

# Annual Report 2020/21



Kareeberg  
Municipality

## Table of contents

<b>CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY .....</b>	<b>3</b>	<b>COMPONENT C: PLANNING AND DEVELOPMENT .....</b>	<b>53</b>
<b>COMPONENT A: MAYOR'S FOREWORD .....</b>	<b>3</b>	3.13 TOWN PLANNING & SPATIAL PLANNING .....	53
<b>COMPONENT B: EXECUTIVE SUMMARY .....</b>	<b>4</b>	3.14 LOCAL ECONOMIC DEVELOPMENT .....	53
1.1 ACTING MUNICIPAL MANAGER'S OVERVIEW .....	4	<b>COMPONENT D: COMMUNITY AND SOCIAL SERVICES .....</b>	<b>53</b>
1.2 MUNICIPAL OVERVIEW .....	5	3.15 LIBRARIES .....	53
1.3 MUNICIPAL HIGHLIGHTS AND CHALLENGES .....	10	<b>COMPONENT E: SECURITY AND SAFETY .....</b>	<b>54</b>
1.4 FINANCIAL HEALTH OVERVIEW .....	11	<b>COMPONENT F: SPORT AND RECREATION .....</b>	<b>55</b>
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW .....	13	3.16 SPORT AND RECREATION .....	55
1.6 AUDITOR-GENERAL REPORT .....	13	<b>COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES .....</b>	<b>56</b>
<b>CHAPTER 2: GOVERNANCE .....</b>	<b>14</b>	3.17 EXECUTIVE AND COUNCIL .....	56
2.1 GOOD GOVERNANCE AND PUBLIC PARTICIPATION HIGHLIGHTS .....	14	3.18 FINANCIAL SERVICES .....	56
2.2 GOOD GOVERNANCE AND PUBLIC PARTICIPATION CHALLENGES .....	14	3.19 CORPORATE SERVICES .....	57
<b>COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE .....</b>	<b>15</b>	<b>COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD AND INDIVIDUAL PERFORMANCE .....</b>	<b>58</b>
2.3 POLITICAL GOVERNANCE STRUCTURE .....	15	3.20 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2021/22 .....	58
2.4 ADMINISTRATIVE GOVERNANCE STRUCTURE .....	16	3.21 MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER .....	62
<b>COMPONENT B: INTERGOVERNMENTAL RELATIONS .....</b>	<b>17</b>	<b>CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE .....</b>	<b>63</b>
2.5 INTERGOVERNMENTAL STRUCTURES .....	17	<b>PERFORMANCE REPORT PART II .....</b>	<b>63</b>
<b>COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....</b>	<b>17</b>	4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT .....	63
2.6 FINANCIAL DISCLOSURES .....	20	4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE .....	63
<b>COMPONENT D: CORPORATE GOVERNANCE .....</b>	<b>21</b>	4.3 EMPLOYMENT EQUITY .....	63
2.7 RISK MANAGEMENT .....	21	4.4 VACANCY RATE .....	64
2.8 AUDIT COMMITTEE .....	22	4.5 TURNOVER RATE .....	65
2.9 BY-LAWS AND POLICIES .....	23	4.6 MANAGING THE MUNICIPAL WORKFORCE .....	66
2.10 COMMUNICATION .....	24	4.7 CAPACITATING THE MUNICIPAL WORKFORCE .....	68
2.11 B-BBEE COMPLIANCE PERFORMANCE INFORMATION .....	25	4.8 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE .....	70
<b>CHAPTER 3: SERVICE DELIVERY PERFORMANCE OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION .....</b>	<b>27</b>	<b>CHAPTER 5: FINANCIAL PERFORMANCE .....</b>	<b>72</b>
LEGISLATIVE REQUIREMENTS .....	27	<b>COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE .....</b>	<b>72</b>
ORGANISATIONAL PERFORMANCE .....	28	5.1 FINANCIAL SUMMARY .....	72
<b>PERFORMANCE MANAGEMENT SYSTEM USED IN THE FINANCIAL YEAR 2020/21 .....</b>	<b>28</b>	5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION .....	76
THE IDP AND THE BUDGET .....	28	5.3 GRANTS .....	81
ACTUAL PERFORMANCE .....	28	5.4 ASSET MANAGEMENT .....	82
<b>PERFORMANCE REPORT PART I .....</b>	<b>29</b>	5.5 FINANCIAL RATIOS .....	84
3.1 INTRODUCTION .....	29	<b>COMPONENT B: SPENDING AGAINST CAPITAL BUDGET .....</b>	<b>86</b>
3.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN .....	29	5.7 CAPITAL EXPENDITURE .....	86
3.3 SERVICE PROVIDERS PERFORMANCE .....	40	5.8 SOURCES OF FINANCE .....	88
3.4 MUNICIPAL FUNCTIONS .....	40	5.9 MUNICIPAL INFRASTRUCTURE GRANT .....	89
<b>COMPONENT A: BASIC SERVICES .....</b>	<b>42</b>	<b>COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS .....</b>	<b>89</b>
3.5 NATIONAL KEY PERFORMANCE INDICATORS – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT .....	42	5.10 CASH FLOW .....	89
3.6 WATER SERVICES .....	42	5.11 GROSS OUTSTANDING DEBTORS PER SERVICE .....	90
3.7 WASTE WATER (SANITATION) SERVICES .....	44	5.12 TOTAL DEBTORS AGE ANALYSIS .....	91
3.8 ELECTRICITY SERVICES .....	46	5.13 BORROWING, INVESTMENTS AND GRANTS MADE .....	92
3.9 WASTE MANAGEMENT SERVICES (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) .....	48	<b>CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS .....</b>	<b>93</b>
3.10 HOUSING .....	50	<b>COMPONENT A: AUDITOR-GENERAL FINDINGS 2019/20 .....</b>	<b>93</b>
3.11 FREE BASIC SERVICES AND INDIGENT SUPPORT .....	50	6.1 AUDITOR-GENERAL FINDINGS 2019/20 .....	93
<b>COMPONENT B: ROAD TRANSPORT .....</b>	<b>51</b>	<b>COMPONENT B: AUDITOR-GENERAL FINDINGS 2020/21 .....</b>	<b>94</b>
3.12 ROADS AND STORMWATER .....	51	6.2 AUDITOR-GENERAL FINDINGS 2020/21 .....	94

