

Kareeberg

MUNICIPALITY

[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2014

KAREEBERG LOCAL MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Report of the Chief Financial Officer	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of Financial Position	7 - 8
Statement of comparison of budget and actual amounts - Statement of Financial Performance	9 - 10
Statement of comparison of budget and actual amounts - Cash Flow statement	11 - 12
Accounting Policies	13 - 44
Notes to the Financial Statements	45 - 72
 APPENDICES - Audited	
A Segmental Statement of Financial Performance - Municipal Votes	73
B Segmental Statement of Financial Performance	74
C Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	75

KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 (Acting since 1 June 2012 till 30 November 2012)
Mr W. de Bruin (Since 1 December 2012)*

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.E.J. Hoorn
2	Mr D.P. Jason
3	Ms D. Olifant
4	Mr N. Titus
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 year ended 30 June 2014 , which are set out on pages 1 to 75 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2014 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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



Mr W. de Bruin
Municipal Manager

31 August 2014

Date

KAREEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Kareeberg Local Municipality for the fiscal year 2013/2014

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Kareeberg Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process, the worth of which is at best minimal. In times when municipalities are battling to balance their budgets and when there is little or no local economic growth, to be able to know what the depreciated replacement cost of a pipe buried three metres under the ground beggars belief. It was once said that municipal financials were opaque and there was truth in that statement, but in making them less opaque and embracing transparency, we have assumed that people will understand them better and, even more so, that they actually care about what they are reading. People, just like banks and credit agencies, want to know what the budget is, what the debtors are like and have you got cash to pay your creditors. Nothing we have done in the last six years, in order to reach GRAP compliance, changes that.

2. KEY FINANCIAL INDICATORS

The economic down turn and the Eskom issues continue to play havoc with good financial management. The Kareeberg economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial departments take heed of this fact before making any incorrect or ill-conceived statements or judgements.

Financial Statement Ratios:

INDICATOR	30 JUNE 2014	30 JUNE 2013
Surplus / (Deficit) for the year before Appropriations	2 847 704	12 092 934
Accumulated Surplus / (Deficit) at the end of the Year	113 611 087	110 763 951
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	28,04%	28,17%
Remuneration of Councillors	4,05%	4,03%
Debt Impairment	3,07%	1,11%
Depreciation and Amortisation	5,79%	5,72%
Capitalised Restoration Cost Impairment	0,00%	0,00%
Repairs and Maintenance	1,05%	0,98%
Actuarial losses	0,04%	1,53%
Finance Charges	1,72%	1,51%
Bulk Purchases	14,83%	13,59%
Contracted services	0,47%	0,68%
Grants and Subsidies	15,96%	16,75%
Stock Adjustments	1,91%	2,32%
Operating Grant Expenditure	9,82%	12,71%
Loss on disposal of Property, Plant and Equipment	0,03%	0,08%
General Expenses	13,23%	10,83%
Current Ratio:		
Creditors Days	18	25
Debtors Days	90	84

One indicator needing comment is that of repairs and maintenance. In recent years there has been made much comments as to how low this ratio is. It should be noted that the ratio stayed on the same level despite the massive increases in Eskom charges.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	110 763 951	95 332 234	16,19%	-	-
Operating income for the year (incl. gains in disposal of assets)	50 061 999	56 329 418	-11,13%	52 274 632	-4,23%
Appropriations for the year	(568)	3 338 783	-100,02%	-	
	160 825 382	155 000 435	3,76%	52 274 632	
Expenditure:					
Operating expenditure for the year	47 214 296	44 236 484	6,73%	44 985 632	4,95%
Closing surplus / (deficit)	113 611 087	110 763 951	2,57%	-	-
	160 825 382	155 000 435	3,76%	44 985 632	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 7 654 933 (2012/2013: R 14 499 591), and in percentage terms amounts to 84% of capital budget. Full details of Property, Plant and Equipment are disclosed in note number 10 to the Annual Financial Statements.

The capital expenditure of R 7 654 933 (2013/2014) was financed as follows:

DETAILS	Actual 2013/2014 R	Budgeted 2013/2014 R	Percentage Variance %	Source of funding as % of total Cap exp
Donations	-	-	100,00%	0,00%
Grants and Subsidies	7 357 500	9 089 000	-19,05%	96,11%
Own Recourses	297 433	-	100,00%	3,89%
	7 654 933	9 089 000		100,00%

5. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:

	11 811 033	10 902 074
Provision for Post Retirement Benefits	7 530 954	6 864 006
Provision for Long Service Awards	874 910	846 852
Provision for Rehabilitation of Landfill-sites	3 405 169	3 191 216
	11 811 033	10 902 074

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Notes number 3 and 4 for more detail.

6. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 5	292 769	284 119
Current Employee benefits	Note number 6	1 659 145	1 519 826
Payables from exchange transactions	Note number 7	731 677	840 842
Unspent Conditional Government Grants and Receivables	Note number 8	2 420 906	1 972 611
Taxes	Note number 9	-	-
		5 104 496	4 617 399

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations, as all these liabilities are cashbacked.

Refer to the indicated Note numbers for more detail.

7. INTANGIBLE ASSETS

The net value of Intangible Assets is:

24 758	27 339
---------------	---------------

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 12 for more detail.

8. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:

105 804 177 100 866 533

Refer to Note number 10 for more detail.

9. INVESTMENT PROPERTIES

The net value of Investment Properties is:

10 214 722 10 227 052

Refer to Note number 11 for more detail.

10. CAPITALISED RESTORATION COST

The net value of Capitalised Restoration Cost is:

1 233 910 1 201 730

Refer to Note number 14 for more detail.

11. LONG-TERM RECEIVABLES

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

45 039 51 391

Refer to Note number 15 for more detail.

12. CURRENT ASSETS

Current Assets are made up as follows:

Trade Receivables from exchange transactions	Note number 16	1 972 072	2 092 175
Other Receivables from non-exchange transactions	Note number 17	-	280
Operating Lease Asset	Note number 18	29 515	22 830
Current Portion of Long-term Receivables	Note number 15	9 796	9 413
Cash and Cash Equivalents	Note number 19	22 612 006	23 203 491
		<u>24 623 389</u>	<u>25 328 190</u>

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes numbers 8 and 21 as well as Appendix C for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 42

15. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager and Head of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.



Mr. P.B. Rossouw
CHIEF FINANCIAL OFFICER
31 August 2014

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		125 049 642	122 201 939
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	36 294	35 726
Revaluation Reserve	2	54 450	54 450
Accumulated Surplus		113 611 087	110 763 951
Non-Current Liabilities		11 811 033	10 902 074
Employee benefits	3	8 405 864	7 710 858
Non-Current Provisions	4	3 405 169	3 191 216
Current Liabilities		5 104 496	4 617 399
Consumer Deposits	5	292 769	284 119
Current Employee benefits	6	1 659 145	1 519 826
Payables from exchange transactions	7	731 677	840 842
Unspent Conditional Government Grants and Receipts	8	2 420 906	1 972 611
Total Net Assets and Liabilities		141 965 172	137 721 412
ASSETS			
Non-Current Assets		117 341 784	112 393 222
Property, Plant and Equipment	10	105 804 177	100 866 533
Investment Property	11	10 214 722	10 227 052
Intangible Assets	12	24 758	27 339
Heritage Assets	13	19 176	19 176
Capitalised Restoration Cost	14	1 233 910	1 201 730
Long-Term Receivables	15	45 039	51 391
Current Assets		24 623 389	25 328 190
Trade Receivables from exchange transactions	16	1 972 072	2 092 175
Other Receivables from non-exchange transactions	17	-	280
Operating Lease Asset	18	29 515	22 830
Current Portion of Long-term Receivables	15	9 796	9 413
Cash and Cash Equivalents	19	22 612 006	23 203 491
Total Assets		141 965 172	137 721 412

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Actual) R	Correction of Error - Note 33.07 R	2013 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		29 657 705	36 338 454	-	36 338 454
Taxation Revenue		4 237 388	4 318 456	-	4 318 456
Property taxes	20	4 237 388	4 318 456	-	4 318 456
Transfer Revenue		25 263 313	31 998 930	-	31 998 930
Government Grants and Subsidies - Capital	21	7 357 500	14 437 056	-	14 437 056
Government Grants and Subsidies - Operating	21	17 905 813	17 561 874	-	17 561 874
Other Revenue		157 003	21 068	-	21 068
Actuarial Gains		138 679	-	-	-
Licences and Permits		8 970	6 426	-	6 426
Unamortised discount - Interest		3 444	3 801	-	3 801
Fines		5 910	10 841	-	10 841
Revenue from Exchange Transactions		20 404 294	19 990 964	(94 068)	20 085 032
Property Rates - Penalties & Collection Charges		186 851	179 936	-	179 936
Service Charges	22	16 998 357	15 671 908	-	15 671 908
Rental of Facilities and Equipment		513 160	504 072	-	504 072
Interest Earned - external investments		1 335 243	1 212 532	-	1 212 532
Interest Earned - outstanding debtors		2 955	3 323	-	3 323
Agency Services		136 904	127 432	-	127 432
Other Revenue	23	1 230 824	2 291 761	(94 068)	2 385 628
Total Revenue		50 061 999	56 329 418	(94 068)	56 423 486
EXPENDITURE					
Employee related costs	25	13 236 783	12 463 236	-	12 463 236
Remuneration of Councillors	26	1 912 960	1 784 360	-	1 784 360
Debt Impairment	27	1 449 360	491 255	-	491 255
Depreciation and Amortisation		2 734 043	2 529 564	(32 250)	2 561 814
Repairs and Maintenance		494 612	433 881	-	433 881
Actuarial losses	3	18 527	676 193	-	676 193
Finance Charges	28	811 725	666 468	(711 652)	1 378 120
Bulk Purchases	29	7 001 266	6 010 265	(1 025 705)	7 035 969
Contracted services		220 169	300 506	-	300 506
Grants and Subsidies	30	7 536 185	7 408 903	-	7 408 903
Stock Adjustments	29	903 308	1 025 705	1 025 705	-
Operating Grant Expenditure	31	4 637 813	5 620 874	-	5 620 874
Loss on disposal of Property, Plant and Equipment		11 885	33 933	-	33 933
General Expenses	32	6 245 659	4 791 343	-	4 791 343
Total Expenditure		47 214 296	44 236 484	(743 903)	44 980 386
NET SURPLUS FOR THE YEAR		2 847 704	12 092 934	649 835	11 443 100

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Revaluations Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 1 July 2012	54 450	120 895	11 347 812	95 332 234	106 855 390
Net Surplus/(Deficit) for the year	-	-	-	11 443 100	11 443 100
Correction of error - See Note 33.07	-	-	-	649 835	649 835
Revaluation of PPE and CRC (Capitalised Restoration Cost)	85 274	-	-	-	85 274
Transfer to Housing Development Fund	-	(85 169)	-	85 169	-
Balance at 30 June 2013	139 724	35 726	11 347 812	107 510 337	119 033 599
Correction of error - See Note 33.06 & 33.05	(85 274)	-	-	3 253 614	3 168 340
Restated Balance at 1 July 2013	54 450	35 726	11 347 812	110 763 951	122 201 939
Net Surplus/(Deficit) for the year	-	-	-	2 847 704	2 847 704
Transfer to/from Housing Development Fund	-	568	-	(568)	-
Asset Disposals	-	-	-	-	-
Offsetting of depreciation	-	-	-	-	-
Rounding	-	-	-	-	-
Balance at 30 June 2014	54 450	36 294	11 347 812	113 611 087	125 049 642

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		21 727 074	21 771 776
Government - operating/capital		26 838 047	33 870 952
Interest		1 296 376	1 174 033
Payments			
Suppliers and employees		(34 488 407)	(32 714 077)
Finance charges	28	(811 725)	(666 468)
Transfers and Grants		(7 536 185)	(7 408 903)
Net Cash from Operating Activities		7 025 179	16 027 314
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(7 654 933)	(14 499 591)
Proceeds on Disposal of Fixed Assets		26 435	49 098
Purchase of Intangible Assets		(6 228)	-
Net Cash from Investing Activities		(7 634 727)	(14 450 493)
CASH FLOW FROM FINANCING ACTIVITIES			
(Increase)/Decrease in Long-term Receivables		9 413	9 045
Increase/(Decrease) in Consumer Deposits		8 650	15 360
Rounding		(2)	-
Net Cash from Financing Activities		18 062	24 405
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(591 486)	1 601 226
Cash and Cash Equivalents at the beginning of the year		23 203 491	21 602 265
Cash and Cash Equivalents at the end of the year	35	22 612 006	23 203 491
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(591 486)	1 601 226

