

Kareeberg

MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2021

KAREEBERG LOCAL MUNICIPALITY

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KAREEBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Kareeberg Municipality includes the following geographical areas:

*Carnarvon
Vosburg
Vanwyksvlei*

MAYOR

Mr N.S. van Wyk

MUNICIPAL MANAGER

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

CHIEF FINANCIAL OFFICER

Mr W. de Bruin

REGISTERED OFFICE

*Hanau Street,
CARNARVON,
9825*

AUDITORS

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

PRINCIPLE BANKERS

ABSA, Victoria Street, Carnarvon

ATTORNEYS

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

RELEVANT LEGISLATION

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

KAREEBERG LOCAL MUNICIPALITY

MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

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

APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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


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

31 August 2021

Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

| | Notes | 2021 (Actual) R | 2020 (Restated) R |
|---|-------|-----------------------|-------------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net Assets | | 207 053 124 | 190 561 471 |
| Capital Replacement Reserve | 2 | 11 347 812 | 11 347 812 |
| Housing Development fund | 2 | 52 481 | 50 721 |
| Accumulated Surplus | | 195 652 831 | 179 162 939 |
| Non-Current Liabilities | | 16 986 320 | 17 949 522 |
| Employee benefits | 3 | 7 492 000 | 7 596 000 |
| Non-Current Provisions | 4 | 9 494 320 | 10 353 521 |
| Current Liabilities | | 63 495 388 | 6 658 879 |
| Consumer Deposits | 5 | 348 679 | 329 979 |
| Current Employee benefits | 6 | 2 946 222 | 2 787 633 |
| Trade and Other Payables from exchange transactions | 7 | 2 627 086 | 1 779 956 |
| Unspent Transfers and Subsidies | 8 | 57 573 401 | 791 984 |
| Taxes | 9 | - | 969 326 |
| Total Net Assets and Liabilities | | 287 534 832 | 215 169 872 |
| ASSETS | | | |
| Non-Current Assets | | 193 862 178 | 182 589 061 |
| Property, Plant and Equipment | 10 | 177 941 143 | 166 640 708 |
| Investment Property | 11 | 15 871 521 | 15 884 463 |
| Intangible Assets | 12 | 27 477 | 37 243 |
| Heritage Assets | 13 | 14 900 | 14 900 |
| Long-Term Receivables | 14 | 7 137 | 11 747 |
| Current Assets | | 93 672 654 | 32 580 811 |
| Inventory | 15 | 546 936 | 546 936 |
| Receivables from exchange transactions | 16 | 3 493 227 | 4 887 902 |
| Receivables from non-exchange transactions | 17 | 1 389 805 | 289 575 |
| Unpaid Conditional Government Grants and Receipts | 8 | - | 2 177 853 |
| Operating Lease Asset | 18 | 15 057 | 27 615 |
| Taxes | 9 | 1 312 271 | - |
| Current Portion of Long-term Receivables | 14 | 5 380 | 5 170 |
| Cash and Cash Equivalents | 19 | 86 909 977 | 24 645 759 |
| Total Assets | | 287 534 832 | 215 169 872 |

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | 2021 (Actual) R | 2020 (Actual) R | Correction of Error - Note 33.08 R | 2020 (Previously reported) R |
|--|-------|-----------------------|-----------------------|--|------------------------------------|
| REVENUE | | | | | |
| Revenue from Non-exchange Transactions | | 63 373 118 | 49 240 683 | 1 861 101 | 47 379 582 |
| Taxation Revenue | | 9 485 617 | 8 911 946 | (316 753) | 9 228 699 |
| Property taxes | 20 | 9 485 617 | 8 911 946 | (316 753) | 9 228 699 |
| Transfer Revenue | | 53 121 140 | 39 273 130 | 2 177 853 | 37 095 277 |
| Government Grants and Subsidies - Capital | 21 | 17 479 222 | 9 019 611 | 845 350 | 8 174 261 |
| Government Grants and Subsidies - Operating | 21 | 35 504 171 | 30 230 519 | 1 332 503 | 28 898 016 |
| Contributed Property, Plant and Equipment | | 137 748 | 23 000 | - | 23 000 |
| Other Revenue | | 766 361 | 1 055 607 | - | 1 055 607 |
| Actuarial Gains | 3 | 460 021 | 761 500 | - | 761 500 |
| Availability Charges | 22 | 299 712 | 285 740 | - | 285 740 |
| Licences and Permits | | 3 557 | 5 499 | - | 5 499 |
| Fines | | 3 071 | 2 868 | - | 2 868 |
| Revenue from Exchange Transactions | | 18 050 866 | 18 131 969 | 151 | 18 131 818 |
| Property Rates - Penalties & Collection Charges | | - | 203 594 | - | 203 594 |
| Service Charges | 23 | 14 633 831 | 14 963 681 | - | 14 963 681 |
| Rental of Facilities and Equipment | | 296 436 | 395 984 | 151 | 395 832 |
| Interest Earned - external investments | | 2 751 806 | 2 430 325 | - | 2 430 325 |
| Interest Earned - outstanding debtors | | 648 | 850 | - | 850 |
| Agency Services | | 63 421 | 58 872 | - | 58 872 |
| Other Revenue | 24 | 304 724 | 78 662 | - | 78 662 |
| Total Revenue | | 81 423 984 | 67 372 652 | 1 861 252 | 65 511 400 |
| EXPENDITURE | | | | | |
| Employee related costs | 26 | 21 339 574 | 21 405 337 | - | 21 405 337 |
| Remuneration of Councillors | 27 | 2 647 412 | 2 647 412 | - | 2 647 412 |
| Debt Impairment | 28 | 4 309 128 | 4 319 191 | (316 753) | 4 635 944 |
| Depreciation and Amortisation | 29 | 5 000 849 | 5 419 316 | 686 | 5 418 630 |
| Actuarial losses | 3 | 157 479 | 96 138 | - | 96 138 |
| Finance Charges | 30 | 1 628 155 | 1 726 339 | - | 1 726 339 |
| Bulk Purchases | 31 | 12 755 173 | 12 342 076 | - | 12 342 076 |
| General Expenses | 32 | 17 088 294 | 17 196 071 | - | 17 196 071 |
| Total Expenditure | | 64 926 065 | 65 151 881 | (316 066) | 65 467 947 |
| Operating Surplus for the Year | | 16 497 919 | 2 220 771 | 2 177 318 | 43 453 |
| Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset | 10 | (7 038) | (1 600) | - | (1 600) |
| Fair Value Adjustments | 25 | 771 | 966 | - | 966 |
| NET SURPLUS FOR THE YEAR | | 16 491 652 | 2 220 137 | 2 177 318 | 42 819 |

KAREEBERG LOCAL MUNICIPALITY

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

| | Housing Development Fund | Capital Replacement Reserve | Accumulated Surplus/ (Deficit) | Total |
|---|--------------------------------|-----------------------------------|--------------------------------------|--------------------|
| R | R | R | R | R |
| Balance at 1 July 2019 | 48 202 | 11 347 812 | 177 178 293 | 188 574 307 |
| Correction of error - See Note 33.04 | - | - | (232 973) | (232 973) |
| Restated Balance at 1 July 2019 | 48 202 | 11 347 812 | 176 945 321 | 188 341 334 |
| Net Surplus/(Deficit) for the year | - | - | 42 819 | 42 819 |
| Correction of error - See Note 33.08 | - | - | 2 177 318 | 2 177 318 |
| Transfer to Housing Development Fund | 2 519 | - | (2 519) | - |
| Restated Balance at 1 July 2020 | 50 721 | 11 347 812 | 179 162 939 | 190 561 471 |
| Net Surplus/(Deficit) for the year | - | - | 16 491 652 | 16 491 652 |
| Transfer to/from Housing Development Fund | 1 761 | - | (1 761) | - |
| Balance at 30 June 2021 | 52 481 | 11 347 812 | 195 652 831 | 207 053 124 |

KAREEBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 | 2020 |
|---|-------|---------------------|---------------------|
| | Notes | R | (Actual) R |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property Rates | | 5 981 683 | 6 647 283 |
| Service Charges | | 10 676 480 | 10 556 058 |
| Other Revenue | | 881 802 | 3 212 857 |
| Government - Operating | | 33 198 000 | 15 497 001 |
| Government - Capital | | 80 469 000 | 8 038 000 |
| Interest | | 2 742 261 | 2 279 559 |
| Payments | | | |
| Suppliers and employees | | (53 932 857) | (56 327 980) |
| Finance charges | 30 | (1 628 155) | (1 726 339) |
| Net Cash from Operating Activities | 34 | 78 388 214 | (11 823 561) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (16 156 124) | (5 948 594) |
| Proceeds on Disposal of Fixed Assets | | 8 258 | 4 630 |
| Purchase of Intangible Assets | | - | (21 846) |
| Net Cash from Investing Activities | | (16 147 866) | (5 965 811) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| (Increase)/Decrease in Long-term Receivables | | 5 170 | 4 967 |
| Increase/(Decrease) in Consumer Deposits | | 18 700 | 2 075 |
| Net Cash from Financing Activities | | 23 870 | 7 042 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 62 264 218 | (17 782 330) |
| Cash and Cash Equivalents at the beginning of the year | | 24 645 759 | 42 428 089 |
| Cash and Cash Equivalents at the end of the year | 35 | 86 909 977 | 24 645 759 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 62 264 218 | (17 782 330) |

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2021 R (Actual) | 2021 R (Final Budget) | 2021 R (Variance) | Explanations for material variances |
|--|-----------------------|-----------------------------|-------------------------|--|
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 632 219 | 3 630 063 | (2 997 844) | Less payments. |
| Call investment deposits | 86 277 758 | 32 670 560 | 53 607 198 | Additional RBIG funds and lower expenditure on grants. |
| Consumer debtors | 2 913 208 | 4 053 769 | (1 140 561) | Higher Debt Impairment provision, lower payment percentage and non-payment of rates. |
| Other Receivables | 3 297 152 | 29 515 | 3 267 637 | VAT non-payments by SARS. |
| Current portion of long-term receivables | 5 380 | 8 490 | (3 110) | |
| Inventory | 546 936 | - | 546 936 | mSCOA Budget strings do not make provision for inventory. |
| Total current assets | 93 672 654 | 40 392 397 | 53 280 257 | |
| Non current assets | | | | |
| Long-term receivables | 7 137 | 19 786 | (12 649) | |
| Investments | - | - | - | |
| Investment property | 15 871 521 | 15 482 393 | 389 128 | |
| Property, plant and equipment | 177 941 143 | 162 789 106 | 15 152 037 | Additional RBIG spending |
| Biological Assets | - | - | - | |
| Intangible Assets | 27 477 | 55 339 | (27 862) | |
| Heritage Assets | 14 900 | - | 14 900 | |
| Total non current assets | 193 862 178 | 178 346 624 | 15 515 554 | |
| TOTAL ASSETS | 287 534 832 | 218 739 021 | 68 795 811 | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Bank overdraft | - | - | - | |
| Borrowing | - | - | - | |
| Consumer deposits | 348 679 | 380 388 | (31 709) | |
| Trade and other payables | 60 200 487 | 9 956 700 | 50 243 787 | Additional RBIG funds |
| Provisions and Employee Benefits | 2 946 222 | 1 869 676 | 1 076 546 | Budget not adjusted with previous year figures |
| Total current liabilities | 63 495 388 | 12 206 764 | 51 288 624 | |
| Non current liabilities | | | | |
| Borrowing | - | - | - | |
| Provisions and Employee Benefits | 16 986 319 | 34 523 256 | (17 536 937) | Budget not adjusted with previous year figures |
| Total non current liabilities | 16 986 319 | 34 523 256 | (17 536 937) | |
| TOTAL LIABILITIES | 80 481 707 | 46 730 020 | 33 751 687 | |
| NET ASSETS | 207 053 125 | 172 009 001 | 35 044 122 | |
| COMMUNITY WEALTH | | | | |
| Accumulated Surplus/(Deficit) | 195 652 831 | 205 444 140 | (9 791 309) | Net effect of above reasons |
| Reserves | 11 400 293 | 11 385 824 | 14 469 | |
| TOTAL COMMUNITY WEALTH/EQUITY | 207 053 125 | 216 829 964 | (9 776 839) | |

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

ADJUSTMENTS TO APPROVED BUDGET

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

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2021 R (Actual) | 2021 R (Final Budget) | 2021 R (Variance) | Explanations for material variances |
|---|-----------------------|-----------------------------|-------------------------|--|
| REVENUE BY SOURCE | | | | |
| Property rates | 9 485 617 | 9 084 397 | 401 220 | Less application for rebate |
| Property rates - penalties & collection charges | - | - | - | |
| Service charges | 14 933 543 | 15 549 497 | (615 954) | Less consumption |
| Rental of facilities and equipment | 298 436 | 384 634 | (68 198) | Rental agreements not renewed |
| Interest earned - external investments | 2 751 806 | 3 144 766 | (392 960) | Low interest rates |
| Interest earned - outstanding debtors | 648 | 251 000 | (250 352) | Interest not charged on rates |
| Dividends received | - | - | - | |
| Fines | 3 071 | 2 251 | 820 | |
| Licences and permits | 3 557 | 6 208 | (2 651) | |
| Agency services | 63 421 | 32 000 | 31 421 | More transactions |
| Government Grants and Subsidies - Operating | 35 504 171 | 34 121 000 | 1 383 171 | More VAT claimed on grants |
| Other revenue | 903 264 | 18 490 136 | (17 586 872) | Non-cash items contra budget |
| Gains on disposal of PPE | - | - | - | |
| Total Operating Revenue | 63 945 533 | 81 045 889 | (17 100 356) | |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 21 339 574 | 25 692 383 | (4 352 809) | Vacancies |
| Remuneration of councillors | 2 647 412 | 2 819 435 | (172 023) | No increase approved |
| Debt impairment | 4 309 128 | 5 500 000 | (1 190 872) | Less consumption |
| Depreciation & asset impairment | 5 000 849 | 4 429 156 | 571 693 | Budget not adjusted with previous year figures |
| Finance charges | 1 628 155 | 1 001 000 | 627 155 | Budget not adjusted with previous year figures |
| Bulk purchases | 12 755 173 | 14 983 439 | (2 228 266) | Lower consumption |
| Other materials | - | 1 856 907 | (1 856 907) | Reclassified to general expenditure |
| Contracted services | - | 7 991 343 | (7 991 343) | Reclassified to general expenditure |
| Grants and subsidies paid | - | 2 371 320 | (2 371 320) | Reclassified to general expenditure |
| Other expenditure | 17 245 773 | 12 066 857 | 5 178 916 | Net effect of three line items above |
| Loss on disposal of PPE | 7 038 | - | 7 038 | |
| Total Operating Expenditure | 64 933 103 | 78 711 840 | (13 778 737) | |
| Operating Surplus/(Deficit) for the year | (987 570) | 2 334 049 | (3 321 619) | |
| Government Grants and Subsidies - Capital | 17 479 222 | 56 793 000 | (39 313 778) | Lower expenditure on grants. |
| Net Surplus for the year | 16 491 652 | 59 127 049 | (42 635 397) | |

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

ADJUSTMENTS TO APPROVED BUDGET

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

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2021 R (Actual) | 2021 R (Final Budget) | 2021 R (Variance) | Explanations for material variances |
|--|-----------------------|-----------------------------|-------------------------|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Property Rates | 5 981 683 | 7 711 745 | (1 730 062) | Lower payment level - Covid-19 |
| Service Charges | 10 676 480 | 13 199 841 | (2 523 361) | Lower payment level - Covid-19 |
| Other Revenue | 881 802 | 18 895 183 | (18 013 381) | Non-cash items contra budget |
| Government - Operating | 33 198 000 | 30 904 000 | 2 294 000 | More VAT claimed on grants |
| Government - Capital | 80 469 000 | 56 793 000 | 23 676 000 | Additional RBIG received |
| Interest | 2 742 261 | 3 395 773 | (653 512) | Low interest rates |
| Dividends | - | - | - | |
| Payments | | | | |
| Suppliers and Employees | (53 932 857) | (63 927 414) | 9 994 557 | Lower expenditure - Covid-19 |
| Finance charges | (1 628 155) | (1 001 000) | (627 155) | Budget not adjusted with previous year figures |
| Transfers and Grants | - | (380 618) | 380 618 | Budget not adjusted with previous year figures |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 78 388 214 | 65 590 510 | 12 797 704 | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of Assets | 8 258 | - | 8 258 | |
| Decrease/(increase) in non-current receivables | 5 170 | - | 5 170 | |
| Decrease/(increase) in non-current investments | - | - | - | |
| Payments | | | | |
| Capital assets | (16 156 124) | (57 027 050) | 40 870 926 | Less spending |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (16 142 696) | (57 027 050) | 40 884 354 | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Borrowing | - | - | - | |
| Increase/(decrease) in consumer deposits | 18 700 | - | 18 700 | |
| Payments | | | | |
| Repayment of borrowing | - | (3) | 3 | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | 18 700 | (3) | 18 703 | |
| NET INCREASE/(DECREASE) IN CASH HELD | 62 284 217 | 8 563 457 | 53 700 761 | |
| Cash and Cash Equivalents at the beginning of the year | 24 645 759 | 27 132 735 | (2 486 976) | Less cash payments |
| Cash and Cash Equivalents at the end of the year | 86 909 977 | 35 696 192 | 51 213 785 | More grants received |

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

ADJUSTMENTS TO APPROVED BUDGET

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

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

For management purposes, the municipality is organised and operates in key (functional) segments (or business units). To this end, management monitors the operating results of those business units for the purpose of making decisions about resource allocations and assessment of performance. Revenue and expenditure allocations to those business units are allocated at a transactional level.

