155	(91,298)	295,857
39,029	(137,307)	(98,278)	Municipal Buildings	35,551	(145,116)	(109,565)
1,133,648	(5,598,257)	(4,464,609)	Municipal Manager/Treasurer	2,418,955	(6,238,639)	(3,819,684)
-	-	-	Health Service	-	(1,630)	(1,630)
-	(20,170)	(20,170)	Nursing Service	-	(19,263)	(19,263)
300	(30,846)	(30,546)	Air Port	300	(70,355)	(70,055)
-	(19)	(19)	Abattoir	-	(24)	(24)
-	(11,279)	(11,279)	Fire Department	-	(13,852)	(13,852)
-	(4,736)	(4,736)	Civil Protection	-	(21,917)	(21,917)
1,090	(14,231)	(13,141)	Pound	780	(33,818)	(33,038)
120	(1,894,236)	(1,894,116)	Public Works	540	(1,885,927)	(1,885,387)
-	(412,110)	(412,110)	Streets & Pavements	-	(528,913)	(528,913)
7,420	(184,201)	(176,781)	Licensing & Traffic	7,100	(203,198)	(196,098)
38,700	(108,955)	(70,255)	Nature Reserve	27,100	(120,502)	(93,402)
700	(191,846)	(191,146)	Parks & Open areas	700	(250,567)	(249,867)
9,946	(72,954)	(63,008)	Swimming Pool	8,464	(73,649)	(65,185)
3,090	(4,873)	(1,783)	Caravan Park	8,200	(7,793)	407
2,471,309	(2,156,320)	314,989	Refuse	2,585,291	(2,345,036)	240,255
2,173,789	(1,924,465)	249,324	Sewerage & Cleansing	2,251,070	(2,352,012)	(100,941)
-	(258,655)	(258,655)	Water Distribution	-	(341,315)	(341,315)
3,301,174	(372,443)	2,928,731	Water Provision	3,426,488	(536,616)	2,889,872
36,856,574	(36,049,620)	806,954	Sub Total	50,670,162	(41,922,561)	8,747,600
-	1,349,605	1,349,605	Less Inter-Departmental Charges	-	1,580,141	1,580,141
36,856,574	(34,700,015)	2,156,559	Total	50,670,162	(40,342,420)	10,327,741

APPENDIX D
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
18,488,155.72	(16,419,050)	2,069,106	Executive & Council	29,027,036	(18,840,751)	10,186,284
5,560,454.63	(5,819,371)	(258,916)	Budget & Treasury	7,479,345	(6,546,630)	932,715
-	(1,048,017)	(1,048,017)	Corporate Services	-	(1,249,183)	(1,249,183)
-	(20,170)	(20,170)	Health	-	(20,893)	(20,893)
6,769.00	(747,795)	(741,026)	Community & Social Services	7,297	(893,475)	(886,178)
1,090.00	(30,246)	(29,156)	Public Safety	780	(69,587)	(68,807)
52,436.00	(378,628)	(326,192)	Sport & Recreation	44,464	(452,510)	(408,046)
2,471,308.79	(2,156,320)	314,989	Waste Management	2,585,291	(2,345,036)	240,255
2,173,788.71	(1,924,465)	249,324	Waste Water Management	2,251,070	(2,352,012)	(100,941)
7,540.00	(2,490,547)	(2,483,007)	Road Transport	7,640	(2,618,038)	(2,610,398)
3,301,174.28	(631,098)	2,670,076	Water	3,426,488	(877,931)	2,548,557
4,793,857.12	(4,383,914)	409,943	Electricity	5,840,750	(5,656,516)	184,234
36,856,574	(36,049,620)	806,954	Sub Total	50,670,162	(41,922,561)	8,747,600
-	1,349,605	1,349,605	Less Inter-Departmental Charges	-	1,580,141	1,580,141
36,856,574	(34,700,015)	2,156,559	Total	50,670,162	(40,342,420)	10,327,741

