

Kareeberg

MUNICIPALITY

[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2017

KAREEBERG LOCAL MUNICIPALITY

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KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Kareeberg Municipality includes the following geographical areas:

*Carnarvon
Vosburg
Vanwyksvlei*

MAYOR

Mr N.S. van Wyk

MUNICIPAL MANAGER

Mr W. de Bruin

CHIEF FINANCIAL OFFICER

Ms T. de Kock (Acting since 1 July 2016)

REGISTERED OFFICE

*Hanau Street,
CARNARVON,
9825*

AUDITORS

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

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

*G.B. Kempen & De Wet Nel, Victoria Street, Carnarvon
Herman Van Heerden Ing, Southey Street, Douglas*

RELEVANT LEGISLATION

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

KAREEBERG LOCAL MUNICIPALITY

MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

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

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 86 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 2017 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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



Mr W. de Bruin
Municipal Manager

31 August 2017

Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 (Actual) R	2016 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		130 832 947	121 529 611
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	43 061	40 546
Accumulated Surplus		119 442 074	110 141 253
Non-Current Liabilities		32 414 978	31 005 006
Employee benefits	3	9 013 570	8 999 385
Non-Current Provisions	4	23 401 408	22 005 620
Current Liabilities		18 930 678	4 471 772
Consumer Deposits	5	324 139	320 339
Current Employee benefits	6	1 869 676	2 116 675
Trade and Other Payables from exchange transactions	7	715 865	506 649
Unspent Transfers and Subsidies	8	16 020 997	1 528 110
Total Net Assets and Liabilities		182 178 602	157 006 389
ASSETS			
Non-Current Assets		138 186 929	129 941 487
Property, Plant and Equipment	10	119 831 065	112 090 535
Investment Property	11	15 438 087	15 451 029
Intangible Assets	12	643 882	15 086
Heritage Assets	13	14 900	14 900
Capitalised Restoration Cost	14	2 235 711	2 335 738
Long-Term Receivables	15	23 284	34 200
Current Assets		43 991 673	27 064 902
Inventory	16	527 836	527 836
Trade Receivables from exchange transactions	17	5 233 077	3 231 412
Other Receivables from non-exchange transactions	18	8 102	4 015
Operating Lease Asset	19	36 810	40 405
Current Portion of Long-term Receivables	15	4 586	7 585
Cash and Cash Equivalents	20	38 181 264	23 253 650
Total Assets		182 178 602	157 006 389

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 (Actual) R	2016 (Actual) R	Correction of Error - Note 34.03 R	2016 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		39 393 018	34 702 291	-	34 702 291
Taxation Revenue		4 690 890	4 438 366	-	4 438 366
Property taxes	21	4 690 890	4 438 366	-	4 438 366
Transfer Revenue		33 971 695	30 146 690	-	30 146 690
Government Grants and Subsidies - Capital	22	10 914 278	7 042 151	-	7 042 151
Government Grants and Subsidies - Operating	22	23 057 417	22 742 216	-	22 742 216
Contributed Property, Plant and Equipment		-	362 323	-	362 323
Other Revenue		730 434	117 235	-	117 235
Actuarial Gains		697 829	90 235	-	90 235
Licences and Permits		18 471	12 105	-	12 105
Fines		14 134	14 895	-	14 895
Revenue from Exchange Transactions		26 257 656	23 597 741	-	23 597 741
Property Rates - Penalties & Collection Charges		190 082	195 058	-	195 058
Service Charges	23	21 165 351	19 758 336	-	19 758 336
Rental of Facilities and Equipment		341 974	327 129	-	327 129
Interest Earned - external investments		2 573 398	1 808 471	-	1 808 471
Interest Earned - outstanding debtors		1 984	2 221	-	2 221
Agency Services		221 835	178 420	-	178 420
Other Revenue	24	1 763 033	1 328 105	-	1 328 105
Total Revenue		65 650 674	58 300 032	-	58 300 032
EXPENDITURE					
Employee related costs	26	16 766 578	17 101 451	-	17 101 451
Remuneration of Councillors	27	2 178 625	2 129 257	-	2 129 257
Debt Impairment	28	1 314 378	228 859	-	228 859
Depreciation and Amortisation	29	3 415 819	3 179 468	(226 155)	3 405 623
Impairments	10	-	10 248	-	10 248
Repairs and Maintenance		-	-	(929 948)	929 948
Actuarial losses	3	-	144 864	-	144 864
Finance Charges	30	2 266 958	1 989 338	-	1 989 338
Bulk Purchases	31	8 981 296	8 627 114	-	8 627 114
Contracted services		1 616 075	1 100 434	-	1 100 434
Grants and Subsidies	32	9 193 102	8 975 821	-	8 975 821
Stock Adjustments	31	1 355 094	888 553	-	888 553
General Expenses	33	9 258 610	9 228 376	929 948	8 298 428
Total Expenditure		56 346 536	53 603 783	(226 155)	53 829 939
Operating Surplus for the Year		9 304 139	4 696 249	226 155	4 470 093
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset	10	(4 000)	(1 809)	-	(1 809)
Fair Value Adjustments	25	3 195	2 478	-	2 478
NET SURPLUS FOR THE YEAR		9 303 333	4 696 918	226 155	4 470 763

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2015	38 010	11 347 812	103 617 419	115 003 240
Net Surplus/(Deficit) for the year	-	-	4 470 763	4 470 763
Correction of error - See Note 34.03	-	-	226 155	226 155
Transfer to Housing Development Fund	2 536	-	(2 536)	-
Rounding	-	-	(1)	(1)
Balance at 30 June 2016	40 546	11 347 812	108 311 800	119 700 158
Correction of error - See Note 34.02	-	-	1 829 453	1 829 453
Restated Balance at 1 July 2016	40 546	11 347 812	110 141 253	121 529 611
Net Surplus/(Deficit) for the year	-	-	9 303 333	9 303 333
Transfer to/from Housing Development Fund	2 515	-	(2 515)	-
Rounding	-	-	2	2
Balance at 30 June 2017	43 061	11 347 812	119 442 074	130 832 947

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016	Correction of	2016
	Notes	R	(Actual) R	Error - Note 34.04 R	(Previously reported) R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property Rates		4 271 961	4 155 864	(352 545)	4 506 410
Service Charges		10 786 644	10 235 987	(7 813 893)	18 049 879
Other Revenue		9 107 928	9 812 654	8 166 438	1 646 217
Government - Operating		23 411 000	23 150 211	-	23 150 211
Government - Capital		26 669 000	7 449 091	-	7 449 091
Interest		2 456 396	1 752 717	-	1 752 717
Payments					
Suppliers and employees		(38 657 759)	(37 625 669)	-	(37 625 869)
Finance charges	30	(2 266 958)	(1 989 338)	-	(1 989 338)
Transfers and Grants	32	(9 193 102)	(8 975 821)	-	(8 975 821)
Net Cash from Operating Activities		26 585 109	7 965 495	-	7 965 495
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(11 037 547)	(7 110 081)	-	(7 110 081)
Proceeds on Disposal of Fixed Assets		0	(236)	-	(236)
Purchase of Intangible Assets		(640 859)	(3 158)	-	(3 158)
(Increase)/Decrease in Heritage Assets		-	4 276	-	4 276
Net Cash from Investing Activities		(11 678 406)	(7 109 199)	-	(7 109 199)
CASH FLOW FROM FINANCING ACTIVITIES					
(Increase)/Decrease in Long-term Receivables		17 110	8 727	-	8 727
Increase/(Decrease) in Consumer Deposits		3 800	12 180	-	12 180
Rounding		1	-	-	-
Net Cash from Financing Activities		20 911	20 907	-	20 907
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14 927 614	877 205	-	877 205
Cash and Cash Equivalents at the beginning of the year		23 253 650	22 376 445	-	22 376 445
Cash and Cash Equivalents at the end of the year	36	38 181 264	23 253 650	-	23 253 650
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14 927 614	877 205	-	877 205

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	475 339	1 538 120	(1 062 781)	Increase in debtors
Call Investment deposits	37 705 925	25 514 326	12 191 599	RBIG and additional MIG funds received and not spent
Consumer debtors	1 485 629	2 894 188	(1 408 559)	Higher provision for debt impairment
Other Receivables	3 792 359	29 515	3 762 844	2015 and 2016 VAT claims not received
Current portion of long-term receivables	4 596	8 490	(3 894)	
Inventory	527 836	-	527 836	No installation of pre-paid water meters
Total current assets	43 991 673	29 984 639	14 007 034	
Non current assets				
Long-term receivables	23 284	30 816	(7 532)	CFO retired and settled loan
Investments	-	-	-	
Investment property	15 438 087	15 482 392	(44 305)	
Property, plant and equipment	122 066 776	141 796 727	(19 729 951)	RBIG and additional MIG funds received and not spent. Correction of error land and buildings
Biological Assets	-	-	-	
Intangible Assets	643 882	3 700	640 182	mSCOA implementation of Sebata EMS V6 only budgeted in 2017/2018
Heritage Assets	14 900	-	14 900	
Total non current assets	138 186 929	157 313 635	(19 126 706)	
TOTAL ASSETS	182 178 602	187 298 274	(5 119 672)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	324 139	380 388	(56 249)	Less movement of consumers
Trade and other payables	16 736 853	7 221 964	9 514 899	RBIG and additional MIG funds received and not spent
Provisions and Employee Benefits	1 869 876	1 659 144	210 732	Adjustment on Landfill sites
Total current liabilities	18 930 678	9 261 496	9 669 182	
Non current liabilities				
Borrowing	-	-	-	
Provisions and Employee Benefits	32 414 977	12 586 825	19 828 152	Adjustment on Landfill sites
Total non current liabilities	32 414 977	12 586 825	19 828 152	
TOTAL LIABILITIES	51 345 655	21 848 321	29 497 334	
NET ASSETS	130 832 948	165 449 953	(34 617 005)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	119 442 074	154 064 130	(34 622 056)	Nett effect of all above
Reserves	11 390 873	11 385 823	5 050	
TOTAL COMMUNITY WEALTH/EQUITY	130 832 948	165 449 953	(34 617 005)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	1 538 120	-	1 538 120	
Call investment deposits	25 514 326	-	25 514 326	
Consumer debtors	2 894 188	-	2 894 188	
Other Receivables	29 515	-	29 515	
Current portion of long-term receivables	8 490	-	8 490	
Inventory	-	-	-	
Total current assets	29 984 639	-	29 984 639	
Non current assets				
Long-term receivables	30 816	-	30 816	
Investments	-	-	-	
Investment property	15 482 392	-	15 482 392	
Property, plant and equipment	141 796 727	-	141 796 727	
Biological Assets	-	-	-	
Intangible Assets	3 700	-	3 700	
Heritage Assets	-	-	-	
Total non current assets	157 313 635	-	157 313 635	
TOTAL ASSETS	187 298 274	-	187 298 274	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	380 388	-	380 388	
Trade and other payables	7 221 954	-	7 221 954	
Provisions and Employee Benefits	1 659 144	-	1 659 144	
Total current liabilities	9 261 496	-	9 261 496	
Non current liabilities				
Borrowing	-	-	-	
Provisions and Employee Benefits	12 586 825	-	12 586 825	
Total non current liabilities	12 586 825	-	12 586 825	
TOTAL LIABILITIES	21 848 321	-	21 848 321	
NET ASSETS	165 449 953	-	165 449 953	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	154 064 130	-	154 064 130	
Reserves	11 385 823	-	11 385 823	
TOTAL COMMUNITY WEALTH/EQUITY	165 449 953	-	165 449 953	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

REVENUE BY SOURCE	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
Property rates	4 690 890	4 677 665	13 225	
Property rates - penalties & collection charges	190 082	190 000	82	
Service charges	21 165 351	20 861 190	314 161	Higher consumption
Rental of facilities and equipment	341 974	304 577	37 397	Escalation on contracts
Interest earned - external investments	2 573 398	1 297 000	1 276 398	More unspent grants invested
Interest earned - outstanding debtors	1 984	3 300	(1 316)	Redemption of LT loans
Dividends received	-	-	-	
Fines	14 134	12 230	1 904	
Licences and permits	18 471	7 420	11 051	Higher sales
Agency services	221 835	103 333	118 502	More motor vehicle licence renewals
Government Grants and Subsidies - Operating	23 057 417	23 074 998	(17 581)	
Other revenue	2 464 057	9 627 058	(7 163 001)	Contribution depreciation and debt impairment contra
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	54 739 592	60 148 771	(5 409 179)	
EXPENDITURE BY TYPE				
Employee related costs	16 766 578	21 001 756	(4 235 178)	Vacancies
Remuneration of councillors	2 178 625	2 499 391	(320 766)	Government Gazette advertised less than budgeted
Debt impairment	1 314 378	2 558 767	(1 244 389)	Higher payment rate
Depreciation & asset impairment	3 415 819	3 681 354	(265 535)	Remaining useful life assessment
Finance charges	2 266 568	1 073 129	1 193 439	Adjustment on Landfill sites
Bulk purchases	10 336 390	10 675 944	(339 554)	Less purchases
Other materials	-	803 132	(803 132)	Moved to other expenditure for actual
Contracted services	1 616 075	1 968 218	(352 143)	Cash flow related
Grants and subsidies paid	9 193 102	9 191 274	1 828	
Other expenditure	9 258 610	9 493 805	764 805	Moved from repairs and maintenance for actual
Loss on disposal of PPE	4 000	2 000	2 000	
Total Operating Expenditure	56 350 536	61 948 770	(5 598 234)	
Operating Deficit for the year	(1 610 944)	(1 799 999)	189 055	
Government Grants and Subsidies - Capital	10 914 278	23 659 000	(12 754 722)	RBIG and additional MIG funds received and not spent
Net Surplus for the year	9 303 333	21 859 001	(12 555 668)	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