For management purposes, the municipality is organised and operates in key (functional) segments (or business units). To this end, management monitors the operating results of those business units for the purpose of making decisions about resource allocations and assessment of performance. Revenue and expenditure allocations to those business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

SECONDARY SEGMENTS

re grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

aroseberg Municipality has the following wards situated in different geographical areas:

ward 1 - Carnarvon town

ward 1 - Carthage town
ward 2 - Bonfaisant

and 3 - Vosburg

ard 3 - Vorburg
ard 4 - Varmvakevei

management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

KAREBERG LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

| SEGMENT REVENUE | Executive and Council R | Budget and Treasury R | Corporate R | Operations R | Unallocated R | Total R |
|--|----------------------------|--------------------------|----------------|-----------------|------------------|------------|
| External revenue from exchange transactions | 2 753 243 | 559 901 | 1 750 | 14 976 592 | - | 19 291 485 |
| Service Charges - Electricity Revenue | - | - | - | 8 504 770 | - | 8 504 770 |
| Service Charges - Water Revenue | - | - | - | 2 300 401 | - | 2 300 401 |
| Service Charges - Sanitation Revenue | - | - | - | 1 283 223 | - | 1 283 223 |
| Service Charges - Refuse Revenue | - | - | - | 1 755 150 | - | 1 755 150 |
| Rentals of Assets and Equipment | - | 286 211 | 1 750 | 5 475 | - | 289 436 |
| Revenue from Real Estate Investments | 2 761 806 | - | - | - | - | 2 761 806 |
| Interest Earned - Outstanding Debts | 648 | 3 557 | - | - | - | 4 205 |
| Licenses and Permits | 769 | 207 133 | - | 37 574 | - | 305 465 |
| Other Revenue | - | - | - | - | - | - |
| External revenue from non-exchange transactions | 14 109 607 | 28 637 828 | 21 | 2 846 492 | - | 46 654 048 |
| Property rates | - | 8 465 917 | - | - | - | 8 465 917 |
| Fines | 3 050 | - | 21 | - | - | 3 071 |
| Actual Gain | - | 490 021 | - | - | - | 490 021 |
| Agency Services | - | 89 421 | - | - | - | 89 421 |
| Transfers Recognised - Operational | 14 028 809 | 18 628 670 | - | 2 846 492 | - | 35 503 971 |
| Contributed PPE | 137 748 | - | - | - | - | 137 748 |
| Revenue from transactions with other segments | - | - | - | 734 708 | - | 734 708 |
| Internal Revenue | - | - | - | 734 708 | - | 734 708 |
| Total Segment Revenue (excluding capital transfers and contributions) | 16 922 849 | 29 197 829 | 1 771 | 18 557 880 | - | 64 880 329 |
| SEGMENT EXPENDITURE | | | | | | |
| Employee Related Costs | 208 593 | 5 351 731 | 5 037 854 | 10 951 388 | - | 21 338 674 |
| Remuneration of Councilors | 2 647 412 | - | - | - | - | 2 647 412 |
| Debt Impairment | - | 1 821 369 | - | 2 487 788 | - | 4 309 158 |
| Depreciation and Asset Impairment | - | 1 696 940 | - | 3 583 875 | - | 5 000 849 |
| Finance Charges | - | 746 000 | - | 892 156 | - | 1 638 156 |
| Bulk Purchases | - | - | - | 12 755 173 | - | 12 755 173 |
| Other Materials | - | 407 008 | 23 092 | 595 698 | - | 1 025 800 |
| Contracted Services | - | 4 498 534 | 508 286 | 1 120 188 | - | 6 126 908 |
| Actual Losses | - | 157 479 | - | - | - | 157 479 |
| Rent Expenditure | 1 891 422 | 4 101 280 | 310 488 | 3 404 823 | - | 9 778 002 |
| Losses on Disposal of PPE | - | 7 038 | - | - | - | 7 038 |
| Internal charges | 14 | 86 238 | 55 467 | 593 078 | - | 734 789 |
| Total Segment Expenditure | 4 507 441 | 18 934 015 | 5 935 168 | 35 891 277 | - | 66 687 899 |
| Surplus/(Deficit) | 12 015 408 | 10 263 814 | (5 933 398) | (17 333 397) | - | (687 570) |
| Transfers Recognised - Capital | - | - | - | 17 479 222 | - | 17 479 222 |
| Contributions Recognised - Capital | - | - | - | - | - | - |
| Contributed Assets | - | - | - | - | - | - |
| Surplus/(Deficit) after Capital Transfers & Contributions | 12 015 408 | 10 263 814 | (5 933 398) | 145 825 | - | 16 491 632 |
| Taxation | - | - | - | - | - | - |
| Surplus/(Deficit) after Taxation | 12 015 408 | 10 263 814 | (5 933 398) | 145 825 | - | 16 491 632 |
| Attributable to Minorities | - | - | - | - | - | - |
| Surplus/(Deficit) Attributable to Municipality | 12 015 408 | 10 263 814 | (5 933 398) | 145 825 | - | 16 491 632 |
| Share of Surplus/(Deficit) of Associate | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 12 015 408 | 10 263 814 | (5 933 398) | 145 825 | - | 16 491 632 |

KAREBERG LOCAL MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

| SEGMENT REVENUE | Community and public safety | | Economic and environmental services | | Energy Sources | | Trading services | | Waste management | | Other | | Governance and Administration | | Unallocated | | Total | |
|---|-----------------------------|--|-------------------------------------|--|----------------|--|------------------|--|------------------|--|-------------|--|-------------------------------|--|-------------|--|------------|--|
| | R | | R | | R | | R | | R | | R | | R | | R | | R | |
| External revenue from exchange transactions | 38 171 | | 5 040 | | 9 504 860 | | 2 390 401 | | 1 263 223 | | 1 759 648 | | 3 399 586 | | - | | 18 267 928 | |
| Service Charges - Electricity Revenue | - | | - | | 9 504 770 | | 2 390 401 | | - | | - | | - | | - | | 9 504 770 | |
| Service Charges - Water Revenue | - | | - | | - | | - | | 1 263 223 | | - | | - | | - | | 1 263 223 | |
| Service Charges - Sanitation Revenue | - | | - | | - | | - | | - | | - | | - | | - | | 1 583 220 | |
| Service Charges - Refuse Revenue | - | | - | | - | | - | | - | | - | | - | | - | | 1 705 160 | |
| Rental of Facilities and Equipment | 2 165 | | 5 040 | | - | | - | | - | | 1 765 150 | | 289 211 | | - | | 206 439 | |
| Interest Earned - External Investments | - | | - | | - | | - | | - | | - | | 2 751 809 | | - | | 2 751 809 | |
| Interest Earned - Outstanding Debtors | - | | - | | - | | - | | - | | - | | 648 | | - | | - | |
| Other Revenue | 35 688 | | - | | 90 | | - | | - | | 1 499 | | 267 822 | | - | | 305 485 | |
| External revenue from non-exchange transactions | 21 | | 748 492 | | - | | 509 000 | | 1 000 000 | | - | | 42 811 062 | | - | | 45 657 605 | |
| Property rates | - | | - | | - | | - | | - | | - | | 9 485 617 | | - | | 9 485 617 | |
| Fines | 21 | | - | | - | | - | | - | | - | | 3 050 | | - | | 3 071 | |
| Accrued Gains | - | | - | | - | | - | | - | | - | | 460 021 | | - | | 460 021 | |
| Accrued Losses | - | | - | | - | | - | | - | | - | | 3 567 | | - | | 3 567 | |
| Agency Services | - | | - | | - | | - | | - | | - | | 63 421 | | - | | 63 421 | |
| Transfers Recognised - Operational | - | | 748 492 | | - | | 500 000 | | 1 000 000 | | - | | 32 652 036 | | - | | 35 504 171 | |
| Contributed PPE | - | | - | | - | | - | | - | | - | | 137 748 | | - | | 137 748 | |
| Revenue from transactions with other segments | - | | - | | 882 789 | | 45 905 | | 6 105 | | - | | - | | - | | 734 799 | |
| Internal Revenue | - | | - | | 682 789 | | 45 905 | | 6 105 | | - | | - | | - | | 734 799 | |
| Total Segment Revenue (excluding capital transfers and contributions) | 38 191 | | 751 132 | | 10 167 649 | | 2 636 395 | | 2 869 328 | | 1 769 648 | | 46 126 679 | | - | | 64 680 320 | |
| SEGMENT EXPENDITURE | | | | | | | | | | | | | | | | | | |
| Employee Related Costs | 2 448 856 | | 3 308 218 | | 429 335 | | 455 163 | | 4 151 633 | | 1 951 076 | | 8 505 294 | | - | | 21 339 574 | |
| Remuneration of Councillors | - | | - | | - | | - | | - | | - | | 2 842 412 | | - | | 2 842 412 | |
| Debt Impairment | - | | - | | 542 754 | | 869 507 | | - | | 542 754 | | 1 821 390 | | - | | 4 560 525 | |
| Depreciation and Asset Impairment | - | | 1 068 850 | | - | | 1 606 950 | | - | | - | | 1 068 950 | | - | | 5 000 449 | |
| Finance Charges | - | | - | | - | | - | | - | | - | | 746 000 | | - | | 1 628 165 | |
| Bulk Purchases | - | | - | | - | | - | | - | | - | | - | | - | | - | |
| Other Materials | - | | - | | 12 755 173 | | - | | - | | 882 165 | | - | | - | | 12 755 173 | |
| Contracted Services | 119 459 | | 148 845 | | - | | 188 105 | | 174 085 | | - | | 497 008 | | - | | 1 178 798 | |
| Actuated Losses | 15 372 | | 52 310 | | - | | 415 647 | | 30 173 | | - | | 4 691 973 | | - | | 6 133 068 | |
| Other Expenditure | - | | 298 988 | | - | | - | | - | | - | | 157 479 | | - | | 157 479 | |
| Loss on Disposal of PPE | 230 307 | | 961 474 | | 1 187 554 | | 437 769 | | 471 461 | | 269 207 | | 6 225 302 | | - | | 9 778 092 | |
| Internal charges | 104 093 | | 168 513 | | - | | 3 697 | | 88 827 | | - | | 7 038 | | - | | 7 038 | |
| Total Segment Expenditure | 2 919 087 | | 6 552 878 | | 15 353 160 | | 2 320 882 | | 7 442 039 | | 3 945 192 | | 27 437 095 | | - | | 65 687 899 | |
| Surplus/(Deficit) | (2 877 896) | | (5 801 346) | | (5 185 513) | | 615 424 | | (4 553 308) | | (1 888 544) | | 18 683 614 | | - | | (687 579) | |
| Transfers Recognised - Capital | - | | 872 619 | | 1 304 348 | | 15 302 058 | | - | | - | | - | | - | | 17 479 222 | |
| Surplus/(Deficit) after Capital Transfers & Contributions | (2 877 896) | | (4 928 530) | | (3 881 165) | | 16 917 481 | | (4 553 308) | | (1 888 544) | | 18 683 614 | | - | | 16 491 652 | |
| Taxation | - | | - | | - | | - | | - | | - | | - | | - | | - | |
| Surplus/(Deficit) after Taxation | (2 877 896) | | (4 928 530) | | (3 881 165) | | 16 917 481 | | (4 553 308) | | (1 888 544) | | 18 683 614 | | - | | 16 491 652 | |
| Attributable to Minorities | - | | - | | - | | - | | - | | - | | - | | - | | - | |
| Surplus/(Deficit) Attributable to Municipality | (2 877 896) | | (4 928 530) | | (3 881 165) | | 16 917 481 | | (4 553 308) | | (1 888 544) | | 18 683 614 | | - | | 16 491 652 | |
| Share of Surplus/(Deficit) of Associate | - | | - | | - | | - | | - | | - | | - | | - | | - | |
| Surplus/(Deficit) for the year | (2 877 896) | | (4 928 530) | | (3 881 165) | | 16 917 481 | | (4 553 308) | | (1 888 544) | | 18 683 614 | | - | | 16 491 652 | |

KAREBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

Total Segment Revenue (including capital transfers and contributions)
Total Revenue as per Statement of Financial Performance

| | |
|------------|---------------|
| | 82 160 660.30 |
| | 81 420 174 |
| Difference | 734 786.30 |

Reconciliation Items

Internal charges
Insert reconciling item details
Insert reconciling item details
Insert reconciling item details

| | |
|--|------------|
| | 734 786.30 |
| | - |
| | - |

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

Total Segment Expenditure
Total Expenditure as per Statement of Financial Performance

| | |
|------------|---------------|
| | 65 667 698.84 |
| | 64 933 102.54 |
| Difference | 734 796.30 |

Reconciliation Items

Internal charges
Insert reconciling item details
Insert reconciling item details
Insert reconciling item details

| | |
|--|------------|
| | 734 796.30 |
| | - |
| | - |

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

Surplus(Deficit) for the year as per Segments
Surplus(Deficit) for the year as per Statement of Financial Performance

| | |
|---------------------------------|---------------|
| | 16 481 651.95 |
| | 16 481 651.95 |
| Difference - as explained above | - |

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

The following GRAP standards became effective on 1 April 2020:

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

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

Amendments were made to the following GRAP interpretations:

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

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The comparable information includes the following:

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

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

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

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

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

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

| Standard | Description | Effective Date |
|--|---|----------------|
| GRAP 104 (Revised – April 2020) | <u>Financial Instruments</u> The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment. | Unknown |
| Guideline | <u>Landfill sites</u> No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment. | Unknown |
| Guideline | <u>Application of Materiality of Financial Statements</u> The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment. | Unknown |

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

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

1.9.2 Housing Development Fund

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

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

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis

KAREEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

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

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

1.11.1 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.11.2 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

1.12. PROVISIONS

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

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

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

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

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

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

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

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

1.13. EMPLOYEE BENEFITS

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

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

1.13.1. Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service

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up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

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

1.13.2. Long Service Awards

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

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

1.13.3. Staff Leave

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

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

Accumulated leave is vesting.

1.13.4. Staff Bonuses Accrued

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

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1.13.5. Performance Bonuses

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

1.13.6. Pension and retirement fund obligations

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

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

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

1.13.7. Other Short-term Employee Benefits

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

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

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1 Initial Recognition

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

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

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

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

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

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

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

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1.14.2 Subsequent Measurement – Cost Model

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

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

1.14.3 Depreciation and Impairment

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

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

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

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

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

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

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

1.14.4 De-recognition

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

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

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

1.14.6 Decommissioning and restoration asset

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

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

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

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

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

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

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

Intangible assets are initially recognised at cost.

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

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Amortisation and Impairment

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

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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 | 5-12 |

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

1.15.4 De-recognition

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

1.15.5 Application of deemed cost (Directive 7)

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

1.16. INVESTMENT PROPERTY

1.16.1 Initial Recognition

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

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

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

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

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

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both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

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

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

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Depreciation and Impairment – Cost Model

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

| <u>Investment Property</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings | 29-30 |

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

1.16.4 De-recognition

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

1.16.5 Application of deemed cost - Directive 7

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

1.17 HERITAGE ASSETS

1.17.1 Initial Recognition

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.17.4 De-recognition

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

1.17.5 Application of deemed cost - Directive 7

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

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

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

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

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

1.18.2 Non-cash-generating assets

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

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

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

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

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(b) Internal sources of information

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

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

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

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

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

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

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

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

1.19. INVENTORIES

1.19.1 Initial Recognition

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

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

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

1.19.2 Subsequent Measurement

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

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

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

1.20. FINANCIAL INSTRUMENTS

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

1.20.1 Initial Recognition

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

1.20.2 Subsequent Measurement

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

1.20.2.1 Receivables

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit

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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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.20.3 De-recognition of Financial Instruments

1.20.3.1 Financial Assets

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

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

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

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

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

1.20.3.2 Financial Liabilities

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

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

1.20.4 Offsetting of Financial Instruments

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

1.21 STATUTORY RECEIVABLES

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

1.21.1 Initial Recognition

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

1.21.2 Measurement

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

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

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

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

1.21.3 Derecognition

The Municipality derecognises a statutory receivable when:

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

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

- (i) derecognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

1.21.4 Transitional Provisions

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

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

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

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

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

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

Revenue from Grant VAT income is recognised when expenditure occurred.

1.22.2 Revenue from Exchange Transactions

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

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

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

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in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

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

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

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

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

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

1.23. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

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

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

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

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

Management personnel include:

- (a) All managers or council of the Municipality, being the Mayor and members of the Council.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer 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 uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

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

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

1.28.1 *Post-retirement medical obligations and long service awards*

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

1.28.2 *Impairment of Receivables*

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

1.28.3 *Impairment of Statutory Receivables*

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

1.28.4 *Property, Plant and Equipment*

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

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

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

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

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

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

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

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

1.28.5 Intangible Assets

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.28.6 Investment Property

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

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

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

1.28.7 Provisions and Contingent Liabilities

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

1.28.8 Revenue Recognition

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

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

1.28.9 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

1.28.10 Provision for Staff leave

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

1.28.11 Provision for Performance bonuses

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

1.28.12 Componentisation of Infrastructure assets

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

1.29. TAXES – VALUE ADDED TAX

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

1.30. CAPITAL COMMITMENTS

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

1.31. EVENTS AFTER REPORTING DATE

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

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

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

1.32. BORROWING COSTS

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

1.33. CONSTRUCTION CONTRACTS

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.34. ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

Identification

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

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

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

1.35. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

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

Initial Recognition

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

The service concession liability is recognised and initially measured at:

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Subsequent Measurement

The municipality initially measures the service concession asset at fair value if it is not an existing asset of the municipality.

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

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

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

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

Dividing the arrangement

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

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

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

1.36. TRANSFER OF FUNCTIONS (Municipality as the acquirer)

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

An asset is identifiable if it either:

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

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

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

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

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

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

1.37. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

1.38. DISCONTINUED OPERATIONS

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

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

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

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 R | 2020 R |
|------------|--|-------------------|-------------------|
| 2 | NET ASSET RESERVES | | |
| | RESERVES | 11 400 293 | 11 398 532 |
| | Capital Replacement Reserve | 11 347 812 | 11 347 812 |
| | Housing Development fund | 52 481 | 50 721 |
| | Total Net Asset Reserves | 11 400 293 | 11 398 532 |
| 2.1 | The Capital Replacement Reserve is used to finance future capital expenditure from own funds. | | |
| 2.2 | The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund. | | |
| 3 | EMPLOYEE BENEFITS | | |
| | Post Retirement Benefits - Refer to Note 3.1 | 6 783 000 | 6 844 000 |
| | Long Service Awards - Refer to Note 3.2 | 709 000 | 752 000 |
| | Total Non-current Employee Benefit Liabilities | 7 492 000 | 7 596 000 |
| | <u>Post Retirement Benefits</u> | | |
| | Balance 1 July | 7 243 000 | 7 576 774 |
| | Contribution for the year | 723 000 | 779 048 |
| | Expenditure for the year | (348 979) | (351 322) |
| | Actuarial Loss/(Gain) | (460 021) | (761 500) |
| | Total post retirement benefits 30 June | 7 157 000 | 7 243 000 |
| | Less: Transfer of Current Portion - Note 6 | (374 000) | (399 000) |
| | Balance 30 June | 6 783 000 | 6 844 000 |
| | <u>Long Service Awards</u> | | |
| | Balance 1 July | 971 000 | 933 769 |
| | Contribution for the year | 138 000 | 147 663 |
| | Expenditure for the year | (271 479) | (206 570) |
| | Actuarial Loss/(Gain) | 157 479 | 96 138 |
| | Total long service awards 30 June | 995 000 | 971 000 |
| | Less: Transfer of Current Portion - Note 6 | (286 000) | (219 000) |
| | Balance 30 June | 709 000 | 752 000 |
| | <u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u> | | |
| | Balance 1 July | 8 214 000 | 8 510 543 |
| | Contribution for the year | 861 000 | 926 711 |
| | Expenditure for the year | (620 458) | (557 892) |
| | Actuarial Loss/(Gain) | (302 542) | (665 362) |
| | Total employee benefits 30 June | 8 152 000 | 8 214 000 |
| | Less: Transfer of Current Portion - Note 6 | (660 000) | (618 000) |
| | Balance 30 June | 7 492 000 | 7 596 000 |
| 3.1 | Post Retirement Benefits | 2021 R | 2020 R |
| | The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows: | | |
| | In-service (employee) members | 4 | 6 |
| | Continuation members (e.g. Retirees, widows, orphans) | 9 | 9 |
| | Total Members | 13 | 15 |
| | The liability in respect of past service has been estimated to be as follows: | | |
| | In-service (employee) members | 2 261 000 | 3 005 000 |
| | Continuation (retiree and widow) members | 4 896 000 | 4 238 000 |
| | Total Liability | 7 157 000 | 7 243 000 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3

EMPLOYEE BENEFITS (CONTINUE)

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

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

Experience adjustments were calculated as follows:

| | 2021 Rm | 2020 Rm |
|----------------------------|------------|------------|
| Liabilities: (Gain) / loss | (0.769) | 0.165 |
| Assets: Gain / (loss) | - | - |

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

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

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

Hosmed
LA Health

The Municipality's Accrued Unfunded Liability at 30 June 2021 is estimated at R7 157 000. The Current-service Cost for the year ending 30 June 2021 is estimated at R34 000. It is estimated to be R40 000 for the ensuing year.

