



## Annual Report



2019/20

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## Chapter 1: Mayor's Foreword and Executive Summary

### Component A: Mayor's Foreword



The financial year 2019/20 marks the beginning of the fourth year since the election. The year was approach with a high level of optimism because it draws us closer to the completion of the tasks given to this administration, however reality is not so kind. As a country we have been attacked by the invisible enemy which bears its origin form outside borders and causes unbearable conditions. The Corona Virus (Covid-19) , has disturbed our normal operations and has also caused devastation to the local economy and social stability. As much as the invisible enemy has caused many deaths, we remain optimistic about the future. We believe that things will go back to normal and our people will find comfort and benefit from the new economy.

The Municipality was able to develop, adopt and review its Integrated Development Plan (IDP) as per legislative requirement and adhere to the required time frames. The activities of the municipality continue to benefit from political oversight systems that have been put in place. We take the values of good governance into serious account and believe we are capable of turning the tide on unfavourable audit opinions in pursuit of a clean audit as set by "Operation Clean Audit". We need to include in all concern a culture of excellence, care, accountability and good governance. The turning point a clean administration can not only rest upon the administration alone, but it is also the responsibility of council to make sure and to take part and assume our individual and collective responsibility with prestige, impunity and integrity. Chapter 4 of the Municipal Systems Act of 2000 compares the municipality to create conditions for communities to participate in the affairs of Kareeberg Municipality as a client centered organization values the role of its stakeholders, it is sometimes difficult to engage communities where there is no stability where a small group group does not allow you to engage communities. Despite the challenges, we have managed to adequately meet most of the demands for basic services to all residents.

We are placing our hopes on the progressive District Infrastructure Development Model which is pioneered by his Excellency President Cyril Matamela Ramaphosa. Through this programme I believe the municipality will be able to expand its reach. Our local economy has not performing as we would hope, however we remain optimistic that the economy will pick up and grow inclusively as envisioned by the National Development Plan.

#### Basic Services

**Water:** We rely solely on underground water, but we must thank God for good rains that brought some relief during the summer.

**Sanitation:** All our communities has access to sanitation.








**Electricity:** We can proudly report that all communities have access to electricity except for the informal settlement, we can also report that Kareeberg Municipality are not indebted to ESKOM.

**Roads:** Most roads are tarred or paved except for a few streets.

**Economic Analysis:** It is important that we roll out targeted support programs to provide the necessary skills and knowledge to organized groups and individuals to venture into relief programs in order to address the poverty endemic amongst the community.

**Performance Overview:** We have made positive strides in the right direction to ensure that sustainable municipal governance principles support our contentious drive to deliver services which reflect our passion for our community needs, which will always be the catalyst to keep us focused on our mandate to serve with pride.

We acknowledge that:

-  Our people need access to clean and drinkable water.
-  Our people need access to decent sanitation facilities.
-  Our roads need to be put in conditions suitable for promoting economic development.
-  We must create job opportunities for our people to lift themselves out of poverty.
-  Our people need proper housing and is a matter of urgency.

We have to unlock all opportunities that the post Covid-19 economy presents. This new economy must be positively exploited for the benefit of local SMME's and we have committed our support to them.

In conclusion and I quote with Tata Madiba once said: " Let us never be unmindful of the terrible past from which we come, using that memory not as a means to keep us shackled to the past in a negative manner, but rather as a joyous reminder of how far we have come and how much we have achieved. My wish is that South Africans never give up on the belief in goodness, that they cherish that faith in human beings as a cornerstone of our democracy".

Going forward, council and communities must unequivocally strive toward the eradication of key municipal development and service delivery challenge.

I Thank You.

**Norman Stephan van Wyk**  
**MAYOR**

## Component B: Executive Summary

### 1.1 Acting Municipal Manager's Overview






Kareeberg Local Municipality always ensures that the objectives of Local Government as enshrined in Section 152 of Constitution of the Republic of South Africa are achieved.

Section 152 (1) of the Constitution sets out the objectives of Local Government as follows:

- (a) To provide democratic and accountable local government for local communities;
- (b) To ensure the provision of services to communities in a sustainable manner;
- (c) To promote social and economic development;
- (d) To promote a safe and healthy environment; and
- (e) To encourage the involvement of communities and community organizations in the matters of local government.

The 2019/20 annual report is compiled in terms of section 121 of the municipal finance management Act (MFMA) Act 56 of 2003 which requires the municipality and every municipal entity under the municipality's sole or shared control to prepare an annual report in accordance with this section read with section 46 of Municipal Systems Act 32 of 2000 as amended. The council of Kareeberg municipality must within nine months after the end of financial year, deal with the draft annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129 of which Annual Performance Report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA) 56 of 2003.

The purpose of the draft annual report is:

-  To provide a record of activities of the municipality during the financial year to which the report relates to;
-  To provide a report on performance against the budget of the municipality for that financial year;
-  To promote accountability to the local community for the decisions made throughout the year by the municipality.

The municipality has remained financially sustainable and maintained unqualified audit opinion with a reduction in matter of emphasis.

This Annual Report, together with a third unqualified audit in a row, bears testament to what is possible in local government through hard work, focus and determination in the face of various forms of adversity. In presenting this Annual Report 2019/20, we affirm that Kareeberg Municipality has made further massive strides towards becoming a "Place of good governance".

For a Municipality to ensure that residents get the basic services being their basic right as enshrined in the Constitution of South Africa, financial sustainability is key. This along with good governance form the core of effective Municipality which in turn creates a building block for society and a healthy, growing local economy in general.

In contradiction with other spheres of Government, Local Government's main source of income is its own revenue which means that adequate funding will never be available unless the municipality collects all, or as much as possible revenue owed to it. The budget and consequently the realisation of targets as set out in the IDP as well as the SDBIP are

directly linked to the ability of the municipality to generate and collect this revenue therefore directly dependant on the payment rate of the community

Despite a number of additional political and administrative challenges during this financial year, Kareeberg Municipality has been able to stay ahead of its game and its achievements far outweigh the noted challenges.

In relation to expenditure, the Municipality continued to strive to manage costs in a rather challenging economic climate and kept the overall cost increases to 6%.

The municipality continues to implement Action for monitoring and evaluation of service delivery performance.

We will continue ensuring that our municipality remains financially solid to assist the most vulnerable sectors of our communities that consist of indigent people, by providing necessary free basic services in the form of **6kl** of water and **50kwh** of electricity among other things.

The provision of uninterrupted water supply remains a challenge as a result of the shortage of underground water, and equipment breakdown. These are areas we are committed to resolve within our consequent IDP objectives and priorities.

We are excited about this and other initiatives that are focused on fulfilling the Kareeberg municipality vision of excellence. Our greatest encouragement is the continued support and commitment of our Kareeberg municipality residents and business community who are as passionate as we are about exceeding all expectations on all service delivery fronts.

Thank you also to all my committed, passionate and hard-working colleagues across the Municipality who actively endeavour to develop kareeberg into a “Place of good governance”.

**Z.P. Mjandana**

**ACTING MUNICIPAL MANAGER**

## 1.2 Municipal Overview

This report addresses the performance of the Kareeberg Municipality in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2019/20 Annual Report reflects on the performance of the Municipality for the period 1 July 2019 to 30 June 2020. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

### 1.2.1 Vision and Mission

The Municipality committed itself to the vision and mission of:

#### Vision

**"A sustainable, affordable and developmental quality service for all"**

#### Mission

We will achieve our vision by ensuring that we:







Provide a continuous and constant service

Provide a better level of service for our basket of services

Provide value for money that will be maintained by the municipality

Improvement of existing infrastructure and the creation of new opportunities for all

#### Strategic Objectives

-  Compliance with the principles of good governance
-  Deliver basic services with available resources
-  Enhance community participation
-  Promote economic development, tourism and growth opportunities
-  Sound administrative and financial services to achieve and maintain sustainability and viability
-  Create integrated human settlements

### 1.2.1 Municipal Area at a Glance

Municipal area (total land extent)		17 702 km²	Demographics (2017)				
			Population	11 385	Households	3 088	Average household size
Education (2016) (Northern Cape)		Household income (2017)					
Learner-School Ratio	509	Proportion of households earning less than R4800 per annum			About 7%		
Educator-School Ratio	15.9						
Access to basic services - minimum service level (2017)							
Water (piped water inside dwelling)	40.9%	Sanitation (Flush toilet connected to sewerage)	66.7%	Electricity for lighting	73%	Refuse removal	71.3%
Economy				Labour (2017)			
GDP growth % (2017)	10.4%			Unemployment rate		27.9%	

Largest sectors (GVA) 2017				
Agriculture	General Government	Wholesale and retail trade, catering and accommodation	Community, social and personal services	
Safety and security – actual number of crimes in 2018 in Kareeberg municipality (Pixley ka Seme District in brackets)				
Serious crimes	Driving under the influence	Drug-related crime	Murders	Sexual offences
558 which is less than in 2017 (8 970)	3 which is more than in 2017 (85)	58 which is less than in 2017 (1 052)	3 which is less than in 2017 (97)	16 which is more than in 2017 (299)
Source of demographic data: Quantec				

Table 1: Municipal Area at a Glance

## 1.2.2 Geographical Context

### Spatial Location

The jurisdiction of the Kareeberg Local Municipality covers an area of 17 702km<sup>2</sup>, which is also 17% of the total area of 102 766km<sup>2</sup> that constitutes the Pixley ka Seme District Municipality. The Kareeberg Municipality is the western-most local municipality within the district. The main town is Carnarvon which is located in the southern segment of the municipal area. The two other settlements, viz. Vosburg and Vanwyksvlei, are located close to the eastern and north-western segments of the municipal area, respectively.

The Kareeberg municipal area is about equal distance from Upington and Kimberley (as the largest towns in the Northern Cape Province) and a little bit further from Bloemfontein, which is located in the Free State province to the north-east. Calvinia, located to the west of the municipal area, is a town with close social and economic linkages with the people and activities in Kareeberg Municipality. The regional setting of the municipal area is, although 'central' to the Northern Cape, not linked or connected by any major rail or road corridor.

The map below indicates the location of the Municipality in the province:

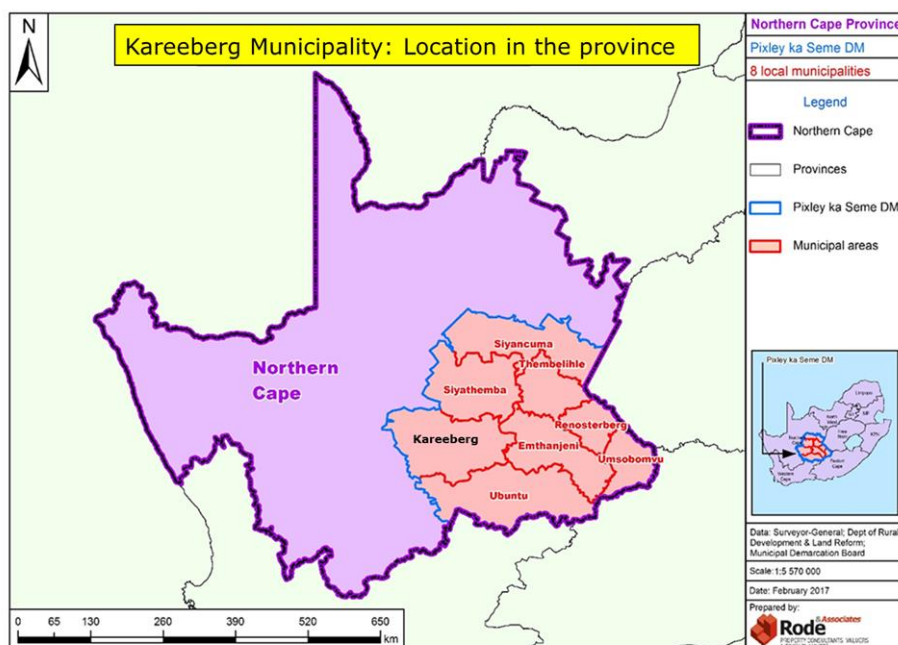


Figure 1 Locality map



## Main towns

### Carnarvon



Carnarvon, situated on the R63, 140km from Williston and 63km from Loxton, is one of the busier centres in the Karoo region. The town, which is set amongst the hills of the Kareeberg range, serves a large sheep and game farming community. The district around Carnarvon is well-known for its unique corbelled houses built by the early trekboers from around 1811 to the latter part of the 19th century.

In recent years the town has become an important centre for space age technology with the construction of the Meerkat radio telescope and SKA (Square Kilometer Array), the biggest radio telescope in the world nearby that will be used to research cosmic radiation.

The Carnarvon Museum, situated in the 1907 church hall, contains over 1 000 items of cultural and historical interest. The corbelled houses alongside the museum, is well-preserved examples of the beehive-shaped stone houses of the early trekboers. Noteworthy architecture can be seen on a walk or drive around town, and of particular interest are homes of South African poets A.G. Visser and D.F. Malherbe, with their mixture of Victorian and Gothic styles.

### Vanwyksvlei



Vanwyksvlei is a small town that sits 149km east of Brandvlei and over 100km west of Prieska on untarred roads. It was established in 1880 and was named after a farmer called Van Wyk. The Afrikaans suffix vlei, means 'pond', 'marsh' which is quite ironic since this is one of the driest places in South Africa and the

surrounding region is named the Dorsland "thirsty land". The town is a small-sized town close to the first dam that funded by the State and built in 1882. Because of it, the nearby town was a wonderful oasis to live in. For many reasons, the dam no longer holds much water – and life has ebbed from the town. San Rock Engravings can be viewed at Springbokoog. The beautiful Vanwyksvlei dam and local salt pans is also one of the many wonders of Vanwyksvlei.

## Vosburg



Vosburg lies 100 km north-north-west of Victoria West, 70 km west of Britstown and 94 km north-east of Carnarvon. Named after the Vos family, who owned the farm on which it was laid out. It is a tranquil oasis set in the wide open spaces of the upper Karoo. The streets are lined with cypress, poplar, carob, beefwood and pepper trees and there is a very pleasing grove of olive trees in the grounds of the stately Dutch Reformed Church. The tree-lined streets reveals a rich array of Victorian and Edwardian era homes, mixed in together with some more modern buildings. Some 22 of the buildings in the village have been declared national monuments.

Sheep farming is the main source of income in the district and the largely pristine environment ensures that Vosburg is a centre for the production of high quality organic lamb and mutton.

The Vosburg Museum is housed in an old Karoo-style house and features a variety of Khoisan implements and interesting exhibits which showcase the lifestyle and history of the early settlers in the district. Fine examples of San rock art can be viewed on the Keurfontein farm nearby.

### 1.2.3 Demographic Profile

#### Population

The table below includes, *inter alia*, the population size and number of households in Kareeberg municipality for 2001, 2011, and 2017. The area experienced a negative population growth rate over the period 2001 to 2011 with a small influx of persons between 2011 and 2017. The change in the number of households over this period corresponds with this trend even though the average household size decreased from 3.9 in 2001 to 3.7 in 2017.

Indicator		2001	2011	2017
Population (total)		12 469	10 990	11 385
Population growth rate (average annual)		n/a	-1.2% (2001 to 2011)	0.6% (2011 to 2017)
Households (number)		3 210	2 924	3 088
Household size		3.9	3.8	3.7
Total deaths		132	134	148
Crude death rate		10.6	12.2	13.0
Child dependency ratio		65.5	51.4	51.2
Indicator		2001	2011	2016
Age breakdown	0 - 14	4 479	3 349	3 503
	15 - 64	7 093	6 700	6 803
	65+	898	941	1 041
Education	No schooling	2 348	1 803	1 858
	Less than matric/certificate/diploma	8 380	7 476	7 630
	Higher education	397	353	371
Household dynamics	Female headed households	-	33.6%	34.5%
	Formal dwellings	-	89.6%	94.2%
	Ownership - owned	-	51.7%	71.4%
Source of demographic data: Quantec				

Table 2: Demographic Profile

#### Wards

The Kareeberg Municipality consists of 4 electoral wards. In the table below, the 4 wards are listed with the approximate number of persons in each ward, size of the ward and population density:











Ward No	Description	Population	Size	Population density
1	Carnarvon: Carnarvon town plus area around Carnarvon airstrip	2 750	56.3km <sup>2</sup>	48.8 persons per km <sup>2</sup>
2	Bonteheuwel	3 861	0.52km <sup>2</sup>	7 420 persons per km <sup>2</sup>
3	Vosburg: Area to the north-east of Carnarvon; includes Vosbrug	2 168	8 367km <sup>2</sup>	0.3 persons per km <sup>2</sup>
4	Vanwyksvlei: Area to the north-west of Carnarvon; includes Vanwyksvlei	2 892	9 277km <sup>2</sup>	0.3 persons per km <sup>2</sup>

Table 3: Wards

## 1.2.4 Economic Profile

The economy in the Kareeberg municipal area and district is characterised by the following:

The economy in the Kareeberg municipal area and district is characterised by the following:

-  Moderate economic growth since 2010 but from a low base.
-  It is a small-town sub-region with a low level of development (note the significant economic impact that the establishment of the Square Kilometre Array (SKA) project will have in the municipal area),
-  Sparsely populated towns with Carnarvon serving as “main agricultural service centre”. Note a possible decline in primary-sector-orientated offerings owing to restricted farming activities in the area as a result of the SKA project.
-  High rates of unemployment, poverty and social grant dependence.
-  Prone to significant environmental changes/shifts owing to long-term structural changes (such as climate change — less rainfall, more droughts and an increase in extreme weather events — energy crises and other shifts).
-  Geographic similarity in economic sectors, growth factors and settlement patterns.
-  Economies of scale not easily achieved owing to the relatively small size of towns.
-  A diverse road network with national, trunk, main and divisional roads of varying quality.
-  Potential in renewable energy resource generation.
-  A largely tertiary-sector based economy with agriculture (as subsector in the primary sector) the only other major contributor the ‘local’ GVA.

### Employment Status

The employment status of the working age population in the Pixley ka Seme municipal area of 30,2% formally employed and 14,8% unemployed in 2017, is worse than the status in 2001 when 33,1% of the working age population was employed (formally) and 9,7% unemployed. In 2011, the number of unemployed persons in the district was almost 4 000 more than in 2001 with an additional about 3 000 persons added to this figure up to 2017. Any unemployment figure, irrespective of how large, has serious repercussions for the ability of the residents to pay for their daily needs and for municipal services. For the unemployed, pension/welfare payments are the only reliable source of income.

In Kareeberg, about 27,3 % of the working age population was formally employed in 2017, a poorer percentage than in 2001. The employment status of the working age population in the Kareeberg and Pixley ka Seme municipal areas as in 2001, 2011, 2016 and 2017, is listed in the table below:

Description	2001	2011	2016	2017
<b>Kareeberg</b>				
Working age	7 094	6 699	6 803	8 210
Employed (formal)	2 346	1 991	2 275	2 242
Unemployed	769	844	842	1 215
Not economically active	3 701	3 231	2 870	3 848

Description	2001	2011	2016	2017
<b>Pixley ka Seme</b>				
Working age	117 579	115 270	117 878	124 043
Employed (formal)	38 956	33 481	37 890	37 507
Unemployed	11 369	15 001	16 052	18 359
Not economically active	61 825	55 983	49 527	53 075
Source of data: Quantec				

Table 4: Employment Status

## Household Income

The monthly household income of all the households residing in the municipal area is listed in the table below. It is accepted that, on average, South African households have an annual income of R138 168, viz. a monthly income of R11 514. Hence, many households living in the Kareeberg municipal area have a monthly income below the average for a South African household:

Income category	Kareeberg rural	Carnarvon	Vanwyksvlei	Vosburg
R 1 - R 4 800	2%	4%	7%	3%
R 4 801 - R 9 600	5%	7%	8%	2%
R 9 601 - R 19 600	37%	21%	27%	12%
R 19 601 - R 38 200	26%	24%	26%	21%
R 38 201 - R 76 400	10%	14%	9%	26%
<b>Total</b>	<b>80%</b>	<b>70%</b>	<b>77%</b>	<b>64%</b>

Table 5: Household Income (Census 2011)

## 1.3 Municipal Highlights and Challenges

### 1.3.1 Service Delivery Highlights

Highlight	Description
Construction and paving of new streets	The construction and paving of new streets in Carnarvon and Vanwyksvlei contribute to the development of previously disadvantaged communities.
Sustainable rendering of basic services	All the primary types of municipal services are rendered on a sustainable matter such as electricity, water, sewerage and sanitation and refuse removal.

Table 6: Services Delivery Highlights

### 1.3.2 Service Delivery Challenges

Challenge	Description
Lack of sufficient and sustainable potable water in Van Wyksvlei	The continuous drought condition in the Karoo and Boesmanland are really depleting the underground water level resources where boreholes levels are sinking expeditiously and it contributes to water scarcity within the areas.
Lack of Finances to ensure operations and maintenance of infrastructure	Operations and maintenance of infrastructural assets are not done timeously as a result of a lack of cash reserves.



Challenge	Description
War against rubble and rubbish	The war against littering, plastic bags and rubbish and other forms of rubble continues without success. Communities and stakeholders need to assist the municipality to ensure a cleaner municipal area.

Table 7: Services Delivery Challenges

### 1.3.3 Households with minimum level of Basic Services

Service	2018/19	2019/20
Electricity service connections (Represents the number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas as at 30 June)	1 031	1 028
Water - available within 200 m from dwelling (Represents the number of residential properties which are billed for water or have pre paid meters as at 30 June)	1 844	1 920
Sanitation - Households with at least VIP service (Represents the number of residential properties which are billed for sewerage as at 30 June)	819	872
Waste collection - kerbside collection once a week (Represents the number of residential properties which are billed for refuse removal as at 30 June)	1 777	1 873

Table 8: Households with minimum level of Basic Services

## 1.4 Financial Health Overview

### 1.4.1 Financial Viability Highlights

Highlight	Description
Payment of creditors	Although a low payment level as well as the Covid-19 pandemic, we succeeded to pay all our creditors within 30 days. No creditors outstanding on 30 June 2020.

Table 9: Financial Viability Highlights

### 1.4.2 Financial Viability Challenges

Challenge	Description
Payment culture	Low payment percentage hampered the maintenance of assets.
Reporting of grants	Incorrect reporting of expenditure of DoRA allocations lead to underspending of grants and the withholding of funds.
Financial System	The service provider did not perform as required and after the three-year agreement, we still do not have a trustworthy functional mSCOA compliant system.

Table 10: Financial Viability Challenges

### 1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & Indicator	2018/19	2019/20
Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	0%	0%
Service debtors to revenue (Total outstanding service debtors/revenue received for services)	51.81%	79.14%
Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	7.2	1.93

Table 11: National KPI's for Financial Viability and Management

### 1.4.4 Financial Overview

Details	2018/19	2019/20		
		Original budget	Adjustment Budget	Actual
	R			
Income				
Grants (Operating + Capital)	58 185	130 811	90 914	37 095
Taxes, Levies and tariffs	24 832	24 634	24 634	24 192
Other	5 604	33 801	22 291	4 225
Sub Total	88 621	177 736	137 839	65 512
Less Expenditure	62 511	78 169	78 712	65 470
Net surplus/(deficit)	26 110	99 567	59 127	42

Table 12: Financial Overview

## 1.4.5 Total Capital Expenditure

Detail	2018/19	2019/20
	R'000	
Original Budget	65 422 000	51 065 000
Adjustment Budget	34 964 954	46 018 000
Actual	28 769 925	37 072 000
% Spent	82.28	80.56

Table 13: Total Capital Expenditure

## 1.5 Organisational Development Overview

### 1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
There is unfortunately nothing to report here due to the resignation of the Municipal Manager on 29 February 2020 and the start of the Covid-19 pandemic during March 2020.	

Table 14: Municipal Transformation and Organisational Development Highlights

### 1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Actions to address
Unemployment, poverty alleviation and socially dependent communities	The municipality provides more than 60% of households with a basket of free basic services on a monthly basis. The non-existent of job creation drivers within the municipal area are contributing to the high number of indigent households within Kareeberg.
Lack of the implementation of a LED Strategy	Our lack of the implementation of the a LED Strategy testifies to the various economic spin-offs that don't realise in the municipal area.

Table 15: Municipal Transformation and Organisational Development Challenges

## 1.6 Auditor-General Report

Kareeberg Municipality received an unqualified audit report with findings by the Auditor-General for 2019/20.

The unqualified audit opinion means that the financial statements present fairly, in all material respects, the financial position and its financial performance and cash flows in accordance with applicable laws, regulations and standards. Matters of emphasis were highlighted by the Auditor-General and are listed in Chapter 6 of this report.

The audit outcomes received for the past four years are indicated in the table below:

Year	2016/17	2017/18	2018/19	2019/20
Status	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings

Table 16: Audit Outcomes

## Chapter 2: Governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

### a) National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	2018/19	2019/20
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	82.28	52.99

Table 17: National KPIs - Good Governance and Public Participation Performance

### b) Good Governance and Public Participation Highlights

Highlight	Description
Functioning of Audit Committee and operation of Internal Audit function	The adherence and functioning of the duties and responsibilities of the Audit Committee and Internal Audit has been visible during the financial year. The capacitation of the members lead to better performance of their functions.
Effective implementation of Performance Management System	Our Performance Management within the municipality approved enormously and the audit of the previous year is a testimony of the improved Performance Management Systems.
Proper oversight structures are in place within the municipality	Kareeberg Municipality has proper oversight structures in place to ensure that the municipality adhere to legislation, regulations and policy and procedures.

Table 18: Good Governance and Public Participation Performance Highlights

### c) Good Governance and Public Participation Challenges

Description	Actions to address
Lack of satisfactory communication of Public Office Bearers with communities and residents of Kareeberg Municipality	The lack of "Council meets the People" programme that does exist, resulting that no proper communication between Public Office Bearers and its constituencies exist. The administration is communicating with communities.
Non-functioning of one Ward Committee	The Ward Committee of ward 3 is non-functional and is not operating and functioning as per the Ward Committee Policy.

Table 19: Good Governance and Public Participation Challenges

## Component A: Political and Administrative Governance

### 2.1 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

#### 2.1.1 Council

The Council comprises of 7 elected councillors, made up from 4 ward councillors and 3 proportional representation councillors. The tables below categorise the councillors within their specific political parties and wards for the 2018/19 financial year:

The table below categorised the councillors within their specific political parties and wards from **1 July 2019 until 30 June 2020**:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Council Meetings attended %	Dates of Council Meetings held
N. van Wyk	Mayor	ANC	Ward 2	100	<a href="#">Council meetings</a> 31 August 2019 30 January 2020 5 May 2020
J.E.J. Hoorn	Councillor	ANC	Proportional	100	
G. Saal	Councillor	ANC	Proportional	100	
B.J.E. Slambee	Councillor	ANC	Ward 4	100	<a href="#">Special meetings</a> 23 July 2019 2 March 2020 19 May 2020 28 May 2020
E. Hoorn	Councillor	DA	Ward 1	100	
G.P. van Louw	Councillor	DA	Ward 3	100	
W.D. Horne	Councillor	EFF	Proportional	100	

Table 20: Council

#### 2.1.2 Portfolio Committees

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.



The composition of the portfolio committees for the period **1 July 2019 until 30 June 2020** are stipulated in the tables

Chairperson	Other members	Dates of meetings held
<b>Finance</b>		
N. van Wyk	J.E.J. Hoorn	28 August 2019
	G.P. van Louw	5 December 2019
	W.D. Horne	18 March 2020
<b>Administration and Personnel</b>		
G. Saal	B.J.E. Slambee	23 July 2019
	E. Hoorn	15 August 2019 12 November 2019
<b>Social and Economic Development</b>		
J.E.J. Horne	G. Saal	15 August 2019
	E. Hoorn	25 November 2019
<b>Infrastructure</b>		
B.J.E. Slambee	J.E.J. Hoorn	20 August 2019 13 January 2019
	E. Hoorn	12 March 2020
<b>SCOPA</b>		
B.J.E. Slambee	J.E.J. Hoorn	28 August 2019 15 January 2020
	E. Hoorn	12 March 2020

Table 21: Portfolio Committees

## 2.2 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reportees, which constitutes the Senior Management Team, whose structure is outlined in the table below:





Name of Official	Department
MF Manuel (until 28 February 2020)	Municipal Manager
N Van Zyl	Corporate Services
A Van Schalkwyk	Infrastructure Services
W de Bruin	Finance Services

Table 22: Administrative Governance Structure

## Component B: Intergovernmental Relations

MSA S15 (b): requires a municipality to establish and organize its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.







Such participation is required in terms of:

-  the preparation, implementation and review of the IDP;
-  establishment, implementation and review of the performance management system;
-  monitoring and review of the performance, including the outcomes and impact of such performance; and
-  Preparation of the municipal budget.

### 2.3 Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

To adhere to the principles of the Constitution as mentioned above the municipality actively participates in the following intergovernmental structures:





-  District Intergovernmental Forum
-  Local Intergovernmental Forum
-  District Communication Forum
-  District IDP Forum
-  MM Forum
-  CFO Forum

## Component C: Public Accountability and Participation

### 2.4.1 Public Meetings

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community.

Such participation is required in terms of:

-  the preparation, implementation and review of the IDP
-  establishment, implementation and review of the performance management system
-  monitoring and review of the performance, including the outcomes and impact of such performance
-  preparation of the municipal budget

Meetings with the community could unfortunately not be held due to the national lockdown as result of the Covid-19 pandemic.

## 2.4.2 Ward Committees

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

The composition of the ward committees for the period **1 July 2019 to 30 June 2020** are stipulated in the tables below:

### Ward 1: Carnarvon - Town

Name of representative	Capacity representing	Dates of meetings held
H. Du Toit	Bowling	4 March 2020
M. Hanekom	ACVV	
E. Riley	ATKV	
A. van Wyk	Hospice	
J. Swartz	Young Lions	
V. Viviers	CPF	
R. Katsen	Anglican Church	

Table 23: Ward 1: Committee Meetings

### Ward 2: Bonteheuwel - Carnarvon

Name of representative	Capacity representing	Dates of meetings held
V. Mogwese	Unspecified	27 January 2020
T. van Wyk	Unspecified	
V. Mouers	Crèches	
S. Witbooi	Safety	
S. Daniels	Small businesses	
J.J. Olivier	Upcoming farmers	
T.P. Daan	Church	
G.A. Appies	Sport LFA	

Table 24: Ward 2: Committee Meetings

**Ward 3: Vosburg**

Ward Committee is not yet established.

**Ward 4: Vanwyksvlei**

Name of representative	Capacity representing	Dates of meetings held
J. le Grange	Church	8 October 2019
B. Tieties	VOB	
J. Phillipus	GHB	
S. Tieties	AME	
W. Malgas	Small businesses	
K. Waterboer	Full Gospel Church	

Table 25: Ward 4: Committee Meetings

**2.4.3 Representative Forums****Labour Forum**











The table below specifies the members of the Labour forum for the 2019/20 financial year:

Name of representative	Capacity	Dates of meetings
G. de Bruin	Representative: SAMWU (Chairperson)	No meetings were held during the financial year
A. van Schalkwyk	Chief Operations Manager	
MF Manuel (until 28 February 2020)	Municipal Manager	
G. Saal	Representative: Employer	
J. Hoorn	Representative: Employer	
J. Fula	Representative: IMATU	
A. Swartz	Representative: SAMWU	
N. van Zyl	Secretary	

Table 26: Labour Forum



## 2.4.4 Financial Disclosures

Schedule 1, Section 7 as well as Schedule 2, Section 5A of the Municipal Systems Act states that when a councillor is elected or appointed or a person appointed in terms of section 56 or a municipal manager, he or she must within 60 days declare in writing to the municipal manager or the chairperson of the municipal council the following financial interests held:

-  shares and securities in any company;
-  membership of any close corporation;
-  interest in any trust;
-  directorships;
-  partnerships;
-  other financial interests in any business undertaking;
-  employment and remuneration;
-  interest in property;
-  pension; and
-  subsidies, grants and sponsorships by any organisation.

Any change in the nature or detail of the financial interests of any councillor or official must be declared in writing to the municipal manager or to the chairperson of the municipal council annually. The municipal council must determine which of the financial interests referred in the abovementioned list must be made public, having regard to the need for confidentiality and the public interest for disclosure.

The following table lists the disclosure of financial interests of the administrative and strategic role players of the municipality which were deemed to be disclosed for public interest:

Name	Description of Financial interests
<b>Mayor</b>	
Mr N.S. van Wyk	None to disclose
<b>Councillors</b>	
Mr W.D. Horne	Pension, annuities
Me G. Saal	None to disclose
Mr B.J.E. Slambee	Financial interest in business
Mr E. Hoorn	Membership of closed cooperation
Mr J.E.J. Hoorn	None to disclose
Mr G.P. van Louw	Renting of commonage
<b>Municipal Manager</b>	
Mr F Manuel	Shares in Phuma Nathi-Media 24 Membership, directorship and partnerships – Oala Kancini Land and Property:  House – R2 000 000  House – Sunrise – R200 000












Name	Description of Financial interests
	 House – Kareeville – R200 000  Erf 510 – Carnarvon – R233 000  Erf 4248 (1000m2) – R20 000  Flat (Gordonsbaai) – R700 000
Senior managers	
Mr W de Bruin	Remunerated work outside the Municipality - Farming Land and Property:  Erf 739 – R120 000  Erf 140 – R80 000
Mr N van Zyl	Land and Property:  Erf 34 – R298 500  Erf 526 – R16 600
Mr A van Schalkwyk	Land and Property:  Erf 239 - R500 000

Table 27: Financial Disclosures

## Component D: Corporate Governance

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.5 Risk Management

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003 that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

Various engagements is held to discuss and populate risk tolerance and appetite levels to report accurately and appropriately on the individual as well as strategic risks.

The table below include the top 10 risks of the Municipality:

Risk	Root Cause	Risk Exposure
Lack of updated municipal By-Laws	Improper planning	Noncompliance
Inability of the municipality to meet Operation Clean Audit target	Internal control measures not properly implemented	Reputational, unfavourable audit outcomes
Fraud and corruption within the municipality	Lack of segregation of duties not properly implemented. Lack of capacity (skills). No transfer of skills	Financial losses, hampering of service delivery, negative impact on corporate

Risk	Root Cause	Risk Exposure
		image of the municipality. Possible Litigation
Non-payment of basic services by the community	Low payment culture. High unemployment	Poor revenue collection
Inability to supply water in Vanwyksvlei/Carnarvon 24hrs	Insufficient underground water	Hampering of service delivery. Dissatisfied customers (community unrest)
Hacking of municipal IT systems	Viruses, power failures	Confidential information may be leaked/disclosed/lost to the media and public
Illegal dumping	Ignorance by community, lack enforcement personnel	Compromised health and safety of the community
Stray animals	Animals kept in backyards without permission from the municipality	Compromised health and safety. Accidents, injuries, Litigation (financial loss)
Limited maintenance of assets(buildings ,roads and fleet)	Cashflow constraints	Accidents, injuries, financial loss
Drought (lower water levels during the summer season)	Lowering of water levels from boreholes	Insufficient water supply to consumers. Compromised water quality. Compromised health

Table 28: Top Ten Risks

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the municipality. The members and meeting dates of the Committee from 1 July 2018 until 30 June 2019 are indicated in the table below:






Committee Member	Capacity	Meeting dates
MF Manuel (Until 29 February 2020)	Municipal Manager	No meetings were held during the financial year
N van Zyl	Head: Corporate Services	
T de Kock	Risk Officer	
W de Bruin	CFO	
A van Schalkwyk	COO	





Table 29: Risk Committee

## 2.6 Audit Committee

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –














(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

-  internal financial control and internal audit;
-  risk management;
-  accounting policies;
-  the adequacy, reliability and accuracy of financial reporting information;
-  performance management;

-  effective governance;
-  compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
-  performance evaluation; and
-  any other issues referred to it by the municipality

### 2.6.1 Functions of the Audit Committee

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 which is further supplemented by the Local Government Municipal and Performance Management Regulation as well as the approved Audit Committee charter:

-  To advise the Council on all matters related to compliance and effective governance.
-  To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
-  Respond to the council on any issues raised by the Auditor-General in the audit report.
-  To carry out such investigations into the financial affairs of the municipality as the council may request.
-  Perform such other functions as may be prescribed.
-  To review the quarterly reports submitted to it by the internal audit.
-  To evaluate audit reports pertaining to financial, administrative and technical systems.
-  To review the performance management system and make recommendations in this regard to Council.
-  To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
-  Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
-  Provide support to the Internal Audit function.
-  Ensure that no restrictions or limitations are placed on the Internal Audit section.
-  Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

### 2.6.2 Members of the Audit Committee



Committee member	Capacity	Meeting dates
F.J. Rootman	Chairperson	 22 August 2019  22 November 2019
E.D.Olifant	Member	
LL van Wyk	Member	

Table 30: Members of the Audit Committee

Internal Audit services are rendered to the municipality by Pixley Ka Seme District Municipality via Shared Services.