REVENUE BY SOURCE	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
Property rates	4 677 665	-	4 677 665	
Property rates - penalties & collection charges	190 000	-	190 000	
Service charges	20 651 190	-	20 651 190	
Rental of facilities and equipment	304 577	-	304 577	
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	103 333	-	103 333	
Government Grants and Subsidies - Operating	23 074 998	-	23 074 998	
Other revenue	9 627 058	-	9 627 058	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	60 148 771	-	60 148 771	
EXPENDITURE BY TYPE				
Employee related costs	21 001 756	-	21 001 756	
Remuneration of councillors	2 499 391	-	2 499 391	
Debt impairment	2 558 767	-	2 558 767	
Depreciation & asset impairment	3 681 354	-	3 681 354	
Finance charges	1 073 129	-	1 073 129	
Bulk purchases	10 675 944	-	10 675 944	
Other materials	803 132	-	803 132	
Contracted services	1 968 218	-	1 968 218	
Grants and subsidies paid	9 191 274	-	9 191 274	
Other expenditure	8 493 805	-	8 493 805	
Loss on disposal of PPE	2 000	-	2 000	
Total Operating Expenditure	61 948 770	-	61 948 770	
Operating Surplus/(Deficit) for the year	(1 799 999)	-	(1 799 999)	
Government Grants and Subsidies - Capital	23 669 000	-	23 669 000	
Net Surplus/(Deficit) for the year	21 869 001	-	21 869 001	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property Rates	4 271 961	3 433 695	838 266	Equitable share included in budget calculation incorrectly
Service Charges	10 796 644	19 808 629	(9 021 985)	Equitable share included in budget calculation incorrectly
Other Revenue	9 107 928	9 972 382	(864 454)	Actuarial Gains
Government - Operating	23 411 000	23 074 998	336 002	Less capital grant spending
Government - Capital	26 669 000	23 669 000	3 000 000	Additional MIG
Interest	2 456 396	1 170 600	1 285 796	More unspent grants invested
Dividends	-	-	-	
Payments				
Suppliers and Employees	(38 657 759)	(45 444 246)	6 786 487	Vacancies, cash flow related and debt impairment
Finance charges	(2 266 959)	(1 073 129)	(1 193 829)	Adjustment on Landfill sites
Transfers and Grants	(9 193 102)	(9 191 275)	(1 827)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	26 585 109	25 420 654	1 164 455	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	0	-	0	Redemption of LT loans
Decrease/(increase) in non-current receivables	17 110	8 490	8 620	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(11 678 406)	(23 669 000)	11 990 594	R&IG and additional MIG funds received and not spent
NET CASH FROM/(USED) INVESTING ACTIVITIES	(11 661 296)	(23 660 510)	11 999 214	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	Less movement of consumers
Increase/(decrease) in consumer deposits	3 800	10 000	(6 200)	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	3 800	10 000	(6 200)	
NET INCREASE/(DECREASE) IN CASH HELD	14 927 612	1 770 144	13 157 469	
Cash and Cash Equivalents at the beginning of the year	23 253 650	25 282 302	(2 028 652)	Net effect of all above
Cash and Cash Equivalents at the end of the year	38 181 264	27 052 446	11 128 818	

KAREEBERG LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	ADJUSTMENTS TO APPROVED BUDGET			
	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	3 433 895	-	3 433 895	
Service charges	19 808 629	-	19 808 629	
Other revenue	9 972 382	-	9 972 382	
Government - operating	23 074 998	-	23 074 998	
Government - capital	23 669 000	-	23 669 000	
Interest	1 170 600	-	1 170 600	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(45 444 246)	-	(45 444 246)	
Finance charges	(1 073 129)	-	(1 073 129)	
Transfers and Grants	(9 191 275)	-	(9 191 275)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	25 420 654	-	25 420 654	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(Increase) in non-current receivables	8 490	-	8 490	
Decrease/(Increase) in non-current investments	-	-	-	
Payments				
Capital assets	(23 669 000)	-	(23 669 000)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(23 660 510)	-	(23 660 510)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	10 000	-	10 000	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	10 000	-	10 000	
NET INCREASE/(DECREASE) IN CASH HELD	1 770 144	-	1 770 144	
Cash and Cash Equivalents at the beginning of the year	25 282 302	-	25 282 302	
Cash and Cash Equivalents at the end of the year	27 052 446	-	27 052 446	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

In terms of Directive 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 annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

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

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

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016/17 financial year.

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 20 (Original – June 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a 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>	Unknown
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></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 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Standard	Description	Effective Date
IGRAP17	<p><u>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</u></p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

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

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

1.9.2 Housing Development Fund

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

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

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1.13.1. Post Retirement Medical Obligations

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

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

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

1.13.2. Long Service Awards

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

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

1.13.3. Staff Leave

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

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

Accumulated leave is vesting.

1.13.4. Staff Bonuses Accrued

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

1.13.5. Performance Bonuses

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

1.13.6. Pension and retirement fund obligations

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

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

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

1.13.7. Other Short-term Employee Benefits

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

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

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). 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.

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

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

1.14.2 Subsequent Measurement – Cost Model

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

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

1.14.3 Depreciation and Impairment

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:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	15-100	Buildings	10-80
Housing	10-50	Specialist vehicles	3-30
Electricity	30-50	Other vehicles	6-30
Water	10-100	Office equipment	5-42
Sewerage	15-80	Furniture and fittings	2-42
		Specialised plant and	
		Equipment	5-42
<u>Community</u>		Other plant and	
Buildings	10-80	Equipment	5-42
Recreational Facilities	10-100	Landfill sites	12-70
Halls	80	Emergency equipment	5-20
Libraries	80	Computer equipment	5 -32
Parks and gardens	80		
Other assets	5-50		
<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.

1.14.4 De-recognition

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

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

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

1.15. 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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-15
Computer Software Licenses	5-15

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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. 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>	Years
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. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

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

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

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

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - 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.

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Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

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

1.18.2 Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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recoverable service amount. That reduction is an impairment loss and is recognised in the Statement of Financial Performance.

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

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

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

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

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

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

1.19. INVENTORIES

1.19.1 Initial Recognition

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

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

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

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, 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.

1.20. FINANCIAL INSTRUMENTS

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

1.20.1 Initial Recognition

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 Subsequent Measurement

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

1.20.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 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.

1.20.2.2 Payables and Annuity Loans

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

1.20.2.3 Cash and Cash Equivalents

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

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

1.20.2.4 Non-Current Investments

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

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

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

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

1.20.3 De-recognition of Financial Instruments

1.20.3.1 Financial Assets

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

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

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor

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retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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

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

1.20.3.2 Financial Liabilities

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

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

1.20.4 Offsetting of Financial Instruments

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

1.21 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.21.1 Initial Recognition

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

1.21.2 Measurement

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

(a) interest or other charges that may have accrued on the receivable;

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- (b) impairment losses; and
- (c) amounts derecognised.

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

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

1.21.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.22. 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

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the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

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

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

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

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

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

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

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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 some residential property a fixed monthly tariff is levied and in the case of other properties a tariff is levied based on the number of sewerage removals on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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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.

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

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

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

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

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

Management personnel include:

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

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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 2017

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 2017

-
- 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 2017

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

Management referred to the following when making assumptions regarding provisions:

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

1.28.9 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 2017

27	REMUNERATION OF COUNCILLORS	2017 R	2016 R
	Mayor	78 227	709 765
	Mayor	621 450	-
	Councillor	222 496	213 939
	Councillor	24 522	213 939
	Councillor	24 522	213 939
	Councillor	24 522	213 939
	Councillor	24 522	213 939
	Councillor	24 522	213 939
	Councillor	198 572	-
	Councillor	198 572	-
	Councillor	198 572	-
	Councillor	198 572	-
	Councillor	198 572	-
	Councillors' Cell phones	140 982	135 858
	Total Councillors' Remuneration	2 178 625	2 129 257
	<i>In-kind Benefits</i>		
	The Mayor is fulltime. He is provided with an office at the cost of the Council.		
	<i>Certification by the Municipal Manager</i>		
	I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with Government Notice 40763, dated 03/04/2017.		
			
	Signed: Municipal Manager		
28	DEBT IMPAIRMENT		
	Long term Receivables - Note 15	-	-
	Receivables from exchange transactions - Note 17	1 314 378	228 859
	Receivables from non-exchange transactions - Note 18	-	-
	Debt impairment recognised in statement of financial performance	1 314 378	228 859
29	DEPRECIATION AND AMORTISATION		
	Property, plant and equipment	3 293 018	3 023 728
	Intangible assets	12 062	6 443
	Investment property carried at cost	12 941	12 364
	Capitalised Restoration Cost	97 798	136 933
		3 415 819	3 179 468
30	FINANCE CHARGES		
	Post Retirement Charges	836 593	710 000
	Landfill sites	1 430 365	1 279 338
	Total finance charges	2 266 958	1 989 338
31	BULK PURCHASES		
	Electricity bulk purchases	10 336 390	9 515 667
	Electricity distribution losses	(1 355 094)	(888 553)
	Total Bulk Purchases	8 981 296	8 627 114
32	GRANTS AND SUBSIDIES		
	Indigent Subsidies	9 193 102	8 975 821
	Total Grants and Subsidies	9 193 102	8 975 821
33	GENERAL EXPENSES		
	Advertisement, printing & stationary	344 045	270 219
	Animal Feeds	192 962	59 422
	Audit Costs	2 216 549	1 788 788
	Bank charges	138 463	136 966
	Compensation insurance	93 624	318 049
	Chemicals	15 256	79 986
	Cleaning supplies	98 869	74 057
	Consultation Fees	1 088 034	1 601 752
	Electricity Eskom	297 614	310 862
	Fuel & Oil	647 888	591 735
	Insurance	175 629	134 640
	Legal costs	111 467	43 800
	Membership for associations	500 000	500 000
	Other General Expenses	536 809	628 547
	Refuse bag purchases	115 101	38 367
	Other materials	902 122	929 948
	Street Lighting	352 416	323 602
	Subsistence and Travelling	957 763	831 640
	Telephone & Postage	407 775	416 195
	Uniforms	68 224	149 802
	General Expenses	9 258 610	9 228 376

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 R	2016 R
2 NET ASSET RESERVES		
RESERVES	11 390 873	11 388 358
Capital Replacement Reserve	11 347 812	11 347 812
Housing Development fund	43 061	40 546
Total Net Asset Reserves	11 390 873	11 388 358
2,1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
2,2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.		
3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	8 322 723	8 271 402
Long Service Awards - Refer to Note 3.2	690 847	727 983
Total Non-current Employee Benefit Liabilities	9 013 570	8 999 385
<u>Post Retirement Benefits</u>		
Balance 1 July	8 526 462	7 772 000
Contribution for the year	1 081 955	845 000
Expenditure for the year	(344 519)	(235 402)
Actuarial Loss/(Gain)	(572 894)	144 864
Total post retirement benefits 30 June	8 691 004	8 526 462
Less: Transfer of Current Portion - Note 6	(368 281)	(255 060)
Balance 30 June	8 322 723	8 271 402
<u>Long Service Awards</u>		
Balance 1 July	913 273	1 109 000
Contribution for the year	136 816	155 000
Expenditure for the year	(164 514)	(260 492)
Actuarial (Gain)	(124 935)	(90 235)
Total long service awards 30 June	760 640	913 273
Less: Transfer of Current Portion - Note 6	(69 793)	(185 290)
Balance 30 June	690 847	727 983
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	9 439 735	8 881 000
Contribution for the year	1 216 771	1 000 000
Expenditure for the year	(509 033)	(495 894)
Actuarial Loss/(Gain)	(697 829)	54 629
Total employee benefits 30 June	9 451 644	9 439 735
Less: Transfer of Current Portion - Note 6	(438 074)	(440 350)
Balance 30 June	9 013 570	8 999 385
3,1 Post Retirement Benefits	2017 R	2016 R
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	10	12
Continuation members (e.g. Retirees, widows, orphans)	8	7
Total Members	18	19
The liability in respect of past service has been estimated to be as follows:		
In-service members	4 175 686	5 413 393
Continuation members	4 515 318	3 113 069
Total Liability	8 691 004	8 526 462

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3

EMPLOYEE BENEFITS (CONTINUE)

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

	2015 R	2014 R	2013 R
In-service members	4 570 000	7 016 441	5 749 138
Continuation members	3 202 000	602 893	1 246 736
Total Liability	7 772 000	7 619 334	6 995 874

Experience adjustments were calculated as follows:

	2017 Rm	2016 Rm
Liabilities: (Gain) / loss	0,153	0,332
Assets: Gain / (loss)	-	-

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

	2015 Rm	2014 Rm	2013 Rm
Liabilities: (Gain) / loss	0,287	(0,036)	0,280
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 2017 is estimated at R8.691 million. The Current-service Cost for the year ending 30 June 2017 is estimated at R314,812. It is estimated to be R295,288 for the ensuing year.

Key actuarial assumptions used:	2017 %	2016 %
i) Rate of Interest		
Discount rate	9,07%	9,13%
Health Care Cost Inflation Rate	7,51%	8,25%
Net Effective Discount Rate	1,45%	0,82%

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 9.07% per annum has been used. The corresponding index-linked yield at this term is 2.41%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Johannesburg Stock Exchange after the market close on 20 June 2017.

ii) Mortality rates

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

iii) Normal retirement age

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

iv) Average retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early, ill-health and late retirement.

v) Expected rate of salary increases

2016/2017 - average CPI (Feb 2015 – Jan 2016) + 1 per cent
2017/2018 - average CPI (Feb 2016 – Jan 2017) + 1 per cent

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

	2017 R	2016 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	8 691 004	8 526 462
Total Liability	8 691 004	8 526 462

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	8 526 462	7 772 000
Total expenses	737 436	609 599
Current service cost	314 812	214 000
Interest Cost	767 143	631 000
Benefits Paid	(344 519)	(235 402)
Actuarial (gains)/losses	(572 894)	144 864
Present value of fund obligation at the end of the year	8 691 004	8 526 462
Less: Transfer of Current Portion - Note 6	(368 281)	(255 060)
Balance 30 June	8 322 723	8 271 402

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		4,176	4,515	8,691	
Health care inflation	1%	4,819	4,982	9,801	13%
Health care inflation	-1%	3,639	4,113	7,752	-11%
Discount Rate	1%	3,650	4,122	7,772	-11%
Discount Rate	-1%	4,815	4,979	9,795	13%
Post-retirement mortality	-1 year	4,324	4,690	9,014	4%
Average retirement age	-1 year	4,635	4,515	9,151	5%
Continuation of membership at retirement	-10%	3,758	4,515	8,273	-5%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2018

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		295 300	771 700	1 067 000	
Health care inflation	1%	346 300	872 300	1 218 600	14%
Health care inflation	-1%	253 300	686 600	939 900	-12%
Discount Rate	1%	256 500	764 300	1 020 800	-4%
Discount Rate	-1%	342 900	775 600	1 118 500	5%
Post-retirement mortality	-1 year	305 900	801 000	1 106 900	4%
Average retirement age	-1 year	298 400	813 400	1 111 800	4%
Continuation of membership at retirement	-10%	265 800	733 800	999 600	-6%

3.2 Long Service Bonuses

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

The Current-service Cost for the year ending 30 June 2017 is R 67,366. The Current-service Cost for the ensuing year has been estimated to be R 58,809.

Key actuarial assumptions used:

1) Rate of Interest

	2017 %	2016 %
Discount rate	8,12%	8,44%
General Salary Inflation (long-term)	6,04%	7,30%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1,96%	1,07%

	2017 Rm	2016 Rm
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Discount Rate: stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 8.12% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.12% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.45%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Johannesburg Stock Exchange after the market close on 20 June 2017.