Key actuarial assumptions used:

| | 2021 % | 2020 % |
|---------------------------------|-----------|-----------|
| i) Rate of interest | | |
| Discount rate | 9.88% | 9.78% |
| Health Care Cost Inflation Rate | 6.55% | 6.04% |
| Net Effective Discount Rate | 3.13% | 3.53% |

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 9.88% per annum has been used. The corresponding index-linked yield at this term is 4.12%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.

ii) Mortality rates

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

iii) Normal retirement age

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

iv) Average retirement age

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

v) Expected rate of salary increases

2020/2021 - 6.25%

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3

EMPLOYEE BENEFITS (CONTINUE)

2021
R

2020
R

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

| | | |
|-----------------------------------|------------------|------------------|
| Present value of fund obligations | 7 157 000 | 7 243 000 |
| Total Liability | 7 157 000 | 7 243 000 |

Reconciliation of present value of fund obligation:

| | | |
|---|------------------|------------------|
| Present value of fund obligation at the beginning of the year | 7 243 000 | 7 576 774 |
| Total expenses | 374 021 | 427 726 |
| Current service cost | 34 000 | 80 793 |
| Interest Cost | 689 000 | 698 255 |
| Benefits Paid | (348 979) | (351 322) |
| Actuarial (gains)/losses | (460 021) | (761 500) |
| Present value of fund obligation at the end of the year | 7 157 000 | 7 243 000 |
| Less: Transfer of Current Portion - Note 6 | (374 000) | (399 000) |
| Balance 30 June | 6 783 000 | 6 844 000 |

Sensitivity Analysis on the Accrued Liability

| Assumption | Change | In-service members liability (Rm) | Retired members liability (Rm) | Total liability (Rm) | % change |
|--|---------|-----------------------------------|--------------------------------|----------------------|----------|
| Central Assumptions | | 2.261 | 4.896 | 7.157 | |
| Health care inflation | 1% | 2.564 | 5.430 | 7.994 | 12% |
| Health care inflation | -1% | 2.005 | 4.439 | 6.444 | -10% |
| Discount Rate | 1% | 2.015 | 4.456 | 6.471 | -10% |
| Discount Rate | -1% | 2.557 | 5.417 | 7.974 | 11% |
| Post-retirement mortality | 1 year | 2.196 | 4.746 | 6.942 | -3% |
| Post-retirement mortality | -1 year | 2.326 | 5.045 | 7.371 | 3% |
| Average retirement age | -1 year | 2.349 | 4.896 | 7.245 | 1% |
| Continuation of membership at retirement | -10% | 1.959 | 4.896 | 6.855 | -4% |

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

| Assumption | Change | Current-service Cost (R) | Interest Cost (R) | Total (R) | % change |
|--|---------|--------------------------|-------------------|-----------|----------|
| Central Assumption | | 40 000 | 689 000 | 729 000 | |
| Health care inflation | 1% | 47 000 | 772 000 | 819 000 | 12% |
| Health care inflation | -1% | 35 000 | 619 000 | 654 000 | -10% |
| Discount Rate | 1% | 35 000 | 684 000 | 719 000 | -1% |
| Discount Rate | -1% | 46 000 | 692 000 | 738 000 | 1% |
| Post-retirement mortality | 1 year | 39 000 | 668 000 | 707 000 | -3% |
| Post-retirement mortality | -1 year | 41 000 | 710 000 | 751 000 | 3% |
| Average retirement age | -1 year | 45 000 | 698 000 | 743 000 | 2% |
| Continuation of membership at retirement | -10% | 35 000 | 659 000 | 694 000 | -5% |

Impact of COVID-19

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

3.2 Long Service Bonuses

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

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

Key actuarial assumptions used:

2021
%

2020
%

i) Rate of interest

| | | |
|--|-------|-------|
| Discount rate | 8.89% | 6.60% |
| General Salary Inflation (long-term) | 5.71% | 3.60% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 3.01% | 2.90% |

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | 2021 Rm | 2020 Rm |
|--|------------|------------|
| Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 8.89% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 3.52%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021. The duration of the total liability was estimated to be 8.25 years. | | |

Experience adjustments were calculated as follows:

| | | |
|----------------------------|---------|---------|
| Liabilities: (Gain) / loss | 172 479 | 112 138 |
| Assets: Gain / (loss) | - | - |

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

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

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

| | 2021 R | 2020 R |
|-----------------------------------|----------------|----------------|
| Present value of fund obligations | 995 000 | 971 000 |
| Net liability/(asset) | 995 000 | 971 000 |

Reconciliation of present value of fund obligation:

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

Sensitivity Analysis on the Unfunded Accrued Liability

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

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

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

Impact of COVID-19

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3 EMPLOYEE BENEFITS (CONTINUE)

3.3 Retirement funds

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

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

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

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

2021
R

2020
R

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

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

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

| | | |
|---|-----------|-----------|
| Contributions paid recognised in the Statement of Financial Performance | 1 875 530 | 1 788 843 |
|---|-----------|-----------|

4 NON-CURRENT PROVISIONS

| | | |
|--|------------------|-------------------|
| Provision for Rehabilitation of Landfill-sites | 9 494 320 | 10 353 521 |
| Total Non-current Provisions | 9 494 320 | 10 353 521 |

Landfill Sites

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4

NON-CURRENT PROVISIONS (CONTINUE)

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

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

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

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

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

Other assumptions:

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

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

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

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

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

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

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4 NON-CURRENT PROVISIONS (CONTINUE)

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

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

5 CONSUMER DEPOSITS

| | 2021 R | 2020 R |
|--------------------------------|----------------|----------------|
| Water & Electricity | 348 679 | 329 979 |
| Total Consumer Deposits | 348 679 | 329 979 |

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

6 CURRENT EMPLOYEE BENEFITS

| | 2021 R | 2020 R |
|--|------------------|------------------|
| Current Portion of Post Retirement Benefits - Note 3 | 374 000 | 399 000 |
| Current Portion of Long-Service Provisions - Note 3 | 286 000 | 219 000 |
| Provision for Performance Bonuses | 354 475 | 370 414 |
| Provision for Annual Bonuses | 312 210 | 276 327 |
| Provision for Staff Leave | 1 619 537 | 1 522 892 |
| Total Current Employee Benefits | 2 946 222 | 2 787 633 |

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

| | | |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 399 000 | 368 321 |
| Transfer from non-current | 323 979 | 382 001 |
| Expenditure incurred | (348 979) | (351 322) |
| Balance at end of year | <u>374 000</u> | <u>399 000</u> |

Current Portion of Long-Service Provisions - Note 3

| | | |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 219 000 | 183 393 |
| Transfer from non-current | 338 479 | 242 177 |
| Expenditure incurred | (271 479) | (206 570) |
| Balance at end of year | <u>286 000</u> | <u>219 000</u> |

Provision for Performance Bonuses

| | | |
|---------------------------------|----------------|----------------|
| Balance at beginning of year | 370 414 | 424 122 |
| Contribution to current portion | 492 669 | 267 134 |
| Expenditure incurred | (508 607) | (320 842) |
| Balance at end of year | <u>354 475</u> | <u>370 414</u> |

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 | 1 522 892 | 1 398 123 |
| Contribution to current portion | 624 968 | 599 147 |
| Expenditure incurred | (528 323) | (474 378) |
| Balance at end of year | <u>1 619 537</u> | <u>1 522 892</u> |

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

Provision for Annual Bonuses

| | | |
|---------------------------------|----------------|----------------|
| Balance at beginning of year | 276 327 | 284 211 |
| Contribution to current portion | 35 882 | - |
| Expenditure incurred | - | (7 884) |
| Balance at end of year | <u>312 210</u> | <u>276 327</u> |

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

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

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

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

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

KAREBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT

10.1 30 JUNE 2021

| Reconciliation of Carrying Value | | | | | | | | | | | | | |
|----------------------------------|----------------------|----------------|------------------------|----------------|----------------------|----------------------|---|----------------------|----------------------|--|----------------|----------------------|---------------------|
| | Opening Balance R | Additions R | Cost Transfers R | Disposals R | Closing Balance R | Opening Balance R | Accumulated Impairments Additions/ Disposal R | Closing Balance R | Opening Balance R | Accumulated Depreciation Depreciation Charge R | Disposals R | Closing Balance R | Carrying Value R |
| Land and Buildings | 24 063 448 | - | - | - | 24 063 448 | 405 | - | 405 | 688 204 | 117 403 | - | 805 607 | 23 257 436 |
| Land | 21 493 760 | - | - | - | 21 493 760 | - | - | - | - | - | - | - | 21 493 760 |
| Buildings | 2 569 688 | - | - | - | 2 569 688 | 405 | - | 405 | 688 204 | 117 403 | - | 805 607 | 1 763 676 |
| Infrastructure | 155 184 458 | 15 974 725 | - | - | 171 159 183 | - | - | - | 25 224 244 | 3 963 334 | - | 29 187 578 | 141 971 604 |
| Electricity | 6 705 175 | 42 250 | - | - | 6 747 425 | - | - | - | 1 307 483 | 202 276 | - | 1 509 759 | 5 237 666 |
| Road Transport | 57 714 011 | - | - | - | 57 714 011 | - | - | - | 11 882 692 | 1 680 919 | - | 13 563 611 | 44 150 400 |
| Sanitation | 23 722 605 | 38 396 | - | - | 23 761 001 | - | - | - | 5 107 621 | 535 600 | - | 5 643 221 | 18 117 781 |
| Solid Waste Disposal | 488 000 | - | - | - | 488 000 | - | - | - | 131 101 | 13 870 | - | 144 971 | 343 029 |
| Stormwater | 15 918 933 | - | - | - | 15 918 933 | - | - | - | 948 753 | 293 463 | - | 1 242 215 | 14 676 718 |
| Water Supply | 33 612 673 | 156 213 | - | - | 33 768 886 | - | - | - | 4 423 372 | 909 287 | - | 5 332 659 | 28 436 227 |
| Landfill Sites | 8 369 467 | (1 741 356) | - | - | 6 628 111 | - | - | - | 1 423 223 | 327 919 | - | 1 751 142 | 4 876 969 |
| WIP | 8 653 594 | 17 479 222 | - | - | 26 132 815 | - | - | - | - | - | - | - | 26 132 815 |
| Community Assets | 13 696 815 | 203 543 | - | - | 13 899 357 | 61 383 | - | 61 383 | 2 326 707 | 423 571 | - | 2 750 277 | 11 087 697 |
| Recreation Grounds | 10 119 940 | - | - | - | 10 119 940 | 60 248 | - | 60 248 | 1 705 367 | 345 497 | - | 2 051 864 | 8 007 828 |
| Civil Buildings | 122 360 | - | - | - | 122 360 | - | - | - | 28 290 | 2 191 | - | 30 480 | 91 880 |
| Cemetery | 1 446 823 | 203 543 | - | - | 1 650 366 | - | - | - | 229 029 | 31 442 | - | 260 471 | 1 389 895 |
| Museum | 360 000 | - | - | - | 360 000 | - | - | - | 83 145 | 6 438 | - | 89 584 | 270 416 |
| Clinic | 360 800 | - | - | - | 360 800 | - | - | - | 78 535 | 6 006 | - | 84 541 | 276 259 |
| Libraries | 1 171 881 | - | - | - | 1 171 881 | - | - | - | 168 556 | 29 498 | - | 198 054 | 973 827 |
| Parks & Gardens | 29 279 | - | - | - | 29 279 | - | - | - | 7 474 | 574 | - | 8 048 | 21 231 |
| Public Conveniences/Bathhouses | 84 731 | - | - | - | 84 731 | 1 135 | - | 1 135 | 25 310 | 1 925 | - | 27 236 | 56 361 |
| Other Assets | 7 385 986 | 115 604 | - | (15 296) | 7 486 294 | - | - | - | 5 388 056 | 473 833 | - | 5 861 889 | 1 624 405 |
| Motor Vehicles | 2 809 593 | - | - | - | 2 809 593 | - | - | - | 2 304 042 | 122 852 | - | 2 426 894 | 382 699 |
| Plant & Equipment | 1 631 005 | 16 691 | - | - | 1 647 696 | - | - | - | 1 288 304 | 86 731 | - | 1 375 034 | 272 662 |
| Office Equipment | 741 451 | 25 477 | - | - | 766 927 | - | - | - | 406 358 | 71 196 | - | 477 554 | 289 373 |
| Furniture & Fittings | 740 919 | 50 474 | - | - | 791 394 | - | - | - | 560 127 | 28 161 | - | 588 288 | 203 105 |
| Fire Engines | 2 051 | - | - | - | 2 051 | - | - | - | 1 668 | 61 | - | 1 730 | 321 |
| Computer Equipment | 997 852 | 12 696 | - | - | 1 010 547 | - | - | - | 450 841 | 162 621 | - | 613 462 | 397 085 |
| Refuse Tankers | 392 736 | - | - | - | 392 736 | - | - | - | 376 715 | 2 211 | - | 378 927 | 13 809 |
| Game | 70 380 | 10 266 | - | (15 296) | 65 350 | - | - | - | - | - | - | - | 65 350 |
| | 200 329 707 | 16 293 872 | - | (15 296) | 216 608 282 | 61 788 | - | 61 788 | 33 627 211 | 4 978 141 | - | 38 605 352 | 177 941 143 |

Reconciliation of Property, Plant and Equipment:

30 JUNE 2021

| | Opening Balance R | Additions R | WIP Additions R | Disposals R | Other changes, movements R | Depreciation R | Impairment Losses R | Closing Balance R |
|------------------|----------------------|----------------|-----------------------|----------------|----------------------------------|-------------------|------------------------|----------------------|
| Land | 21 493 760 | - | - | - | - | - | - | 21 493 760 |
| Buildings | 1 881 079 | - | - | - | - | (117 403) | - | 1 763 676 |
| Infrastructure | 129 960 213 | (1 504 497) | 17 479 222 | - | - | (3 963 334) | - | 141 971 604 |
| Community Assets | 11 307 725 | 203 543 | - | - | - | (423 571) | - | 11 087 697 |
| Other Assets | 1 997 931 | 115 604 | - | (15 296) | - | (473 833) | - | 1 624 405 |
| | 166 640 708 | (1 185 350) | 17 479 222 | (15 296) | - | (4 978 141) | - | 177 941 143 |

KAREBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT

10.2 30 JUNE 2020

Reconciliation of Carrying Value

| | Cost | | | Accumulated Impairments | | | Accumulated Depreciation | | | Carrying Value | |
|---|----------------------|----------------|----------------|-------------------------|----------------------|----------------------|--------------------------|--------------------------|----------------|----------------------|-------------|
| | Opening Balance R | Additions R | Transfers R | Disposals R | Closing Balance R | Opening Balance R | Disposals R | Depreciation Charge R | Disposals R | Closing Balance R | R |
| Land and Buildings | 24 548 648 | - | (485 200) | - | 24 063 448 | - | - | 622 378 | - | 688 204 | 23 375 244 |
| Land | 21 978 960 | - | (485 200) | - | 21 493 760 | - | - | - | - | - | 21 493 760 |
| Balance previously reported | 22 218 460 | - | (485 200) | - | 21 733 260 | - | - | - | - | - | 21 733 260 |
| Correction of Error - Note 33.01 | (239 500) | - | - | - | (239 500) | - | - | - | - | - | (239 500) |
| Buildings | 2 569 688 | - | - | - | 2 569 688 | - | - | 65 826 | - | 65 826 | 1 881 079 |
| Infrastructure | 150 086 701 | 5 684 842 | (0) | (587 086) | 155 184 458 | - | - | 4 262 109 | (587 086) | 25 224 244 | 129 960 213 |
| Electricity | 6 769 629 | - | - | (64 454) | 6 705 175 | - | - | 255 179 | (64 454) | 1 307 483 | 5 397 692 |
| Road Transport | 53 793 521 | 3 080 238 | 1 063 017 | (222 765) | 57 714 011 | - | - | 1 693 668 | (222 765) | 11 882 692 | 46 831 319 |
| Sanitation | 23 845 153 | - | - | (122 548) | 23 722 605 | - | - | 572 296 | (122 548) | 5 107 621 | 18 614 984 |
| Solid Waste Disposal | 488 000 | - | - | - | 488 000 | - | - | 13 870 | - | 131 101 | 356 899 |
| Stormwater | 9 303 976 | 5 653 585 | 978 046 | (18 673) | 15 918 933 | - | - | 212 142 | (16 673) | 948 753 | 14 970 181 |
| Water Supply | 33 773 318 | (3 198 508) | - | (160 645) | 33 612 673 | - | - | 830 164 | (160 645) | 4 423 372 | 29 189 301 |
| Landfill Sites | 11 567 974 | 149 527 | (2 041 063) | - | 8 369 467 | - | - | 684 791 | - | 1 423 223 | 6 946 244 |
| WIP | 10 545 129 | - | - | - | 8 653 594 | - | - | - | - | - | 8 653 594 |
| Community Assets | 13 559 554 | 136 261 | - | - | 13 695 815 | 61 383 | - | 420 803 | - | 2 326 707 | 11 307 725 |
| Recreation Grounds | 10 119 940 | - | - | - | 10 119 940 | 60 248 | - | 345 497 | - | 1 706 367 | 8 363 325 |
| Civil Buildings | 122 360 | - | - | - | 122 360 | - | - | 2 191 | - | 28 290 | 94 070 |
| Cemetery | 1 446 823 | - | - | - | 1 446 823 | - | - | 31 442 | - | 229 029 | 1 217 794 |
| Museum | 360 000 | - | - | - | 360 000 | - | - | 6 438 | - | 83 145 | 276 855 |
| Clinic | 360 800 | - | - | - | 360 800 | - | - | 72 530 | - | 78 535 | 282 265 |
| Libraries | 1 035 620 | 136 261 | - | - | 1 171 881 | - | - | 26 730 | - | 168 556 | 1 003 325 |
| Parks & Gardens | 29 279 | - | - | - | 29 279 | 6 901 | - | 574 | - | 7 474 | 21 805 |
| Public Conveniences/Bathhouses | 84 731 | - | - | - | 84 731 | 1 135 | - | 1 925 | - | 25 310 | 58 286 |
| Other Assets | 7 607 590 | 150 491 | - | (372 095) | 7 385 986 | - | - | 646 402 | (365 865) | 5 388 056 | 1 997 931 |
| Motor Vehicles | 3 068 300 | - | - | (258 707) | 2 809 593 | - | - | 169 995 | (258 707) | 2 304 042 | 505 551 |
| Plant & Equipment | 1 620 237 | 16 608 | - | (3 839) | 1 633 005 | - | - | 174 382 | (5 839) | 1 288 304 | 342 702 |
| Office Equipment | 705 011 | 76 283 | - | (39 843) | 741 451 | - | - | 78 989 | (39 843) | 406 358 | 335 092 |
| Balance previously reported | 700 705 | 76 283 | - | (39 843) | 737 145 | - | - | 78 733 | (39 843) | 403 036 | 334 109 |
| Correction of Error - Note 33.01 | 4 306 | - | - | - | 4 306 | - | - | 256 | - | 3 323 | 983 |
| Furniture & Fittings | 767 765 | - | - | (26 846) | 740 919 | - | - | 44 446 | (26 846) | 560 127 | 180 792 |
| Balance previously reported | 759 203 | - | - | (26 846) | 732 357 | - | - | 44 015 | (26 846) | 554 536 | 177 820 |
| Correction of Error - Note 33.01 | 8 562 | - | - | - | 8 562 | - | - | 430 | - | 5 591 | 2 972 |
| Fire Engines | 2 648 | - | - | (597) | 2 051 | - | - | 45 | (597) | 1 668 | 383 |
| Computer Equipment | 977 680 | 56 204 | - | (36 032) | 997 852 | - | - | 171 094 | (36 032) | 450 841 | 547 011 |
| Refuse Tankers | 392 736 | - | - | - | 392 736 | - | - | 7 452 | - | 376 715 | 16 021 |
| Game | 75 214 | 1 396 | - | (6 230) | 70 380 | - | - | - | - | - | 70 380 |
| Reconciliation of Property, Plant and Equipment: | 195 802 493 | 5 971 594 | (485 200) | (959 181) | 200 329 707 | 61 788 | - | 5 395 140 | (952 951) | 33 627 211 | 166 640 708 |