## 2.7 By-Laws and Policies

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

The following table provides details of the policies that were adopted/revised during the year:

Name of strategy	Date Adopted/Reviewed
Subsistence & Travel policy	28 May 2020
SCM Policy	28 May 2020
Property Rates policy	28 May 2020
Indigent household policy	28 May 2020
Tariff policy	28 May 2020
Asset Management policy	28 May 2020
Customer Care & Management policy	28 May 2020
Credit Control & Debt Collection policy	28 May 2020
Cellphone policy	28 May 2020
Cash & Investment policy	28 May 2020
Budget Implementation policy	28 May 2020
Augmentation Policy	28 May 2020

Table 31: Policies Developed

## 2.8 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

### 2.8.1 Communication Activities

Description	Yes/No
Communication unit	No
Communication strategy	Yes
Customer satisfaction surveys	No
Functional complaint management systems	Complaints register in place
Newsletters distributed at least quarterly	No, external newsletter "Korbeeltjie", but not distributed regularly
Crisis Communication Procedure	No
Language Policy and Procedure	No

Description	Yes/No
Media Protocol Procedure	No
Social Media	No, but WhatsApp for electricity and water services

Table 32: Communication Activities

## 2.8.2 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget 2019/20	Yes
Adjusted Budget 2019/20	Yes
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Travel and Subsistence Policy	Yes
SDBIP 2019/20	Yes
Budget and Treasury Office Structure	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2019/20	Yes
IDP Process Plan for 2019/20	Yes

Table 33: Information on Website

## 2.9 B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment to the extent where the information is currently readily available at municipal level in the specific format:

### 2.9.1 Senior Management

Category	Number	Race Classification	Gender	Disability
Senior Management	4	1 African (Acting) 1 Coloured 2 White	4 Male	0

Table 34: B-BBEE Compliance Performance Information: Senior Management

### 2.9.2 Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	1	Coloured	Male	0	78 879
Black non-employees	0	0	0	0	0
Black people on internships, apprenticeship, learnership	3	Coloured	Males	0	45 913
Unemployed black people on any programme under the learning programme matrix	0	0	0	0	0
Black people absorbed at end of internships, apprenticeship, learnership	0	0	0	0	0

Table 35: B-BBEE Compliance Performance Information: Skills Development

### 2.9.3 Enterprise and Supplier Development

The information required by the Regulation for this part is not available for the 2019/20 financial year.



## Chapter 3: Service Delivery Performance






### OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

#### Legislative requirements

The Constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

-  the promotion of efficient, economic and effective use of resources,
-  accountable public administration
-  to be transparent by providing information,
-  to be responsive to the needs of the community, and
-  to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

## Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

## Performance Management System used in the financial year 2019/20

### The IDP and the Budget






The IDP and the main budget for 2019/20 was approved by Council on **30 May 2019**. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.




In terms of the performance management framework, the Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) for 2019/20 on **10 June 2019**. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on. The indicators and targets were adjusted after the finalisation of the previous year budget and mid-year budget assessment. The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on **25 February 2020**. The performance agreements of the senior managers were compiled and revised in terms of the SDBIP indicators.

### Actual Performance

The municipality utilizes an electronic web-based system on which KPI owners update actual performance monthly. KPI owners report on the results of the KPI by documenting the following information on the performance system:

-  The actual result in terms of the target set.
-  A performance comment.
-  Actions to improve the performance against the target set, if the target was not achieved.
-  It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.
-  Monitoring of the Service Delivery Budget Implementation Plan

-  Municipal performance is measured as follows:
-  Quarterly reports were submitted to council on the actual performance in terms of the Top Layer SDBIP.
-  Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

## PERFORMANCE REPORT PART I

### 3.1 Introduction

This section provides an overview of the key service achievements of the municipality that came to fruition during 2018/19 in terms of the deliverables achieved against the strategic objectives of the IDP.

### 3.2 Strategic Service Delivery Budget Implementation Plan

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2018/19 in terms of the IDP strategic objectives.

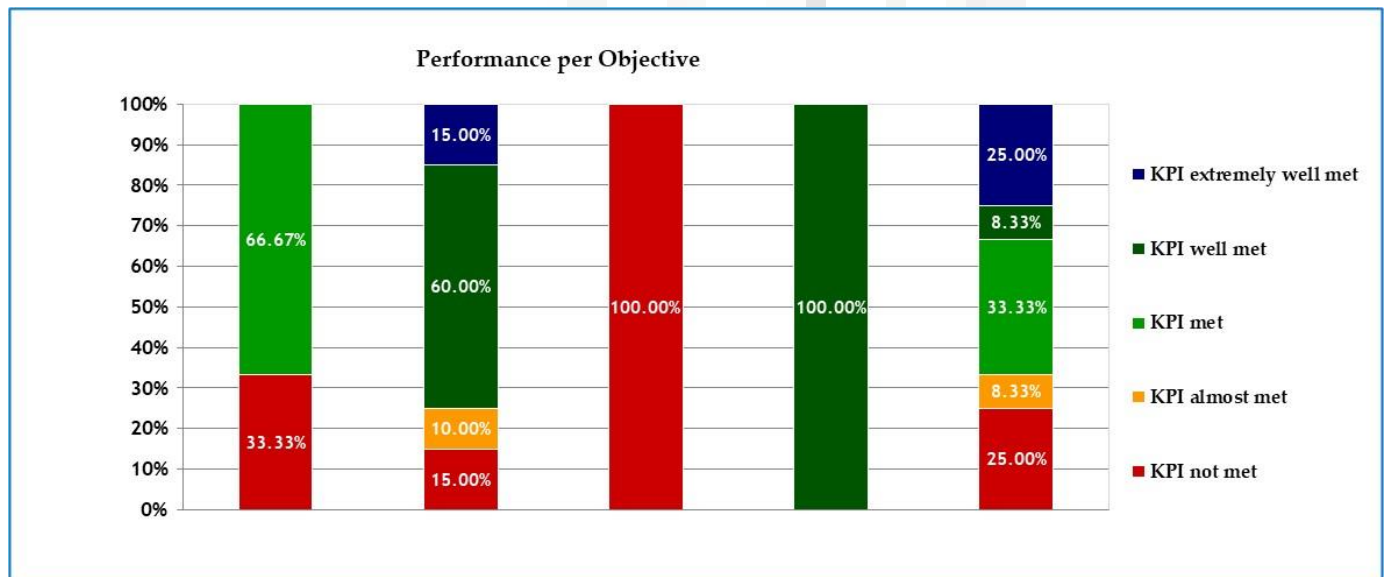
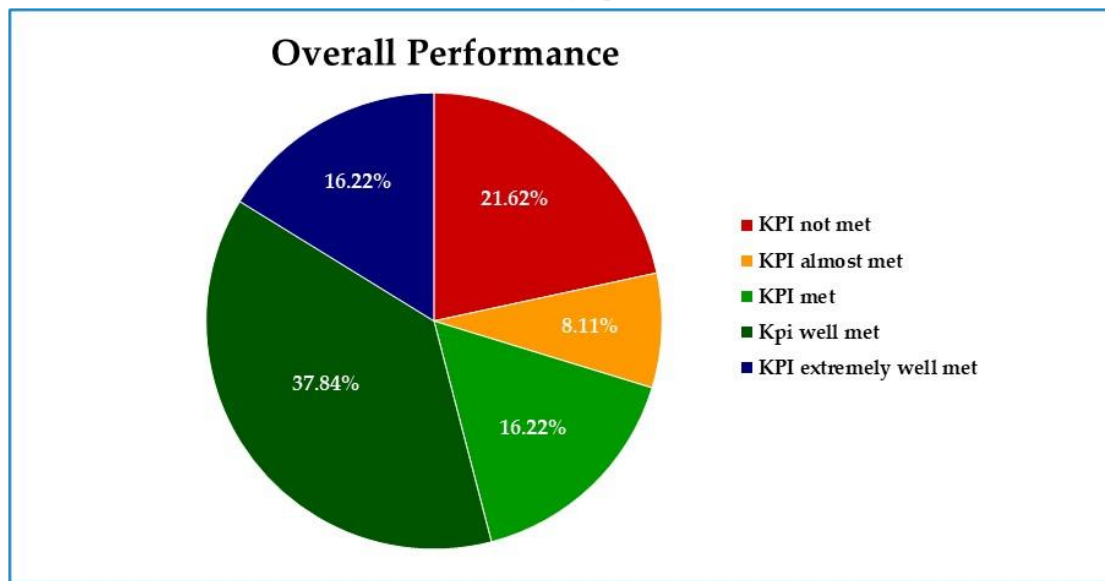
The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

Category	Colour	Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

*Figure 2 SDBIP Measurement Criteria*

### 3.2.1 Overall Performance as per Top Layer SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:



Measurement Criteria	Compliance with the principles of good governance	Deliver basic services with available resources	Enhance community participation	Promote economic development, tourism and growth opportunities	Sound administrative and financial services to achieve and maintain sustainability and viability
KPI Not Met	1	3	1	0	3
KPI Almost Met	0	2	0	0	1
KPI Met	2	0	0	0	4
KPI Well Met	0	12	0	1	1
KPI Extremely Well Met	0	3	0	0	3
<b>Total</b>	<b>3</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>12</b>

Graph 1: Top Layer SDBIP Performance per Strategic Objective

## Actual performance as per Top Layer SDBIP according to strategic objectives

## Compliance with the principles of good governance

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL2	Compile and submit the Risk Based Audit Plan (RBAP) to the Audit committee by 30 June 2020	Risk Based Audit Plan (RBAP) submitted to the Audit committee by 30 June 2020	All	1	0	0	0	1	1	1	Green
TL3	Submit the Draft IDP to Council by 31 March 2020	Draft IDP submitted to Council by 31 March 2020	All	1	0	0	1	0	1	1	Green
TL4	Distribute external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	0	0	1	0	1	2	1	Red
	Corrective measures	Only 1 newsletter was distributed due to capacity constraints as the responsible official resigned.									

Table 36: Compliance with the Principles of Good Governance

## Deliver basic services with available resources

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL5	Spend 90% of the library grant by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	% of the library grant spent by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	All	100%	0.00%	20.00%	0.00%	90.00%	90.00%	100.00%	G 2
TL6	Spend 90% of the total amount budgeted by 30 June 2020 for paving at the Kareeberg Library {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	2	New Key Performance Indicator for 2019/20	0.00%	10.00%	60.00%	90.00%	90.00%	68.00%	O
	Corrective measures	Project was completed. The underspending of the budgeted amount is due to a saving that was realised.									

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL12	Number of formal residential properties that receive piped water (credit) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2020	Number of residential properties which are billed for water	All	1 844	0	1 779	0	1 779	1 779	1 920	G 2
TL13	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2020	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	1 031	0	1 029	0	1 029	1 029	1 028	O
	Corrective measures	The target was not met by only 1. Target will be considered carefully for the 2020/21 financial year.									
TL14	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2020	Number of residential properties which are billed for sewerage	All	819	0	1 386	0	858	858	872	G 2
TL15	Number of formal residential properties for which refuse is	Number of residential properties which are billed for	All	1 777	0	1 850	0	1 814	1 814	1 873	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	removed once per week and billed for the service as at 30 June 2020	refuse removal									
TL16	Provide free basic water to indigent households as at 30 June 2020	Number of indigent households receiving free basic water	All	1 179	0	1 047	0	1 047	1 047	1 135	G 2
TL17	Provide free basic electricity to indigent households as at 30 June 2020	Number of indigent households receiving free basic electricity	All	1 028	0	997	0	984	984	1 073	G 2
TL18	Provide free basic sanitation to indigent households as at 30 June 2020	Number of indigent households receiving free basic sanitation services	All	895	0	818	0	818	818	901	G 2
TL19	Provide free basic refuse removal to indigent households as at 30 June 2020	Number of indigent households receiving free basic refuse removal services	All	1 179	0	1 047	0	1 047	1 047	1 135	G 2
TL20	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2020 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2020	All	82.28%	0.00%	10.00%	60.00%	90.00%	90.00%	52.99%	R
	Corrective measures	An amount of R9 million was included in the adjustments budget from a RBIG allocation to the municipality for a water pipeline to Vanwyksvlei. After a court case over the appointment of the contractor, the municipality was advised by legal council not to start the project in the current financial year but only in 2020/21. The allocation was published again in the DORA for 2020/21.									
TL28	Limit % electricity unaccounted for to 20% by 30 June 2020	% Electricity unaccounted for (Number of Electricity Units	All	14.81%	0.00%	0.00%	0.00%	20.00%	20.00%	17.84%	B



Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						Actual	
					Targets							
					Q1	Q2	Q3	Q4	Annual			
	[(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) × 100]	Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) × 100										
TL30	90% of water samples taken comply with SANS241 micro biological indicators as at 30 June 2020 {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}	% of water samples compliant	All	100%	90.00%	90.00%	90.00%	90.00%	90.00%	100.00%	G 2	
TL32	60% of the electricity maintenance budget spent by 30 June 2020 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the electricity maintenance budget spent by 30 June 2020 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	130.35%	10.00%	20.00%	40.00%	60.00%	60.00%	122.00%	B	
TL33	60% of the roads and stormwater maintenance budget spent by 30 June 2020 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the roads and stormwater maintenance budget spent by 30 June 2020 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	155.50%	10.00%	20.00%	40.00%	60.00%	60.00%	78.00%	G 2	
TL34	45% of the sewerage maintenance budget spent by 30 June 2020	% of the sewerage maintenance budget spent by 30 June	All	51.49%	10.00%	20.00%	40.00%	45.00%	45.00%	52.00%	G 2	

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	{{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}}	2020 {{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}}									
TL35	60% of the water maintenance budget spent by 30 June 2020 {{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}}	% of the water maintenance budget spent by 30 June 2020 {{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}}	All	72.70%	10.00%	20.00%	40.00%	60.00%	60.00%	71.00%	G 2
TL36	60% of the sport and recreation maintenance budget spent by 30 June 2020 {{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}}	% of the sport and recreation maintenance budget spent by 30 June 2020 {{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}}	All	84.37%	10.00%	20.00%	40.00%	60.00%	60.00%	42.00%	R
	Corrective measures	Due to the deteriorating cash-flow position of the municipality as result of the effect of the national lockdown due to Covid -19 on the community not all maintenance activities could be completed.									
TL37	Spend 90% of the total amount budgeted by 30 June 2020 for the upgrading of streets in Bonteheuwel {{(Total actual expenditure for the project/Total amount budgeted for the project)x100}}	% of budget spent by 30 June 2020 {{(Total actual expenditure for the project/Total amount budgeted for the project)x100}}	2	113.89%	0.00%	10.00%	60.00%	90.00%	90.00%	185.50%	B
TL38	Spend 90% of the total amount budgeted by 30 June 2020 for the upgrading of streets in Vanwvksylei	% of budget spent by 30 June 2020 {{(Total actual expenditure for the project/Total	4	83.13%	0.00%	10.00%	60.00%	90.00%	90.00%	64.41%	R

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	amount budgeted for the project)x100}									
	Corrective measures	Project was completed. The underspending of the budgeted amount is due to a saving that was realised which was utilised for the streets in Bonteheuwel.									

Table 37: Deliver Basic Services with Available Resources

## Enhance community participation

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Council meets people meetings by 30 June 2020	Number of meetings	All	1	0	0	0	1	1	0	R

Table 38: Enhance Community Participation

## Promote economic development, tourism and growth opportunities

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20					
					Targets					Actual
					Q1	Q2	Q3	Q4	Annual	
TL31	Create temporary jobs opportunities in terms of EPWP by 30 June 2020	Number of job opportunities created by 30 June 2020	All	30	30	30	30	30	31	C 2

Table 39: Promote Economic Development, Tourism and Growth Opportunities

## Sound administrative and financial services to achieve and maintain sustainability and viability

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL7	The number of people from employment equity target groups employed (to be appointed) in the three highest levels of management in compliance with the equity plan	Number of people employed (to be appointed) by 30 June 2020	All	0	0	0	0	1	1	0	R

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	as at 30 June 2020										
	Corrective measures	No posts on these levels were filled during 2019/20. The post of municipal manager became vacant just before the national lockdown as result of Covid-19.									
TL8	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2020 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2020 (Actual amount spent on training/total personnel budget)x100	All	0.02%	0.00%	0.00%	0.00%	0.01%	0.01%	0.51%	B
TL9	Limit the vacancy rate to less than 10% of budgeted posts by 30 June 2020 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate of budgeted posts by 30 June 2020 (Number of posts filled/Total number of budgeted posts)x100	All	8.10%	0.00%	0.00%	0.00%	10.00%	10.00%	7.00%	B
TL10	Submit the Draft Annual Report to Council by 31 January 2020	Draft Annual Report submitted to Council by 31 January 2020	All	1	0	0	1	0	1	1	G
TL11	Submit the Work Skills Plan to Local Government SETA by 30 April 2020	Work Skills Plan submitted to LGSETA by 30 April 2020	All	1	0	0	0	1	1	1	G
TL21	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2020 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term	% debt coverage	All	0%	0.00%	0.00%	0.00%	45.00%	45.00%	0.00%	B

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Lease) / Total Operating Revenue - Operating Conditional Grant)										
TL22	Financial viability measured in terms of the outstanding service debtors as at 30 June 2020 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	51.81%	0.00%	0.00%	0.00%	10.50%	10.50%	79.04%	R
	Corrective measures	Deteriorating financial circumstances of community and effect of Covid -19. More stringent implementation of credit control policy.									
TL23	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	7.2	0	0	0	3	3	1.93	R
	Corrective measures	Deteriorating cash-flow of municipality due to deteriorating circumstances of community and effect of Covid -19. Target will have to be adjusted for 2020/21 financial year.									
TL24	Submit the annual financial statements to	Annual financial statements submitted to	All	1	1	0	0	0	1	1	G

Ref	KPI	Unit of Measurement	Ward	Actual performance 2018/19	Performance of 2019/20						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	AGSA by 31 August 2019	AGSA by 31 August 2019									
TL25	Submit the draft main budget to Council by 31 March 2020	Draft main budget submitted to Council by 31 March 2020	All	1	0	0	1	0	1	1	G
TL26	Achieve a debtor payment percentage of 80% by 30 June 2020 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	% debtor payment achieved	All	83.60%	0.00%	80.00%	0.00%	80.00%	80.00%	74.66%	O
	Corrective measures	Deteriorating financial circumstances of community and effect of Covid -19. More stringent implementation of credit control policy.									
TL27	Spend 90% of the total amount budgeted by 30 June 2020 for the financial system {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	All	New Key Performance Indicator for 2019/20	0.00%	10.00%	60.00%	90.00%	90.00%	132.94%	G 2

Table 40: Sound Administrative and Financial Services to Achieve and Maintain Sustainability and Viability

### 3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement:

- Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

### 3.4 Municipal Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal function	Responsible for Function
Building regulations	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal planning	Yes
Stormwater management systems in built-up areas	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Local amenities	Yes
Local sport facilities	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes

Table 41: Functional Areas



## COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, including details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

We have a decentralised service delivery model with a split in between the Engineering and Planning Service Department who is responsible for all bulk services and the Community and Operational Services Department who is responsible for the day to day operations in each town/area.

### 3.5 National Key Performance Indicators – Basic Service Delivery and Local Economic Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA & Indicators	2018/19	2019/20
<b>Basic Service Delivery</b>		
The number of households with access to free basic water	1 179*	1 135
The number of households with access to free basic electricity	1 028*	1 073
The number of households with access to free basic sanitation	895*	901
The number of households with access to free basic solid waste removal	1 179*	1 135
The number of households with access to basic level of water	1 844*	1 920
The number of households with access to basic level of sanitation	819*	872
The number of households with access to basic level of electricity	1 031*	1 028
The number of households with access to basic level of solid waste removal	1 777*	1 873
<b>Local economic development</b>		
The number of jobs created through municipality's local economic development initiatives including capital projects	**30	**31
<p><i>*Represents the number of households that were billed as at 30 June 2019 and 30 June 2020</i></p> <p><i>**Number of Full Time Equivalent Employment (FTE's) created in terms of the Expanded Public Works Programme (EPWP) as at 30 June 2019 and 30 June 2020</i></p>		



Table 42: National KPIs – Basic Service Delivery and Local Economic Development

### 3.6 Water Services



The municipality operates borehole water supply systems in Carnarvon, Vosburg and Vanwyksvlei. A total number of 22 boreholes supply the bulk of the water for the three towns. Operation, maintenance and management of the water supply system needs attention. The desalination plant of Vanwyksvlei was renovated.

The levels of service for water in Carnarvon are high and 98% of all consumers have water connections. 60 Squatters are dependent on standpipes. 100% (267) of the consumers in Vosburg have water connections, except for informal houses with standpipes. In Vanwyksvlei all 420 consumers have water connections.

## The highlights for the year under review include the following:

-  Funding for the carting of water in Vanwyksvlei.
-  The renovation of the desalination plant in Vanwyksvlei.

## Some of the challenges that are experienced include the following:

-  Provision of water in Vanwyksvlei.
-  Provision of water in Carnarvon during the summertime.

## Water Services Service Delivery Levels

Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 liters of potable water per day supplied within 200 meters of a household.

The table below specifies the different water service delivery levels per households for the financial years 2018/19 and 2019/20:

Households		
Description	2018/19	2019/20
<b><u>Water: (above min level)</u></b>		
Piped water inside dwelling	772	772
Piped water inside yard (but not in dwelling)	1 182	1 182
Using public tap (within 200m from dwelling)	200	200
Other water supply (within 200m)	1 068	1 068
<b>Minimum Service Level and Above sub-total</b>	<b>3 222</b>	<b>3 222</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b><u>Water: (below min level)</u></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>3 222</b>	<b>3 222</b>

Table 43: Water Services Service Delivery Levels

## Total Employees – Water Services and Technical

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	3	3	0	0
4 - 6	1	1	0	0
7 - 9	1	1	0	0
10 - 12	1	1	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>
<i>As at 30 June 2020</i>				

Table 44: Total Employees: Water Services

## Capital Expenditure – Water Services

There was no capital expenditure on Water Services in the 2019/20 financial year.

### 3.7 Waste Water (sanitation) Services

In Carnarvon only 60 informal households had bucket sanitation and the rest of the households have a waterborne or flush system (Census 2011).

#### Vosburg

All the households have access to proper sanitation, except informal settlement, 92 households with buckets.

#### Vanwyksvlei

In Vanwyksvlei 356 households still have pit toilets. There is no infrastructure to deal with household grey water. Grey water is disposed of on-site and sometimes into the streets. This is a potential health problem that should be investigated and solutions should be found urgently. Sanitation is one aspect that needs urgent attention to improve the quality of life of the residents of Vanwyksvlei.



#### Rural Farming Areas

Although accurate data is not available, it is estimated that 500 households on farms, mainly housing farm workers, do not have access to appropriate sanitation.

### Some of the highlight include the following:

 The municipality managed to remove sewerage regularly despite the Covid-19 pandemic.

### Some of the challenges that are experienced include the following:

-  The operating of the oxidation plants is a big challenge especially in Vanwyksvlei.
-  The regular reading of meters.

### Waste Water (Sanitation) Services Service Delivery Levels

The table below specifies the different sanitation service delivery levels per households for the financial years 2018/19 and 2019/20:

Households		
Description	2018/19	2019/20
<i>Sanitation/sewerage: (above minimum level)</i>		
Flush toilet (connected to sewerage)	834	834
Flush toilet (with septic tank)	634	634
Chemical toilet	0	0
Pit toilet (ventilated)	377	377
Other toilet provisions (above min. service level)	1 201	1 201
<i>Minimum Service Level and Above sub-total</i>	<b>3 046</b>	<b>3 046</b>
<i>Minimum Service Level and Above Percentage</i>	<b>94.5</b>	<b>94.5</b>
<i>Sanitation/sewerage: (below minimum level)</i>		
Bucket toilet (joint informal)	176	176
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<i>Below Minimum Service Level sub-total</i>	<b>176</b>	<b>176</b>
<i>Below Minimum Service Level Percentage</i>	<b>5.5</b>	<b>5.5</b>
<b>Total households</b>	<b>3 222</b>	<b>3 222</b>

Table 45: Waste Water (sanitation) Services Service Delivery Levels

### Total Employees – Waste Water (Sanitation) Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	4	4	0	0
4 - 6	7	7	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>0</b>
As at 30 June 2020				

Table 46: Total Employees Waste Water (sanitation) Services

## Capital Expenditure – Waste Water (Sanitation) Services

There was no capital expenditure on Waste Water Services in the 2019/20 financial year.

### 3.8 Electricity Services

All of the households in the formal towns of Carnarvon, Vosburg and Vanwyksvlei have electricity within their houses. This aspect is positive and will contribute largely to the social development of the residents.

All the households in Vanwyksvlei have electricity in their homes except 26 squatters. In Carnarvon 60 squatters do not have electricity supply and 92 squatters in Vosburg do not have electricity in their homes. The situation in the rural farming areas is still a problem and it is estimated that most of the households are without electricity. Informal households received alternative energy.

#### Some of the highlight include the following:

- 🏠 No major outages occurred.

#### Some of the challenges that are experienced include the following:

- 🏠 Funding for the upgrade of the network in Carnarvon.
- 🏠 The regular reading of meters.

### Electricity Services Service Delivery Levels

The table below specifies the different service delivery level standards for electricity within the municipal area:

Households		
Description	2018/19	2019/20
<i>Energy: (above minimum level)</i>		
Electricity (at least min. service level)	217	217
Electricity - prepaid (min. service level)	1 963	1 963
<i>Minimum Service Level and Above sub-total</i>	<b>2 180</b>	<b>2 180</b>
<i>Minimum Service Level and Above Percentage</i>	<b>61.15</b>	<b>61.15</b>
<i>Energy: (below minimum level)</i>		
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	1 385	1 385
<i>Below Minimum Service Level sub-total</i>	<b>1 385</b>	<b>1 385</b>
<i>Below Minimum Service Level Percentage</i>	<b>38.85</b>	<b>38.85</b>
<b>Total number of households</b>	<b>3 565</b>	<b>3 565</b>

Table 47: Electricity Services Service Delivery Levels

## Total Employees – Electricity Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	1	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
As at 30 June 2020				

Table 48: Total Employees Electricity Services

## Capital Expenditure – Electricity Services

There was no capital expenditure on Electricity Services in the 2019/20 financial year.

### 3.9 Waste Management Services (Refuse collections, waste disposal, street cleaning and recycling)

Solid waste can be defined as any garbage, refuse, sludge or other discarded material resulting from industrial, commercial, institutional and residential activity. Kareeberg Municipality provides solid waste removal services in Carnarvon, Vosburg and Vanwyksvlei. The service includes collection, removal and final disposal of waste at municipal waste disposal sites.

The following waste is received at the municipal solid waste disposal sites.

#### Residential waste

Residential waste includes waste from households and consists mostly of paper, glass, plastics, food wastes and yard waste. Up to 90 % of waste received at the municipal dumping sites is residential waste.

#### Commercial and industrial waste

Commercial and industrial waste includes waste from offices, shops, clinics and schools in the area and includes mostly cardboard, paper, plastic bags, food waste and yard waste.

#### Building rubble

This type of waste is occasionally received at solid waste disposal sites and is mainly comprised of waste construction material from private contractors which includes left over bricks, wires, plaster board, and metal sheets.

#### Dumping sites

All three dumping sites in the municipal area are licensed. The sites does not fully comply with the minimum requirements for waste disposal by landfill. At present there exists insufficient enclosure of sites, uncontrolled access, inappropriate waste disposal methods etc.

### Refuse removal

- 🚚 Weekly refuse removal in Kareeberg Municipal area is about 100%
- 🚚 Only the households in informal settlements are not provided with a refuse removal service by municipality but well on bulk removal.
- 🚚 No refuse removal in the rural area.

### Some of the highlights that are experienced include the following:

- 🚚 Regular removal of refuse despite of the Covid-19 pandemic.

### Some of the challenges that are experienced include the following:

- 🚚 Illegal dumping.
- 🚚 Cleaning of dumping sites.
- 🚚 Vanwyksvlei does not currently have a refuse removal vehicle.

### Waste Management Services Service Delivery Levels

The table below indicates the different refuse removal service delivery level standards within the urban edge area of the Municipality:

Description	Households	
	2018/19	2019/20
<b><i>Solid Waste Removal: (Minimum level)</i></b>		
Removed at least once a week	1 960	1 960
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>1 960</b>	<b>1 960</b>
<b><i>Minimum Service Level and Above percentage</i></b>	<b>64.18</b>	<b>64.18</b>
<b><i>Solid Waste Removal: (Below minimum level)</i></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	1 094	1 094
No rubbish disposal	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>1 094</b>	<b>1 094</b>
<b><i>Below Minimum Service Level percentage</i></b>	<b>35.82</b>	<b>35.82</b>
<b>Total number of households</b>	<b>3 054</b>	<b>3 054</b>

Table 49: Waste Management Services Delivery Levels



## Total Employees – Waste Management Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	7	7	0	0
4 - 6	3	3	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0</b>
As at 30 June 2020				

Table 50: Total Employees Waste Management Services: Engineering and Planning Services

## Capital Expenditure – Waste Management Services

There was no capital expenditure on Waste Management Services in the 2019/20 financial year.

### 3.10 Housing

Housing is not a function of the Kareeberg Municipality and therefore no municipal resources are allocated towards Housing. Housing is managed by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) and the municipality signed a service level agreement with the Pixley ka Seme District Municipality for the delivery of houses.

The table below indicates the housing waiting list per town:

Town	2018/19	2019/20
Vanwyksvlei	130	130
Carnarvon	650	650
Vosburg	150	150
<b>Total</b>	<b>930</b>	<b>930</b>

Table 51: Housing Waiting List per Town

### 3.11 Free Basic Services and Indigent Support

The tables below indicate the total number of households that received free basic services in the 2019/20 financial year:

#### Access to Free Basic Services

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2018/19	3 088	1 028	33.3	1 179	38.2	895	28.9	1 179	38.2
2019/20	3 088	1 073	33.3	1 135	32.2	901	27.96	1 135	32.2

Table 52: Access to Free Basic Services

The access to free basic services is summarised into the different services as specified in the following tables:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value
			(R'000)			(R'000)			(R'000)
2018/19	335	50	606	2 040	0	0	693	50	463
2019/20	323	50	337	2 015	0	0	750	50	555

Table 53: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			(R'000)			(R'000)
2018/19	1 179	6 + basic fee	2 370	0	0	0
2019/20	1 135	6 + basic fee	2 954	0	0	0

Table 54: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH	Unit per HH per month	Value
			(R'000)			(R'000)
2018/19	895	263	2 825	0	0	0
2019/20	901	432	3 573	0	0	0

Table 55: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			(R'000)			(R'000)
2018/19	1 179	1	2 406	0	0	0
2019/20	1 135	1	3 008	0	0	0

Table 56: Free Basic Refuse Removal Services to Indigent Households

## COMPONENT B: ROAD TRANSPORT

This component includes Roads and Waste Water (storm water drainage).

### 3.12 Roads and Stormwater

The road network in Kareeberg Municipality comprises the following: trunk roads (6 km), main roads (60 km), district roads (68 km) and municipal streets (70 km). The municipality is responsible for maintaining the streets in Carnarvon, Vosburg and Vanwyksvlei. These streets are comprised of approximately 10 km paved and 60 km unpaved streets.

The maintenance done is insufficient and unpaved streets are almost totally neglected. Inadequate drainage systems in unpaved areas accelerate decay of unpaved road surfaces.

The unpaved district roads in the municipality are in poor condition. After average rainstorms, most of the unpaved district roads become inaccessible to traffic. Road users are not informed or warned about the condition and accessibility of district roads after these rainstorms.

#### Carnarvon

The town has 6.818 km of paved streets, 8.664 km are gravel and 9.527 are tarred. Tarred streets are found only in the older town centre. The streets require overall maintenance, but funding for maintenance remains a challenge.


#### Vosburg

The town has 2.438 km of paved streets, 4.937 km gravel and 2.382 tarred streets. The tarred and unpaved streets in the town centre are not in good condition.



#### Vanwyksvlei

The town has 8.765 km of paved streets, 8.865 gravel and 1.114 km tarred streets. The unpaved streets in the town centre are in good condition.

### The highlights for the year under review were as follow:

-  Paving of gravel roads in town.

### Some of the challenges that were experienced include the following:

-  Lack of funding to upgrade streets.
-  Lack of equipment to maintain gravel roads.

## Total Employees – Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	11	11	0	0
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0</b>
As at 30 June 2020				

Table 57: Total Employees – Roads and Stormwater

## Capital Expenditure – Roads and Stormwater

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Upgrading of streets Vanwyksvlei	4 019	0	2 251
Upgrading of streets in Bonteheuwel - Carnarvon	4 019	0	6 623

Table 58: Capital Expenditure: Roads and Stormwater

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.13 Town Planning & Spatial planning

All planning applications are processed by the Pixley ka Seme District Municipality in terms of an agreement.

### 3.14 Local Economic Development

Although temporary job opportunities are created annually with labour intensive capital projects where possible, the municipality urgently needs funding to review the Local Economic Development Strategy with a practical and realistic implementation plan for the next 5 years.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.15 Libraries

There are two libraries in Carnarvon and one each in Vanwyksvlei and Vosburg. Council strives to give the best services possible to the community through its libraries. All libraries have internet services, copy facilities and daily newspaper and magazines. From 27 March 2020 till 30 June 2020 the libraries were closed due to Covid-19 virus and no visits or book circulation was possible.

## The highlights for the year under review were as follow:

 Paving was completed at the Kareeberg Library.