LIST OF ABBREVIATIONS .....	96
LIST OF TABLES .....	97

LIST OF FIGURES .....	98
LIST OF GRAPHS .....	98



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

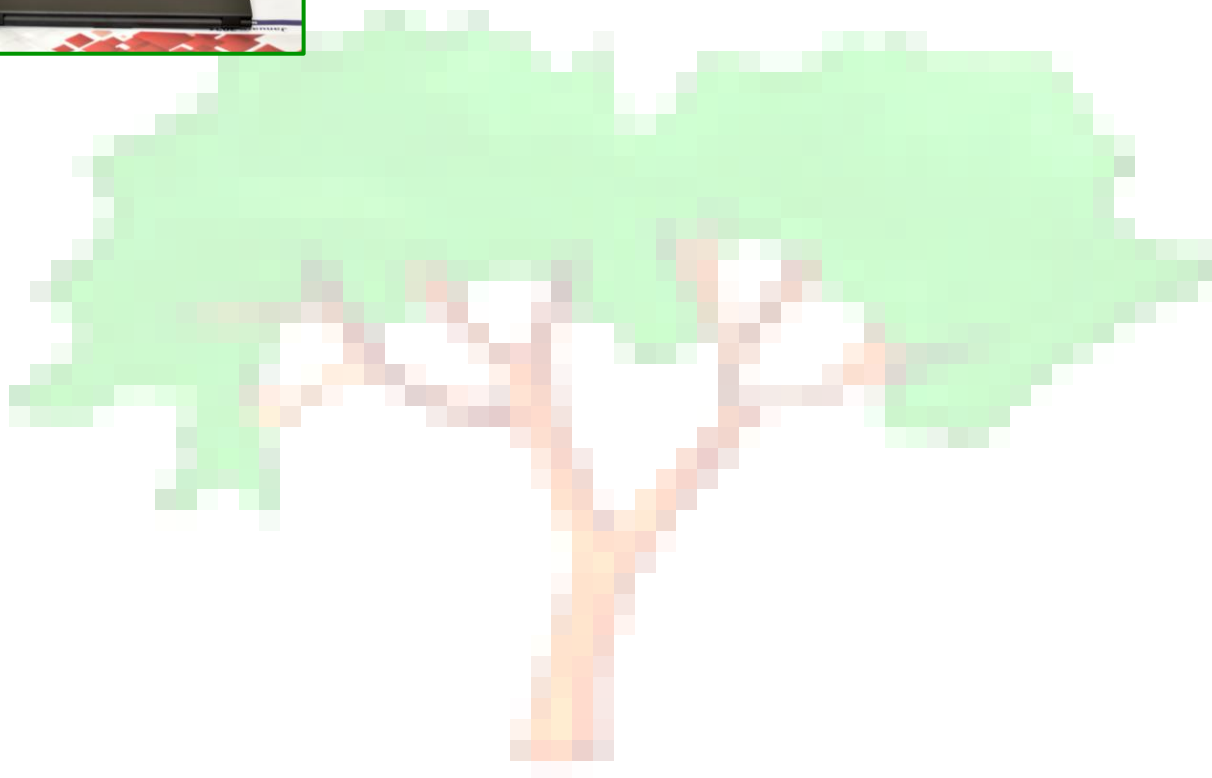
### Component A: Mayor's Foreword



Although a foreword was requested from the Mayor for the period under review, it has not been received to date.

**Norman Stephan van Wyk**

**MAYOR**





## Component B: Executive Summary

### 1.1 Acting Municipal Manager's Overview



In terms of Section 121(1) of the Local Government Municipal Finance Management, Act 56 of 2003, every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines.

For municipality to ensure that community members get the services being their constitutional rights and good governance from the core of effective municipality which in turn create a building block for society and a healthy, growing local economic within the municipality.





The annual report will reflect on the activities and programme of the Kareeberg Local Municipality for 2020/2021 financial year.

As Kareeberg Municipality we are proud to say that we have achieve most of our plans / goals under very difficult circumstances. We have again manage to obtain an unqualified opinion with findings, despite the difficulties that we are faced with such as revenue collection.

As Kareeberg Municipality we are making a call to all community members, sector departments and business to come on board and pay for their services.

Through the support of all community stakeholders, we will succeed in making our municipality a better place to live in and provide better service to the people.

The annual report will include the following matters:

-  Financial performance
-  Service delivery performance
-  Public participation
-  Others

**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 2020/21 Annual Report reflects on the performance of the Municipality for the period 1 July 2020 to 30 June 2021. 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:

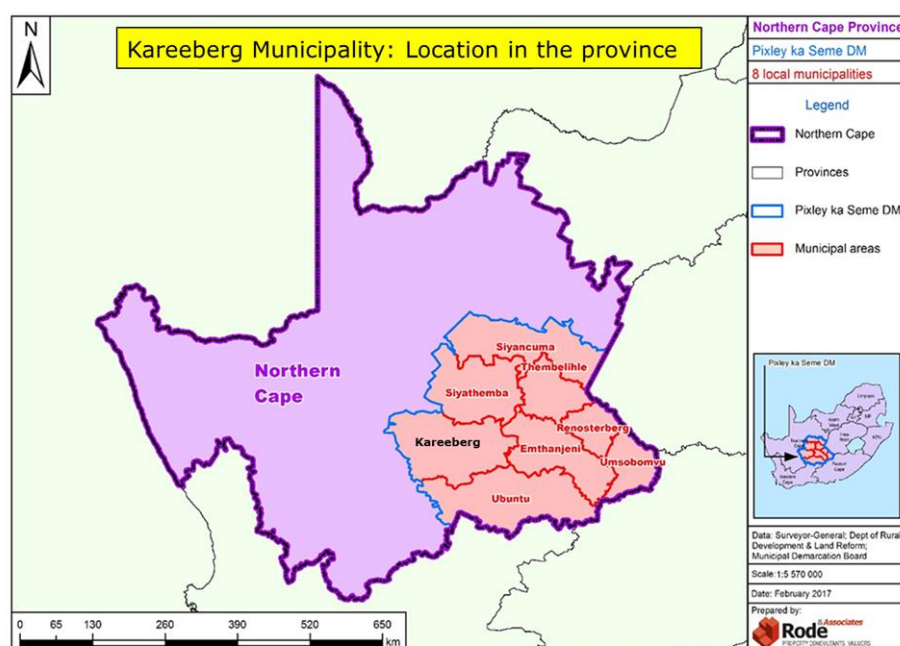


Figure 1 Locality map

## 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
<b>Pixley ka Seme</b>				



Description	2001	2011	2016	2017
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%
Total	80%	70%	77%	64%

Table 5: Household Income (Census 2011)

## 1.3 Municipal Highlights and Challenges

### 1.3.1 Service Delivery Highlights

Highlight	Description
Construction and paving of streets	The construction and paving of streets in Carnarvon 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 Boesmandland 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.
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.

Challenge	Description
Unemployment, poverty alleviation and socially dependent communities	The municipality provides more than 60% of households with free basic services baskets 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. The severe drought in the region also contributes to people which worked on farms losing their jobs.
Lack of implementation of LED Strategy	Our lack of implementation of the LED Strategy testifies to the various economic spin-offs that don't realize in the municipal area.