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	167 919	1 538 120	(1 370 200)	
Call investment deposits	22 444 086	19 551 274	2 892 812	
Consumer debtors	1 106 248	6 000 117	(4 893 869)	
Other Receivables	895 339	10 634	884 705	
Current portion of long-term receivables	9 796	9 045	751	
Inventory	-	-	-	
Total current assets	24 623 389	27 109 190	(2 485 801)	
Non current assets				
Long-term receivables	45 039	38 919	6 120	
Investments	-	-	-	
Investment property	10 214 722	10 227 346	(12 624)	
Property, plant and equipment	107 038 086	99 331 100	7 706 987	
Biological Assets	-	-	-	
Intangible Assets	24 758	92 452	(67 694)	
Heritage Assets	19 176	-	19 176	
Total non current assets	117 341 784	109 689 817	7 651 966	
TOTAL ASSETS	141 965 172	136 799 007	5 166 165	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	292 769	331 388	(38 619)	
Trade and other payables	3 152 583	3 362 435	(209 852)	
Provisions and Employee Benefits	1 659 145	1 330 534	328 611	
Total current liabilities	5 104 496	5 024 357	80 140	
Non current liabilities				
Borrowing	-	-	-	
Provisions and Employee Benefits	11 811 033	13 498 884	(1 687 851)	
Total non current liabilities	11 811 033	13 498 884	(1 687 851)	
TOTAL LIABILITIES	16 915 530	18 523 241	(1 607 711)	
NET ASSETS	16 915 530	118 275 766	(101 360 237)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	113 611 087	106 752 610	6 858 477	
Reserves	11 438 556	11 523 154	(84 598)	
TOTAL COMMUNITY WEALTH/EQUITY	125 049 642	118 275 764	6 773 879	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	1 538 120	-	1 538 120	
Call investment deposits	19 551 274	-	19 551 274	
Consumer debtors	6 000 117	-	6 000 117	
Other Receivables	10 634	-	10 634	
Current portion of long-term receivables	9 045	-	9 045	
Inventory	-	-	-	
Total current assets	27 109 190	-	27 109 190	
Non current assets				
Long-term receivables	38 919	-	38 919	
Investments	-	-	-	
Investment property	10 227 346	-	10 227 346	
Property, plant and equipment	99 331 100	-	99 331 100	
Biological Assets	-	-	-	
Intangible Assets	92 452	-	92 452	
Heritage Assets	-	-	-	
Total non current assets	109 689 817	-	109 689 817	
TOTAL ASSETS	136 799 007	-	136 799 007	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	331 388	-	331 388	
Trade and other payables	3 362 435	-	3 362 435	
Provisions and Employee Benefits	1 330 534	-	1 330 534	
Total current liabilities	5 024 357	-	5 024 357	
Non current liabilities				
Borrowing	-	-	-	
Provisions and Employee Benefits	13 498 884	-	13 498 884	
Total non current liabilities	13 498 884	-	13 498 884	
TOTAL LIABILITIES	18 523 241	-	18 523 241	
NET ASSETS	118 275 766	-	118 275 766	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	106 752 610	-	106 752 610	
Reserves	11 523 154	-	11 523 154	
TOTAL COMMUNITY WEALTH/EQUITY	118 275 764	-	118 275 764	

KAREBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	4 237 388	5 005 060	(767 672)	
Property rates - penalties & collection charges	186 851	190 000	(3 149)	
Service charges	16 998 357	17 315 592	(317 235)	
Rental of facilities and equipment	513 160	410 674	102 486	
Interest earned - external investments	1 335 243	1 297 000	38 243	
Interest earned - outstanding debtors	2 955	3 300	(345)	
Dividends received	-	-	-	
Fines	5 910	12 230	(6 320)	
Licences and permits	8 970	7 430	1 550	
Agency services	136 904	97 000	39 904	
Government Grants and Subsidies - Operating	17 905 813	17 728 000	177 813	
Other revenue	1 372 947	1 119 356	253 591	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	42 704 459	43 165 632	(461 133)	
EXPENDITURE BY TYPE				
Employee related costs	13 236 783	13 915 173	(678 390)	
Remuneration of councillors	1 912 960	1 880 786	32 174	
Debt impairment	1 449 360	225 000	1 224 360	
Depreciation & asset impairment	2 734 043	1 943 709	790 334	
Finance charges	811 725	531 013	280 712	
Bulk purchases	7 001 266	7 906 633	(905 367)	
Other materials	-	431 200	(431 200)	
Contracted services	220 169	521 400	(301 231)	
Grants and subsidies paid	7 536 185	7 535 741	444	
Other expenditure	12 299 919	10 092 977	2 206 942	
Loss on disposal of PPE	11 885	2 000	9 885	
Total Operating Expenditure	47 214 296	44 985 632	2 228 664	
Operating Deficit for the year	(4 509 796)	(1 800 000)	(2 709 796)	
Government Grants and Subsidies - Capital	7 357 500	9 089 000	(1 731 500)	
Net Surplus for the year	2 847 704	7 289 000	(4 441 296)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	5 005 060	-	5 005 060	
Property rates - penalties & collection charges	190 000	-	190 000	
Service charges	17 315 592	-	17 315 592	
Rental of facilities and equipment	410 674	-	410 674	
Interest earned - external investments	1 297 000	-	1 297 000	
Interest earned - outstanding debtors	3 300	-	3 300	
Dividends received	-	-	-	
Fines	12 230	-	12 230	
Licences and permits	7 420	-	7 420	
Agency services	97 000	-	97 000	
Government Grants and Subsidies - Operating	17 728 000	-	17 728 000	
Other revenue	1 119 356	-	1 119 356	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	43 185 632	-	43 185 632	
EXPENDITURE BY TYPE				
Employee related costs	13 915 173	-	13 915 173	
Remuneration of councillors	1 880 786	-	1 880 786	
Debt impairment	225 000	-	225 000	
Depreciation & asset impairment	1 943 709	-	1 943 709	
Finance charges	531 013	-	531 013	
Bulk purchases	7 906 633	-	7 906 633	
Other materials	431 200	-	431 200	
Contracted services	521 400	-	521 400	
Grants and subsidies paid	7 535 741	-	7 535 741	
Other expenditure	10 092 977	-	10 092 977	
Loss on disposal of PPE	2 000	-	2 000	
Total Operating Expenditure	44 985 632	-	44 985 632	
Operating Surplus/(Deficit) for the year	(1 800 000)	-	(1 800 000)	
Government Grants and Subsidies - Capital	9 089 000	-	9 089 000	
Net Surplus/(Deficit) for the year	7 289 000	-	7 289 000	

KAREBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET			
	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	21 727 074	21 750 186	(23 112)	
Government - operating/capital	26 838 047	26 817 000	21 047	
Interest	1 296 376	1 300 300	(3 924)	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(34 488 407)	(34 332 714)	(155 694)	
Finance charges	(811 725)	(531 013)	(280 712)	
Transfers and Grants	(7 536 185)	(7 535 741)	(444)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	7 025 179	7 468 018	(442 839)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	26 435	-	26 435	
Decrease/(increase) in non-current receivables	9 413	9 045	368	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(7 661 161)	(9 089 000)	1 427 839	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(7 625 313)	(9 079 955)	1 454 642	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	8 650	29 000	(20 350)	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	8 650	29 000	(20 350)	
NET INCREASE/(DECREASE) IN CASH HELD	-591 484	(1 582 937)	991 452	
Cash and Cash Equivalents at the beginning of the year	23 203 491	22 672 329	531 162	
Cash and Cash Equivalents at the end of the year	22 612 006	21 089 393	1 522 613	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	21 750 186	-	21 750 186	
Government - operating	17 728 000	-	17 728 000	
Government - capital	9 089 000	-	9 089 000	
Interest	1 300 300	-	1 300 300	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(34 332 714)	-	(34 332 714)	
Finance charges	(531 013)	-	(531 013)	
Transfers and Grants	(7 535 741)	-	(7 535 741)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	7 468 018	-	7 468 018	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	9 045	-	9 045	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(9 089 000)	-	(9 089 000)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(9 079 955)	-	(9 079 955)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	29 000	-	29 000	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	29 000	-	29 000	
NET INCREASE/(DECREASE) IN CASH HELD	(1 582 937)	-	(1 582 937)	
Cash and Cash Equivalents at the beginning of the year	22 672 329	-	22 672 329	
Cash and Cash Equivalents at the end of the year	21 089 393	-	21 089 393	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**1.1. BASIS OF PREPARATION**

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

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and 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).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

A summary of the significant accounting policies, which have been consistently applied except where an exemption 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 otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to 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. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. 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 errors.

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

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

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

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	Consolidated and Separate Financial Statements The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	Unknown
GRAP 8 (Revised – Nov 2010)	Interest in Joint Ventures The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Municipality is not involved in any joint ventures.	Unknown
GRAP 18 (Original – Feb 2011)	Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.	Unknown
GRAP 20	Related Party Disclosure The objective of this Standard is to ensure that a	Unknown

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(Original – June 2011)	<p>Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe</p>	Unknown

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<p>accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

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

The Minister of Finance has, in Government Gazette Notice No 37820 dated 10 July 2014, prescribed the effective date for the Standards of GRAP on Segment Reporting (GRAP 18), Transfer of Functions Between Entities Under Common Control (GRAP 105), Transfer of Functions Between Entities Not Under Common Control (GRAP 106) and Mergers (GRAP 107).

These Standards of GRAP will be effective for financial years commencing on or after 1 April 2015

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

1.9.2 Housing Development Fund

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

1.9.3 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 the Statement of Financial Performance.

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.

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

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

1.10.2 Municipality as Lessor

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

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.12. PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

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

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

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

1.13. EMPLOYEE BENEFITS

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

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

1.13.1. Post Retirement Medical Obligations

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.13.2. Long Service Awards

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

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

1.13.3. Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.13.4. Staff Bonuses Accrued

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

1.13.5. Provision for Performance Bonuses

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

1.13.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all

employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13.7. Other Short-term Employee Benefits

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

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

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

1.14.2 Subsequent Measurement – Cost Model

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

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

1.14.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated 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 the Statement of Financial Performance.

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

1.14.4 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:

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	4-70	Buildings	8-50
Refuse	20-40	Specialist vehicles	3-30
Electricity	5-50	Other vehicles	5-30
Water	2-100	Office equipment	3-30

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Sewerage	2-100	Furniture and fittings	3-30
Housing	10-50	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	30	Equipment	10-30
Recreational Facilities	30	Other plant and	
Security	30	Equipment	3-30
Halls	30	Landfill sites	3-50
Libraries	30	Quarries	25
Parks and gardens	30	Emergency equipment	5-20
Other assets	8-30	Computer equipment	3-10
<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 recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.14.5 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 sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.6 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 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

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

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

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

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

Intangible assets are initially recognised at cost.

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

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-5
Computer Software Licenses	5-10

1.15.4 De-recognition

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

1.15.5 Application of deemed cost (Directive 7)

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

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

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

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

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

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

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method 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

1.16.4 De-recognition

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

1.16.5 Application of deemed cost - Directive 7

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

1.17 HERITAGE ASSETS**1.17.1 Initial Recognition**

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.17.4 De-recognition

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

1.17.5 Application of deemed cost - Directive 7

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

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 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.