## Libraries Service Statistics

### Service Statistics for Library Services

The table below indicates the service statics for the division:

Type of service	2018/19	2019/20
Number of libraries	4	4
Library members	1 099	1 097
Books circulated	23 271	15 513
Internet users	1 923	1 255
Children programmes	18	11
Visits by school groups	20	5
Book group meetings	0	0

Table 59: Libraries Service Statistics

## Total Employees – Libraries

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	6	6	0	0
4 - 6	2	2	0	0
7 - 9	2	1	1	50
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>10</b>

As at 30 June 2020

Table 60: Total Employees: Libraries




## Capital Expenditure – Libraries

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Paving Kareeberg Library	200	200	157

Table 61: Capital Expenditure: Libraries

## COMPONENT E: SECURITY AND SAFETY

This component includes:

-  Traffic, law enforcement and licensing;
-  Fire; and
-  Disaster management.

The municipality do not have a full-time dedicated fire service. It does, however, offer firefighting services with municipal staff trained in firefighting skills. All towns do have firefighting equipment available.

Disaster management is handled by the Pixley ka Seme district Municipality.

Traffic services in the municipal area are rendered by the Northern Cape Provincial Government.

### Covid-19

On 15 March 2020 President Cyril Ramaphosa declared South Africa Covid-19 epidemic a national state of disaster under the Disaster Management, (Act 57 of 2002)(DMA). This was done primarily, as the President stated it to enable the government to “have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus.” The declaration enabled the government to issue a slew of regulations, directions, and guidelines to contain and mitigate the impact of the pandemic.

During a state of disaster, the DMA allows the government to issue regulations to restrict, inter alia, movement of persons and goods “to, from or within the disaster-stricken or threatened area, ... the suspension or limiting of the sale, dispensing or transportation of alcoholic beverages in the disaster-stricken or threatened area.... [or] any other steps that may be necessary to prevent an escalation of the disaster, or to alleviate, contain and minimise the effects of the disaster...” (section 27(2).)

Similarly, the Disaster Management Regulations of 2004 (DMR) (as amended) state that:

“any Minister may issue and vary directions, as required, within his or her mandate, to address, prevent and combat the spread of COVID-19, from time to time, as may be required, including...steps that may be necessary to prevent an escalation of the national state of disaster, or to alleviate, contain and minimise the effects of the national state of disaster.” (section 10(8).)

These regulations and the pandemic itself have had a major impact on the basic service delivery and operations of local government, who had to adjust with immediate effect not only identified risks, projects, manpower but also budgets.

The Kareeberg Municipality only established a committee on the 8 of July 2020 that comprises of members from all spheres of government. Reporting on this committee falls outside of the period of this financial year.

An action plan was developed in the new financial year, however the newsletter from the Department of Health was distributed to all households by health workers during April 2020.



The availability of sanitizers and thermostats were a challenge that was experienced, but it became more readily available and more affordable since May 2020.

## COMPONENT F: SPORT AND RECREATION

### 3.16 Sport and Recreation

Formal sport and recreation facilities, that are properly equipped and maintained, are only in Carnarvon and Vosburg. There are no formal facilities in Vanwyksvlei.

Some of the challenges that are experienced include the following:

-  Vandalism of sport grounds and buildings.
-  Lack of funds for maintenance.

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: Executive and Council, Corporate Services and Financial services

### 3.17 Executive and Council

This division includes the office of the mayor, municipal manager and senior managers.

#### Total Employees – Executive and Council

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	1	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	1	0	1	100
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>50</b>
<i>As at 30 June 2020</i>				

Table 62: Total Employees – Executive and Council



### 3.18 Financial Services

Financial Services is responsible for budgeting, revenue, expenditure and supply chain management.

#### Service Statistics: Supply Chain Management (SCM)

The table below indicates the service statics for the division:

Description	Total No	Total Cost	Total No	Total Cost
	2018/19		2019/20	
Requests processed	305	305	208	14 263
Orders processed	305	305	190	14 263
Requests cancelled or referred back	0	0	2	0
Extensions	0	0	0	0
Bids received (number of documents)	10	10	1	2 972
Bids awarded	10	10	1	2 972
Bids awarded ≤ R200 000	5	5	176	5 053
Appeals registered	0	0	0	0
Successful Appeals	0	0	0	0

Table 63: Statistics SCM

#### Total Employees – Financial Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	1	1	0	0
4 - 6	1	1	0	0
7 - 9	6	6	0	0
10 - 12	1	0	1	100
13 - 15	0	0	0	0
16 - 18	2	2	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>9</b>

As at 30 June 2020

Table 64: Total Employees – Financial Services

### 3.19 Corporate Services

This division includes Administration, Human Resources and Performance Management, IDP, LED and Special Programmes

#### Total Employees – Corporate Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	2	2	0	0
4 - 6	2	2	0	0
7 - 9	2	1	1	50
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
<b>Total</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>13</b>

*As at 30 June 2020*

Table 65: Total Employees – Corporate Services

## COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD AND INDIVIDUAL PERFORMANCE

This component includes the Annual Performance Scorecard Report for the current year.

### 3.20 Development and Service Delivery Priorities for 2020/21

The main development and service delivery priorities for 2020/21 are included in the Municipality's Top Layer SDBIP for 2020/21 and the Key Performance Indicators to achieve the service delivery priorities:

#### Compliance with the principles of good governance

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL2	Compile and submit the Risk Based Audit Plan (RBAP) to the Audit committee by 30 June 2021	Risk Based Audit Plan (RBAP) submitted to the Audit committee by 30 June 2021	All	1
TL3	Submit the Draft IDP to Council by 31 March 2021	Draft IDP submitted to Council by 31 March 2021	All	1
TL4	Distribute external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	2

Table 66: Service Delivery Priorities for 2019/20 – Compliance with the Principles of Good Governance

## Deliver basic services with available resources

Ref	KPI	Unit of Measurement	Wards	Target
TL5	Spend 90% of the library grant by 30 June 2021 ((Actual expenditure divided by the approved budget)x100)	% of the library grant spent by 30 June 2021 ((Actual expenditure divided by the approved budget)x100)	All	90.00%
TL11	Number of formal residential properties that receive piped water (credit) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2021	Number of residential properties which are billed for water as at 30 June 2021	All	1 779
TL12	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2021	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2021	All	1 029
TL13	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2021	Number of residential properties which are billed for sewerage as at 30 June 2021	All	858
TL14	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2021	Number of residential properties which are billed for refuse removal as at 30 June 2021	All	1 814
TL15	Provide free basic water to indigent households as at 30 June	Number of indigent households receiving free basic water	All	1 047
TL16	Provide free basic electricity to indigent households as at 30 June 2021	Number of indigent households receiving free basic electricity	All	984
TL17	Provide free basic sanitation to indigent households as at 30 June 2021	Number of indigent households receiving free basic sanitation services	All	818
TL18	Provide free basic refuse removal to indigent households as at 30 June 2021	Number of indigent households receiving free basic refuse removal services	All	1 047
TL19	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2021 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2021	All	90.00%
TL26	Limit % electricity unaccounted for to 20% by 30 June 2021 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) × 100]	% Electricity unaccounted for (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) × 100	All	20.00%
TL27	90% of water samples taken comply with SANS241 micro biological	% of water samples compliant	All	90.00%

Ref	KPI	Unit of Measurement	Wards	Target
	indicators {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}			
TL29	60% of the electricity maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the electricity maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60.00%
TL30	60% of the roads and stormwater maintenance budget spent by 30 June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the roads and stormwater maintenance budget spent by 30 June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60.00%
TL31	60% of the sewerage maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the sewerage maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60.00%
TL32	60% of the water maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the water maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60.00%
TL33	60% of the sport and recreation maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the sport and recreation maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60.00%
TL34	Spend 90% of the total amount budgeted by 30 June 2021 for the upgrading of streets in Carnarvon {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2021{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	2	90.00%
TL35	Spend 90% of the total amount budgeted by 30 June 2021 for the upgrading of streets in Vanwyksvlei {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2021{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	4	90.00%
TL36	Spend 90% of the total amount budgeted by 30 June 2021 for the water pipeline Vanwyksvlei {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2021 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	4	90.00%
TL37	Spend 90% of the total amount budgeted by 30 June 2021 Spend 90% of the total amount budgeted by 30 June 2021 for the replacement of the asbestos water pipeline - Carnarvon {(Total actual expenditure for the project/Total amount budgeted for the project)x	% of budget spent by 30 June 2021 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1	90.00%

Ref	KPI	Unit of Measurement	Wards	Target
TL38	Spend 90% of the total amount budgeted by 30 June 2021 for the upgrading of the electricity network in Kokkiesdorp {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2021 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1	90.00%
TL39	Spend 90% of the total amount budgeted by 30 June 2021 for the upgrading of street lights to be energy efficient {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1;2	90.00%
TL40	Spend 90% of the total amount budgeted by 30 June 2021 for 2 high Mast lights in Vosburg {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2021 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	3	90.00%

Table 67: Services Delivery Priorities for 2019/20- Deliver Basic Services with Available Resources

### Enhance community participation

Ref	KPI	Unit of Measurement	Wards	Target
TL1	Council meets people meetings by 30 June 2021	Number of meetings	All	1

Table 68: Services Delivery Priorities for 2019/20- Enhance Community Participation

### Promote economic development, tourism and growth opportunities

Ref	KPI	Unit of Measurement	Wards	Target
TL28	Create temporary jobs opportunities in terms of EPWP by 30 June 2021	Number of job opportunities created by 30 June 2021	All	30

Table 69: Services Delivery Priorities for 2019/20- Promote Economic Development, Tourism and Growth Opportunities

### Sound administrative and financial services to achieve and maintain sustainability and viability

Ref	KPI	Unit of Measurement	Wards	Target
TL6	The number of people from employment equity target groups employed (to be appointed) in the three highest levels of management in compliance with the equity plan as at 30 June 2021	Number of people employed (to be appointed)	All	1
TL7	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2021 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2021 (Actual amount spent on training/total personnel budget)x100	All	0.01%

Ref	KPI	Unit of Measurement	Wards	Target
TL8	Limit the vacancy rate to less than 10% of budgeted posts by 30 June 2021 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate of budgeted posts by 30 June 2021 (Number of posts filled/Total number of budgeted posts)x100	All	10.00%
TL9	Submit the Draft Annual Report to Council by 31 January 2021	Draft Annual Report submitted to Council by 31 January 2021	All	1
TL10	Submit the Work Skills Plan to Local Government SETA by 30 April 2021	Work Skills Plan submitted to LGSETA by 30 April 2021	All	1
TL20	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2021 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating R	% debt coverage	All	45.00%
TL21	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	10.50%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excl	Number of months it takes to cover fixed operating expenditure with available cash	All	3
TL23	Submit the annual financial statements to AGSA by 31 August 2020	Annual financial statements submitted to AGSA by 31 August 2020	All	1
TL24	Submit the draft main budget to Council by 31 March 2021	Draft main budget submitted to Council by 31 March 2021	All	1
TL25	Achieve a debtor payment percentage of 80% by 30 June 2021 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	% debtor payment achieved	All	80.00%

Table 70: Service Delivery Priorities for 2019/20- Sound Administrative and Financial Services to Achieve and Maintain Sustainability and Viability

### 3.21 Municipal Manager and Managers Directly Accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all 56-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements of the senior managers for the 2018/19 financial year were signed as prescribed. The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2018/19 financial year took place on **11 December 2019**.

## Chapter 4: Organisational Development Performance

### PERFORMANCE REPORT PART II

#### 4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA& Indicators	2018/19	2019/20
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	0
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.02	0.51

Table 71: National KPIs– Municipal Transformation and Organisational Development

#### 4.2 Introduction to the Municipal Workforce

The Municipality currently employs 66 officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.3 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

#### Employment Equity vs Population

Description	African	Coloured	Indian	White	Total
Number for positions filled	0	61	0	5	66
% for Positions filled	0	92.42%	0	7.58%	100%

Table 72: Employment Equity vs Population



## Occupational Levels - Race

The table below categorises the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior management	0	1	0	2	0	0	0	0	3
Professionally qualified and experienced specialists and mid- management	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	1	0	0	0	9	0	2	12
Semi-skilled and discretionary decision making	0	7	0	0	0	15	0	0	22
Unskilled and defined decision making	0	18	0	0	0	10	0	0	28
<b>Total permanent</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>3</b>	<b>66</b>
Non- permanent employees	1	0	0	0	0	0	0	0	1
<b>Grand total</b>	<b>1</b>	<b>27</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>3</b>	<b>67</b>

Table 73: Occupational Levels - Race

## Departments - Race

The following table categorises the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	0	0	0	0	0	0	0	0
Corporate Services	0	2	0	1	0	9	0	1	13
Financial Services	0	1	0	0	0	7	0	2	10
Operational Services	0	23	0	1	0	19	0	0	43
<b>Total permanent</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>3</b>	<b>66</b>
Non- permanent employees	1	0	0	0	0	0	0	0	1
<b>Grand total</b>	<b>1</b>	<b>26</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>3</b>	<b>67</b>

Table 74: Departments – Race

## 4.4 Vacancy Rate

The approved organogram for the municipality has 71 posts. The actual positions filled are indicated in the tables below by post level and by functional level. 5 posts were vacant at the end of 2019/20, resulting in a vacancy rate of 7.0%.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56	1	1
Senior management	3	0

PER POST LEVEL		
Post level	Filled	Vacant
Professionals and Middle management	2	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	12	2
Semi - skilled	22	0
Unskilled and defined decision making	26	1
<b>Total</b>	<b>66</b>	<b>5</b>
PER FUNCTIONAL LEVEL		
Per Department	Filled	Vacant
Office of the Municipal Manager	1	1
Corporate Services	12	2
Financial Services	11	1
Operational Services	42	1
<b>Total</b>	<b>66</b>	<b>5</b>

Table 75: Vacancy Rate per Post and Functional Level

## 4.5 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate for 2018/19 was 1.4% and increased to 5.9% in 2019/20.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2018/19	66	1	1	1.5
2019/20	66	3	4	6.1

Table 76: Turnover Rate

## 4.6 Managing the Municipal Workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The table below indicates the total number of injuries within the different departments:

Department	2018/19	2019/20
Office of the Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Operational Services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Table 77: Injuries

### Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2019/20 financial year shows a slight increase when comparing it with the 2018/19 financial year.

The table below indicates the total number sick leave days taken within the different salary bands:

Salary band	Total sick leave	Employees using sick leave	Average sick leave per employee	Total sick leave	Employees using sick leave	Average sick leave per employee
	Days	No	Days	Days	No	Days
	2018/19			2019/20		
Lower skilled (Levels 1-2)	4	2	2.0	90	12	7.5
Skilled (Levels 3-5)	70	10	7.0	2	2	1.0
Highly skilled production (levels 6-8)	36	2	18.0	90	5	18.0
Highly skilled supervision (levels 9-12)	89	3	29.7	36	5	7.2
Senior management (Levels 13-15)	12	2	6.0	2	1	2.0
MM and S56	25	2	12.5	19	2	9.5
<b>Total</b>	<b>236</b>	<b>21</b>	<b>11.2</b>	<b>239</b>	<b>26</b>	<b>9.2</b>

Table 78: Sick Leave

## HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

Name of policy	Yes/No
Affirmative Action	Yes
Attraction and Retention	Yes
Code of Conduct for employees	Yes
Delegations, Authorisation & Responsibility	Yes
Disciplinary Code and Procedures	Yes
Employment Equity	Yes
Grievance Procedures	Yes
HIV/Aids	Yes
Human Resource and Development	Yes
Information Technology	Yes
Job Evaluation	Yes
Leave	Yes
Occupational Health and Safety	Yes
Official Housing	Yes
Official Journeys	Yes
1Official Working Hours and Overtime	Yes
Organisational Rights	Yes
Payroll Deductions	Yes
Performance Management and Development	Yes
Remuneration Scales and Allowances	Yes
Skills Development	Yes
Smoking	Yes
Uniforms and Protective Clothing	Yes

Table 79: HR Policies and Plans

## 4.7 Capacitating the Municipal Workforce

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

## Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Occupational categories		Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Sub total	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0

Table 80: Skills Development: Training Provided

## MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	Vacant	n/a	n/a	n/a
Chief Financial Officer	1	1	1	1
Senior Managers	2	2	2	2
Any other financial officials	9	4	n/a	4
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	0	n/a	n/a	n/a
Supply chain management senior managers	0	n/a	n/a	n/a
<b>Total</b>	<b>12</b>	<b>7</b>	<b>3</b>	<b>7</b>

Name	Position	Higher Education Qualification	Relevant Work-Related Experience	Financial and Supply Chain Management Competency Areas	Financial and Supply Chain Management Competency Areas	Number of Completed Unit Standards	Remaining Unit Standards
Vacant	Accounting Officer	n/a	n/a	n/a	n/a	n/a	n/a
APF Van Schalkwyk	Senior Manager (MSA S56)	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	15 Unit Standards needed	26	(11)
W De Bruin	CFO Municipality	NQF Level 7 - bachelor's degree (min 360 credits)	2 years and more	Performance Agreements signed, FM & SCM levels completed	20 Unit Standards needed	27	(7)
NJ Van Zyl	Senior Manager (MSA S56)	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	15 Unit Standards needed	26	(11)
T De Kock	Middle Manager: Finance	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreement not required, FM & SCM levels completed	15 Unit Standards needed	26	(11)

Table 81: Financial Competency Development: Progress Report

## Skills Development - Budget allocation

The table below indicates that a total amount of **R330 000** was allocated for training and that **40%** of the total amount was spent in the 2019/20 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R			
2018/19	23 877 256	150 399	4 999	3
2019/20	23 489 566	330 000	120 509	40

Table 82: Budget Allocated and Spent for Skills Development

## 4.8 Managing the Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000		%
2018/19	20 781	62 510	33.24
2019/20	21 405	65 177	32.84

Table 83: Personnel Expenditure



Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2018/19	2019/20
Description	R	
<u>Councillors (Political Office Bearers plus Other)</u>		
Mayor	815 863	850 465
Councillors	1 716 480	1 796 946
Sub Total - Councillors	2 532 343	2 647 411
% increase/ (decrease)	-	4.35
<u>Senior Managers of the Municipality</u>		
Annual Remuneration	3 359 339	3 597 571
Acting Allowance	0	0
Car Allowance	661 286	407 134
Settlement Payment	0	0
Bonus & Long Service Bonus	64 909	251 902
Performance Bonus	266 750	279 717
Contribution to UIF, Medical & Pension	387 266	421 655
Housing Subsidy	0	0
Telephone Allowance	114 000	107 600
Leave Pay-Out	71 876	223 435
Other	0	0
Sub Total - Senior Managers of Municipality	4 925 426	5 289 014
% increase/ (decrease)	-	6.87
<u>Other Municipal Staff</u>		
Basic Salaries and Wages	12 185 466	11 401 503
Pension Contributions	1 913 651	1 475 613
Medical Aid Contributions	474 791	321 998
Motor vehicle allowance	143 706	156 119
Cell phone allowance	15 600	30 200
Housing allowance	92 468	107 230
Overtime	1 036 966	1 061 058
Other benefits or allowances	281 027	712 838
Sub Total - Other Municipal Staff	16 143 675	15 266 559
% increase/ (decrease)	-	(5.4)

Table 84: Personnel Expenditure

## Chapter 5: Financial Performance

### Component A: Statements of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2019/20 financial year:

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	R'000				%	
Financial Performance						
Property rates	8,328	10,316	10,316	9,229	-11.78	-11.78
Service charges	16,023	15,340	15,340	14,964	-2.52	-2.52
Investment revenue	3,441	2,151	2,151	2,431	11.52	11.52
Transfers recognised - operational	29,888	28,980	28,780	28,898	-0.28	0.41
Other own revenue	2,645	3,042	3,042	1,817	-67.48	-67.48
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>60,324</b>	<b>59,829</b>	<b>59,629</b>	<b>57,338</b>	<b>-4.34</b>	<b>-4.00</b>
Employee costs	20,781	24,416	23,490	21,405	-14.07	-9.74
Remuneration of councillors	2,532	2,739	2,739	2,647	-3.46	-3.46
Depreciation & asset impairment	4,430	3,552	3,552	5,419	34.45	34.45
Finance charges	2,377	1,067	1,067	1,726	38.18	38.18
Materials and bulk purchases	9,485	15,228	15,508	12,342	-23.39	-25.65
Transfers and grants	0	2,128	2,128	0	0.00	0.00
Other expenditure	22,905	18,856	21,503	21,930	14.02	1.95
<b>Total Expenditure</b>	<b>62,511</b>	<b>67,987</b>	<b>69,987</b>	<b>65,470</b>	<b>-3.85</b>	<b>-6.90</b>
<b>Surplus/(Deficit)</b>	<b>(2,187)</b>	<b>(8,158)</b>	<b>(10,358)</b>	<b>(8,131)</b>	<b>-0.32</b>	<b>-27.38</b>
Transfers recognised - capital	28,297	22,085	17,238	8,174	-170.18	-110.88
Contributed assets	0	0	0	0	0.00	0.00
Loss on foreign exchange	0	0	0	0	0.00	0.00
Fair value adjustment	0	0	0	0	0.00	0.00
Actuarial gains / (losses)	0	0	0	0	0.00	0.00
<b>Surplus/(Deficit)</b>	<b>26,110</b>	<b>13,927</b>	<b>6,880</b>	<b>43</b>	<b>-32426.42</b>	<b>-15968.89</b>
Capital expenditure & funds sources						
Transfers recognised - capital (incl Housing Development Fund)	28,297	22,085	17,038	8,174	-170.18	-108.43
Public contributions & donations	0	0	0	23	100.00	100.00
Borrowing	0	0	0	0	0.00	0.00

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Internally generated funds	0	2,307	307	993	-132.26	69.09
<b>Total sources of capital funds</b>	<b>28,297</b>	<b>24,392</b>	<b>17,345</b>	<b>9,191</b>	<b>-165.40</b>	<b>-88.73</b>
<b>Financial position</b>						
Total current assets	46,113	20,591	20,591	30,542	32.58	32.58
Total non-current assets	173,528	185,306	178,259	182,825	-1.36	2.50
Total current liabilities	19,249	4,695	4,379	6,800	30.96	35.60
Total non-current liabilities	34,364	37,335	37,335	17,950	-108.00	-108.00
Community wealth/Equity	166,028	163,866	157,135	188,617	13.12	16.69
<b>Cash flows</b>						
Cash/cash equivalents at the year begin	43,249	30,952	26,302	42,428	27.05	38.01
Net cash from (used) operating	27,935	17,164	15,164	(11,824)	245.16	228.25
Net cash from (used) investing	(28,762)	(24,384)	(17,345)	(5,966)	-308.72	-190.74
Net cash from (used) financing	7	(2)	(316)	7	133.16	4580.89
<b>Cash/cash equivalents at the year end</b>	<b>42,428</b>	<b>23,729</b>	<b>23,805</b>	<b>24,646</b>	<b>3.72</b>	<b>3.41</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	42,428	23,729	23,805	24,646	3.72	3.41
Application of cash and investments	0	0	0	0	0.00	0.00
<b>Balance - surplus (shortfall)</b>	<b>42,428</b>	<b>23,729</b>	<b>23,805</b>	<b>24,646</b>	<b>3.72</b>	<b>3.41</b>
<b>Asset management</b>						
Asset register summary (WDV)	156,153	185,286	186,539	196,029	5.48	4.84
Depreciation & asset impairment	321,355	3,552	3,991	4,503	21.13	11.38
Renewal of Existing Assets	28,308	24,392	17,345	5,972	-308.47	-190.46
Contracted Services	894	631	940	664	4.95	-41.71
<b>Free Services</b>						
Cost of Free Basic Services provided	8,214	10,321	10,321	10,506	1.76	1.76
Revenue cost of free services provided	0	0	0	0	0.00	0.00

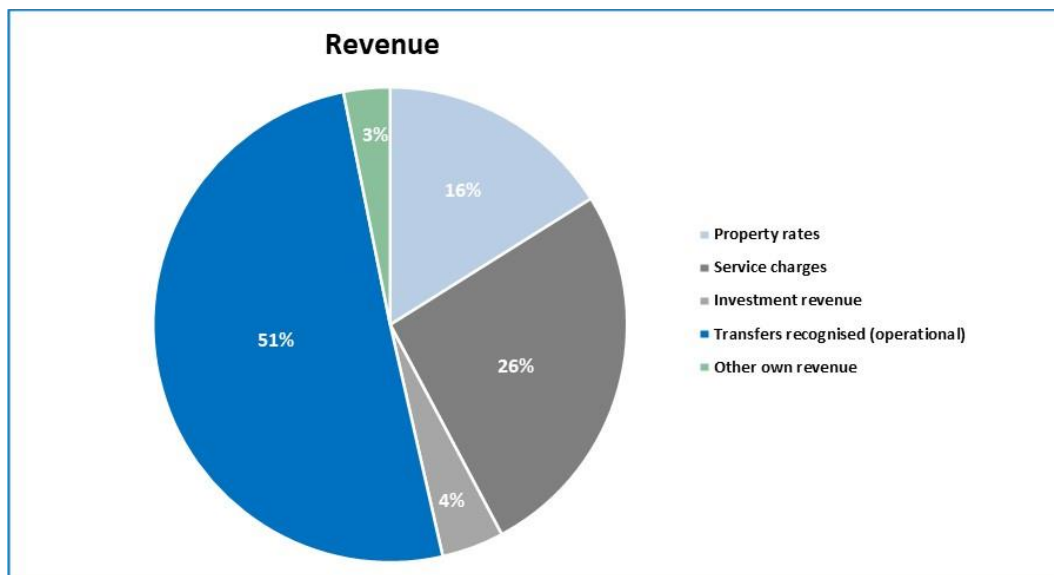
Table 85: Financial Performance

The table below shows a summary of performance against budgets

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2018/19	59,139	60,324	1,185	0.02	66,486	62,511	(3,975)	-0.06
2019/20	59,629	57,338	(2,291)	-0.04	69,987	65,470	(4,517)	-0.06

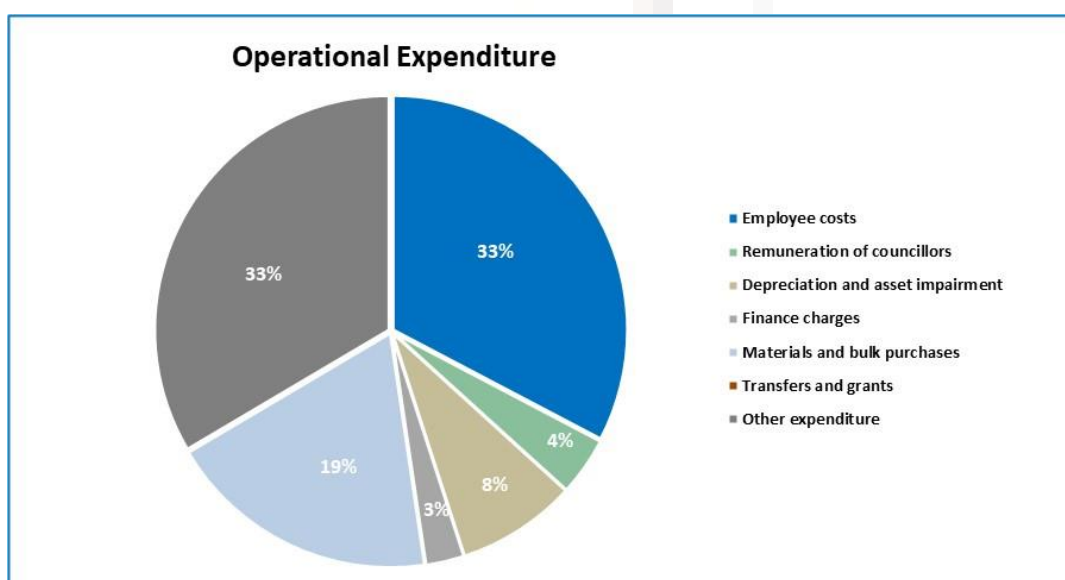
Table 86: Performance against Budgets

The following graph indicates the various types of revenue received in 2019/20:



Graph 2: Revenue

The following graph indicates the various types of expenditure items in 2019/20:



Graph 3: Operating Expenditure

### 5.1.1 Revenue Collection by Vote

The table below indicates the Revenue collection performance by vote

Vote Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Vote 1 - Cemeteries	16	15	15	16	6.63	6.63
Vote 2 - Libraries	3	913	913	139	-556.42	-556.42
Vote 3 - Electricity	9,966	13,360	13,360	9,622	-38.84	-38.84
Vote 4 - Council and executive	57,220	14,514	14,514	29,739	51.20	51.20
Vote 5 - Housing officials	8	9	9	9	-1.08	-1.08
Vote 6 - Property rates	8,328	10,315	10,315	9,229	-11.78	-11.78
Vote 7 - Commonage	224	325	325	310	-4.69	-4.69
Vote 8 - Municipal Buildings	54	31	31	76	58.76	58.76
Vote 9 - Budget and treasury	6,419	5,069	5,069	2,649	-91.32	-91.32
Vote 10 - Airstrip	0	0	0	0	0.00	0.00
Vote 11 - Pound	0	0	0	0	0.00	0.00
Vote 12 - Public works	0	1,085	1,085	49	-2116.30	-2116.30
Vote 13 - Roads	0	0	0	8,038	100.00	100.00
Vote 14 - Traffic and licensing	6	5	5	6	10.71	10.71
Vote 15 - Nature reserve	13	0	0	1	100.00	100.00
Vote 16 - Parks	1	1	1	0	-123.10	-123.10
Vote 17 - Swimming pool	0	9	9	0	0.00	0.00
Vote 18 - Caravan Park	3	2	2	0	-534.22	-534.22
Vote 19 - Solid Waste Management	1,891	7,524	7,524	1,457	-416.32	-416.32
Vote 20 - Waste Water Management	1,567	8,051	8,051	962	-737.28	-737.28
Vote 21 - Water	2,902	17,704	17,704	3,209	-451.70	-451.70
<b>Total Revenue by Vote (Including capital transfers and contributions)</b>	<b>88,621</b>	<b>78,932</b>	<b>78,932</b>	<b>65,512</b>	<b>-20.48</b>	<b>-20.48</b>

Table 87: Revenue Collection by Vote

### 5.1.2 Revenue Collection by Source

The table below indicates the Revenue collection performance by source for the 2019/20 financial year:

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Property rates	8,328	10,316	10,316	9,229	-11.78	-11.78
Property rates - penalties & collection charges	188	0	0	0	0.00	0.00
Service Charges	16,023	15,340	15,340	14,964	-2.52	-2.52

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Rentals of facilities and equipment	294	372	372	396	6.00	6.00
Interest earned - external investments	3,440	2,151	2,151	2,430	11.49	11.49
Interest earned - outstanding debtors	1	351	351	1	-41194.12	-41194.12
Dividends received	0	0	0	0	0.00	0.00
Fines	10	8	8	3	-187.66	-187.66
Actuarial Gains	0	0	0	0	0.00	0.00
Licences and permits	13	43	43	5	-680.14	-680.14
VAT portion on DORA Grants	0	0	0	0	0.00	0.00
Agency services	151	0	0	59	100.00	100.00
Transfers recognised - operational	29,888	28,980	28,780	28,898	-0.28	0.41
Other revenue	1,989	2,268	2,268	1,352	-67.70	-67.70
Unamortised Discount - Interest	0	0	0	0	0.00	0.00
Contributed PPE	0	0	0	0	0.00	0.00
Gains on disposal of PPE	0	0	0	0	0.00	0.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>60,323</b>	<b>59,829</b>	<b>59,629</b>	<b>57,337</b>	<b>-4.35</b>	<b>-4.00</b>

Table 88: Revenue Collection by Source

## 5.2 Financial Performance per Municipal Function

### 5.2.1 Water Services

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	2,902	17,704	17,704	3,209	-451.70
<b>Expenditure:</b>					
Employees	959	517	517	438	-18.08
Repairs and Maintenance	167	245	245	175	-39.94
Other	1,618	2,151	2,151	2,205	2.48
Total Operational Expenditure	2,744	2,912	2,912	2,818	-3.35
<b>Net Operational (Service)</b>	<b>158</b>	<b>14,792</b>	<b>14,792</b>	<b>391</b>	<b>-3681.30</b>

Table 89: Financial Performance: Water Services

## 5.2.2 Sanitation Services

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1,891	8,051	8,051	962	-737.28
<b>Expenditure:</b>					
Employees	565	1,929	1,929	1,762	-9.50
Repairs and Maintenance	43	205	205	107	-90.98
Other	1,829	2,969	2,969	3,090	3.95
Total Operational Expenditure	2,437	5,102	5,102	4,959	-2.88
Net Operational (Service)	(547)	2,949	2,949	(3,998)	173.76

Table 90: Financial Performance: Sanitation Services

## 5.2.3 Electricity Services

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	9,966	13,360	13,360	9,622	-38.84
<b>Expenditure:</b>					
Employees	981	438	438	410	-6.87
Repairs and Maintenance	173	55	55	67	17.86
Other	11,251	15,194	15,194	14,938	-1.72
Total Operational Expenditure	12,405	15,687	15,687	15,414	-1.77
Net Operational (Service)	(2,438)	(2,327)	(2,327)	(5,792)	59.83

Table 91: Financial Performance: Electricity Services

## 5.2.4 Waste Management Services (Refuse collections, Waste disposal, Street cleaning and Recycling)

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1,567	7,524	7,524	1,457	-416.32
<b>Expenditure:</b>					
Employees	3,397	2,363	2,363	2,051	-15.22
Repairs and Maintenance	130	0	0	20	100.00
Other	1,865	3,628	3,628	3,032	-19.65
Total Operational Expenditure	5,392	5,991	5,991	5,103	-17.40
Net Operational (Service)	(3,825)	1,533	1,533	(3,646)	142.04

Table 92: Financial Performance: Waste Management Services



## 5.2.5 Roads and Stormwater

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	6	1,090	1,090	55	-1897.98
<b>Expenditure:</b>					
Employees	1,042	3,984	3,984	3,407	-16.92
Repairs and Maintenance	70	207	207	161	-28.00
Other	345	2,434	2,434	2,856	14.77
Total Operational Expenditure	1,457	6,625	6,625	6,425	-3.12
<b>Net Operational (Service)</b>	<b>(1,451)</b>	<b>(5,535)</b>	<b>(5,535)</b>	<b>(6,370)</b>	<b>13.11</b>

Table 93: Financial Performance: Roads and Stormwater

## 5.2.6 Environmental Protection

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	13	0	0	1	100.00
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	9	8	8	9	8.17
Other	248	488	488	344	-41.60
Total Operational Expenditure	258	496	496	353	-40.37
<b>Net Operational (Service)</b>	<b>(245)</b>	<b>(496)</b>	<b>(496)</b>	<b>(352)</b>	<b>-40.93</b>

Table 94: Financial Performance: Environmental Protection

## 5.2.7 Sport and Recreation

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	4	12	12	1	-1465.89
<b>Expenditure:</b>					
Employees	136	229	229	150	-51.99
Repairs and Maintenance	35	68	68	29	-137.83
Other	184	61	61	30	-103.13
Total Operational Expenditure	355	358	358	209	-71.08
<b>Net Operational (Service)</b>	<b>(351)</b>	<b>(345)</b>	<b>(345)</b>	<b>(208)</b>	<b>-65.89</b>

Table 95: Financial Performance: Sport and Recreation

## 5.2.8 Public Safety

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	0	9	9	2	-332.13
Other	62	83	83	55	-51.39
Total Operational Expenditure	62	92	92	57	-61.57
<b>Net Operational (Service)</b>	<b>(62)</b>	<b>(92)</b>	<b>(92)</b>	<b>(57)</b>	<b>-61.57</b>