Table 7: Services Delivery Challenges

### 1.3.3 Households with minimum level of Basic Services

Service	2019/20	2020/21
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)	1 028	1 081
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)	1 920	1 989
Sanitation - Households with at least VIP service (Represents the number of residential properties which are billed for sewerage as at 30 June)	872	912
Waste collection - kerbside collection once a week (Represents the number of residential properties which are billed for refuse removal as at 30 June)	1 873	1 954

Table 8: Households with minimum level of Basic Services

## 1.4 Financial Health Overview

### 1.4.1 Financial Viability Highlights

Highlight	Description
No outstanding creditors	Manage to pay all creditors as well as third parties within 30 days.

Table 9: Financial Viability Highlights

### 1.4.2 Financial Viability Challenges

Challenge	Description
High outstanding debtors	The low payment percentage lead to an increase in debtors and high provision for bad debts.

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	2019/20	2020/21
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)	79.04%	90.82%
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))	1.93	5.46

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

### 1.4.4 Financial Overview

Details	2019/20	2020/21		
		Original budget	Adjustment Budget	Actual
		R		
<b>Income</b>				
Grants (Operating + Capital)	39 250 130	130 811 001	90 914 000	52 983 393
Taxes, Levies and tariffs	24 271 611	24 998 528	24 998 528	24 415 884
Other	3 653 877	21 926 365	21 926 361	3 983 478
<b>Sub Total</b>	<b>67 175 618</b>	<b>177 735 890</b>	<b>137 838 889</b>	<b>81 382 755</b>
Less Expenditure	65 153 481	78 168 890	78 711 840	64 993 103
<b>Net surplus/(deficit)</b>	<b>2 022 137</b>	<b>99 567 000</b>	<b>59 127 049</b>	<b>16 389 652</b>

Table 12: Financial Overview

### 1.4.5 Total Capital Expenditure

Detail	2019/20	2020/21
	R'000	
Original Budget	22 085 004	99 567 000
Adjustment Budget	17 345 004	59 127 050
Actual	9 190 552	18 024 962
% Spent	52.99	30.49

Table 13: Total Capital Expenditure

## 1.5 Organisational Development Overview

### 1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
The Municipal Manager's post is still vacant	Coghsta seconded an acting Municipal Manager.

Table 14: Municipal Transformation and Organisational Development Highlights

### 1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Actions to address
Filling of vacant post	Although post are advertised numerous times, there is a lack of suitable candidates.

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 2020/21.

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	2020/21
Status	Unqualified with findings	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.

### 2.1 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 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 17: Good Governance and Public Participation Performance Highlights

### 2.2 Good Governance and Public Participation Challenges

Description	Actions to address
Poor attendance of any meeting for example the IDP meeting	The Covid-19 pandemic had a huge impact and people do not attend. Poor internet connections made it impossible to try to host virtual public meetings.
Non-functioning of Ward Committees	Ward Committees are not operating and functioning as per Ward Committee Policy.
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, results that no proper communication between Public Office Bearers and its constituencies exist. Administration is communicating with communities.

Table 18: Good Governance and Public Participation Challenges

## Component A: Political and Administrative Governance

### 2.3 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.

#### 2.3.1 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 2020/21 financial year:

The table below categorised the councillors within their specific political parties and wards from **1 July 2020 until 30 June 2021**:

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	<b><u>Council meetings</u></b> 08/12/2020 28/05/2021 <b><u>Special meetings</u></b> 21/09/2020 23/10/2020 26/01/2021 2/03/2021 30/03/2021 16/04/2021
J.E.J. Hoorn	Councillor	ANC	Proportional	100	
G. Saal	Councillor	ANC	Proportional	75	
B.J.E. Slambee	Councillor	ANC	Ward 4	100	
E. Hoorn	Councillor	DA	Ward 1	75	
G.P. van Louw	Councillor	DA	Ward 3	62.5	
W.D. Horne	Councillor	EFF	Proportional	12.5	

Table 19: Council

#### 2.3.2 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 2020 until 30 June 2021** are stipulated in the table below:








Chairperson	Other members	Dates of meetings held
Finance		
N. van Wyk	J.E.J. Hoorn	 4 August 2020
	G.P. van Louw	
	W.D. Horne	
Administration and Personnel		
G. Saal	B.J.E. Slambee	 20 October 2020 (Not yet approved by Council)
	E. Hoorn	
Social and Economic Development		
J.E.J. Horne	G. Saal	 No meetings were held
	E. Hoorn	
Infrastructure		
B.J.E. Slambee	J.E.J. Hoorn	 6 October 2020
	E. Hoorn	 9 February 2021
SCOPA / MPAC		
B.J.E. Slambee	J.E.J. Hoorn	 3 August 2020
	E. Hoorn	 3 June 2021

Table 20: Portfolio Committees

## 2.4 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
Z.P. Mjandana	Acting Municipal Manager
N Van Zyl	Corporate Services
A Van Schalkwyk	Infrastructure Services
W de Bruin	Finance Services

Table 21: 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.

### 2.5 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

### 2.5.1 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

Due to the Covid-19 pandemic, the acting Municipal Manager decided that no public meetings will be held to obtain inputs on the draft IDP and Budget. An advertisement was placed in local media on 12 March 2021, on strategic places in the towns and in all libraries to obtain inputs from the community. Unfortunately, no inputs were received.

## 2.5.2 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 2020 to 30 June 2021** are stipulated in the tables below:

### Ward 1: Carnarvon - Town

Name of representative	Capacity representing	Dates of meetings held
H. Du Toit	Bowling	No meetings were held
M. Hanekom	ACVV	
E. Riley	ATKV	
A. van Wyk	Hospice	
J. Swartz	Young Lions	
V. Viviers	CPF	
R. Katsen	Anglican Church	

Table 22: Ward 1: Committee Meetings

### Ward 2: Bonteheuwel - Carnarvon

Name of representative	Capacity representing	Dates of meetings held
V. Mogwese	Unspecified	No meetings were held
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 23: 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	22 April 2021
B. Tieties	VOB	
J. Phillipus	GHB	
S. Tieties	AME	
W. Malgas	Small businesses	
K. Waterboer	Full Gospel Church	

Table 24: Ward 4: Committee Meetings

**2.5.3 Representative Forums****Labour Forum**

The table below specifies the members of the Labour forum for the 2020/21 financial year:







Name of representative	Capacity	Dates of meetings
G. de Bruin	Representative: SAMWU (Chairperson)	5 October 2020
A. van Schalkwyk	Chief Operations Manager	
G. Saal	Representative: Employer	
J. Hoorn	Representative: Employer	
G de Wee	Representative: IMATU	
A. Swartz	Representative: SAMWU	
N. van Zyl	Secretary	

Table 25: Labour Forum





## 2.6 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>Senior managers</b>	
Mr W de Bruin	Remunerated work outside the Municipality – Farming and Businesses Land and Property:  Erf 739 – R120 000  Erf 140 – R80 000
Mr N van Zyl	Land and Property:




Name	Description of Financial interests
	 Erf 34 – R298 500  Erf 526 – R16 600
Mr A van Schalkwyk	Land and Property:  Erf 239 - R500 000

Table 26: 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.