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(89 998)	(67 443)
Assets: Gain / (loss)	-	-

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

	2015 Rm	2014 Rm	2013 Rm
Liabilities: (Gain) / loss	(27 192)	69 081	67 707
Assets: Gain / (loss)	-	-	-

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

	2017 R	2016 R
Present value of fund obligations	760 640	913 273
Net liability/(asset)	760 640	913 273

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	913 273	1 109 000
Total expenses	(27 698)	(105 492)
Current service cost	67 356	76 000
Interest Cost	69 450	79 000
Benefits Paid	(164 514)	(260 492)
Actuarial losses/(gains)	(124 935)	(60 235)
Present value of fund obligation at the end of the year	760 640	913 273
Less: Transfer of Current Portion - Note 6	(69 793)	(185 280)
Balance 30 June	690 847	727 993

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		0,761	
General salary inflation	1%	0,800	5%
General salary inflation	-1%	0,725	-5%
Discount Rate	1%	0,722	-5%
Discount Rate	-1%	0,803	6%
Average retirement age	-2 yrs	0,532	-30%
Average retirement age	2 yrs	0,865	14%
Withdrawal rates	-50%	0,839	10%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2018

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		58 800	59 000	117 800	
General salary inflation	1%	63 200	62 100	125 300	6%
General salary inflation	-1%	54 800	56 100	110 900	-6%
Discount Rate	1%	55 200	62 700	117 900	0%
Discount Rate	-1%	62 900	54 700	117 600	0%
Average retirement age	-2 yrs	48 200	40 400	88 600	-25%
Average retirement age	2 yrs	67 700	67 400	135 100	15%
Withdrawal rates	-50%	71 400	65 300	136 700	16%

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 (CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT)

2017 R 2016 R

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.00% (30 June 2015 - 99.90%).

CAPE JOINT PENSION FUND (LA 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 2016 revealed that the fund is in a sound financial position with a funding level of 153.10% (30 June 2015 - 101.70%).

Contributions paid recognised in the Statement of Financial Performance

1 274 995 1 380 139

4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

2017 R 2016 R

Total Non-current Provisions

23 401 408 22 005 620

Landfill Sites

Balance 1 July

22 005 620 21 566 021

Increase in Estimate

(34 578) (839 739)

Unwinding of discounted interest

1 430 365 1 279 338

Total provision 30 June

23 401 408 22 005 620

Less: Transfer of Current Portion to Current Provisions

- -

Balance 30 June

23 401 408 22 005 620

Location

Estimated decommission date

Cost of rehabilitation

Cost of rehabilitation

2017 R 2016 R

Camarvon

2036

13 022 847 12 237 723

Vanwyksvlei

2065

5 342 528 5 027 709

Vosburg

2028

5 036 033 4 740 188

23 401 408 22 005 620

2016 % 2016 % 2017 %

Discount Rate used

5,24% 6,02% 6,21%

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%.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

5	CONSUMER DEPOSITS	2017 R	2016 R
	Water & Electricity	324 139	320 339
	Total Consumer Deposits	324 139	320 339

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

6	CURRENT EMPLOYEE BENEFITS	2017 R	2016 R
	Current Portion of Post Retirement Benefits - Note 3	368 281	255 060
	Current Portion of Long-Service Provisions - Note 3	69 793	185 290
	Provision for Performance Bonuses	204 272	283 709
	Provision for Annual Bonuses	222 815	247 843
	Provision for Staff Leave	1 004 515	1 144 773
	Total Current Employee Benefits	1 869 676	2 116 675

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	255 060	261 000
Transfer from non-current	457 740	229 462
Expenditure incurred	(344 519)	(235 402)
Balance at end of year	368 281	255 060

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	185 290	202 000
Transfer from non-current	49 017	243 782
Expenditure incurred	(164 514)	(260 492)
Balance at end of year	69 793	185 290

Provision for Performance Bonuses

Balance at beginning of year	283 709	164 453
Contribution to current portion	150 122	420 683
Expenditure incurred	(229 559)	(321 427)
Balance at end of year	204 272	283 709

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

Provision for Staff Leave

Balance at beginning of year	1 144 773	1 027 134
Contribution to current portion	509 909	422 928
Expenditure incurred	(650 167)	(305 289)
Balance at end of year	1 004 515	1 144 773

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

6	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2017 R	2016 R
	<u>Provision for Annual Bonuses</u>		
	Balance at beginning of year	247 843	244 974
	Contribution to current portion	(25 028)	2 869
	Balance at end of year	222 815	247 843

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

7	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2017 R	2016 R
	Trade Payables	592 865	328 727
	Payments received in advance	120 550	176 695
	Other Payables	2 450	1 226
	Total Trade Payables	715 865	506 649

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.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

8	UNSPENT TRANSFERS AND SUBSIDIES	2017 R	2016 R
	Unspent Grants	16 020 997	1 528 110
	National and Provincial Government Grants	16 020 997	1 528 110
	Total Conditional Grants and Receipts	16 020 997	1 528 110

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.

9	TAXES	2017 R	2016 R
	VAT Payable	-	-
	Less: Contribution to provision for impairment of trade receivables from exchange transactions	-	-
		-	-

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10 PROPERTY, PLANT AND EQUIPMENT
10,1 30 JUNE 2017

Reconciliation of Carrying Value	Cost		Accumulated Impairments				Accumulated Depreciation				Carrying Value	
	Opening Balance R	Additions R	Disposals/Revaluation/Transfers R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R	R
Land and Buildings	24 763 604	24 544	-	24 788 148	405	-	405	427 248	63 478	-	490 727	24 297 016
Land	22 218 460	-	-	22 218 460	-	-	-	-	-	-	-	22 218 460
Buildings	2 545 144	24 544	-	2 569 688	405	-	405	427 248	63 478	-	490 727	2 078 556
Infrastructure	87 351 428	9 587 110	494 157	98 444 382	-	-	-	13 081 646	2 523 524	494 157	15 111 013	81 333 369
Electricity	4 333 414	886 388	20 446	5 199 396	-	-	-	718 263	112 510	20 446	810 327	4 389 039
Road Transport	46 516 138	2 117 548	462 174	48 171 512	-	-	-	6 412 077	1 478 317	462 174	7 425 220	40 745 292
Sanitation	16 385 176	-	-	16 385 176	-	-	-	3 045 836	485 171	-	3 511 009	12 874 167
Solid Waste Disposal	488 000	-	-	488 000	-	-	-	75 723	13 767	-	89 491	398 509
Stormwater	5 642 299	1 403 571	11 537	7 034 333	-	-	-	329 121	129 670	11 537	447 255	6 587 079
Water Supply	9 833 186	-	-	9 833 186	-	-	-	2 500 623	326 090	-	2 826 713	7 006 473
WIP	4 153 216	5 179 584	-	9 332 810	-	-	-	-	-	-	-	9 332 810
Community Assets	12 038 880	1 042 546	-	13 081 426	11 363	-	11 363	724 330	372 718	-	1 097 048	11 972 685
Recreation Grounds	9 077 364	1 042 546	-	10 119 940	10 248	-	10 248	337 794	329 808	-	667 603	9 442 090
Civil Buildings	122 360	-	-	122 360	-	-	-	19 546	2 172	-	21 718	100 642
Cemetery	453 000	-	-	453 000	-	-	-	135 900	15 100	-	151 000	302 000
Museum	360 000	-	-	360 000	-	-	-	57 447	6 363	-	63 830	296 170
Clinic	360 800	-	-	360 800	-	-	-	54 467	6 052	-	60 519	300 282
Libraries	604 000	-	-	604 000	-	-	-	96 383	10 709	-	107 092	496 908
Parks & Gardens	29 279	-	-	29 279	-	-	-	5 178	575	-	5 753	23 526
Public Conveniences/Bathhouses	84 731	-	-	84 731	1 135	-	1 135	17 615	1 919	-	19 534	64 062
WIP	947 315	-	-	947 315	-	-	-	-	-	-	-	947 315
Other Assets	6 448 629	383 348	127 911	6 704 066	10 910	-	10 910	4 256 085	333 298	123 911	4 465 471	2 227 665
Motor Vehicles	2 654 178	192 211	-	2 846 388	-	-	-	2 081 171	115 736	-	2 206 926	639 462
Plant & Equipment	1 452 954	56 975	-	1 509 929	-	-	-	798 499	62 944	-	681 443	628 486
Office Equipment	428 032	23 532	-	451 564	-	-	-	281 387	15 055	-	296 442	155 122
Furniture & Fittings	800 764	3 569	2 491	801 662	-	-	-	470 814	25 431	2 491	493 754	308 108
Fire Engines	2 648	-	-	2 648	-	-	-	2 026	57	-	2 083	566
Computer Equipment	566 057	75 378	-	641 435	-	-	-	268 929	85 809	121 420	233 318	266 556
Refuse Tankers	392 736	-	-	392 736	-	-	-	343 258	8 246	-	351 504	41 232
Game	151 260	31 664	4 000	178 924	10 910	-	10 910	-	-	-	-	168 014
	130 602 542	11 037 547	622 068	141 018 021	22 698	-	22 698	18 489 309	3 293 018	618 068	21 164 299	119 831 065

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10 PROPERTY, PLANT AND EQUIPMENT

10.2 30 JUNE 2016

Reconciliation of Carrying Value		Cost		Accumulated Impairments		Accumulated Depreciation		Carrying Value	
	Opening Balance	Additions	Cost Disposals/Revaluation/ Transf	Closing Balance	Opening Balance	Additions	Depreciation Charge	Closing Balance	R
	R	R	R	R	R	R	R	R	R
Land and Buildings	24 473 334	290 270	-	24 763 604	405	-	59 141	427 248	24 335 951
Land	22 218 460	-	-	22 218 460	-	-	-	-	22 218 460
Balance previously reported	21 505 500	-	-	21 505 500	-	-	-	-	21 505 500
Correction of Error - Note 34.01	632 960	-	-	632 960	-	-	-	-	632 960
Buildings	2 254 874	290 270	-	2 545 144	405	-	59 141	427 248	2 117 491
Balance previously reported	2 854 216	290 270	-	3 144 486	405	-	65 557	684 932	2 259 150
Correction of Error - Note 34.01	(599 342)	-	-	(599 342)	-	-	(26 416)	(457 663)	(141 659)
Infrastructure	84 729 890	2 921 879	300 341	87 351 428	-	-	2 492 893	299 398	74 269 782
Electricity	4 335 661	-	2 247	4 333 414	-	-	112 670	2 245	718 263
Balance previously reported	5 360 278	-	2 247	5 358 031	-	-	206 698	2 245	4 194 357
Correction of Error - Note 34.01	(1 024 616)	-	-	(1 024 616)	-	-	(96 028)	-	(445 411)
Road Transport	45 804 763	987 706	276 331	46 516 138	-	-	1 461 180	275 535	6 412 077
Balance previously reported	41 033 752	1 362 732	276 331	42 120 153	-	-	1 133 445	275 535	4 576 916
Correction of Error - Note 34.01	4 771 010	(375 026)	-	4 395 984	-	-	327 735	-	1 635 159
Sanitation	16 406 939	-	21 763	16 385 176	-	-	463 481	21 618	3 045 838
Balance previously reported	19 533 757	1 949 107	21 763	21 461 100	-	-	674 438	21 618	4 518 177
Correction of Error - Note 34.01	(3 126 816)	(1 949 107)	-	(5 075 925)	-	-	(190 957)	-	(1 472 339)
Solid Waste Disposal	468 000	-	-	468 000	-	-	13 767	-	75 723
Balance previously reported	1 377 431	-	-	1 377 431	-	-	80 537	-	358 038
Correction of Error - Note 34.01	(889 431)	-	-	(889 431)	-	-	(66 770)	-	(283 315)
Stormwater	5 166 353	455 946	-	5 642 299	-	-	98 281	-	329 121
Balance previously reported	478 365	-	-	478 385	-	-	31 036	-	175 028
Correction of Error - Note 34.01	4 707 957	455 946	-	5 163 913	-	-	67 245	-	154 093
Water Supply	9 785 762	47 424	-	9 833 186	-	-	323 512	-	2 500 623
Balance previously reported	14 223 874	47 424	-	14 271 298	-	-	468 510	-	3 666 158
Correction of Error - Note 34.01	(4 438 112)	-	-	(4 438 112)	-	-	(144 996)	-	(1 365 535)
WIP	2 722 413	1 430 803	-	4 153 216	-	-	-	-	4 153 216
Balance previously reported	2 722 412	1 511 723	-	4 234 135	-	-	-	-	4 234 135
Correction of Error - Note 34.01	0	(80 920)	-	(80 920)	-	-	-	-	(80 920)
Community Assets	6 229 455	3 809 425	-	12 038 880	1 135	10 248	173 153	-	11 303 166
Recreation Grounds	5 458 593	3 618 801	-	9 077 394	-	10 248	130 205	-	337 794
Balance previously reported	5 939 707	1 689 684	-	7 629 401	-	10 248	195 525	-	6 808 319
Correction of Error - Note 34.01	(461 114)	1 949 107	-	1 467 994	-	-	(65 320)	-	(453 039)
Civil Buildings	122 360	-	-	122 360	-	-	2 172	-	102 814
Balance previously reported	411 277	-	-	411 277	-	-	6 847	-	171 185
Correction of Error - Note 34.01	(288 917)	-	-	(288 917)	-	-	(4 676)	-	(66 371)
Cemetery	453 000	-	-	453 000	-	-	15 100	-	317 105
Balance previously reported	18 000	-	-	18 000	-	-	519	-	12 965
Correction of Error - Note 34.01	435 000	-	-	435 000	-	-	14 581	-	304 115
Museum	360 000	-	-	360 000	-	-	6 383	-	302 553
Balance previously reported	450 000	-	-	450 000	-	-	12 985	-	324 614
Correction of Error - Note 34.01	(90 000)	-	-	(90 000)	-	-	(6 602)	-	(22 090)

KAREBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10 PROPERTY, PLANT AND EQUIPMENT

Clinic	360 800	-	-	-	-	48 415	6 052	-	54 467	308 333
Balance previously reported	451 000	-	-	-	-	112 652	13 013	-	125 665	325 335
Correction of Error - Note 34.01	(90 200)	-	-	-	-	(64 237)	(6 962)	-	(71 199)	(19 002)
Libraries	604 000	-	-	-	-	65 674	10 709	-	96 383	507 617
Balance previously reported	894 167	-	-	-	-	208 454	26 371	-	232 825	661 341
Correction of Error - Note 34.01	(290 167)	-	-	-	-	(120 780)	(15 662)	-	(136 442)	(153 724)
Parks & Gardens	29 279	-	-	-	-	4 502	575	-	5 178	24 102
Balance previously reported	41 070	-	-	-	-	23 292	684	-	23 976	17 095
Correction of Error - Note 34.01	(11 791)	-	-	-	-	(18 690)	(108)	-	(18 798)	7 007
Public Conveniences/Bathhouses	84 731	-	-	1 135	-	15 658	1 957	-	17 615	65 991
Balance previously reported	205 447	-	-	3 592	-	85 703	13 753	-	99 456	103 400
Correction of Error - Note 34.01	(121 716)	-	-	(2 456)	-	(70 045)	(11 756)	-	(81 841)	(37 419)
WIP	756 691	190 624	-	-	-	-	-	-	-	947 315
Balance previously reported	756 691	190 624	-	-	-	-	-	-	-	947 315
Correction of Error - Note 34.01	-	-	-	-	-	-	-	-	-	-
Other Assets	6 069 327	450 831	71 528	10 910	-	4 028 442	255 542	70 899	4 256 095	2 181 635
Motor Vehicles	2 654 178	-	-	-	-	1 991 947	99 224	-	2 091 171	563 007
Plant & Equipment	1 144 727	317 568	9 341	-	-	712 985	94 823	9 309	798 499	654 455
Office Equipment	429 907	7 500	9 375	-	-	273 019	17 718	9 350	281 387	146 644
Furniture & Fittings	767 131	30 242	16 609	-	-	455 145	35 469	20 800	470 814	329 950
Balance previously reported	778 415	30 242	16 609	-	-	451 997	34 950	20 800	466 147	325 901
Correction of Error - Note 34.01	8 716	-	-	-	-	4 148	519	-	4 667	4 049
Fire Engines	17 542	-	14 894	-	-	12 788	4 120	14 862	2 025	622
Balance previously reported	17 207	-	14 894	-	-	12 633	4 104	14 862	1 875	438
Correction of Error - Note 34.01	335	-	-	-	-	134	17	-	151	185
Computer Equipment	544 422	38 298	18 663	-	-	248 215	37 291	16 577	268 929	297 127
Balance previously reported	543 784	38 298	18 663	-	-	247 875	37 249	16 577	268 547	296 672
Correction of Error - Note 34.01	638	-	-	-	-	340	43	-	383	255
Refuse Tankers	382 735	-	-	-	-	333 362	9 695	-	343 258	49 478
Game	98 664	57 222	4 646	10 910	-	-	-	-	-	140 350
	123 502 006	7 472 405	371 869	130 502 542	12 450	15 635 877	3 023 728	370 297	18 489 309	112 050 535