Table 96: Financial Performance: Public Safety

## 5.2.9 Health

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	1	5	5	1	-586.81
Other	22	24	24	5	-353.37
Total Operational Expenditure	23	29	29	6	-381.45
<b>Net Operational (Service)</b>	<b>(23)</b>	<b>(29)</b>	<b>(29)</b>	<b>(6)</b>	<b>-381.45</b>

Table 97: Financial Performance: Health

## 5.2.10 Executive and Council

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	28,923	14,514	14,514	29,739	51.20
<b>Expenditure:</b>					
Employees	2,957	7,550	7,550	6,465	-16.78
Repairs and Maintenance	42	0	0	0	100.00
Other	6,481	5,815	5,815	5,404	-7.59
Total Operational Expenditure	9,480	13,365	13,365	11,870	-12.60
<b>Net Operational (Service)</b>	<b>19,443</b>	<b>1,149</b>	<b>1,149</b>	<b>17,870</b>	<b>93.57</b>

Table 98: Financial Performance: Executive and Council

## 5.2.11 Financial Services

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	15,025	15,740	15,740	12,264	-28.35
<b>Expenditure:</b>					
Employees	7,271	4,378	4,378	4,731	7.48
Repairs and Maintenance	76	429	429	7	-6168.51
Other	12,180	11,268	12,264	11,226	-0.37
Total Operational Expenditure	19,528	16,074	17,071	15,964	-0.69
<b>Net Operational (Service)</b>	<b>(4,503)</b>	<b>(334)</b>	<b>(1,330)</b>	<b>(3,701)</b>	<b>90.97</b>

Table 99: Financial Performance: Financial Services

## 5.2.12 Corporate Services

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	1	0	0	0	0.00
Other	12	0	0	0	0.00
Total Operational Expenditure	13	0	0	0	0.00
<b>Net Operational (Service)</b>	<b>(12)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

Table 100: Financial Performance: Corporate Services

## 5.2.13 Planning and Development

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
<b>Expenditure:</b>					
Employees	979	0	0	0	0.00
Repairs and Maintenance	130	12	12	6	-97.16
Other	1,961	5	5	1	-383.60
Total Operational Expenditure	3,070	17	17	7	-137.99
<b>Net Operational (Service)</b>	<b>(3,070)</b>	<b>(17)</b>	<b>(17)</b>	<b>(7)</b>	<b>-145.08</b>

Table 101: Financial Performance: Planning and Development

## 5.2.14 Community and Social Services

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	18	928	928	19	-4800.65
<b>Expenditure:</b>					
Employees	2,494	2,155	2,155	1,991	-8.20
Repairs and Maintenance	16	35	35	19	-85.65
Other	313	615	615	181	-239.06
Total Operational Expenditure	2,823	2,805	2,805	2,192	-27.98
<b>Net Operational (Service)</b>	<b>(2,805)</b>	<b>(1,877)</b>	<b>(1,877)</b>	<b>(2,173)</b>	<b>13.63</b>

Table 102: Financial Performance: Community and Social Services

## 5.2.15 Housing

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	8	9	9	9	-1.08
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	0	10	10	0	0.00
Other	0	0	0	0	0.00
Total Operational Expenditure	0	10	10	0	-7297.14
<b>Net Operational (Service)</b>	<b>8</b>	<b>(1)</b>	<b>(1)</b>	<b>9</b>	<b>115.47</b>

Table 103: Financial Performance: Housing

## 5.3 Grants

### 5.3.1 Grant Performance

The table below indicates the Grant performance for the 2019/20 financial year:

The Municipality had a total amount of **R37,072 million** available that was received in the form of grants from the National and Provincial Governments during the financial year. The performance in the spending of these grants is summarised as follows:

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Equitable share	22,024	24,348	24,348	24,348	0.00	0.00
Finance Management Grant	1,970	2,435	2,435	2,435	0.00	0.00

Description	2018/19	2019/20			2019/20 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Municipal Infrastructure Grant	7,972	8,038	8,038	8,038	0.00	0.00
Integrated National Electrification Programme	1,000	0	0	0	0.00	0.00
Regional Bulk Infrastructure Grant	13,481	14,047	9,000	0	-100.00	-100.00
Drought Relief	4,626	0	0	0	0.00	0.00
Water system infrastructure Grant	5,000	0	0	0	0.00	0.00
Expanded Public Works Programme	1,000	1,085	1,085	1,085	0.00	0.00
Covid-19	0	0	54	54	0.00	0.00
Provincial Library Services: Conditional Grant	1,112	1,112	1,112	1,112	0.00	0.00
<b>Total</b>	<b>58,185</b>	<b>51,065</b>	<b>46,072</b>	<b>37,072</b>	<b>-27.40</b>	<b>-19.53</b>
<i>Actual amount represent the total revenue recognised excluding VAT on grants and subsidies</i>						

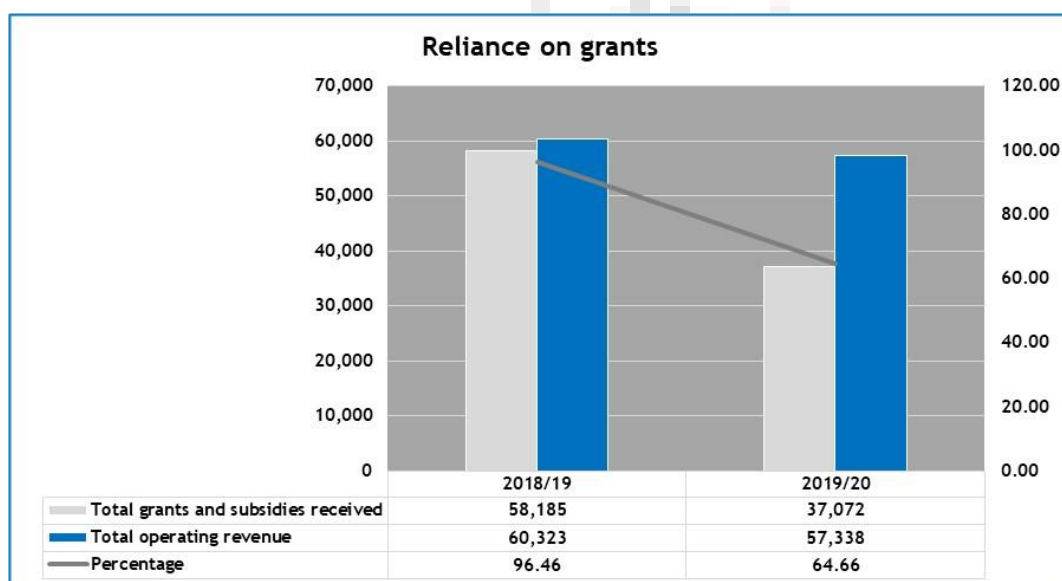
Table 104: Grant Performance

### 5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2018/19	58,185	60,323	96.46
2019/20	37,072	57,338	64.66

Table 105: Level of Reliance on Grants

The following graph indicates the municipality's reliance on grants as percentage for the past two financial years:



Graph 4: Reliance on Grants as %

## 5.4 Asset Management

### 5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	Bonteheuwel Phase 2	
Description	Paving of Streets	
Asset Type	Infrastructure - Roads and stormwater	
Key Staff Involved	Chief Operational Manager, Technical Officer	
Staff Responsibilities	Oversee project	
Asset Value as at 30 June	2018/19 (R'000)	2019/20 (R'000)
	0	3,872
Policies in Place to Manage Asset	Asset Management Policy	
Future Purpose of Asset	Street	

Table 106: Summary of Largest Asset

Asset 1		
Name	Bonteheuwel Phase 3	
Description	Paving of Streets	
Asset Type	Infrastructure - Roads and stormwater	
Key Staff Involved	Chief Operational Manager, Technical Officer	
Staff Responsibilities	Oversee project	
Asset Value as at 30 June	2018/19 (R'000)	2019/20 (R'000)
	0	2,611
Policies in Place to Manage Asset	Asset Management Policy	
Future Purpose of Asset	Street	

Table 107: Summary of 2nd Largest Asset

Asset 1		
Name	Botterblom street - Vanwyksvlei	
Description	Paving of Streets	
Asset Type	Infrastructure - Roads and stormwater	
Key Staff Involved	Chief Operational Manager, Technical Officer	
Staff Responsibilities	Oversee project	
Asset Value as at 30 June	2018/19 (R'000)	2019/20 (R'000)
	0	0
Policies in Place to Manage Asset	Asset Management Policy	
Future Purpose of Asset	Street	

Table 108: Summary of 3rd Largest Asset

## 5.4.2 Repairs and Maintenance

Description	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000				%
Contracted Services	894	1,287	1,287	664	-48.44

Table 109: Repairs & Maintenance Expenditure

## 5.5 Financial Ratios

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2018/19	2019/20
Current Ratio	Current assets/current liabilities	2.40	4.49
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.95	4.27
Liquidity Ratio	Monetary Assets/Current Liabilities	2.20	3.62

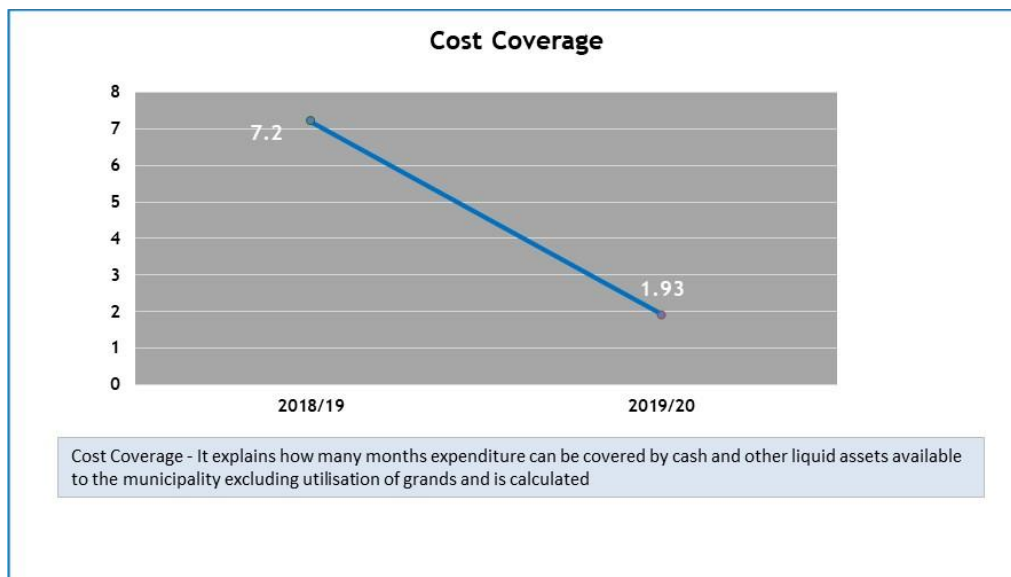
Table 110: Liquidity Ratio

### 5.5.2 Performance Management Regulation Financial Viability Indicators

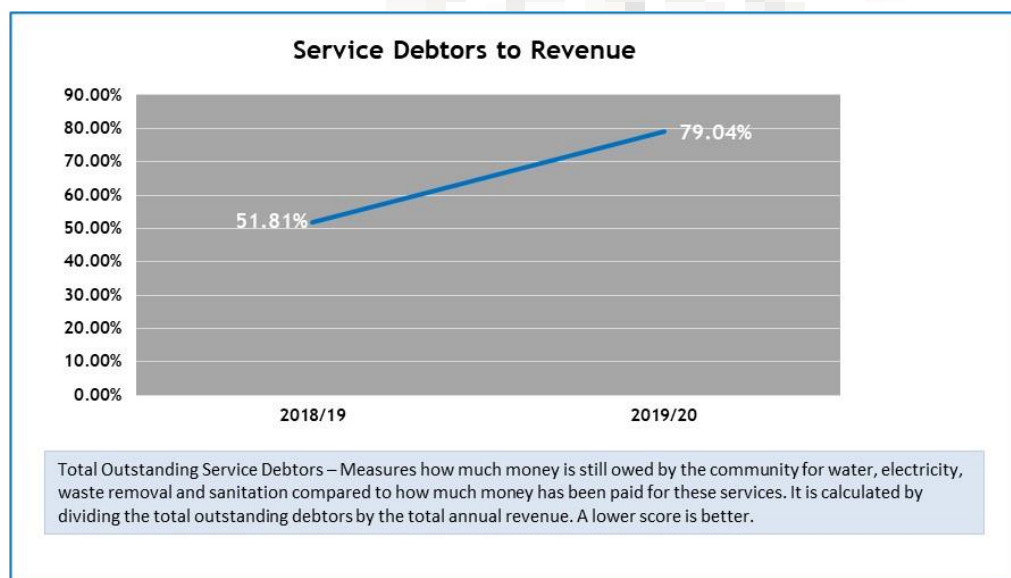
Description	Basis of calculation	Unit of Measurement	2018/19	2019/20
Cost Coverage	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	7.2	1.93
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors to revenue received for services	51.81%	79.04%
Debt coverage	((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	0%	0%

Table 111: National Financial Viability Indicators

The following graphs indicates the cost coverage, service debtors to revenue and debt coverage for 2018/19:



Graph 5: Cost Coverage Ratio



Graph 6: Service Debtors to Revenue

### 5.5.3 Borrowing Management

Description	Basis of calculation	2018/19	2019/20
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0%	0%

Table 112: Borrowing Management

### 5.5.4 Employee costs

Description	Basis of calculation	2018/19	2019/20
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.45%	37.33%

Table 113: Employee Costs



## 5.5.5 Repairs & Maintenance

Description	Basis of calculation	2018/19	2019/20
Repairs & Maintenance	Expenditure on Repairs & Maintenance /(Total Revenue excluding capital revenue)	1.48%	1.16%

Table 114: Repairs and Maintenance

## Component B: Spending Against Capital Budget

### 5.7 Capital Expenditure

#### a) Capital Expenditure by new assets programme

Description	2018/19	2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
R'000							
Capital expenditure by Asset Class							
<b>Infrastructure - Total</b>							
<b>Infrastructure: Road transport - Total</b>	<b>3,990</b>	<b>8,038</b>	<b>8,038</b>	<b>8,734</b>	<b>5,669</b>	<b>8,506</b>	<b>8,674</b>
Roads, Pavements & Bridges	3,241	3,080	3,080	3,080	5,669	8,506	8,674
Storm water	750	4,958	4,958	5,654	0	0	0
<b>Infrastructure: Electricity - Total</b>	<b>679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,555</b>	<b>7,000</b>	<b>7,000</b>
Generation	0	0	0	0	0	0	0
Transmission & Reticulation	679	0	0	0	5,000	7,000	7,000
Street Lighting	0	0	0	0	2,555	0	0
<b>Infrastructure: Water - Total</b>	<b>21,900</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>73,922</b>	<b>0</b>	<b>0</b>
Dams & Reservoirs	0	0	0	0	0	0	0
Water purification	0	0	0	0	0	0	0
Reticulation	19,288	0	0	0	73,922	0	0
<b>Infrastructure: Sanitation - Total</b>	<b>1,327</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Reticulation	1,327	0	0	0	0	0	0
Sewerage purification	0	0	0	0	0	0	0
<b>Infrastructure: Other - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Waste Management	0	0	0	0	0	0	0
Transportation	0	0	0	0	0	0	0
Gas	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Community - Total</b>	<b>197</b>	<b>0</b>	<b>0</b>	<b>136</b>	<b>0</b>	<b>0</b>	<b>0</b>
Parks & gardens	0	0	0	0	0	0	0

Description	2018/19	2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
R'000							
Sports fields& stadia	0	0	0	0	0	0	0
Swimming pools	0	0	0	0	0	0	0
Community halls	0	0	0	0	0	0	0
Libraries	197	0	0	136	0	0	0
Recreational facilities	0	0	0	0	0	0	0
Fire, safety & emergency	0	0	0	0	0	0	0
Security and policing	0	0	0	0	0	0	0
Buses	0	0	0	0	0	0	0
Clinics	0	0	0	0	0	0	0
Museums & Art Galleries	0	0	0	0	0	0	0
Cemeteries	0	0	0	0	0	0	0
Social rental housing	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Capital expenditure by Asset Class</b>	<b>690</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>8,270</b>	<b>0</b>	<b>0</b>
<b>Heritage assets - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Investment properties - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Housing development	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Other assets</b>	<b>677</b>	<b>0</b>	<b>0</b>	<b>149</b>	<b>8,270</b>	<b>0</b>	<b>0</b>
General vehicles					7,940	0	0
Specialised vehicles					0	0	0
Plant & equipment	13	0	0	17	0	0	0
Computers - hardware/equipment	447	0	0	56	130	0	0
Furniture and other office equipment	217	0	0	76	100	0	0
Abattoirs	0	0	0	0	0	0	0
Markets	0	0	0	0	0	0	0
Civic Land and Buildings	0	0	0	0	0	0	0
Other Buildings	0	0	0	0	0	0	0
Other Land	0	0	0	0	0	0	0
Surplus Assets - (Investment or Inventory)	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Agricultural assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Description	2018/19	2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
R'000							
<b>Biological assets</b>	13	0	0	0	0	0	0
Game	13	0	0	0	0	0	0
<b>Intangibles</b>	0	0	0	0	0	0	0
Computers - software & programming	0	0	0	0	0	0	0
<b>Total Capital Expenditure on new assets</b>	<b>28,783</b>	<b>8,038</b>	<b>8,038</b>	<b>9,170</b>	<b>95,416</b>	<b>15,506</b>	<b>15,674</b>
<b>Specialised vehicles</b>	0	0	0	0	0	0	0
Refuse	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0

Table 115: Capital Expenditure – New Assets Programme

## 5.8 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2019/20 financial year:

Details	2018/19	2019/20				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	0	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	23	0.00	0.00
Grants and subsidies	28,783	22,085	17,038	9,020	-22.85	-36.31
Own funding	0	2,307	307	148	-86.69	-6.89
<b>Total</b>	<b>28,783</b>	<b>24,392</b>	<b>17,345</b>	<b>9,191</b>	<b>-28.89</b>	<b>-33.43</b>
Percentage of finance						
External loans	0	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	100	77	59	98	-22.85	50.76
Own funding	0	9	2	2	-81.29	-1.69
Capital expenditure						
Description	R'000				%	
Water and sanitation	23,227	14,047	9,000	0	-35.93	-64.07
Electricity	679	0	0	7	0.00	0.00
Housing	0	0	0	0	0.00	0.00

Details	2018/19	2019/20				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Roads and storm water	3,990	8,038	8,038	8,890	0.00	10.59
Other	887	2,307	307	294	-86.69	-0.56
<b>Total</b>	<b>28,783</b>	<b>24,392</b>	<b>17,345</b>	<b>9,191</b>	<b>-28.89</b>	<b>-33.43</b>
<i>Percentage of expenditure</i>						
Water and sanitation	81	58	52	0	-9.90	-90.10
Electricity	2	0	0	0	0.00	0.00
Housing	0	0	0	0	0.00	0.00
Roads and storm water	14	33	46	97	40.63	152.89
Other	3	9	2	3	-81.29	15.12

Table 116: Capital Expenditure by Funding Source

## 5.9 Capital Spending on 4 Largest Projects

Projects with the highest capital expenditure in 2019/20:

Name of Project	2019/20			Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Budget	Adjustment Budget
	R'000			%	
Bonteheuwel streets Phase 3	0	0	2,251	0.00	0.00
Bonteheuwel streets Phase 2	4,019	4,019	3,872	-3.65	-3.65
Botterblom street - Vanwyksvlei	4,019	4,019	2,251	-43.99	-43.99
Paving at Kareeberg Library	200	200	136	-31.87	-31.87

Table 117: Capital Expenditure on the 4 Largest Projects

<b>Name of Project 1</b>	Paving of Bonteheuwel streets Phase 3
<b>Objective of Project</b>	To provide a paved street to the community
<b>Delays</b>	-
<b>Future Challenges</b>	-
<b>Anticipated citizen benefits</b>	To drive on a paved road, no more potholes and mud

Table 118: Summary of Project 1

<b>Name of Project 1</b>	Paving of Bonteheuwel streets Phase 2
<b>Objective of Project</b>	To provide a paved street to the community
<b>Delays</b>	-
<b>Future Challenges</b>	-
<b>Anticipated citizen benefits</b>	To drive on a paved road, no more potholes and mud

Table 119: Summary of Project 2

Name of Project 1	Paving of Botterblom street - Vanwyksvlei
Objective of Project	To provide a paved street to the community
Delays	-
Future Challenges	-
Anticipated citizen benefits	To drive on a paved road, no more potholes and mud

Table 120: Summary of Project 3

Name of Project 1	Paving of area around Kareeberg Library
Objective of Project	To provide a clean and neat area
Delays	-
Future Challenges	-
Anticipated citizen benefits	People can visit the Library without walking through the mud when it rains

Table 121: Summary of Project 4

## 5.10 Municipal Infrastructure Grant

The full MIG budget allocation for the 2019/20 financial year was **R8,038 million**.

Details	Budget	Adjustments Budget	Actual	Variance to budget
	R			%
Infrastructure: Roads and Stormwater				
Roads, Pavements & Bridges	8,038,000	8,038,000	8,889,515	10.6
Sport and recreation facilities	200,000	200,000	136,261	-31.9

Table 122: Municipal Infrastructure Grant (MIG)

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.11 Cash Flow

Description	2018/19	2019/20		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers	7,159	7,530	7,530	6,647
Service charges	11,522	14,242	14,242	10,556
Grants	54,125	51,065	51,065	23,535
Interest	3,336	2,287	2,287	2,280
Other	4,342	2,591	2,591	3,213
Payments				
Employee cost and suppliers	(50,173)	(57,356)	(59,356)	(56,328)
Finance charges	(2,377)	(1,067)	(1,067)	(1,726)
Transfers and grants	0	(2,128)	(2,128)	0

Description	2018/19	2019/20		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Net cash from/(used) operating activities	27,935	17,164	15,164	(11,824)
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	37	0	0	5
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
<b>Payment</b>				
Capital assets	(28,800)	(24,392)	(17,345)	(5,970)
Net cash from/(used) investing activities	(28,762)	(24,384)	(17,345)	(5,966)
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Finance lease payments	5	0	0	5
Increase (decrease) in consumer deposits	2	(2)	(316)	2
<b>Payments</b>				
Repayment of borrowing	0	0	0	0
Net cash from/(used) financing activities	7	(2)	(316)	7
Net increase/ (decrease) in cash held	(821)	(7,222)	(2,497)	(17,782)
Cash/cash equivalents at the year begin:	43,249	30,952	26,302	42,428
Cash/cash equivalents at the year-end:	42,428	23,729	23,805	24,646

Table 123: Cash Flow

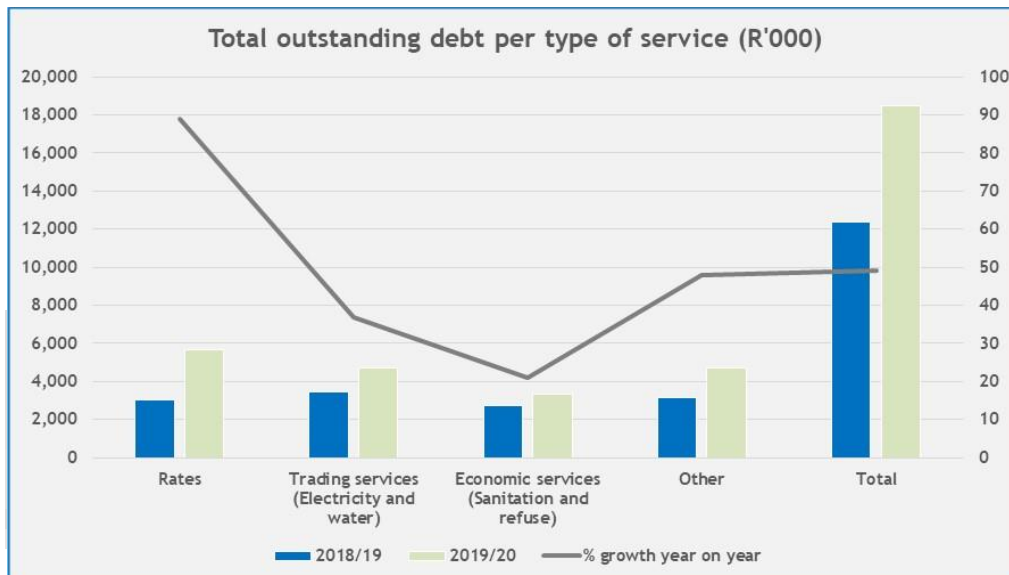
## 5.12 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)		
	(R'000)				
2018/19	3,009	3,465	2,732	3,172	12,378
2019/20	5,697	4,739	3,317	4,702	18,455
Difference	2,688	1,274	585	1,530	6,078
% growth year on year	89	37	21	48	49

Table 124: Gross Outstanding Debtors per Service

Note: Figures exclude provision for bad debt.

The following graph indicates the total outstanding debt per type of service:



Graph 7: Debt per Type of Service

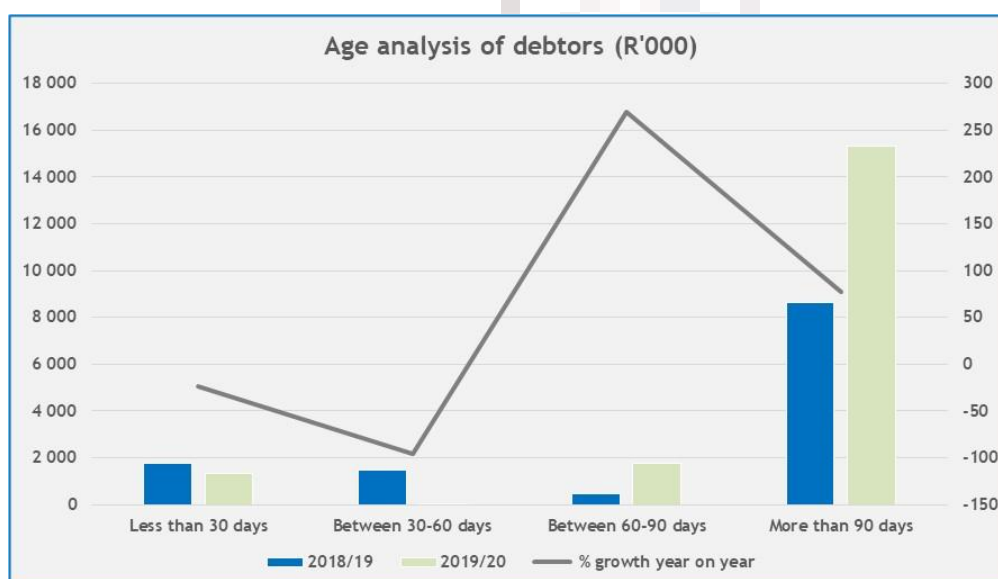
### 5.13 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2018/19	1,786	1,486	474	8,632	12,378
2019/20	1,353	53	1,753	15,297	18,455
Difference	(433)	(1,433)	1,279	6,665	6,078
% growth year on year	-24	-96	270	77	49

Table 125: Service Debtor Age Analysis

Note: Figures exclude provision for bad debt

The following graph indicates the age analysis of debtors:



Graph 8: Age Analysis of Debtors

## 5.14 Borrowing, Investments and Grants Made

### 5.14.1 Actual Borrowings

Instrument	2018/19	2019/20
	R'000	
Total	0	0

Table 126: Actual Borrowings

### 5.14.2 Municipal Investments

The municipality's cash position is monitored on a daily basis and any cash not required immediately to meet cash flow requirements, are invested on a monthly basis at approved institutions, strictly in accordance with Council's approved Cash and Investment Policy.

Investment type	2018/19	2019/20
	R'000	
Deposits - Bank	42,169	24,350

Table 127: Municipal Investments



## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### Component A: Auditor-General Opinion 2018/19

#### 6.1 Auditor-General Reports 2018/19




























Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<b>Internal control deficiency : Financial and performance management</b>	
 Revenue from exchange transaction - Limitation of scope on refuse removal (Issue 3)	 Request to approve a combined tariff
 Application forms for indigent households not approved (Issue 10)	 Application forms for 2019/2020 all signed
 Payment of contractor into fraudulent bank account - occurrence of expenditure (Issue 17)	 CFO compile a draft policy and must submit it  Arrange a meeting with the misconduct committee
<b>Internal control deficiency : Leadership</b>	
 Approved IT governance framework not in place (Issue 1)	 CFO is busy to develop an IT Strategic Plan that is aligned to the IT Governance Framework, and present it to the IT Steering Committee by end of February 2020.
 Deficiencies identified on the use of consultants (Issue 14)	 Assessment will be done from 1 July 2019
 Water and sanitation infrastructure (Issue 15)	 Technical Officer and MISA employees busy with compiling draft plans
 Roads infrastructure and support to local government (Issue 16)	 Technical Officer and MISA employees busy with compiling draft plans
<b>Internal control deficiency : Governance</b>	
 Lack of oversight by audit committee	 The Audit committee had attend to this during the meeting of November

Table 128: AG Report 2018/19

### Component B: Auditor-General Opinion 2019/20

#### 6.2 Auditor-General Reports 2019/20

Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<b>Emphasis of Matter</b>	
 Approved IT governance framework not in place	 As soon as our new system is up and running, attention will be given to the recommendations  Revive the IT Steering Committee  CFO is busy to develop an IT Strategic Plan that is aligned to the IT Governance Framework and present it to the IT Steering Committee by end of February 2021.
 Lack of oversight by audit committee	 The external auditors should have a meeting with the Audit Committee to discuss what is expected from them and outline any areas of focus
<b>Other Matters</b>	
 Highest scoring quotation not selected	 Advertisements requested signed quotations.  The policy for 2021/2022 is also changed.  No cases for 2020/2021
















Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
 Performance information - presentation and disclosure - measures to improve disclosed	 National reporting requirement-We cannot rectify it  Plan and policies established  Prioritized monitoring and review of Performance
 Property that appear on deed search does not appear on fixed asset register	 We draw a windeed research and erf 329 at Vosburg was added to the asset register
 VAT receivables/payable not properly disclosed - presentation and disclosure	 The auditors used the wrong figures and we could not rectify the misstatement as identified. We asked for more info, but no response
 Receivables from non-exchange - Sundry receivables (incorrect classification of VAT)	 The auditors did not take into account all the information. We want to show them that this was not a misstatement, as identified by their office, but they did not allow us
 Receivables from exchange transactions - overstatement of receivables from exchange transactions and presentation and disclosure	 The AFS was adjusted and accepted so we could not rectify the misstatement
 Receivables: Differences in recalculation of VAT	 The auditors used the wrong information to do the calculations. When we addressed issue 27 we showed them which information to use. We want to show them that this was not a misstatement, as identified by their office, but they did not allow us. The misstatement amount also differs from the amount in the issue  We could not rectify the misstatement

Table 129: AG Report 2019/20

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CFO</b>	Chief Financial Officer
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCO</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>NGO</b>	Non-governmental organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework

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## Annexure A: Financial Statements

# Kareeberg

## MUNICIPALITY



[These financial statements have been audited]

## FINANCIAL STATEMENTS

**30 JUNE 2020**

# KAREEBERG LOCAL MUNICIPALITY

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# KAREEBERG LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 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  
Calteaux & Partners, 165 Van Riebeeck Avenue cnr, Cook Ave, Eastleigh, Edenvale, 1610*

#### 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 2020 , which are set out on pages 1 to 100 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.