### 2.7 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 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

Risk	Root Cause	Risk Exposure
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 27: 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 2020 until 30 June 2021 are indicated in the table below:










Committee Member	Capacity	Meeting dates
N van Zyl	Head: Corporate Services	No meetings were held
T de Kock	Risk Officer	
W de Bruin	CFO	
A van Schalkwyk	COO	

Table 28: Risk Committee

## 2.8 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

### 2.8.1 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.

## 2.8.2 Members of the Audit Committee



Committee member	Capacity	Meeting dates
F.J. Rootman	Chairperson	 12 February 2021  15 June 2021
E.D. Olifant	Member	
LL van Wyk	Member	

Table 29: Members of the Audit Committee

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

## 2.9 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	31 May 2021
SCM Policy	31 May 2021
Property Rates policy	31 May 2021
Indigent household policy	31 May 2021
Tariff policy	31 May 2021
Asset Management policy	31 May 2021
Customer Care & Management policy	31 May 2021

Name of strategy	Date Adopted/Reviewed
Credit Control & Debt Collection policy	31 May 2021
Cellphone policy	31 May 2021
Cash & Investment policy	31 May 2021
Budget Implementation policy	31 May 2021
Augmentation Policy	31 May 2021

Table 30: Policies Developed

## 2.10 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:

### 2.10.1 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 (Post vacant)
Crisis Communication Procedure	No
Language Policy and Procedure	No
Media Protocol Procedure	No
Social Media	No, but WhatsApp for electricity and water services

Table 31: Communication Activities

### 2.10.2 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
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
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
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2020/21	19 May 2020
Adjusted Budget 2020/21	2 March 2021
Asset Management Policy	31 May 2021
Customer Care, Credit control & Debt collection Policy	31 May 2021
Indigent Policy	31 May 2021
Investment & Cash Management Policy	31 May 2021
Rates Policy	31 May 2021
Supply Chain Management Policy	31 May 2021
Tariff Policy	31 May 2021
Virement Policy (Part of Budget Implementation Policy)	31 May 2021
Travel and Subsistence Policy	31 May 2021
SDBIP 2020/21	28 May 2020
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2020/21	19 May 2020
IDP Process Plan for 2020/21	30 August 2019

Table 32: Information on Website

## 2.11 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:

### 2.11.1 Senior Management

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

Table 33: B-BBEE Compliance Performance Information: Senior Management

## 2.11.2 Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees					
Black non-employees					
Black people on internships, apprenticeship, learnership					
Unemployed black people on any programme under the learning programme matrix					
Black people absorbed at end of internships, apprenticeship, learnership					

No training were provided during the year

Table 34: B-BBEE Compliance Performance Information: Skills Development

## 2.11.3 Enterprise and Supplier Development

The information required by the Regulation for this part is not available for the 2020/21 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 highlights 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 2020/21

### The IDP and the Budget






The IDP and the main budget for 2020/21 was approved by Council on **28 May 2020**. 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 2020/21 on **9 June 2020**. 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 2021**. 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 2020/21 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 2020/21 in terms of the IDP strategic objectives.

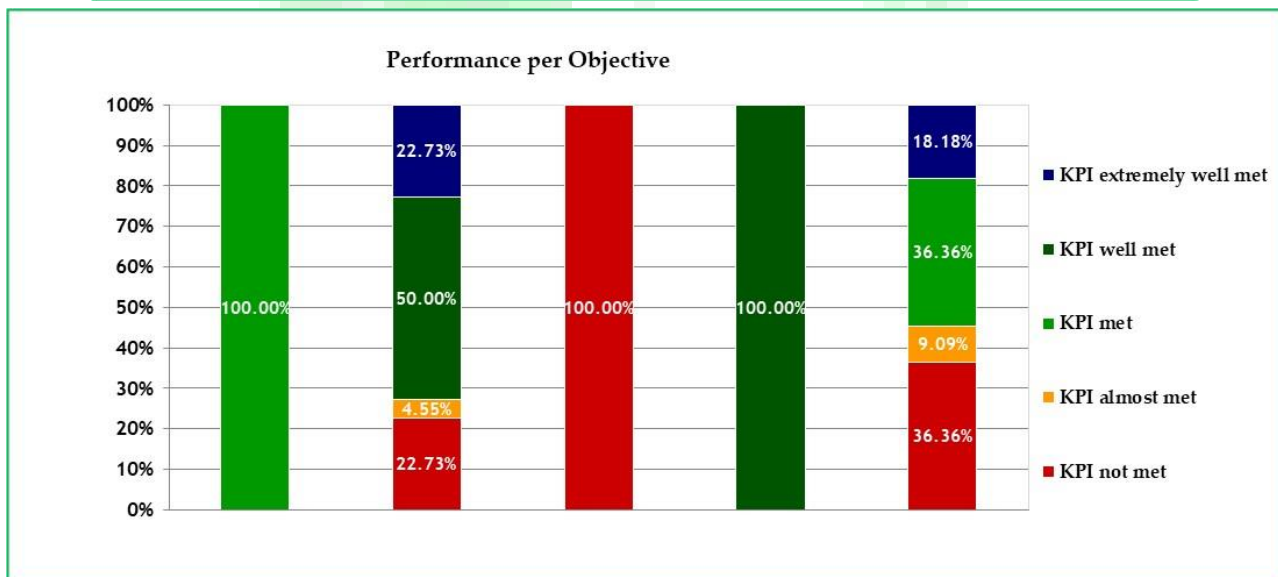
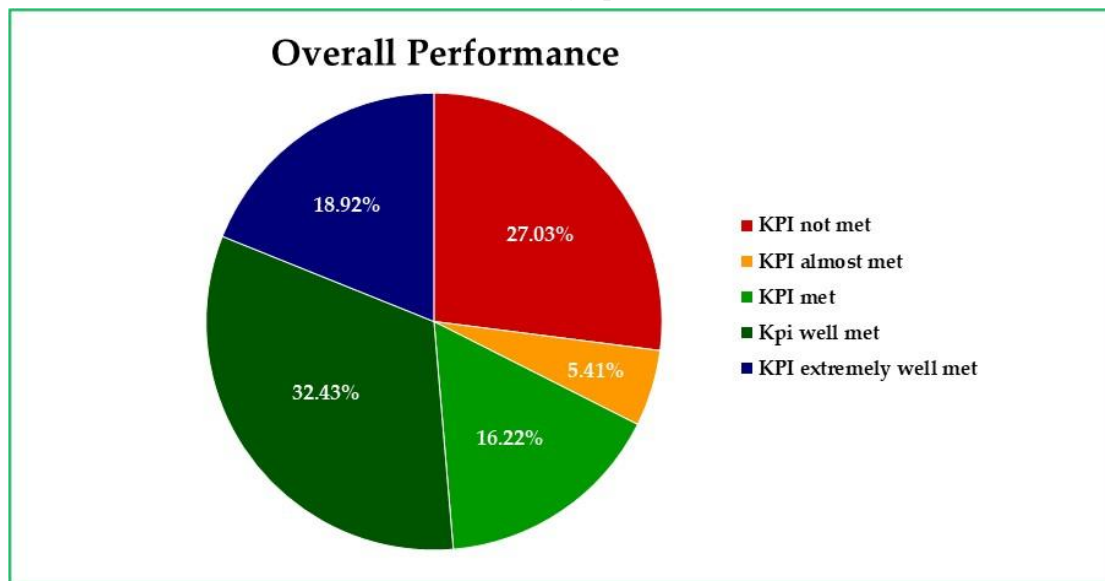
The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