APPENDIX E(1)
KAREEBERG LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)
REVENUE				
Property Rates	3,908,466	4,026,891	(118,425)	-2.94%
Government Grants and Subsidies	29,592,280	35,453,000	(5,860,720)	-16.53%
Fines	19,652	7,230	12,422	171.81%
Third Party Payments	59,494	-	59,494	100.00%
Actuarial Gains	152,991	-	152,991	100.00%
Property Rates - Penalties & Collection Charges	248,377	190,000	58,377	30.72%
Service Charges	13,123,661	12,887,429	236,232	1.83%
Rental of Facilities and Equipment	448,365	409,610	38,755	9.46%
Interest Earned - External Investments	1,115,642	1,307,000	(191,358)	-14.64%
Interest Earned - Outstanding Debtors	4,009	4,518	(509)	-11.28%
Licenses and Permits	14,737	14,200	537	3.78%
Agency Services	105,017	82,000	23,017	28.07%
Other Revenue	1,873,180	577,356	1,295,824	224.44%
Unamortised Discount - Interest	4,290	-	4,290	100.00%
Total Revenue	50,670,162	54,959,234	(4,289,072)	-7.80%
EXPENDITURE				
Cemetery	(120,548)	(119,394)	(1,154)	0.97%
Library	(676,005)	(683,384)	7,379	-1.09%
Museum	(96,922)	(130,753)	33,831	-25.87%
Corporate Services	(1,249,183)	(1,309,801)	60,618	-4.63%
Electricity Administration	(116,533)	(157,952)	41,419	-26.22%
Electricity Generation	(5,113,479)	(4,324,303)	(789,176)	18.25%
Electricity Distribution	(426,504)	(341,808)	(84,696)	24.78%
General Expenditure of Council	(18,840,751)	(34,773,283)	15,932,532	-45.82%
Official Housing	(1,198)	(3,698)	2,500	-67.60%
Commonage	(91,298)	(76,507)	(14,791)	19.33%
Municipal Buildings	(145,116)	(153,191)	8,075	-5.27%
Municipal Manager/Treasurer	(6,238,639)	(5,253,583)	(985,056)	18.75%
Health Service	(1,630)	-	(1,630)	100.00%
Nursing Service	(19,263)	(29,627)	10,364	-34.98%
Air Port	(70,355)	(41,163)	(29,192)	70.92%
Abattoir	(24)	(530)	506	-95.47%
Fire Department	(13,852)	(15,825)	1,973	-12.47%
Civil Protection	(21,917)	(36,602)	14,685	-40.12%
Pound	(33,616)	(10,684)	(23,134)	216.53%
Public Works	(1,885,927)	(2,035,292)	149,365	-7.34%
Streets & Pavements	(528,913)	(567,596)	38,683	-6.82%
Licensing & Traffic	(203,198)	(213,400)	10,202	-4.78%
Nature Reserve	(120,502)	(114,975)	(5,527)	4.81%
Parks & Open areas	(250,567)	(204,533)	(46,034)	22.51%
Swimming Pool	(73,649)	(73,684)	35	-0.05%
Caravan Park	(7,793)	(8,563)	770	-9.00%
Refuse	(2,345,036)	(2,482,877)	137,841	-5.55%
Sewerage & Cleansing	(2,352,012)	(2,711,268)	359,257	-13.25%
Water Distribution	(341,315)	(267,916)	(73,399)	27.40%
Water Provision	(536,616)	(569,823)	33,207	-5.83%
Less Inter-Departmental Charges	1,580,141	1,752,781	(172,640)	-9.85%
Total Expenditure	(40,342,420)	(54,959,234)	14,616,814	-26.60%
SURPLUS / (DEFICIT) FOR THE YEAR	10,327,741	-	10,327,741	100.00%

APPENDIX E(1)
KAREEBERG LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)
REVENUE				
Property Rates	3,908,466	4,026,891	(118,425)	-2.94%
Government Grants and Subsidies	29,592,280	35,453,000	(5,860,720)	-16.53%
Fines	19,652	7,230	12,422	171.81%
Third Party Payments	59,494	-	59,494	100.00%
Actuarial Gains	152,991	-	152,991	100.00%
Property Rates - Penalties & Collection Charges				
	248,377	190,000	58,377	30.72%
Service Charges	13,123,661	12,887,429	236,232	1.83%
Rental of Facilities and Equipment	448,365	409,610	38,755	9.46%
Interest Earned - External Investments	1,115,642	1,307,000	(191,358)	-14.64%
Interest Earned - Outstanding Debtors	4,009	4,518	(509)	-11.28%
Licences and Permits	14,737	14,200	537	3.78%
Agency Services	105,017	82,000	23,017	28.07%
Other Revenue	1,873,180	577,356	1,295,824	224.44%
Unamortised Discount - Interest	4,290	-	4,290	100.00%
Total Revenue	50,670,162	54,959,234	(4,289,072)	-7.80%
EXPENDITURE				
Executive & Council	(18,840,751)	(34,773,283)	15,932,532	-45.82%
Budget & Treasury	(6,546,630)	(5,528,672)	(1,017,958)	18.41%
Corporate Services	(1,249,183)	(1,309,801)	60,618	-4.63%
Health	(20,893)	(29,627)	8,734	-29.48%
Community & Social Services	(893,475)	(933,531)	40,056	-4.29%
Public Safety	(69,587)	(63,111)	(6,476)	10.26%
Sport & Recreation	(452,510)	(401,755)	(50,755)	12.63%
Waste Management	(2,345,036)	(2,482,877)	137,841	-5.55%
Waste Water Management	(2,352,012)	(2,711,268)	359,257	-13.25%
Road Transport	(2,618,038)	(2,816,288)	198,250	-7.04%
Water	(877,931)	(837,739)	(40,192)	4.80%
Electricity	(5,656,516)	(4,824,063)	(832,453)	17.26%
Less: Interdepartmental Charges	1,580,141	1,752,781	(172,640)	-9.85%
Total Expenditure	(40,342,420)	(54,959,234)	14,616,814	-26.60%
SURPLUS / (DEFICIT) FOR THE YEAR	10,327,741	-	10,327,741	100.00%