Reconciliation of Property, Plant and Equipment: 30 JUNE 2020

| | Opening Balance R | Additions R | WIP R | Disposals R | Other changes, movements R | Depreciation R | Impairment Losses R | Closing Balance R |
|------------------|----------------------|----------------|----------|----------------|----------------------------------|-------------------|------------------------|----------------------|
| Land | 21 978 960 | - | - | - | (485 200) | - | - | 21 493 760 |
| Buildings | 1 946 905 | - | - | - | - | (65 826) | - | 1 881 079 |
| Infrastructure | 128 537 480 | 5 535 315 | 149 527 | - | - | (4 262 109) | - | 129 960 213 |
| Community Assets | 11 562 267 | 136 261 | - | - | - | (420 803) | - | 11 307 725 |
| Other Assets | 2 500 072 | 150 491 | - | (6 230) | - | (646 402) | - | 1 997 931 |
| | 166 555 684 | 5 822 067 | 149 527 | (6 230) | (485 200) | (5 395 140) | - | 166 640 708 |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 10 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | 2021 R | 2020 R | | |
|-------|--|-----------------------------|------------------------|---------------------------|--------------------|
| 10.03 | Property, Plant and Equipment which is in the process of being constructed or developed: | | | | |
| | Infrastructure Assets | 26 132 815 | 8 653 594 | | |
| | Roads | 1 022 343 | 149 527 | | |
| | Electricity | 1 629 797 | 325 449 | | |
| | Water Supply | 23 480 675 | 8 178 617 | | |
| | Community Assets | - | - | | |
| | Total | 26 132 815 | 8 653 594 | | |
| | Work in Progress movements for the year can be reconciled as follows: | | | | |
| | 30 JUNE 2021 | Infrastructure R | Community R | Other Assets R | Total R |
| | Balance at beginning of year | 8 653 593 | - | - | 8 653 593 |
| | Expenditure during the year | 17 716 081 | 203 543 | - | 17 919 624 |
| | Assets unbundled during the year | (236 859) | (203 543) | - | (440 402) |
| | Impairment recognised during the year | - | - | - | - |
| | Balance at end of year | 26 132 815 | - | - | 26 132 815 |
| | 30 JUNE 2020 | Infrastructure R | Community R | Other Assets R | Total R |
| | Balance at beginning of year | 10 545 129 | - | - | 10 545 129 |
| | Expenditure during the year | 8 883 350 | 136 261 | - | 9 019 611 |
| | Assets unbundled during the year | (10 774 886) | (136 261) | - | (10 911 147) |
| | Impairment recognised during the year | - | - | - | - |
| | Balance at end of year | 8 653 593 | - | - | 8 653 593 |
| 10.04 | Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected: | | | | |
| | Infrastructure Assets | 23 790 581 | 8 504 066 | | |
| | Electricity | 1 629 797 | 325 449 | | |
| | Water Supply | 22 160 784 | 8 178 617 | | |
| | Community Assets | - | - | | |
| | Total | 23 790 581 | 8 504 066 | | |
| | No funding was allocated for 2019/2020 or 2020/21 from the DOE (Department of Energy) for the completion of the Kokkies dorp electricity project. Tender awarding problems in 2017/2018 for the completion of the Bulk Water Supply: Vanwyksvlei/Carnarvon. | | | | |
| 10.05 | Property, Plant and Equipment where construction or development has been halted: | | | | |
| | Infrastructure Assets | 1 629 797 | 8 504 066 | | |
| | Electricity | 1 629 797 | 325 449 | | |
| | Water Supply | - | 8 178 617 | | |
| | Total | 1 629 797 | 8 504 066 | | |
| | No funding was allocated for 2019/2020 or 2020/21 from the DOE (Department of Energy) for the completion of the Kokkies dorp electricity project. | | | | |
| 10.06 | Expenditure incurred to repair and maintain Property, Plant and Equipment: | | | | |
| | Other materials | 1 161 624 | 643 156 | | |
| | Contracted Services | 47 135 | 134 | | |
| | Total Repairs and Maintenance | 1 208 759 | 643 290 | | |
| 10.07 | Assets pledged as security: | | | | |
| | No assets are pledged as security. | | | | |
| 10.08 | Third party payments received for losses incurred: | | | | |
| | 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 | - | - | | |
| | Total | - | - | | |
| 10.10 | Reversal of Impairment losses of Property, Plant and Equipment | | | | |
| | Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows: | | | | |
| | Other | - | - | | |
| | Total | - | - | | |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.11 Effect of changes in accounting estimates

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

| | 2021 R | 2022 R | 2023 R |
|---|-----------|-----------|-----------|
| Effect on Property, plant and equipment | 163 202 | 163 202 | 169 157 |

10.12 Details of Valuation

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

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

Approved and contracted for:

Infrastructure
Other

76 412 291

74 085 915
2 326 376

-

-
-

Total

76 412 291

-

This expenditure will be financed from:

Government Grants
Own Resources

74 085 915
2 326 376

-
-

Total

76 412 291

-

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

Carrying amount at year end

-

-

Total

-

-

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

No of Low Cost Houses

138

139

Total

138

139

11 INVESTMENT PROPERTY

Net Carrying amount at 1 July

15 884 463

15 412 204

Cost

16 047 300

15 562 100

Accumulated Depreciation

(162 837)

(149 896)

Depreciation for the year

(12 941)

(12 941)

Transfers from Property, Plant and equipment

-

485 200

Net Carrying amount at 30 June

15 871 521

15 884 463

Cost

16 047 300

16 047 300

Accumulated Depreciation

(175 779)

(162 837)

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

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

Estimated Fair Value of Investment Property at 30 June

21 048 700

21 048 700

Fair value was determined by valuation roll.

11.01 Revenue from Investment Property

Revenue derived from the rental of Investment Property

284 894

373 495

11.02 Operating Expenditure incurred on properties:

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 11 | INVESTMENT PROPERTY (CONTINUED) | 2021 R | 2020 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 | - | - |
| | The movements for the year can be reconciled as follows: | | |
| | Balance at beginning of year | - | - |
| | Expenditure during the year | - | - |
| | Assets unbundled during the year | - | - |
| | Impairment recognised during the year | - | - |
| | Balance at end of year | - | - |
| 11.04 | Investment Property that is taking a significantly longer period of time to complete than expected: | | |
| | Revenue Generating | - | - |
| | Improved Property | - | - |
| | Unimproved Property | - | - |
| | Non-revenue Generating | - | - |
| | Improved Property | - | - |
| | Unimproved Property | - | - |
| | Total | - | - |
| | No reason required | | |
| 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 | | |
| 11.06 | Impairment losses of Investment Property | | |
| | Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows: | | |
| | Revenue Generating | - | - |
| | Improved Property | - | - |
| | Unimproved Property | - | - |
| | Non-revenue Generating | - | - |
| | Improved Property | - | - |
| | Unimproved Property | - | - |
| | Total Impairment Losses | - | - |
| 11.07 | Reversal of Impairment losses of Investment Property | | |
| | Reversal of Impairment losses on Investment Property recognised in statement of financial performance are as follows: | | |
| | Revenue Generating | - | - |
| | Improved Property | - | - |
| | Unimproved Property | - | - |
| | Non-revenue Generating | - | - |
| | Improved Property | - | - |
| | Unimproved Property | - | - |
| | Total Reversal of Impairment losses | - | - |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 11 | INVESTMENT PROPERTY (CONTINUED) | 2021 | 2020 |
|-------|---|----------------|---------------|
| | | R | R |
| 11.08 | Investment Property (Land) is controlled, but Kareeberg Municipality is not the legal owner/custodian | | |
| | Carrying amount at year end | - | - |
| | Total | - | - |
| 11.09 | Investment Property (Land) is not controlled, but Kareeberg Municipality is the legal owner/custodian | | |
| | No of Low Cost Houses | - | - |
| | Total | - | - |
| 12 | INTANGIBLE ASSETS | 2021 | 2020 |
| | | R | R |
| | Computer Software | | |
| | Net Carrying amount at 1 July | 37 243 | 26 631 |
| | Acquisitions | - | 21 846 |
| | Disposals | - | (1 004) |
| | Amortisation | (9 766) | (11 234) |
| | Disposal Amortisation | - | 1 004 |
| | Net Carrying amount at 30 June | 27 477 | 37 243 |
| | Cost | 63 154 | 63 154 |
| | Accumulated Amortisation | (35 678) | (25 911) |
| 12.01 | Material Intangible Assets included in the carrying value: | | |
| | | Carrying Value | |
| | | 2021 | 2020 |
| | | R | R |
| | <u>Description</u> | | |
| | <u>Remaining Amortisation Period</u> | | |
| | Microsoft Office | 2-4 | |
| | | 27 477 | 37 243 |
| | No intangible asset were assessed having an indefinite useful life. | | |
| | There are no internally generated intangible assets at reporting date. | | |
| | There are no intangible assets whose title is restricted. | | |
| | There are no intangible assets pledged as security for liabilities | | |
| | There are no contractual commitments for the acquisition of intangible assets. | | |
| 12.02 | Research and Development Costs: | 2021 | 2020 |
| | | R | 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 | - | - |
| | Licences and Rights | - | - |
| | Total | - | - |
| | The movements for the year can be reconciled as follows: | | |
| | Balance at beginning of year | - | - |
| | Expenditure during the year | - | - |
| | Assets unbundled during the year | - | - |
| | Impairment recognised during the year | - | - |
| | Balance at end of year | - | - |
| 12.04 | Intangible Assets that is taking a significantly longer period of time to complete than expected: | | |
| | Servitudes | - | - |
| | Computer Software | - | - |
| | Licences and Rights | - | - |
| | Total | - | - |
| | No reason required | | |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 12 | INTANGIBLE ASSETS (CONTINUED) | 2021 | 2020 |
|-------|---|---------------|---------------|
| | | R | R |
| 12.05 | Intangible Assets where construction or development has been halted: | | |
| | Servitudes | - | - |
| | Computer Software | - | - |
| | Licences and Rights | - | - |
| | Total | - | - |
| | No reason required | | |
| 12.06 | Impairment losses of Intangible Assets | | |
| | Impairment losses on Intangible Assets recognised in Statement of Financial Performance are as follows: | | |
| | Servitudes | - | - |
| | Computer Software | - | - |
| | Licences and Rights | - | - |
| | Total Impairment Losses | - | - |
| 12.07 | Reversal of Impairment losses of Intangible Assets | | |
| | Reversal of Impairment losses on Intangible Assets recognised in statement of financial performance are as follows: | | |
| | Servitudes | - | - |
| | Computer Software | - | - |
| | Licences and Rights | - | - |
| | Total Reversal of Impairment losses | - | - |
| 12.08 | Effect of changes in accounting estimates | | |
| | The effect of a change in accounting estimate will have on the current period and subsequent periods: | | |
| | | 2021 | 2022 |
| | | R | R |
| | Effect on Intangible Assets | (149) | (149) |
| | | | 2 359 |
| 13 | HERITAGE ASSETS | 2021 | 2020 |
| | | R | R |
| | Net Carrying amount at 1 July | 14 900 | 14 900 |
| | Transfers to Property, Plant and equipment | - | - |
| | Net Carrying amount at 30 June | 14 900 | 14 900 |
| | Cost | 14 900 | 14 900 |
| | There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal. | | |
| | There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements. | | |
| | There are no Heritage Assets pledged as security for liabilities | | |
| | There are no Heritage Assets that are used by the municipality for more than one purpose. | | |
| 13.01 | Third party payments received for losses and impairments incurred: | | |
| | Payments received (Excluding VAT) | - | - |
| | Carrying value of assets written off/lost/impaired | - | - |
| | Surplus/Deficit | - | - |
| 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 | - | - |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 R | 2020 R |
|-------|--|-------------------|-------------------|
| 13 | HERITAGE ASSETS (CONTINUED) | | |
| | The movements for the year can be reconciled as follows: | | |
| | Balance at beginning of year | - | - |
| | Expenditure during the year | - | - |
| | Assets unbundled during the year | - | - |
| | Impairment recognised during the year | - | - |
| | Balance at end of year | - | - |
| 13.04 | Heritage Assets that is taking a significantly longer period of time to complete than expected: | | |
| | 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 | | |
| 13.06 | Impairment losses of Heritage Assets | | |
| | Impairment losses on Heritage Assets recognised in Statement of Financial Performance are as follows: | | |
| | Monuments | - | - |
| | Historic Buildings | - | - |
| | Works of Art | - | - |
| | Conservation Areas | - | - |
| | Other Heritage | - | - |
| | Total Impairment Losses | - | - |
| 13.07 | Reversal of Impairment losses of Heritage Assets | | |
| | Reversal of Impairment losses on Heritage recognised in statement of financial performance are as follows: | | |
| | Monuments | - | - |
| | Historic Buildings | - | - |
| | Works of Art | - | - |
| | Conservation Areas | - | - |
| | Other Heritage | - | - |
| | Total Reversal of Impairment losses | - | - |
| 14 | LONG TERM RECEIVABLES | 2021 R | 2020 R |
| | Officials' Housing Loans - At amortised cost | 13 379 | 18 549 |
| | Less: Unamortised Discount on Loans | (862) | (1 633) |
| | Balance 1 July | (1 633) | (2 598) |
| | Adjustment for the period | 771 | 966 |
| | | 12 518 | 16 916 |
| | Less: Current portion transferred to current receivables | (5 380) | (5 170) |
| | Officials Housing Loans - At amortised cost | (5 380) | (5 170) |
| | | 7 137 | 11 747 |
| | Less: Provision for Impairment of Long Term Receivables | - | - |
| | Total Long Term Receivables | 7 137 | 11 747 |
| | STAFF HOUSING LOANS | | |
| | Staff was entitled to housing loans which attract interest at 4% per annum and which are repayable over a maximum period of 20 years. When a employee resigns, the outstanding amount must be settled. These loans are secured since the Council is the bond holder. | | |
| 15 | INVENTORY | 2021 R | 2020 R |
| | Consumable Stores - Materials - At cost | 546 936 | 546 936 |
| | Total Inventory | 546 936 | 546 936 |
| | Consumable stores materials written down due to losses as identified during the annual stores counts. | - | - |
| | Consumable stores materials surplusses identified during the annual stores counts. | - | - |
| | No inventory assets were pledged as security for liabilities. | | |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16

RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | 2021 R | 2020 R |
|---|------------------|------------------|
| Service Receivables | | |
| Water | 3 383 222 | 2 444 346 |
| Electricity | 1 735 207 | 2 294 770 |
| Refuse | 2 498 908 | 1 920 982 |
| Sewerage | 2 362 276 | 1 396 178 |
| Total Service Receivables | 9 979 613 | 8 056 276 |
| Less: Provision for Impairment | (8 456 210) | (6 511 476) |
| Net Service Receivables | 1 523 403 | 1 544 800 |
| Other Receivables | | |
| Sundry Receivables | 284 295 | 1 908 033 |
| Rentals | 1 085 151 | 904 550 |
| VAT | 1 685 529 | 1 460 941 |
| Total Other Receivables | 3 054 975 | 4 273 524 |
| Less: Provision for Impairment | (1 085 151) | (930 423) |
| Net Other Receivables | 1 969 824 | 3 343 102 |
| Total Net Receivables from Exchange Transactions | 3 493 227 | 4 887 902 |
| Ageing of Receivables from Exchange Transactions | | |
| <u>(Electricity): Ageing</u> | | |
| Current (0 - 30 days) | 4 957 | 454 562 |
| 31 - 60 Days | 188 393 | 8 037 |
| 61 - 90 Days | 158 499 | 493 993 |
| + 90 Days | 1 383 359 | 1 338 177 |
| Total | 1 735 207 | 2 294 770 |
| <u>(Water): Ageing</u> | | |
| Current (0 - 30 days) | 245 366 | 177 720 |
| 31 - 60 Days | 192 598 | 17 011 |
| 61 - 90 Days | 373 838 | 325 950 |
| + 90 Days | 2 571 420 | 1 923 666 |
| Total | 3 383 222 | 2 444 346 |
| <u>(Refuse): Ageing</u> | | |
| Current (0 - 30 days) | 201 176 | 242 106 |
| 31 - 60 Days | 142 178 | 16 293 |
| 61 - 90 Days | 276 699 | 123 497 |
| + 90 Days | 1 878 854 | 1 539 086 |
| Total | 2 498 908 | 1 920 982 |
| <u>(Sewerage): Ageing</u> | | |
| Current (0 - 30 days) | 110 168 | 148 051 |
| 31 - 60 Days | 120 864 | 6 970 |
| 61 - 90 Days | 238 673 | 110 704 |
| + 90 Days | 1 892 571 | 1 130 453 |
| Total | 2 362 276 | 1 396 178 |
| <u>(Sundry Receivables): Ageing</u> | | |
| Current (0 - 30 days) | 124 207 | 26 519 |
| 31 - 60 Days | - | 4 000 |
| 61 - 90 Days | 14 637 | 562 500 |
| + 90 Days | 145 451 | 1 315 015 |
| Total | 284 295 | 1 908 033 |
| <u>(VAT): Ageing</u> | | |
| Current (0 - 30 days) | 128 746 | 243 287 |
| 31 - 60 Days | - | - |
| 61 - 90 Days | - | - |
| + 90 Days | 1 556 783 | 1 217 654 |
| Total | 1 685 529 | 1 460 941 |
| <u>(Rentals): Ageing</u> | | |
| Current (0 - 30 days) | - | 240 |
| 31 - 60 Days | - | - |
| 61 - 90 Days | - | - |
| + 90 Days | 1 085 151 | 904 310 |
| Total | 1 085 151 | 904 550 |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

17

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

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

Ageing of Receivables from Non-Exchange Transactions

(Availability Charges): Ageing

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

(Rates): Ageing

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

Summary of Receivables by Customer Classification

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

Summary of Receivables by Customer Classification

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

Receivables impaired

| | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|-------------|---------------------------------|-------------------------------------|--------------|
| 2021 | | | |
| Total | 9 541 361 | 7 587 679 | 17 129 040 |
| 2020 | | | |
| Total | 7 441 898 | 5 378 014 | 12 819 912 |

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

Reconciliation of the Total doubtful debt provision

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

Balance on 1 July

27 615

35 756

Balance previously reported

Operating Lease Asset previously year not recognised correctly - Note 33.05

33 870

1 886

Operating Lease Asset for the current year

(12 558)

(8 141)

Balance previously reported

Operating Lease Asset previously year not recognised correctly - Note 33.05

(8 292)

151

Balance on 30 June

15 057

27 615

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

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

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

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

2021
R

2020
R

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year

209 640

287 725

2 to 5 Years

154 679

364 318

More than 5 Years

83

84

Total Operating Lease Arrangements

364 402

652 127

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

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

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

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

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

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

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

19

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits

86 277 758

24 350 452

Primary Bank Account (Cash book)

632 219

295 308

Total Cash and Cash Equivalents - Assets

86 909 977

24 645 759

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

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

Kareeberg Municipality do not have a bank overdraft facility.