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	0	5	1	0	4
KPI Almost Met	0	1	0	0	1
KPI Met	2	0	0	0	4
KPI Well Met	0	11	0	1	0
KPI Extremely Well Met	0	5	0	0	2
<b>Total</b>	<b>2</b>	<b>22</b>	<b>1</b>	<b>1</b>	<b>11</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 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL2	Compile and submit the Risk Based Audit Plan (RBAP) for the 2021/22 financial year to the Audit committee by 30 June 2021	Risk Based Audit Plan (RBAP) for the 2021/22 financial year submitted to the Audit committee by 30 June 2021	All	1	0	0	0	1	1	1	G
TL3	Submit the Draft IDP review for the 2021/22 financial year to Council by 31 March 2021	Draft IDP review for the 2021/22 financial year submitted to Council by 31 March 2021	All	1	0	0	1	0	1	1	G

Table 35: Compliance with the Principles of Good Governance

## Deliver basic services with available resources

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	100.00%	0.00%	20.00%	0.00%	90.00%	90.00%	0.00%	R
	Corrective measures	The municipality did not receive the Library Grant for the 2020/21 financial year as the provincial department believed that the municipality did not comply with the funding criteria. Although numerous reports and evidence were submitted to the department, they indicated that they did not receive it. A meeting was held on 10 August 2021 between the municipality and the provincial department and an agreement was reached that the municipality will submit a revised business plan with evidence and that the grant for the 2020/21 financial year will be paid in the 2021/22 financial year. A letter from the department to this extent is still awaited.									
TL11	Number of formal residential properties that receive piped water (credit) that is connected to the municipal water infrastructure network and billed for the	Number of residential properties which are billed for water as at 30 June 2021	All	1 920	0	1 779	0	1 779	1 779	1 989	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	service as at 30 June 2021										
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	1 028	0	1 029	0	1 029	1 029	1 081	G 2
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	872	0	858	0	858	858	912	G 2
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	1 873	0	1 814	0	1 814	1 814	1 954	G 2
TL15	Provide free basic water to indigent households as at 30 June	Number of indigent households receiving free basic water	All	1 135	0	1 047	0	1 047	1 047	1 148	G 2
TL16	Provide free basic electricity to indigent	Number of indigent households	All	1 073	0	984	0	1 085	1 085	1 102	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	households as at 30 June 2021	receiving free basic electricity									
TL17	Provide free basic sanitation to indigent households as at 30 June 2021	Number of indigent households receiving free basic sanitation services	All	901	0	818	0	883	883	906	G 2
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	1 135	0	1 047	0	1 047	1 047	1 148	G 2
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	52.99%	0.00%	10.00%	20.00%	40.00%	40.00%	34.11%	O
	Corrective measures	The purchase of the vehicles was budgeted for a rollover. The RBIG project only started during April 2021 due to the court case. The contractors for the other projects were also appointed late and only started in May 2021. The Municipality applied for the rollover of the funds.									
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 ) x- 100]	% Electricity unaccounted for (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) ã- 100	All	17.84%	0.00%	0.00%	0.00%	20.00%	20.00%	22.17%	R
	Corrective measures	The old electricity network and extreme winter temperatures are causing electricity losses and we also had to do a forecast of two weeks on the meter readings during June 2021. A business plan was submitted to obtain funding for the upgrading of the network.									
TL27	90% of water samples taken comply with SANS241 micro	% of water samples compliant	All	100%	0.00%	90.00%	0.00%	90.00%	90.00%	100.00%	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	biological indicators {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}										
TL29	35% 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	122.00%	10.00%	20.00%	20.00%	35.00%	35.00%	49.00%	G 2
TL30	28% 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	78.00%	10.00%	20.00%	20.00%	28.00%	28.00%	47.00%	B
TL31	32% 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	52.00%	10.00%	20.00%	20.00%	32.00%	32.00%	68.00%	B
TL32	50% of the water maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved	% of the water maintenance budget spent by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved	All	71.00%	10.00%	20.00%	20.00%	50.00%	50.00%	77.00%	B

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	maintenance budget)x100}	maintenance budget)x100}									
TL33	45% 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	42.00%	10.00%	20.00%	20.00%	45.00%	45.00%	131.00%	B
TL34	Spend 80% 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	New Key Performance Indicator for 2020/21	0.00%	10.00%	60.00%	80.00%	80.00%	27.10%	R
	Corrective measures	Contractor was only appointed on 4 May 2021. The Municipality applied for the rollover of the funds.									
TL36	Spend 15% 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	New Key Performance Indicator for 2020/21	0.00%	10.00%	10.00%	15.00%	15.00%	47.57%	B
TL37	Spend 40% 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	New Key Performance Indicator for 2020/21	0.00%	10.00%	10.00%	40.00%	40.00%	15.17%	R



Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21							
					Targets					Actual		
					Q1	Q2	Q3	Q4	Annual			
	Corrective measures	Contractor was only appointed on 4 May 2021. The Municipality applied for the rollover of the funds.										
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	New Key Performance Indicator for 2020/21	0.00%	10.00%	60.00%	90.00%	90.00%	100.00%	G 2	
TL39	Spend 30% 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	New Key Performance Indicator for 2020/21	0.00%	10.00%	10.00%	30.00%	30.00%	0.00%	R	
	Corrective measures	The municipality did not receive the funds as it was transferred to another municipality by the national department. The municipality applied for the 2021/2022 financial year as a business plan was already submitted.										