1.18.2 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 the Statement of Financial Performance.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

(a) External sources of information

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

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

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

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

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

1.19.2 Non-cash-generating assets

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

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

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

- (a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

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

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

1.20. INVENTORIES**1.20.1 Initial Recognition**

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

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

1.20.2 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. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.21. FINANCIAL INSTRUMENTS

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

1.21.1 Initial Recognition

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

1.21.2 Subsequent Measurement

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

1.21.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.21.2.2 Payables and Annuity Loans

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

1.21.2.3 Cash and Cash Equivalents

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

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

1.21.2.4 Non-Current Investments

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

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

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

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

1.21.3 De-recognition of Financial Instruments**1.21.3.1** 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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

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

1.21.3.2 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.

1.21.4 *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

1.22. REVENUE

1.22.1 *Revenue from Non-Exchange Transactions*

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

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

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

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

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

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

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

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

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

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

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

1.22.2 Revenue from Exchange Transactions

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

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

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

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

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

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

1.23. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

-
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

- (a) All managers or council of the Municipality, being the Mayor and members of the Council.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.24. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

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

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1.28.1 *Post retirement medical obligations and long service awards*

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

1.28.2 *Impairment of Receivables*

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

1.28.3 *Property, Plant and Equipment*

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

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

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

-
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
 - The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

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

1.28.4 Intangible Assets

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

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

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

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

1.28.5 Investment Property

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

1.28.6 Provisions and Contingent Liabilities

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

1.28.7 Revenue Recognition

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

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

1.28.8 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

1.28.9 Provision for Staff leave

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

1.28.10 Provision for Performance bonuses

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

1.28.11 Componentisation of Infrastructure assets

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

1.29. TAXES – VALUE ADDED TAX

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

1.30. CAPITAL COMMITMENTS

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

1.31. EVENTS AFTER REPORTING DATE

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

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

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

1.32. BORROWING COSTS

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
2 NET ASSET RESERVES		
RESERVES	11 438 556	11 437 987
Capital Replacement Reserve	11 347 812	11 347 812
Housing Development fund	36 294	35 726
Revaluation Reserve	54 450	54 450
Total Net Asset Reserves	11 438 556	11 437 987
	2014 R	2013 R
3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	7 530 954	6 864 006
Long Service Awards - Refer to Note 3.2	874 910	846 852
Total Non-current Employee Benefit Liabilities	8 405 864	7 710 858
<u><i>Post Retirement Benefits</i></u>		
Balance 1 July	6 985 874	5 805 039
Contribution for the year	900 290	727 635
Expenditure for the year	(138 151)	(125 983)
Actuarial Loss/(Gain)	(138 679)	569 163
Total post retirement benefits 30 June	7 619 334	6 995 874
Less: Transfer of Current Portion - Note 6	(88 380)	(131 668)
Balance 30 June	7 530 954	6 864 006
<u><i>Long Service Awards</i></u>		
Balance 1 July	939 826	782 568
Contribution for the year	159 636	121 441
Expenditure for the year	(112 145)	(51 190)
Actuarial Loss	18 527	87 009
Total long service awards 30 June	1 005 846	939 826
Less: Transfer of Current Portion - Note 6	(130 936)	(92 976)
Balance 30 June	874 910	846 852
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	7 935 702	6 587 607
Contribution for the year	1 059 926	849 076
Expenditure for the year	(250 296)	(177 174)
Actuarial Loss/(Gain)	(120 152)	676 193
Total employee benefits 30 June	8 625 180	7 935 702
Less: Transfer of Current Portion - Note 6	(219 316)	(224 844)
Balance 30 June	8 405 864	7 710 858
3.1 Post Retirement Benefits	2014 R	2013 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	15
Continuation members (e.g. Retirees, widows, orphans)	3	4
Total Members	19	19
The liability in respect of past service has been estimated to be as follows:		
In-service members	7 016 441	5 749 138
Continuation members	602 693	1 246 736
Total Liability	7 619 334	6 995 874
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2012 R	2011 R
In-service members	4 635 740	4 037 566
Continuation members	1 169 299	1 554 489
Total Liability	5 805 039	5 592 057
Experience adjustments were calculated as follows:	2014 Rm	2013 Rm
Liabilities: (Gain) / loss	0,036	0,280
Assets: Gain / (loss)	-	-
The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	(0,591)	0,508
Assets: Gain / (loss)	-	-
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Hosmed		
LA Health		
The Municipality's Accrued Unfunded Liability at 30 June 2014 is estimated at R7.619 million. The Current-service Cost for the year ending 30 June 2014 is estimated at R298,541. It is estimated to be R342,612 for the ensuing year.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3

EMPLOYEE BENEFITS (CONTINUE)

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8,66%	8,68%
Health Care Cost Inflation Rate	7,91%	8,04%
Net Effective Discount Rate	0,70%	0,60%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

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:

Present value of fund obligations	7 619 334	6 995 874
Total Liability	7 619 334	6 995 874

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	6 995 874	5 805 039
Total expenses	768 422	607 539
Current service cost	298 541	245 693
Interest Cost	601 749	481 942
Benefits Paid	(131 868)	(120 096)
Actuarial (gains)/losses	(144 962)	583 296
Present value of fund obligation at the end of the year	7 619 334	6 995 874
Less: Transfer of Current Portion - Note 5	(88 380)	(131 869)
Balance 30 June	7 530 954	6 864 006

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	7,016	0,603	7,619

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%	8,126	0,633	8,760	15%
Health care inflation	-1%	6,097	0,575	6,672	-12%
Discount Rate	1%	6,110	0,575	6,685	-12%
Discount Rate	-1%	8,130	0,634	8,763	15%
Post-retirement mortality	-1 year	7,274	0,641	7,915	4%
Average retirement age	-1 year	7,604	0,603	8,207	8%
Withdrawal Rate	-50%	6,315	0,603	6,918	-9%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		298 500	601 700	900 200	
Health care inflation	1%	355 000	692 900	1 047 900	16%
Health care inflation	-1%	252 700	526 100	778 800	-13%
Post-retirement mortality	-1 year	309 300	626 000	935 300	4%
Average retirement age	-1 year	332 400	646 900	979 300	9%
Withdrawal Rate	-50%	309 500	611 000	920 500	2%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 60 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2014 is R 99,909. The Current-service Cost for the ensuing year has been estimated to be R 62,898.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7,70%	6,68%
General Salary Inflation (long-term)	6,95%	6,85%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0,70%	-0,26%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	69 081	67 707
Assets: Gain / (loss)	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
EMPLOYEE BENEFITS (CONTINUE)		
The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	25 420	-
Assets: Gain / (loss)	-	-
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 005 846	939 828
Net liability/(asset)	1 005 846	939 828
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	939 828	782 568
Total expenses	66 660	68 077
Current service cost	99 908	72 369
Interest Cost	59 727	49 072
Benefits Paid	(92 976)	(53 364)
Actuarial losses/(gains)	(642)	89 183
Present value of fund obligation at the end of the year	1 005 846	939 828
Less: Transfer of Current Portion - Note 6	(130 936)	(92 976)
Balance 30 June	874 910	846 852

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1,005	
General salary inflation	1%	1,055	5%
General salary inflation	-1%	0,960	-5%
Discount Rate	1%	0,956	-5%
Discount Rate	-1%	1,061	5%
Average retirement age	-2 yrs	0,745	-26%
Average retirement age	2 yrs	1,081	8%
Withdrawal rates	-50%	1,090	8%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		99 900	59 700	159 600	
General salary inflation	1%	103 400	63 100	166 500	4%
General salary inflation	-1%	96 700	56 600	153 300	-4%
Average retirement age	-2 yrs	65 500	42 600	128 100	-20%
Average retirement age	2 yrs	103 900	63 900	167 800	5%
Withdrawal rates	-50%	108 300	65 500	173 800	9%

3.3 Retirement funds

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

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% or 23.08% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95% funding level, provided that the previous statutory valuation reflected at least a 99.4% funding level.

Contributions paid recognised in the Statement of Financial Performance	2014 R	2013 R
	1 535 797	1 079 977

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
4 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	3 405 169	3 191 216
Total Non-current Provisions	3 405 169	3 191 216
<u>Landfill Sites</u>		
Balance 1 July	3 191 216	2 992 771
Balance previously reported	-	6 480 344
Correction of Error - Note 33.03	-	(3 487 573)
Increase in Estimate	63 704	62 992
Balance previously reported	-	-
Correction of Error - Note 33.03	-	62 992
Unwinding of discounted interest	150 249	135 454
Balance previously reported	-	847 106
Correction of Error - Note 33.03	-	(711 652)
Total provision 30 June	3 405 169	3 191 216
<u>Less:</u> Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	3 405 169	3 191 216

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

Location	Estimated decommission date	Cost of rehabilitation 2014 R	Cost of rehabilitation 2013 R
Camarvon	2041	1 987 987	1 867 275
Vanwyksvlei	2045	705 750	654 923
Vosburg	2061	711 432	669 018
		3 405 169	3 191 216

Material Assumptions used:

Area of landfill site consumed	2012	2013	2014
Camarvon	20,46%	2,28%	5,65%
Vanwyksvlei	21,69%	4,47%	6,97%
Vosburg	22,89%	6,55%	8,24%
Discount Rate used		4,53%	4,71%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

	2014 R	2013 R
5 CONSUMER DEPOSITS		
Water & Electricity	292 769	264 119
Total Consumer Deposits	292 769	264 119

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

	2014 R	2013 R
6 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 3	88 380	131 868
Current Portion of Long-Service Provisions - Note 3	130 936	92 976
Provision for Performance Bonuses	165 843	126 737
Provision for Annual Bonuses	230 785	215 213
Provision for Staff Leave	1 043 200	953 032
Total Current Employee Benefits	1 659 145	1 519 826

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	131 868	120 096
Transfer from non-current	94 663	137 755
Expenditure incurred	(138 151)	(125 983)
Balance at end of year	88 380	131 868

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	92 976	53 364
Transfer from non-current	150 105	90 802
Expenditure incurred	(112 145)	(51 190)
Balance at end of year	130 936	92 976

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
6 CURRENT EMPLOYEE BENEFITS (CONTINUE)		
<u><i>Provision for Performance Bonuses</i></u>		
Balance at beginning of year	126 737	198 340
Contribution to current portion	178 550	90 279
Expenditure incurred	(139 444)	(161 882)
Balance at end of year	<u>165 843</u>	<u>126 737</u>

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

Provision for Staff Leave

Balance at beginning of year	953 032	776 890
Contribution to current portion	335 753	378 802
Expenditure incurred	(245 585)	(202 660)
Balance at end of year	<u>1 043 200</u>	<u>953 032</u>

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.

Provision for Annual Bonuses

Balance at beginning of year	215 213	198 827
Contribution to current portion	15 572	16 386
Balance at end of year	<u>230 785</u>	<u>215 213</u>

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

	2014 R	2013 R
7 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	662 334	653 202
Balance previously reported		666 515
Operating Lease Asset previously year not recognised correctly - Note 33.01 and Note 33.06		(13 313)
Payments received in advance	68 117	105 495
Other Payables	1 226	2 145
Total Trade Payables	<u>731 677</u>	<u>840 842</u>

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

	2014 R	2013 R
8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	2 420 906	1 972 611
National and Provincial Government Grants	<u>2 420 906</u>	<u>1 972 611</u>
Total Conditional Grants and Receipts	<u>2 420 906</u>	<u>1 972 611</u>

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. An grant amount of R 2 000 000 were withheld on MIG due to underspending

	2014 R	2013 R
9 TAXES		
VAT Payable	-	-
Less: Contribution to provision for impairment of trade receivables from exchange transactions	-	-
	<u>-</u>	<u>-</u>