APPENDIX E (2)
KAREEBERG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
MUNICIPAL VOTES CLASSIFICATION

	2011	2011	2011	2011	2011
	Actual	Total	Budget	Variance	Variance
	R	Additions R	R	R	%
Budget & Treasury Office	218,274	218,274	-	218,274	100.00%
Library	72,651	72,651	-	72,651	100.00%
Electricity Administration	2,974,053	2,974,053	401,000	2,573,053	641.66%
General Expenditure of Council	11,548	11,548	-	11,548	100.00%
Public Works	4,318,843	4,318,843	20,409,000	(16,090,157)	-78.84%
Refuse	1,377,431	1,377,431	1,653,000	(275,569)	-16.67%
Sewerage	1,380,159	1,380,159	1,200,000	180,159	15.01%
Water Provision	2,060,359	2,060,359	-	2,060,359	100.00%
Total	12,413,319	12,413,319	23,663,000	(11,249,681)	-47.54%

APPENDIX E (2)
KAREEBERG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2011	2011	2011	2011	2011	2011
	Actual	Total	Budget	Variance	Variance	
	R	Additions	R	R	R	%
Executive & Council	11,548	11,548	-	11,548		100.00%
Budget & Treasury	218,274	218,274	-	218,274		100.00%
Community & Social Services	72,651	72,651	-	72,651		100.00%
Waste Management	1,410,664	1,410,664	1,653,000	(242,336)		-14.66%
Waste Water Management	1,346,926	1,346,926	1,200,000	146,926		12.24%
Road Transport	4,318,843	4,318,843	20,409,000	(16,090,157)		-78.84%
Water	2,060,359	2,060,359	-	2,060,359		100.00%
Electricity	2,974,053	2,974,053	401,000	2,573,053		641.66%
Total	12,413,319	12,413,319	23,663,000	(11,249,681)		-47.54%