Table 36: Deliver Basic Services with Available Resources

## Enhance community participation

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Council meets people meetings by 30 June 2021	Number of meetings	All	0	0	0	0	1	1	0	R
	Corrective measures	Due to Covid-19 pandemic and the national lockdown it was decided not to host any community meetings and gatherings.									

Table 37: Enhance Community Participation

## Promote economic development, tourism and growth opportunities

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL28	Create temporary jobs opportunities in terms of EPWP by 30 June 2021	Number of job opportunities created by 30 June 2021	All	31	0	30	0	30	30	32	G 2

Table 38: 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 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	0	1	1	0	R
	Corrective measures	There were no vacancies on these levels, except for the post of Municipal Manager.									
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	0.51%	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%	R
	Corrective measures	Due to Covid-19 pandemic and the national lockdown, the provision of training is currently causing numerous challenges which can only be addressed once our environment returns to normality.									
TL8	Limit the vacancy rate to less than 10% of budgeted posts on approved organogram by 30 June 2021 ((Number of	% vacancy rate of budgeted posts on approved organogram by 30 June 2021 (Number of posts	All	7.00%	0.00%	10.00%	0.00%	10.00%	10.00%	11.26%	R

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	posts filled/Total number of budgeted posts)x100)	filled/Total number of budgeted posts)x100									
	Corrective measures	Posts were advertised numerous times, but suitable candidates did not apply. Most were advertised again recently and interviews are planned for August 2021.									
TL9	Submit the Draft Annual Report for the 2019/20 financial year to Council by 31 March 2021	Draft Annual Report for the 2019/20 financial year submitted to Council by 31 March 2021	All	1	0	0	1	0	1	1	G
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	0	0	1	0	1	1	G
TL20	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2021 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	All	0.00%	0.00%	0.00%	0.00%	45.00%	45.00%	0.00%	B
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	79.04%	0.00%	0.00%	0.00%	10.50%	10.50%	90.82%	R

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Corrective measures	Deteriorating financial circumstances of community and effect of Covid -19. More stringent implementation of credit control policy.									
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 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	1.93	0	0	0	3	3	5.46	B
TL23	Submit the annual financial statements for the 2019/20 financial year to AGSA by 31 October 2020	Annual financial statements for the 2019/20 financial year submitted to AGSA by 31 October 2020	All	1	0	1	0	0	1	1	G
TL24	Submit the draft main budget for the 2021/22 financial year to Council by 31 March 2021	Draft main budget for the 2021/22 financial year submitted to Council by 31 March 2021	All	1	0	0	1	0	1	1	G
TL25	Achieve a debtor payment percentage of 80% by 30 June 2021 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts	% debtor payment achieved	All	74.66%	0.00%	80.00%	0.00%	80.00%	80.00%	78.50%	O

Ref	KPI	Unit of Measurement	Ward	Actual performance 2019/20	Performance of 2020/21					
					Targets					Actual
					Q1	Q2	Q3	Q4	Annual	
	Written Off)/Billed Revenue x 100}									
	<b>Corrective measures</b>	Deteriorating financial circumstances of community and effect of Covid -19. More stringent implementation of credit control policy.								

Table 39: 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 wastewater 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

Municipal function	Responsible for Function
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 40: 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	2019/20	2020/21
<b><u>Basic Service Delivery</u></b>		
The number of households with access to free basic water	1 135*	1 148*
The number of households with access to free basic electricity	1 073*	1 102*
The number of households with access to free basic sanitation	901*	906*
The number of households with access to free basic solid waste removal	1 135*	1 148*
The number of households with access to basic level of water	1 920*	1 989*
The number of households with access to basic level of sanitation	872*	912*
The number of households with access to basic level of electricity	1 028*	1 081*
The number of households with access to basic level of solid waste removal	1 873*	1 954*
The percentage of the municipal capital budget actually spent on capital projects by 30 June	52.99	34.11
<b><u>Local economic development</u></b>		
The number of temporary jobs created through municipality's local economic development initiatives including capital projects	**31	32**
*Represents the number of households that were billed as at 30 June 2020 and 30 June 2021		
**Number of temporary jobs created in terms of the Expanded Public Works Programme (EPWP) as at 30 June 2020 and 30 June 2021		

Table 41: 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 project to build a pipeline to Vanwyksvlei for water provision started in April 2021 with completion date February 2022



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 provision of water in the Karoo, especially in summer, will always be a challenge because of dependency on boreholes.

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

-  We started with the pipeline project of which the planning started in 2006.
-  We managed to provide water to consumers in Carnarvon and Vosburg, although we had a harsh summer and bearing in mind the severe drought.

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

-  We were not able to provide water every day to households in Vanwyksvlei.
-  Maintenance of infrastructure due to cash constraints

### 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 2019/20 and 2020/21:

Households		
Description	2019/20	2020/21
<u>Water: (above min level)</u>		
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>
<u>Water: (below min level)</u>		
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 42: 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	0	0	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>7</b>	<b>7</b>	<b>0</b>	<b>0</b>

As at 30 June 2021

Table 43: Total Employees: Water Services

## Capital Expenditure – Water Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Pipeline Project Vanwyksvlei	82 551	33 775	15 939

Table 44: Capital Expenditure: Water Services

## 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:

-  Managed to pump septic tanks on request within a few days.
-  Had no big blockages on main sewer network.

Some of the challenges that are experienced include the following:

-  Internal sewer blockages that consumers don't attend to and cause a health risk for them and their neighbours.
-  Vosburg and Carnarvon need more oxidation ponds.
-  The emptying of pit toilets in Vanwyksvlei is a big challenge.

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

The table below specifies the different sanitation service delivery levels per households for the financial years 2019/20 and 2020/21:

Households		
Description	2019/20	2020/21
<b><u>Sanitation/sewerage: (above minimum level)</u></b>		
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
<b>Minimum Service Level and Above sub-total</b>	<b>3 046</b>	<b>3 046</b>
<b>Minimum Service Level and Above Percentage</b>	<b>94.5</b>	<b>94.5</b>
<b><u>Sanitation/sewerage: (below minimum level)</u></b>		
Bucket toilet (joint informal)	176	176
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<b>Below Minimum Service Level sub-total</b>	<b>176</b>	<b>176</b>
<b>Below Minimum Service Level Percentage</b>	<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	5	4	1	0.2
4 - 6	6	6	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>11</b>	<b>1</b>	<b>0.1</b>

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 2020/21 financial year.

### 3.8 Electricity Services

All 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. We however supply these people with four bags of wood per month. The situation in the rural farming areas is still a problem and it is estimated that most of the households are without electricity.

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

- 🇿🇦 We did not have any huge outages on our networks, so interruption in supply was minimal.

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

- 🇿🇦 Load shedding from Eskom impact on water supply and the power system.
- 🇿🇦 Communications during that period almost zero because no cell phone network.
- 🇿🇦 Electricity vendors ran out of electricity over weekends and then the municipality must sell electricity at a loss.
- 🇿🇦 The national department stop the allocation for the installation of energy efficient lamps.