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2017		
		R		
10,03	Property, Plant and Equipment which is in the process of being constructed or developed:			
	Infrastructure Assets	119 653 051		
	Roads	119 653 051		
	Water Supply	-		
	Sanitation	-		
	Community Assets	947 315		
	Other Assets	-		
	Total	120 610 366		
10,04	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:			
	Infrastructure Assets	-		
	Community Assets	947 315		
	Other Assets	-		
	Total	947 315		
	No funding was allocated for 2016/2017 in the MIG (Municipal Infrastructure Grant) for the completion of the cemeteries project.			
10,05	Property, Plant and Equipment where construction or development has been halted:			
	Infrastructure Assets	-		
	Community Assets	-		
	Other Assets	-		
	Total	-		
	No reason required			
10,06	Expenditure incurred to repair and maintain Property, Plant and Equipment:			
	Other materials	902 122		
	Contracted Services	1 616 075		
	Total Repairs and Maintenance	2 518 197		
		2017	2016	
		R	R	
10,07	Assets pledged as security:			
	No assets are pledged as security.			
10,08	Third party payments received for losses incurred:			
	Payments received (Excluding VAT)	-	-	
	Carrying value of assets written off/lost	-	-	
	Surplus/Deficit	-	-	
10,09	Impairment losses of Property, Plant and Equipment			
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:			
	Community Assets	-	10 248	
	Total	-	10 248	
10,10	Reversal of Impairment losses of Property, Plant and Equipment			
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:			
	Infrastructure	-	-	
	Community Assets	-	-	
	Other	-	-	
	Total	-	-	
10,11	Effect of changes in accounting estimates			
	The effect of a change in accounting estimate will have on the current period and subsequent periods:			
		2017	2018	2019
		R	R	R
	Effect on Property, plant and equipment	21 529	100 420	100 420
10,12	Details of Valuation			
	The effective date of the valuations was 1 July 2012. Valuations were performed by an independent valuer, HCB Valuers. The valuer are not connected to the municipality. Land and Buildings are revalued independently every 5 years.			

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2017	2016
		R	R
10,13	Contractual commitments for acquisition of Property, Plant and Equipment:		
	Approved and contracted for:	3 399 436	116 452
	Infrastructure	3 399 436	-
	Community	-	116 452
	Total	3 399 436	116 452
	This expenditure will be financed from:		
	Government Grants	3 399 436	116 452
	Total	3 399 436	116 452
11	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	15 451 029	15 463 392
	Cost	15 562 100	15 562 100
	Accumulated Depreciation	(111 071)	(98 708)
	Depreciation for the year	(12 941)	(12 354)
	Net Carrying amount at 30 June	15 438 087	15 451 029
	Cost	15 562 100	15 562 100
	Accumulated Depreciation	(124 013)	(111 071)
	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	20 114 700	20 114 700
	Fair value was determined by valuation roll.		
11,01	Revenue from Investment Property		
	Revenue derived from the rental of Investment Property	304 532	281 763
11,02	Operating Expenditure Incurred on properties:		
		Repairs and Maintenance	Other Operating Expenditure
	Revenue Generating	48 234	-
	Improved Property	-	-
	Unimproved Property	48 234	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total Operating Expenditure	48 234	-
		2017	
		R	
11,03	Investment Property which is in the process of being constructed or developed:		
	Revenue Generating	-	
	Improved Property	-	
	Unimproved Property	-	
	Non-revenue Generating	-	
	Improved Property	-	
	Unimproved Property	-	
	Total	-	
11,04	Investment Property that is taking a significantly longer period of time to complete than expected:		
	Revenue Generating	-	
	Improved Property	-	
	Unimproved Property	-	
	Non-revenue Generating	-	
	Improved Property	-	
	Unimproved Property	-	
	Total	-	
	No reason required		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11	INVESTMENT PROPERTY (CONTINUED)	2017	2016
		R	R
11,05	Investment Property where construction or development has been halted:		
	Revenue Generating	-	
	Improved Property	-	
	Unimproved Property	-	
	Non-revenue Generating	-	
	Improved Property	-	
	Unimproved Property	-	
	Total	-	
	No reason required		
12	INTANGIBLE ASSETS	2017	2016
		R	R
	Computer Software		
	Net Carrying amount at 1 July	15 086	18 371
	Cost	204 662	203 610
	Accumulated Amortisation	(189 577)	(185 238)
	Acquisitions	640 859	3 158
	Disposals	(177 075)	(2 105)
	Amortisation	(12 062)	(6 443)
	Disposal Amortisation	177 075	2 105
	Net Carrying amount at 30 June	643 882	15 086
	Cost	668 446	204 662
	Accumulated Amortisation	(24 564)	(189 577)
12,01	Material Intangible Assets Included in the carrying value:		
		Carrying Value	
	<u>Description</u>	2017	2016
		R	R
	VIP Salary System	211	263
	Sebata V6 EMS	640 859	-
	Capman Personnel System	-	10 356
	MS Office	2 613	4 467
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
12,02	Research and Development Costs:	2017	
		R	
	Research Expenditure	-	
	Development Expenditure	-	
	Total Research and Development Expenditure	-	
12,03	Intangible Assets which is in the process of being constructed or developed:		
	Servitudes	-	
	Computer Software	640 859	
	Licences and Rights	-	
	Total	640 859	
12,04	Intangible Assets that is taking a significantly longer period of time to complete than		
	Servitudes	-	
	Computer Software	-	
	Licences and Rights	-	
	Total	-	
	No reason required		
12,05	Intangible Assets where construction or development has been halted:		
	Servitudes	-	
	Computer Software	-	
	Licences and Rights	-	
	Total	-	
	No reason required		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

13	HERITAGE ASSETS	2017 R	2016 R
	Net Carrying amount at 1 July	14 900	19 176
	Transfers to Property, Plant and equipment	-	(4 276)
	Net Carrying amount at 30 June	14 900	14 900
	Cost	14 900	14 900

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

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

There are no Heritage Assets pledged as security for liabilities

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

13,01 Third party payments received for losses and impairments Incurred:

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

2017
R

13,02 Expenditure Incurred to repair and maintain Heritage Assets:

Employee related costs	-
Other materials	-
Contracted Services	-
Other Expenditure	-
Total Repairs and Maintenance	-

13,03 Heritage Assets which is in the process of being constructed or developed:

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

13,04 Heritage Assets that is taking a significantly longer period of time to complete than expected:

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

No reason required

13,05 Heritage Assets where construction or development has been halted:

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

No reason required

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

14	CAPITALISED RESTORATION COST	2017	2016
		R	R
	Net Carrying amount at 1 July	2 335 738	3 272 628
	Cost	5 073 679	5 913 418
	Accumulated Depreciation	(2 421 763)	(2 284 830)
	Accumulated Impairments	(316 179)	(355 960)
	Acquisitions	(34 578)	(839 739)
	Depreciation for the year	(97 798)	(136 933)
	Impairment	32 349	39 781
	Net Carrying amount at 30 June	2 235 711	2 335 738
	Cost	5 039 101	5 073 679
	Accumulated Depreciation	(2 519 560)	(2 421 763)
	Accumulated Impairments	(283 829)	(316 179)
	Restoration cost financed by way of a provision - Refer to note 4 for further details		
15	LONG TERM RECEIVABLES	2017	2016
		R	R
	Officials' Housing Loans - At amortised cost	32 875	49 984
	<u>Less:</u> Unamortised Discount on Loans	(5 005)	(8 200)
	Balance 1 July	(8 200)	(10 678)
	Adjustment for the period	3 195	2 478
		27 869	41 784
	<u>Less:</u> Current portion transferred to current receivables	(4 586)	(7 585)
	Officials Housing Loans - At amortised cost	(4 586)	(7 585)
		23 284	34 200
	<u>Less:</u> Provision for Impairment of Long Term Receivables	-	-
	Total Long Term Receivables	23 284	34 200
	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 an employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder.		
16	INVENTORY	2017	2016
		R	R
	Consumable Stores - Stationery and materials - At cost	527 836	527 836
	Total Inventory	527 836	527 836
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
	Consumable stores materials surpluses identified during the annual stores counts.	-	-
	No inventory assets were pledged as security for liabilities.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

17	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2017 R	2016 R
	Service Receivables		
	Water	1 076 065	715 041
	Electricity	1 513 494	873 087
	Refuse	773 978	399 785
	Sewerage	137 004	494 241
	Payments received in advance	120 550	176 695
	Total Service Receivables	3 621 092	2 658 849
	Less: Provision for Impairment	(2 143 565)	(840 385)
	Net Service Receivables	1 477 527	1 818 464
	Other Receivables		
	Sundry Receivables	3 553 148	1 159 349
	Rentals	340 474	257 331
	VAT	702 045	632 739
	Total Other Receivables	4 595 667	2 049 419
	Less: Provision for Impairment	(340 474)	(257 331)
	Less: Contribution to provision for VAT impairment of trade receivables from exchange transactions	(499 643)	(379 139)
	Net Other Receivables	3 755 550	1 412 948
	Total Net Receivables from Exchange Transactions	5 233 077	3 231 412
	Ageing of Receivables from Exchange Transactions		
	(Electricity): Ageing		
	Current (0 - 30 days)	722 421	654 360
	31 - 60 Days	281 451	50 639
	61 - 90 Days	67 106	13 189
	+ 90 Days	442 516	154 898
	Total	1 513 494	873 087
	(Water): Ageing		
	Current (0 - 30 days)	125 499	361 442
	31 - 60 Days	272 032	134 226
	61 - 90 Days	67 877	83 046
	+ 90 Days	610 657	136 327
	Total	1 076 065	715 041
	(Refuse): Ageing		
	Current (0 - 30 days)	120 464	275 876
	31 - 60 Days	172 202	48 668
	61 - 90 Days	43 019	35 941
	+ 90 Days	438 293	41 301
	Total	773 978	399 785
	(Sewerage): Ageing		
	Current (0 - 30 days)	(280 130)	241 114
	31 - 60 Days	99 082	74 857
	61 - 90 Days	25 317	68 583
	+ 90 Days	292 735	109 687
	Total	137 004	494 241
	(Sundry Receivables): Ageing		
	Current (0 - 30 days)	2 469 199	472 595
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	1 083 949	686 754
	Total	3 553 148	1 159 349
	(VAT): Ageing		
	Current (0 - 30 days)	202 402	253 600
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	499 643	379 139
	Total	702 045	632 739
	(Rentals): Ageing		
	Current (0 - 30 days)	-	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	340 474	257 331
	Total	340 474	257 331

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)	2017 R	2016 R	
Service Receivables				
Rates		1 795 225	1 863 084	
Total Service Receivables		1 795 225	1 863 084	
Less: Provision for Impairment		(1 787 123)	(1 859 069)	
Net Service Receivables		8 102	4 015	
Total Net Receivables from Non-Exchange Transactions				
		8 102	4 015	
Ageing of Receivables from Non-Exchange Transactions				
(Rates): Ageing				
Current (0 - 30 days)		8 102	4 015	
31 - 60 Days		-	-	
61 - 90 Days		-	-	
+ 90 Days		1 787 123	1 859 069	
Total		1 795 225	1 863 084	
(Other Receivables): Ageing				
Current (0 - 30 days)		-	-	
31 - 60 Days		-	-	
61 - 90 Days		-	-	
+ 90 Days		-	-	
Total		-	-	
Summary of Receivables by Customer Classification				
	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2017				
Total Receivables	5 752 133	180 934	4 078 917	10 011 984
Less: Provision for Impairment	(4 271 163)	-	-	(4 271 163)
Less: Provision for Impairment (VAT)	(499 643)	-	-	(499 643)
Total Recoverable debtors by customer classification	981 327	180 934	4 078 917	5 241 178
Summary of Receivables by Customer Classification				
	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2016				
Total Receivables	4 834 404	83 514	1 653 433	6 571 351
Less: Provision for Impairment	(2 956 785)	-	-	(2 956 785)
Less: Provision for Impairment (VAT)	(379 139)	-	-	(379 139)
Total Recoverable debtors by customer classification	1 498 480	83 514	1 653 433	3 235 427
Receivables Impaired				
2017		Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total		2 484 039	1 787 123	4 271 163
2016		Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total		1 097 716	1 859 069	2 956 785
Monthly rate debts are required to be settled after 30 days, interest is charged on rates after this date at prime +1%. The fair value receivables approximates their carrying amounts.				
Reconciliation of the Total doubtful debt provision				
		2017 R	2016 R	
Balance at beginning of the year		3 335 924	3 105 931	
Contributions to provision		1 314 378	228 859	
VAT contribution to Impairment provision		120 504	1 134	
Impairment written off against provision		-	-	
Balance at end of year		4 770 806	3 335 924	