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 2014

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value

	Opening Balance R	Additions R	Cost WIP R	Disposals/Transfers R	Closing Balance R	Opening Balance R	Accumulated Depreciation Depreciation Charge R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	31 127 683	139 900	-	-	31 266 583	635 632	79 707	-	715 339	30 551 245
Land	28 509 000	-	-	-	28 509 000	-	-	-	-	28 509 000
Buildings	2 618 683	139 900	-	-	2 757 583	635 632	79 707	-	715 339	2 042 245
Infrastructure	73 113 295	-	3 845 657	-	76 958 952	8 028 148	2 174 499	-	10 202 647	66 756 305
Electricity	5 360 278	-	-	-	5 360 278	539 065	209 152	-	748 217	4 612 060
Road Transport	32 139 570	-	3 845 657	-	35 985 226	2 282 171	719 702	-	3 001 874	32 983 353
Sanitation	19 533 757	-	-	-	19 533 757	2 517 345	674 008	-	3 191 352	16 342 404
Solid Waste Disposal	1 377 431	-	-	-	1 377 431	154 397	62 052	-	216 449	1 160 983
Stormwater	478 385	-	-	-	478 385	81 540	31 439	-	112 979	365 407
Water Supply	14 223 874	-	-	-	14 223 874	2 453 630	478 146	-	2 931 776	11 292 098
Community Assets	3 989 393	-	3 346 855	-	7 336 249	1 112 472	110 904	-	1 223 377	6 112 872
Recreation Grounds	1 277 432	-	3 346 855	-	4 624 287	437 089	30 012	-	467 101	4 157 186
Civil Buildings	651 277	-	-	-	651 277	265 647	13 772	-	279 420	371 857
Cemetery	18 000	-	-	-	18 000	3 457	519	-	3 977	14 023
Museum	450 000	-	-	-	450 000	86 433	12 985	-	99 417	350 583
Clinic	451 000	-	-	-	451 000	13 013	13 013	-	99 638	351 362
Libraries	894 167	-	-	-	894 167	153 711	26 371	-	180 083	714 084
Parks & Gardens	41 070	-	-	-	41 070	21 924	684	-	22 608	18 462
Public Conveniences/Bathhouses	206 447	-	-	-	206 447	57 585	13 547	-	71 132	135 315
Other Assets	6 363 069	323 521	-	211 335	6 475 255	3 950 655	313 859	173 015	4 091 499	2 383 756
Motor Vehicles	2 654 178	-	-	-	2 654 178	1 744 976	134 067	-	1 879 043	775 135
Plant & Equipment	1 021 678	130 451	-	1 298	1 150 631	644 906	38 413	1 249	682 072	468 759
Office Equipment	533 290	4 409	-	96 421	441 277	317 542	40 128	94 216	263 454	177 823
Furniture & Fittings	919 928	21 844	-	68 822	874 951	536 731	45 532	64 567	517 686	357 255
Fire Engines	17 207	-	-	-	17 207	11 673	503	-	12 176	5 031
Computer Equipment	500 688	110 567	-	13 244	598 012	239 845	32 523	12 983	259 385	338 627
Refuse Tankers	549 766	-	-	-	549 766	454 980	22 693	-	477 673	72 093
Game	166 334	56 250	-	33 550	189 034	-	-	-	-	189 034
	114 593 441	462 421	7 192 512	211 335	122 037 039	13 726 907	2 678 969	173 015	16 232 861	105 804 177

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

	Opening Balance R	Additions R	Cost WIP R	Disposals/Transfers R	Closing Balance R	Opening Balance R	Accumulated Depreciation Depreciation Charge R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	31 152 083	-	-	24 400	31 127 683	558 317	77 315	-	635 632	30 492 051
Land	28 533 400	-	-	24 400	28 509 000	-	-	-	-	28 509 000
Buildings	2 618 683	-	-	-	2 618 683	558 317	77 315	-	635 632	1 983 051
Infrastructure	59 026 990	8 681 386	5 404 919	-	73 113 295	6 077 037	1 951 111	-	8 028 148	65 085 147
Electricity	4 330 597	1 029 680	-	-	5 360 278	350 927	188 138	-	539 065	4 821 212
Road Transport	19 394 583	7 340 067	5 404 919	-	32 139 570	1 758 483	523 688	-	2 282 171	28 857 398
Sanitation	19 533 757	-	-	-	19 533 757	1 843 337	674 008	-	2 517 345	17 016 412
Solid Waste Disposal	1 377 431	-	-	-	1 377 431	92 345	62 052	-	154 397	1 223 035
Stormwater	478 385	-	-	-	478 385	50 101	31 439	-	81 540	396 845
Water Supply	13 912 236	311 538	-	-	14 223 774	1 981 844	471 785	-	2 453 630	11 770 244
Community Assets	3 929 611	59 783	-	-	3 989 393	1 003 629	108 843	-	1 112 472	2 876 921
Recreation Grounds	1 277 432	-	-	-	1 277 432	407 077	30 012	-	437 089	840 343
Civil Buildings	651 277	-	-	-	651 277	251 875	13 772	-	265 047	385 630
Cemetery	18 000	-	-	-	18 000	2 938	519	-	3 457	14 543
Museum	450 000	-	-	-	450 000	73 448	12 985	-	86 433	363 567
Clinic	451 000	-	-	-	451 000	73 611	13 013	-	86 625	364 375
Libraries	934 384	59 783	-	-	894 167	129 402	24 310	-	153 711	740 455
Parks & Gardens	41 070	-	-	-	41 070	21 241	684	-	21 924	19 146
Public Conveniences/Bathhouses	206 447	-	-	-	206 447	44 038	13 547	-	57 585	148 862
Other Assets	6 173 615	353 503	-	164 049	6 363 069	3 748 930	282 743	81 018	3 950 655	2 412 414
Motor Vehicles	2 529 396	165 287	-	40 506	2 654 178	1 627 679	153 738	36 440	1 744 976	909 201
Plant & Equipment	948 846	103 545	-	30 713	1 021 678	639 785	32 210	27 088	644 908	376 770
Balance previously reported	933 958	103 545	-	30 713	1 006 780	635 407	31 334	27 088	639 653	367 137
Correction of Error - Note 33.02	14 888	-	-	-	14 888	4 379	876	-	5 254	9 633
Office Equipment	521 511	12 502	-	722	533 290	296 271	21 807	536	317 542	215 748
Furniture & Fittings	901 013	27 019	-	8 104	919 928	516 432	26 710	6 411	536 731	383 197
Balance previously reported	896 935	27 019	-	8 104	915 750	515 203	26 464	6 411	535 256	380 494
Correction of Error - Note 33.02	4 178	-	-	-	4 178	1 229	246	-	1 475	2 703
Fire Engines	17 207	-	-	-	17 207	11 123	550	-	11 673	5 534
Balance previously reported	16 665	-	-	-	16 665	10 969	520	-	11 489	5 196
Correction of Error - Note 33.02	522	-	-	-	522	153	31	-	184	337
Computer Equipment	513 543	-	-	12 854	500 688	222 855	27 532	10 542	239 845	260 844
Balance previously reported	512 353	-	-	12 854	499 498	222 505	27 462	10 542	239 425	260 074
Correction of Error - Note 33.02	1 190	-	-	-	1 190	350	70	-	420	770
Refuse Tankers	549 766	-	-	-	549 766	434 785	20 195	-	454 980	94 785
Game	192 334	45 150	-	71 150	166 334	-	-	-	-	166 334
TOTAL	100 282 299	9 094 671	5 404 919	188 449	114 593 441	11 387 914	2 420 011	81 018	13 726 907	100 866 533

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Assets pledged as security:		
No assets are pledged as security.		
Third party payments received for losses incurred:		
Payments received (Excluding VAT)	-	-
Surplus/Deficit	-	-
Impairment of property plant and equipment		
Impairment charges on Property, plant and equipment recognised in statement of financial performance		
Land and Buildings	-	-
Infrastructure	-	-
Other	-	-
Effect of changes in accounting estimates		

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

	2014 R	2015 R	2016 R
Effect on Property, plant and equipment	149 335	532 923	501 489

11 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	10 227 052	10 214 982
Cost	10 301 100	10 276 700
Accumulated Depreciation	(74 048)	(61 718)
Depreciation for the year	(12 330)	(12 330)
Transfers from Property, Plant and equipment	-	24 400
Net Carrying amount at 30 June	10 214 722	10 227 052
Cost	10 301 100	10 301 100
Accumulated Depreciation	(86 378)	(74 048)
Fair value of these investment property is R10 301 100 and expenditure of R10 639 was identified on these investment properties.		
Revenue derived from the rental of investment property	458 815	448 536
Operating expenditure incurred on properties generating revenue	10 639	5 018
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	10 301 100	10 301 100
Fair value was determined by valuation roll.		

12 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	27 339	92 452
Cost	197 355	197 355
Accumulated Amortisation	(170 016)	(104 903)
Acquisitions	6 228	-
Disposals	-	-
Impairments	-	-
Amortisation	(6 809)	(65 113)
Net Carrying amount at 30 June	24 758	27 339
Cost	203 583	197 355
Accumulated Amortisation	(178 824)	(170 016)

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

Description	Remaining Amortisation Period	Carrying Value	
		2014 R	2013 R
VIP Salary System	3	439	585
Capman Personal System	3	17 260	23 014
MS Office	2-3	7 060	3 741

No intangible asset were assessed having an indefinite useful life.

There are no intangible assets whose life is restricted.

There are no intangible assets pledged as security for liabilities

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
13 HERITAGE ASSETS		
Net Carrying amount at 1 July	19 176	19 176
Balance previously disclosed	-	19 176
Change in Accounting Policy - Note 32.01	-	-
Net Carrying amount at 30 June	19 176	19 176
Cost	19 176	19 176
There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
There are no Heritage Assets pledged as security for liabilities		
Third party payments received for losses and impairments incurred:		
Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impairment	-	-
Surplus/Deficit	-	-
14 CAPITALISED RESTORATION COST		
Net Carrying amount at 1 July	1 201 730	1 177 015
Cost	1 423 101	1 360 109
Balance previously reported		3 155 514
Correction of Error - Note 33.04		(1 795 405)
Accumulated Depreciation	(147 321)	(115 211)
Balance previously reported		(1 618 559)
Correction of Error - Note 33.04		1 503 448,00
Accumulated Impairments	(74 050)	(67 882)
Balance previously reported		(67 900)
Correction of Error - Note 33.04		20 017,91
Acquisitions	63 704	62 992
Balance previously reported		-
Correction of Error - Note 33.04		62 992
Depreciation for the year	(33 935)	(32 110)
Balance previously reported		(65 582)
Correction of Error - Note 33.04		33 472,57
Impairment	2 412	(6 167)
Balance previously reported		173 175
Correction of Error - Note 33.04		-179 341,97
Net Carrying amount at 30 June	1 233 910	1 201 730
Cost	1 466 804	1 423 101
Accumulated Depreciation	(181 256)	(147 321)
Accumulated Impairments	(71 638)	(74 050)
Restoration cost financed by way of a provision - Refer to note 4 for further details		
15 LONG TERM RECEIVABLES		
Officials' Housing Loans - At amortised cost	68 508	77 921
Less: Unamortised Discount on Loans	(13 673)	(17 117)
Balance 1 July	(17 117)	(20 918)
Adjustment for the period	3 444	3 801
	54 835	60 804
Less: Current portion transferred to current receivables	(9 796)	(9 413)
Officials Housing Loans - At amortised cost	(9 796)	(9 413)
	45 039	51 391
Less: Provision for Impairment of Long Term Receivables	-	-
Total Long Term Receivables	45 039	51 391
STAFF HOUSING LOANS		
Staff was entitled to housing loans which attract interest at 4% per annum and which are repayable over a maximum period of 20 years. When a employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
16 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<i>Service Receivables</i>		
Water	212 858	440 836
Electricity	965 939	589 074
Refuse	236 052	220 462
Sewerage	204 843	169 894
Payments received in advance	68 117	185 495
Total Service Receivables	1 687 809	1 605 762
Less: Provision for impairment	(581 561)	(524 505)
Net Service Receivables	1 106 248	1 081 257
<i>Other Receivables</i>		
Sundry Receivables	582 171	815 580
Rentals	310 589	243 155
VAT	457 710	339 393
Payments received in advance	-	919
Total Other Receivables	1 350 470	1 399 048
Less: Provision for impairment	(240 947)	(175 932)
Less: Contribution to provision for VAT impairment of trade receivables from exchange transactions	(243 699)	(212 197)
Net Other Receivables	865 824	1 010 919
Total Net Receivables from Exchange Transactions	1 972 072	2 092 175
Ageing of Receivables from Exchange Transactions		
<i>(Electricity): Ageing</i>		
Current (0 - 30 days)	859 497	423 453
31 - 60 Days	4 471	37 342
61 - 90 Days	(3 389)	17 997
+ 90 Days	105 361	110 263
Total	965 939	589 074
<i>(Water): Ageing</i>		
Current (0 - 30 days)	49 917	330 383
31 - 60 Days	41 029	17 207
61 - 90 Days	37 798	31 326
+ 90 Days	84 114	61 920
Total	212 858	440 836
<i>(Refuse): Ageing</i>		
Current (0 - 30 days)	70 741	91 755
31 - 60 Days	43 273	7 531
61 - 90 Days	40 639	45 398
+ 90 Days	81 400	75 778
Total	236 052	220 462
<i>(Sewerage): Ageing</i>		
Current (0 - 30 days)	41 540	50 171
31 - 60 Days	45 545	27 820
61 - 90 Days	45 900	20 599
+ 90 Days	71 857	71 303
Total	204 843	169 894
<i>(Sundry Receivables): Ageing</i>		
Current (0 - 30 days)	80 535	815 580
31 - 60 Days	492 636	-
61 - 90 Days	-	-
+ 90 Days	-	-
Total	582 171	815 580
<i>(VAT): Ageing</i>		
Current (0 - 30 days)	245 513	127 196
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	212 197	212 197
Total	457 710	339 393
<i>(Rentals): Ageing</i>		
Current (0 - 30 days)	69 643	68 143
31 - 60 Days	240 947	175 932
61 - 90 Days	-	-
+ 90 Days	-	-
Total	310 590	244 075