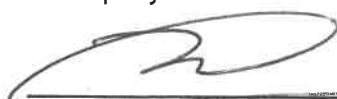
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 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**

30 October 2020

**Date**

**KAREEBERG LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

	Notes	2020 (Actual) R	2019 (Restated) R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>188 617 126</b>	<b>188 574 307</b>
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	50 721	48 202
Accumulated Surplus		177 218 594	177 178 293
<b>Non-Current Liabilities</b>		<b>17 949 521</b>	<b>20 550 027</b>
Employee benefits	3	7 596 000	7 958 830
Non-Current Provisions	4	10 353 521	12 591 198
<b>Current Liabilities</b>		<b>6 800 125</b>	<b>19 706 499</b>
Consumer Deposits	5	329 979	327 904
Current Employee benefits	6	2 787 633	2 658 170
Trade and Other Payables from exchange transactions	7	1 779 956	1 958 002
Unspent Transfers and Subsidies	8	791 984	14 304 758
Taxes	9	1 110 572	457 666
<b>Total Net Assets and Liabilities</b>		<b>213 366 773</b>	<b>228 830 834</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>182 824 606</b>	<b>182 260 229</b>
Property, Plant and Equipment	10	166 876 253	166 790 543
Investment Property	11	15 884 463	15 412 204
Intangible Assets	12	37 243	26 631
Heritage Assets	13	14 900	14 900
Capitalised Restoration Cost	14	-	-
Long-Term Receivables	15	11 747	15 951
<b>Current Assets</b>		<b>30 542 167</b>	<b>46 570 604</b>
Inventory	16	546 936	546 936
Receivables from exchange transactions	17	5 029 148	3 506 888
Receivables from non-exchange transactions	18	289 575	49 853
Operating Lease Asset	19	25 578	33 870
Current Portion of Long-term Receivables	15	5 170	4 967
Cash and Cash Equivalents	20	24 645 759	42 428 089
<b>Total Assets</b>		<b>213 366 773</b>	<b>228 830 833</b>

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 (Actual) R	2019 (Actual) R	Correction of Error - Note 34,07 R	2019 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>47 379 582</b>	<b>68 484 499</b>	<b>-</b>	<b>68 484 499</b>
<b>Taxation Revenue</b>		<b>9 228 699</b>	<b>8 327 522</b>	<b>-</b>	<b>8 327 522</b>
Property taxes	21	9 228 699	8 327 522	-	8 327 522
<b>Transfer Revenue</b>		<b>37 095 277</b>	<b>58 184 891</b>	<b>-</b>	<b>58 184 891</b>
Government Grants and Subsidies - Capital	22	8 174 261	28 296 993	-	28 296 993
Government Grants and Subsidies - Operating	22	28 898 016	29 887 898	-	29 887 898
Contributed Property, Plant and Equipment		23 000	-	-	-
<b>Other Revenue</b>		<b>1 055 607</b>	<b>1 972 087</b>	<b>-</b>	<b>1 972 087</b>
Actuarial Gains	3	761 500	1 647 810	-	1 647 810
Availability Charges	23	285 740	301 996	-	301 996
Licences and Permits		5 499	12 661	-	12 661
Fines		2 868	9 620	-	9 620
<b>Revenue from Exchange Transactions</b>		<b>18 131 818</b>	<b>20 135 377</b>	<b>-</b>	<b>20 135 377</b>
Property Rates - Penalties & Collection Charges	24	203 594	187 596	-	187 596
Service Charges		14 963 681	16 022 540	-	16 022 540
Rental of Facilities and Equipment		395 832	294 261	-	294 261
Interest Earned - external investments		2 430 325	3 439 548	-	3 439 548
Interest Earned - outstanding debtors		850	1 045	-	1 045
Agency Services		58 872	151 238	-	151 238
Other Revenue	25	78 662	39 149	-	39 149
<b>Total Revenue</b>		<b>65 511 400</b>	<b>88 619 876</b>	<b>-</b>	<b>88 619 876</b>
<b>EXPENDITURE</b>					
Employee related costs	27	21 405 337	20 781 043	-	20 781 043
Remuneration of Councillors	28	2 647 412	2 532 343	-	2 532 343
Debt Impairment	29	4 635 944	3 957 784	-	3 957 784
Depreciation and Amortisation	30	5 418 630	5 095 674	665 346	4 430 327
Impairments	10	-	50 000	(2 936)	52 936
Actuarial losses	3	96 138	29 812	-	29 812
Finance Charges	31	1 726 339	1 896 918	(479 716)	2 376 634
Bulk Purchases	32	12 342 076	11 133 994	1 648 775	9 485 219
Distribution Losses	32	-	-	(1 648 775)	1 648 775
General Expenses	33	17 196 071	17 209 164	-	17 209 164
<b>Total Expenditure</b>		<b>65 467 947</b>	<b>62 686 732</b>	<b>182 694</b>	<b>62 504 038</b>
<b>Operating Surplus for the Year</b>		<b>43 453</b>	<b>25 933 144</b>	<b>(182 694)</b>	<b>26 115 838</b>
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset	10	(1 600)	(6 814)	-	(6 814)
Fair Value Adjustments	26	966	1 133	-	1 133
<b>NET SURPLUS FOR THE YEAR</b>		<b>42 819</b>	<b>25 927 463</b>	<b>(182 694)</b>	<b>26 110 157</b>

# KAREEBERG LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
<b>Balance at 1 July 2018</b>	45 545	11 347 812	128 524 191	139 917 548
Correction of error - See Note 34,04	-	-	22 729 298	22 729 298
<b>Restated Balance at 1 July 2018</b>	45 545	11 347 812	151 253 489	162 646 846
Net Surplus/(Deficit) for the year	-	-	26 110 157	26 110 157
Correction of error - See Note 34,07	-	-	(182 694)	(182 694)
Transfer to Housing Development Fund	2 657	-	(2 657)	-
Rounding	-	-	(2)	(2)
<b>Balance at 30 June 2019</b>	48 202	11 347 812	177 178 293	188 574 307
Correction of error - See Note 34,04	-	-	-	-
<b>Restated Balance at 1 July 2019</b>	48 202	11 347 812	177 178 293	188 574 307
Net Surplus/(Deficit) for the year	-	-	42 819	42 819
Transfer to/from Housing Development Fund	2 519	-	(2 519)	-
Rounding	-	-	1	1
<b>Balance at 30 June 2020</b>	50 721	11 347 812	177 218 594	188 617 126

# KAREEBERG LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	R	(Actual) R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		6 647 283	7 159 002
Service Charges		10 556 058	11 521 996
Other Revenue		3 212 705	4 772 527
Government - Operating		15 497 001	26 106 000
Government - Capital		8 038 000	28 019 000
Interest		2 279 559	3 335 972
<b>Payments</b>			
Suppliers and employees		(56 327 830)	(50 748 885)
Finance charges	31	(1 726 339)	(1 896 918)
<b>Net Cash from Operating Activities</b>	<b>35</b>	<b>(11 823 563)</b>	<b>28 268 695</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(5 948 594)	(29 116 943)
Proceeds on Disposal of Fixed Assets		4 630	37 137
Purchase of Intangible Assets		(21 846)	(16 602)
<b>Net Cash from Investing Activities</b>		<b>(5 965 811)</b>	<b>(29 096 409)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Increase)/Decrease in Long-term Receivables		4 967	4 773
Increase/(Decrease) in Consumer Deposits		2 075	2 335
Rounding		2	(2)
<b>Net Cash from Financing Activities</b>		<b>7 044</b>	<b>7 106</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(17 782 330)</b>	<b>(820 608)</b>
Cash and Cash Equivalents at the beginning of the year		42 428 089	43 248 697
Cash and Cash Equivalents at the end of the year	36	24 645 759	42 428 089
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(17 782 330)</b>	<b>(820 608)</b>

**KAREBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	295 308	(2 350 258)	2 645 566	COVID-19 limited expenditure
Call investment deposits	24 350 452	26 092 000	(1 741 549)	Additional MIG Grant expenditure.
Consumer debtors	1 834 376	(3 571 165)	5 405 541	Error on Adjustment Budget strings.
Other Receivables	3 509 926	525 608	2 984 318	Unpaid conditional grants and carting of water
Current portion of long-term receivables	5 170	-	5 170	
Inventory	546 936	(105 000)	651 936	Error on Adjustment Budget strings.
<b>Total current assets</b>	<b>30 542 167</b>	<b>20 591 185</b>	<b>9 950 982</b>	
<b>Non current assets</b>				
Long-term receivables	11 747	19 785	(8 038)	
Investments	-	-	-	
Investment property	15 884 463	15 425 145	459 318	Transfer from PPE
Property, plant and equipment	166 876 253	161 279 120	5 597 133	Unpaid conditional grants and adjustment on calculation of landfill site asset
Biological Assets	-	-	-	
Intangible Assets	37 243	1 534 735	(1 497 492)	Sebata system not correctly classified and corrected in 2019 AFS
Heritage Assets	14 900	-	14 900	
<b>Total non current assets</b>	<b>182 824 606</b>	<b>178 258 785</b>	<b>4 565 821</b>	
<b>TOTAL ASSETS</b>	<b>213 366 773</b>	<b>198 849 970</b>	<b>14 516 803</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	-	(8)	8	
Consumer deposits	329 979	10 010	319 969	Error on Adjustment Budget strings.
Trade and other payables	3 682 513	4 369 437	(686 924)	Error on Adjustment Budget strings.
Provisions and Employee Benefits	2 787 633	-	2 787 633	Error on Adjustment Budget strings.
<b>Total current liabilities</b>	<b>6 800 125</b>	<b>4 379 439</b>	<b>2 420 686</b>	
<b>Non current liabilities</b>				
Borrowing	-	-	-	
Provisions and Employee Benefits	17 949 520	37 335 479	(19 385 959)	Error on Adjustment Budget strings.
<b>Total non current liabilities</b>	<b>17 949 520</b>	<b>37 335 479</b>	<b>(19 385 959)</b>	
<b>TOTAL LIABILITIES</b>	<b>24 749 645</b>	<b>41 714 918</b>	<b>(16 965 273)</b>	
<b>NET ASSETS</b>	<b>188 617 127</b>	<b>157 135 052</b>	<b>31 482 075</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	177 218 594	145 749 052	31 469 542	Net effect of above reasons
Reserves	11 398 532	11 386 000	12 532	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>188 617 127</b>	<b>157 135 052</b>	<b>31 482 075</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

**ADJUSTMENTS TO APPROVED BUDGET**

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	(2 350 258)	-	(2 350 258)	
Call investment deposits	26 092 000	-	26 092 000	
Consumer debtors	(3 571 165)	-	(3 571 165)	
Other Receivables	525 608	-	525 608	
Current portion of long-term receivables	-	-	-	
Inventory	(105 000)	-	(105 000)	
<b>Total current assets</b>	<b>20 591 185</b>	<b>-</b>	<b>20 591 185</b>	
<b>Non current assets</b>				
Long-term receivables	19 785	-	19 785	
Investments	-	-	-	
Investment property	15 425 145	-	15 425 145	
Property, plant and equipment	168 326 120	(7 047 000)	161 279 120	Withdrawal of RBIG Grant and reclassification of Sebata
Biological Assets	-	-	-	
Intangible Assets	1 534 735	-	1 534 735	
Heritage Assets	-	-	-	
<b>Total non current assets</b>	<b>185 305 785</b>	<b>(7 047 000)</b>	<b>178 258 785</b>	
<b>TOTAL ASSETS</b>	<b>205 896 970</b>	<b>(7 047 000)</b>	<b>198 849 970</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	(8)	-	(8)	
Consumer deposits	325 589	(315 559)	10 010	Error on Adjustment Budget strings.
Trade and other payables	4 369 437	-	4 369 437	
Provisions and Employee Benefits	-	-	-	
<b>Total current liabilities</b>	<b>4 694 998</b>	<b>(315 559)</b>	<b>4 379 439</b>	
<b>Non current liabilities</b>				
Borrowing	-	-	-	
Provisions and Employee Benefits	37 335 479	-	37 335 479	
<b>Total non current liabilities</b>	<b>37 335 479</b>	<b>-</b>	<b>37 335 479</b>	
<b>TOTAL LIABILITIES</b>	<b>42 030 477</b>	<b>(315 559)</b>	<b>41 714 918</b>	
<b>NET ASSETS</b>	<b>163 866 493</b>	<b>(6 731 441)</b>	<b>157 135 052</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	152 480 493	(6 731 441)	145 749 052	Net effect of above reasons
Reserves	11 386 000	-	11 386 000	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>163 866 493</b>	<b>(6 731 441)</b>	<b>157 135 052</b>	



**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

<b>REVENUE BY SOURCE</b>	<b>2020 R (Actual)</b>	<b>2020 R (Final Budget)</b>	<b>2020 R (Variance)</b>	<b>Explanations for material variances</b>
Property rates	9 228 899	10 315 508	(1 086 609)	No interim valuations
Property rates - penalties & collection charges	203 594	-	203 594	
Service charges	15 249 421	15 340 354	(90 933)	
Rental of facilities and equipment	395 832	372 070	23 762	
Interest earned - external investments	2 430 325	2 151 201	279 124	Low expenditure
Interest earned - outstanding debtors	850	351 000	(350 150)	Error on Adjustment Budget strings.
Dividends received	-	-	-	
Fines	2 868	8 250	(5 382)	Covid-19
Licences and permits	5 499	42 900	(37 401)	Covid-19
Agency services	58 872	-	58 872	Error on Adjustment Budget strings.
Government Grants and Subsidies - Operating	28 898 016	28 780 000	118 016	More MIG Expenditure
Other revenue	864 128	2 268 122	(1 403 994)	Error on Adjustment Budget strings.
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>57 338 105</b>	<b>59 629 405</b>	<b>(2 291 300)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	21 405 337	23 489 566	(2 084 229)	Vacancies
Remuneration of councillors	2 647 412	2 739 128	(91 716)	
Debt impairment	4 635 944	3 883 300	752 644	Less payment - Covid-19
Depreciation & asset impairment	5 418 630	3 551 679	1 866 951	Landfill site asset recalculation
Finance charges	1 726 339	1 067 222	659 117	Final calculation not in line with estimates
Bulk purchases	12 342 076	13 504 504	(1 162 428)	Lower consumption
Other materials	-	2 003 183	(2 003 183)	Reclassified to general expenditure
Contracted services	-	7 409 615	(7 409 615)	Reclassified to general expenditure
Grants and subsidies paid	-	2 128 462	(2 128 462)	Reclassified to general expenditure
Other expenditure	17 292 209	10 210 283	7 081 926	Net effect of three line items above
Loss on disposal of PPE	1 600	-	1 600	
<b>Total Operating Expenditure</b>	<b>65 469 547</b>	<b>69 986 942</b>	<b>(4 517 395)</b>	
<b>Operating Deficit for the year</b>	<b>(8 131 442)</b>	<b>(10 357 537)</b>	<b>2 226 095</b>	
Government Grants and Subsidies - Capital	8 174 261	17 238 004	(9 063 743)	RBIG funds withdraw
<b>Net Surplus for the year</b>	<b>42 819</b>	<b>6 880 467</b>	<b>(6 837 648)</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**

**ADJUSTMENTS TO APPROVED BUDGET**

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	10 315 508	-	10 315 508	
Property rates - penalties & collection charges	-	-	-	
Service charges	15 340 354	-	15 340 354	
Rental of facilities and equipment	372 070	-	372 070	
Interest earned - external investments	2 151 201	-	2 151 201	
Interest earned - outstanding debtors	351 000	-	351 000	
Dividends received	-	-	-	
Fines	8 250	-	8 250	
Licences and permits	42 900	-	42 900	
Agency services	-	-	-	
Government Grants and Subsidies - Operating	28 980 000	(200 000)	28 780 000	
Other revenue	2 268 122	-	2 268 122	
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>59 829 405</b>	<b>(200 000)</b>	<b>59 629 405</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	24 416 488	(926 922)	23 489 566	Vacancies
Remuneration of councillors	2 739 128	-	2 739 128	
Debt impairment	3 883 300	-	3 883 300	
Depreciation & asset impairment	3 551 679	-	3 551 679	
Finance charges	1 067 222	-	1 067 222	
Bulk purchases	13 504 504	-	13 504 504	
Other materials	1 723 902	279 281	2 003 183	
Contracted services	4 617 746	2 791 869	7 409 615	Additional Sebata system cost
Grants and subsidies paid	2 128 337	125	2 128 462	
Other expenditure	10 354 636	(144 353)	10 210 283	
Loss on disposal of PPE	-	-	-	
<b>Total Operating Expenditure</b>	<b>67 986 942</b>	<b>2 000 000</b>	<b>69 986 942</b>	
<b>Operating Deficit for the year</b>	<b>(8 157 537)</b>	<b>(2 200 000)</b>	<b>(10 357 537)</b>	
Government Grants and Subsidies - Capital	22 085 004	(4 847 000)	17 238 004	RBIG funds withdraw and the lesser amount made available
<b>Net Surplus/(Deficit) for the year</b>	<b>13 927 467</b>	<b>(7 047 000)</b>	<b>6 880 467</b>	

**KAREBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Property Rates	6 647 283	7 530 320	(883 037)	Lower payment level - Covid-19
Service Charges	10 566 068	14 242 335	(3 686 277)	Lower payment level - Covid-19
Other Revenue	3 212 705	2 590 883	621 822	Additional VAT on MIG
Government - Operating	15 497 001	28 980 000	(13 482 999)	Refund to NT
Government - Capital	8 038 000	22 085 000	(14 047 000)	RBIG withdrew
Interest	2 279 559	2 287 080	(7 521)	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(56 327 830)	(59 356 279)	3 028 449	Lower expenditure - Covid-19
Finance charges	(1 726 339)	(1 067 222)	(659 117)	Final calculation not in line with estimates
Transfers and Grants	-	(2 128 462)	2 128 462	Reclassification to general expenditure
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(11 823 563)</b>	<b>15 163 655</b>	<b>(26 987 218)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of Assets	4 630	-	4 630	
Decrease/(increase) in non-current receivables	4 967	-	4 967	
Decrease/(increase) in non-current investments	-	4	(4)	
Payments				
Capital assets	(5 970 441)	(17 345 004)	11 374 563	Error on adjustment budget strings
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(5 960 844)</b>	<b>(17 345 000)</b>	<b>11 384 156</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	2 075	(315 559)	317 634	Error on adjustment budget strings
Payments				
Repayment of borrowing	-	7	(7)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>2 075</b>	<b>(315 552)</b>	<b>317 627</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(17 782 333)</b>	<b>(2 496 897)</b>	<b>(15 285 435)</b>	
Cash and Cash Equivalents at the beginning of the year	42 428 089	26 302 220	16 125 869	Error on adjustment budget strings
Cash and Cash Equivalents at the end of the year	24 645 759	23 805 323	840 436	Error on adjustment budget strings

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020**

**ADJUSTMENTS TO APPROVED BUDGET**

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates, penalties & collection charges	7 530 320	-	7 530 320	
Service charges	14 242 335	-	14 242 335	
Other revenue	2 590 883	-	2 590 883	
Government - operating	28 980 000	-	28 980 000	
Government - capital	22 085 000	-	22 085 000	
Interest	2 287 080	-	2 287 080	
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(57 356 404)	(1 998 875)	(59 356 279)	Additional Sebata system cost
Finance charges	(1 067 222)	-	(1 067 222)	
Transfers and Grants	(2 128 337)	(125)	(2 128 462)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>17 163 655</b>	<b>(2 000 000)</b>	<b>15 163 655</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	8 490	(8 490)	-	
Decrease/(increase) in non-current investments	-	4	4	
<b>Payments</b>				
Capital assets	(24 392 004)	7 047 000	(17 345 004)	Withdrawal of RBIG Grant and reclassification of Sebata
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(24 383 514)</b>	<b>7 038 514</b>	<b>(17 345 000)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(2 335)	(313 224)	(315 559)	Error on adjustment budget strings
<b>Payments</b>				
Repayment of borrowing	-	7	7	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 335)</b>	<b>(313 217)</b>	<b>(315 552)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(7 222 194)</b>	<b>4 725 297</b>	<b>(2 496 897)</b>	
Cash and Cash Equivalents at the beginning of the year	30 951 600	(4 649 380)	26 302 220	Error on adjustment budget strings
Cash and Cash Equivalents at the end of the year	23 729 406	75 917	23 805 323	Error on adjustment budget strings

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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#### **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 2020**

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

#### **1.5. AMENDED DISCLOSURE POLICY**

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

#### **1.6. MATERIALITY**

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

The comparable information includes the following:

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

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

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

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

**KAREEBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2019/20 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

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

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 34 (Revised – April 2020)</b>	<p><b><u>Separate Financial Statements</u></b></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>1 April 2020</b>
<b>GRAP 35 (Revised – April 2020)</b>	<p><b><u>Consolidated Financial Statements</u></b></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<b>1 April 2020</b>
<b>GRAP 36 (Revised – April 2020)</b>	<p><b><u>Investments in Associates and Joint Ventures</u></b></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<b>1 April 2020</b>

**KAREEBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 37</b> <b>(Revised – April 2020)</b>	<p><b><u>Joint Arrangements</u></b></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<b>1 April 2020</b>
<b>GRAP 38</b> <b>(Revised - April 2020)</b>	<p><b><u>Disclosure of Interest in Other Entities</u></b></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>1 April 2020</b>
<b>GRAP 104</b> <b>(Revised – April 2020)</b>	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>
<b>GRAP 110</b> <b>(Revised – April 2020)</b>	<p><b><u>Living and non-living resources</u></b></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>1 April 2020</b>
<b>IGRAP 20</b>	<p><b><u>Accounting for Adjustments on Revenue</u></b></p> <p>The Interpretation clarifies the accounting for adjustments to:</p> <p>a) exchange and non-exchange revenue charged in terms of legislation or similar means; and</p>	<b>1 April 2020</b>



## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	<p>b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal, or objection process.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

#### 1.9. RESERVES

##### 1.9.1 Capital Replacement Reserve (CRR)

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

##### 1.9.2 Housing Development Fund

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

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

#### 1.10. LEASES

##### 1.10.1 Municipality as Lessee

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

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

#### **1.10.2 Municipality as Lessor**

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

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

#### **1.11.1 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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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assets to pay all employee benefits relating to employee service in the current and prior periods.

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

#### **1.13.1. Post Retirement Medical Obligations**

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

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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.

#### **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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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**1.14. PROPERTY, PLANT AND EQUIPMENT**

**1.14.1 Initial Recognition**

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

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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.

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 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	13-101
Electricity Mains	13-51
Water Mains and Purification	2-84
Sewerage Mains & Purification	9-81
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	5-25
Office equipment	1-31
Furniture and fittings	3-31
Refuse Truck	10-18
Plant and Equipment	2-34

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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Fire Engines	22-34
Computer Equipment	2-27

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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.

### **1.15. 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.



## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 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	1-11

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15.5 Application of deemed cost (Directive 7)**

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

**1.16. INVESTMENT PROPERTY**

**1.16.1 Initial Recognition**

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

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

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

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

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

**1.16.2 Subsequent Measurement – Cost Model**

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

**1.16.3 Depreciation and Impairment – Cost Model**

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

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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**

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

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

#### **1.18.2 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:

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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(a) External sources of information

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

(b) Internal sources of information

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

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

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

## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

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

#### **1.19. INVENTORIES**

##### **1.19.1 Initial Recognition**

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

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

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

##### **1.19.2 Subsequent Measurement**

Inventories, consisting of consumable stores, 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

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

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

**1.20. FINANCIAL INSTRUMENTS**

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

**1.20.1 Initial Recognition**

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



## KAREEBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### 1.20.2.2 Payables and Annuity Loans

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

#### 1.20.2.3 Cash and Cash Equivalents

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

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

#### 1.20.2.4 Non-Current Investments

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

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

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

#### **1.20.3 De-recognition of Financial Instruments**

##### **1.20.3.1 Financial Assets**

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

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

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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 of an asset.

##### **1.21.2 Measurement**

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

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

#### **1.21.4 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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

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

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

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

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

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

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

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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

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

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

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

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

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

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

#### **1.23. RELATED PARTIES**

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

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



## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

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

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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

#### **1.28.6 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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

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

#### **1.28.10 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 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

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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- 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.

## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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#### **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.

### **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.



## **KAREEBERG MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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.

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
2	<b>NET ASSET RESERVES</b>		
	RESERVES	11 398 532	11 396 014
	Capital Replacement Reserve	11 347 812	11 347 812
	Housing Development fund	50 721	48 202
	<b>Total Net Asset Reserves</b>	<b>11 398 532</b>	<b>11 396 014</b>
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	<b>EMPLOYEE BENEFITS</b>		
	Post Retirement Benefits - Refer to Note 3.1	6 844 000	7 208 454
	Long Service Awards - Refer to Note 3.2	752 000	750 376
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>7 596 000</b>	<b>7 958 830</b>
	<b><u>Post Retirement Benefits</u></b>		
	Balance 1 July	7 576 775	8 692 485
	Contribution for the year	779 048	903 696
	Expenditure for the year	(351 322)	(371 597)
	Actuarial Loss/(Gain)	(761 501)	(1 647 809)
	<b>Total post retirement benefits 30 June</b>	<b>7 243 000</b>	<b>7 576 775</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	<b>(399 000)</b>	<b>(368 321)</b>
	<b>Balance 30 June</b>	<b>6 844 000</b>	<b>7 208 454</b>
	<b><u>Long Service Awards</u></b>		
	Balance 1 July	933 769	875 025
	Contribution for the year	147 663	143 365
	Expenditure for the year	(206 570)	(114 433)
	Actuarial Loss/(Gain)	96 138	29 812
	<b>Total long service awards 30 June</b>	<b>971 000</b>	<b>933 769</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	<b>(219 000)</b>	<b>(183 393)</b>
	<b>Balance 30 June</b>	<b>752 000</b>	<b>750 376</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
	Balance 1 July	8 510 544	9 567 510
	Contribution for the year	926 711	1 047 061
	Expenditure for the year	(557 892)	(486 030)
	Actuarial Loss/(Gain)	(665 363)	(1 617 997)
	<b>Total employee benefits 30 June</b>	<b>8 214 000</b>	<b>8 510 544</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	<b>(618 000)</b>	<b>(551 714)</b>
	<b>Balance 30 June</b>	<b>7 596 000</b>	<b>7 958 830</b>
3.1	<b>Post Retirement Benefits</b>	2020 R	2019 R
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	6	6
	Continuation members (e.g. Retirees, widows, orphans)	9	9
	<b>Total Members</b>	<b>15</b>	<b>15</b>
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employee) members	3 005 000	3 082 914
	Continuation (retiree and widow) members	4 238 000	4 493 861
	<b>Total Liability</b>	<b>7 243 000</b>	<b>7 576 775</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3

## EMPLOYEE BENEFITS (CONTINUE)

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

	2018 R	2017 R	2016 R
In-service members	3 566 735	3 681 751	5 413 393
Continuation members	5 125 750	4 515 318	3 113 069
<b>Total Liability</b>	<b>8 692 485</b>	<b>8 197 069</b>	<b>8 526 462</b>

Experience adjustments were calculated as follows:

	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	0.165	(1.239)
Assets: Gain / (loss)	-	-

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

	2018 Rm	2017 Rm	2016 Rm
Liabilities: (Gain) / loss	0.564	0.153	0.332
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 2020 is estimated at R7 243 000. The Current-service Cost for the year ending 30 June 2020 is estimated at R80 793. It is estimated to be R34 000 for the ensuing year.

Key actuarial assumptions used:

	2020 %	2019 %
<b>i) Rate of interest</b>		
Discount rate	9.78%	9.44%
Health Care Cost Inflation Rate	6.04%	6.85%
Net Effective Discount Rate	3.53%	2.42%

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 9.78% per annum has been used. The corresponding index-linked yield at this term is 4.53%. 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 25 June 2020.

**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.

**v) Expected rate of salary increases**

2019/2020 - CPI + 1,5%  
2020/2021 - CPI + 1,25%

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3	EMPLOYEE BENEFITS (CONTINUE)	2020 R	2019 R
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	7 243 000	7 576 775
	<b>Total Liability</b>	<b>7 243 000</b>	<b>7 576 775</b>
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	7 576 774	8 692 485
	Total expenses	427 726	532 099
	Current service cost	80 793	99 942
	Interest Cost	698 255	803 754
	Benefits Paid	(351 322)	(371 597)
	Actuarial (gains)/losses	(761 500)	(1 647 809)
	Present value of fund obligation at the end of the year	7 243 000	7 576 775
	<b>Less:</b> Transfer of Current Portion - Note 6	(399 000)	(368 321)
	<b>Balance 30 June</b>	<b>6 844 000</b>	<b>7 208 454</b>

## Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		3.005	4.238	7.243	
Health care inflation	1%	3.370	4.674	8.044	11%
Health care inflation	-1%	2.697	3.865	6.562	-9%
Discount Rate	1%	2.708	3.881	6.589	-9%
Discount Rate	-1%	3.359	4.663	8.022	11%
Post-retirement mortality	1 year	2.920	4.104	7.024	-3%
Post-retirement mortality	-1 year	3.090	4.376	7.466	3%
Average retirement age	-1 year	3.078	4.238	7.316	1%
Continuation of membership at retirement	-10%	2.605	4.238	6.843	-6%

## Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2021

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		34 000	689 000	723 000	
Health care inflation	1%	40 000	768 000	808 000	12%
Health care inflation	-1%	29 000	623 000	652 000	-10%
Discount Rate	1%	29 000	689 000	718 000	-1%
Discount Rate	-1%	39 000	687 000	726 000	0%
Post-retirement mortality	1 year	33 000	668 000	701 000	-3%
Post-retirement mortality	-1 year	35 000	711 000	746 000	3%
Average retirement age	-1 year	38 000	696 000	734 000	2%
Continuation of membership at retirement	-10%	29 000	650 000	679 000	-6%

## 3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 63 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2020 is R 80 410. The Current-service Cost for the ensuing year has been estimated to be R 81 000.

Key actuarial assumptions used:

## i) Rate of interest

	2020 %	2019 %
Discount rate	6.60%	7.97%
General Salary Inflation (long-term)	3.60%	5.45%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.90%	2.39%

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 6.60% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 6.60% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 3.41%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 25 June 2020.

Experience adjustments were calculated as follows:

	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	112 138	97 386
Assets: Gain / (loss)	-	-

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

	2018 Rm	2017 Rm	2016 Rm
Liabilities: (Gain) / loss	88 534	(89 998)	(67 443)
Assets: Gain / (loss)	-	-	-

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

	2020 R	2019 R
Present value of fund obligations	971 000	933 769
<b>Net liability/(asset)</b>	<b>971 000</b>	<b>933 769</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	933 769	875 025
Total expenses	(58 907)	28 932
Current service cost	80 410	73 424
Interest Cost	67 253	69 941
Benefits Paid	(206 570)	(114 433)
Actuarial losses/(gains)	96 138	29 812
Present value of fund obligation at the end of the year	971 000	933 769
<b>Less:</b> Transfer of Current Portion - Note 6	(219 000)	(183 393)
<b>Balance 30 June</b>	<b>752 000</b>	<b>750 376</b>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		0.971	
General salary inflation	1%	1.017	5%
General salary inflation	-1%	0.933	-4%
Discount Rate	1%	0.929	-4%
Discount Rate	-1%	1.022	5%
Average retirement age	-2 yrs	0.944	-3%
Average retirement age	2 yrs	1.201	24%
Withdrawal rates	x 2	0.831	-14%
Withdrawal rates	x 0.5%	1.066	10%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2021

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		81 000	57 000	138 000	
General salary inflation	1%	87 000	60 000	147 000	7%
General salary inflation	-1%	76 000	54 000	130 000	-6%
Discount Rate	1%	77 000	62 000	139 000	1%
Discount Rate	-1%	86 000	51 000	137 000	-1%
Average retirement age	-2 yrs	78 000	55 000	133 000	-4%
Average retirement age	2 yrs	95 000	72 000	167 000	21%
Withdrawal rates	x 2	62 000	48 000	110 000	-20%
Withdrawal rates	x 0.5%	95 000	63 000	158 000	14%

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 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)**2020  
R2019  
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 2019 revealed that the fund has a funding level of 100,7% (30 June 2018 - 103,7%).

**CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)**

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund has a funding level of 100,3% (30 June 2018 - 100%).

Contributions paid recognised in the Statement of Financial Performance

1 788 843

1 695 158

## 4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

10 353 521

12 591 198

**Total Non-current Provisions**

**10 353 521****12 591 198****Landfill Sites**

Balance 1 July

12 591 198

11 233 979

Balance previously reported

-

24 438 036

Correction of Error - Reverse incorrect calculation - Note 34,03

-

(24 438 036)

Correction of Error - Corrected calculation - Note 34,03

-

11 233 979

Increase/(Decrease) in Estimate

(3 198 508)

333 996

Balance previously reported

-

464 276

Correction of Error - Reverse incorrect calculation - Note 34,03

-

(464 276)

Correction of Error - Corrected calculation - Note 34,03

-

333 996

Increase/(Decrease) due to discounting

960 831

1 023 223

Balance previously reported

-

1 502 939

Correction of Error - Reverse incorrect calculation - Note 34,03

-

(1 502 939)

Correction of Error - Corrected calculation - Note 34,03

-

1 023 223

**Total provision 30 June**

**10 353 521****12 591 198**

**Less:** Transfer of Current Portion to Current Provisions

-

-

**Balance 30 June**

**10 353 521****12 591 198**

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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	2020 Vanwyksvlei	Vosburg
Preliminary and General (Rand)	1 453 884.42	463 173.12	426 696.46
Site Clearance and Preparation (Rand)	106 007.04	32 648.91	30 292.77
Storm Water Control Measures (Rand)	1 721 354.61	906 072.13	818 870.09
Capping (Rand)	6 730 756.37	2 106 909.70	1 946 072.93
Gas management (Rand)	-	-	-
Leachate Management (Rand)	422 168.80	251 992.00	241 839.41
Fencing (Rand)	1 404 601.87	10 756.65	10 756.65

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R191 508 724 (2019: R202 171 932) 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.

	2020 %	2019 %
<b>Discount rate:</b>		
Carnarvon	10.632%	9.191%
Vanwyksvlei	11.462%	9.728%
Vosburg	9.456%	8.095%

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	2020 Vanwyksvlei	Vosburg
Area (m²)	33 024.00	10 171.00	9 437.00
Environmental Authorisation (Closure Licence) (Rand)	467 232.50	467 232.50	467 232.50
Technical ROD (Rand)	96 442.90	96 442.90	96 442.90
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	178 179.20	215 060.28	168 823.17
Landscape Architects (Rand)	143 742.40	130 915.20	130 806.24
Water use licence (Rand)	20 000.00	20 000.00	-
Topographical Survey (Rand)	9 663.88	6 413.00	6 413.00
Contingencies (Rand)	1 183 877.31	377 155.25	347 452.83
Engineering: Professional Fees (Rand)	976 698.78	311 153.08	286 648.58
Site Supervision (Engineer's Representative) (Rand)	651 864.64	472 881.60	472 155.20
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	267 789.20	212 742.00	212 205.40

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 2020 R	Cost of rehabilitation 2019 R
Carnarvon	2037	36 765 372	36 078 036
Vanwyksvlei	2084	144 976 718	157 116 410
Vosburg	2031	9 766 633	8 977 487
		<b>191 508 724</b>	<b>202 171 932</b>

Change in size	2020	2019	Movement in size	Cost per rehab (m²)	R value of change
Area (m²)					
Carnarvon	33 024	33 024	0	479	-
Vanwyksvlei	10 171	10 171	0	598	-
Vosburg	9 437	9 437	0	600	-

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)
	<b>10 353 521</b>	<b>12 591 198</b>	<b>(2 237 676)</b>

Change in PV	2019	2018	Movement
Carnarvon	8 092 828.79	7 223 428	869 401
Vanwyksvlei	376 456.72	362 539	13 918
Vosburg	4 121 912.09	3 648 013	473 899
	<b>12 591 198</b>	<b>11 233 979</b>	<b>1 357 219</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 4 NON-CURRENT PROVISIONS (CONTINUE)

<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>
<u>Change in unit rates</u>	2019	2018	Movement	R value
Carnarvon	460.73	419.09	41.64	1 375 119
Vanwyksvlei	569.05	536.17	32.88	334 422
Vosburg	572.47	545.15	27.32	257 819
				<u>1 967 361</u>

## 5 CONSUMER DEPOSITS

	2020 R	2019 R
Water & Electricity	329 979	327 904
<b>Total Consumer Deposits</b>	<b>329 979</b>	<b>327 904</b>

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

## 6 CURRENT EMPLOYEE BENEFITS

	2020 R	2019 R
Current Portion of Post Retirement Benefits - Note 3	399 000	368 321
Current Portion of Long-Service Provisions - Note 3	219 000	183 393
Provision for Performance Bonuses	370 414	424 122
Provision for Annual Bonuses	276 327	284 211
Provision for Staff Leave	1 522 892	1 398 123
<b>Total Current Employee Benefits</b>	<b>2 787 633</b>	<b>2 658 170</b>

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	368 321	371 597
Transfer from non-current	382 001	368 321
Expenditure incurred	(351 322)	(371 597)
<b>Balance at end of year</b>	<b>399 000</b>	<b>368 321</b>

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	183 393	97 458
Transfer from non-current	242 177	200 368
Expenditure incurred	(206 570)	(114 433)
<b>Balance at end of year</b>	<b>219 000</b>	<b>183 393</b>

Provision for Performance Bonuses

Balance at beginning of year	424 122	271 172
Contribution to current portion	267 134	419 700
Expenditure incurred	(320 842)	(266 750)
<b>Balance at end of year</b>	<b>370 414</b>	<b>424 122</b>

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	1 398 123	1 203 402
Contribution to current portion	599 147	412 127
Expenditure incurred	(474 378)	(217 407)
<b>Balance at end of year</b>	<b>1 522 892</b>	<b>1 398 123</b>

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	284 211	283 650
Contribution to current portion	(7 884)	561
<b>Balance at end of year</b>	<b>276 327</b>	<b>284 211</b>

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 2020

	2020 R	2019 R
<b>7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	1 455 205	1 812 753
Payments received in advance	324 752	145 249
<b>Total Trade Payables</b>	<b>1 779 956</b>	<b>1 958 002</b>

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.

	2020 R	2019 R
<b>8 UNSPENT TRANSFERS AND SUBSIDIES</b>		
<b>Unspent Grants</b>	791 984	14 304 758
National and Provincial Government Grants	791 984	14 304 758
Other Sources	-	-
<b>Total Conditional Grants and Receipts</b>	<b>791 984</b>	<b>14 304 758</b>

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.