## Electricity Services Service Delivery Levels

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

Households		
Description	2019/20	2020/21
<b>Energy: (above minimum level)</b>		
Electricity (at least min. service level)	217	217
Electricity - prepaid (min. service level)	1 963	1 963
<b>Minimum Service Level and Above sub-total</b>	<b>2 180</b>	<b>2 180</b>
<b>Minimum Service Level and Above Percentage</b>	<b>61.15</b>	<b>61.15</b>
<b>Energy: (below minimum level)</b>		
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	1 385	1 385
<b>Below Minimum Service Level sub-total</b>	<b>1 385</b>	<b>1 385</b>
<b>Below Minimum Service Level Percentage</b>	<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 2021

Table 48: Total Employees Electricity Services

## Capital Expenditure – Electricity Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Upgrading of 22kV substations	1 500	1 500	1 500
EEDSM	4 000	3 600	0

Table 49: Capital Expenditure: Electricity Services

### 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 waste 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 do 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:

-  Weekly removal of waste in all three towns.

Some of the challenges that are experienced include the following:

-  Illegal dumping in open spaces, river beddings and entrances of waste sites.
-  Vehicles used for removal near end of their lifespan.
-  Carnarvon waste site needs upgrading and consultant busy compiling a business plan.

## 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	
	2019/20	2020/21
<b><u>Solid Waste Removal: (Minimum level)</u></b>		
Removed at least once a week	1 960	1 960
<b>Minimum Service Level and Above sub-total</b>	<b>1 960</b>	<b>1 960</b>
<b>Minimum Service Level and Above percentage</b>	<b>64.18</b>	<b>64.18</b>
<b><u>Solid Waste Removal: (Below minimum level)</u></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>Below Minimum Service Level sub-total</b>	<b>1 094</b>	<b>1 094</b>
<b>Below Minimum Service Level percentage</b>	<b>35.82</b>	<b>35.82</b>
<b>Total number of households</b>	<b>3 054</b>	<b>3 054</b>

Table 50: 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	8	6	2	0.25
4 - 6	1	1	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>9</b>	<b>7</b>	<b>2</b>	<b>0.2</b>

As at 30 June 2021

Table 51: 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 2020/21 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	2019/20	2020/21
Vanwyksvlei	130	130
Carnarvon	650	650
Vosburg	150	150
<b>Total</b>	<b>930</b>	<b>930</b>

Table 52: 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 2020/21 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	%
2019/20	3 088	1 073	33.3	1 135	32.2	901	27.96	1 135	32.2
2020/21	3 088	1 102	35.7	1 148	37.2	906	29.34	1 148	37.2

Table 53: 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)
2019/20	323	50	337	2 015	0	0	750	50	555
2020/21	337	50	401	1986	0	0	765	50	526

Table 54: 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)
2019/20	1 135	6 + basic fee	2 954	0	0	0
2020/21	1 148	6 + basic fee	2 547	0	0	0

Table 55: 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)
2019/20	901	432	3 573	0	0	0
2020/21	906	476	3 164	0	0	0

Table 56: 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)
2019/20	1 135	1	3 008	0	0	0
2020/21	1 148	1	2 586	0	0	0

Table 57: 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. We nearly completed paving of all streets in the previously disadvantaged areas.

**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. All the streets in the previously disadvantage areas were paved.

**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. We are busy to pave all the streets in the previous disadvantaged areas that will be finished in the next three years.

The highlights for the year under review were as follow:

- 🚧 We managed to pave more streets which mean more streets with a permanent surface.

Some of the challenges that were experienced include the following:

- 🚧 Paving of streets are expensive and bearing in mind the yearly MIG allocation, it will take many years to get rid of the gravel streets.

**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	10	9	1	0.1
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	1	1	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>10</b>	<b>1</b>	<b>0.1</b>

*As at 30 June 2021*

Table 58: Total Employees – Roads and Stormwater

## Capital Expenditure – Roads and Stormwater

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Upgrading of streets	3 702	7 918	998

Table 59: Capital Expenditure: Roads and Stormwater

## COMPONENT C: PLANNING AND DEVELOPMENT

## 3.13 Town Planning &amp; 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. This post is presently vacant.

## 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.

Some of the challenges that were experienced include the following:

- 📖 The Library Grant for 2020/21 was not received.
- 📖 No capital projects in any of the four libraries due to the grant that was not received.

## Libraries Service Statistics

## Service Statistics for Library Services

The table below indicates the service statics for the division:

Type of service	2019/20	2020/21
Number of libraries	4	4
Library members	1 097	1 191
Books circulated	15 513	14 223
Internet users	1 255	903
Children programmes	11	0
Visits by school groups	5	0
Book group meetings	0	0

Table 60: 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	2	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 2021*




Table 61: Total Employees: Libraries

## Capital Expenditure – Libraries

There was no capital expenditure for Libraries in the 2020/21 financial year due to the non-receipt of the Library Grant.

## 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. Due to non-cooperation this committee fails to function.

Personnel are provided with masks and sanitizer regularly and screening of visitors takes place.

Due to a lack of communication between all departments, the monitoring is very difficult for instance, the municipality are never informed of the burials of covid victims. Members of communities did not wear masks and safety precautions are not adhere to.

## 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.

The highlights for the year under review were as follow:

🇷🇷 Due to Covid-19 the facilities were not available.

Some of the challenges that were experienced include the following:

🇷🇷 Maintenance of facilities due to vandalism

## 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>0.5</b>
As at 30 June 2021				

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
	2019/20		2020/21	
Requests processed	208	208	279	97 668
Orders processed	190	190	217	3 326
Requests cancelled or referred back	2	2	23	0
Extensions	0	0	0	0
Bids received (number of documents)	1	1	160	0
Bids awarded	1	1	13	91 847
Bids awarded ≤ R200 000	176	176	49	2 495
Appeals registered	0	0	1	0
Successful Appeals	0	0	1	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	5	1	0.2
10 - 12	1	1	0	0
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>0.1</b>

*As at 30 June 2021*

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	3	3	0	0
4 - 6	1	1	0	0
7 - 9	2	0	2	100
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>6</b>	<b>2</b>	<b>0.25</b>

*As at 30 June 2021*

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 2021/22

The main development and service delivery priorities for 2021/22 are included in the Municipality's Top Layer SDBIP for 2021/22 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) for the 2022/23 financial year to the Audit committee by 30 June 2022	Risk Based Audit Plan (RBAP) for the 2022/23 financial year submitted to the Audit committee by 30 June 2022	All	1
TL3	Submit the Draft IDP to Council by 31 March 2022	Draft IDP submitted to Council by 31 March 2022	All	1
TL4	Distribute external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	1