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2014 R	2013 R
Service Receivables		
Rates	-	1 764 874
Other Receivables	-	280
Accrued Fines	-	280
Total Service Receivables	2 377 039	1 765 154
Less: Provision for Impairment	(2 377 039)	(1 764 874)
Net Service Receivables	-	280
Total Net Receivables from Non-Exchange Transactions	-	200

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	-	-
31 - 60 Days	17 920	13 876
61 - 90 Days	18 842	12 263
+ 90 Days	2 340 277	1 738 736
Total	2 377 039	1 764 874

(Other Receivables): Ageing

Current (0 - 30 days)	-	280
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
Total	-	280

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2014				
Total Receivables	4 291 972	-	879 646	5 171 618
Less: Provision for Impairment	(2 955 847)	-	-	(2 955 847)
Less: Provision for Impairment (VAT)	(243 699)	-	-	(243 699)
Total Recoverable debtors by customer classification	1 092 426	-	879 646	1 972 072

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2013				
Total Receivables	4 384 762	22 930	150 073	4 557 766
Less: Provision for Impairment	(2 465 311)	-	-	(2 465 311)
Less: Provision for Impairment (VAT)	(212 197)	-	-	(212 197)
Total Recoverable debtors by customer classification	1 707 254	22 930	150 073	1 880 258

Receivables Impaired

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2014			
Total	822 507	2 377 039	3 199 546
2013			
Total	708 437	1 764 874	2 465 311

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

Reconciliation of the Total doubtful debt provision

	2014 R	2013 R
Balance at beginning of the year	2 465 311	3 016 001
Contributions to provision	1 417 858	635 587
VAT contribution to Impairment provision	31 502	(144 332)
Impairment written off against provision	(715 125)	(1 041 945)
Balance at end of year	3 199 546	2 465 311

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

Balance on 1 July	22 830	13 797
Operating Lease Asset for the current year	6 685	9 033
Balance previously reported		9 033
Operating Lease Asset previously year not recognised correctly - Note 33.01 and Note 33.07		-
Balance on 30 June	29 515	22 830

The municipality is leasing a piece of land to MTN for a period of 119 months with escalations of 10% per year.

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

The municipality is leasing a piece of land to Sentech for a period of 49 months with escalations of CPI with a maximum of 10% per year.

	2014 R	2013 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	389 060	419 070
2 to 5 Years	356 642	664 101
More than 5 Years	94 190	123 825
Total Operating Lease Arrangements	839 892	1 206 996

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.

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

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

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

The municipality did not receive any contingent rent during the year

19

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	22 444 086	22 920 310
Primary Bank Account (Cash book)	167 919	283 182
Total Cash and Cash Equivalents - Assets	22 612 006	23 203 491

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 R2 420 906 are held to fund the Unspent Conditional Grants (2013: R1 972 611).

Kareeberg Municipality do not have a bank overdraft facility.

	2014 R	2013 R
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
Camraron ABSA - Account Number 40 50 475 166 (Primary Bank Account):	167 919	283 182
	167 919	283 182
Camraron ABSA - Account Number 40 50 475 166 (Primary Bank Account):		
Cash book balance at beginning of year	283 182	225 652
Cash book balance at end of year	167 919	283 182
Bank statement balance at beginning of year	3 038 252	613 214
Bank statement balance at end of year	1 812 654	3 038 252

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

			2014 R	2014 R	2013 R
Call Investment Deposits					
Call investment deposits consist out of the following accounts:			Bank Certificates (excl. accruals)		
Account no.	Place of investment	Name of fund			
20-5772-3831	ABSA	Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
92-0446-2639	ABSA	Housing Fund	36 239	36 294	35 726
90-7057-3846	ABSA	Job creation - De Bull	36 641	36 695	35 838
90-7553-5667	ABSA	Land development	15 763	15 788	15 497
90-7553-5714	ABSA	Land development	14 386	14 408	14 150
90-7091-9951	ABSA	Land development	27 500	27 502	27 254
08-870-543-9	STANDARD BANK	Civil Defence	18 351	18 381	17 891
92-8617-3395	ABSA	EPWP Vosburg dust	588 562	588 562	-
91-1548-4489	ABSA	CMIP Kwaggakolk(VAT)	111 209	111 429	110 426
08-870-5538	STANDARD BANK	Sanitation Interest/VAT	1 269 376	1 258 137	1 406 237
91-1908-0801	ABSA	Electricity	33 053	33 082	32 785
91-8152-7996	ABSA	Water Services Plan	3 092	3 093	3 065
91-4181-7074	ABSA	CMIP-Saaiport project 301	3 390	3 395	3 364
91-1908-0893	ABSA	EPWP - Paving/ Cleaning	22 345	22 365	22 163
91-0714-4855	ABSA	Lotto Camarvon	1 716	1 718	1 703
91-1003-7312	ABSA	Lotto Vosburg	30 235	30 291	30 018
91-3252-1989	ABSA	Transfer Fees Sub-Economic Housing	126 773	127 024	123 503
91-3945-6365	ABSA	VB Cleaning Project	24 138	24 181	23 964
91-5297-7293	ABSA	VAT - retention	11 205	11 221	11 120
92-1221-8064	ABSA	Youth Development	93 632	93 632	93 632
92-1221-8064	ABSA	Leave Fund	2 445 675	2 445 675	2 234 810
92-1221-8064	ABSA				
20-6873-9716	STANDARD BANK	Relension	662 334	662 334	563 246
92-1221-8064	ABSA	Provision for Employee benefits	4 000 000	4 000 000	4 000 000
92-1221-8064	ABSA	Reserves	352 116	352 116	352 116
92-1221-8064	ABSA				
08-871-0777	STANDARD BANK	General Account	1 181 406	1 178 951	2 413 989
			22 456 959	22 444 086	22 920 310

20

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property
State - National / Provincial Services

Less: Reductions

Less: Rebates

Total Assessment Rates

Valuations - 30 June 2014:

Rateable Land and Buildings

Residential & Commercial Property
State - National / Provincial Services

Total Assessment Rates

Valuations - 30 June 2014:

Residential

State

State: Agriculture

Agriculture

Municipal

Schielfontein

Churches

Infrastructure

Public Benefit Organisations

Commonage

Commonage (rentals)

Agriculture (Dubbele levy Camarvon)

Sport clubs

Total Property Valuations

2014
R

2013
R

6 451 869

6 256 857

5 895 781

5 512 390

555 078

744 467

(436 263)

(457 966)

(1 778 217)

(1 480 435)

4 237 388

4 318 456

1 942 301 400

1 543 556 950

1 895 862 200

1 512 229 550

46 439 200

31 327 400

1 942 301 400

1 543 556 950

Valuation

229 792 300

20 612 800

25 826 400

1 441 135 800

20 028 000

93 000

11 730 200

345 800

2 348 000

176 000

13 290 900

175 958 700

861 500

1 942 301 400

Assessment Rates are levied on the values of immovable properties. No supplementary roll was performed during 2013/14. The tariffs applicable are proclaimed by PK 64 dated 8 July 2013.

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

21

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 21.01

Conditional Grants

Job Creation
Water Assistance
TV Fund
CMIP Kwaggakolk (VAT)
Municipal Systems Improvement Grant
Sanitation - sewerage
Library Development Projects
Municipal Finance Management Grant
Municipal Infrastructure Grant
Housing 81 homes
Kareeberg Festival
Department of Economic Affairs - Fly-in
War on Leaks
Expanded Public Works Program (R1m)
Expanded Public Works Program (Vosburg "Dust")

Total Government Grants and Subsidies

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

2014
R

2013
R

13 268 000	11 941 000
13 268 000	11 941 000
11 995 313	20 057 930
-	-
156 077	692 358
-	-
-	30 000
868 970	765 422
148 100	70 785
773 000	665 000
1 523 258	1 351 655
6 267 694	8 457 968
-	1 343 122
-	100 000
-	160 000
259 474	-
943 100	6 421 620
1 055 640	-
25 263 313	31 998 930
7 357 500	14 437 056
17 905 813	17 561 874
25 263 313	31 998 930

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

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

Equitable share

Executive & Council
Budget & Treasury
Waste Water Management
Water
Electricity

13 268 000	11 941 000
7 392 054	16 187 833
3 624 551	2 891 389
326 236	326 236
326 236	326 236
326 236	326 236
25 263 313	31 998 930

21.01 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 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 R254 per month to R530 per month. (2013: R229 per month to R422 per month)

Grants received
Conditions met

Conditions still to be met

13 268 000	11 941 000
(13 268 000)	(11 941 000)
-	-

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

21.02 Municipal Infrastructure Grant (MIG)

Grants received
Conditions met
Conditions met - Capital
Conditions still to be met

7 089 000	9 574 000
(821 306)	(1 116 032)
(6 267 694)	(8 457 968)
-	-

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

21.03 Local Government Financial Management Grant (FMG)

Grants received
Conditions met
Conditions met - Capital
Conditions still to be met