2021
R

2020
R

The municipality has the following bank accounts:

Current Accounts

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

632 219

295 308

632 219

295 308

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

Cash book balance at beginning of year

295 308

257 876

Cash book balance at end of year

632 219

295 308

Bank statement balance at beginning of year

1 000 655

1 006 823

Bank statement balance at end of year

280 915

1 000 655

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 19 | CASH AND CASH EQUIVALENTS (CONTINUED) | 2021 R | 2021 R | 2020 R |
|----|---|-------------------|-------------------|-------------------|
| | Call Investment Deposits | | | |
| | Bank Certificates | | | |
| | Call investment deposits consist out of the following accounts: | | | |
| | Account no. Place of investment Name of fund | | | |
| | 088 705 536-003 Standard Bank Capital Replacement Reserve | 11 347 812 | 11 347 812 | 11 347 812 |
| | 20-7477-9380 ABSA Housing Fund | 52 481 | 52 481 | 50 721 |
| | 20-7477-9380 ABSA Job creation - De Bult | 53 099 | 53 099 | 51 318 |
| | 20-7477-9380 ABSA Land development | 22 800 | 22 800 | 22 035 |
| | 20-7477-9380 ABSA Land development (Vanwyksvlei) | 20 798 | 20 798 | 20 101 |
| | 20-7477-9380 ABSA Land development (Vosburg) | 39 763 | 39 763 | 38 430 |
| | 08-870-543-9 002 Standard Bank VVW Mun Civil Defence | 20 944 | 20 944 | 20 944 |
| | 08-870-553-6 008 Standard Bank RBIG - Vanwyksvlei Pipeline | 16 128 359 | 15 968 378 | - |
| | 03/7881142979/000 Nedbank RBIG - Vanwyksvlei Pipeline | 28 880 950 | 28 776 000 | - |
| | 20-7477-9380 ABSA CMIP Kwaggakolk(vat) | 830 | 830 | 803 |
| | 92-8617-3395 ABSA WSIG | 8 482 351 | 8 482 351 | - |
| | 088-705-536 002 Standard Bank MIG Sanitation interest/vat | 184 441 | 184 441 | 184 441 |
| | 20-7477-9380 ABSA Electricity | 47 836 | 47 836 | 46 231 |
| | 20-7477-9380 ABSA Water Services Plan | 4 467 | 4 467 | 4 318 |
| | 20-7477-9380 ABSA CMIP-Saapoot project 301 | 4 905 | 4 905 | 4 741 |
| | 20-7477-9380 ABSA EPWP - Paving/ Cleaning | 32 334 | 32 334 | 31 249 |
| | 20-7477-9380 ABSA Lotto Carnarvon | 2 480 | 2 480 | 2 397 |
| | 20-7477-9380 ABSA Lotto Vosburg | 43 800 | 43 800 | 42 330 |
| | 20-7477-9380 ABSA Transfer Fees Sub-Economic Housing | 187 776 | 185 785 | 179 532 |
| | 20-7477-9380 ABSA VB Cleaning Project | 34 977 | 34 977 | 33 804 |
| | 20-7477-9380 ABSA VAT - retention | 16 222 | 16 222 | 15 678 |
| | 92-8617-3395 ABSA EPWP | 300 925 | 300 925 | - |
| | 92-8617-3395 ABSA Municipal Infrastructure Grant | 3 236 633 | 3 236 633 | (2 177 853) |
| | 92-8617-3395 ABSA Youth Development | 93 632 | 93 632 | 93 632 |
| | 92-1221-8064 ABSA Leave, PMS and Long Service Funds | 3 281 223 | 3 281 223 | 2 864 306 |
| | 92-1221-8064 ABSA Provision for Employee benefits | 2 000 000 | 2 000 000 | 2 000 000 |
| | 92-8504-7305 ABSA Retention | 1 257 575 | 1 257 575 | 1 082 889 |
| | 92-1221-8064 ABSA General Vehicles | 1 650 000 | 1 650 000 | - |
| | 92-1221-8064 ABSA General Account | 6 915 267 | 6 915 267 | 6 190 593 |
| | 08-871-0777-002 STANDARD BANK General Account | 2 200 000 | 2 200 000 | 2 200 000 |
| | 088705536-006 Standard Bank General Account | 2 200 000 | 2 200 000 | 2 200 000 |
| | | 86 544 680 | 86 277 758 | 24 350 452 |

| 20 | PROPERTY RATES | 2021 R | 2020 R |
|----|--|----------------------|----------------------|
| | Actual | | |
| | Rateable Land and Buildings | 15 657 583 | 14 747 805 |
| | Residential, Commercial Property | 14 471 107 | 13 577 798 |
| | Residential, Commercial Property | 15 071 107 | 14 211 213 |
| | Less: Equitable Share | (600 000) | (633 415) |
| | State - National / Provincial Services | 1 186 476 | 1 170 006 |
| | Less: Reductions | (569 732) | (539 494) |
| | Less: Rebates | (2 724 180) | (2 399 345) |
| | Less: Income for gone | (2 878 054) | (2 897 019) |
| | Balance previously reported | | (2 580 267) |
| | Correction of error - refer note 33.08 | | (316 753) |
| | Total Assessment Rates | 9 485 617 | 8 911 946 |
| | Valuations - 30 June 2021: | | |
| | Rateable Land and Buildings | 2 877 785 800 | 2 879 526 800 |
| | Residential & Commercial Property | 2 784 931 300 | 2 784 972 300 |
| | State - National / Provincial Services | 92 854 500 | 94 554 500 |
| | Total Assessment Rates | 2 877 785 800 | 2 879 526 800 |

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

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

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 21 | GOVERNMENT GRANTS AND SUBSIDIES | 2021 R | 2020 R |
|--------------|---|-------------------|-------------------|
| | Unconditional Grants | 29 341 000 | 24 348 277 |
| | Equitable Share - Refer to Note 21.01 | 29 341 000 | 24 348 277 |
| | Conditional Grants | 23 642 393 | 14 901 853 |
| | Drought Relieve | - | - |
| | Department of Water Affairs and Forestry (WSIG) | 1 517 649 | - |
| | Department of Energy (DOE) | 1 500 000 | - |
| | Library Development Projects | - | 1 112 000 |
| | Municipal Finance Management Grant | 2 800 000 | 2 435 000 |
| | Municipal Infrastructure Grant | 1 003 514 | 10 215 853 |
| | Expanded Public Works Program (PWPG) | 756 075 | 1 085 000 |
| | Department of Water Affairs and Forestry (RBIG) | 16 065 155 | - |
| | COVID-19 | - | 54 000 |
| | Total Government Grants and Subsidies | 52 983 393 | 39 250 130 |
| | Government Grants and Subsidies - Capital | 17 479 222 | 9 019 611 |
| | Government Grants and Subsidies - Operating | 35 504 171 | 30 230 519 |
| | | 52 983 393 | 39 250 130 |
| | The municipality does not expect any significant changes to the level of grants. | | |
| | Revenue recognised per vote as required by Section 123 (c) of the MFMA | | |
| | Equitable share | 29 341 000 | 24 348 277 |
| | Executive & Council | 1 614 000 | 2 933 164 |
| | Budget & Treasury | 1 702 679 | 1 616 575 |
| | Community & Social Services | - | 136 261 |
| | Waste Water Management | 1 600 000 | - |
| | Road Transport | 1 619 308 | 10 215 853 |
| | Water | 15 802 058 | - |
| | Electricity | 1 304 348 | - |
| | | 52 983 393 | 39 250 130 |
| 21.01 | Equitable share | | |
| | In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 6kl free water and 50kwh electricity per month, which is funded from this grant. | | |
| | All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of basic services for the geographical area concerned and range from R383 per month to R766 per month.(2020: R361 per month to R779 per month) | | |
| | Grants received | 29 341 000 | 24 348 277 |
| | Conditions met | (29 341 000) | (24 348 277) |
| | Conditions still to be met | - | - |
| | The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. | | |
| 21.02 | Municipal Infrastructure Grant (MIG) | | |
| | Opening balance | (2 177 853) | - |
| | Grants received | 6 418 000 | 8 038 000 |
| | Conditions met | (130 697) | (1 332 503) |
| | Conditions met - Capital | (872 816) | (8 883 350) |
| | Grant expenditure to be recovered / Conditions still to be met | 3 236 633 | (2 177 853) |
| | The grant was used to upgrade infrastructure in the Kareeberg areas. | | |
| 21.03 | Local Government Financial Management Grant (FMG) | | |
| | Grants received | 2 800 000 | 2 435 000 |
| | Conditions met | (2 800 000) | (2 435 000) |
| | Conditions still to be met | - | - |
| | The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). | | |
| 21.04 | Library Development Projects | | |
| | Grants received | - | 1 112 000 |
| | Conditions met | - | (975 739) |
| | Conditions met - Capital | - | (136 261) |
| | Conditions still to be met | - | - |
| | The grant was used for the development of libraries in the Kareeberg area. | | |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 21 | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE) | 2021 R | 2020 R |
|-------|---|--------------|--------------|
| 21.14 | CMIP - Saaipoort project 301 | | |
| | Opening balance | 4 741 | 4 505 |
| | Interest received | 164 | 235 |
| | Conditions still to be met | 4 905 | 4 741 |
| | The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon) | | |
| 21.15 | Paving Projects | | |
| | Opening balance | 31 249 | 29 698 |
| | Interest received | 1 084 | 1 551 |
| | Conditions still to be met | 32 334 | 31 249 |
| | The grant will be used for an extended public works program in the Kareeberg area. | | |
| 21.16 | Lotto Carnarvon | | |
| | Opening balance | 2 397 | 2 278 |
| | Interest received | 83 | 119 |
| | Conditions still to be met | 2 480 | 2 397 |
| | The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment) | | |
| 21.17 | Lotto Vosburg | | |
| | Opening balance | 42 330 | 40 228 |
| | Interest received | 1 470 | 2 103 |
| | Conditions still to be met | 43 800 | 42 330 |
| | The grant will be used for Lotto projects in the Kareeberg area. (Equipment) | | |
| 21.18 | Transfer Fees Sub-Economic | | |
| | Opening balance | 179 532 | 170 593 |
| | Interest received | 6 253 | 8 939 |
| | Conditions still to be met | 185 785 | 179 532 |
| | The grant will be used for transfer fees of sub-economic houses in the Kareeberg area. | | |
| 21.19 | Cleaning Project Vosburg | | |
| | Opening balance | 33 804 | 32 126 |
| | Interest received | 1 173 | 1 678 |
| | Conditions still to be met | 34 977 | 33 804 |
| | The grant will be used for a cleaning project in the Kareeberg area. | | |
| 21.20 | VAT - Retention | | |
| | Opening balance | 15 678 | 14 899 |
| | Interest received | 544 | 779 |
| | Conditions still to be met | 16 222 | 15 678 |
| | The grant will be used for maintenance in the Kareeberg area. | | |
| 21.21 | Integrated National Electrification Programme - INEP | | |
| | Grants received | 1 500 000 | - |
| | Conditions met | (195 652) | - |
| | Conditions met - Capital | (1 304 348) | - |
| | Conditions still to be met | - | - |
| | The grant was used for electricity infrastructure development in the Kareeberg area. | | |
| 21.22 | Regional Bulk Infrastructure Grant - RBIG (DWA) | | |
| | Opening balance | - | 13 537 276 |
| | Grants received | 62 551 000 | - |
| | Transfer return | - | (13 537 276) |
| | Conditions met | (3 824 455) | - |
| | Conditions met - Capital | (13 982 167) | - |
| | Conditions still to be met | 44 744 378 | - |
| | The grant will be used for water infrastructure development in the Kareeberg area. | | |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 R | 2020 R |
|--------------|---|-------------------|-------------------|
| 21 | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE) | | |
| 21.23 | Water Service Infrastructure Grant - WSIG (DWA) | | |
| | Grants received | 10 000 000 | - |
| | Conditions met | (197 759) | - |
| | Conditions met - Capital | (1 319 891) | - |
| | Conditions still to be met | 8 482 351 | - |
| | The grant will be used for water infrastructure development in the Kareeberg area. | | |
| 21.24 | COVID-19 | | |
| | Grants received | - | 54 000 |
| | Conditions met | - | (54 000) |
| | Conditions still to be met | - | - |
| | The grant will be used for COVID-19 expenditure in the Kareeberg area. The full amount was used to purchase personal protective equipment. | | |
| 21.25 | Total Grants | | |
| | Opening balance | (1 385 869) | 14 304 758 |
| | Interest received | 17 130 | 24 502 |
| | Grants received | 113 667 000 | 37 072 277 |
| | Transfer return | - | (13 537 276) |
| | Conditions met | (37 245 638) | (30 230 519) |
| | Conditions met - Capital | (17 479 222) | (9 019 611) |
| | Conditions still to be met/(Grants expenditure to be recovered) | 57 573 401 | (1 385 869) |
| 22 | AVAILABILITY CHARGES | | |
| | Electricity | 159 311 | 125 885 |
| | Water | 140 401 | 159 855 |
| | Total Availability Charges | 299 712 | 285 740 |
| 23 | SERVICE CHARGES | | |
| | Electricity | 9 345 459 | 9 496 411 |
| | Service Charges | 9 772 293 | 9 833 733 |
| | <u>Less:</u> Equitable Share | (426 834) | (337 322) |
| | Water | 2 249 999 | 3 049 125 |
| | Service Charges | 6 089 822 | 6 003 570 |
| | <u>Less:</u> Equitable Share | (3 839 822) | (2 954 445) |
| | Refuse removal | 1 755 150 | 1 456 562 |
| | Service Charges | 4 962 481 | 4 464 629 |
| | <u>Less:</u> Equitable Share | (3 207 331) | (3 008 067) |
| | Sewerage and Sanitation Charges | 1 283 223 | 961 583 |
| | Service Charges | 4 923 517 | 4 533 924 |
| | <u>Less:</u> Equitable Share | (3 640 294) | (3 572 341) |
| | Total Service Charges | 14 633 831 | 14 963 681 |
| 24 | OTHER REVENUE | | |
| | Application Specific Registrations | - | 1 138 |
| | Building Fees | - | 240 |
| | Photocopies | 2 792 | 1 588 |
| | Grave Fees | 17 920 | 11 565 |
| | Searching Fees | 2 820 | 75 |
| | Encroachment | 744 | 744 |
| | Cement block Sales | 7 800 | 4 500 |
| | Refuse Bags Sold | 1 498 | 624 |
| | Connection Fees | 90 | - |
| | Retention Forfeit | 260 750 | - |
| | Gain due to additions on Biological assets | 10 266 | 1 396 |
| | Valuation Certificates | 45 | 180 |
| | Electricity caravan park | - | 9 |
| | Annual bonus decrease | - | 7 884 |
| | Sale of scrap | - | 48 720 |
| | Total Other Income | 304 724 | 78 662 |

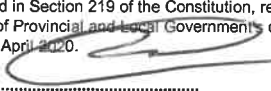
KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 R | 2020 R |
|----|---|-------------------|-------------------|
| 25 | FAIR VALUE ADJUSTMENTS | | |
| | Unamortised Discount - Interest - LT Receivables | 771 | 966 |
| | | 771 | 966 |
| 26 | EMPLOYEE RELATED COSTS | | |
| | Salaries & Wages | 17 267 914 | 17 646 485 |
| | Leave Reserve Fund | 624 968 | 599 147 |
| | Personnel Contributions | 2 515 666 | 2 451 470 |
| | Skill Development Levy | 155 602 | 153 660 |
| | Bargaining Council | 7 643 | 7 531 |
| | Pension Gratification | 407 | 444 |
| | UIF | 117 323 | 118 264 |
| | Performance Bonuses | 492 669 | 267 134 |
| | Annual Bonuses | 35 882 | - |
| | Ward Committee Compensation | 6 500 | - |
| | Contribution to Employee Benefits - Long Service Awards - Note 3 | 81 000 | 80 410 |
| | Contribution to Employee Benefits - Post Retirement Medical - Note 3 | 34 000 | 80 793 |
| | | 21 339 574 | 21 405 337 |
| | Less: Employee Costs allocated elsewhere | - | - |
| | Total Employee Related Costs | 21 339 574 | 21 405 337 |
| | KEY MANAGEMENT PERSONNEL | | |
| | Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA). There are no post-employment or termination benefits payable to him at the end of the contract period. | | |
| | REMUNERATION OF KEY MANAGEMENT PERSONNEL | | |
| | <i>Remuneration of the Municipal Manager: Mr F. Manuel (Resigned 28 February 2020)</i> | | |
| | Salary and Bonus, Performance Bonus | 122 775 | 1 036 265 |
| | Travel Allowance | - | 138 000 |
| | UIF | - | 1 190 |
| | Bargaining Council | - | 75 |
| | Cell phone (VAT Included) | - | 32 000 |
| | Total | 122 775 | 1 207 529 |
| | <i>Remuneration of the Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA)</i> | | |
| | Salary and Bonus, Performance Bonus | 547 196 | - |
| | Travel Allowance | - | - |
| | UIF | 1 785 | - |
| | Bargaining Council | - | - |
| | Covid | 7 000 | - |
| | Cell phone (VAT Included) | - | - |
| | Total | 555 980 | - |
| | <i>Remuneration of the Chief Financial Officer: Mr W. de Bruin</i> | | |
| | Salary and Bonus, Performance Bonus | 842 379 | 783 183 |
| | Travel Allowance | 84 000 | 76 000 |
| | Rural | 81 506 | 79 266 |
| | UIF | 1 785 | 1 785 |
| | Bargaining Council | 119 | 112 |
| | Covid | 7 000 | - |
| | Cell phone (VAT Included) | 30 000 | 25 200 |
| | Total | 1 046 788 | 965 546 |
| | <i>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk</i> | | |
| | Salary and Bonus, Performance Bonus | 1 298 753 | 1 233 824 |
| | Travel Allowance | 216 290 | 203 567 |
| | Pension | 174 441 | 160 332 |
| | Medical | 57 277 | 53 908 |
| | UIF | 1 785 | 1 785 |
| | Bargaining Council | 119 | 112 |
| | Cell phone (VAT Included) | 30 000 | 25 200 |
| | Total | 1 778 665 | 1 678 728 |
| | <i>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</i> | | |
| | Salary and Bonus, Performance Bonus | 1 191 416 | 1 006 088 |
| | Travel Allowance | 216 290 | 203 567 |
| | Pension | 166 362 | 152 897 |
| | Medical | 52 650 | 46 930 |
| | UIF | 1 785 | 1 785 |
| | Bargaining Council | 119 | 112 |
| | Covid | 7 000 | - |
| | Cell phone (VAT Included) | 30 000 | 25 200 |
| | Total | 1 665 622 | 1 436 578 |
| 27 | REMUNERATION OF COUNCILLORS | 2021 R | 2020 R |
| | Mayor | 806 066 | 806 066 |
| | Councillor | 255 091 | 255 091 |
| | Councillor | 255 091 | 255 091 |
| | Councillor | 255 091 | 255 091 |
| | Councillor | 255 091 | 255 091 |
| | Councillor | 255 091 | 255 091 |
| | Councillor | 255 091 | 255 091 |
| | Councillors' Cell phones | 310 800 | 310 800 |
| | Total Councillors' Remuneration | 2 647 412 | 2 647 412 |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 R | 2020 R |
|----|---|-------------------|-------------------|
| 27 | REMUNERATION OF COUNCILLORS (CONTINUE) | | |
| | <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 43246, dated 24 April 2020. | | |
| |  | | |
| | Signed: (Acting) Municipal Manager | | |
| 28 | DEBT IMPAIRMENT | | |
| | Receivables from exchange transactions - Note 16 | 2 099 462 | 2 211 152 |
| | Receivables from non-exchange transactions - Note 17 | 2 209 665 | 2 108 040 |
| | Balance previously reported | | 2 424 793 |
| | Correction of error - refer note 33.08 | | (316 753) |
| | Debt impairment recognised in statement of financial performance | 4 309 128 | 4 319 191 |
| 29 | DEPRECIATION AND AMORTISATION | | |
| | Property, plant and equipment | 4 978 141 | 5 395 140 |
| | Intangible assets | 9 786 | 11 234 |
| | Investment property carried at cost | 12 941 | 12 941 |
| | Total depreciation and amortisation | 5 000 849 | 5 419 316 |
| 30 | FINANCE CHARGES | | |
| | Post Retirement Charges | 746 000 | 765 508 |
| | Landfill sites | 882 155 | 960 831 |
| | Total finance charges | 1 628 155 | 1 726 339 |
| 31 | BULK PURCHASES | | |
| | Electricity bulk purchases | 12 755 173 | 12 342 076 |
| | Electricity distribution losses | (2 827 225) | (2 201 401) |
| | Total Bulk Purchases | 9 927 948 | 10 140 675 |
| 32 | GENERAL EXPENSES | | |
| | Advertisement, printing & stationary | 532 614 | 192 805 |
| | Animal Feeds | 12 364 | 392 501 |
| | Audit Costs | 2 451 631 | 2 149 735 |
| | Bank charges | 133 097 | 261 944 |
| | Compensation insurance | 207 833 | 147 899 |
| | Chemicals | - | 2 930 |
| | Cleaning supplies | 171 206 | 175 211 |
| | Electricity Eskom | 409 056 | 421 403 |
| | Fuel & Oil | 557 984 | 801 131 |
| | Indigents energy sources | 1 038 266 | 1 733 720 |
| | Insurance | 460 442 | 408 499 |
| | Legal costs | 1 377 255 | 1 267 739 |
| | Material losses | - | - |
| | Membership for associations | 975 000 | 500 000 |
| | Other General Expenses | 851 983 | 1 075 382 |
| | Refuse bag purchases | 174 785 | 189 450 |
| | Other materials | 1 176 796 | 663 569 |
| | Street Lighting | 458 337 | 454 274 |
| | Subsistence and Travelling | 1 052 937 | 811 749 |
| | Telephone & Postage | 551 621 | 536 975 |
| | Uniforms | 95 748 | 122 195 |
| | Internal Auditors | 217 391 | 524 385 |
| | Refuse Removal Contractor | - | - |
| | Water Distribution Tanker | 251 530 | 242 900 |
| | Accounting Support | 657 552 | 733 337 |
| | Audit Committee | 83 744 | 38 667 |
| | Business and Financial Management | 1 375 387 | 2 769 550 |
| | Human Resources Support | 556 030 | 18 561 |
| | Valuer and Assessors | 27 250 | - |
| | Actuaries | 15 000 | 19 300 |
| | Laboratory Services | 93 729 | 47 684 |
| | Water Research | 21 235 | 23 684 |
| | Rental of buildings | 64 152 | 70 632 |
| | Electricity Support Services | 283 500 | 257 783 |
| | Commission/IT services Prepaid Electricity Vendors | 147 905 | 140 478 |
| | Administrative and Support Staff | 604 933 | - |
| | General Expenses | 17 088 294 | 17 196 071 |