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

19	OPERATING LEASE ARRANGEMENTS	2017 R	2016 R
	The Municipality as Lessor		
	Balance on 1 July	40 405	37 669
	Operating Lease Asset for the current year	(3 595)	2 736
	Balance on 30 June	36 810	40 405
	<p>The municipality is leasing a piece of land to MTN for a period of 119 months with escalations of 10% per year.</p> <p>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.</p> <p>The municipality is leasing a piece of land to Vodacom for a period of 60 months with escalations of CPI with a maximum of 10% per year.</p> <p>The municipality is leasing a piece of land to Sentech for a period of 60 months with escalations of CPI with a maximum of 10% per year.</p> <p>The municipality is leasing a piece of land (Jagpan and Dubbeleivlei) to emerging farmers for a period of 60 months with escalations of 6% per year.</p> <p>The municipality is leasing a advertising rights to Primedia for a period of 36 months with escalations of 7% per year. (Terminated)</p>		
	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:	2017 R	2016 R
	Up to 1 Year	304 124	380 473
	2 to 5 Years	729 798	1 000 552
	More than 5 Years	87	33 457
	Total Operating Lease Arrangements	1 034 010	1 414 482
	This lease income was determined from a contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The lease is in respect of land being leased by MTN until 2017.		
	The lease is in respect of land being leased by Vodacom until 2022.		
	The lease is in respect of land being leased by Vodacom until 2017.		
	The lease is in respect of land being leased by Sentech until 2018.		
	The lease is in respect of land (Jagpan and Dubbeleivlei) being leased by emerging farmers until 2021.		
	The lease is in respect of advertising rights by Primedia until August 2017. (Terminated)		
	The municipality does not engage in any sub-lease arrangements.		
	The municipality did not receive any contingent rent during the year		
20	CASH AND CASH EQUIVALENTS	2017 R	2016 R
	<u>Assets</u>		
	Call Investments Deposits	37 705 925	22 604 624
	Primary Bank Account (Cash book)	475 339	649 026
	Total Cash and Cash Equivalents - Assets	38 181 264	23 253 650
	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 R16 020 997 are held to fund the Unspent Conditional Grants (2016: R1 528 110).		
	Kareeberg Municipality do not have a bank overdraft facility.		
	The municipality has the following bank accounts:	2017 R	2016 R
	<u>Current Accounts</u>		
	Camarvon ABSA - Account Number 40 50 475 165 (Primary Bank Account):	475 339	649 026
		475 339	649 026
	Camarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):		
	Cash book balance at beginning of year	649 026	250 889
	Cash book balance at end of year	475 339	649 026
	Bank statement balance at beginning of year	1 723 800	2 209 826
	Bank statement balance at end of year	960 494	1 723 600

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

20 CASH AND CASH EQUIVALENTS (CONTINUED)

			2017 R	2017 R	2016 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			
08-870-5536-003	STANDARD BANK	Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
20-7477-9380	ABSA	Housing Fund	43 061	43 061	40 546
20-7477-9380	ABSA	Job creation - De Bull	43 568	43 568	41 023
20-7477-9380	ABSA	Land development	18 706	18 706	17 614
20-7477-9380	ABSA	Land development	17 058	17 058	16 072
20-7477-9380	ABSA	Land development	32 626	32 626	30 722
08-870-543-9	STANDARD BANK	Civil Defence	20 629	20 665	19 745
92-8617-3395	ABSA	RBIG - Vanwyksvlei Pipeline	11 641 880	11 641 880	-
20-7477-9380	ABSA	CMIP Kwaggakok(VAT)	666	666	648
08-870-5536-002	STANDARD BANK	Sanitation Interest/VAT	861 709	847 207	1 021 813
20-7477-9380	ABSA	Electricity	39 249	39 249	36 957
20-7477-9380	ABSA	Water Services Plan	3 667	3 667	3 455
20-7477-9380	ABSA	CMIP-Saalpoort project 301	4 026	4 026	3 793
20-7477-9380	ABSA	EPWP - Paving/ Cleaning	26 532	26 532	24 982
20-7477-9380	ABSA	Lotto Camarvon	2 036	2 036	1 918
20-7477-9380	ABSA	Lotto Vosburg	35 937	35 937	33 836
20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	151 222	151 512	142 349
20-7477-9380	ABSA	VB Cleaning Project	28 689	28 689	27 013
20-7477-9380	ABSA	VAT - retention	13 312	13 312	12 535
92-8617-3395	ABSA	Municipal Infrastructure Grant	3 000 000	3 000 000	
92-1221-8064	ABSA	Youth Development	93 632	93 632	93 632
92-1221-8064	ABSA	Leave Fund	2 192 243	2 192 243	2 589 598
92-8504-7305	ABSA	Retension	592 865	592 865	328 727
92-1221-8064	ABSA	Provision for Employee benefits	2 000 000	2 000 000	4 000 000
92-1221-8064	ABSA	Reserves	352 116	352 116	352 116
92-1221-8064	ABSA	General Account	5 167 695	5 156 831	2 417 716
08-871-0777	STANDARD BANK				
			37 730 963	37 705 925	22 604 624

21 PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property
State - National / Provincial Services

Less: Reductions**Less: Rebates**

Total Assessment Rates

Valuations - 30 June 2017:

Rateable Land and Buildings

Residential & Commercial Property
State - National / Provincial Services

Total Assessment Rates

Valuations - 30 June 2017:

Residential
State
State: Agriculture
Agriculture
Municipal
Schietfontein
Churches
Infrastructure
Public Benefit Organisations
Commonage
Commonage (rentals)
Infrastructure farms
Sport clubs

Total Property Valuations

	2017 R	2016 R
Rateable Land and Buildings	14 196 651	13 400 074
Residential, Commercial Property	13 432 367	12 682 041
State - National / Provincial Services	764 284	718 033
Less: Reductions	(515 931)	(485 446)
Less: Rebates	(9 989 830)	(8 476 263)
Total Assessment Rates	4 690 890	4 438 366
Valuations - 30 June 2017:		
Rateable Land and Buildings	1 949 328 825	1 951 163 925
Residential & Commercial Property	1 902 589 625	1 904 424 725
State - National / Provincial Services	46 739 200	46 739 200
Total Assessment Rates	1 949 328 825	1 951 163 925
Valuations - 30 June 2017:		
Residential		233 527 400
State		20 912 800
State: Agriculture		25 826 400
Agriculture		1 448 399 800
Municipal		19 931 925
Schietfontein		93 000
Churches		11 829 800
Infrastructure		345 800
Public Benefit Organisations		2 348 000
Commonage		178 000
Commonage (rentals)		13 290 900
Infrastructure farms		171 683 500
Sport clubs		961 500
Total Property Valuations		1 949 328 825

Assessment Rates are levied on the values of immovable properties. A Supplementary roll was performed during 2016/17. The tariffs applicable are proclaimed by PK 2030 dated 25 July 2016.

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 2017

		2017 R	2016 R
22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
22,06	Youth Development		
	Opening balance	93 632	93 632
	Conditions still to be met	93 632	93 632
	The grant will be used for youth development related issues in the Kareeberg area.		
22,07	Expanded Public Works Program		
	Opening balance	-	288 797
	Conditions met	-	(201 742)
	Conditions met - Capital	-	(87 055)
	Conditions still to be met	-	-
	The grant was used for infrastructure development in the Kareeberg area. (Camavon)		
22,08	Expanded Public Works Program (R1m)		
	Grants received	1 000 000	1 000 000
	Conditions met	(975 456)	(822 805)
	Conditions met - Capital	(24 544)	(177 195)
	Conditions still to be met	-	-
	The grant was used for labour (for example security services) in the Kareeberg area.		
22,09	Job Creation De Bult		
	Opening balance	41 023	38 459
	Interest received	2 546	2 565
	Conditions still to be met	43 568	41 023
	The grant will be used for job creation in the Kareeberg area. (Camavon)		
22,10	Land Development		
	Opening balance	64 409	60 384
	Interest received	3 992	4 024
	Conditions still to be met	68 400	64 409
	The grant will be used for a land development plan in the Kareeberg area.		
22,11	Civil Defence		
	Opening balance	19 745	18 986
	Interest received	920	760
	Conditions still to be met	20 665	19 745
	The grant will be used for civil defence in the Kareeberg area.		
22,12	CMIP Kwaggakolk (VAT)		
	Opening balance	648	609
	Interest received	38	39
	Conditions still to be met	686	648
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)		
22,13	Sanitation - sewerage		
	Opening balance	1 021 813	1 135 046
	Conditions met	(170 531)	(113 233)
	Conditions met - Capital	(4 075)	-
	Conditions still to be met	847 207	1 021 813
	The grant will be used for a sanitation maintenance in the Kareeberg area.		
22,14	Electricity Schietfontein		
	Opening balance	36 957	34 647
	Interest received	2 292	2 310
	Conditions still to be met	39 249	36 957
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
22,15	Water Service Plan		
	Opening balance	3 455	3 239
	Interest received	212	215
	Conditions still to be met	3 667	3 455
	The grant will be used for a water service plan in the Kareeberg area.		
22,16	CMIP - Saalpoort project 301		
	Opening balance	3 793	3 556
	Interest received	234	237
	Conditions still to be met	4 026	3 793
	The grant will be used for a bore hole water project in the Kareeberg area. (Camavon)		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2017 R	2016 R
22,17	Paving Projects		
	Opening balance	24 982	23 421
	Interest received	1 549	1 561
	Conditions still to be met	<u>26 532</u>	<u>24 982</u>
	The grant will be used for a extended public works program in the Kareeberg area.		
22,18	Lotto Camarvon		
	Opening balance	1 918	1 799
	Interest received	118	119
	Conditions still to be met	<u>2 036</u>	<u>1 918</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
22,19	Lotto Vosburg		
	Opening balance	33 838	31 723
	Interest received	2 098	2 115
	Conditions still to be met	<u>35 937</u>	<u>33 838</u>
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
22,20	Transfer Fees Sub-Economic		
	Opening balance	142 349	133 356
	Interest received	9 162	8 994
	Conditions still to be met	<u>151 512</u>	<u>142 349</u>
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
22,21	Cleaning Project Vosburg		
	Opening balance	27 013	25 324
	Interest received	1 676	1 689
	Conditions still to be met	<u>28 689</u>	<u>27 013</u>
	The grant will be used for a cleaning project in the Kareeberg area.		
22,22	VAT - Retention		
	Opening balance	12 535	11 752
	Interest received	777	783
	Conditions still to be met	<u>13 312</u>	<u>12 535</u>
	The grant will be used for maintenance in the Kareeberg area.		
22,23	Saalpoort pipe line - Department of Water Affairs and Forestry		
	Grants received	-	1 621 091
	Conditions met	-	(199 002)
	Conditions met - Capital	-	(1 422 088)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The grant will be used for Infrastructure (pipeline Vanwyksvlei - Camarvon) in the Kareeberg area.		
22,24	Schietfontein tanks - Department of Water Affairs and Forestry		
	Grants received	-	90 211
	Conditions met	-	(90 211)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The grant will be used for installation of water tanks at individual households in the Kareeberg area.		
22,25	Department of Water Affairs and Forestry: Donation		
	Grants received	-	47 424
	Conditions met - Capital	-	(47 424)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The donation was for JoJo tanks in Van Wyksvlei.		
22,26	Department of Sport: Donation		
	Grants received	-	314 899
	Conditions met - Capital	-	(314 899)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The donation was for gym equipment at the play grounds in Camarvon.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2017	2016
		R	R
22,27	Municipal Infrastructure Grant Additional		
	Grants received	3 000 000	-
	Conditions still to be met	3 000 000	-
	The grant will be used to upgrade infrastructure in the Kareeberg areas.		
22,28	Electricity		
	Grants received	1 000 000	-
	Conditions met	(113 602)	-
	Conditions met - Capital	(886 399)	-
	Conditions still to be met	-	-
	The grant was used for electricity infrastructure development in the Kareeberg area.		
22,29	RBIG (Department of Water Affairs and Forestry)		
	Grants received	15 000 000	-
	Conditions met	(412 401)	-
	Conditions met - Capital	(2 945 719)	-
	Conditions still to be met	11 641 880	-
	The grant will be used for water infrastructure development in the Kareeberg area.		
22,30	Total Grants		
	Opening balance	1 528 110	1 904 727
	Interest received	25 614	25 412
	Grants received	50 080 000	30 961 625
	Conditions met	(24 698 449)	(23 959 180)
	Conditions met - Capital	(10 914 278)	(7 404 475)
	Conditions still to be met	16 020 997	1 528 110
		2017	2016
		R	R
23	SERVICE CHARGES		
	Electricity	9 595 910	8 818 988
	Service Charges	9 595 910	8 818 988
	Water	4 715 168	4 535 391
	Service Charges	4 715 168	4 535 391
	Refuse removal	3 819 245	3 601 057
	Service Charges	3 819 245	3 601 057
	Sewerage and Sanitation Charges	3 035 028	2 802 900
	Service Charges	3 035 028	2 802 900
	Total Service Charges	21 165 351	19 758 336
24	OTHER REVENUE		
	Application Specific Registrations	2 480	2 056
	Adjustment bonus provision	25 028	-
	Building Fees	500	750
	Photocopies	6 234	4 594
	Grave Fees	12 565	12 560
	Searching Fees	3 220	2 635
	Sale of sand	60	-
	Encroachment	921	920
	Cement block Sales	2 590	2 590
	Pond Fees	680	50
	Refuse Bags Sold	2 519	2 073
	Connection Fees	240	160
	Gain due to additions on Biological assets	31 664	42 222
	Valuation Certificates	760	410
	Grant VAT Income	1 641 031	1 216 964
	Electricity caravan park	192	141
	Reversal of Impairment (Revenue)	32 349	39 781
	Total Other Income	1 763 033	1 328 105

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

25	FAIR VALUE ADJUSTMENTS	2017	2016
		R	R
	Unamortised Discount - Interest - LT Receivables	3 195	2 478
		<u>3 195</u>	<u>2 478</u>
26	EMPLOYEE RELATED COSTS		
	Salaries & Wages	13 613 529	13 657 467
	Leave Reserve Fund	509 909	422 928
	Personnel Contributions	1 885 575	2 040 338
	Skill Development Levy	120 078	162 216
	Bargaining Council	5 407	5 960
	Pension Gratification	444	444
	UIF	99 336	98 546
	Performance Bonuses	150 122	420 683
	Annual Bonuses	-	2 869
	Contribution to Employee Benefits - Long Service Awards - Note 3	67 366	76 000
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	314 812	214 000
		<u>16 766 577</u>	<u>17 101 451</u>
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	<u>16 766 577</u>	<u>17 101 451</u>
	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 W. de Bruin</i>		
	Salary and Performance Bonus	1 293 389	1 040 070
	UIF	1 785	1 785
	Bargaining Council	92	67
	Total	<u>1 295 266</u>	<u>1 041 942</u>
	<i>Remuneration of the Chief Finance Officer: Mr P.B. Rossouw (Retired 30 September 2016)</i>		
	Salary and Bonus, Performance Bonus	352 925	844 980
	Travel Allowance	41 598	156 972
	Pension	-	107 235
	Medical	11 613	45 748
	UIF	446	1 785
	Bargaining Council	23	67
	Cell phone (VAT Included)	4 500	18 000
	Total	<u>411 106</u>	<u>1 174 807</u>
	<i>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk</i>		
	Salary and Bonus, Performance Bonus	849 462	815 744
	Travel Allowance	166 392	156 972
	Pension	122 046	112 443
	Medical	46 452	46 452
	UIF	1 785	1 785
	Bargaining Council	92	67
	Cell phone (VAT Included)	24 000	24 000
	Total	<u>1 210 231</u>	<u>1 157 483</u>
	<i>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</i>		
	Salary and Bonus, Performance Bonus	865 494	778 858
	Travel Allowance	166 392	156 972
	Pension	116 397	107 235
	Medical	39 488	36 997
	UIF	1 785	1 785
	Bargaining Council	92	67
	Cell phone (VAT Included)	18 000	18 000
	Total	<u>1 207 648</u>	<u>1 099 935</u>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