1 650 000	1 500 000
(1 650 000)	(1 500 000)
-	-
-	-

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
21,04 Municipal Systems Improvement Grant		
Grants received	890 000	800 000
Conditions met	(890 000)	(800 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilize institutional and governance systems.		
21,05 Library Development Projects		
Grants received	773 000	665 000
Conditions met	(748 639)	(402 459)
Conditions met - Capital	(24 361)	(262 531)
Conditions still to be met	0	-
The grant was used for the development of libraries in the Kareeberg area.		
	2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
21,06 Youth Development		
Opening balance	93 632	93 632
Grants received	-	-
Conditions still to be met	93 632	93 632
The grant will be used for youth development related issues in the Kareeberg area.		
	R	R
21,07 Kareeberg Festival		
Opening balance	-	-
Interest received	-	-
Grants received	-	100 000
Conditions met	-	(100 000)
Conditions still to be met	-	-
The grant was used for the Kareeberg Festival.		
21,08 Housing 81 homes		
Grants received	-	1 343 122
Conditions met	-	(1 343 122)
Conditions still to be met	-	-
The grant was used for a housing project in the Kareeberg area.		
21,09 Department of Economic Affairs - Fly-in		
Grants received	-	160 000
Conditions met	-	(160 000)
Conditions still to be met	-	-
The grant was used for a fly show in the Kareeberg area.		
21,10 War on Leaks		
Grants received	259 474	-
Conditions met	(259 474)	-
Conditions still to be met	-	-
The grant was used for job creation on repairs of water distribution in the Kareeberg area.		
21,11 Water Assistance		
Grants received	156 077	692 358
Conditions met	(156 077)	(380 720)
Conditions met - Capital	-	(311 638)
Conditions still to be met	-	-
The grant was used for water supply in the Kareeberg area. (Vanwyksvlei)		
	2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
21,12 Expanded Public Works Program		
Grants received	1 000 000	6 095 472
Conditions met	(861 180)	(1 228 516)
Conditions met - Capital	(138 900)	(4 866 955)
Conditions still to be met	-	-
The grant was used for infrastructure development in the Kareeberg area.		
21,13 Expanded Public Works Program (R1m)		
Grants received	1 752 495	1 000 000
Conditions met	(237 386)	(462 036)
Conditions met - Capital	(826 545)	(537 964)
Conditions still to be met	588 562	-
The grant was used for infrastructure development in the Kareeberg area.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)			
		2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)			
21,14	Job Creation De Bult		
	Opening balance	35 838	35 035
	Interest received	857	604
	Conditions still to be met	<u>36 695</u>	<u>35 638</u>
	The grant will be used for job creation in the Kareeberg area. (Carnarvon)		
21,15	Land Development		
	Opening balance	56 900	56 359
	Interest received	798	541
	Conditions still to be met	<u>57 698</u>	<u>56 900</u>
	The grant will be used for a land development plan in the Kareeberg area.		
21,16	Civil Defence		
	Opening balance	17 891	17 446
	Interest received	490	444
	Conditions still to be met	<u>18 381</u>	<u>17 891</u>
	The grant will be used for civil defence in the Kareeberg area.		
21,17	CMIP Kwaggakolk (VAT)		
	Opening balance	110 426	140 289
	Interest received	1 003	138
	Conditions met	-	(30 000)
	Conditions still to be met	<u>111 429</u>	<u>110 426</u>
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)		
21,18	Sanitation - sewerage		
	Opening balance	1 406 237	1 477 022
	Conditions met	(148 100)	(70 785)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>1 258 137</u>	<u>1 406 237</u>
	The grant was used for a sanitation development in the Kareeberg area.		
		2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)			
21,19	Electricity		
	Opening balance	32 785	32 752
	Interest received	298	33
	Conditions still to be met	<u>33 082</u>	<u>32 785</u>
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
21,20	Water Service Plan		
	Opening balance	3 065	3 064
	Interest received	28	2
	Conditions still to be met	<u>3 093</u>	<u>3 065</u>
	The grant will be used for a water service plan in the Kareeberg area.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		2014 R	2013 R
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		2014 R	2013 R
21,21	CMP - Saalpoort project 301		
	Opening balance		
	Interest received	3 364	3 363
	Conditions still to be met	30	2
		<u>3 395</u>	<u>3 364</u>
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
21,22	Paving Projects		
	Opening balance		
	Interest received	22 163	22 141
	Conditions still to be met	201	22
		<u>22 365</u>	<u>22 163</u>
	The grant will be used for a extended public works program in the Kareeberg area.		
21,23	Lotto Carnarvon		
	Opening balance		
	Interest received	1 703	1 702
	Conditions still to be met	15	1
		<u>1 718</u>	<u>1 703</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Erection of sport facilities)		
21,24	Lotto Vosburg		
	Opening balance		
	Interest received	30 018	29 988
	Conditions still to be met	273	30
		<u>30 291</u>	<u>30 018</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Erection of sport facilities)		
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		2014 R	2013 R
21,25	Transfer Fees Sub-Economic		
	Opening balance		
	Interest received	123 503	120 184
	Conditions still to be met	3 521	3 319
		<u>127 024</u>	<u>123 503</u>
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
21,26	Cleaning Project Vosburg		
	Opening balance		
	Interest received	23 964	23 940
	Conditions still to be met	218	24
		<u>24 181</u>	<u>23 964</u>
	The grant will be used for a cleaning project in the Kareeberg area.		
21,27	VAT - Retention		
	Opening balance		
	Interest received	11 120	11 109
	Conditions still to be met	101	11
		<u>11 221</u>	<u>11 120</u>
	The grant will be used for VAT money in the Kareeberg area.		
21,28	Total Grants		
	Opening balance		
	Interest received	1 972 611	2 068 028
	Grants received	7 832	5 369
	Conditions met	26 839 047	33 870 952
	Conditions met - Capital	(19 040 085)	(19 534 681)
	Conditions still to be met	(7 357 500)	(14 437 056)
		<u>2 420 906</u>	<u>1 972 611</u>
22 SERVICE CHARGES		2014 R	2013 R
	Electricity		
	Service Charges	7 610 610	6 682 384
		<u>7 610 610</u>	<u>6 682 384</u>
	Water		
	Service Charges	3 872 495	3 624 406
		<u>3 872 495</u>	<u>3 624 406</u>
	Refuse removal		
	Service Charges	3 119 131	2 930 619
		<u>3 119 131</u>	<u>2 930 619</u>
	Sewerage and Sanitation Charges		
	Service Charges	2 396 121	2 234 499
		<u>2 396 121</u>	<u>2 234 499</u>
	Total Service Charges	<u>16 998 357</u>	<u>15 671 908</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
23 OTHER REVENUE		
Application Specific Registrations	2 499	1 665
Sale of Sand	10	205
Building Fees	316	360
Photocopies	5 807	4 950
Grave Fees	10 135	5 515
Searching Fees	535	2 035
Administration costs	12 281	256 061
Encroachment	917	917
Cement block Sales	1 560	1 200
Pond Fees	675	4 015
Refuse Bags Sold	1 582	1 136
Connection Fees	90	200
Faxes	240	-
Gain due to additions on Biological assets	56 250	45 150
Valuation Certificates	775	625
Grant VAT income	1 134 272	1 972 807
Electricity caravan park	470	1 068
Total Other Income	1 228 412	2 297 928
24 FAIR VALUE ADJUSTMENTS		
Unamortised Discount - Interest - LT Receivables	3 444	3 801
	3 444	3 801
25 EMPLOYEE RELATED COSTS		
Other Allowances	900	900
Salaries & Wages	9 891 716	9 712 483
Uniform Allowance	34 167	29 296
Leave Reserve Fund	335 753	378 802
Personnel Contributions	2 168 386	1 728 934
Skill Development Levy	133 621	126 136
Bargaining Council	5 740	5 901
Pension Gratification	444	444
UIF	73 485	70 998
Performance Bonuses	178 550	98 279
Contribution to Employee Benefits - Long Service Awards - Note 3	15 572	72 369
Contribution to Employee Benefits - Post Retirement Medical - Note 3	398 450	245 693
	13 236 783	12 463 236
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	13 236 783	12 463 236
KEY MANAGEMENT PERSONNEL		
Municipal Manager is appointed on a 4 1/2-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: Mr Z.E. Dingile (Acting since 1 June 2012 till 30 November 2012)</i>		
Salary, Leave and Performance Bonus	-	347 913
Travel Allowance	-	40 000
UIF	-	621
Cell phone (VAT Included)	-	10 000
Total	-	398 734
<i>Remuneration of the Municipal Manager: Mr W. de Bruin (Since 1 December 2012)</i>		
Salary, Leave and Performance Bonus	776 250	437 500
UIF	1 785	1 041
Bargaining Council	76	42
Total	778 111	438 583
<i>Remuneration of the Chief Finance Officer: Mr. P.B. Rossouw</i>		
Salary and Bonus, Performance Bonus	625 523	577 769
Travel Allowance	137 436	128 316
Pension	114 659	104 542
Medical	40 703	38 700
UIF	1 785	1 712
Bargaining Council	76	71
Cell phone (VAT Included)	18 000	18 000
Total	938 182	869 111
<i>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schaalkwyk</i>		
Salary and Bonus, Performance Bonus	647 896	595 678
Travel Allowance	137 436	128 316
Pension	120 229	109 620
Medical	42 692	41 320
UIF	1 785	1 712
Bargaining Council	76	71
Cell phone (VAT included)	24 000	24 000
Total	974 114	900 717
<i>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</i>		
Salary and Bonus, Performance Bonus	607 442	563 292
Travel Allowance	137 436	128 316
Pension	89 500	81 603
Medical	32 659	34 175
UIF	1 785	1 712
Bargaining Council	76	71
Cell phone (VAT Included)	18 000	18 000
Total	806 897	827 169

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
26	REMUNERATION OF COUNCILLORS		
	Mayor Mr N. Tilus	634 683	604 480
	Councillor Mr J.E.J. Hoorn	190 405	1 088 029
	Councillor Mr J. Horne	190 405	1 088 029
	Councillor Mr D.P. Jason	190 405	1 088 029
	Councillor Ms D. Orlant	190 405	1 088 029
	Councillor Ms E.L. Riley	190 405	1 088 029
	Councillor Mr P. Viviers	190 405	1 088 029
	Councillors' Cell phones	135 648	91 871
	Total Councillors' Remuneration	1 912 960	7 224 503
	<i>In-kind Benefits</i>		
	The Mayor is fulltime. He is provided with an office at the cost of the Council.		
27	DEBT IMPAIRMENT		
	Receivables from exchange transactions - Note 16	553 534	307 594
	Receivables from non-exchange transactions - Note 17	795 826	183 651
	Total Contribution to Impairment Provision	1 449 360	491 255
28	FINANCE CHARGES		
	Post Retirement Charges	661 476	531 014
	Total finance charges	661 476	531 014
29	BULK PURCHASES		
	Electricity bulk purchases	7 904 574	7 035 969
	Electricity distribution losses	(903 308)	(1 025 705)
	Total Bulk Purchases	7 001 266	6 010 265
30	GRANTS AND SUBSIDIES		
	Indigent Subsidies	7 536 185	7 408 903
	Total Grants and Subsidies	7 536 185	7 408 903
31	OPERATING GRANT EXPENDITURE		
	Operating grant expenditure per vote		
	Executive & Council	4 637 813	5 620 874
	General Expenses	4 637 813	5 620 874
32	GENERAL EXPENSES		
	Audit Costs	1 842 956	1 261 944
	Fuel & Oil	704 602	611 175
	Subsistence and Travelling	538 682	570 314
	Telephone & Postage	335 055	335 573
	Bank charges	123 823	96 675
	Electricity Eskom	226 035	200 354
	Street Lighting	258 594	238 705
	Animal Feeds	116 070	56 132
	Advertisement, printing & stationary	148 012	138 136
	Refuse bag purchases	-	111 600
	Insurance	161 368	158 848
	Other General Expenses	462 098	314 608
	Housing Fund	-	86 420
	Membership for associations	450 000	400 000
	Chemicals	116 297	129 092
	Legal costs	652 797	245
	Special programmes	1 270	81 521
	General Expenses	6 137 659	4 791 343