	2020 R	2019 R
<b>9 TAXES</b>		
VAT (Payable)	(1 460 941)	(1 180 493)
Balance previously reported		-
Correction of Error. Refer note		(1 180 493)
VAT Receivable	350 369	722 827
Balance previously reported		-
Correction of Error. Refer note 34,05		722 827
<b>Total VAT (Payable)/Receivable</b>	<b>(1 110 572)</b>	<b>(457 666)</b>

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10.1 30 JUNE 2020

Asset Category	Opening Balance				Accumulated Impairments				Accumulated Depreciation				Carrying Value	
	R	Additions R	Transfers R	Disposals R	Closing Balance R	Opening Balance R	Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R	R	R
Land and Buildings	24 788 148	-	(485 200)	-	24 302 948	405	-	405	622 378	65 826	-	688 204	23 614 339	
Land	22 216 460	-	(485 200)	-	21 733 260	-	-	-	-	-	-	-	21 733 260	
Buildings	2 569 688	-	-	-	2 569 688	405	-	405	622 378	65 826	-	688 204	1 881 079	
Infrastructure	150 086 701	5 684 842	(0)	(587 086)	155 184 458	-	-	-	21 549 221	4 262 109	(587 086)	25 224 244	129 980 213	
Electricity	6 769 629	-	-	(64 454)	6 705 175	-	-	-	1 116 758	255 179	(64 454)	1 307 483	5 397 682	
Road Transport	53 793 521	3 080 238	1 063 017	(222 765)	57 714 011	-	-	-	10 411 789	1 693 668	(222 765)	11 862 692	45 831 319	
Sanitation	23 845 153	-	-	(122 548)	23 722 605	-	-	-	4 657 872	572 296	(122 548)	5 107 621	18 614 984	
Solid Waste Disposal	488 000	-	-	-	488 000	-	-	-	117 231	13 670	-	131 101	356 899	
Stormwater	9 303 976	5 653 585	978 046	(16 673)	15 918 933	-	-	-	753 284	212 142	(16 673)	948 753	14 970 181	
Water Supply	33 773 318	-	-	(160 645)	33 612 673	-	-	-	3 753 854	830 164	(160 645)	4 423 372	29 189 301	
Landfill Sites	11 567 974	(3 198 508)	-	-	8 369 467	-	-	-	738 432	684 791	-	-	6 946 244	
WIP	10 545 129	149 527	(2 041 063)	-	8 653 594	-	-	-	-	-	-	-	8 653 594	
Community Assets	13 559 554	136 261	-	-	13 695 815	61 383	-	61 383	1 905 904	420 803	-	2 326 707	11 307 725	
Recreation Grounds	10 119 940	-	-	-	10 119 940	60 248	-	60 248	1 360 870	345 497	-	1 706 367	8 363 325	
Civil Buildings	122 360	-	-	-	122 360	-	-	-	26 099	2 191	-	28 290	94 070	
Cemetry	1 446 823	-	-	-	1 446 823	-	-	-	197 587	31 442	-	229 029	1 217 794	
Museum	360 000	-	-	-	360 000	-	-	-	76 707	6 438	-	83 145	276 855	
Clinic	360 800	-	-	-	360 800	-	-	-	72 530	6 006	-	78 535	282 265	
Libraries	1 035 620	136 261	-	-	1 171 881	-	-	-	141 826	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	-	1 135	23 385	1 925	-	25 310	58 286	
Other Assets	7 594 722	150 491	-	(372 095)	7 373 118	-	-	-	5 099 292	645 715	(365 865)	5 379 142	1 993 976	
Motor Vehicles	3 066 300	-	-	(256 707)	2 809 593	-	-	-	2 390 754	169 995	(256 707)	2 304 042	505 551	
Plant & Equipment	1 620 237	16 608	-	(5 839)	1 631 005	-	-	-	1 119 760	174 382	(5 839)	1 288 304	342 702	
Office Equipment	700 705	76 283	-	(39 843)	737 145	-	-	-	364 146	78 733	(39 843)	403 036	334 109	
Furniture & Fittings	759 203	-	-	(26 846)	732 357	-	-	-	537 367	44 015	(26 846)	554 536	177 820	
Fire Engines	2 648	-	-	(597)	2 051	-	-	-	2 221	45	(597)	1 668	383	
Computer Equipment	977 680	56 204	-	(36 032)	997 852	-	-	-	315 780	171 094	(36 032)	450 841	547 011	
Refuse Tankers	392 736	-	-	-	392 736	-	-	-	369 264	7 4				

## 30 JUNE 2020

	Opening Balance	Additions	WIP Additions	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	R	R	R	R	R	R
Land	22 218 460	-	-	-	(485 200)	-	-	21 733 260
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	11 592 267	136 261	-	-	-	(420 803)	-	11 307 725
Other Assets	2 495 430	150 491	-	(6 230)	-	(645 715)	-	1 993 976
	166 790 543	5 822 067	149 527	(6 230)	(485 200)	(5 394 454)	-	166 876 253

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10 PROPERTY, PLANT AND EQUIPMENT

10.2 30 JUNE 2019

Reconciliation of Carrying Value

	Cost			Accumulated Impairments			Accumulated Depreciation			Carrying Value	
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Disposals	Closing Balance	R	R
<b>Land and Buildings</b>	24 788 148	-	-	-	24 788 148	405	556 552	65 826	622 378	24 166 365	
Land	22 218 460	-	-	-	22 218 460	-	556 552	65 826	622 378	22 218 460	
Buildings	2 569 688	-	-	-	2 569 688	405	-	-	-	1 946 905	
<b>Infrastructure</b>	122 002 254	28 230 234	(0)	(145 788)	150 086 701	-	17 709 304	3 985 705	21 549 221	128 537 480	
Electricity	5 220 314	678 678	870 638	-	6 769 629	-	942 412	174 345	1 116 758	5 652 871	
Road Transport	50 540 889	3 240 887	76 368	(64 623)	53 793 521	-	8 887 923	1 588 490	10 411 789	43 381 732	
Sanitation	22 518 245	1 326 908	-	-	23 845 153	-	3 976 726	681 147	4 657 872	19 187 280	
Solid Waste Disposal	488 000	-	-	-	488 000	-	103 361	13 870	117 231	370 769	
Stormwater	8 638 234	749 518	16 225	-	9 303 976	-	584 157	169 127	753 284	8 550 692	
Water Supply	13 625 085	19 287 589	941 820	(81 165)	33 773 318	-	3 214 726	620 293	3 753 854	30 019 465	
Landfill Sites	11 233 979	333 996	-	-	11 567 974	-	-	738 432	738 432	10 829 542	
Balance previously reported	11 233 979	333 996	-	-	11 567 974	-	-	-	738 432	10 829 542	
Correction of Error - Note 34.01	9 837 500	2 612 680	(1 905 051)	-	10 545 129	-	-	-	-	10 545 129	
<b>WIP</b>	13 362 604	196 950	-	-	13 559 554	11 383	1 488 784	419 120	1 905 904	11 592 287	
<b>Community Assets</b>	10 119 940	-	-	-	10 119 940	10 248	1 014 236	346 634	1 360 870	8 698 822	
Recreation Grounds	122 360	-	-	-	122 360	-	23 908	2 191	26 099	96 261	
Civil Buildings	1 446 823	-	-	-	1 446 823	-	168 145	31 442	1 249 236	1 249 236	
Cemetery	360 000	-	-	-	360 000	-	70 268	6 438	76 707	283 293	
Museum	360 800	-	-	-	360 800	-	66 524	6 006	72 530	288 270	
Clinic	838 670	196 950	-	-	1 035 620	-	117 916	23 910	141 826	893 794	
Libraries	29 279	-	-	-	29 279	-	6 327	574	6 901	22 379	
Parks & Gardens	84 731	-	-	-	84 731	1 135	21 459	1 925	23 385	60 211	
Public Conveniences/Bathhouses	7 234 195	689 759	-	(329 231)	7 594 722	1 339	4 776 598	607 975	5 099 292	2 495 430	
<b>Other Assets</b>	3 196 388	-	-	(130 089)	3 066 300	-	2 387 442	183 401	2 300 754	675 545	
Motor Vehicles	1 610 124	13 134	-	(3 021)	1 620 237	-	965 721	157 060	1 119 760	500 476	
Plant & Equipment	507 889	217 059	-	(24 243)	700 705	-	315 767	72 622	364 146	336 559	
Office Equipment	805 427	-	-	(46 224)	759 203	-	519 910	63 680	537 367	221 836	
Furniture & Fittings	2 648	-	-	-	2 648	-	2 135	85	2 221	428	
Fire Engines	612 840	446 544	-	(81 704)	977 680	-	273 810	123 674	315 780	661 900	
Computer Equipment	392 736	-	-	-	392 736	-	361 812	7 452	369 284	23 472	
Refuse Tankers	106 143	13 022	-	(43 951)	75 214	1 339	-	-	-	75 214	
Game	167 367 200	29 116 943	(0)	(475 019)	196 029 124	13 126	24 529 238	5 078 625	29 176 794	166 790 543	

Reconciliation of Property, Plant and Equipment:

30 JUNE 2019

	Opening Balance	Additions	WIP	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	R	R	R	R	R	R
Land	22 218 460	-	-	-	-	-	-	22 218 460
Buildings	2 012 731	-	-	-	-	(65 826)	-	1 946 905
Infrastructure	104 292 951	25 617 554	2 612 680	-	-	(3 985 705)	-	128 537 480
Community Assets	11 864 437	196 950	-	-	-	(419 120)	(50 000)	11 592 267
Other Assets	2 456 258	689 759	-	(43 951)	-	(607 975)	1 339	2 495 430
	142 844 836	26 504 263	2 612 680	(43 951)	-	(5 078 625)	(48 661)	166 790 543

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2020 R	2019 R		
10.03	Property, Plant and Equipment which is in the process of being constructed or developed:				
	Infrastructure Assets	8 653 594	10 545 129		
	Roads	149 527	2 041 063		
	Electricity	325 449	325 449		
	Water Supply	8 178 617	8 178 617		
	Community Assets	-	-		
	<b>Total</b>	<b>8 653 594</b>	<b>10 545 129</b>		
	Work in Progress movements for the year can be reconciled as follows:				
	<b>30 JUNE 2020</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Other Assets R</b>	<b>Total R</b>
	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	-	-	-	-
	<b>Balance at end of year</b>	<b>8 653 593</b>	<b>-</b>	<b>-</b>	<b>8 653 593</b>
	<b>30 JUNE 2019</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Other Assets R</b>	<b>Total R</b>
	Balance at beginning of year	9 837 500	-	-	9 837 500
	Expenditure during the year	27 896 239	196 950	-	28 093 189
	Assets unbundled during the year	(27 188 609)	(196 950)	-	(27 385 559)
	Impairment recognised during the year	-	-	-	-
	<b>Balance at end of year</b>	<b>10 545 129</b>	<b>-</b>	<b>-</b>	<b>10 545 129</b>
10.04	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:				
	Infrastructure Assets	8 504 066	8 178 617		
	Electricity	325 449	-		
	Water Supply	8 178 617	8 178 617		
	Community Assets	-	-		
	<b>Total</b>	<b>8 504 066</b>	<b>8 178 617</b>		
	No funding was allocated for 2019/2020 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	8 504 066	8 178 617		
	Electricity	325 449	-		
	Water Supply	8 178 617	8 178 617		
	<b>Total</b>	<b>8 504 066</b>	<b>8 178 617</b>		
	No funding was allocated for 2019/2020 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.				
10.06	Expenditure incurred to repair and maintain Property, Plant and Equipment:				
	Other materials	643 156	871 339		
	Contracted Services	134	70 993		
	<b>Total Repairs and Maintenance</b>	<b>643 290</b>	<b>942 331</b>		
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	-	50 000		
	<b>Total</b>	<b>-</b>	<b>50 000</b>		
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	-	(1 339)		
	<b>Total</b>	<b>-</b>	<b>(1 339)</b>		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020 R	2021 R	2022 R
Effect on Property, plant and equipment	(171 344)	(171 344)	(171 344)

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:	-	5 598 435
Infrastructure	-	5 598 435
<b>Total</b>	-	<b>5 598 435</b>
This expenditure will be financed from:		
Government Grants	-	5 598 435
<b>Total</b>	-	<b>5 598 435</b>

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

Carrying amount at year end	-	-
<b>Total</b>	-	-

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

No of Low Cost Houses	139	308
<b>Total</b>	<b>139</b>	<b>308</b>

11 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost	15 562 100	15 562 100
Accumulated Depreciation	(149 896)	(136 954)
Depreciation for the year	(12 941)	(12 941)
Transfers from Property, Plant and equipment	485 200	-

Net Carrying amount at 30 June

Cost	16 047 300	15 562 100
Accumulated Depreciation	(162 837)	(149 896)

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	20 114 700
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Fair value was determined by valuation roll.

11.01 Revenue from Investment Property

Revenue derived from the rental of Investment Property	373 495	261 590
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11.02 Operating Expenditure incurred on properties:

	Repairs and Maintenance	Other Operating Expenditure
Revenue Generating	15 543	219
Improved Property	-	-
Unimproved Property	15 543	219
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
<b>Total Operating Expenditure</b>	<b>15 543</b>	<b>219</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11	INVESTMENT PROPERTY (CONTINUED)	2020 R	2019 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	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Balance at end of year</b>	-	-
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	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Total Impairment Losses</b>	-	-
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	-	-
	<b>Total Reversal of Impairment losses</b>	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
11	<b>INVESTMENT PROPERTY (CONTINUED)</b>		
11.08	<b>Investment Property (Land) is controlled, but Kareeberg Municipality is not the legal owner/custodian</b>		
	Carrying amount at year end	-	-
	<b>Total</b>	-	-
11.09	<b>Investment Property (Land) is not controlled, but Kareeberg Municipality is the legal owner/custodian</b>		
	No of Low Cost Houses	-	-
	<b>Total</b>	-	-
12	<b>INTANGIBLE ASSETS</b>	2020 R	2019 R
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>26 631</b>	<b>14 136</b>
	Acquisitions	21 846	16 602
	Disposals	(1 004)	(4)
	Amortisation	(11 234)	(4 108)
	Disposal Amortisation	1 004	4
	<b>Net Carrying amount at 30 June</b>	<b>37 243</b>	<b>26 631</b>
	Cost	63 154	42 312
	Accumulated Amortisation	(25 911)	(15 681)
12.01	<b>Material Intangible Assets included in the carrying value:</b>		
		<b>Carrying Value</b>	
	<u>Description</u>	<u>Remaining Amortisation Period</u>	
	Microsoft Office	2-5	
		2020 R	2019 R
		37 243	26 631
	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	<b>Research and Development Costs:</b>	2020 R	2019 R
	Research Expenditure	-	-
	Development Expenditure	-	-
	<b>Total Research and Development Expenditure</b>	-	-
12.03	<b>Intangible Assets which is in the process of being constructed or developed:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	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	-	-
	<b>Balance at end of year</b>	-	-
12.04	<b>Intangible Assets that is taking a significantly longer period of time to complete than expected:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	No reason required		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12	INTANGIBLE ASSETS (CONTINUED)	2020 R	2019 R
12.05	<b>Intangible Assets where construction or development has been halted:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	No reason required		
12.06	<b>Impairment losses of Intangible Assets</b>		
	Impairment losses on Intangible Assets recognised in Statement of Financial Performance are as follows:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total Impairment Losses</b>	-	-
12.07	<b>Reversal of Impairment losses of Intangible Assets</b>		
	Reversal of Impairment losses on Intangible Assets recognised in statement of financial performance are as follows:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total Reversal of Impairment losses</b>	-	-
12.08	<b>Effect of changes in accounting estimates</b>		
	The effect of a change in accounting estimate will have on the current period and subsequent periods:		
		2020 R	2021 R
	Effect on Property, plant and equipment	4 350	4 350
13	<b>HERITAGE ASSETS</b>		
	<b>Net Carrying amount at 1 July</b>	14 900	14 900
	Transfers to Property, Plant and equipment	-	-
	<b>Net Carrying amount at 30 June</b>	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	<b>Third party payments received for losses and impairments incurred:</b>		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost/impaired	-	-
	Surplus/Deficit	-	-
13.02	<b>Expenditure incurred to repair and maintain Heritage Assets:</b>		
	Employee related costs	-	-
	Other materials	-	-
	Contracted Services	-	-
	Other Expenditure	-	-
	<b>Total Repairs and Maintenance</b>	-	-
13.03	<b>Heritage Assets which is in the process of being constructed or developed:</b>		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total</b>	-	-



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13	HERITAGE ASSETS (CONTINUED)	2020 R	2019 R
	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		
	<b>Balance at end of year</b>	-	-
13.04	<b>Heritage Assets that is taking a significantly longer period of time to complete than expected:</b>		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total</b>	-	-
	No reason required		
13.05	<b>Heritage Assets where construction or development has been halted:</b>		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total</b>	-	-
	No reason required		
13.06	<b>Impairment losses of Heritage Assets</b>		
	Impairment losses on Heritage Assets recognised in Statement of Financial Performance are as follows:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total Impairment Losses</b>	-	-
13.07	<b>Reversal of Impairment losses of Heritage Assets</b>		
	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	-	-
	<b>Total Reversal of Impairment losses</b>	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
14	<b>CAPITALISED RESTORATION COST</b>		
	<b>Net Carrying amount at 1 July</b>	-	-
	Balance previously reported		1 708 738
	Correction of Error - Reverse incorrect calculation - Note 34,02		(1 708 738)
	<b>Change in estimates</b>	-	-
	Balance previously reported		464 276
	Correction of Error - Reverse incorrect calculation - Note 34,02		(464 276)
	<b>Depreciation</b>	-	-
	Balance previously reported		(73 086)
	Correction of Error - Reverse incorrect calculation - Note 34,02		73 086
	<b>Impairment</b>	-	-
	Balance previously reported		(2 936)
	Correction of Error - Reverse incorrect calculation - Note 34,02		2 936
	<b>Net Carrying amount at 30 June</b>	-	-
	Cost	-	-
	Accumulated Depreciation	-	-
	Accumulated Impairments	-	-
	Restoration cost financed by way of a provision - Refer to note 4 for further details		
15	<b>LONG TERM RECEIVABLES</b>	2020 R	2019 R
	Officials' Housing Loans - At amortised cost	18 549	23 516
	<b>Less:</b> Unamortised Discount on Loans	(1 633)	(2 598)
	Balance 1 July	(2 598)	(3 731)
	Adjustment for the period	966	1 133
		16 916	20 918
	<b>Less:</b> Current portion transferred to current receivables	(5 170)	(4 967)
	Officials Housing Loans - At amortised cost	(5 170)	(4 967)
		11 747	15 951
	<b>Less:</b> Provision for Impairment of Long Term Receivables	-	-
	<b>Total Long Term Receivables</b>	<b>11 747</b>	<b>15 951</b>
	<b>STAFF HOUSING LOANS</b>		
	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.		
16	<b>INVENTORY</b>	2020 R	2019 R
	Consumable Stores - Materials - At cost	546 936	546 936
	<b>Total Inventory</b>	<b>546 936</b>	<b>546 936</b>
	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.		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2020 R	2019 R
	<b>Service Receivables</b>		
	Water	2 444 346	1 933 020
	Electricity	2 294 770	1 697 628
	Refuse	1 920 982	1 520 904
	Sewerage	1 396 178	1 194 307
	<b>Total Service Receivables</b>	<b>8 056 276</b>	<b>6 345 859</b>
	Less: Provision for Impairment	(6 511 476)	(4 560 307)
	<b>Net Service Receivables</b>	<b>1 544 800</b>	<b>1 785 552</b>
	<b>Other Receivables</b>		
	Sundry Receivables	2 049 280	540 843
	Rentals	904 550	670 440
	VAT	1 460 941	1 180 493
	<b>Total Other Receivables</b>	<b>4 414 770</b>	<b>2 391 776</b>
	Less: Provision for Impairment	(930 423)	(670 440)
	<b>Net Other Receivables</b>	<b>3 484 348</b>	<b>1 721 336</b>
	<b>Total Net Receivables from Exchange Transactions</b>	<b>5 029 148</b>	<b>3 506 888</b>
	<b>Ageing of Receivables from Exchange Transactions</b>		
	<u><b>(Electricity): Ageing</b></u>		
	Current (0 - 30 days)	454 562	574 221
	31 - 60 Days	8 037	318 526
	61 - 90 Days	493 993	101 514
	+ 90 Days	1 338 177	703 368
	<b>Total</b>	<b>2 294 770</b>	<b>1 697 628</b>
	<u><b>(Water): Ageing</b></u>		
	Current (0 - 30 days)	177 720	261 071
	31 - 60 Days	17 011	385 980
	61 - 90 Days	325 950	132 883
	+ 90 Days	1 923 666	1 153 085
	<b>Total</b>	<b>2 444 346</b>	<b>1 933 020</b>
	<u><b>(Refuse): Ageing</b></u>		
	Current (0 - 30 days)	242 106	105 610
	31 - 60 Days	16 293	246 596
	61 - 90 Days	123 497	95 520
	+ 90 Days	1 539 086	1 073 176
	<b>Total</b>	<b>1 920 982</b>	<b>1 520 904</b>
	<u><b>(Sewerage): Ageing</b></u>		
	Current (0 - 30 days)	148 051	59 196
	31 - 60 Days	6 970	310 667
	61 - 90 Days	110 704	106 786
	+ 90 Days	1 130 453	717 659
	<b>Total</b>	<b>1 396 178</b>	<b>1 194 307</b>
	<u><b>(Sundry Receivables): Ageing</b></u>		
	Current (0 - 30 days)	26 519	358 991
	31 - 60 Days	4 000	69 987
	61 - 90 Days	587 665	1 936
	+ 90 Days	1 431 096	109 929
	<b>Total</b>	<b>2 049 280</b>	<b>540 843</b>
	<u><b>(VAT): Ageing</b></u>		
	Current (0 - 30 days)	243 287	257 176
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	1 217 654	923 317
	<b>Total</b>	<b>1 460 941</b>	<b>1 180 493</b>
	<u><b>(Rentals): Ageing</b></u>		
	Current (0 - 30 days)	240	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	904 310	670 440
	<b>Total</b>	<b>904 550</b>	<b>670 440</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2020 R	2019 R
<i>Service Receivables</i>		
Availability Charges	287 576	311 305
Rates	5 696 766	3 008 522
<b>Total Service Receivables</b>	<b>5 984 342</b>	<b>3 319 827</b>
Less: Provision for Impairment	(5 694 767)	(3 269 974)
<b>Net Service Receivables</b>	<b>289 575</b>	<b>49 853</b>

<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>289 575</b>	<b>49 853</b>
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**Ageing of Receivables from Non-Exchange Transactions**

**(Availability Charges): Ageing**

Current (0 - 30 days)	60 290	17 372
31 - 60 Days	204	23 305
61 - 90 Days	110 845	10 672
+ 90 Days	116 236	259 957
<b>Total</b>	<b>287 576</b>	<b>311 305</b>

**(Rates): Ageing**

Current (0 - 30 days)	-	18 244
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	5 696 766	2 990 279
<b>Total</b>	<b>5 696 766</b>	<b>3 008 522</b>

**Summary of Receivables by Customer Classification**

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
<b>2020</b>				
Total Receivables	14 816 247	43 431	3 595 710	18 455 388
Less: Provision for Impairment	(13 136 665)	-	-	(13 136 665)
<b>Total Recoverable debtors by customer classification</b>	<b>1 679 582</b>	<b>43 431</b>	<b>3 595 710</b>	<b>5 318 724</b>

**Summary of Receivables by Customer Classification**

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
<b>2019</b>				
Total Receivables	10 221 248	194 843	1 641 372	12 057 462
Less: Provision for Impairment	(8 500 721)	-	-	(8 500 721)
<b>Total Recoverable debtors by customer classification</b>	<b>1 720 527</b>	<b>194 843</b>	<b>1 641 372</b>	<b>3 556 742</b>

**Receivables impaired**

<b>2020</b>			
	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	<b>7 441 898</b>	<b>5 694 767</b>	<b>13 136 665</b>
<b>2019</b>			
	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	<b>5 230 747</b>	<b>3 269 974</b>	<b>8 500 721</b>

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**

	2020 R	2019 R
Balance at beginning of the year	8 500 721	4 542 937
Contributions to provision	4 635 944	3 957 784
Impairment written off against provision	-	-
<b>Balance at end of year</b>	<b>13 136 665</b>	<b>8 500 721</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19		2020 R	2019 R
	<b>OPERATING LEASE ARRANGEMENTS</b>		
	<b>The Municipality as Lessor</b>		
	<b>Balance on 1 July</b>	33 870	37 909
	Operating Lease Asset for the current year	(8 292)	(4 039)
	<b>Balance on 30 June</b>	<b>25 578</b>	<b>33 870</b>
	<p>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.</p> <p>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.</p> <p>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. Not yet renewed.</p> <p>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.</p> <p>The municipality is leasing a piece of land (Jagpan and Dubbelevlei) to emerging farmers for a period of 60 months with escalations of 6% per year.</p>		
		<b>2020 R</b>	<b>2019 R</b>
	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	270 077	262 664
	2 to 5 Years	334 327	210 038
	More than 5 Years	84	85
	<b>Total Operating Lease Arrangements</b>	<b>604 488</b>	<b>472 787</b>
	<p>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.</p> <p>The lease is in respect of land being leased by MTN until 2022.</p> <p>The lease is in respect of land being leased by Vodacom until 2022.</p> <p>The lease is in respect of land being leased by Vodacom until 2017-18.</p> <p>The lease is in respect of land being leased by Sentech until 2022.</p> <p>The lease is in respect of land (Jagpan and Dubbelevlei) being leased by emerging farmers until 2020-21.</p> <p>The municipality does not engage in any sub-lease arrangements.</p> <p>The municipality did not receive any contingent rent during the year</p>		
20	<b>CASH AND CASH EQUIVALENTS</b>	<b>2020 R</b>	<b>2019 R</b>
	<b>Assets</b>		
	Call Investments Deposits	24 350 452	42 170 213
	Primary Bank Account (Cash book)	295 308	257 876
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>24 645 759</b>	<b>42 428 089</b>
	<p>Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.</p> <p>Call Investments Deposits to an amount of R791 984 are held to fund the Unspent Conditional Grants (2019: R14 304 758).</p> <p>Kareeberg Municipality do not have a bank overdraft facility.</p>		
		<b>2020 R</b>	<b>2019 R</b>
	The municipality has the following bank accounts:		
	<b>Current Accounts</b>		
	Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):	295 308	257 876
		<b>295 308</b>	<b>257 876</b>
	<b>Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):</b>		
	Cash book balance at beginning of year	257 876	483 234
	Cash book balance at end of year	295 308	257 876
	Bank statement balance at beginning of year	1 006 823	1 589 711
	Bank statement balance at end of year	1 000 655	1 006 823

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

20	CASH AND CASH EQUIVALENTS (CONTINUED)			2020 R	2020 R	2019 R
	<b>Call Investment Deposits</b>					
	Call investment deposits consist out of the following accounts:			Bank Certificates (excl. accruals)		
	Account no.	Place of investment	Name of fund			
	08-870-5536-003	STANDARD BANK	Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
	20-7477-9380	ABSA	Housing Fund	50 721	50 721	48 202
	20-7477-9380	ABSA	Job creation - De Bult	51 318	51 318	48 769
	20-7477-9380	ABSA	Land development	22 035	22 035	20 940
	20-7477-9380	ABSA	Land development (Vanwyksvlei)	20 101	20 101	19 103
	20-7477-9380	ABSA	Land development (Vosburg)	38 430	38 430	36 521
	08-870-543-9	STANDARD BANK	Civil Defence	20 944	20 944	20 944
	03-7881-142-979-0	Nedbank	RBIG - Vanwyksvlei Pipeline	-	-	13 537 276
	20-7477-9380	ABSA	CMIP Kwaggakolk(VAT)	803	803	765
	08-870-5536-002	STANDARD BANK	Sanitation Interest/VAT	184 441	184 441	184 441
	20-7477-9380	ABSA	Electricity	46 231	46 231	43 933
	20-7477-9380	ABSA	Water Services Plan	4 318	4 318	4 104
	20-7477-9380	ABSA	CMIP-Saaiport project 301	4 741	4 741	4 505
	20-7477-9380	ABSA	EPWP - Paving/ Cleaning	31 249	31 249	29 698
	20-7477-9380	ABSA	Lotto Carnarvon	2 397	2 397	2 278
	20-7477-9380	ABSA	Lotto Vosburg	42 330	42 330	40 228
	20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	179 532	179 532	170 593
	20-7477-9380	ABSA	VB Cleaning Project	33 804	33 804	32 126
	20-7477-9380	ABSA	VAT - retention	15 678	15 678	14 899
	92-1221-8064	ABSA	Municipal Infrastructure Grant	(2 177 853)	(2 177 853)	-
	92-1221-8064	ABSA	Youth Development	93 632	93 632	93 632
	92-1221-8064	ABSA	Leave Fund	2 864 306	2 864 306	3 040 225
	92-8504-7305	ABSA	Retention	1 082 889	1 082 889	1 812 753
	92-1221-8064	ABSA	Provision for Employee benefits	2 000 000	2 000 000	2 000 000
	92-1221-8064	ABSA				
	08-871-0777	STANDARD BANK	General Account	6 190 593	6 190 593	3 429 514
	9286173395	ABSA				
	03-7881-142-979-0	Nedbank	General Account	-	-	6 186 949
	088705536-006	STANDARD BANK	General Account	2 200 000	2 200 000	-
				<b>24 350 452</b>	<b>24 350 452</b>	<b>42 170 213</b>

21	PROPERTY RATES	2020 R	2019 R
	<b>Actual</b>		
	<b>Rateable Land and Buildings</b>	14 747 805	13 821 193
	Residential, Commercial Property	13 577 798	11 087 357
	Residential, Commercial Property	14 211 213	11 828 909
	Less: Equitable Share	(633 415)	(741 552)
	State - National / Provincial Services	1 170 006	2 733 836
	<b>Less: Reductions</b>	(539 494)	(505 211)
	<b>Less: Rebates</b>	(2 399 345)	(2 444 835)
	<b>Less: Income for gone</b>	(2 580 267)	(2 543 625)
	<b>Total Assessment Rates</b>	<b>9 228 699</b>	<b>8 327 522</b>
	<b>Valuations - 30 June 2020:</b>		
	<b>Rateable Land and Buildings</b>	2 879 526 800	2 914 861 800
	Residential & Commercial Property	2 784 972 300	2 727 514 300
	State - National / Provincial Services	94 554 500	187 347 500
	<b>Total Assessment Rates</b>	<b>2 879 526 800</b>	<b>2 914 861 800</b>

**Valuations - 30 June 2020:**

	Valuation
Residential	261 837 500
State	37 359 000
State: Agriculture	57 195 500
Agriculture	2 281 619 800
Municipal	25 118 000
Municipal: Agriculture	44 730 000
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
<b>Total Property Valuations</b>	<b>2 879 526 800</b>

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 2274 dated 17 June 2019.