34	CORRECTION OF ERROR IN TERMS OF GRAP 3	2016
		R
34,01	Property, Plant and Equipment	
	Balance previously reported	110 034 927
	Correction of Error on Land and Buildings and Infrastructure cost restructured - Note 34.02 and 10	(905 287)
	Correction of Error effect on Accumulated Depreciation till 30 June 2015 - Note 34.02 and 10	2 722 594
	Correction of Error effect on Depreciation for 2015/2016 - Note 34.03 and 10	226 155
	Correction of Error effect on Impairment till 20 June 2015 - Note 34.02 and 10	2 456
	First time recognition of Property, Plant and Equipment cost - Note 34.02 and 10	9 689
	Total	112 090 535
34,02	Accumulated Surplus/(Deficit)	
	Balance previously reported	108 311 800
	Correction of Error on Land and Buildings and Infrastructure cost restructured - Note 34.01 and 10	(905 287)
	Correction of Error effect on Accumulated Depreciation till 30 June 2015 - Note 34.01 and 10	2 722 594
	Correction of Error effect on Impairment till 20 June 2015 - Note 34.01 and 10	2 456
	First time recognition of Property, Plant and Equipment cost - Note 34.01 and 10	9 689
	Total	110 141 253
34,03	Statement of Financial Performance	
	Balance previously reported	4 470 763
	Correction of Error effect on Depreciation for 2015/2016 - Note 34.01 and 10	226 155
	Total	4 696 918
	Correction of Error in note 34.01 to 34.03 was resulted due to a restructuring of the infrastructure asset component costs, first time recognition of some land and building costs and first time recognition of some loose asset costs. These cost adjustments and additions resulted in an accumulated depreciation and impairment adjustment.	
34,04	Cash Flow Statement	
	Balance previously reported: Cash Flow from Operating Activities	7 965 496
	Correction of Error effect on Disclosure of Property Rates 2016 - Note 34.04	(352 545)
	Correction of Error effect on Disclosure of Service Charges 2016 - Note 34.04	(7 813 893)
	Correction of Error effect on Disclosure of Other Revenue 2016 - Note 34.04	8 166 438
	Total	7 965 496
	Correction of Error in note 34.04 was resulted due to an incorrect classification of the cash related revenue line items.	
35	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2017 2016 R R
	Surplus for the year	9 303 333 4 696 918
	<u>Adjustments for:</u>	
	Depreciation	3 403 757 3 173 025
	Amortisation of Intangible Assets	12 062 6 443
	Contribution to Capitalised Restoration Cost	2 228 799 958
	(Gain)/Loss on disposal of property, plant and equipment	4 000 1 809
	Impairments	- 10 248
	Contribution from/to employee benefits - non-current	1 218 771 1 000 000
	Contribution from/to employee benefits - non-current - expenditure incurred	(509 033) (495 894)
	Contribution from/to employee benefits - non-current - actuarial gains	(124 935) (90 235)
	Contribution from/to employee benefits - non-current - actuarial gains	(572 894) 144 864
	Contribution to employee benefits - current	635 004 846 480
	Contribution to employee benefits - current - expenditure incurred	(879 727) (626 715)
	Contribution to provisions - non-current - Rehabilitation of Landfill-sites	(34 578) (839 739)
	Contribution to provisions - non-current - Unwinding of discounted interest	1 430 365 1 279 338
	Contribution to provisions - bad debt	1 314 378 228 859
	Contribution to provisions - VAT Impairment	120 504 1 134
	Unamortised discount - Interest - Revenue	(3 195) (2 478)
	Contributed PPE	- (362 323)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	14 492 888 (376 618)
	Operating lease income accrued	3 595 (2 736)
	Operating Surplus/(Deficit) before changes in working capital	28 816 526 9 392 337
	Changes in working capital	(3 231 417) (1 426 840)
	Increase/(Decrease) in Payables from exchange transactions	209 217 (422 274)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(3 508 492) (1 012 047)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	67 859 7 480
	Cash generated/(absorbed) by operations	26 585 109 7 965 496
36	CASH AND CASH EQUIVALENTS	
	Cash and cash equivalents included in the cash flow statement comprise the following:	
	Call Investments Deposits - Note 20	37 705 925 22 604 624
	Bank - Note 20	475 339 649 026
	Total cash and cash equivalents	38 181 264 23 253 650

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

37	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2017	2016
		R	R
	Cash and Cash Equivalents - Note 36	38 181 264	23 253 650
	Less:		
	Unspent Conditional Grants - Note B	38 181 264	23 253 650
	Cash Portion of Housing Development Fund - Note 2	16 064 059	1 568 656
		16 020 997	1 528 110
		43 061	40 546
	Net cash resources available for internal distribution	22 117 205	21 684 994
	Allocated to:		
	Capital Replacement Reserve	(11 347 812)	(11 347 812)
	Retention	(592 865)	(328 727)
	Provision for Employee benefits	(2 000 000)	(4 000 000)
	Reserves	(352 116)	(352 116)
	Staff Leave, Performance Management Bonus, Long Service	(2 192 243)	(2 599 598)
	Resources available for working capital requirements	5 632 170	3 066 742
38	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
38,01	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Unauthorised expenditure current year - capital	935 567	8 885
	Written off supported by council	(935 567)	(8 885)
	Unauthorised expenditure awaiting authorisation	-	-
		-	-
	Incident	Disciplinary steps/criminal proceedings	
		None	
		2017	2017
		R	R
		(Actual)	(Budget)
	Unauthorised expenditure current year - operating		
	Executive & Council	18 728 381	19 968 856
	Budget & Treasury	9 805 580	10 879 776
	Corporate Services	2 513 664	3 132 978
	Health	47 125	51 768
	Community & Social Services	2 044 095	2 941 091
	Public Safety	20 690	82 200
	Sport & Recreation	756 938	848 522
	Waste Management	3 379 146	3 508 278
	Waste Water Management	3 546 384	3 661 452
	Road Transport	3 241 759	3 597 745
	Water	1 167 528	1 862 863
	Electricity	11 099 245	11 413 242
		56 350 536	61 948 771
		(5 598 235)	-
	Unauthorised expenditure current year - capital		
		2017	2017
		R	R
		(Actual)	(Budget)
		(Variance)	(Unauthorised)
	Budget & Treasury	681 190	681 190
	Community & Social Services	254 378	254 378
	Sport & Recreation	1 042 546	1 242 000
	Waste Water Management	2 132 174	2 277 000
	Road Transport	3 704 338	4 150 000
	Water	2 945 719	15 000 000
	Electricity	886 398	1 000 000
		11 646 742	23 669 000
		(12 022 258)	935 567
38,02	<u>Fruitless and wasteful expenditure</u>		
	Reconciliation of fruitless and wasteful expenditure:		
	Fruitless and wasteful expenditure current year	16 320	-
	Written off supported by council	(16 320)	-
	Fruitless and wasteful expenditure awaiting condonement	-	-
		-	-
	Incident	Disciplinary steps/criminal proceedings	
	EPWP Wages	None	
		16 320	-
		16 320	-
38,03	<u>Irregular expenditure</u>		
	Reconciliation of irregular expenditure:		
	Irregular expenditure current year	775 443	-
	Written off supported by council	(775 443)	-
	Irregular expenditure awaiting condonement	-	-
		-	-
	Incident	Disciplinary steps/criminal proceedings	
	Legal Fees	None	
	Sebata V6 EMS appointment	None	
		46 139	-
		729 304	-
		775 443	-
38,04	<u>Material Losses</u>		
	Electricity distribution losses		
	Units purchased (Kwh)	8 549 243	8 491 512
	- Units lost during distribution (Kwh)	1 120 800	792 920
	- Percentage lost during distribution	13,11%	9,34%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39,01 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Council subscriptions	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
Balance unpaid (Included in creditors)	-	-

39,02 Audit fees - [MFMA 125 (1)(b)] (excl. VAT)

	2017 R	2016 R
Current year audit fee	2 216 549	1 788 788
External Audit - Auditor-General	2 216 549	1 788 788
Amount paid - current year	(2 216 549)	(1 788 788)
Balance unpaid (Included in creditors)	-	-

39,03 VAT - [MFMA 125 (1)(b)]

Opening balance	(1 329 085)	(940 353)
Amounts received - current year	1 854 285	3 120 861
Amounts claimed - current year (payable)	(4 296 136)	(3 509 593)
Amounts received - previous year	270 678	-
Closing balance	(3 500 257)	(1 329 085)

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

39,04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Current year payroll deductions and Council Contributions	2 872 794	2 832 506
Amount paid - current year	(2 872 794)	(2 832 506)
Balance unpaid (Included in creditors)	-	-

39,05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Current year payroll deductions and Council Contributions	(3 518 513)	(3 618 543)
Amount paid - current year	3 518 513	3 618 543
L.A. Health	483 604	451 704
LA retirement fund	242 184	442 442
Hosmed	707 573	634 391
Consolidated retirement fund for local government	1 767 509	1 739 968
Municipal workers retirement fund	317 643	350 039
Balance unpaid (Included in creditors)	-	-

39,06 Councilor's arrear consumer accounts - [MFMA 125 (1)(b)]

The following Councilors had arrear accounts for more than 90 days as at 30 June 2017:

	2017 R Outstanding more than 90 days	2016 R Outstanding more than 90 days
None	-	-
Total Councilor Arrear Consumer Accounts	-	-

39,07 Quotations awarded - Section 47 - Supply Chain Management

None

39,08 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	54 783	186 626	-	-
Emergency cases	45 860	87 060	-	-
Availability	249 022	118 183	-	-
Limited Quotations	-	-	-	-
Direct appointment without tender	65 280	553 424	756 844	-
Deviation on tender	33 881	47 800	-	-
Donation - without policy	3 000	-	-	-
Service provider	238 640	524 915	-	-
	690 466	1 498 008	756 844	-

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

40 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Intangible Assets
Infrastructure
Community

Total

2017 R	2016 R
4 552 541	116 452
1 153 105	-
3 399 436	-
-	116 452
4 552 541	116 452

This expenditure will be financed from:

Government Grants
Own Resources

2017 R	2016 R
3 399 436	116 452
1 153 105	-
4 552 541	116 452

41 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

	2017 R	2016 R
0.5% Increase in interest rates	190 906	116 268
0.5% Decrease in interest rates	(190 906)	(116 268)

(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 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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FINANCIAL RISK MANAGEMENT (CONTINUE)

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 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 17 & 18 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:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	100,00%	1 787 123	100,00%	1 859 069
<u>Exchange Receivables</u>				
Electricity	22,03%	547 156	15,37%	168 726
Water	30,31%	753 013	32,21%	353 598
Refuse	19,91%	494 464	11,29%	123 909
Sewerage	14,05%	348 932	17,69%	194 152
Other	13,71%	340 474	23,44%	257 331
	100,00%	2 484 039	100%	1 097 716

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

	2017 %	2017 R	2016 %	2016 R
Industrial	2,78%	118 947	8,24%	243 553
Residential	97,22%	4 152 216	91,76%	2 713 232
	100,00%	4 271 163	100%	2 956 785
	2017 %	2017 R	2016 %	2016 R

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates	0,00%	-	0,00%	-
<u>Exchange Receivables</u>				
Services	0,00%	-	0,00%	-
Other	0,00%	-	0,00%	-
	0,00%	-	0,00%	-

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

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

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA 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.

	2017 R	2016 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	27 869	41 784
Trade receivables and other receivables	5 241 179	3 235 427
Cash and Cash Equivalents	38 181 264	23 253 650
	43 450 312	26 530 861

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2017
R

2016
R

41

FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Provisions - Landfill Sites	-	-	-	372 044 152
Capital repayments	-	-	-	23 401 408
Interest	-	-	-	348 642 745
Trade and Other Payables	715 865	-	-	-
Consumer Deposits	324 139	-	-	-
Unspent conditional government grants and receipts	16 020 997	-	-	-
	<u>17 061 002</u>	<u>-</u>	<u>-</u>	<u>372 044 152</u>
2016				
Provisions - Landfill Sites	-	-	-	332 632 002
Capital repayments	-	-	-	22 005 620
Interest	-	-	-	310 826 382
Trade and Other Payables	506 649	-	-	-
Consumer Deposits	320 339	-	-	-
Unspent conditional government grants and receipts	1 528 110	-	-	-
	<u>2 355 097</u>	<u>-</u>	<u>-</u>	<u>332 632 002</u>

		2017 R	2016 R
42	FINANCIAL INSTRUMENTS		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
42,1	<u>Financial Assets</u>		
	<u>Classification</u>		
	Long-term Receivables		
	Staff Loans	Financial instruments at amortised cost	28 28942 400
	Consumer Debtors		
	Trade receivables from exchange transactions	Financial instruments at amortised cost	3 621 0922 658 849
	Other receivables from exchange transactions	Financial instruments at amortised cost	4 595 6672 049 418
	Current Portion of Long-term Receivables		
	Staff Loans	Financial instruments at amortised cost	4 5867 585
	Short-term Investment Deposits		
	Call Deposits	Financial instruments at amortised cost	37 705 92522 604 624
	Bank Balances and Cash		
	Bank Balances	Financial instruments at amortised cost	475 339649 026
		46 430 897	28 011 901
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	46 430 897	28 011 901

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

			2017 R	2016 R
42	FINANCIAL INSTRUMENTS (CONTINUE)			
42,2	Financial Liability	Classification		
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	592 865	328 727
	Payments received in advance	Financial instruments at amortised cost	120 550	176 695
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	16 020 997	1 528 110
			16 734 413	2 033 532
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		16 734 413	2 033 532
43	EVENTS AFTER THE REPORTING DATE			
	The municipality has no events after reporting date during the financial year ended 30 June 2017			
44	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
45	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
46	CONTINGENT ASSET/LIABILITIES			
	None			
47	RELATED PARTIES			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
47,1	Related Party Transactions			
		Rates - Levied 1 July 2016 - 30 June 2017	Service Charges - Levied 1 July 2016 - 30 June 2017	Other - Levied 1 July 2016 - 30 June 2017
	Year ended 30 June 2017			Outstanding Balances 30 June 2017
	Councillors	1 348	24 792	9 551
	Municipal Manager and Section 56 Employees	12 448	36 624	95 749
				26 645
				313 115
	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.			
47,2	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.			
47,3	Compensation of key management personnel			
	The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.			
47,4	Other related party transactions			
		2017 R	2016 R	
	The following purchases were made during the year where Councillors or Management have an interest:			
	<u>Councillor/Staff Member</u>			
	Municipal Manager member of emerging farmers union who rent Camarvon commonage	95 749		81 158

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

48 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 decreased to 2.32:1 from 6.05:1 in the prior year.

The municipality have budgeted for a surplus of R21 859 000 for the 2016/2017 financial year. The municipality is also budgeting for positive surplus during 2017/2018 and 2018/2019 amounting to R25 517 000 and R45 410 000 respectively.

The average debtors' payment days increased to 136 days from 97 days.