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 33 | CORRECTION OF ERROR IN TERMS OF GRAP 3 | 2020 R |
|-------|--|--------------------|
| 33.01 | Property, Plant and Equipment | |
| | Balance previously reported | 166 876 253 |
| | Corrected Land not on Kareeberg Municipal name on Windeed - Note 33.04 | (243 100) |
| | Corrected Land on Kareeberg Municipal name on Windeed - Note 33.04 | 3 600 |
| | Corrected calculated Cost pre 2019 on FTR2021 - Note 33.04 | 12 868 |
| | Corrected calculated Accumulated Depreciation till 30 June 2019 on FTR2021 - Note 33.04 | (8 227) |
| | Corrected calculated Depreciation 2019-2020 on FTR2021 - Note 33.08 | (686) |
| | Total | 166 640 708 |
| 33.02 | Unpaid Conditional Government Grants and Receipts | |
| | Balance previously reported | - |
| | Unpaid Conditional Government Grants and Receipts correctly reversed after AG finding required it to be removed from AFS 2020 - Note 33.08 | 2 177 853 |
| | Total | 2 177 853 |
| 33.03 | Taxes | |
| | Balance previously reported | (1 110 572) |
| | Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions with VAT Retention - Note 33.06 | 141 246 |
| | Total | (969 326) |
| 33.04 | Accumulated Surplus/(Deficit) | |
| | Balance previously reported | 177 178 293 |
| | Operating Lease Asset rental cost not disclosed pre-2019 - Note 33.05 | 1 886 |
| | Corrected Land not on Kareeberg Municipal name on Windeed - Note 33.01 | (243 100) |
| | Corrected Land on Kareeberg Municipal name on Windeed - Note 33.01 | 3 600 |
| | Corrected calculated Cost pre 2019 on FTR2021 - Note 33.01 | 12 868 |
| | Corrected calculated Accumulated Depreciation till 30 June 2019 on FTR2021 - Note 33.01 | (8 227) |
| | Total | 176 945 321 |
| 33.05 | Operating Lease Asset | |
| | Balance previously reported | 25 578 |
| | Operating Lease Asset rental cost not disclosed pre-2019 - Note 33.04 | 1 886 |
| | Operating Lease Asset rental cost not disclosed during 2019-20 - Note 33.08 | 151 |
| | Total | 27 615 |
| 33.06 | Receivables from exchange transactions | |
| | Balance previously reported | 5 029 148 |
| | Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions with VAT Retention - Note 33.03 | (141 246) |
| | Total | 4 887 902 |
| 33.07 | Receivables from non-exchange transactions | |
| | Balance previously reported | 289 575 |
| | Rates discount accounted and corrected on Receivables from non-exchange transactions - Note 33.08 | (316 753) |
| | Debt impairment discount accounted and corrected on Receivables from non-exchange transactions - Note 33.08 | 316 753 |
| | Total | 289 575 |
| 33.08 | Statement of Financial Performance | |
| | Balance previously reported | 42 819 |
| | Corrected calculated Depreciation 2019-2020 on FTR2021 - Note 33.01 | (686) |
| | Rates discount accounted and corrected on Receivables from non-exchange transactions - Note 33.07 | (316 753) |
| | Debt impairment discount accounted and corrected on Receivables from non-exchange transactions - Note 33.07 | 316 753 |
| | Operating Lease Asset rental cost not disclosed during 2019-20 - Note 33.05 | 151 |
| | Unpaid Conditional Government Grants and Receipts correctly reversed after AG finding required it to be removed from AFS 2020 - Note 33.03 | 2 177 853 |
| | Total | 2 220 137 |

Correction of Error in note 33.01 to 33.08 was resulted of:

Taxes and Unpaid Conditional Government Grants and Receipts corrected after the 2019/20 audit.

Property rates and Impairment corrected under Receivables from non-exchange transactions due to Income for gone.

Recon on land revealed land not owned/owned by municipality according to Windeed and corrected.

First Time Recognitions at Losses assets and Operating Lease Assets identified and corrected.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | 2021 | 2020 |
|---|-------------------|---------------------|
| | R | R |
| 34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS | | |
| Surplus for the year | 16 491 652 | 2 220 137 |
| Adjustments for: | | |
| Depreciation | 4 991 083 | 5 408 082 |
| Amortisation of Intangible Assets | 9 766 | 11 234 |
| (Gain)/Loss on disposal of property, plant and equipment | 7 038 | 1 600 |
| Impairments | - | - |
| Contribution from/to employee benefits - non-current | 861 000 | 926 711 |
| Contribution from/to employee benefits - non-current - expenditure incurred | (620 458) | (557 892) |
| Contribution from/to employee benefits - non-current - actuarial Loss/(Gain) | 157 479 | 96 138 |
| Contribution from/to employee benefits - non-current - actuarial Loss/(Gain) | (460 021) | (761 500) |
| Contribution to employee benefits - current | 1 153 519 | 858 397 |
| Contribution to employee benefits - current - expenditure incurred | (1 036 930) | (795 220) |
| Contribution to provisions - non-current - Rehabilitation of Landfill-sites | (1 741 356) | (3 198 508) |
| Contribution to provisions - non-current - Unwinding of discounted interest | 882 155 | 960 831 |
| Contribution to provisions - bad debt | 4 309 128 | 4 319 191 |
| Unamortised discount - Interest - Revenue | (771) | (966) |
| Contributed PPE | (137 748) | (23 000) |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts | 56 781 417 | (13 512 774) |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts | 2 177 853 | (2 177 853) |
| Operating lease income accrued | 12 558 | 8 141 |
| Operating Surplus/(Deficit) before changes in working capital | 83 837 363 | (6 217 249) |
| Changes in working capital | (5 449 149) | (5 606 312) |
| Increase/(Decrease) in Payables from exchange transactions | 847 130 | (178 045) |
| Increase/(Decrease) in Taxes | (2 281 596) | 652 906 |
| (Increase)/Decrease in Trade Receivables from exchange transactions | (704 788) | (3 733 412) |
| (Increase)/Decrease in Other Receivables from non-exchange transactions | (3 309 895) | (2 347 762) |
| Cash generated/(absorbed) by operations | 78 388 214 | (11 823 561) |
| 35 CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents included in the cash flow statement comprise the following: | | |
| Call Investments Deposits - Note 19 | 86 277 758 | 24 350 452 |
| Bank - Note 19 | 632 219 | 295 308 |
| Total cash and cash equivalents | 86 909 977 | 24 645 759 |
| 36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES | | |
| Cash and Cash Equivalents - Note 35 | 86 909 977 | 24 645 759 |
| Less: | 86 909 977 | 24 645 759 |
| | 57 625 882 | 845 224 |
| Unspent Conditional Grants - Note 8 | 57 573 401 | 791 984 |
| Cash Portion of Housing Development Fund - Note 2 | 52 481 | 53 240 |
| Net cash resources available for internal distribution | 29 284 095 | 23 800 536 |
| Allocated to: | | |
| Capital Replacement Reserve | (11 347 812) | (11 347 812) |
| Retention | (1 257 575) | (1 082 889) |
| Provision for Employee benefits | (2 000 000) | (2 000 000) |
| Vehicles | (3 672 936) | - |
| Staff Leave, Performance Management Bonus, Long Service | (3 281 223) | (2 864 306) |
| Resources available for working capital requirements | 7 724 551 | 6 505 529 |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 R | 2020 R |
|-------|---|-----------|-----------|
| 37 | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED | | |
| 37.01 | Unauthorised expenditure | | |
| | Reconciliation of unauthorised expenditure: | | |
| | Opening balance | - | - |
| | Correction of prior period error | - | - |
| | Restated opening balance | - | - |
| | Unauthorised expenditure current year - capital | - | 897 345 |
| | Unauthorised expenditure current year - operating | - | - |
| | Written off by Council | - | (897 345) |
| | Current | - | (897 345) |
| | Prior Period | - | - |
| | Transfer to receivables for recovery | - | - |
| | Current | - | - |
| | Prior Period | - | - |
| | Unauthorised expenditure awaiting authorisation | - | - |

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

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

| | | |
|----------|---|----------------|
| Non-cash | - | 23 000 |
| Cash | - | 874 345 |
| | - | 897 345 |

Analysed as follows: Non-cash

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

Analysed as follows: Cash

| | | |
|-----------------------|---|----------------|
| Bulk Purchases | - | - |
| Employee related cost | - | - |
| Operational Costs | - | - |
| Capital Costs | - | 874 345 |
| | - | 874 345 |

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

| | 2021 R (Actual) | 2021 R (Budget) | 2021 R (Variance) | 2021 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Unauthorised expenditure current year - operating | | | | |
| Executive & Council | 8 503 050 | 11 782 445 | (3 279 395) | - |
| Budget & Treasury | 18 934 015 | 20 159 385 | (1 225 370) | - |
| Corporate Services | - | - | - | - |
| Other | - | 15 435 | (15 435) | - |
| Health | 5 295 | 11 587 | (6 292) | - |
| Community & Social Services | 2 531 989 | 3 983 806 | (1 451 817) | - |
| Housing | - | 11 077 | (11 077) | - |
| Public Safety | 37 093 | 67 279 | (30 186) | - |
| Sport & Recreation | 341 710 | 432 477 | (90 767) | - |
| Environmental Protection | - | 119 645 | (119 645) | - |
| Waste Management | 3 645 192 | 6 202 947 | (2 557 755) | - |
| Waste Water Management | 7 436 531 | 7 496 313 | (59 782) | - |
| Road Transport | 6 552 878 | 7 175 827 | (622 949) | - |
| Water | 2 274 977 | 3 086 225 | (811 248) | - |
| Electricity | 14 670 373 | 18 167 392 | (3 497 019) | - |
| | 64 933 103 | 78 711 840 | (13 778 737) | - |
| | | | | |
| | 2021 R (Actual) | 2021 R (Budget) | 2021 R (Variance) | 2021 R (Unauthorised) |
| Unauthorised expenditure current year - capital | | | | |
| Budget & Treasury | 101 401 | 115 000 | (13 599) | - |
| Community & Social Services | 206 152 | 2 022 000 | (1 815 848) | - |
| Waste Water Management | 39 724 | 138 500 | (98 776) | - |
| Road Transport | 872 816 | 7 918 000 | (7 045 184) | - |
| Water | 15 458 271 | 43 789 600 | (28 331 329) | - |
| Electricity | 1 346 598 | 5 143 950 | (3 797 352) | - |
| | 18 024 962 | 59 127 050 | (41 102 088) | - |

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| | | 2021 | 2020 |
|---|--|-------------|-------------|
| | | R | R |
| 37 | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED) | | |
| 37.02 | Fruitless and wasteful expenditure | | |
| Reconciliation of fruitless and wasteful expenditure: | | | |
| Opening balance | | 37 500 | - |
| Correction of prior period error | | - | - |
| Restated opening balance | | 37 500 | - |
| Fruitless and wasteful expenditure current year | | 1 496 651 | 37 500 |
| Written off by Council | | - | - |
| Current | | - | - |
| Prior Period | | - | - |
| Transfer to receivables for recovery - not written off | | - | - |
| Current | | - | - |
| Prior Period | | - | - |
| Fruitless and wasteful expenditure written off | | 1 534 151 | 37 500 |
| Fruitless and wasteful expenditure can be summarised as follow: | | | |
| Incident | Disciplinary steps/criminal proceedings | | |
| No evidence of loads delivered. | None | - | 22 500 |
| No evidence of loads delivered. | None | - | 15 000 |
| Legal cost - Bulk Water Supply: Vanwyksvlei/Carnarvon - Saaijpoort settlement | None | 395 574 | - |
| Legal cost - Bulk Water Supply: Vanwyksvlei/Carnarvon - Saaijpoort settlement | None | 995 312 | - |
| Toilets Carnarvon | None | 105 766 | - |
| | | 1 496 651 | 37 500 |
| All amounts disclosed under the fruitless and wasteful expenditure note, are VAT exclusive. | | | |
| 37.03 | Irregular expenditure | | |
| Reconciliation of irregular expenditure: | | | |
| Opening balance | | 356 413 | - |
| Correction of prior period error | | - | - |
| Restated opening balance | | 356 413 | - |
| Irregular expenditure current year | | 79 200 | 356 413 |
| Expenditure authorised i.t.o. Section 32 of MFMA | | - | - |
| Current | | - | - |
| Prior Period | | - | - |
| Written off as supported by council | | - | - |
| Current | | - | - |
| Prior Period | | - | - |
| Transfer to receivables for recovery - not written off | | - | - |
| Current | | - | - |
| Prior Period | | - | - |
| Irregular expenditure awaiting further action | | 435 613 | 356 413 |
| Irregular expenditure can be summarised as follow: | | | |
| Incident | Disciplinary steps/criminal proceedings | | |
| Advance | None | - | 26 113 |
| Carting of water to Vanwyksvlei. | None | - | 90 000 |
| Training of personnel | None | 79 200 | 52 800 |
| Service provider of wood | None | - | 187 500 |
| | | 79 200 | 356 413 |
| All amounts disclosed under the irregular expenditure note, are VAT exclusive. | | | |
| 37.04 | Material Losses | | |
| Electricity distribution losses | | | |
| Electricity distribution losses (R) | | (2 827 225) | (2 201 401) |
| Units purchased (Kwh) | | 7 714 967 | 7 882 482 |
| Units lost during distribution (Kwh) | | 1 710 047 | 1 405 963 |
| Percentage lost during distribution | | 22.17% | 17.84% |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 38 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | 2021 R | 2020 R |
|-------|--|--------------------------------------|--------------------------------------|
| 38.01 | Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS | | |
| | Council subscriptions | 975 000 | 500 000 |
| | Amount paid - current year | (975 000) | (500 000) |
| | Balance unpaid (included in creditors) | - | - |
| 38.02 | Audit fees - [MFMA 125 (1)(b)] (excl. VAT) | | |
| | Opening balance | - | - |
| | Correction of prior period error | - | - |
| | Restated opening balance | - | - |
| | Current year audit fee | 2 451 631 | 2 149 735 |
| | External Audit - Auditor-General | 2 451 631 | 2 149 735 |
| | Amount paid - current year | (2 451 631) | (2 149 735) |
| | Balance unpaid (included in creditors) | - | - |
| 38.03 | VAT - [MFMA 125 (1)(b)] | | |
| | Opening balance | (350 369) | (722 827) |
| | Correction of prior period error | - | - |
| | Restated opening balance | (350 369) | (722 827) |
| | Amounts received - current year | 3 396 968 | 4 794 432 |
| | Amounts claimed - current year (payable) | (6 230 736) | (5 144 801) |
| | Amounts received - previous year | 350 369 | 722 827 |
| | Closing balance | (2 833 768) | (350 369) |
| | VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. | | |
| 38.04 | PAYE, SDL and UIF - [MFMA 125 (1)(b)] | | |
| | Opening balance | - | - |
| | Correction of prior period error | - | - |
| | Restated opening balance | - | - |
| | Current year payroll deductions and Council Contributions | 3 924 888 | 3 760 201 |
| | Amount paid - current year | (3 924 888) | (3 760 201) |
| | Balance unpaid (included in creditors) | - | - |
| 38.05 | Pension and Medical Aid Deductions - [MFMA 125 (1)(b)] | | |
| | Opening balance | - | - |
| | Correction of prior period error | - | - |
| | Restated opening balance | - | - |
| | Current year payroll deductions and Council Contributions | (4 671 895) | (4 761 020) |
| | Amount paid - current year | 4 671 895 | 4 761 020 |
| | L.A. Health | 612 561 | 682 357 |
| | LA retirement fund | 336 107 | 310 564 |
| | Hosmed | 754 870 | 728 507 |
| | Consolidated retirement fund for local government | 2 647 019 | 2 715 849 |
| | Municipal workers retirement fund | 321 338 | 323 743 |
| | Balance unpaid (included in creditors) | - | - |
| 38.06 | Councillor's arrear consumer accounts - [MFMA 125 (1)(b)] | | |
| | The following Councillors had arrear accounts for more than 90 days as at 30 June 2021: | | |
| | | Outstanding more than 90 days | Outstanding more than 90 days |
| | Councillor B.J.E. Slambee | 10 298 | 8 765 |
| | Councillor N.S. van Wyk | 30 113 | 26 637 |
| | Councillor W. Horne | 6 090 | 5 443 |
| | Councillor G.P. van Louw | 604 | 166 |
| | Councillor G. Saal (Husband) | 71 658 | 52 589 |
| | Total Councillor Arrear Consumer Accounts | 118 762 | 93 600 |
| 38.07 | Quotations awarded - Section 45 - Supply Chain Management | | |
| | Unigratia Trading Spouse works at Municipality | 178 783 | - |
| | Gertriam Trading Spouse works at Municipality | - | 3 510 |
| | | 178 783 | 3 510 |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

38.08 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 |
|--|----------------------|---------------------------------|---------------------------------------|----------------------|
| 30 June 2021 | | | | |
| Emergency cases | 40 939 | - | - | - |
| Availability | 410 794 | 528 135 | - | - |
| Limited Quotations | 20 923 | 1 500 872 | - | - |
| Deviation on tender/Not cheapest awarded | 17 250 | - | - | - |
| Service provider | 179 204 | 41 675 | - | - |
| | <u>669 109</u> | <u>2 070 681</u> | <u>-</u> | <u>-</u> |
| 30 June 2020 | | | | |
| Emergency cases | 52 567 | 149 694 | - | - |
| Availability | 230 571 | 194 360 | - | - |
| Limited Quotations | 80 519 | 1 210 702 | - | - |
| Deviation on tender/Not cheapest awarded | 8 177 | - | - | - |
| Service provider | 167 826 | 589 889 | - | - |
| | <u>539 660</u> | <u>2 144 645</u> | <u>-</u> | <u>-</u> |

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

39 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure
Other

Total

This expenditure will be financed from:

Government Grants
Own Resources

2021
R

2020
R

76 412 291

74 085 915

2 326 376

76 412 291

74 085 915

2 326 376

76 412 291

All amounts disclosed are VAT inclusive.