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 2020

22	GOVERNMENT GRANTS AND SUBSIDIES	2020 R	2019 R
	<b>Unconditional Grants</b>	<b>24 348 277</b>	<b>22 024 000</b>
	Equitable Share - Refer to Note 22,01	24 348 277	22 024 000
	<b>Conditional Grants</b>	<b>12 724 000</b>	<b>36 160 891</b>
	Drought Relieve	-	4 626 000
	Department of Water Affairs and Forestry (WSIG)	-	5 000 000
	Department of Energy (DOE)	-	1 000 000
	Library Development Projects	1 112 000	1 112 000
	Municipal Finance Management Grant	2 435 000	1 970 000
	Municipal Infrastructure Grant	8 038 000	7 972 000
	Expanded Public Works Program (PWPG)	1 085 000	1 000 000
	Department of Water Affairs and Forestry (RBIG)	-	13 480 891
	COVID-19	54 000	-
	<b>Total Government Grants and Subsidies</b>	<b>37 072 277</b>	<b>58 184 891</b>
	Government Grants and Subsidies - Capital	8 174 261	28 296 993
	Government Grants and Subsidies - Operating	28 898 016	29 887 898
		<b>37 072 277</b>	<b>58 184 891</b>
	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	24 348 277	22 024 000
	Executive & Council	2 933 164	36 160 891
	Budget & Treasury	1 616 575	-
	Community & Social Services	136 261	-
	Road Transport	8 038 000	-
		<b>37 072 277</b>	<b>58 184 891</b>
<b>22.01</b>	<b>Equitable share</b>		
	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 R361 per month to R779 per month.(2019: R338 per month to R673 per month)		
	Grants received	24 348 277	22 024 000
	Conditions met	(24 348 277)	(22 024 000)
	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.		
<b>22.02</b>	<b>Municipal Infrastructure Grant (MIG)</b>		
	Grants received	8 038 000	7 972 000
	Conditions met	-	(1 039 826)
	Conditions met - Capital	(8 038 000)	(6 932 174)
	Grant expenditure to be recovered	(0)	-
	The grant was used to upgrade infrastructure in the Kareeberg areas.		
<b>22.03</b>	<b>Local Government Financial Management Grant (FMG)</b>		
	Grants received	2 435 000	1 970 000
	Conditions met	(2 435 000)	(1 970 000)
	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).		
<b>22.04</b>	<b>Library Development Projects</b>		
	Grants received	1 112 000	1 112 000
	Conditions met	(975 739)	(711 246)
	Conditions met - Capital	(136 261)	(400 754)
	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 2020

		2020 R	2019 R
<b>22</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>22.05</b>	<b>Youth Development</b>		
	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.		
<b>22.06</b>	<b>Expanded Public Works Program (R1m)</b>		
	Grants received	1 085 000	1 000 000
	Conditions met	(1 085 000)	(1 000 000)
	Conditions still to be met	-	-
	The grant was used for labour (for example security services) in the Kareeberg area.		
<b>22.07</b>	<b>Job Creation De Bult</b>		
	Opening balance	48 769	46 081
	Interest received	2 549	2 688
	Conditions still to be met	51 318	48 769
	The grant will be used for job creation in the Kareeberg area. (Carnarvon)		
<b>22.08</b>	<b>Land Development</b>		
	Opening balance	76 565	72 345
	Interest received	4 000	4 220
	Conditions still to be met	80 565	76 565
	The grant will be used for a land development plan in the Kareeberg area.		
<b>22.09</b>	<b>Civil Defence</b>		
	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.		
<b>22.10</b>	<b>CMIP Kwaggakolk (VAT)</b>		
	Opening balance	765	725
	Interest received	38	40
	Conditions still to be met	803	765
	The grant will be used for a water project in the Kareeberg area. (Vanwyksvlei)		
<b>22.11</b>	<b>Sanitation - sewerage</b>		
	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.		
<b>22.12</b>	<b>Electricity Schietfontein</b>		
	Opening balance	43 933	41 513
	Interest received	2 297	2 420
	Conditions still to be met	46 231	43 933
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
<b>22.13</b>	<b>Water Service Plan</b>		
	Opening balance	4 104	3 879
	Interest received	214	225
	Conditions still to be met	4 318	4 104
	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 2020

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2020 R	2019 R
22.14	<b>CMIP - Saaiport project 301</b>		
	Opening balance	4 505	4 258
	Interest received	235	247
	Conditions still to be met	4 741	4 505
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
22.15	<b>Paving Projects</b>		
	Opening balance	29 698	28 062
	Interest received	1 551	1 636
	Conditions still to be met	31 249	29 698
	The grant will be used for an extended public works program in the Kareeberg area.		
22.16	<b>Lotto Carnarvon</b>		
	Opening balance	2 278	2 153
	Interest received	119	125
	Conditions still to be met	2 397	2 278
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
22.17	<b>Lotto Vosburg</b>		
	Opening balance	40 228	38 010
	Interest received	2 103	2 218
	Conditions still to be met	42 330	40 228
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
22.18	<b>Transfer Fees Sub-Economic</b>		
	Opening balance	170 593	160 872
	Interest received	8 939	9 721
	Conditions still to be met	179 532	170 593
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
22.19	<b>Cleaning Project Vosburg</b>		
	Opening balance	32 126	30 344
	Interest received	1 678	1 782
	Conditions still to be met	33 804	32 126
	The grant will be used for a cleaning project in the Kareeberg area.		
22.20	<b>VAT - Retention</b>		
	Opening balance	14 899	14 080
	Interest received	779	819
	Conditions still to be met	15 678	14 899
	The grant will be used for maintenance in the Kareeberg area.		
22.21	<b>Electricity</b>		
	Grants received	-	1 000 000
	Conditions met	-	(130 435)
	Conditions met - Capital	-	(869 565)
	Conditions still to be met	-	-
	The grant was used for electricity infrastructure development in the Kareeberg area.		
22.22	<b>RBIG (Department of Water Affairs and Forestry)</b>		
	Opening balance	13 537 276	12 971 167
	Grants received	-	14 047 000
	Transfer return	(13 537 276)	-
	Conditions met	-	(1 756 826)
	Conditions met - Capital	-	(11 724 065)
	Conditions still to be met	-	13 537 276
	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 2020

		2020 R	2019 R
<b>22</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>22.23</b>	<b>DWA (Department of Water Affairs) Refurbishment</b>		
	Grants received	-	5 000 000
	Conditions met	-	(652 174)
	Conditions met - Capital	-	(4 347 826)
	Conditions still to be met	-	-
	The grant will be used for water infrastructure development in the Kareeberg area.		
<b>22.24</b>	<b>DWA (Department of Water Affairs) Drought Relief</b>		
	Opening balance	-	4 626 000
	Conditions met	-	(603 391)
	Conditions met - Capital	-	(4 022 609)
	Conditions still to be met	-	-
	The grant will be used for drought relief (water infrastructure) in the Kareeberg area.		
<b>22.25</b>	<b>COVID-19</b>		
	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.		
<b>22.26</b>	<b>Total Grants</b>		
	Opening balance	14 304 758	18 338 507
	Interest received	24 502	26 142
	Grants received	37 072 277	54 125 000
	Transfer return	(13 537 276)	-
	Conditions met	(28 898 016)	(29 887 898)
	Conditions met - Capital	(8 174 261)	(28 296 993)
	Conditions still to be met/(Grants expenditure to be recovered)	<b>791 984</b>	<b>14 304 758</b>
<b>23</b>	<b>AVAILABILITY CHARGES</b>	<b>2020 R</b>	<b>2019 R</b>
	Electricity	125 885	117 499
	Water	159 855	184 497
	<b>Total Availability Charges</b>	<b>285 740</b>	<b>301 996</b>
<b>24</b>	<b>SERVICE CHARGES</b>	<b>2020 R</b>	<b>2019 R</b>
	Electricity	9 496 411	9 848 711
	Service Charges	9 833 733	10 150 077
	<u>Less:</u> Equitable Share	(337 322)	(301 366)
	Water	3 049 125	2 717 557
	Service Charges	6 003 570	5 115 800
	<u>Less:</u> Equitable Share	(2 954 445)	(2 398 243)
	Refuse removal	1 456 562	1 889 447
	Service Charges	4 464 629	4 045 766
	<u>Less:</u> Equitable Share	(3 008 067)	(2 156 319)
	Sewerage and Sanitation Charges	961 583	1 566 825
	Service Charges	4 533 924	4 183 569
	<u>Less:</u> Equitable Share	(3 572 341)	(2 616 744)
	<b>Total Service Charges</b>	<b>14 963 681</b>	<b>16 022 540</b>
<b>25</b>	<b>OTHER REVENUE</b>		
	Application Specific Registrations	1 138	2 428
	Building Fees	240	70
	Photocopies	1 588	4 091
	Grave Fees	11 565	13 210
	Searching Fees	75	910
	Encroachment	744	744
	Cement block Sales	4 500	2 500
	Refuse Bags Sold	624	1 459
	Connection Fees	-	200
	Gain due to additions on Biological assets	1 396	13 022
	Valuation Certificates	180	420
	Electricity caravan park	9	96
	Annual bonus decrease	7 884	-
	Sale of scrap	48 720	-
	<b>Total Other Income</b>	<b>78 662</b>	<b>39 149</b>

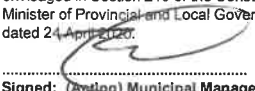
KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
26	<b>FAIR VALUE ADJUSTMENTS</b>		
	Unamortised Discount - Interest - LT Receivables	966	1 133
		<b>966</b>	<b>1 133</b>
27	<b>EMPLOYEE RELATED COSTS</b>		
	Salaries & Wages	17 646 485	17 098 972
	Leave Reserve Fund	599 147	412 127
	Personnel Contributions	2 451 470	2 396 136
	Skill Development Levy	153 660	157 404
	Bargaining Council	7 531	7 087
	Pension Gratification	444	444
	UIF	118 264	115 246
	Performance Bonuses	267 134	419 700
	Annual Bonuses	-	561
	Contribution to Employee Benefits - Long Service Awards - Note 3	80 410	73 424
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	80 793	99 942
		<b>21 405 337</b>	<b>20 781 043</b>
	<b>Less:</b> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b>21 405 337</b>	<b>20 781 043</b>
	<b>KEY MANAGEMENT PERSONNEL</b>		
	Municipal Manager was appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable to him at the end of the contract period.		
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
	<b>Remuneration of the Municipal Manager: Mr F. Manuel (Resigned 28 February 2020)</b>		
	Salary and Bonus, Performance Bonus	1 036 265	1 108 515
	Travel Allowance	138 000	207 000
	UIF	1 190	1 785
	Bargaining Council	75	105
	Cell phone (VAT Included)	32 000	48 000
	<b>Total</b>	<b>1 207 529</b>	<b>1 365 405</b>
	<b>Remuneration of the Chief Financial Offices: Mr W. de Bruin</b>		
	Salary and Bonus, Performance Bonus	783 183	654 887
	Travel Allowance	76 000	72 000
	Rural	79 266	78 146
	UIF	1 785	1 785
	Bargaining Council	112	105
	Cell phone (VAT Included)	25 200	24 000
	<b>Total</b>	<b>965 546</b>	<b>830 923</b>
	<b>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk</b>		
	Salary and Bonus, Performance Bonus	1 233 824	989 176
	Travel Allowance	203 567	191 143
	Pension	160 332	145 950
	Medical	53 908	50 618
	UIF	1 785	1 785
	Bargaining Council	112	105
	Cell phone (VAT Included)	25 200	24 000
	<b>Total</b>	<b>1 678 728</b>	<b>1 402 776</b>
	<b>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</b>		
	Salary and Bonus, Performance Bonus	1 006 088	932 150
	Travel Allowance	203 567	191 143
	Pension	152 897	139 184
	Medical	46 930	43 956
	UIF	1 785	1 785
	Bargaining Council	112	105
	Cell phone (VAT Included)	25 200	18 000
	<b>Total</b>	<b>1 436 578</b>	<b>1 326 323</b>
28	<b>REMUNERATION OF COUNCILLORS</b>	2020 R	2019 R
	Mayor	806 066	775 063
	Councillor	255 091	245 280
	Councillor	255 091	245 280
	Councillor	255 091	245 280
	Councillor	255 091	245 280
	Councillor	255 091	245 280
	Councillor	255 091	245 280
	Councillors' Cell phones	310 800	285 600
	<b>Total Councillors' Remuneration</b>	<b>2 647 412</b>	<b>2 532 343</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
28	<b>REMUNERATION OF COUNCILLORS (CONTINUE)</b>		
	<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: <i>(Acting) Municipal Manager</i>	30 October 2020 (Acting) Mr ZP Mjandana (Since 23 June 2020 secondment from COGHSTA)	
29	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions - Note 17	2 211 152	2 631 345
	Receivables from non-exchange transactions - Note 18	2 424 793	1 326 439
	<b>Debt impairment recognised in statement of financial performance</b>	<b>4 635 944</b>	<b>3 957 784</b>
30	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, plant and equipment	5 394 454	5 078 625
	Intangible assets	11 234	4 108
	Investment property carried at cost	12 941	12 941
	<b>Total depreciation and amortisation</b>	<b>5 418 630</b>	<b>5 095 674</b>
31	<b>FINANCE CHARGES</b>		
	Post Retirement Charges	765 508	873 695
	Landfill sites	960 831	1 023 223
	<b>Total finance charges</b>	<b>1 726 339</b>	<b>1 896 918</b>
32	<b>BULK PURCHASES</b>		
	Electricity bulk purchases	12 342 076	11 133 994
	Electricity distribution losses	(2 201 401)	(1 648 775)
	<b>Total Bulk Purchases</b>	<b>10 140 675</b>	<b>9 485 219</b>
33	<b>GENERAL EXPENSES</b>		
	Advertisement, printing & stationary	192 805	107 628
	Animal Feeds	392 501	444 190
	Audit Costs	2 149 735	2 285 475
	Bank charges	261 944	283 862
	Compensation insurance	147 899	189 457
	Chemicals	2 930	14 490
	Cleaning supplies	175 211	110 828
	Electricity Eskom	421 403	373 184
	Fuel & Oil	801 131	789 975
	Indigents energy sources	1 733 720	1 226 950
	Insurance	408 499	171 972
	Legal costs	1 267 739	1 265 265
	Material losses	-	701 492
	Membership for associations	500 000	500 000
	Other General Expenses	1 075 382	875 122
	Refuse bag purchases	189 450	180 900
	Other materials	663 569	894 137
	Street Lighting	454 274	345 142
	Subsistence and Travelling	811 749	1 383 138
	Telephone & Postage	536 975	587 856
	Uniforms	122 195	84 362
	Internal Auditors	524 385	499 415
	Refuse Removal Contractor	-	3 472
	Water Distribution Tanker	242 900	-
	Accounting Support	733 337	495 746
	Audit Committee	38 667	-
	Business and Financial Management	2 769 550	2 360 990
	Human Resources Support	18 561	588 525
	Valuer and Assessors	-	12 050
	Actuaries	19 300	13 500
	Laboratory Services	47 684	64 484
	Water Research	23 684	14 250
	Rental of buildings	70 632	-
	Electricity Support Services	257 783	240 000
	Commission/IT services Prepaid Electricity Vendors	140 478	101 307
	<b>General Expenses</b>	<b>17 196 071</b>	<b>17 209 164</b>

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.

The amount disclosed above for material losses are in respect of costs incurred due to a fraudulent payment which occurred during the financial year. The matter has been reported to SAPS and the financial misconduct committee and investigations are in progress.

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2019  
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<b>34</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	
<b>34.01</b>	<b>Property, Plant and Equipment</b>	
	<b>Balance previously reported</b>	<b>155 961 000</b>
	Corrected calculated (till 2018) of Landfill Provision and Capital Restoraton Cost - Note 34,03	11 233 979
	Correct calculated on change in estimates 2018-19 of Landfill Provision and Capital Restoraton Cost - Note 34,03	333 996
	Corrected calculated Depreciation 2018-2019 on Capital Restoraton Cost - Note 34,07	738 432
	<b>Total</b>	<b>168 267 407</b>
<b>34.02</b>	<b>Capitalised Restoration Cost</b>	
	<b>Balance previously reported</b>	<b>2 096 992</b>
	Reversal incorrect calculated on change in estimates (till 2018) of Landfill Provision and Capital Restoraton Cost - Note 34,04	(4 624 522)
	Reversal incorrect calculated Accumulated Depreciation (till 2018) on Capital Restoraton Cost - Note 34,04	2 614 893
	Reversal incorrect calculated Accumulated Impairment (till 2018) on Capital Restoraton Cost - Note 34,04	300 891
	Reversal incorrect calculated on change in estimates 2018-19 of Landfill Provision and Capital Restoraton Cost - Note 34,03	(464 276)
	Reversal incorrect calculated Impairment 2018-2019 on Capital Restoraton Cost - Note 34,07	2 936
	Reversal incorrect calculated Depreciation 2018-2019 on Capital Restoraton Cost - Note 34,07	73 086
	<b>Total</b>	<b>0</b>
<b>34.03</b>	<b>Non-Current Provisions</b>	
	<b>Balance previously reported</b>	<b>26 405 251</b>
	Reversal incorrect calculated on change in estimates (till 2018) of Landfill Provision and Capital Restoraton Cost - Note 34,04	(24 438 036)
	Reversal incorrect calculated on change in estimates 2018-19 of Landfill Provision and Capital Restoraton Cost - Note 34,02	(464 276)
	Reversal incorrect calculated finance cost 2018-2019 on Landfill site Provision - Note 34,07	(1 502 939)
	Corrected calculated (till 2018) of Landfill Provision and Capital Restoraton Cost - Note 34,01	11 233 979
	Correct calculated on change in estimates 2018-19 of Landfill Provision and Capital Restoraton Cost - Note 34,01	333 996
	Correct calculated finance cost 2018-2019 on Landfill site Provision - Note 34,07	1 023 223
	<b>Total</b>	<b>12 591 198</b>
<b>34.04</b>	<b>Accumulated Surplus/(Deficit)</b>	
	<b>Balance previously reported</b>	<b>154 631 690</b>
	Reversal incorrect calculated on change in estimates (till 2018) of Landfill Provision and Capital Restoraton Cost - Note 34,02 & 34,03	22 729 298
	<b>Total</b>	<b>177 360 988</b>
<b>34.05</b>	<b>Taxes</b>	
	<b>Balance previously reported</b>	<b>-</b>
	Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions - Note 34,06	(457 666)
	<b>Total</b>	<b>(457 666)</b>
<b>34.06</b>	<b>Receivables from exchange transactions</b>	
	<b>Balance previously reported</b>	<b>3 049 223</b>
	Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions - Note 34,05	457 666
	<b>Total</b>	<b>3 506 888</b>
<b>34.07</b>	<b>Statement of Financial Performance</b>	
	<b>Balance previously reported</b>	<b>26 110 157</b>
	Audit finding that material distribution losses may not be disclosed separate on Statement of Financial Performance as allowed by GRAP 1 and should be moved to bulk purchases - Note 34,07	1 648 775
	Audit finding that material distribution losses may not be disclosed separate on Statement of Financial Performance as allowed by GRAP 1 and should be moved to bulk purchases - Note 34,07	(1 648 775)
	Reversal incorrect calculated Impairment 2018-2019 on Capital Restoraton Cost - Note 34,02	2 936
	Reversal incorrect calculated Depreciation 2018-2019 on Capital Restoraton Cost - Note 34,02	73 086
	Reversal incorrect calculated finance cost 2018-2019 on Landfill site Provision - Note 34,03	1 502 939
	Corrected calculated Depreciation 2018-2019 on Capital Restoraton Cost - Note 34,01	(738 432)
	Correct calculated finance cost 2018-2019 on Landfill site Provision - Note 34,03	(1 023 223)
	<b>Total</b>	<b>25 927 463</b>
	Correction of Error in note 34,01 to 34,07 was resulted of a GRAP Guideline issued by Accounting Standards Board (ASB) – Accounting for landfill sites.	

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
28	<b>REMUNERATION OF COUNCILLORS (CONTINUE)</b>		
	<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.		
	.....		
	<b>Signed: (Acting) Municipal Manager</b>		
29	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions - Note 17	2 211 152	2 631 345
	Receivables from non-exchange transactions - Note 18	2 424 793	1 326 439
	<b>Debt impairment recognised in statement of financial performance</b>	<b>4 635 944</b>	<b>3 957 784</b>
30	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, plant and equipment	5 394 454	5 078 625
	Intangible assets	11 234	4 108
	Investment property carried at cost	12 941	12 941
	<b>Total depreciation and amortisation</b>	<b>5 418 630</b>	<b>5 095 674</b>
31	<b>FINANCE CHARGES</b>		
	Post Retirement Charges	765 508	873 695
	Landfill sites	960 831	1 023 223
	<b>Total finance charges</b>	<b>1 726 339</b>	<b>1 896 918</b>
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	Electricity distribution losses	(2 201 401)	(1 648 775)
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	Advertisement, printing & stationary	192 805	107 628
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	Audit Costs	2 149 735	2 285 475
	Bank charges	261 944	283 862
	Compensation insurance	147 899	189 457
	Chemicals	2 930	14 490
	Cleaning supplies	175 211	110 828
	Electricity Eskom	421 403	373 184
	Fuel & Oil	801 131	789 975
	Indigents energy sources	1 733 720	1 226 950
	Insurance	408 499	171 972
	Legal costs	1 267 739	1 265 265
	Material losses	-	701 492
	Membership for associations	500 000	500 000
	Other General Expenses	1 075 382	875 122
	Refuse bag purchases	189 450	180 900
	Other materials	663 569	894 137
	Street Lighting	454 274	345 142
	Subsistence and Travelling	811 749	1 383 138
	Telephone & Postage	536 975	587 856
	Uniforms	122 195	84 362
	Internal Auditors	524 385	499 415
	Refuse Removal Contractor	-	3 472
	Water Distribution Tanker	242 900	-
	Accounting Support	733 337	495 746
	Audit Committee	38 667	-
	Business and Financial Management	2 769 550	2 360 990
	Human Resources Support	18 561	588 525
	Valuer and Assessors	-	12 050
	Actuaries	19 300	13 500
	Laboratory Services	47 684	64 484
	Water Research	23 684	14 250
	Rental of buildings	70 632	-
	Electricity Support Services	257 783	240 000
	Commission/IT services Prepaid Electricity Vendors	140 478	101 307
	<b>General Expenses</b>	<b>17 196 071</b>	<b>17 209 164</b>
	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.		
	The amount disclosed above for material losses are in respect of costs incurred due to a fraudulent payment which occurred during the financial year. The matter has been reported to SAPS and the financial misconduct committee and investigations are in progress.		

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	R
<b>35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus for the year	42 819	25 927 463
<b>Adjustments for:</b>		
Depreciation	5 407 395	5 091 566
Amortisation of Intangible Assets	11 234	4 108
(Gain)/Loss on disposal of property, plant and equipment	1 600	6 814
Impairments	-	48 661
Contribution from/to employee benefits - non-current	926 711	1 047 061
Contribution from/to employee benefits - non-current - expenditure incurred	(557 892)	(486 030)
Contribution from/to employee benefits - non-current - actuarial gains	96 138	29 812
Contribution from/to employee benefits - non-current - actuarial gains	(761 501)	(1 647 809)
Contribution to employee benefits - current	858 397	832 389
Contribution to employee benefits - current - expenditure incurred	(795 220)	(484 157)
Contribution to provisions - non-current - Rehabilitation of Landfill-sites	(3 198 508)	333 996
Contribution to provisions - non-current - Unwinding of discounted interest	960 831	1 023 223
Contribution to provisions - bad debt	4 635 944	3 957 784
Unamortised discount - Interest - Revenue	(966)	(1 133)
Contributed PPE	(23 000)	-
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(13 512 774)	(4 033 749)
Operating lease income accrued	8 292	4 039
Operating Surplus/(Deficit) before changes in working capital	(5 900 498)	31 654 037
Changes in working capital	(5 923 065)	(3 385 341)
Increase/(Decrease) in Payables from exchange transactions	(178 045)	286 288
Increase/(Decrease) in Taxes	652 906	756 925
(Increase)/Decrease in Trade Receivables from exchange transactions	(3 733 412)	(2 722 323)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(2 664 515)	(1 706 231)
<b>Cash generated/(absorbed) by operations</b>	<b>(11 823 563)</b>	<b>28 268 695</b>
<b>36 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 20	24 350 452	42 170 213
Bank - Note 20	295 308	257 876
<b>Total cash and cash equivalents</b>	<b>24 645 759</b>	<b>42 428 089</b>
<b>37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 36	24 645 759	42 428 089
Less:	24 645 759	42 428 089
	842 705	14 352 960
Unspent Conditional Grants - Note 8	791 984	14 304 758
Cash Portion of Housing Development Fund - Note 2	50 721	48 202
<b>Net cash resources available for internal distribution</b>	<b>23 803 054</b>	<b>28 075 129</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	(11 347 812)	(11 347 812)
Retention	(1 082 889)	(1 812 753)
Provision for Employee benefits	(2 000 000)	(2 000 000)
Reserves	-	-
Staff Leave, Performance Management Bonus, Long Service	(2 864 306)	(3 040 225)
<b>Resources available for working capital requirements</b>	<b>6 508 047</b>	<b>9 874 339</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
38	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
38.01	<b>Unauthorised expenditure</b>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Unauthorised expenditure current year - capital	897 345	136 466
	Unauthorised expenditure current year - operating	-	-
	Approved by Council or condoned	(897 345)	(136 466)
	Current	(897 345)	(136 466)
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	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	136 466
	<b>897 345</b>	<b>136 466</b>

**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	-
	<b>23 000</b>	<b>-</b>

**Analysed as follows: Cash**

Bulk Purchases	-	-
Employee related cost	-	-
Operational Costs	-	-
Capital Costs	874 345	136 466
	<b>874 345</b>	<b>136 466</b>

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

	2020 R (Actual)	2020 R (Budget)	2020 R (Variance)	2020 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Executive & Council	11 869 527	12 526 119	(656 592)	-
Budget & Treasury	16 025 636	16 834 396	(808 760)	-
Other	7 099	16 925	(9 826)	-
Health	6 053	29 142	(23 089)	-
Community & Social Services	2 191 666	2 806 020	(614 354)	-
Housing	140	10 396	(10 256)	-
Public Safety	56 699	91 609	(34 910)	-
Sport & Recreation	240 674	357 578	(116 904)	-
Environmental Protection	352 984	495 500	(142 516)	-
Waste Management	5 103 022	5 990 996	(887 974)	-
Waste Water Management	4 959 306	5 361 156	(401 850)	-
Road Transport	6 424 880	6 868 524	(443 644)	-
Water	2 817 796	2 912 069	(94 273)	-
Electricity	15 414 064	15 686 512	(272 448)	-
	<b>65 469 547</b>	<b>69 986 942</b>	<b>(4 517 395)</b>	<b>-</b>
	2020 R (Actual)	2020 R (Budget)	2020 R (Variance)	2020 R (Unauthorised)
<b>Unauthorised expenditure current year - capital</b>				
Executive & Council	7 197	-	7 197	7 197
Budget & Treasury	138 725	107 004	31 721	31 721
Community & Social Services	148 203	200 000	(51 797)	-
Road Transport	8 889 515	8 038 000	851 515	851 515
Water	-	9 000 000	(9 000 000)	-
Electricity	6 912	-	6 912	6 912
	<b>9 190 552</b>	<b>17 345 004</b>	<b>(8 154 452)</b>	<b>897 345</b>

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



KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

38

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED  
(CONTINUED)

2020

2019

R

R

38.02

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance

Correction of prior period error

Restated opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

Current

Prior Period

Transfer to receivables for recovery - not condoned

Current

Prior Period

Fruitless and wasteful expenditure awaiting condonement or written off

Fruitless and wasteful expenditure can be summarised as follow:

Incident

Disciplinary steps/criminal proceedings

Fraudulent bank account.

None

No evidence of loads delivered.

None

No evidence of loads delivered.

None

22 500

15 000

37 500

701 492

701 492

701 492

701 492

701 492

701 492

701 492

701 492

All amounts disclosed under the fruitless and wasteful expenditure note, are VAT exclusive.

38.03

Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance

Correction of prior period error

Restated opening balance

Irregular expenditure current year

Expenditure authorised i.t.o. Section 32 of MFMA

Current

Prior Period

Condoned or written off by Council

Current

Prior Period

Transfer to receivables for recovery - not condoned

Current

Prior Period

Irregular expenditure awaiting further action

Irregular expenditure can be summarised as follow:

Incident

Disciplinary steps/criminal proceedings

Advance

None

Carting of water to Vanwyksvlei.

None

Training of personnel

None

Service provider of wood

None

26 113

90 000

52 800

187 500

356 413

356 413

356 413

All amounts disclosed under the irregular expenditure note, are VAT exclusive.

38.04

Material Losses

Electricity distribution losses

Electricity distribution losses ( R )

Units purchased (Kwh)

- Units lost during distribution (Kwh)

- Percentage lost during distribution

(2 201 401)

7 882 482

1 405 963

17.84%

(1 648 775)

8 477 211

1 255 346

14.81%

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
39	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
39.01	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Council subscriptions	500 000	500 000
	Amount paid - current year	(500 000)	(500 000)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
39.02	<b><u>Audit fees - [MFMA 125 (1)(b)] (excl. VAT)</u></b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year audit fee	2 149 735	2 285 475
	External Audit - Auditor-General	2 149 735	2 285 475
	Amount paid - current year	(2 149 735)	(2 285 475)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
39.03	<b><u>VAT - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	(722 827)	(1 486 129)
	Correction of prior period error	-	-
	Restated opening balance	(722 827)	(1 486 129)
	Amounts received - current year	4 794 432	6 894 000
	Amounts claimed - current year (payable)	(5 144 801)	(7 616 827)
	Amounts received - previous year	722 827	1 486 129
	<b>Closing balance</b>	<b>(350 369)</b>	<b>(722 827)</b>
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
39.04	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	3 760 201	3 498 447
	Amount paid - current year	(3 760 201)	(3 498 447)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
39.05	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	(4 761 020)	(4 656 712)
	Amount paid - current year	4 761 020	4 656 712
	L.A. Health	682 357	626 304
	LA retirement fund	310 564	282 707
	Hosmed	728 507	730 122
	Consolidated retirement fund for local government	2 715 849	2 689 840
	Municipal workers retirement fund	323 743	327 739
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
39.06	<b><u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u></b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2020:		
		<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	Councillor B.J.E. Slambie	8 765	12 748
	Councillor N.S. van Wyk	26 637	-
	Councillor W. Horne	5 443	-
	Councillor G.P. van Louw	166	-
	Councillor G. Saal (Husband)	52 589	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>93 600</b>	<b>12 748</b>
39.07	<b><u>Quotations awarded - Section 45 - Supply Chain Management</u></b>		
	Meerkat Spouse works at SKA	-	104 400
	Witbooi Taxis Spouse works at Municipality	-	7 840
	Blue Planet Spouse works at Stellenbosch Municipality	-	10 695
	Gertriam Trading Spouse works at Municipality	3 510	-
		<b>3 510</b>	<b>122 935</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

39.08 Deviations - Section 36(2) - Supply Chain Management

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
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>
30 June 2019				
Emergency cases	11 381	83 644	-	-
Availability	562 497	156 641	-	-
Limited Quotations	65 690	1 252 883	-	-
Deviation on tender/Not cheapest awarded	60 347	-	-	-
Service provider	311 991	249 816	-	-
	<u>1 011 907</u>	<u>1 742 985</u>	<u>-</u>	<u>-</u>

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

40 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure

Total

This expenditure will be financed from:

Government Grants

2020  
R

2019  
R

-	5 598 435
<u>-</u>	<u>5 598 435</u>
<u>-</u>	<u>5 598 435</u>
-	5 598 435
<u>-</u>	<u>5 598 435</u>

All amounts disclosed are VAT inclusive.

41 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

0,5% Increase in interest rates	123 229	212 140
0,5% Decrease in interest rates	(123 229)	(212 140)

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

41

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

Balances past due not impaired:

	2020 %	2020 R	2019 %	2019 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 17 & 18 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

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

	2020 %	2020 R	2019 %	2019 R
<u>Non-Exchange Receivables</u>				
Rates	95.69%	5 449 255	91.45%	2 990 279
Availability Charges	4.31%	245 511	8.55%	279 695
	100.00%	5 694 767	100.00%	3 269 974
<u>Exchange Receivables</u>				
Electricity	18.38%	1 367 640	14.61%	763 983
Water	29.32%	2 182 231	30.87%	1 614 625
Refuse	23.75%	1 767 546	24.70%	1 291 828
Sewerage	16.05%	1 194 058	17.01%	889 870
Other	12.50%	930 423	12.82%	670 440
	100.00%	7 441 898	100.00%	5 230 747

# KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

41

### FINANCIAL RISK MANAGEMENT (CONTINUE)

	2020 %	2020 R	2019 %	2019 R
The provision for bad debts could be allocated between the different categories of debtors as follows:				
Industrial	19.69%	2 587 063	15.01%	1 275 643
Residential	80.31%	10 549 602	84.99%	7 225 078
	100.00%	13 136 665	100%	8 500 721

	2020 %	2020 R	2019 %	2019 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Services	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	-	0.00%	-

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

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

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

	2020 R	2019 R
Long term receivables	16 916	20 918
Trade receivables and other receivables	5 318 724	3 556 742
Cash and Cash Equivalents	24 645 759	42 428 089
	29 981 399	46 005 749

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

41

## FINANCIAL RISK MANAGEMENT (CONTINUE)

2020  
R2019  
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
<b>2020</b>				
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	-	-	-
	<u>2 901 920</u>	<u>-</u>	<u>-</u>	<u>191 508 724</u>
<b>2019</b>				
Provisions - Landfill Sites	-	-	-	202 171 932
Capital repayments	-	-	-	12 591 198
Interest	-	-	-	189 580 735
Trade and Other Payables	1 958 002	-	-	-
Consumer Deposits	327 904	-	-	-
Unspent conditional government grants and receipts	14 304 758	-	-	-
	<u>16 590 664</u>	<u>-</u>	<u>-</u>	<u>202 171 932</u>

42

## FINANCIAL INSTRUMENTS

2020  
R2019  
R

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

## 42.1 Financial Assets

## Classification

## Long-term Receivables

Staff Loans

Financial instruments at amortised cost

13 379

18 549

## Consumer Debtors

Trade receivables from exchange transactions

Financial instruments at amortised cost

8 056 276

6 345 859

Other receivables from exchange transactions

Financial instruments at amortised cost

4 414 770

2 391 776

## Current Portion of Long-term Receivables

Staff Loans

Financial instruments at amortised cost

5 170

4 967

## Short-term Investment Deposits

Call Deposits

Financial instruments at amortised cost

24 350 452

42 170 213

## Bank Balances and Cash

Bank Balances

Financial instruments at amortised cost

295 308

257 876

37 135 35551 189 240

## SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost

37 135 35551 189 240

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

42	FINANCIAL INSTRUMENTS (CONTINUE)	2020 R	2019 R
42.2	<b>Financial Liability</b>		
	<b>Payables from exchange transactions</b>		
	Trade creditors	1 455 205	1 812 753
	Payments received in advance	324 752	145 249
	<b>Unspent Conditional Grants and Receipts</b>		
	Other Spheres of Government	791 984	14 304 758
		<b>2 571 941</b>	<b>16 262 760</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<b>2 571 941</b>	<b>16 262 760</b>

43 EVENTS AFTER THE REPORTING DATE

The national state of disaster has been extended until 15 October 2020. Refer to note 48 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.

44 IN-KIND DONATIONS AND ASSISTANCE

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

45 PRIVATE PUBLIC PARTNERSHIPS

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

46 CONTINGENT ASSET/LIABILITIES

R.G. de Wee is claiming R8 million for alleged negligence and/or lack of maintenance of electricity network by the Municipality.

47 RELATED PARTIES

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

47.1 Related Party Transactions

	Rates - Levied 1 July 2019 - 30 June 2020	Service Charges - Levied 1 July 2019 - 30 June 2020	Other - Levied 1 July 2019 - 30 June 2020	Outstanding Balances 30 June 2020
<b>Year ended 30 June 2020</b>				
Councillors	4 484	80 060	9 552	108 984
Municipal Manager and Section 56 Employees	22 755	43 266	-	21 201
<b>Year ended 30 June 2019</b>				
Councillors	4 190	44 834	10 985	18 270
Municipal Manager and Section 56 Employees	21 269	50 363	-	19 854

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.

47.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.

47.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

47.4 Other related party transactions

	2020 R	2019 R
The following purchases were made during the year where Councillors or Management have an interest:		
<u>Councillor/Staff Member</u>		
None	-	-

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

48

## FINANCIAL SUSTAINABILITY

2020  
R2019  
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 increased to 4,49:1 from 2,36:1 in the prior year.

The municipality have budgeted for a surplus of R6 880 467 for the 2019/2020 financial year. The municipality is also budgeting for surplus during 2020/2021 and 2021/2022 amounting to R9 764 527 and R10 308 006 respectively.

The average debtors' payment days increased to 272 days from 177 days.

## Other Indicators

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

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.

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## STATUTORY RECEIVABLES

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

	2020 R	2019 R
<b>Taxes</b>		
VAT Receivable	350 369	722 827
<b>Receivables from non-exchange transactions</b>		
Property Rates	5 696 766	3 008 522
<b>Total Statutory Receivables (before provision)</b>	<b>6 047 135</b>	<b>3 731 349</b>
<b>Less:</b> Provision for Debt Impairment	(5 449 255)	(2 990 279)
<b>Total Statutory Receivables (after provision)</b>	<b>597 880</b>	<b>741 071</b>

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.