Other Indicators

No outflow of resources due the contingent liability disclosed in note 46

49 STATUTORY RECEIVABLES

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

Receivables from non-exchange transactions

Property Rates	8 102	4 015
Total Statutory Receivables	8 102	4 015

APPENDIX A - Audited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
MUNICIPAL VOTES CLASSIFICATION

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
15 150	(225 845)	(210 695)	Cemetery	15 155	(219 225)	(204 070)
1 795	(551 475)	(549 679)	Library	1 774	(1 800 549)	(1 798 775)
-	(20 306)	(20 306)	Museum	-	(24 322)	(24 322)
-	(2 399 286)	(2 399 286)	Corporate Services	-	(2 513 664)	(2 513 664)
8 819 088	(155 864)	8 663 224	Electricity Administration	10 798 412	(174 277)	10 624 135
-	(10 224 748)	(10 224 748)	Electricity Generation	-	(11 117 026)	(11 117 026)
-	(524 876)	(524 876)	Electricity Distribution	-	(577 685)	(577 685)
24 623 744	(20 097 428)	4 526 316	General Expenditure of Council	19 112 656	(18 728 381)	384 275
6 000	(1 221)	4 779	Official Housing	6 000	(450)	5 550
11 788 014	-	11 788 014	Property Rates	12 320 616	-	12 320 616
211 084	(78 911)	132 174	Commonage	246 807	(68 218)	178 589
94 099	(292 638)	(198 539)	Municipal Buildings	81 746	(293 136)	(211 390)
1 747 261	(9 946 678)	(8 199 418)	Municipal Manager/Treasurer	3 484 331	(11 345 715)	(7 861 384)
-	(38 009)	(38 009)	Clinic	-	(47 125)	(47 125)
300	(53 683)	(53 383)	Air Port	329	(59 613)	(59 283)
-	(18)	(18)	Abattoir	-	(26)	(26)
-	(19 093)	(19 093)	Fire Department	-	(6 507)	(6 507)
-	(601)	(601)	Civil Protection	-	(758)	(758)
50	(54 643)	(54 593)	Pound	680	(13 425)	(12 745)
750	(2 429 834)	(2 429 084)	Public Works	500	(2 586 799)	(2 586 299)
-	(1 146 487)	(1 146 487)	Streets & Pavements	-	(1 202 297)	(1 202 297)
7 800	(157 527)	(149 727)	Licensing & Traffic	4 260	(170 562)	(166 302)
42 222	(67 883)	(25 661)	Nature Reserve	31 664	(225 773)	(194 109)
330	(517 395)	(517 065)	Parks & Open areas	320	(512 938)	(512 618)
-	(9 471)	(9 471)	Swimming Pool	-	(9 720)	(9 720)
3 341	(28 443)	(25 102)	Caravan Park	5 942	(8 507)	(2 565)
3 603 130	(3 055 736)	547 394	Refuse	6 438 267	(3 379 146)	3 059 121
2 802 900	(3 423 835)	(620 935)	Sewerage & Cleansing	5 743 947	(3 601 134)	2 142 813
-	(579 371)	(579 371)	Water Distribution	-	(295 401)	(295 401)
4 535 451	(1 065 915)	3 469 536	Water Provision	7 360 464	(904 888)	6 455 576
58 302 510	(57 167 217)	1 135 293	Sub Total	65 653 869	(59 887 266)	5 766 603
-	3 335 469	3 335 469	Less Inter-Departmental Charges	-	3 536 730	3 536 730
58 302 510	(53 831 747)	4 470 763	Total	65 653 869	(56 350 536)	9 303 333

APPENDIX B - Audited
KAREEBERG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
24 623 744	(20 097 428)	4 526 316	Executive & Council	19 112 656	(18 728 381)	384 275
13 846 758	(10 373 149)	3 473 609	Budget & Treasury	16 139 829	(11 767 158)	4 372 671
-	(2 399 286)	(2 399 286)	Corporate Services	-	(2 513 664)	(2 513 664)
-	(38 009)	(38 009)	Health	-	(47 125)	(47 125)
16 945	(797 626)	(780 680)	Community & Social Services	16 929	(2 044 095)	(2 027 167)
50	(74 336)	(74 286)	Public Safety	680	(20 690)	(20 010)
45 893	(623 192)	(577 299)	Sport & Recreation	37 926	(756 938)	(719 012)
3 603 130	(3 055 736)	547 394	Waste Management	6 438 267	(3 379 146)	3 059 121
2 802 900	(3 423 835)	(620 935)	Waste Water Management	5 743 947	(3 601 134)	2 142 813
8 550	(3 733 848)	(3 725 298)	Road Transport	4 760	(3 959 658)	(3 954 898)
4 535 451	(1 645 286)	2 890 165	Water	7 360 464	(1 200 289)	6 160 175
8 819 088	(10 905 488)	(2 086 399)	Electricity	10 798 412	(11 868 988)	(1 070 576)
58 302 510	(57 167 217)	1 135 293	Sub Total	65 653 869	(59 887 266)	5 766 603
-	3 335 469	3 335 469	Less Inter-Departmental Charges	-	3 536 730	3 536 730
58 302 510	(53 831 747)	4 470 763	Total	65 653 869	(56 350 536)	9 303 333

These financial statements have been audited]

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 2016	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2017
	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS						
Job Creation Da Bult	41 023	2 545	-	-	-	43 568
Land Development	64 409	3 992	-	-	-	68 400
Civil Defence	19 745	920	-	-	-	20 665
CMIP Kwaggakolk (VAT)	648	38	-	-	-	686
Sanitation - sewerage	1 021 813	-	-	170 531	4 075	847 207
Electricity Schietfontein	36 957	2 292	-	-	-	39 249
Water Service Plan	3 455	212	-	-	-	3 667
CMIP - Saaipoot project 301	3 793	234	-	-	-	4 026
Library Development Projects	-	-	1 667 000	1 410 997	256 003	-
Paving Projects	24 982	1 549	-	-	-	26 532
Lotto Carnarvon	1 918	118	-	-	-	2 036
Lotto Vosburg	33 838	2 098	-	-	-	35 937
Municipal Finance Management Grant	-	-	1 825 000	1 825 000	-	-
Transfer Fees Sub-Economic	142 349	9 162	-	-	-	151 512
Cleaning Project Vosburg	27 013	1 676	-	-	-	28 689
VAT - Retention	12 535	777	-	-	-	13 312
Municipal Infrastructure Grant Additional	-	-	3 000 000	-	-	3 000 000
Municipal Infrastructure Grant	-	-	7 669 000	871 461	6 797 539	-
Youth Development	93 632	-	-	-	-	93 632
Expanded Public Works Program (PWPG)	-	-	1 000 000	975 456	24 544	-
Electricity	-	-	1 000 000	113 602	886 398	-
RBIG (Department of Water Affairs and Forestry)	-	-	15 000 000	412 401	2 945 719	11 641 880
Total	1 528 110	25 614	31 161 000	5 779 449	10 914 278	16 020 997

APPENDIX D - Audited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description R thousand	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
<i>Governance and administration</i>	36 434	-	36 434	35 252	(1 181)	#DIV/0!	96,8%	38 471
Executive and council	14 802	-	14 802	19 113	4 311	129,1%	129,1%	24 624
Budget and treasury office	21 632	-	21 632	16 140	(5 493)	74,6%	74,6%	13 647
Corporate services	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	1 356	-	1 356	56	(1 300)	4,1%	4,1%	63
Community and social services	1 338	-	1 338	17	(1 321)	1,3%	1,3%	17
Sport and recreation	17	-	17	38	21	218,0%	218,0%	46
Public safety	1	-	1	1	(0)	96,5%	96,5%	0
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	2	-	2	5	3	238,0%	238,0%	9
Planning and development	-	-	-	-	-	-	-	-
Road transport	2	-	2	5	3	238,0%	238,0%	9
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	46 026	-	46 026	30 341	(15 685)	65,9%	65,9%	19 761
Electricity	11 577	-	11 577	10 796	(778)	93,3%	93,3%	8 819
Water	22 472	-	22 472	7 360	(15 112)	32,8%	32,8%	4 535
Waste water management	5 506	-	5 506	5 744	238	104,3%	104,3%	2 803
Waste management	6 472	-	6 472	6 436	(34)	99,5%	99,5%	3 603
Other	-	-	-	-	-	-	-	-
Total Revenue - Standard	83 818	-	83 818	65 654	(18 164)	78,3%	78,3%	58 303
Expenditure - Standard								
<i>Governance and administration</i>	33 982	-	33 982	32 130	(1 851)	94,6%	94,6%	31 804
Executive and council	19 969	-	19 969	18 023	(1 946)	90,3%	90,3%	19 526
Budget and treasury office	10 880	-	10 880	11 615	735	106,8%	106,8%	10 060
Corporate services	3 133	-	3 133	2 492	(641)	79,6%	79,6%	2 378
<i>Community and public safety</i>	3 924	-	3 924	2 597	(1 416)	63,9%	63,9%	1 281
Community and social services	2 941	-	2 941	1 815	(1 126)	61,7%	61,7%	670
Sport and recreation	849	-	849	669	(180)	78,8%	78,8%	536
Public safety	82	-	82	17	(65)	20,4%	20,4%	71
Housing	-	-	-	-	-	-	-	-
Health	52	-	52	6	(46)	11,9%	11,9%	4
<i>Economic and environmental services</i>	3 598	-	3 598	3 349	(249)	93,1%	93,1%	3 204
Planning and development	-	-	-	-	-	-	-	-
Road transport	3 598	-	3 598	3 349	(249)	93,1%	93,1%	3 204
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	20 446	-	20 446	18 364	(2 082)	89,8%	89,8%	17 216
Electricity	11 413	-	11 413	11 073	(341)	97,0%	97,0%	10 185
Water	1 863	-	1 863	871	(992)	46,8%	46,8%	1 039
Waste water management	3 661	-	3 661	3 270	(391)	89,3%	89,3%	3 140
Waste management	3 508	-	3 508	3 151	(358)	89,8%	89,8%	2 852
Other	-	-	-	-	-	-	-	-
Total Expenditure - Standard	61 949	-	61 949	56 351	(5 598)	91,0%	91,0%	53 606
Surplus/(Deficit) for the year	21 869	-	21 869	9 303	(12 566)	42,5%	42,5%	4 697

APPENDIX D - Audited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description R thousand	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Executive and council	14 802	-	14 802	19 113	4 311	129,1%	129,1%	24 624
Budget and treasury office	21 632	-	21 632	16 140	(5 493)	74,6%	74,6%	13 847
Corporate services	-	-	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Community and social services	1 338	-	1 338	17	(1 321)	1,3%	1,3%	17
Housing	-	-	-	-	-	-	-	-
Public safety	1	-	1	1	(0)	96,5%	96,5%	0
Sport and recreation	17	-	17	38	21	218,0%	218,0%	46
Environmental protection	-	-	-	-	-	-	-	-
Solid waste management	6 472	-	6 472	6 438	(34)	99,5%	99,5%	3 603
Waste water management	5 506	-	5 506	5 744	238	104,3%	104,3%	2 603
Road transport	2	-	2	5	3	238,0%	238,0%	9
Water	22 472	-	22 472	7 360	(15 112)	32,8%	32,8%	4 535
Electricity	11 577	-	11 577	10 798	(778)	93,3%	93,3%	6 819
Total Revenue by Vote	83 818	-	83 818	65 654	(18 164)	78,3%	78,3%	58 303
Expenditure by Vote to be appropriated								
Executive and council	19 969	-	19 969	18 023	(1 946)	90,3%	90,3%	19 526
Budget and treasury office	10 880	-	10 880	11 615	735	106,8%	106,8%	10 000
Corporate services	3 133	-	3 133	2 492	(641)	79,6%	79,6%	2 378
Planning and development	-	-	-	-	-	-	-	-
Health	52	-	52	6	(46)	11,9%	11,9%	4
Community and social services	2 941	-	2 941	1 815	(1 126)	61,7%	61,7%	670
Housing	-	-	-	-	-	-	-	-
Public safety	82	-	82	17	(65)	20,4%	20,4%	71
Sport and recreation	849	-	849	669	(180)	78,8%	78,8%	536
Environmental protection	-	-	-	-	-	-	-	-
Solid waste management	3 508	-	3 508	3 151	(358)	89,8%	89,8%	2 852
Waste water management	3 661	-	3 661	3 270	(391)	89,3%	89,3%	3 140
Road transport	3 586	-	3 586	3 349	(249)	93,1%	93,1%	3 204
Water	1 863	-	1 863	871	(992)	46,8%	46,8%	1 039
Electricity	11 413	-	11 413	11 073	(341)	97,0%	97,0%	10 185
Total Expenditure by Vote	61 949	-	61 949	56 351	(5 598)	91,0%	91,0%	53 608
Surplus/(Deficit) for the year	21 869	-	21 869	9 303	(12 566)	42,5%	42,5%	4 697

APPENDIX D - Audited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description R thousand	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	4 678	-	4 678	4 691	13	100,3%	100,3%	4 438
Property rates - penalties & collection charges	190	-	190	190	0	100,0%	100,0%	195
Service charges - electricity revenue	9 374	-	9 374	9 596	222	102,4%	102,4%	8 819
Service charges - water revenue	4 826	-	4 826	4 715	(111)	97,7%	97,7%	4 535
Service charges - sanitation revenue	2 797	-	2 797	3 035	238	108,5%	108,5%	3 601
Service charges - refuse revenue	3 854	-	3 854	3 819	(35)	99,1%	99,1%	2 603
Service charges - other	-	-	-	-	-	-	-	-
Rental of facilities and equipment	305	-	305	342	37	112,3%	112,3%	327
Interest earned - external investments	1 297	-	1 297	2 573	1 276	198,4%	198,4%	1 808
Interest earned - outstanding debtors	3	-	3	2	(1)	60,1%	60,1%	2
Dividends received	-	-	-	-	-	-	-	-
Fines	12	-	12	14	2	115,6%	115,6%	15
Licences and permits	7	-	7	18	11	248,9%	248,9%	12
Agency services	103	-	103	222	119	214,7%	214,7%	178
Transfers recognised - operational	23 075	-	23 075	23 057	(18)	99,9%	99,9%	22 742
Other revenue	9 627	-	9 627	2 464	(7 163)	25,6%	25,6%	1 783
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	60 149	-	60 149	54 740	(5 409)	91,0%	91,0%	51 260
Expenditure By Type								
Employee related costs	21 002	-	21 002	16 767	(4 235)	79,8%	79,8%	17 101
Remuneration of councillors	2 499	-	2 499	2 179	(321)	87,2%	87,2%	2 129
Debt impairment	2 559	-	2 559	1 314	(1 244)	51,4%	51,4%	-
Depreciation & asset impairment	3 681	-	3 681	3 416	(266)	92,8%	92,8%	3 179
Finance charges	1 073	-	1 073	2 267	1 194	211,2%	211,2%	1 989
Bulk purchases	10 676	-	10 676	10 336	(340)	96,8%	96,8%	9 516
Other materials	803	-	803	-	(803)	-	-	-
Contracted services	1 968	-	1 968	1 616	(352)	82,1%	82,1%	1 100
Transfers and grants	9 191	-	9 191	9 193	2	100,0%	100,0%	8 976
Other expenditure	8 494	-	8 494	9 259	765	109,0%	109,0%	9 512
Loss on disposal of PPE	2	-	2	4	2	200,0%	200,0%	2
Total Expenditure	61 949	-	61 949	56 351	(5 598)	91,0%	91,0%	53 606
Surplus/(Deficit)	(1 800)	-	(1 800)	(1 611)	189	89,5%	89,5%	(2 345)
Transfers recognised - capital	23 669	-	23 669	10 914	(12 755)	46,1%	46,1%	7 042
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	100,0%	100,0%	-
Surplus/(Deficit) for the year	21 869	-	21 869	9 303	(12 566)	42,5%	42,5%	4 687