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

33	CORRECTION OF ERROR IN TERMS OF GRAP 3	2013 R
33,01	Payables from exchange transactions	
	Balance previously reported	054 155
	Transfer from payables from exchange transactions to accumulated surplus - Refer note 33.06	(13 313)
	Total	<u>840 042</u>
33,02	Property, Plant and Equipment	
	Balance previously reported	100 853 089
	First time recognition of cost (PPE) - Note 33.06	20 777
	Correction on calculation of accumulated depreciation as at 30 June 2012 - Note 33.06 and 10	(6 111)
	Correction on calculation of depreciation during 2012/13 - Note 33.07 and 10	(1 222)
	Total	<u>100 856 533</u>
33,03	Non-Current Provisions	
	Balance previously reported	7 337 450
	Correction on calculation of additional provision/ finance charges during 2012/13 - Note 33.07 and 14	(847 105)
	Correction on calculation of cost additions as at 30 June 2012 - Note 33.04 and 14	(6 490 344)
	Correction on calculation of cost against provision as at 30 June 2012 - Note 33.04 and 14	1 360 109
	Correction on calculation of cost additions against provision during 2012/13 - Note 33.04 and 14	62 992
	Correction on calculation of provision contribution against accumulated surplus as at 30 June 2012 - Note 33.06 and 14	1 632 662
	Correction on calculation of provision increase against finance charges during 2012/13 - Note 33.07 and 14	135 454
	Total	<u>3 191 216</u>
33,04	Capitalised Restoration Cost	
	Balance previously reported	1 558 546
	Correction on calculation of accumulated depreciation as at 30 June 2012 - Note 33.06 and 14	1 618 659
	Correction on calculation of accumulated depreciation as at 30 June 2012 - Note 33.06 and 14	(115 211)
	Correction on calculation of depreciation during 2012/13 - Note 33.07 and 14	(32 110)
	Correction on calculation of depreciation during 2012/13 - Note 33.07 and 14	65 582
	Correction on calculation of accumulated impairment as at 30 June 2012 - Note 33.06 and 14	87 900
	Correction on calculation of impairment during 2012/13 - Note 33.07 and 14	(87 900)
	Correction on calculation of accumulated impairment as at 30 June 2012 - Note 33.06 and 14	(67 882)
	Correction on calculation of impairment during 2012/13 - Note 33.07 and 14	(6 167)
	Correction on calculation of revaluation during 2012/13 - Note 33.05 and 14	(85 274)
	Correction on calculation of cost additions as at 30 June 2012 - Note 33.06 and 14	3 334 830
	Correction on calculation of cost additions as at 30 June 2012 - Note 33.03 and 14	(6 490 344)
	Correction on calculation of cost against provision as at 30 June 2012 - Note 33.03 and 14	1 360 109
	Correction on calculation of cost additions against provision during 2012/13 - Note 33.03 and 14	62 992
	Total	<u>1 201 730</u>
33,05	Revaluations Reserve	
	Balance previously reported	139 724
	Correction on calculation of revaluation during 2012/13 - Note 33.04 and 14	(85 274)
	Total	<u>54 450</u>
33,06	Accumulated Surplus/(Deficit)	
	Balance previously reported	106 860 502
	First time recognition of cost (PPE) - Note 33.02	20 777
	Transfer from payables from exchange transactions to accumulated surplus - Refer note 33.01	13 313
	Correction on calculation of accumulated depreciation as at 30 June 2012 - Note 33.02 and 10	(6 111)
	Correction on calculation of provision contribution against accumulated surplus as at 30 June 2012 - Note 33.03 and 14	(1 632 662)
	Correction on calculation of accumulated depreciation (Capitalised Restoration Cost) as at 30 June 2012 - Note 33.04 and 14	1 618 659
	Correction on calculation of accumulated depreciation (Capitalised Restoration Cost) as at 30 June 2012 - Note 33.04 and 14	(115 211)
	Correction on calculation of accumulated impairment (Capitalised Restoration Cost) as at 30 June 2012 - Note 33.04 and 14	(67 882)
	Correction on calculation of accumulated impairment (Capitalised Restoration Cost) as at 30 June 2012 - Note 33.04 and 14	87 900
	Correction on calculation of cost additions (Capitalised Restoration Cost) as at 30 June 2012 - Note 33.04 and 14	3 334 830
	Total	<u>110 114 116</u>
33,07	Statement of Financial Performance	
	Balance previously reported	11 443 100
	Reclassification part of Bulk purchases losses as Stock Adjustments (Electricity distribution losses) - Refer note 33.07	1 025 705
	Reclassification part of Bulk purchases losses as Stock Adjustments (Electricity distribution losses) - Refer note 33.07	(1 025 705)
	Correction on calculation of depreciation during 2012/13 - Note 33.02 and 10	(1 222)
	Correction on calculation of provision increase against finance charges during 2012/13 - Note 33.03 and 14	(135 454)
	Correction on calculation of depreciation (Capitalised Restoration Cost) during 2012/13 - Note 33.04 and 14	(32 110)
	Correction on calculation of depreciation (Capitalised Restoration Cost) during 2012/13 - Note 33.04 and 14	65 582
	Correction on calculation of impairment (Capitalised Restoration Cost) during 2012/13 - Note 33.04 and 14	(87 900)
	Correction on calculation of impairment (Capitalised Restoration Cost) during 2012/13 - Note 33.04 and 14	(6 167)
	Correction on calculation of additional provision/ finance charges (Capitalised Restoration Cost) during 2012/13 - Note 33.03 and 14	847 106
	Total	<u>12 092 534</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus for the year	2 847 704	12 092 934
Adjustments for:		
Depreciation	2 725 234	2 464 451
Amortisation of Intangible Assets	8 809	65 113
Contribution to Capitalised Restoration Cost	(66 115)	(56 824)
(Gain)/Loss on disposal of property, plant and equipment	11 885	33 933
Contribution from/to employee benefits - non-current	1 059 926	849 076
Contribution from/to employee benefits - non-current - expenditure incurred	(250 296)	(177 174)
Contribution from/to employee benefits - non-current - actuarial losses	18 527	676 193
Contribution from/to employee benefits - non-current - actuarial gains	(138 679)	-
Contribution to employee benefits - current	529 875	485 466
Contribution to employee benefits - current - expenditure incurred	(385 029)	(384 542)
Contribution to provisions - non-current - Rehabilitation of Landfill-sites	63 704	62 992
Contribution to provisions - non-current - Unwinding of discounted interest	150 249	135 454
Contribution to provisions - bad debt	1 449 360	491 255
Contribution to provisions - VAT Impairment	31 502	(144 332)
Unamortised discount - Interest - Revenue	(3 444)	(3 801)
Bad debt written off	(715 125)	(1 041 945)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	448 294	(95 416)
Operating lease income accrued	(6 685)	(9 033)
Operating Surplus/(Deficit) before changes in working capital	7 779 696	15 463 800
Changes in working capital	(754 517)	583 514
Increase/(Decrease) in Payables from exchange transactions	(109 165)	(23 047)
(Increase)/Decrease in Trade Receivables from exchange transactions	(33 467)	728 580
(Increase)/Decrease in Other Receivables from non-exchange transactions	(611 885)	(142 019)
Cash generated/(absorbed) by operations	7 025 179	16 027 314
35 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 19	22 444 086	22 920 310
Bank - Note 19	167 919	283 182
Total cash and cash equivalents	22 612 006	23 203 491
36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 35	22 612 006	23 203 491
Less:	22 612 006	23 203 491
Unspent Committed Conditional Grants - Note 8	2 457 200	2 008 337
Cash Portion of Housing Development Fund - Note 2	2 420 606	1 972 611
	36 294	35 726
Net cash resources available for internal distribution	20 154 806	21 195 154
Allocated to:		
Capital Replacement Reserve	(11 347 812)	(11 347 812)
Retention	(662 334)	(563 246)
Provision for Employee benefits	(4 000 000)	(4 000 000)
Reserves	(352 116)	(352 116)
Staff Leave, Performance Management System, Long Service	(2 445 675)	(2 234 010)
Resources available for working capital requirements	1 346 870	2 697 171

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37,01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised expenditure current year - capital	264 420	4 880 441
Unauthorised expenditure current year - operating	2 425 704	-
Written off by council	-	(4 880 441)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	2 690 124	-

Incident	Disciplinary steps/criminal proceedings
2014 - Salanes MSIG - R680 194.63	None
2014 - Performance Bonus - Municipal Manager 2012/2013 - R25 250	None
2013 - Salanes MSIG & FMG - R630 390	None

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
Unauthorised expenditure current year - operating				
Executive & Council	18 234 467	17 265 906	968 561	968 561
Budget & Treasury	7 265 727	7 267 012	(1 285)	-
Corporate Services	2 276 118	1 899 013	377 105	377 105
Health	33 441	21 476	11 965	11 965
Community & Social Services	1 127 755	1 149 099	(21 344)	-
Public Safety	76 666	82 355	(5 689)	-
Sport & Recreation	715 828	570 873	144 955	144 955
Waste Management	2 605 903	2 602 913	102 990	102 990
Waste Water Management	2 803 751	2 145 634	657 157	657 157
Road Transport	2 561 101	2 672 753	(111 652)	-
Water	1 064 209	901 237	162 972	162 972
Electricity	8 449 290	8 508 361	(57 071)	-
	47 214 296	44 885 632	2 328 664	2 425 704

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
Unauthorised expenditure current year - capital				
Executive & Council	22 472	-	22 472	22 472
Budget & Treasury	240 344	-	240 344	240 344
Corporate Services	-	-	-	-
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	24 576	400 000	(375 424)	-
Housing	-	-	-	-
Public Safety	-	-	-	-
Sport & Recreation	3 346 855	4 500 000	(1 153 145)	-
Environmental Protection	-	-	-	-
Waste Management	-	-	-	-
Waste Water Management	-	-	-	-
Road Transport	3 962 832	4 189 000	(226 168)	-
Water	-	-	-	-
Electricity	1 604	-	1 604	1 604
	7 598 683	9 089 000	(1 490 317)	264 420

37,02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Written off by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings
None	None

37,03 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	1 895 544	-
Irregular expenditure - prior year identified in current year	-	-
Irregular expenditure current year	728 216	1 895 544
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	2 623 760	1 895 544

Incident	Disciplinary steps/criminal proceedings
2014 - Course Fees	None
2014 - Legal Fees	None
2013 - Ex.21	None
2013 - Ex.30	None
2013 - Ex.37	None
2013 - Ex.38	None

45 500	-
662 716	-
127 224	-
965 570	-
422 179	-
380 571	-
728 216	1 895 544

37,04 Material Losses

Electricity distribution losses

Units purchased (Kwh)	8 590 031	8 712 229
- Units lost during distribution (Kwh)	993 067	1 270 070
- Percentage lost during distribution	11,43%	14,58%

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

30,01 Contributions to organised local government - (MFMA 125 (1)(b)) - SALGA CONTRIBUTIONS

Council subscriptions	450 000	400 000
Amount paid - current year	(450 000)	(400 000)
Balance unpaid (included in creditors)	-	-

30,02 Audit fees - (MFMA 125 (1)(b)) (excl. VAT)

	2014 R	2013 R
Current year audit fee	1 842 956	1 261 944
External Audit - Auditor-General	1 842 956	1 261 944
Amount paid - current year	(1 842 956)	(1 261 944)
Balance unpaid (Included in creditors)	-	-

30,03 VAT - (MFMA 125 (1)(b))

Opening balance		
Amounts received - current year	(865 938)	(967 792)
Amounts claimed - current year (payable)	2 463 796	3 046 449
Amounts received - previous year	(3 092 895)	(3 912 367)
	865 938	967 792
Closing balance	(629 098)	(865 938)

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

30,04 PAYE, SDL and UIF - (MFMA 125 (1)(b))

Current year payroll deductions and Council Contributions		
Amount paid - current year	2 148 746	2 051 778
	(2 148 746)	(2 051 778)
Balance unpaid (included in creditors)	-	-

30,05 Pension and Medical Aid Deductions - (MFMA 125 (1)(b))

Current year payroll deductions and Council Contributions		
Amount paid - current year	3 507 132	2 943 146
	(3 507 132)	(2 943 146)
L.A. Health		
Munimed	(359 574)	(253 864)
Cape Pension Fund	-	(12 920)
Hosmed	(646 691)	(458 744)
Cape Joint Retirement Fund	(634 122)	(675 750)
SAMWU Provident Fund	(1 249 726)	(1 128 852)
	(417 019)	(412 986)
Balance unpaid (included in creditors)	-	-

30,06 Councillor's arrear consumer accounts - (MFMA 125 (1)(b))

The following Councillors had arrear accounts for more than 90 days as at 30 June 2014:

None

Total Councillor Arrear Consumer Accounts

2014 R	2013 R
Outstanding more than 90 days	Outstanding more than 90 days
-	-
-	-

30,07 Quotations awarded - Section 45 - Supply Chain Management

Mr C van der Merwe - Chief Operations Manager's Wife - Brother-in-law

785 861	140 573
785 861	140 573

30,08 Deviations - Section 36(2) - Supply Chain Management

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Sole provider	154 893	-	-	-
Emergency cases	11 049	-	-	-
Availability	208 756	89 137	-	-
Limited Quotations	123 378	36 389	-	-
Advertising Period	-	31 600	-	-
Not Highest Bid	6 000	-	-	-
Service provider	157 930	553 352	-	-
	662 005	710 478	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

39	CAPITAL COMMITMENTS	2014 R	2013 R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:		
	Infrastructure	4 075 401	-
	Total	4 075 401	-
	This expenditure will be financed from:	2014 R	2013 R
	Government Grants	4 075 401	-
		4 075 401	-
40	FINANCIAL RISK MANAGEMENT	2014 R	2013 R

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

0.5% Increase in interest rates	113 060	116 017
0.5% Decrease in interest rates	(113 060)	(116 017)

(d) Credit Risk

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

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

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

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

40

FINANCIAL RISK MANAGEMENT (CONTINUE)

Balances past due not impaired:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	0,00%	-	0,00%	-
<u>Exchange Receivables</u>				
Electricity	0,00%	-	0,00%	-
Water	0,00%	-	0,00%	-
Refuse	0,00%	-	0,00%	-
Sewerage	0,00%	-	0,00%	-
Other	0,00%	-	0,00%	-
	0,00%	0	0,00%	0

No receivables are pledged as security for financial liabilities.