40 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different 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:

| | | |
|---------------------------------|-----------|-----------|
| 0.5% Increase in interest rates | 434 550 | 123 229 |
| 0.5% Decrease in interest rates | (434 550) | (123 229) |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

40

FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

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

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

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

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

Balances past due not impaired:

| | 2021 % | 2021 R | 2020 % | 2020 R |
|---------------------------------|-----------|-----------|-----------|-----------|
| <u>Non-Exchange Receivables</u> | | | | |
| Rates | 0.00% | - | 0.00% | - |
| Availability Charges | 0.00% | - | 0.00% | - |
| | 0.00% | 0 | 0.00% | 0 |
| <u>Exchange Receivables</u> | | | | |
| Electricity | 0.00% | - | 0.00% | - |
| Water | 0.00% | - | 0.00% | - |
| Refuse | 0.00% | - | 0.00% | - |
| Sewerage | 0.00% | - | 0.00% | - |
| Other | 0.00% | - | 0.00% | - |
| | 0.00% | 0 | 0.00% | 0 |

No receivables are pledged as security for financial liabilities.

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

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

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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FINANCIAL RISK MANAGEMENT (CONTINUE)

2021
%

2021
R

2020
%

2020
R

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

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

2021
%

2021
R

2020
%

2020
R

Bad debts written off per debtor class:

Non-Exchange Receivables

| | | | | |
|-------|-------|---|-------|---|
| Rates | 0.00% | - | 0.00% | - |
|-------|-------|---|-------|---|

Exchange Receivables

| | | | | |
|----------|-------|---|-------|---|
| Services | 0.00% | - | 0.00% | - |
| Other | 0.00% | - | 0.00% | - |
| | 0.00% | - | 0.00% | - |

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

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

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

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

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

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

2021
R

2020
R

| | | |
|---|------------|------------|
| Long term receivables | 12 518 | 16 916 |
| Trade receivables and other receivables | 4 883 032 | 5 177 477 |
| Cash and Cash Equivalents | 86 909 977 | 24 645 759 |
| | 91 805 527 | 29 840 153 |

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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FINANCIAL RISK MANAGEMENT (CONTINUE)

2021
R

2020
R

(e) Liquidity Risk

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

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

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

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

41

FINANCIAL INSTRUMENTS

2021
R

2020
R

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

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| 41 | FINANCIAL INSTRUMENTS (CONTINUE) | | 2021 R | 2020 R |
|------|--|---|-------------------|------------------|
| 41.2 | Financial Liability | Classification | | |
| | Payables from exchange transactions | | | |
| | Trade creditors | Financial instruments at amortised cost | 1 270 754 | 1 455 205 |
| | Payments received in advance | Financial instruments at amortised cost | 1 356 332 | 324 752 |
| | Consumer deposits | | | |
| | Other liabilities | Financial instruments at amortised cost | 348 679 | 329 979 |
| | Unspent Conditional Grants and Receipts | | | |
| | Other Spheres of Government | Financial instruments at amortised cost | 57 573 401 | 791 984 |
| | | | 60 549 166 | 2 901 920 |
| | SUMMARY OF FINANCIAL LIABILITY | | | |
| | Financial instruments at amortised cost | | 60 549 166 | 2 901 920 |

42 EVENTS AFTER THE REPORTING DATE

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

43 IN-KIND DONATIONS AND ASSISTANCE

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

44 PRIVATE PUBLIC PARTNERSHIPS

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

45 CONTINGENT ASSET/LIABILITIES

R.G. de Wee is claiming R8 million for alleged negligence and/or lack of maintenance of electricity network by the Municipality.
Bhejula GCM Trading is claiming R125 000 for alleged non payment of carting of water to Vanwyksvlei, by the Municipality.

46 RELATED PARTIES

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

46.1 Related Party Transactions

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

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

Related party relationship

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

46.2 Related Party Loans

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

46.3 Compensation of key management personnel

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

46.4 Other related party transactions

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member

None

2021
R

2020
R

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

47

FINANCIAL SUSTAINABILITY

2021
R2020
R

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

Financial Indicators

The current ratio decreased to 1.48:1 from 4.89:1 in the prior year.

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

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

Other Indicators

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

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

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

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

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

48

STATUTORY RECEIVABLES

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

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

Statutory Receivables arises from the following legislation:

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

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

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

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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STATUTORY RECEIVABLES (CONTINUE)

Reconciliation of Provision for Debt Impairment

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

| | 2021 R | 2020 R |
|--|-----------|-----------|
|--|-----------|-----------|

Ageing of amounts past due and impaired:

| | | |
|--------------------|------------------|------------------|
| 1 month past due | - | - |
| 2+ months past due | 7 339 393 | 5 449 255 |
| | <u>7 339 393</u> | <u>5 449 255</u> |

| | 2021 R | 2020 R |
|--|-----------|-----------|
|--|-----------|-----------|

Ageing of amounts past due but not impaired:

| | | |
|--------------------|------------------|-----------------|
| 1 month past due | - | - |
| 2+ months past due | 1 308 097 | (69 242) |
| | <u>1 308 097</u> | <u>(69 242)</u> |

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

| | 2021 R | 2020 R |
|--|-----------|-----------|
|--|-----------|-----------|

Interest Received from Statutory Receivables

| | | |
|--|----------|----------------|
| Taxes | - | - |
| Receivables from Non-Exchange Transactions | - | 203 594 |
| | <u>-</u> | <u>203 594</u> |

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

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

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

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

| 2020 Actual Income R | 2020 Actual Expenditure R | 2020 Surplus/ (Deficit) R | | 2021 Actual Income R | 2021 Actual Expenditure R | 2021 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 16 065 | (173 168) | (157 103) | Cemetery | 25 720 | (192 432) | (166 712) |
| 139 139 | (2 010 484) | (1 871 345) | Library | 1 771 | (2 333 427) | (2 331 657) |
| - | (8 013) | (8 013) | Museum | - | (6 130) | (6 130) |
| 9 622 296 | (832 279) | 8 790 017 | Electricity Administration | 10 809 208 | (1 119 206) | 9 690 002 |
| - | (14 261 651) | (14 261 651) | Electricity Generation | - | (13 996 813) | (13 996 813) |
| - | (1 065 740) | (1 065 740) | Electricity Distribution | - | (237 141) | (237 141) |
| 31 071 794 | (11 869 527) | 19 202 266 | General Expenditure of Council | 16 922 849 | (8 503 050) | 8 419 799 |
| 8 904 | (140) | 8 764 | Official Housing | 9 480 | (287) | 9 193 |
| 9 228 699 | (1 177 644) | 8 051 055 | Property Rates | 9 485 617 | (1 821 360) | 7 664 256 |
| 309 989 | (17 549) | 292 440 | Commonage | 202 846 | (5 387) | 197 459 |
| 75 760 | (148 485) | (72 725) | Municipal Buildings | 89 096 | (589 844) | (500 748) |
| 2 649 549 | (14 682 620) | (12 033 070) | Municipal Manager/Treasurer | 19 410 444 | (16 507 421) | 2 903 023 |
| - | (6 053) | (6 053) | Clinic | - | (5 295) | (5 295) |
| 347 | (7 099) | (6 752) | Air Port | 347 | (9 662) | (9 315) |
| - | (25) | (25) | Abattoir | - | (54) | (54) |
| - | (8 470) | (8 470) | Fire Department | - | (37 093) | (37 093) |
| - | (48 229) | (48 229) | Pound | - | - | - |
| 48 960 | (4 663 859) | (4 614 899) | Public Works | 746 492 | (4 752 925) | (4 006 433) |
| 8 883 350 | (1 568 758) | 7 314 592 | Streets & Pavements | 872 816 | (1 579 103) | (706 287) |
| 5 600 | (192 264) | (186 664) | Licensing & Traffic | 5 040 | (220 850) | (215 810) |
| 1 396 | (352 984) | (351 588) | Nature Reserve | 10 266 | (14 080) | (3 814) |
| 435 | (217 740) | (217 306) | Parks & Open areas | 435 | (272 659) | (272 224) |
| - | (8 685) | (8 685) | Swimming Pool | - | (19 214) | (19 214) |
| 339 | (14 249) | (13 910) | Caravan Park | - | (35 757) | (35 757) |
| 1 457 186 | (5 103 022) | (3 645 836) | Refuse | 1 756 648 | (3 645 192) | (1 888 544) |
| 961 583 | (4 975 050) | (4 013 467) | Sewerage & Cleansing | 2 883 223 | (7 442 636) | (4 559 413) |
| - | (614 466) | (614 466) | Water Distribution | - | (591 356) | (591 356) |
| 3 208 980 | (2 233 133) | 975 847 | Water Provision | 18 192 458 | (1 729 526) | 16 462 933 |
| 67 690 371 | (66 261 386) | 1 428 984 | Sub Total | 81 424 754 | (65 667 899) | 15 756 856 |
| - | 791 153 | 791 153 | Less Inter-Departmental Charges | - | 734 796 | 734 796 |
| 67 690 371 | (65 470 234) | 2 220 137 | Total | 81 424 754 | (64 933 103) | 16 491 652 |
| | | | | | | |

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

| 2020 Actual Income R | 2020 Actual Expenditure R | 2020 Surplus/ (Deficit) R | | 2021 Actual Income R | 2021 Actual Expenditure R | 2021 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 31 071 794 | (11 869 527) | 19 202 266 | Executive & Council | 16 922 849 | (8 503 050) | 8 419 799 |
| 12 263 997 | (16 026 323) | (3 762 325) | Budget & Treasury | 29 197 829 | (18 934 015) | 10 263 814 |
| 347 | (7 099) | (6 752) | Other | - | - | - |
| - | (6 053) | (6 053) | Health | - | (5 295) | (5 295) |
| 155 204 | (2 191 666) | (2 036 462) | Community & Social Services | 27 491 | (2 531 989) | (2 504 498) |
| 8 904 | (140) | 8 764 | Housing | - | - | - |
| - | (56 699) | (56 699) | Public Safety | - | (37 093) | (37 093) |
| 774 | (240 674) | (239 900) | Sport & Recreation | 10 701 | (341 710) | (331 010) |
| 1 396 | (352 984) | (351 588) | Environmental Protection | - | - | - |
| 1 457 186 | (5 103 022) | (3 645 836) | Waste Management | 1 756 648 | (3 645 192) | (1 888 544) |
| 961 583 | (4 975 050) | (4 013 467) | Waste Water Management | 2 883 223 | (7 442 636) | (4 559 413) |
| 8 937 910 | (6 424 880) | 2 513 030 | Road Transport | 1 624 348 | (6 552 878) | (4 928 530) |
| 3 208 980 | (2 847 599) | 361 381 | Water | 18 192 458 | (2 320 882) | 15 871 577 |
| 9 622 296 | (16 159 670) | (6 537 374) | Electricity | 10 809 208 | (15 353 160) | (4 543 952) |
| 67 690 371 | (66 261 386) | 1 428 984 | Sub Total | 81 424 754 | (65 667 899) | 15 756 856 |
| - | 791 153 | 791 153 | Less Inter-Departmental Charges | - | 734 796 | 734 796 |
| 67 690 371 | (65 470 234) | 2 220 137 | Total | 81 424 754 | (64 933 103) | 16 491 652 |

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

| Grant Description | Balance 30 June 2020 | Correction of error | Restated balance | Interest on Investments | Other Income | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Balance 30 June 2021 |
|---|-------------------------|------------------------|---------------------|----------------------------|-------------------|--|--|-------------------------|
| R | R | R | R | R | R | R | R | R |
| UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | | | | | | | |
| Job Creation De Built | 51 318 | - | 51 318 | 1 781 | - | - | - | 53 099 |
| Land Development | 80 565 | - | 80 565 | 2 796 | - | - | - | 83 361 |
| Civil Defence | 20 944 | - | 20 944 | - | - | - | - | 20 944 |
| CMIP Kwaggakolk (VAT) | 803 | - | 803 | 26 | - | - | - | 830 |
| Sanitation - sewerage | 184 441 | - | 184 441 | - | - | - | - | 184 441 |
| Electricity Schietfontein | 46 231 | - | 46 231 | 1 606 | - | - | - | 47 836 |
| Water Service Plan | 4 318 | - | 4 318 | 149 | - | - | - | 4 467 |
| CMIP - Saalpoort project 301 | 4 741 | - | 4 741 | 164 | - | - | - | 4 905 |
| Library Development Projects | - | - | - | - | - | - | - | - |
| Paving Projects | 31 249 | - | 31 249 | 1 084 | - | - | - | 32 334 |
| Lotto Carnarvon | 2 397 | - | 2 397 | 83 | - | - | - | 2 480 |
| Lotto Vosburg | 42 330 | - | 42 330 | 1 470 | - | - | - | 43 800 |
| Municipal Finance Management Grant | - | - | - | - | 2 800 000 | 2 800 000 | - | - |
| Transfer Fees Sub-Economic | 179 532 | - | 179 532 | 6 253 | - | - | - | 185 785 |
| Cleaning Project Vosburg | 33 804 | - | 33 804 | 1 173 | - | - | - | 34 977 |
| VAT - Retention | 15 678 | - | 15 678 | 544 | - | - | - | 16 222 |
| Municipal Infrastructure Grant | - | (2 177 853) | (2 177 853) | - | 6 418 000 | 130 697 | 872 816 | 3 236 633 |
| Youth Development | 93 632 | - | 93 632 | - | - | - | - | 93 632 |
| Expanded Public Works Program (PWPG) | - | - | - | - | 1 057 000 | 756 075 | - | 300 925 |
| Integrated National Electrification Programme - INEP | - | - | - | - | 1 500 000 | 195 652 | 1 304 348 | 1 319 891 |
| Water Service Infrastructure Grant - WSIG (DWA) | - | - | - | - | 10 000 000 | 197 759 | 1 319 891 | 8 482 351 |
| Regional Bulk Infrastructure Grant - RBIG (DWA) | - | - | - | - | 62 551 000 | 3 824 455 | 13 982 167 | 44 744 378 |
| Total | 791 964 | (2 177 853) | (1 385 869) | 17 130 | 84 326 000 | 7 904 638 | 17 479 222 | 57 573 401 |

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

Reconciliation of Table A1 Budget Summary

| Description | 2020/2021 | | | | | 2019/2020 | | | | | | |
|--|-----------------|------------------------------------|--------------------------|----------------|--------------------------|-----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.e. MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousands | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Financial Performance | | | | | | | | | | | | |
| Property rates | 9 084 | - | 9 084 | 9 486 | - | 401 | 0.0% | 0.0% | - | - | - | - |
| Service charges | 15 549 | - | 15 549 | 14 634 | - | (916) | 0.0% | 0.0% | - | - | - | - |
| Investment revenue | 3 145 | - | 3 145 | 2 752 | - | (392) | 0.0% | 0.0% | - | - | - | - |
| Transfers recognised - operational | 31 244 | 2 877 | 34 121 | 35 504 | - | 1 383 | 0.0% | 0.0% | - | - | - | - |
| Other own revenue | 19 146 | - | 19 146 | 1 569 | - | (17 577) | 0.0% | 0.0% | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 78 169 | 2 877 | 81 046 | 63 946 | - | (17 100) | 0.0% | 0.0% | - | - | - | - |
| Employee costs | 25 915 | (223) | 25 692 | 21 340 | - | (4 353) | 0.0% | 0.0% | - | - | - | - |
| Remuneration of councillors | 2 819 | - | 2 819 | 2 647 | - | (172) | 0.0% | 0.0% | - | - | - | - |
| Depreciation & asset impairment | 4 429 | - | 4 429 | 5 001 | - | 572 | 0.0% | 0.0% | - | - | - | - |
| Finance charges | 1 001 | - | 1 001 | 1 628 | - | 627 | 0.0% | 0.0% | - | - | - | - |
| Materials and bulk purchases | 16 990 | (150) | 16 840 | 12 755 | - | (4 085) | 0.0% | 0.0% | - | - | - | - |
| Transfers and grants | 1 371 | 1 000 | 2 371 | - | - | (2 371) | 0.0% | 0.0% | - | - | - | - |
| Other expenditure | 25 642 | (84) | 25 558 | 21 562 | - | (3 996) | 0.0% | 0.0% | - | - | - | - |
| Total Expenditure | 78 169 | 543 | 78 712 | 64 933 | - | (13 779) | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) | - | 2 334 | 2 334 | (988) | - | (30 879) | 0.0% | 0.0% | - | - | - | - |
| Transfers recognised - capital | 99 567 | (42 774) | 56 793 | 17 479 | - | (39 314) | 0.0% | 0.0% | - | - | - | - |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 99 567 | (40 440) | 59 127 | 16 492 | - | (42 635) | 0.0% | 0.0% | - | - | - | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 99 567 | (40 440) | 59 127 | 16 492 | - | (42 635) | 0.0% | 0.0% | - | - | - | - |
| Capital expenditure & funds sources | | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | | |
| Transfers recognised - capital | 99 567 | (42 774) | 56 793 | 17 479 | - | (39 314) | 0.0% | 0.0% | - | - | - | - |
| Public contributions & donations | - | - | - | 138 | - | 138 | 0.0% | 0.0% | - | - | - | - |
| Borrowing | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Internally generated funds | - | 2 334 | 2 334 | 408 | - | (1 926) | 0.0% | 0.0% | - | - | - | - |
| Total sources of capital funds | 99 567 | (40 440) | 59 127 | 18 025 | - | (41 102) | 0.0% | 0.0% | - | - | - | - |
| Cash flows | | | | | | | | | | | | |
| Net cash from (used) operating | 108 365 | (42 774) | 65 591 | 76 388 | - | 12 798 | 0.0% | 0.0% | - | - | - | - |
| Net cash from (used) investing | (99 567) | 42 540 | (57 027) | (16 148) | - | 40 879 | 0.0% | 0.0% | - | - | - | - |
| Net cash from (used) financing | (0) | - | (0) | 24 | - | 24 | 0.0% | 0.0% | - | - | - | - |
| Cash/cash equivalents at the year end | 51 167 | (15 471) | 35 696 | 62 264 | - | \$3 701 | 0.0% | 0.0% | - | - | - | - |