APPENDIX D -Audited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description R thousand	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote								
Multi-year expenditure								
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Solid waste management	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-
Water	15 000	-	15 000	2 946	(12 054)	19,6%	19,6%	-
Electricity	-	-	-	-	-	-	-	-
Capital multi-year expenditure	15 000	-	15 000	2 946	(12 054)	0	0	-
Single-year expenditure								
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	681	681	#DIV/0!	100,0%	-
Corporate services	-	-	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Community and social services	-	-	-	254	254	#DIV/0!	100,0%	-
Housing	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Sport and recreation	1 242	-	1 242	1 043	(199)	83,9%	83,9%	-
Environmental protection	-	-	-	-	-	-	-	-
Solid waste management	-	-	-	-	-	-	-	-
Waste water management	2 277	-	2 277	2 132	(145)	100,0%	93,6%	-
Road transport	4 150	-	4 150	3 704	(446)	89,3%	89,3%	-
Water	-	-	-	-	-	-	100,0%	-
Electricity	1 000	-	1 000	886	(114)	88,6%	88,6%	-
Capital single-year expenditure	8 669	-	8 669	8 701	32	100%	100%	-
Total Capital Expenditure - Vote	23 669	-	23 669	11 647	(12 022)	49%	49%	-
Capital Expenditure - Standard								
Governance and administration								
Executive and council	-	-	-	681	681	#DIV/0!	#DIV/0!	235
Budget and treasury office	-	-	-	681	681	#DIV/0!	100,0%	235
Corporate services	-	-	-	-	-	-	-	-
Community and public safety	1 242	-	1 242	1 297	55	104,4%	104,4%	4 261
Community and social services	-	-	-	254	254	#DIV/0!	100,0%	327
Sport and recreation	1 242	-	1 242	1 043	(199)	83,9%	83,9%	3 934
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	4 150	-	4 150	3 704	(446)	89,3%	89,3%	1 446
Planning and development	-	-	-	-	-	-	-	-
Road transport	4 150	-	4 150	3 704	(446)	89,3%	89,3%	1 446
Environmental protection	-	-	-	-	-	-	-	-
Trading services	16 277	-	16 277	5 964	(12 313)	32,6%	32,6%	1 470
Electricity	1 000	-	1 000	886	(114)	88,6%	88,6%	-
Water	15 000	-	15 000	2 946	(12 054)	19,6%	100,0%	1 470
Waste water management	2 277	-	2 277	2 132	(145)	100,0%	93,6%	9
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	23 669	-	23 669	11 647	(12 022)	49%	49%	7 419
Funded by:								
National Government	23 669	-	23 669	10 914	(12 755)	46,1%	46,1%	7 401
Provincial Government	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	732	732	#DIV/0!	100,0%	18
Transfers recognised - capital	23 669	-	23 669	11 647	(12 022)	49%	49%	7 419
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-
Total Capital Funding	23 669	-	23 669	11 647	(12 022)	49%	49%	7 419

APPENDIX D - Audited
KAREEBERG LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CASH FLOWS

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.e. MFMA e28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	3 434	-	3 434	4 272	838	124,4%	124,4%	4 156
Service charges	19 809	-	19 809	10 787	(9 022)	54,5%	54,5%	10 236
Other revenue	9 972	-	9 972	9 108	(864)	91,3%	91,3%	9 813
Government - operating	23 075	-	23 075	23 411	336	101,5%	101,5%	23 150
Government - capital	23 669	-	23 669	26 669	3 000	112,7%	112,7%	7 449
Interest	1 171	-	1 171	2 456	1 285	209,8%	209,8%	1 753
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(45 444)	-	(45 444)	(38 658)	6 786	85,1%	85,1%	(37 626)
Finance charges	(1 073)	-	(1 073)	(2 267)	(1 194)	211,2%	211,2%	(1 989)
Transfers and Grants	(9 191)	-	(9 191)	(9 193)	(2)	100,0%	100,0%	(8 976)
NET CASH FROM/(USED) OPERATING ACTIVITIES	25 421	-	25 421	26 585	1 164	104,6%	104,6%	7 985
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	0	0	100,0%	100,0%	(0)
Decrease (increase) in non-current debtors	8	-	8	17	9	201,5%	201,5%	9
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(23 669)	-	(23 669)	(11 678)	11 991	49,3%	49,3%	(7 109)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(23 661)	-	(23 661)	(11 661)	11 999	49,3%	49,3%	(7 100)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	10	-	10	4	(6)	38,0%	38,0%	12
Payments								
Repayment of borrowing	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	10	-	10	4	(6)	38,0%	38,0%	12
NET INCREASE/ (DECREASE) IN CASH HELD	1 770	-	1 770	14 928	13 157	843,3%	843,3%	877
Cash/cash equivalents at the year begin:	25 282	-	25 282	23 254	(2 029)	92,0%	92,0%	22 376
Cash/cash equivalents at the year end:	27 052	-	27 052	38 181	11 123	141,1%	141,1%	23 254

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ONLY QUOTATION

R2,001 - R30,000				
Date of tender committee	Supplier	Amount	Reason	
17-01-2017	Media 24	R 10 944,00	Sole provider	
20-01-2017	Camaron Boukontrakteurs	R 2 730,43	Sole provider	
12-04-2017	Media 24	R 11 491,20	Sole provider	
22-06-2017	Media 24	R 11 491,20	Sole provider	
		<u>R 36 656,83</u>		
R30,001 - R200,000				
Date of tender committee	Supplier	Amount	Reason	
04-01-2017	Ignite	R 46 626,00	Sole Provider	
07-06-2017	Emthanjeni Munisipaliteit	R 140 000,00	Exceptional	
		<u>R 186 626,00</u>		

ONLY VALID QUOTATION

R2,001 - R30,000				
Date of tender committee	Supplier	Amount	Reason	
01-11-2016	CP Nel	R 13 625,91	Sole provider	
30-11-2016	Van Tonder Transport	R 4 500,00	Sole provider	
		<u>R 18 125,91</u>		

[These financial statements have been audited]

EMERGENCY

R2,001 - R30,000				
Date of tender committee	Supplier	Amount	Reason	
28-11-2016	Camaron Boukontrakteurs	R 12 911,69	Sole provider	
03-12-2016	Karoo Vleisboere	R 2 497,85	Emergency	
02-02-2017	CSB Handel	R 5 833,61	Emergency	
10-02-2016	CSB handel	R 5 925,40	Emergency	
13-03-2017	Herman van Heerden ing/nc	R 2 583,24	Exceptional	
22-03-2017	PA Stationers	R 3 114,82	Emergency	
11-04-2017	CSB Handel	R 2 148,00	Sole Provider	
26-04-2017	Karoo Vleisboere	R 3 911,38	Emergency	
03-05-2017	Lemon Tree Coffee Shop	R 2 268,50	Exceptional	
31-05-2017	Super Amature Winding Africa	R 2 257,20	Emergency	
30-06-2017	Jam Office Stationers	R 2 407,85	Emergency	
		<u>R 45 859,54</u>		
R30,001 - R200,000				
Date of tender committee	Supplier	Amount	Reason	
18-04-2017	CSB Handel	R 67 059,36	Emergency	

TENDER NOT ADVERTISED

R200,001 -				
Date of tender committee	Supplier	Amount	Reason	
	Worley Parsons	R 1 375 548,10	Exceptional	

VARIATION ORDERS

Date of tender committee	Supplier	Amount	Reason	
24-11-2016	De Jagers Loodgieters	R 47 800,20	Sole Provider	
08-12-2016	De Jagers Loodgieters	R 14 500,80	Sole Provider	
10-04-2017	EMC Electrical Reticulation (Pty) Ltd	R 19 380,00	Sole Provider	
		<u>R 81 681,00</u>		

DONATIONS

Date of tender committee	Supplier	Amount	Reason	
01-09-2016	Camaron Hoërskool	R 3 000,00	Exceptional	

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SERVICE PROVIDER

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
19-07-2017	Nashua	R 7 986,84	Sole provider
19-07-2017	CSB Handel	R 12 150,00	Sole provider
01-07-2016	SA Poskantoor	R 27 832,00	Sole provider
08-08-2016	Fantique Trade 1215 cc	R 3 280,00	Sole provider
02-09-2016	Oranje Nissan	R 3 934,86	Sole provider
07-09-2016	Van Tonder Transport	R 9 400,00	Sole provider
07-09-2016	CP Nel	R 3 238,22	Sole provider
23-09-2016	Sage South Africa (Pty) Ltd	R 7 012,71	Sole provider
26-09-2016	Karoo Vleisboere	R 2 400,01	Sole provider
04-10-2016	CP Nel	R 6 034,00	Sole provider
13-10-2016	CP Nel	R 3 830,87	Sole provider
13-10-2016	Leon Swanepoel	R 5 313,08	Sole provider
14-10-2016	Jacobs Broers	R 2 267,55	Sole provider
17-10-2016	CP Nel	R 4 681,28	Sole provider
25-10-2016	GB Kempen en De Wet Nel	R 5 963,00	Sole provider
29-10-2016	SALGA	R 3 000,00	Sole provider
11-11-2016	SALGA	R 16 000,00	Sole provider
25-11-2016	Noordwester Uitgewers	R 2 166,00	Sole provider
01-12-2016	Hidro-Tech	R 4 332,00	Sole provider
07-12-2016	SA Poskantoor	R 2 460,00	Sole provider
20-12-2016	SA Poskantoor	R 6 977,60	Sole provider
26-01-2017	Fantique Trade 1215 cc	R 3 750,00	Sole provider
30-01-2017	SSE Excelcom	R 2 246,94	Emergency
02-02-2017	Bester's Auto	R 2 261,82	Sole provider
08-02-2017	Noordwester Uitgewers	R 2 985,63	Sole provider
09-02-2017	Boland Fire	R 6 543,60	Sole provider
14-02-2017	Sage South Africa (Pty) Ltd	R 4 446,00	Sole provider
24-02-2017	Noordwester Uitgewers	R 3 983,42	Sole provider
24-02-2017	UIS Analytical Services	R 10 342,08	Sole provider
26-03-2017	DJ van Schaikwyk	R 3 272,00	Sole provider
30-03-2017	Die Noordwester	R 4 152,81	Sole provider
30-03-2017	Planet Geomatics	R 7 600,00	Sole provider
25-04-2017	CP Nel	R 4 145,47	Sole provider
25-04-2017	CP Nel	R 8 542,36	Sole provider
01-05-2017	Sage South Africa (Pty) Ltd	R 5 778,66	Sole provider
03-05-2017	SALGA	R 3 000,00	Sole provider
26-05-2017	De Aar Nissan	R 2 580,41	Sole provider
30-05-2017	Mubeko	R 6 270,00	Sole provider
30-06-2017	Noordwester Uitgewers	R 6 211,08	Sole provider
30-06-2017	Lexis Nexis	R 10 267,87	Sole provider
		R 238 640,17	

R30,001 - R200,000

Date of tender committee	Supplier	Amount	Reason
06-07-2016	Fantique Trade 1215 cc	R 87 670,00	Sole provider
01-07-2016	Conlog	R 72 636,96	Sole provider
19-07-2017	EDK Besigheidsmasjiene BK	R 100 872,81	Sole provider
19-07-2017	CSB Handel	R 136 800,00	Sole provider
24-02-2017	UIS analytical	R 64 034,94	Sole provider
27-02-2017	SAGE South Africa Pty Ltd	R 31 344,30	Sole provider
21-03-2017	SA Poskantoor	R 31 556,00	Sole provider
		R 524 915,01	

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AVAILABILITY

R2,001 - R30,000

Date of tender committee	Supplier	Amount	Reason
19-07-2016	DJ Sacco	R 11 402,00	Sole provider
16-07-2016	Jacobs Broers	R 2 854,71	Sole provider
19-07-2016	Karoo Vleisboere VVV	R 2 562,00	Sole provider
19-07-2016	Karoo Vleisboere VB	R 17 116,00	Sole provider
06-09-2016	CSB Handel	R 9 631,11	Sole provider
23-09-2016	Jacobs Broers	R 2 064,73	Sole provider
07-10-2016	BKB Bepark	R 3 134,59	Sole provider
28-10-2016	Lord's Kitchen	R 3 007,00	Sole provider
29-10-2016	Van Tonder Transport	R 2 500,00	Sole provider
10-11-2016	Van Tonder Transport	R 7 508,00	Sole provider
11-11-2016	Bun Clody Guest House	R 9 900,00	Exceptional
20-11-2016	CSB Handel	R 10 344,75	Sole provider
29-11-2016	Jacobs Broers	R 3 784,75	Sole provider
20-01-2017	Herman van Heerden Ing/Inc	R 9 583,41	Sole provider
20-01-2017	Camarvon Boukontrakteurs	R 19 724,79	Emergency
23-01-2017	CSB Handel	R 4 283,69	Emergency
08-02-2017	Sunrose Group of Guest Houses	R 4 050,00	Exceptional
02-03-2016	Karoo Smul	R 2 400,00	Exceptional
21-03-2017	Camarvon Boukontrakteurs	R 2 215,48	Sole provider
21-03-2017	Camarvon Boukontrakteurs	R 7 673,34	Sole provider
24-03-2017	Jacobs Broers	R 2 142,50	Sole provider
10-04-2017	EMC Electrical	R 17 080,61	Sole provider
13-04-2017	Noordwester	R 4 332,81	Sole provider
18-04-2017	Fulcrum Technologies	R 14 324,10	Exceptional
19-04-2017	Karoo Vleisboere	R 3 254,70	Sole provider
25-04-2017	Sharpline	R 25 000,00	Exceptional
25-04-2017	SSE Excelcom	R 5 891,52	Emergency
26-04-2017	CSB Handel	R 2 280,00	Sole provider
11-05-2017	Camarvon Boukontrakteurs	R 13 604,37	Sole provider
17-05-2017	Jacobs Broers	R 2 068,60	Sole provider
18-05-2017	Noordwester	R 2 892,73	Sole provider
19-05-2017	Lemon Tree Coffee Shop	R 2 240,00	Exceptional
26-05-2017	Jacobs Broers	R 2 104,70	Sole provider
02-06-2017	Jacobs Broers	R 2 126,20	Sole provider
09-06-2017	Cape Dutch Guesthouse	R 3 720,00	Exceptional
12-06-2017	Jacobs Broers	R 3 750,00	Exceptional
15-06-2017	CSB Handel	R 2 274,10	Emergency
28-06-2017	CSB Handel	R 4 195,20	Sole provider
		R 249 022,49	

R30,001 - R200,000

Date of tender committee	Supplier	Amount	Reason
08-02-2017	Karoo Vleisboere	R 36 183,41	Exceptional
13-04-2017	Emthanjeni Munisipaliteit	R 82 000,00	Exceptional
		R 118 183,41	

TOTAL DEVIATIONS

R 2 945 317,82