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

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

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	100,00%	2 377 039	100,00%	1 764 874
<u>Exchange Receivables</u>				
Electricity	12,94%	106 443	23,65%	165 622
Water	17,81%	146 503	15,77%	110 453
Refuse	20,10%	165 311	18,38%	128 707
Sewerage	19,85%	163 303	17,09%	119 723
Other	29,29%	240 947	25,12%	175 932
	100,00%	822 506	100%	700 437

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

	2014 %	2014 R	2013 %	2013 R
Government	0,00%	-	0,00%	-
Industrial	13,71%	438 685	1,65%	40 691
Residential	88,29%	2 750 861	98,23%	2 421 562
Indigents	0,00%	-	0,12%	3 059
	100,00%	3 199 546	100%	2 465 311

Bad debts written off per debtor class:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	100,00%	-	0,00%	183 661
<u>Exchange Receivables</u>				
Services	100,00%	715 125	100,00%	856 284
Other	0,00%	-	0,00%	-
	100,00%	715 125	100,00%	856 284

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

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

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

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

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

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

	2014 R	2013 R
Long term receivables	54 635	60 804
Trade receivables and other receivables	1 972 972	2 092 455
Cash and Cash Equivalents	22 612 006	23 203 491
	24 638 913	25 356 751

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

40

FINANCIAL RISK MANAGEMENT (CONTINUE)

2014
R

2013
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
2014				
Provisions - Landfill Sites	-	-	-	32 283 086
Capital repayments	-	-	-	7 200 681
Interest	-	-	-	25 082 405
Trade and Other Payables	731 677	-	-	-
Consumer Deposits	292 769	-	-	-
Unspent conditional government grants and receipts	2 420 906	-	-	-
	<u>3 445 352</u>	<u>-</u>	<u>-</u>	<u>32 283 086</u>
2013				
Provisions - Landfill Sites	-	-	2 011 181	13 169 079
Capital repayments	-	-	1 458 202	5 079 248
Interest	-	-	552 979	7 289 831
Trade and Other Payables	840 842	-	-	-
Consumer Deposits	284 119	-	-	-
Unspent conditional government grants and receipts	1 972 611	-	-	-
	<u>3 097 572,52</u>	<u>-</u>	<u>2 011 181</u>	<u>13 169 079</u>

41

FINANCIAL INSTRUMENTS

2014
R

2013
R

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

41.1	<u>Financial Assets</u>	<u>Classification</u>		
	Long-term Receivables			
	Staff Loans	Financial instruments at amortised cost	58 712	68 508
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	1 687 809	1 605 762
	Other receivables from exchange transactions	Financial instruments at amortised cost	1 350 470	1 399 048
	Current Portion of Long-term Receivables			
	Staff Loans	Financial instruments at amortised cost	9 796	9 413
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	22 444 086	22 920 310
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	167 919	263 182
			<u>25 718 792</u>	<u>26 286 223</u>
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		<u>25 718 792</u>	<u>26 286 223</u>

KAREEBERG MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

			2014 R	2013 R
41	FINANCIAL INSTRUMENTS (CONTINUE)			
41,2	Financial Liability	Classification		
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	662 334	653 202
	Payments received in advance	Financial instruments at amortised cost	68 117	185 495
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	2 420 905	1 972 611
			<u>3 151 357</u>	<u>2 811 308</u>
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		<u>3 151 357</u>	<u>2 811 308</u>
42	EVENTS AFTER THE REPORTING DATE			
	The municipality has no events after reporting date during the financial year ended 30 June 2014			
43	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
44	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
45	CONTINGENT ASSET			
	The Kareeberg Ratepayers association lodged an application to the High Court for the dismissal of the Municipal Manager alleged that the Council did not follow correct procedures and he is not competent according to Regulations.			
46	RELATED PARTIES			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
46,1	Related Party Transactions			
		Rates - Levied 1 July 2013 - 30 June 2014	Service Charges - Levied 1 July 2013 - 30 June 2014	Other - Levied 1 July 2013 - 30 June 2014
	Year ended 30 June 2014			Outstanding Balances 30 June 2014
	Councillors	12 506	17 163	-
	Municipal Manager and Section 56 Employees	12 189	29 667	-
				1 499
				14 179
	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.			
46,2	Related Party Loans			
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.			
46,3	Compensation of key management personnel			
	The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.			
46,4	Other related party transactions			
			2014	2013
	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 Operations Manager Wife's - Brother-in-law		785 861	140 573
			<u>785 861</u>	<u>140 573</u>

47 FINANCIAL SUSTAINABILITY

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

Financial Indicators

The current ratio increased to 4.82:1 from 5.49:1 in the prior year.

The municipality have budgeted for a surplus of R7 289 000 for the 2013/2014 financial year. The municipality is also budgeting for negative cash flows during 2014/2015 and 2015/2016 amounting to R22 850 000 and R21 733 000 respectively.

The average debtors' payment days decreased to 90 days from 84 days.

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 45

APPENDIX A - Audited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATION

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
6 715	(146 591)	(139 876)	Cemetery	11 695	(162 690)	(150 995)
1 471	(791 575)	(790 104)	Library	1 650	(934 194)	(932 545)
-	(36 684)	(36 684)	Museum	-	(30 870)	(30 870)
-	(1 657 445)	(1 657 445)	Corporate Services	-	(2 276 118)	(2 276 118)
7 208 750	(163 432)	7 045 318	Electricity Administration	7 936 896	(138 892)	7 798 004
-	(7 551 602)	(7 551 602)	Electricity Generation	-	(8 479 892)	(8 479 892)
-	(380 138)	(380 138)	Electricity Distribution	-	(406 498)	(406 498)
29 356 410	(17 898 382)	11 458 028	General Expenditure of Council	22 005 444	(18 234 467)	3 770 977
2 880	(1 231)	1 649	Official Housing	2 250	(1 245)	1 005
7 209 845	-	7 209 845	Property Rates	7 861 939	-	7 861 939
444 565	(59 252)	385 312	Commonage	455 327	(70 257)	385 070
22 884	(166 840)	(143 956)	Municipal Buildings	25 864	(204 983)	(179 119)
2 652 046	(8 307 495)	(5 655 449)	Municipal Manager/Treasurer	1 639 579	(8 169 205)	(6 529 627)
-	(4 364)	(4 364)	Health Service	-	(3 331)	(3 331)
-	(6 523)	(6 523)	Nursing Service	-	(30 110)	(30 110)
-	(45 532)	(45 532)	Air Port	-	(37 420)	(37 420)
-	(29)	(29)	Abattoir	-	(33)	(33)
-	(16 995)	(16 995)	Fire Department	-	(21 835)	(21 835)
-	(12 047)	(12 047)	Civil Protection	-	(3 672)	(3 672)
4 015	(55 896)	(51 881)	Pound	675	(51 160)	(50 485)
360	(2 134 056)	(2 133 696)	Public Works	316	(1 988 446)	(1 988 130)
-	(661 658)	(661 658)	Streets & Pavements	-	(905 609)	(905 609)
4 500	(138 782)	(134 282)	Licensing & Traffic	3 650	(144 402)	(140 752)
45 150	(129 092)	(83 942)	Nature Reserve	56 250	(202 637)	(146 387)
-	(309 194)	(309 194)	Parks & Open areas	-	(402 636)	(402 636)
14 126	(65 004)	(50 878)	Swimming Pool	15 644	(98 697)	(83 053)
6 568	(4 746)	1 821	Caravan Park	2 980	(11 858)	(8 878)
2 931 754	(2 484 616)	447 139	Refuse	3 120 713	(2 605 903)	514 810
2 560 735	(3 051 805)	(491 070)	Sewerage & Cleansing	2 722 357	(2 825 945)	(103 588)
-	(299 336)	(299 336)	Water Distribution	-	(362 054)	(362 054)
3 950 712	(482 123)	3 468 589	Water Provision	4 198 771	(731 909)	3 466 862
56 423 486	(47 062 463)	9 361 022	Sub Total	50 061 999	(49 536 967)	525 032
-	2 082 077	2 082 077	Less Inter-Departmental Charges	-	2 322 671	2 322 671
56 423 486	(44 980 386)	11 443 100	Total	50 061 999	(47 214 296)	2 847 704

APPENDIX B - Audited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
29 356 410,17	(17 898 382)	11 458 028	Executive & Council	22 005 444	(18 234 467)	3 770 977
10 332 219,77	(8 580 379)	1 751 841	Budget & Treasury	9 984 959	(8 483 143)	1 501 816
-	(1 657 445)	(1 657 445)	Corporate Services	-	(2 276 118)	(2 276 118)
-	(10 887)	(10 887)	Health	-	(33 441)	(33 441)
8 186,00	(974 850)	(966 664)	Community & Social Services	13 345	(1 127 755)	(1 114 410)
4 015,00	(84 938)	(80 923)	Public Safety	675	(76 666)	(75 991)
65 843,50	(508 035)	(442 192)	Sport & Recreation	74 874	(715 828)	(640 954)
2 931 754,40	(2 484 616)	447 139	Waste Management	3 120 713	(2 605 903)	514 810
2 560 734,96	(3 051 805)	(491 070)	Waste Water Management	2 722 357	(2 825 945)	(103 588)
4 860,00	(2 934 496)	(2 929 636)	Road Transport	3 966	(3 038 457)	(3 034 491)
3 950 712,07	(781 459)	3 169 253	Water	4 198 771	(1 093 962)	3 104 808
7 208 749,76	(8 095 172)	(886 422)	Electricity	7 936 896	(9 025 282)	(1 088 386)
56 423 486	(47 062 463)	9 361 022	Sub Total	50 061 999	(49 536 967)	525 032
-	2 082 077	2 082 077	Less Inter-Departmental Charges	-	2 322 671	2 322 671
56 423 486	(44 980 386)	11 443 100	Total	50 061 999	(47 214 296)	2 847 704

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

Grant Description	Balance 30 June 2013	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2014
	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS						
Job Creation De Built	35 838	857	-	-	-	36 695
Land Development	56 900	798	-	-	-	57 698
Civil Defence	17 891	490	-	-	-	18 381
CMIP Kwaggakolk (VAT)	110 426	1 003	-	-	-	111 429
Municipal Systems Improvement Grant	-	-	890 000	890 000	-	-
Sanitation - sewerage	1 406 237	-	-	148 100	-	1 258 137
Electricity	32 785	298	-	-	-	33 082
Water Service Plan	3 065	28	-	-	-	3 093
CMIP - Saaiport project 301	3 364	30	-	-	-	3 395
Library Development Projects	-	-	773 000	748 639	24 361	0
Paving Projects	22 163	201	-	-	-	22 365
Lotto Camarvon	1 703	15	-	-	-	1 718
Lotto Vosburg	30 018	273	-	-	-	30 291
Municipal Finance Management Grant	-	-	1 650 000	1 650 000	-	-
Transfer Fees Sub-Economic	123 503	3 521	-	-	-	127 024
Cleaning Project Vosburg	23 964	218	-	-	-	24 181
VAT - Retention	11 120	101	-	-	-	11 221
Municipal Infrastructure Grant	-	-	7 069 000	821 306	6 267 694	-
Youth Development	93 632	-	-	-	-	93 632
Water Assistance	-	-	156 077	156 077	-	-
War on Leaks	-	-	259 474	259 474	-	-
Expanded Public Works Program (R1m)	-	-	1 000 000	861 100	138 900	-
Expanded Public Works Program (Vosburg "Dust")	-	-	1 752 495	237 388	926 545	588 562
Total	1 972 611	7 832	13 570 047	5 772 085	7 357 500	2 420 906