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

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

| Description | 2020/2021 | | | | | | | | 2019/2020 | | | |
|---|-----------------|------------------------------------|--------------------------|----------------|--------------------------|---|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.e. MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorised expenditure | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue - Standard | | | | | | | | | | | | |
| <i>Governance and administration</i> | 57 154 | 3 217 | 60 371 | 46 121 | - | 14 250 | 0.0% | 0.0% | - | - | - | - |
| Executive and council | 10 350 | - | 10 350 | 16 923 | - | (6 573) | 0.0% | 0.0% | - | - | - | - |
| Finance and administration | 46 804 | 3 217 | 50 021 | 29 198 | - | 20 823 | 0.0% | 0.0% | - | - | - | - |
| Internal audit | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| <i>Community and public safety</i> | 1 303 | (75) | 1 228 | 38 | - | 1 190 | 0.0% | 0.0% | - | - | - | - |
| Community and social services | 1 283 | (75) | 1 208 | 27 | - | 1 180 | 0.0% | 0.0% | - | - | - | - |
| Sport and recreation | 11 | - | 11 | 11 | - | 0 | 0.0% | 0.0% | - | - | - | - |
| Public safety | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Housing | 9 | - | 9 | - | - | 9 | 0.0% | 0.0% | - | - | - | - |
| Health | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| <i>Economic and environmental services</i> | 9 078 | (363) | 8 715 | 1 624 | - | 7 091 | 0.0% | 0.0% | - | - | - | - |
| Planning and development | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Road transport | 9 078 | (363) | 8 715 | 1 624 | - | 7 091 | 0.0% | 0.0% | - | - | - | - |
| Environmental protection | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| <i>Trading services</i> | 110 200 | (42 676) | 67 524 | 33 642 | - | 33 883 | 0.0% | 0.0% | - | - | - | - |
| Electricity | 18 856 | (3 900) | 14 956 | 10 809 | - | 4 147 | 0.0% | 0.0% | - | - | - | - |
| Water | 85 439 | (38 776) | 46 663 | 18 192 | - | 28 471 | 0.0% | 0.0% | - | - | - | - |
| Waste water management | 1 346 | - | 1 346 | 2 883 | - | (1 537) | 0.0% | 0.0% | - | - | - | - |
| Waste management | 4 559 | - | 4 559 | 1 757 | - | 2 802 | 0.0% | 0.0% | - | - | - | - |
| <i>Other</i> | 0 | - | 0 | - | - | 0 | 0.0% | 0.0% | - | - | - | - |
| Total Revenue - Standard | 177 736 | (39 897) | 137 839 | 81 425 | - | 56 414 | 0.0% | 0.0% | - | - | - | - |
| Expenditure - Standard | | | | | | | | | | | | |
| <i>Governance and administration</i> | 31 548 | 394 | 31 942 | 27 437 | - | 4 505 | 0.0% | 0.0% | - | - | - | - |
| Executive and council | 12 102 | (320) | 11 782 | 8 503 | - | 3 279 | 0.0% | 0.0% | - | - | - | - |
| Finance and administration | 19 445 | 714 | 20 159 | 18 934 | - | 1 225 | 0.0% | 0.0% | - | - | - | - |
| Internal audit | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| <i>Community and public safety</i> | 3 464 | 1 042 | 4 506 | 2 916 | - | 1 590 | 0.0% | 0.0% | - | - | - | - |
| Community and social services | 2 942 | 1 042 | 3 984 | 2 532 | - | 1 452 | 0.0% | 0.0% | - | - | - | - |
| Sport and recreation | 432 | - | 432 | 342 | - | 91 | 0.0% | 0.0% | - | - | - | - |
| Public safety | 67 | - | 67 | 37 | - | 30 | 0.0% | 0.0% | - | - | - | - |
| Housing | 11 | - | 11 | - | - | 11 | 0.0% | 0.0% | - | - | - | - |
| Health | 12 | - | 12 | 5 | - | 6 | 0.0% | 0.0% | - | - | - | - |
| <i>Economic and environmental services</i> | 8 188 | (893) | 7 295 | 6 553 | - | 743 | 0.0% | 0.0% | - | - | - | - |
| Planning and development | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Road transport | 7 919 | (743) | 7 176 | 6 553 | - | 623 | 0.0% | 0.0% | - | - | - | - |
| Environmental protection | 270 | (150) | 120 | - | - | 120 | 0.0% | 0.0% | - | - | - | - |
| <i>Trading services</i> | 34 953 | - | 34 953 | 28 027 | - | 6 926 | 0.0% | 0.0% | - | - | - | - |
| Electricity | 18 167 | - | 18 167 | 14 670 | - | 3 497 | 0.0% | 0.0% | - | - | - | - |
| Water | 3 086 | - | 3 086 | 2 275 | - | 811 | 0.0% | 0.0% | - | - | - | - |
| Waste water management | 7 496 | - | 7 496 | 7 437 | - | 60 | 0.0% | 0.0% | - | - | - | - |
| Waste management | 6 203 | - | 6 203 | 3 645 | - | 2 558 | 0.0% | 0.0% | - | - | - | - |
| <i>Other</i> | 15 | - | 15 | - | - | 15 | 0.0% | 0.0% | - | - | - | - |
| Total Expenditure - Standard | 78 169 | 543 | 78 712 | 64 933 | - | 13 779 | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) for the year | 99 567 | (40 440) | 59 127 | 16 492 | - | 42 635 | 0.0% | 0.0% | - | - | - | - |

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

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

| Vote Description | 2020/2021 | | | | | | | | 2019/2020 | | | |
|---|-----------------|------------------------------------|--------------------------|----------------|--------------------------|---|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.e. MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorised expenditure | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue by Vote | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 10 263 | - | 10 263 | 16 923 | - | 6 660 | 0.0% | 0.0% | - | - | - | - |
| Vote 2 - Budget and Treasury | 46 545 | 3 217 | 49 762 | 29 198 | - | (20 564) | 0.0% | 0.0% | - | - | - | - |
| Vote 3 - Corporate | 1 266 | (75) | 1 191 | - | - | (1 191) | 0.0% | 0.0% | - | - | - | - |
| Vote 4 - Operations | 119 663 | (43 039) | 76 624 | 35 304 | - | (41 320) | 0.0% | 0.0% | - | - | - | - |
| Example 5 - Vote5 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 6 - Vote6 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 7 - Vote7 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 8 - Vote8 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 9 - Vote9 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 10 - Vote10 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 11 - Vote11 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 12 - Vote12 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 13 - Vote13 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 14 - Vote14 | - | - | - | - | - | - | - | - | - | - | - | - |
| Example 15 - Vote15 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 177 735 | (39 897) | 137 838 | 81 425 | - | (56 414) | 0.0% | 0.0% | - | - | - | - |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 8 370 | (320) | 8 050 | 8 503 | - | 453 | 0.0% | 0.0% | - | - | - | - |
| Vote 2 - Budget and Treasury | 17 244 | 1 474 | 18 718 | 18 934 | - | 216 | 0.0% | 0.0% | - | - | - | - |
| Vote 3 - Corporate | 5 967 | 357 | 6 324 | - | - | (6 324) | 0.0% | 0.0% | - | - | - | - |
| Vote 4 - Operations | 46 588 | (968) | 45 620 | 37 496 | - | (8 124) | 0.0% | 0.0% | - | - | - | - |
| Example 5 - Vote5 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 6 - Vote6 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 7 - Vote7 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 8 - Vote8 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 9 - Vote9 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 10 - Vote10 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 11 - Vote11 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 12 - Vote12 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 13 - Vote13 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 14 - Vote14 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Example 15 - Vote15 | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Total Expenditure by Vote | 78 169 | 543 | 78 712 | 64 933 | - | (13 779) | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) for the year | 99 566 | (40 440) | 59 126 | 16 492 | - | (42 635) | 0.0% | 0.0% | - | - | - | - |

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

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

| Description | 2020/2021 | | | | | | | | 2019/2020 | | | |
|--|-----------------|------------------------------------|--------------------------|----------------|--------------------------|-----------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.e. MFMA s28) | Final adjustments budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| R thousand | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 9 084 | - | 9 084 | 9 486 | - | 401 | 0.0% | 0.0% | - | - | - | - |
| Service charges - electricity revenue | 9 856 | - | 9 856 | 9 345 | - | (511) | 0.0% | 0.0% | - | - | - | - |
| Service charges - water revenue | 2 888 | - | 2 888 | 2 250 | - | (638) | 0.0% | 0.0% | - | - | - | - |
| Service charges - sanitation revenue | 1 346 | - | 1 346 | 1 283 | - | (63) | 0.0% | 0.0% | - | - | - | - |
| Service charges - refuse revenue | 1 459 | - | 1 459 | 1 755 | - | 296 | 0.0% | 0.0% | - | - | - | - |
| Rental of facilities and equipment | 365 | - | 365 | 296 | - | (68) | 0.0% | 0.0% | - | - | - | - |
| Interest earned - external investments | 3 145 | - | 3 145 | 2 752 | - | (393) | 0.0% | 0.0% | - | - | - | - |
| Interest earned - outstanding debtors | 251 | - | 251 | 1 | - | (250) | 0.0% | 0.0% | - | - | - | - |
| Dividends received | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Fines, penalties and forfeits | 2 | - | 2 | 3 | - | 1 | 0.0% | 0.0% | - | - | - | - |
| Licences and permits | 6 | - | 6 | 4 | - | (3) | 0.0% | 0.0% | - | - | - | - |
| Agency services | 32 | - | 32 | 63 | - | 31 | 0.0% | 0.0% | - | - | - | - |
| Transfers and subsidies | 31 244 | 2 877 | 34 121 | 35 504 | - | 1 383 | 0.0% | 0.0% | - | - | - | - |
| Other revenue | 18 490 | - | 18 490 | 1 202 | - | (17 288) | 0.0% | 0.0% | - | - | - | - |
| Gains on disposal of PPE | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 78 169 | 2 877 | 81 046 | 63 945 | - | (17 101) | 0.0% | 0.0% | - | - | - | - |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | 25 915 | (223) | 25 692 | 21 340 | - | (4 353) | 0.0% | 0.0% | - | - | - | - |
| Remuneration of councillors | 2 619 | - | 2 619 | 2 647 | - | (172) | 0.0% | 0.0% | - | - | - | - |
| Debt impairment | 5 500 | - | 5 500 | 4 309 | - | (1 191) | 0.0% | 0.0% | - | - | - | - |
| Depreciation & asset impairment | 4 429 | - | 4 429 | 5 001 | - | 572 | 0.0% | 0.0% | - | - | - | - |
| Finance charges | 1 001 | - | 1 001 | 1 628 | - | 627 | 0.0% | 0.0% | - | - | - | - |
| Bulk purchases | 14 983 | - | 14 983 | 12 755 | - | (2 228) | 0.0% | 0.0% | - | - | - | - |
| Other materials | 2 007 | (150) | 1 857 | - | - | (1 857) | 0.0% | 0.0% | - | - | - | - |
| Contracted services | 7 377 | 614 | 7 991 | - | - | (7 991) | 0.0% | 0.0% | - | - | - | - |
| Transfers and grants | 1 371 | 1 000 | 2 371 | - | - | (2 371) | 0.0% | 0.0% | - | - | - | - |
| Other expenditure | 12 765 | (698) | 12 067 | 17 246 | - | 5 179 | 0.0% | 0.0% | - | - | - | - |
| Loss on disposal of PPE | - | - | - | 7 | - | 7 | 0.0% | 0.0% | - | - | - | - |
| Total Expenditure | 78 169 | 543 | 78 712 | 64 933 | - | (13 779) | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) | - | 2 334 | 2 334 | (988) | - | (3 322) | 0.0% | 0.0% | - | - | - | - |
| Transfers recognised - capital | 99 567 | (42 774) | 56 793 | 17 479 | - | (39 314) | 0.0% | 0.0% | - | - | - | - |
| Contributions recognised - capital | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Contributed assets | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 99 567 | (40 440) | 59 127 | 16 491 | - | (42 636) | 0.0% | 0.0% | - | - | - | - |
| Taxation | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) after taxation | 99 567 | (40 440) | 59 127 | 16 491 | - | (42 636) | 0.0% | 0.0% | - | - | - | - |
| Attributable to minorities | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | 99 567 | (40 440) | 59 127 | 16 491 | - | (42 636) | 0.0% | 0.0% | - | - | - | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | 0.0% | 0.0% | - | - | - | - |
| Surplus/(Deficit) for the year | 99 567 | (40 440) | 59 127 | 16 491 | - | (42 636) | 0.0% | 0.0% | - | - | - | - |

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

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

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

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

Reconciliation of Table A7 Budgeted Cash Flows

| Description R thousand | 2020/2021 | | | | | | | 2019/2020 |
|---|-----------------|---------------------------------|--------------------------|-----------------|---------------|-------------------------------------|--|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. s28) | Final adjustments budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Property rates, penalties and collection charges | 7 712 | – | 7 712 | 5 982 | (1 730) | 0.0% | 0.0% | – |
| Service charges | 13 200 | – | 13 200 | 10 676 | (2 523) | 0.0% | 0.0% | – |
| Other revenue | 18 895 | – | 18 895 | 882 | (18 013) | 0.0% | 0.0% | – |
| Government - operating | 31 244 | (340) | 30 904 | 33 198 | 2 294 | 0.0% | 0.0% | – |
| Government - capital | 99 567 | (42 774) | 56 793 | 80 469 | 23 676 | 0.0% | 0.0% | – |
| Interest | 3 396 | – | 3 396 | 2 742 | (654) | 0.0% | 0.0% | – |
| Dividends | – | – | – | – | – | 0.0% | 0.0% | – |
| Payments | | | | | | | | |
| Suppliers and employees | (64 267) | 340 | (63 927) | (53 933) | 9 995 | 0.0% | 0.0% | – |
| Finance charges | (1 001) | – | (1 001) | (1 628) | (627) | 0.0% | 0.0% | – |
| Transfers and Grants | (381) | – | (381) | – | 381 | 0.0% | 0.0% | – |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 108 365 | (42 774) | 65 591 | 78 388 | 12 798 | 0.0% | 0.0% | – |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | 8 | 8 | 0.0% | 0.0% | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | 0.0% | 0.0% | – |
| Decrease (Increase) other non-current receivables | – | – | – | – | – | 0.0% | 0.0% | – |
| Decrease (Increase) in non-current investments | – | – | – | – | – | 0.0% | 0.0% | – |
| Payments | | | | | | | | |
| Capital assets | (99 567) | 42 540 | (57 027) | (16 156) | 40 871 | 0.0% | 0.0% | – |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (99 567) | 42 540 | (57 027) | (16 148) | 40 879 | 0.0% | 0.0% | – |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Short term loans | – | – | – | – | – | 0.0% | 0.0% | – |
| Borrowing long term/refinancing | – | – | – | 5 | 5 | 0.0% | 0.0% | – |
| Increase (decrease) in consumer deposits | – | – | – | 19 | 19 | 0.0% | 0.0% | – |
| Payments | | | | | | | | |
| Repayment of borrowing | (0) | – | (0) | – | 0 | 0.0% | 0.0% | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (0) | – | (0) | 24 | 24 | 0.0% | 0.0% | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | 8 798 | (234) | 8 563 | 62 264 | 53 701 | | | – |
| Cash/cash equivalents at the year begin: | 42 370 | (15 237) | 27 133 | 24 646 | (2 487) | | | – |
| Cash/cash equivalents at the year end: | 51 167 | (15 471) | 35 696 | 86 910 | 51 214 | 0.0% | 0.0% | – |

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

NOT THREE QUOTATIONS

| R2,001 - R30,000 | | | |
|---------------------------------|------------------------|---------------------|---------------|
| Date of tender committee | Supplier | Amount | Reason |
| 2021-03-15 | NJ Kersop | 10 000.00 | Exceptional |
| 2021-04-13 | Van Niekerk Coetzee | 2 440.00 | Exceptional |
| 2021-03-04 | BKB Beperk | 8 482.85 | Exceptional |
| | | <u>20 922.85</u> | |
| R30,001 - R200,000 | | | |
| Date of tender committee | Supplier | Amount | Reason |
| 2020-08-04 | Mjila and Partners | 109 986.00 | Exceptional |
| 2021-03-15 | Van der Meer Attorneys | 395 573.67 | Exceptional |
| 2020-11-25 | Maduba Prokureurs | 995 311.97 | Exceptional |
| | | <u>1 500 871.64</u> | |

NOT CHEAPEST QUOTATION

| R2,001 - R30,000 | | | |
|---------------------------------|---------------------------|------------------|---------------|
| Date of tender committee | Supplier | Amount | Reason |
| 2021-04-13 | Arch Actuarial Consulting | 17 250.00 | Exceptional |
| | | <u>17 250.00</u> | |

EMERGENCY

| R2,001 - R30,000 | | | |
|---------------------------------|-----------------------|------------------|---------------|
| Date of tender committee | Supplier | Amount | Reason |
| 2020-12-03 | Super Amature Winding | 18 864.60 | Emergency |
| 2020-12-14 | CSB Handel | 4 015.83 | Emergency |
| 2020-12-19 | Multilec | 15 344.45 | Emergency |
| 2021-01-20 | SAW Africa | 2 713.97 | Emergency |
| | | <u>40 938.85</u> | |

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

AVAILABILITY

R2,001 - R30,000

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

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

| R30,001 - R200,000 | | | |
|---------------------------------|-------------------------------|-------------------|---------------|
| Date of tender committee | Supplier | Amount | Reason |
| 2020-07-10 | Bhejula GCM Trading (Pty) Ltd | 120 000.00 | Exceptional |
| 2021-04-14 | SA Pulse Media | 165 462.00 | Sole Provider |
| 2021-05-14 | SA Pulse Media | 146 142.00 | Sole Provider |
| 2021-04-14 | Telecom Africa Publishers | 96 531.00 | Sole Provider |
| | | <u>528 135.00</u> | |

| SERVICE PROVIDER | | | |
|---------------------------------|-------------------------------------|-------------------|---------------|
| R2,001 - R30,000 | | | |
| Date of tender committee | Supplier | Amount | Reason |
| 2020-07-07 | Fantique Trade 1215 cc | 88 987.92 | Sole provider |
| 2020-07-01 | Broadband infraco | 19 947.90 | Sole provider |
| 2020-07-01 | Afrihost | 23 004.00 | Exceptional |
| 2020-07-31 | CSB Handel installing van meters | 16 929.00 | Sole Provider |
| 2020-10-19 | SSE (Pty) Ltd | 3 622.50 | Sole provider |
| 2020-10-30 | Bester's Auto | 3 735.08 | Sole provider |
| 2020-10-30 | Bester's Auto | 3 255.39 | Sole provider |
| 2020-11-16 | Fantique Trade 1215 cc | 3 990.00 | Sole provider |
| 2021-03-03 | Bester's Auto | 3 000.21 | Sole provider |
| 2021-04-28 | VIP Projects | 2 167.75 | Sole provider |
| 2021-05-03 | SAGE | 3 823.75 | Sole provider |
| 2021-05-06 | Fantique Trade 1215 cc | 2 100.00 | Sole Provider |
| 2021-05-06 | Fantique Trade 1215 cc | 2 500.00 | Exceptional |
| 2021-05-17 | Muscular Dystrophy Foundation of SA | 2 140.00 | Sole provider |
| | | <u>179 203.50</u> | |
| R30,001 - R200,000 | | | |
| Date of tender committee | Supplier | Amount | Reason |
| 2020-12-29 | SAGE South Africa | 41 674.85 | Sole provider |
| | | <u>41 674.85</u> | |

TOTAL DEVIATIONS

2 739 790.58