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

Grant Description	Balance 1 JULY 2010	Correction of error	Restated balance 30 JUNE 2010	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure Transferred to Revenue	Capital Expenditure Transferred to Revenue	Balance 30 JUNE 2011
	R	R	R	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
Job Creation De Built	33,109	-	33,109	-	991	-	-	-	34,100
Land Development	54,916	-	54,916	-	781	-	-	-	55,697
Civil Defence	16,481	-	16,481	-	491	-	-	-	16,972
Job Creation	11,325	-	11,325	-	338	-	-	-	11,663
Self Build Project	129,274	-	129,274	-	472	-	-	-	-
Geotechnical Investigation	5,931	-	5,931	-	255	-	-	-	-
Water Assistance	72,767	-	72,767	-	535	-	-	-	6,186
TV Fund	10,126	-	10,126	-	12	-	-	-	10,138
CMIP Kwaggaalkolk (VAT)	191,142	-	191,142	-	743	-	-	-	140,148
Municipal Systems Improvement Grant	419,638	-	419,638	-	-	-	-	-	-
Sanitation - sewerage	5,220,026	-	5,220,026	-	-	1,200,000	-	-	2,930,801
Electricity	60,454	-	60,454	-	155	-	-	-	32,719
Water Service Plan	3,051	-	3,051	-	2	-	-	-	3,082
CMIP - Saaiport project 301	3,359	-	3,359	-	2	-	-	-	3,361
Library Development Projects	185,643	-	185,643	-	2,174	-	-	-	-
paving Projects	22,092	-	22,092	-	26	340,000	-	-	22,119
Lotto Camarvon	1,700	-	1,700	-	1	-	-	-	1,701
Lotto Vosburg	29,888	-	29,888	-	71	-	-	-	29,958
Vanwyksvlei Housing VAT	85,993	-	85,993	-	318	-	-	-	-
Vosburg Housing VAT	8,061	-	8,061	-	3	-	-	-	-
Municipal Finance Management Grant	86,107	-	86,107	-	-	-	-	-	-
Transfer Fees Sub-Economic	112,434	-	112,434	-	3,960	1,200,000	-	-	-
Cleaning Project Vosburg	23,887	-	23,887	-	29	-	-	-	-
Vanwyksvlei Drought Relief Fund	30,796	-	30,796	-	60	-	-	-	-
VAT - Retention	11,085	-	11,085	-	13	-	-	-	-
Camarvon Waste Management	12,515	-	12,515	-	8	-	-	-	-
Vanwyksvlei Drought Relief (R 2.1mil)	537,636	-	537,636	-	-	-	-	-	-
Municipal Infrastructure Grant	5,736,528	-	5,736,528	-	-	-	-	-	-
Services, Housing 81 homes	-	-	-	-	-	6,562,000	-	-	-
Kareeberg Festival	-	-	-	-	-	2,541,551	-	-	-
Department of Economic Affairs - Fly-in	-	-	-	-	-	200,000	-	-	-
Premier's Funds - Job Creation	-	-	-	-	-	100,000	-	-	-
Housing B Agterdam	-	-	-	-	-	325,000	-	-	-
Department of Water Affairs	-	-	-	-	-	61,673	-	-	-
Open Africa	-	-	-	-	-	89,120	-	-	-
	-	-	-	-	-	57,455	-	-	-
Total	13,097,173	-	13,097,173	-	11,440	12,676,799	9,663,536	12,692,430	3,509,447
Total Receipts									
	13,097,173	-	13,097,173	-	11,440	12,676,799	9,663,536	12,692,430	3,509,447

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

<u>Job Creation De Bult</u>	
Council of Representatives	Job creation at De Bult - Camarvon
<u>Land Development</u>	
Department of Housing and Local Government	Development Plans (IDP)
<u>Civil Defence</u>	
Provincial Administration	Civil Defence
<u>Premier's Funds - Job Creation</u>	
Legislature	Job Creation
<u>Self Build Project</u>	
Department of Housing and Local Government	Housing projects- Vanwyksvlei
<u>Geotechnical Investigation</u>	
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 Vanwyksvlei
<u>CMIP Kwaggakolk (VAT)</u>	
SARS	VAT Water Project - Vanwyksvlei
<u>MSIG</u>	
DORA - National Treasury	Annual allocation according to DORA.
<u>Sanitation Interest VAT</u>	
SARS	Eradication of Buckels
<u>Electricity</u>	
Eskom	Schietfontein electrification (DM)
<u>Water Service Plan</u>	
Department of Water Affairs and Forestry	Water service plan projects
<u>CMIP - Saalpoort project 301</u>	
DORA - National Treasury	Saaiport bore hole water project - Camarvon

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

<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 Camarvon</u>	
LOTTO	Erection of Sport facilities
<u>Lotto Vosburg</u>	
LOTTO	Erection of Sport facilities
<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>Camarvon Waste Management</u>	
Department of Environmental Management	Camarvon - Cleanest Town Competition
<u>VWV Drought Relief (R 2.1mll)</u>	
Department of Water Affairs and Forestry	Drought Relief - Vanwyksvlei

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

<u>MIG</u>	
DORA - National Treasury	Annual allocation according to DORA.
<u>Kareeberg Festival</u>	
Department of Sport, Arts & Culture	Kareeberg Festival
<u>Services: Housing 81 homes</u>	
Coghsla	Water & Sewerage
<u>Housing 81, Agterdam</u>	
Coghsla	Individual Subsidy
<u>Department of Water Affairs</u>	
Department of Water Affairs and Forestry	Rehabilitation of boreholes VWW
<u>Open Africa</u>	
Open Africa	Hiking trail
<u>Department of Economic Affairs</u>	
Department of Tourism	Camaron Fly Inn