	2020 R	2019 R
<b><u>(VAT): Ageing</u></b>		
Current (0 - 30 days)	243 287	257 176
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1 217 654	923 317
<b>Total</b>	<b>1 460 941</b>	<b>1 180 493</b>
<b><u>(Rates): Ageing</u></b>		
Current (0 - 30 days)	-	18 244
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	5 696 766	2 990 279
<b>Total</b>	<b>5 696 766</b>	<b>3 008 522</b>



KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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STATUTORY RECEIVABLES (CONTINUE)

Reconciliation of Provision for Debt Impairment

	2020 R	2019 R
Balance at beginning of year	2 990 279	1 943 535
Contribution to provision	2 458 977	1 046 743
Reversal of provision	-	-
Balance at end of year	<u>5 449 255</u>	<u>2 990 279</u>

	2020 R	2019 R
--	-----------	-----------

Ageing of amounts past due and impaired:

1 month past due	-	-
2+ months past due	5 449 255	2 990 279
	<u>5 449 255</u>	<u>2 990 279</u>

	2020 R	2019 R
--	-----------	-----------

Ageing of amounts past due but not impaired:

1 month past due	-	-
2+ months past due	247 511	-
	<u>247 511</u>	<u>-</u>

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

	2020 R	2019 R
<u>Interest Received from Statutory Receivables</u>		
Taxes	-	-
Receivables from Non-Exchange Transactions	203 594	187 596
	<u>203 594</u>	<u>187 596</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 - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**  
**MUNICIPAL VOTES CLASSIFICATION**

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
15 710	(919 507)	(903 797)	Cemetery	16 065	(173 168)	(157 103)
2 780	(1 834 497)	(1 831 717)	Library	139 139	(2 010 484)	(1 871 345)
-	(69 002)	(69 002)	Museum	-	(8 013)	(8 013)
-	(3 057 961)	(3 057 961)	Corporate Services	-	-	-
9 966 410	(193 359)	9 773 051	Electricity Administration	9 622 296	(832 279)	8 790 017
-	(11 262 642)	(11 262 642)	Electricity Generation	-	(14 261 651)	(14 261 651)
-	(1 795 760)	(1 795 760)	Electricity Distribution	-	(1 065 740)	(1 065 740)
57 220 468	(11 944 610)	45 275 859	General Expenditure of Council	29 739 290	(11 869 527)	17 869 763
8 400	(175)	8 225	Official Housing	8 904	(140)	8 764
8 327 522	-	8 327 522	Property Rates	9 228 699	(1 177 644)	8 051 055
223 836	(1 879)	221 957	Commonage	309 989	(17 549)	292 440
53 757	(50 806)	2 951	Municipal Buildings	75 760	(148 485)	(72 725)
6 419 397	(16 416 861)	(9 997 464)	Municipal Manager/Treasurer	2 649 398	(14 681 933)	(12 032 535)
-	(22 553)	(22 553)	Clinic	-	(6 053)	(6 053)
347	(12 700)	(12 353)	Air Port	347	(7 099)	(6 752)
-	(34)	(34)	Abattoir	-	(25)	(25)
-	(15 732)	(15 732)	Fire Department	-	(8 470)	(8 470)
-	(787)	(787)	Civil Protection	-	-	-
-	(45 710)	(45 710)	Pound	-	(48 229)	(48 229)
70	(3 070 101)	(3 070 031)	Public Works	48 960	(4 663 859)	(4 614 899)
-	(1 284 942)	(1 284 942)	Streets & Pavements	8 038 000	(1 568 758)	6 469 242
5 740	(171 953)	(166 213)	Licensing & Traffic	5 600	(192 264)	(186 664)
13 022	(257 941)	(244 919)	Nature Reserve	1 396	(352 984)	(351 588)
535	(332 259)	(331 724)	Parks & Open areas	435	(217 740)	(217 306)
-	(7 203)	(7 203)	Swimming Pool	-	(8 685)	(8 685)
3 231	(15 387)	(12 156)	Caravan Park	339	(14 249)	(13 910)
1 890 906	(2 437 458)	(546 552)	Refuse	1 457 186	(5 103 022)	(3 645 836)
1 566 825	(5 469 209)	(3 902 384)	Sewerage & Cleansing	961 583	(4 975 050)	(4 013 467)
-	(1 799 650)	(1 799 650)	Water Distribution	-	(614 466)	(614 466)
2 902 054	(985 864)	1 916 190	Water Provision	3 208 980	(2 233 133)	975 847
88 621 009	(63 476 540)	25 144 468	Sub Total	65 512 366	(66 260 700)	(748 334)
-	965 688	965 688	Less Inter-Departmental Charges	-	791 153	791 153
88 621 009	(62 510 852)	26 110 157	Total	65 512 366	(65 469 547)	42 819

**APPENDIX B - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
57 220 468	(9 480 020)	47 740 448	Executive & Council	29 739 290	(11 869 527)	17 869 763
15 024 512	(19 527 507)	(4 502 995)	Budget & Treasury	12 263 846	(16 025 636)	(3 761 790)
347	(12 734)	(12 387)	Other	347	(7 099)	(6 752)
-	(22 553)	(22 553)	Health	-	(6 053)	(6 053)
18 490	(2 823 005)	(2 804 515)	Community & Social Services	155 204	(2 191 666)	(2 036 462)
8 400	(175)	8 225	Housing	8 904	(140)	8 764
-	(62 229)	(62 229)	Public Safety	-	(56 699)	(56 699)
3 766	(354 850)	(351 084)	Sport & Recreation	774	(240 674)	(239 900)
13 022	(257 941)	(244 919)	Environmental Protection	1 396	(352 984)	(351 588)
1 890 906	(2 437 458)	(546 552)	Waste Management	1 457 186	(5 103 022)	(3 645 836)
1 566 825	(5 429 737)	(3 862 912)	Waste Water Management	961 583	(4 975 050)	(4 013 467)
5 810	(4 526 996)	(4 521 186)	Road Transport	8 092 560	(6 424 880)	1 667 680
2 902 054	(2 459 975)	442 079	Water	3 208 980	(2 847 599)	361 381
9 966 410	(16 081 360)	(6 114 951)	Electricity	9 622 296	(16 159 670)	(6 537 374)
88 621 009	(63 476 540)	25 144 469	Sub Total	65 512 366	(66 260 700)	(748 334)
-	965 688	965 688	Less Inter-Departmental Charges	-	791 153	791 153
88 621 009	(62 510 852)	26 110 157	<b>Total</b>	65 512 366	(65 469 547)	42 819

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

Grant Description	Balance 30 June 2019	Interest on Investments	Other Income	Transfer due to NT's request to return grant	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2020
	R	R	R		R	R	R
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>							
Job Creation De Built	48 769	2 549	-	-	-	-	51 318
Land Development	76 565	4 000	-	-	-	-	80 565
Civil Defence	20 944	-	-	-	-	-	20 944
CMIP Kwaggakolk (VAT)	765	38	-	-	-	-	803
Sanitation - sewerage	184 441	-	-	-	-	-	184 441
Electricity Schietfontein	43 933	2 297	-	-	-	-	46 231
Water Service Plan	4 104	214	-	-	-	-	4 318
CMIP - Saalpoort project 301	4 505	235	-	-	-	-	4 741
Library Development Projects	-	-	1 112 000	-	975 739	136 261	-
Paving Projects	29 698	1 551	-	-	-	-	31 249
Lotto Camarvon	2 278	119	-	-	-	-	2 397
Lotto Vosburg	40 228	2 103	-	-	-	-	42 330
Municipal Finance Management Grant	-	-	2 435 000	-	2 435 000	-	-
Transfer Fees Sub-Economic	170 593	8 939	-	-	-	-	179 532
Cleaning Project Vosburg	32 126	1 678	-	-	-	-	33 804
VAT - Retention	14 899	779	-	-	-	-	15 678
Municipal Infrastructure Grant	-	-	8 038 000	-	-	8 038 000	(0)
Youth Development	93 632	-	-	-	-	-	93 632
Expanded Public Works Program (PW/PG)	-	-	1 085 000	-	1 085 000	-	-
COVID 19	-	-	54 000	-	54 000	-	-
RBIG (Department of Water Affairs and Forestry)	13 537 276	-	-	13 537 276	-	-	-
<b>Total</b>	<b>14 304 758</b>	<b>24 502</b>	<b>12 724 000</b>	<b>13 537 276</b>	<b>4 549 739</b>	<b>8 174 261</b>	<b>791 984</b>

**APPENDIX D - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Reconciliation of Table A1 Budget Summary														
Description														
R thousands														
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			
1	2	3	4	5	6	7	8	9	10	11	12			
<b>Financial Performance</b>														
Property rates	-	10 316	9 229	-	-	0.0%	0.0%	-	-	-	-			
Service charges	-	15 340	14 964	-	(1 087)	0.0%	0.0%	-	-	-	-			
Investment revenue	-	2 151	2 431	-	(377)	0.0%	0.0%	-	-	-	-			
Transfers recognised - operational	(200)	28 780	28 898	-	280	0.0%	0.0%	-	-	-	-			
Other own revenue	-	3 042	1 817	-	118	0.0%	0.0%	-	-	-	-			
59 829	(200)	59 629	57 338	-	(1 226)	0.0%	0.0%	-	-	-	-			
<b>Total Revenue (excluding capital transfers and contributions)</b>														
Employee costs	(927)	23 480	21 405	-	(2 291)	0.0%	0.0%	-	-	-	-			
Remuneration of councillors	-	2 739	2 647	-	(92)	0.0%	0.0%	-	-	-	-			
Depreciation & asset impairment	-	3 552	5 419	-	1 867	0.0%	0.0%	-	-	-	-			
Finance charges	-	1 067	1 726	-	659	0.0%	0.0%	-	-	-	-			
Materials and bulk purchases	279	15 508	12 342	-	(3 166)	0.0%	0.0%	-	-	-	-			
Transfers and grants	0	2 128	-	-	(2 128)	0.0%	0.0%	-	-	-	-			
Other expenditure	2 648	21 503	21 930	-	427	0.0%	0.0%	-	-	-	-			
18 856														
67 987	2 000	69 987	65 470	-	(4 517)	0.0%	0.0%	-	-	-	-			
(8 158)	(2 200)	(10 358)	(8 131)	-	(6 809)	0.0%	0.0%	-	-	-	-			
22 085	(4 847)	17 238	8 174	-	(9 064)	0.0%	0.0%	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-	-			
13 927	(7 047)	6 880	43	-	(15 872)	0.0%	0.0%	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-	-			
13 927	(7 047)	6 880	43	-	(15 872)	0.0%	0.0%	-	-	-	-			
<b>Capital expenditure &amp; funds sources</b>														
<b>Capital expenditure</b>														
Transfers recognised - capital	(5 047)	17 038	8 174	-	(8 864)	0.0%	0.0%	-	-	-	-			
Public contributions & donations	-	-	23	-	23	0.0%	0.0%	-	-	-	-			
Borrowing	-	-	-	-	-	0.0%	0.0%	-	-	-	-			
Internally generated funds	(2 000)	307	993	-	686	0.0%	0.0%	-	-	-	-			
24 392	(7 047)	17 345	9 191	-	(8 154)	0.0%	0.0%	-	-	-	-			
<b>Total sources of capital funds</b>														
<b>Cash flows</b>														
Net cash from (used) operating	(2 000)	15 164	(11 824)	-	(26 987)	0.0%	0.0%	-	-	-	-			
(24 384)	7 039	(17 345)	(5 965)	-	11 379	0.0%	0.0%	-	-	-	-			
(2)	(313)	(316)	7	-	323	0.0%	0.0%	-	-	-	-			
(7 222)	4 725	(2 497)	(17 782)	-	(15 285)	0.0%	0.0%	-	-	-	-			
<b>Cash/cash equivalents at the year end</b>														

**APPENDIX D - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

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

Description	2019/2020								2018/2019			
	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
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	40 268	–	40 268	42 003	–	(1 735)	0.0%	0.0%	–	–	–	–
Executive and council	20 995	–	20 995	29 739	–	(8 744)	0.0%	0.0%	–	–	–	–
Finance and administration	19 274	–	19 274	12 264	–	7 010	0.0%	0.0%	–	–	–	–
Internal audit	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<i>Community and public safety</i>	1 149	–	1 149	165	–	985	0.0%	0.0%	–	–	–	–
Community and social services	1 128	–	1 128	155	–	973	0.0%	0.0%	–	–	–	–
Sport and recreation	12	–	12	1	–	11	0.0%	0.0%	–	–	–	–
Public safety	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Housing	9	–	9	9	–	0	0.0%	0.0%	–	–	–	–
Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<i>Economic and environmental services</i>	9 148	–	9 148	8 094	–	1 054	0.0%	0.0%	–	–	–	–
Planning and development	–	–	–	0	–	(0)	0.0%	0.0%	–	–	–	–
Road transport	9 128	–	9 128	8 093	–	1 036	0.0%	0.0%	–	–	–	–
Environmental protection	20	–	20	1	–	19	0.0%	0.0%	–	–	–	–
<i>Trading services</i>	31 348	(5 047)	26 301	15 250	–	11 051	0.0%	0.0%	–	–	–	–
Electricity	10 724	–	10 724	9 622	–	1 102	0.0%	0.0%	–	–	–	–
Water	16 495	(5 047)	11 448	3 209	–	8 240	0.0%	0.0%	–	–	–	–
Waste water management	995	–	995	962	–	33	0.0%	0.0%	–	–	–	–
Waste management	3 133	–	3 133	1 457	–	1 676	0.0%	0.0%	–	–	–	–
<i>Other</i>	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<b>Total Revenue - Standard</b>	<b>81 914</b>	<b>(5 047)</b>	<b>76 867</b>	<b>65 512</b>	<b>–</b>	<b>11 355</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	28 215	1 146	29 361	27 895	–	1 465	0.0%	0.0%	–	–	–	–
Executive and council	13 330	(803)	12 526	11 870	–	657	0.0%	0.0%	–	–	–	–
Finance and administration	14 885	1 949	16 834	16 026	–	809	0.0%	0.0%	–	–	–	–
Internal audit	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<i>Community and public safety</i>	3 163	132	3 295	2 495	–	800	0.0%	0.0%	–	–	–	–
Community and social services	2 721	85	2 806	2 192	–	614	0.0%	0.0%	–	–	–	–
Sport and recreation	325	33	358	241	–	117	0.0%	0.0%	–	–	–	–
Public safety	80	12	92	57	–	35	0.0%	0.0%	–	–	–	–
Housing	10	0	10	0	–	10	0.0%	0.0%	–	–	–	–
Health	27	2	29	6	–	23	0.0%	0.0%	–	–	–	–
<i>Economic and environmental services</i>	7 437	(73)	7 364	6 778	–	586	0.0%	0.0%	–	–	–	–
Planning and development	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Road transport	7 332	(463)	6 869	6 425	–	444	0.0%	0.0%	–	–	–	–
Environmental protection	106	390	496	353	–	143	0.0%	0.0%	–	–	–	–
<i>Trading services</i>	29 144	807	29 951	28 294	–	1 657	0.0%	0.0%	–	–	–	–
Electricity	15 534	152	15 687	15 414	–	272	0.0%	0.0%	–	–	–	–
Water	2 793	119	2 912	2 818	–	94	0.0%	0.0%	–	–	–	–
Waste water management	5 121	240	5 361	4 959	–	402	0.0%	0.0%	–	–	–	–
Waste management	5 695	296	5 991	5 103	–	888	0.0%	0.0%	–	–	–	–
<i>Other</i>	28	(11)	17	7	–	10	0.0%	0.0%	–	–	–	–
<b>Total Expenditure - Standard</b>	<b>67 987</b>	<b>2 000</b>	<b>69 987</b>	<b>65 470</b>	<b>–</b>	<b>4 517</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus/(Deficit) for the year</b>	<b>13 927</b>	<b>(7 047)</b>	<b>6 880</b>	<b>43</b>	<b>–</b>	<b>6 837</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**APPENDIX D - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

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

Vote Description  R thousand	2019/2020								2018/2019			
	Original Budget	Budget Adjustments (I.Lo. 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
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	14 239	-	14 239	29 739	-	15 500	0.0%	0.0%	-	-	-	-
Vote 2 - Finance	5 343	-	5 343	12 264	-	6 921	0.0%	0.0%	-	-	-	-
Vote 3 - Community and public safety	1 113	-	1 113	-	-	(1 113)	0.0%	0.0%	-	-	-	-
Vote 4 - Infrastructure Development	61 219	(5 047)	56 172	23 509	-	(32 663)	0.0%	0.0%	-	-	-	-
Vote 5 - Economic Development	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>81 914</b>	<b>(5 047)</b>	<b>76 867</b>	<b>65 512</b>	<b>-</b>	<b>(11 355)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive and Council	5 969	(370)	5 599	11 870	-	6 271	0.0%	0.0%	-	-	-	-
Vote 2 - Finance	12 641	2 006	14 647	16 026	-	1 378	0.0%	0.0%	-	-	-	-
Vote 3 - Community and public safety	6 511	(142)	6 369	-	-	(6 369)	0.0%	0.0%	-	-	-	-
Vote 4 - Infrastructure Development	42 847	506	43 353	37 574	-	(5 779)	0.0%	0.0%	-	-	-	-
Vote 5 - Economic Development	19	-	19	-	-	(19)	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%	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>67 987</b>	<b>2 000</b>	<b>69 987</b>	<b>65 470</b>	<b>-</b>	<b>(4 517)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>13 927</b>	<b>(7 047)</b>	<b>6 880</b>	<b>43</b>	<b>-</b>	<b>(6 838)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

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

Description	2019/2020								2018/2019			
	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
<b>Revenue By Source</b>												
Property rates	10 316	-	10 316	9 229	-	(1 087)	0.0%	0.0%	-	-	-	-
Service charges - electricity revenue	10 724	-	10 724	9 496	-	(1 228)	0.0%	0.0%	-	-	-	-
Service charges - water revenue	2 448	-	2 448	3 049	-	601	0.0%	0.0%	-	-	-	-
Service charges - sanitation revenue	995	-	995	962	-	(33)	0.0%	0.0%	-	-	-	-
Service charges - refuse revenue	1 173	-	1 173	1 457	-	284	0.0%	0.0%	-	-	-	-
Rental of facilities and equipment	372	-	372	396	-	24	0.0%	0.0%	-	-	-	-
Interest earned - external investments	2 151	-	2 151	2 430	-	279	0.0%	0.0%	-	-	-	-
Interest earned - outstanding debtors	351	-	351	1	-	(350)	0.0%	0.0%	-	-	-	-
Dividends received	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Fines, penalties and forfeits	8	-	8	3	-	(5)	0.0%	0.0%	-	-	-	-
Licences and permits	43	-	43	5	-	(37)	0.0%	0.0%	-	-	-	-
Agency services	-	-	-	59	-	59	0.0%	0.0%	-	-	-	-
Transfers and subsidies	28 980	(200)	28 780	28 898	-	118	0.0%	0.0%	-	-	-	-
Other revenue	2 268	-	2 268	1 352	-	(916)	0.0%	0.0%	-	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>59 829</b>	<b>(200)</b>	<b>59 629</b>	<b>57 337</b>	<b>-</b>	<b>(2 292)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure By Type</b>												
Employee related costs	24 416	(927)	23 490	21 405	-	(2 084)	0.0%	0.0%	-	-	-	-
Remuneration of councillors	2 739	-	2 739	2 647	-	(92)	0.0%	0.0%	-	-	-	-
Debt impairment	3 883	-	3 883	4 636	-	753	0.0%	0.0%	-	-	-	-
Depreciation & asset impairment	3 552	-	3 552	5 419	-	1 867	0.0%	0.0%	-	-	-	-
Finance charges	1 067	-	1 067	1 726	-	659	0.0%	0.0%	-	-	-	-
Bulk purchases	13 505	-	13 505	12 342	-	(1 162)	0.0%	0.0%	-	-	-	-
Other materials	1 724	279	2 003	-	-	(2 003)	0.0%	0.0%	-	-	-	-
Contracted services	4 618	2 792	7 410	-	-	(7 410)	0.0%	0.0%	-	-	-	-
Transfers and grants	2 128	0	2 128	-	-	(2 128)	0.0%	0.0%	-	-	-	-
Other expenditure	10 355	(144)	10 210	17 292	-	7 082	0.0%	0.0%	-	-	-	-
Loss on disposal of PPE	-	-	-	2	-	2	0.0%	0.0%	-	-	-	-
<b>Total Expenditure</b>	<b>67 987</b>	<b>2 000</b>	<b>69 987</b>	<b>65 470</b>	<b>-</b>	<b>(4 517)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(8 158)</b>	<b>(2 200)</b>	<b>(10 358)</b>	<b>(8 132)</b>	<b>-</b>	<b>2 225</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	22 085	(4 847)	17 238	8 174	-	(9 064)	0.0%	0.0%	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Contributed assets	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>13 927</b>	<b>(7 047)</b>	<b>6 880</b>	<b>42</b>	<b>-</b>	<b>(6 839)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxation	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>13 927</b>	<b>(7 047)</b>	<b>6 880</b>	<b>42</b>	<b>-</b>	<b>(6 839)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Attributable to minorities	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>13 927</b>	<b>(7 047)</b>	<b>6 880</b>	<b>42</b>	<b>-</b>	<b>(6 839)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>13 927</b>	<b>(7 047)</b>	<b>6 880</b>	<b>42</b>	<b>-</b>	<b>(6 839)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**APPENDIX D - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

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

Vote Description	2019/2020								2018/2019			
	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Municipal Manager	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Infrastructure Development	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 5 - Economic Development	-	-	-	-	-	-	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%	-	-	-	-
<b>Capital multi-year expenditure</b>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Single-year expenditure</b>												
Vote 1 - Municipal Manager	-	-	-	7	-	7	0%	0%	-	-	-	-
Vote 2 - Finance	2 107	(2 000)	107	139	-	32	0%	0%	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Infrastructure Development	22 085	(5 047)	17 038	8 896	-	(8 142)	0%	0%	-	-	-	-
Vote 5 - Economic Development	200	-	200	148	-	(52)	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%	-	-	-	-
<b>Capital single-year expenditure</b>	24 392	(7 047)	17 345	9 191	-	(8 154)	0%	0%	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	24 392	(7 047)	17 345	9 191	-	(8 154)	0%	0%	-	-	-	-
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	2 107	(2 000)	107	146	-	39	0%	0%	-	-	-	-
Executive and council	-	-	-	7	-	7	0%	0%	-	-	-	-
Finance and administration	2 107	(2 000)	107	139	-	32	0%	0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Community and public safety</b>	200	-	200	148	-	(52)	0%	0%	-	-	-	-
Community and social services	200	-	200	148	-	(52)	0%	0%	-	-	-	-
Sport and recreation	-	-	-	-	-	-	0%	0%	-	-	-	-
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Economic and environmental services</b>	8 038	-	8 038	8 890	-	852	0%	0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	8 038	-	8 038	8 890	-	852	0%	0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Trading services</b>	14 047	(5 047)	9 000	7	-	(8 993)	0%	0%	-	-	-	-
Electricity	-	-	-	7	-	7	0%	0%	-	-	-	-
Water	14 047	(5 047)	9 000	-	-	(9 000)	0%	0%	-	-	-	-
Waste water management	-	-	-	-	-	-	0%	0%	-	-	-	-
Waste management	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	24 392	(7 047)	17 345	9 191	-	(8 154)	0%	0%	-	-	-	-
<b>Funded by:</b>												
National Government	22 085	(5 047)	17 038	9 020	-	(8 018)	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>	22 085	(5 047)	17 038	9 020	-	(8 018)	0%	0%	-	-	-	-
<b>Public contributions &amp; donations</b>	-	-	-	23	-	23	0%	0%	-	-	-	-
<b>Borrowing</b>	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Internally generated funds</b>	2 307	(2 000)	307	148	-	(159)	0%	0%	-	-	-	-
<b>Total Capital Funding</b>	24 392	(7 047)	17 345	9 191	-	(8 154)	0%	0%	-	-	-	-

**APPENDIX D - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**CASH FLOWS**

**Reconciliation of Table A7 Budgeted Cash Flows**

Description  R thousand	2019/2020							2018/2019
	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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, peanalties and collection charges	7 530	–	7 530	6 647	(883)	0.0%	0.0%	–
Service charges	14 242	–	14 242	10 556	(3 686)	0.0%	0.0%	–
Other revenue	2 591	–	2 591	3 213	622	0.0%	0.0%	–
Government - operating	28 980	–	28 980	15 497	(13 483)	0.0%	0.0%	–
Government - capital	22 085	–	22 085	8 038	(14 047)	0.0%	0.0%	–
Interest	2 287	–	2 287	2 280	(8)	0.0%	0.0%	–
Dividends	–	–	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Suppliers and employees	(57 356)	(2 000)	(59 356)	(56 328)	3 028	0.0%	0.0%	–
Finance charges	(1 067)	–	(1 067)	(1 726)	(659)	0.0%	0.0%	–
Transfers and Grants	(2 128)	(0)	(2 128)	–	2 128	0.0%	0.0%	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>17 164</b>	<b>(2 000)</b>	<b>15 164</b>	<b>(11 824)</b>	<b>(26 987)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	–	–	–	5	5	0.0%	0.0%	–
Decrease (Increase) in non-current debtors	8	(8)	–	–	–	0.0%	0.0%	–
Decrease (Increase) other non-current receivables	–	–	–	–	–	0.0%	0.0%	–
Decrease (Increase) in non-current investments	–	0	0	–	(0)	0.0%	0.0%	–
<b>Payments</b>								
Capital assets	(24 392)	7 047	(17 345)	(5 970)	11 375	0.0%	0.0%	–
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(24 384)</b>	<b>7 039</b>	<b>(17 345)</b>	<b>(5 966)</b>	<b>11 379</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	–	–	–	5	5	0.0%	0.0%	–
Increase (decrease) in consumer deposits	(2)	(313)	(316)	2	318	0.0%	0.0%	–
<b>Payments</b>								
Repayment of borrowing	–	0	0	–	(0)	0.0%	0.0%	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2)</b>	<b>(313)</b>	<b>(316)</b>	<b>7</b>	<b>323</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(7 222)</b>	<b>4 725</b>	<b>(2 497)</b>	<b>(17 782)</b>	<b>(15 285)</b>			<b>–</b>
Cash/cash equivalents at the year begin:	30 952	(4 649)	26 302	42 428	16 126			–
Cash/cash equivalents at the year end:	23 729	76	23 805	24 646	840	0.0%	0.0%	–

**APPENDIX E - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2020**

**NOT THREE QUOTATIONS**

<b>R2,001 - R30,000</b>			
<b>Date of tender committee</b>	<b>Supplier</b>	<b>Amount</b>	<b>Reason</b>
2019-10-30	Calteau & Partners	20 866.91	Exceptional
2019-12-19	Calteau & Partners	19 596.04	Exceptional
2019-12-11	Calteau & Partners	6 370.17	Exceptional
2020-05-29	Calteau & Partners	17 229.47	Exceptional
2020-06-08	Media24	16 456.50	Exceptional
		<u>80 519.09</u>	
<b>R30,001 - R200,000</b>			
<b>Date of tender committee</b>	<b>Supplier</b>	<b>Amount</b>	<b>Reason</b>
2019-07-30	Calteau & Partners	65 504.58	Exceptional
2019-08-29	Calteau & Partners	854 364.27	Exceptional
Jnl 283	Mjila and Partners	290 832.86	Exceptional
		<u>1 210 701.71</u>	

**NOT CHEAPEST QUOTATION**

<b>R2,001 - R30,000</b>			
<b>Date of tender committee</b>	<b>Supplier</b>	<b>Amount</b>	<b>Reason</b>
2019-09-02	Karoo Vleisboere	2 691.00	Exceptional
2019-09-16	Karoo Vleisboere	5 485.50	Exceptional
		<u>8 176.50</u>	

**EMERGENCY**

<b>R2,001 - R30,000</b>			
<b>Date of tender committee</b>	<b>Supplier</b>	<b>Amount</b>	<b>Reason</b>
2020-01-30	Leon Swanepoel	3 728.65	Emergency
2020-03-31	Snaar Enterprises	29 200.00	Emergency
2020-06-08	Stewart and Lloyds	19 638.77	Emergency
		<u>52 567.42</u>	
<b>R30,001 - R200,000</b>			
<b>Date of tender committee</b>	<b>Supplier</b>	<b>Amount</b>	<b>Reason</b>
2020-04-13	Snaar Enterprises	59 694.00	Emergency
2020-05-30	Bejula GCM Trading (Pty) Ltd	90 000.00	Exceptional
		<u>149 694.00</u>	

**APPENDIX E - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2020**

**AVAILABILITY**

**R2,001 - R30,000**

<b>Date of tender committee</b>	<b>Supplier</b>	<b>Amount</b>	<b>Reason</b>
2020-11-19	Seбата Municipal Solutions	13 805.73	Exceptional
2019-07-10	Kloppers CAW	2 236.00	Exceptional
2019-07-14	CP Nel	9 643.10	Exceptional
2019-07-16	Jacobs Broers	6 502.00	Exceptional
2019-07-17	Karoo Vleisboere	2 367.49	Exceptional
2019-07-19	Gertriam Trading (Pty) Ltd	3 510.00	Exceptional
2019-07-29	Cape Garden Vredendal	5 469.16	Exceptional
2019-08-16	XYX Construction	3 111.90	Exceptional
2019-08-16	PDK De Aar	4 759.00	Exceptional
2019-09-12	CSB Handel	2 077.40	Exceptional
2019-09-17	XYX Construction	2 995.75	Exceptional
2019-09-20	Miste Samp Company (Pty) Ltd	3 500.00	Exceptional
2019-09-20	Jacobs Broers	3 890.44	Exceptional
2019-10-07	CSB Handel	4 723.74	Exceptional
2019-10-07	CSB Handel	5 524.27	Exceptional
2019-10-14	XYX Construction	3 542.00	Exceptional
2019-10-23	CSB Handel	2 963.57	Exceptional
2019-10-23	De Aar Bande en Gas	5 540.00	Exceptional
2019-10-29	CP Nel	14 221.11	Exceptional
2019-11-04	Karoo Vleisboere	2 009.65	Exceptional
2019-11-14	XYX Construction	3 895.05	Exceptional
2019-11-19	CP Nel	5 939.28	Exceptional
2019-11-19	CP Nel	12 816.86	Exceptional
2019-12-17	XYX Construction	6 550.00	Exceptional
2019-12-17	XYX Construction	5 080.00	Exceptional
2020-01-07	Honeywell	4 203.58	Exceptional
2020-01-17	Leon Swanepoel	13 182.45	Exceptional
2020-01-20	Van Niekerk Coetzee	3 826.37	Exceptional
2020-01-20	Motus Kimberley	2 716.40	Exceptional
2020-01-23	CSB Handel	2 736.24	Exceptional
2020-01-27	BKB Beperk	8 724.22	Exceptional
2020-01-23	Boland Fire	9 057.11	Exceptional
2020-02-24	BKB Beperk	8 430.00	Exceptional
2020-02-17	XYX Construction	3 830.00	Exceptional
2020-03-03	Karoo Vleisboere	2 095.55	Exceptional
2020-03-05	Lizemare's Catering	6 650.00	Exceptional
2020-03-13	Karoo Vleisboere	2 013.79	Exceptional
2020-03-20	CSB Handel	4 562.26	Exceptional
2020-04-09	Carnarvon Boukontrakteurs	3 000.54	Exceptional
2020-05-07	Leon Swanepoel	6 227.25	Exceptional
2020-05-27	John Klemp Angeling and Hunting	2 190.00	Exceptional
2020-06-10	Spar	2 199.60	Exceptional
2020-06-11	Wildman Hunting & Outdoor	4 753.00	Exceptional
2020-06-25	Spar	3 499.10	Exceptional
		<u>230 570.96</u>	

**APPENDIX E - Audited**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2020**

**R30,001 - R200,000**

Date of tender committee	Supplier	Amount	Reason
	Wholehearted Music cc	64 800.00	Sole provider
	Profound	129 560.00	Exceptional
		<u>194 360.00</u>	

**SERVICE PROVIDER**

**R2,001 - R30,000**

Date of tender committee	Supplier	Amount	Reason
	Afrihost	23 004.00	Sole provider
	CSB Handel	15 390.00	Exceptional
2019-07-01	Fantique Trade 1215 cc	6 558.66	Sole provider
2019-07-11	Dr AJ Vorster	5 040.00	Sole provider
2019-07-26	SAGE VIP	4 945.50	Sole provider
2019-07-30	SAGE VIP	2 109.10	Sole provider
2019-09-23	Bester's Auto	4 855.30	Sole provider
2019-10-24	Konica Minolta	3 312.00	Sole provider
2019-10-28	Arbeidswetseminaar	2 162.00	Sole provider
2019-10-30	UCLG Conference	12 826.00	Sole provider
2019-10-31	GB Kempen en De Wet Nel	13 497.93	Exceptional
2019-11-05	SAGE	8 818.78	Sole provider
2019-11-14	Super Armature Winding Africa	8 765.30	Exceptional
2020-11-26	Arch Actuarial Consulting	5 750.00	Sole provider
2020-01-05	SAFWATER	8 477.80	Sole provider
2020-01-08	SAGE VIP	4 588.50	Sole provider
2020-01-15	GB Kempen en De Wet Nel	3 500.00	Exceptional
2020-01-24	SAGE VIP	4 071.00	Sole provider
2020-03-25	Bester's Auto	3 692.20	Sole provider
2020-04-14	SAGE	3 277.50	Sole provider
2020-04-28	Mubesko Afrika	23 184.00	Sole provider
		<u>167 825.57</u>	

**R30,001 - R200,000**

Date of tender committee	Supplier	Amount	Reason
	Fantique Trade	88 807.62	Sole provider
16-08-2019	GB Kempen en De Wet Nel	58 503.65	Exceptional
02-07-2019	Conlog	154 074.38	Sole provider
30-10-2019	Sebata Municipal Solutions	78 863.26	Sole provider
19-12-2019	Ignite	60 145.00	Exceptional
07-02-2020	SAGE VIP	39 095.40	Sole provider
23-04-2020	Ignite	110 400.00	Sole provider
		<u>589 889.31</u>	

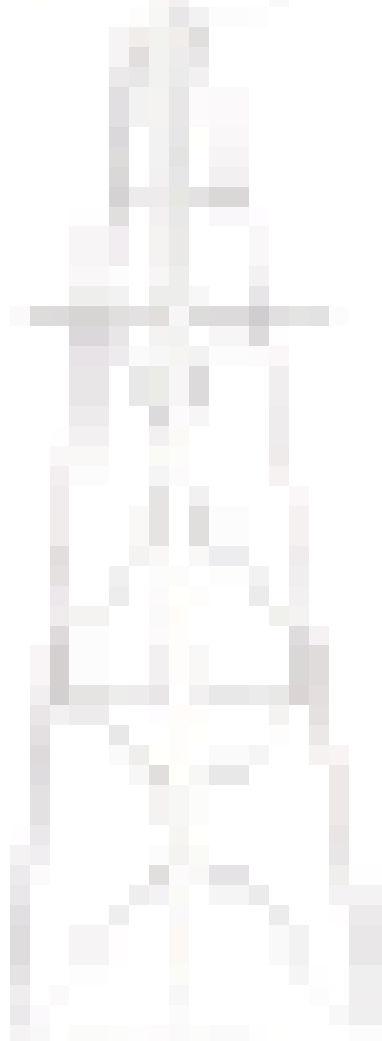
**TOTAL DEVIATIONS**

2 684 304.56

19



## Annexure B: Report of the Auditor-General



# Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Kareeberg Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Kareeberg Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kareeberg Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019 (Dora)).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatements of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.



### Material losses - electricity

8. As disclosed in note 38.04 to the financial statements, material electricity losses of R2 201 401 (2018-2019: R1 648 775) was incurred, which represents 17.84% (2018-2019: 14.81%) of total electricity purchased.

### Material Impairment – Receivables exchange transaction

9. As disclosed in note 17 to the financial statements, material losses of R6 511 476 was incurred as a result of provision for impairment losses on receivables from exchange transactions.

### Impact of covid-19

10. I draw attention to note 48 in the financial statements, which deals with the possible effects of the future implications of covid-19 on the municipality's future prospects, performance and cash flows. Management has also described how it plans to deal with these events and circumstances. My opinion is not modified in respect of this matter.

### Other matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited disclosure notes (MFMA125)

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Unaudited supplementary schedules

13. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.

### Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the municipality's annual performance report for the year ended 30 June 2020:

Objective	Pages in the annual performance report
Deliver basic services with available resources	xx – xx

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.



22. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

#### **Deliver basic services with available resources**

##### **Various indicators**

23. I was unable to obtain sufficient appropriate audit evidence for the achievements reported in the annual performance report. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

<b>Indicator description</b>	<b>Reported achievements</b>
45% of the sewerage maintenance budget spent by 30 June 2020 {(Actual expenditure on maintenance divided by the total approved maintenance budget) x100}	52%
60% of the water maintenance budget spent by 30 June 2020 {(Actual expenditure on maintenance divided by the total approved maintenance budget) x100}	71%

##### **Other matter**

24. I draw attention to the matter below.

#### **Achievement of planned targets**

25. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 36 to 37 of this report.

#### **Adjustment of material misstatements**

26. I identified material misstatements in the annual performance report submitted for auditing. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

### **Report on the audit of compliance with legislation**

##### **Introduction and scope**

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters

in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislation are as follows:

#### **Annual financial statements and annual reports**

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current liabilities, current assets, revenue and expenditure identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Expenditure management**

30. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R897 345, as disclosed in note 38.01 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the approved budget.

#### **Procurement and Contract Management**

31. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations.

#### **Other information**

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.



## Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
37. The municipality develop an effective action plan to address internal and external audit findings relating to performance and compliance matters.
38. In addition, compliance with the accounting reporting framework was not always reviewed by management. The municipality did not review and monitor compliance with applicable laws and regulations.

## Other reports

39. I draw attention to the following engagements by various parties that have or could have an impact on the municipality's financial statements, reported performance information and compliance with applicable legislation and other related matters. The reports noted do not form part of the opinion on the financial statements or findings on the reported performance information or compliance with legislation.
40. The Directorate for Priority Crime Investigation (Hawks) are investigating a payment to a contractor into fraudulent bank account at the municipality. These proceedings were in progress at the date of this report.

*Auditor General*

Kimberley

31 March 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Karee Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other

matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.