NC074 Kareeberg Municipality -

Supporting Table SA18 Transfers and grant receipts

R	Description	2007/08	2008/09	2009/10	Current Year 2010/11			2010/12 medium term revenue & expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
RECEIPTS:										
<u>Operating Transfers and Grants</u>										
National Government:		4,823,492	4,443,785	9,277,967	11,450,000	11,851,000	17,205,636	13,116,000	13,796,195	14,744,051
Equitable Share		3,589,492	3,209,785	7,227,967	9,050,000	9,050,000	9,050,000	10,466,000	11,096,195	12,094,051
Finance Management		500,000	500,000	750,000	1,200,000	1,200,000	1,250,862	1,450,000	1,500,000	1,750,000
Municipal Systems Improvement		734,000	734,000	1,300,000	1,200,000	1,601,000	1,296,860	1,200,000	1,200,000	900,000
Municipal Infrastructure(MIG)							5,607,914			
Other transfers/grants [insert description]										
Provincial Government:		7,171,000	4,651,293	334,000	340,000	340,000	426,666	501,000	540,000	594,000
Sports and Recreation		380,000	441,280	334,000	340,000	340,000	426,666	501,000	540,000	594,000
Vanwyksvlei Drought Relief		2,100,000								
VWV Short Term Water Provision		4,250,000	1,535,644							
Carnarvon Waste Management										
Water Service Plan		45,000	2,674,369							
Paving Projects		396,000								
Other transfers/grants [insert description]										
District Municipality:		554,112	500,000	-	-	-	-	-	-	-
Subsidy salary municipal manager		554,112	500,000				-			
Other grant providers:		-	170,730	-	-	-	-	-	-	-
Development Bank of South Africa			170,730							
Total Operating Transfers and Grants		12,548,604	9,765,808	9,611,967	11,790,000	12,191,000	17,632,302	13,617,000	14,336,195	15,338,051
<u>Capital Transfers and Grants</u>										
National Government:		38,484,608	2,614,000	5,778,000	6,562,000	17,562,000	7,028,837	7,892,000	9,596,000	10,124,000
Municipal Infrastructure(MIG)		38,484,608	2,614,000	5,778,000	6,562,000	6,562,000	6,690,614	7,892,000	9,596,000	10,124,000
Public Works						11,000,000				
Finance Management							15,245			
Municipal Systems Improvement							322,978			
Provincial Government:		-	-	-	-	-	101,151	-	-	-
Sports and Recreation							101,151			
District Municipality:		-	-	-	-	-	-	-	-	-
Subsidy salary municipal manager										
Other grant providers:		-	-	-	-	-	-	-	-	-
Development Bank of So										
Total Capital Transfers and Grants		38,484,608	2,614,000	5,778,000	6,562,000	17,562,000	7,129,988	7,892,000	9,596,000	10,124,000
TOTAL RECEIPTS OF TRANSFERS & GRANTS		51,033,212	12,379,808	15,389,967	18,352,000	29,753,000	24,762,290	21,509,000	23,932,195	25,462,051

NC074 Kareeberg Municipality -

Supporting Table SA19 Expenditure on transfers and grant programme

Description	2007/08	2008/09	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	4,707,771	5,831,940	7,121,884	9,288,013	9,288,013	15,043,649	9,909,043	11,030,043	11,764,043
Equitable Share	3,209,785	4,324,209	5,733,259	6,888,013	6,888,013	6,888,013	7,259,043	8,330,043	9,054,043
Finance Management	660,590	616,321	788,304	1,200,000	1,200,000	1,250,862	1,450,000	1,500,000	1,750,000
Municipal Systems Improvement	837,396	891,411	600,331	1,200,000	1,200,000	1,296,860	1,200,000	1,200,000	900,000
Municipal Infrastructure(MIG)						5,607,914			
Other transfers/grants (insert description)									
Provincial Government:	1,995,622	4,284,137	221,730	334,000	334,000	426,666	501,000	540,000	594,000
Sports and Recreation	195,979	308,690	221,730	334,000	334,000	426,666	501,000	540,000	594,000
Vanwyksvlei Drought Relief	224,394	797,447							
VWV Short Term Water Provision	1,143,802	492,016							
Comarvon Waste Management	3,121	32,673							
Water Service Plan	28,839	2,653,111							
Paving Projects	380,052								
Other transfers/grants (insert description)	19,436								
District Municipality:	554,112	500,000	-	-	-	-	-	-	-
Subsidy salary municipal manager	554,112	500,000							
Other grant providers:	-	-	-	-	-	-	-	-	-
(insert description)									
Total operating expenditure of Transfers and Grants	7,257,505	10,616,077	7,343,624	9,622,013	9,622,013	15,470,315	10,410,043	11,570,043	12,298,043
Capital expenditure of Transfers and Grants									
National Government:	13,155,390	21,321,526	8,525,145	6,562,000	17,562,000	7,020,637	7,892,000	9,596,000	10,124,000
Municipal Infrastructure(MIG)	13,155,390	21,321,526	8,525,145	6,562,000	6,562,000	6,690,614	7,892,000	9,596,000	10,124,000
Public Works					11,000,000				
Finance Management						15,245			
Municipal Systems Improvement						322,976			
Other capital transfers/grants (insert desc)									
Provincial Government:	-	-	-	-	-	101,151	-	-	-
Sports and Recreation						101,151			
District Municipality:	-	-	-	-	-	-	-	-	-
Subsidy salary municipal manager									
Other grant providers:	-	-	-	-	-	-	-	-	-
(insert description)									
Total capital expenditure of Transfers and Grants	13,155,390	21,321,526	8,525,145	6,562,000	17,562,000	7,129,908	7,892,000	9,596,000	10,124,000
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	20,412,895	31,937,603	15,868,769	16,184,013	27,184,013	22,600,303	18,302,043	21,166,043	22,422,043

Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
R	Description	2007/08	2008/09	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Operating transfers and grants:										
National Government:										
	Balance unspent at beginning of the year	4,170,657	30,062,037	15,860,494						
	Current year receipts	44,443,209	(2,050,223)	9,426,756	11,450,000	22,851,000	8,155,636	13,116,000	13,796,195	
	Conditions met - transferred to revenue	18,551,829	14,954,160	12,375,720	11,450,000	22,851,000	8,155,636	13,116,000	13,796,195	
	Conditions still to be met - transferred to liabilities	30,062,037	13,057,634	12,911,538						
Provincial Government:										
	Balance unspent at beginning of the year	389,320	4,895,518	179,974						
	Current year receipts	6,663,167	1,104,244	227,838	340,000	340,000	426,666	501,000	540,000	
	Conditions met - transferred to revenue	1,976,187	4,075,780	222,169	340,000	340,000	426,666	501,000	540,000	
	Conditions still to be met - transferred to liabilities	5,076,301	1,923,982	185,643						
District Municipality:										
	Balance unspent at beginning of the year									
	Current year receipts	554,112	500,000		-	-	-			
	Conditions met - transferred to revenue	554,112	500,000	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities									
Other grant providers:										
	Balance unspent at beginning of the year	879,190	1,088,919							
	Current year receipts	51,382	280,198							
	Conditions met - transferred to revenue	22,436	310,264	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities	908,136	1,058,853							
Total operating transfers and grants revenue		21,104,564	19,840,224	12,597,889	11,790,000	23,191,000	8,582,302	13,617,000	14,336,195	
Total operating transfers and grants - CTBM		36,046,475	16,040,469	13,097,173	-	-	-	-	-	
Capital transfers and grants:										
National Government:										
	Balance unspent at beginning of the year									
	Current year receipts	1,994,810	14,100,680	5,091,473	6,562,000	23,663,000	7,028,837	7,892,000	9,596,000	
	Conditions met - transferred to revenue	1,994,810	14,100,680	5,091,473	6,562,000	23,663,000	7,028,837	7,892,000	9,596,000	
	Conditions still to be met - transferred to liabilities									
Provincial Government:										
	Balance unspent at beginning of the year									
	Current year receipts	683,500	3,467,678	110,749			101,151			
	Conditions met - transferred to revenue	683,500	3,467,678	110,749	-	-	101,151	-	-	
	Conditions still to be met - transferred to liabilities									
District Municipality:										
	Balance unspent at beginning of the year									
	Current year receipts									
	Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities									
Other grant providers:										
	Balance unspent at beginning of the year									
	Current year receipts		100,211							
	Conditions met - transferred to revenue	-	100,211	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue		2,678,310	17,668,569	5,202,222	6,562,000	23,663,000	7,129,988	7,892,000	9,596,000	
Total capital transfers and grants - CTBM		-	-	-	-	-	-	-	-	
TOTAL TRANSFERS AND GRANTS REVENUE		23,782,874	37,509,793	17,800,111	18,352,000	46,854,000	15,712,290	21,509,000	23,932,195	
TOTAL TRANSFERS AND GRANTS - CTBM		36,046,475	16,040,469	13,097,173	-	-	-	-	-	