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

#### Deliver basic services with available resources

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL5	Spend 90% of the library grant by 30 June 2022 ((Actual expenditure divided by the approved budget)x100)	% of the library grant spent by 30 June 2022 ((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 2022	Number of residential properties which are billed for water as at 30 June 2022	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 2022	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2022	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 2022	Number of residential properties which are billed for sewerage as at 30 June 2022	All	858

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL14	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2022	Number of residential properties which are billed for refuse removal as at 30 June 2022	All	1 814
TL15	Provide free basic water to indigent households as at 30 June 2022	Number of indigent households receiving free basic water	All	1 047
TL16	Provide free basic electricity to indigent households as at 30 June 2022	Number of indigent households receiving free basic electricity	All	1 085
TL17	Provide free basic sanitation to indigent households as at 30 June 2022	Number of indigent households receiving free basic sanitation services	All	883
TL18	Provide free basic refuse removal to indigent households as at 30 June 2022	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 2022 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2022	All	80.00%
TL26	Limit % electricity unaccounted for to 20% by 30 June 2022 [(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 indicators {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}	% of water samples compliant	All	90.00%
TL29	60% of the electricity maintenance budget spent by 30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the electricity maintenance budget spent by 30 June 2022 {(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 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the roads and stormwater maintenance budget spent by 30 June 2022 {(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 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the sewerage maintenance budget spent by 30 June 2022 {(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 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the water maintenance budget spent by 30 June 2022 {(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	% of the sport and recreation maintenance budget spent by 30 June	All	60.00%



Internal Ref	KPI	Unit of Measurement	Wards	Target
	2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}		
TL34	Spend 90% of the total amount budgeted by 30 June 2022 for the paving of roads in Vanwyksvlei - Phase 3 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2022{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	4	90.00%
TL35	Spend 90% of the total amount budgeted by 30 June 2022 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 2022{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	3	90.00%
TL36	Spend 90% of the total amount budgeted by 30 June 2022 for the Kareeberg Bulk water supply : Vanwyksvlei pipeline {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2022{(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 2022 Spend 90% of the total amount budgeted by 30 June 2021 for the replacement of the asbestos water pipeline - Carnarvon town Center {(Total actual expenditure for the project/Total amount budgeted for t	% of budget spent by 30 June 2022{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1	90.00%
TL38	Spend 90% of the total amount budgeted by 30 June 2022 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 2022{(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 2022 for the purchasing of vehicles {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2022{(Total actual expenditure on purchasing of vehicles/Total amount budgeted for the purchasing of vehicles)x100}	All	90.00%

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

### Enhance community participation

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL1	Council meets people meetings by 30 June 2022	Number of meetings	All	1

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

## Promote economic development, tourism and growth opportunities

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL28	Create temporary jobs opportunities in terms of EPWP by 30 June 2022	Number of job opportunities created by 30 June 2022	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

Internal 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 2022	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 2022 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2022 (Actual amount spent on training/total personnel budget)x100	All	0.01%
TL8	Limit the vacancy rate to less than 10% of budgeted posts on approved organogram by 30 June 2022 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate of budgeted posts on approved organogram by 30 June 2022 (Number of posts filled/Total number of budgeted posts)x100	All	10.00%
TL9	Submit the Draft Annual Report for the 2020/21 financial year to Council by 31 January 2022	Draft Annual Report for the 2020/21 financial year submitted to Council by 31 January 2022	All	1
TL10	Submit the Work Skills Plan to Local Government SETA by 30 April 2022	Work Skills Plan submitted to LGSETA by 30 April 2022	All	1
TL20	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2022 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	All	45.00%
TL21	Financial viability measured in terms of the outstanding service debtors as at 30 June 2022 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	50.00%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2022 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad	Number of months it takes to cover fixed operating expenditure with available cash	All	1

Internal Ref	KPI	Unit of Measurement	Wards	Target
	Debts, Impairment and Loss on Disposal of Assets))			
TL23	Submit the annual financial statements for the 2020/21 financial year to AGSA by 31 August 2021	Annual financial statements for the 2020/21 financial year submitted to AGSA by 31 August 2021	All	1
TL24	Submit the draft main budget for the 2022/23 financial year to Council by 31 March 2022	Draft main budget for the 2022/23 financial year submitted to Council by 31 March 2022	All	1
TL25	Achieve a debtor payment percentage of 80% by 30 June 2022 {(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 s56-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 2020/21 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 2019/20 financial year took place on **2 December 2020** and the midyear evaluation of the 2020/21 financial year on **18 March 2021**.

## 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	2019/20	2020/21
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	0.51	0.00

Table 71: National KPIs– Municipal Transformation and Organisational Development

#### 4.2 Introduction to the Municipal Workforce

The Municipality currently employs 63 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	57	0	5	62
% For Positions filled	0	0	0	0	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	14	0	0	21
Unskilled and defined decision making	0	16	0	0	0	9	0	0	25
<b>Total permanent</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>3</b>	<b>62</b>
Non- permanent employees	1	0	0	0	0	0	0	0	1
<b>Grand total</b>	<b>1</b>	<b>25</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>3</b>	<b>63</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	0	0	1	0	9	0	1	11
Financial Services	0	1	0	0	0	7	0	2	10
Operational Services	0	24	0	1	0	16	0	0	41
<b>Total permanent</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>3</b>	<b>62</b>
Non- permanent employees	1	0	0	0	0	0	0	0	1
<b>Grand total</b>	<b>1</b>	<b>25</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>3</b>	<b>63</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. 8 posts were vacant at the end of 2020/21, resulting in a vacancy rate of 11.2%.

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

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

PER POST LEVEL		
Post level	Filled	Vacant
Professionals and Middle management	1	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	12	3
Semi - skilled	21	2
Unskilled and defined decision making	26	1
<b>Total</b>	<b>63</b>	<b>8</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	39	4
<b>Total</b>	<b>63</b>	<b>8</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 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
2019/20	66	3	4	6.1
2020/21	63	2	4	6.4

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	2019/20	2020/21
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 2020/21 financial year shows a slight decrease when comparing it with the 2019/20 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
	2019/20			2020/21		
Lower skilled (Levels 1-2)	90	12	7.5	12	1	12.0
Skilled (Levels 3-5)	2	2	1.0	91	8	11.4
Highly skilled production (levels 6-8)	90	5	18.0	80	6	13.3
Highly skilled supervision (levels 9-12)	36	5	7.2	15	3	5.0
Senior management (Levels 13-15)	2	1	2.0	27	2	13.5
MM and S56	19	2	9.5	5	1	5.0
<b>Total</b>	<b>239</b>	<b>26</b>	<b>9.2</b>	<b>230</b>	<b>21</b>	<b>10.9</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
Official 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:

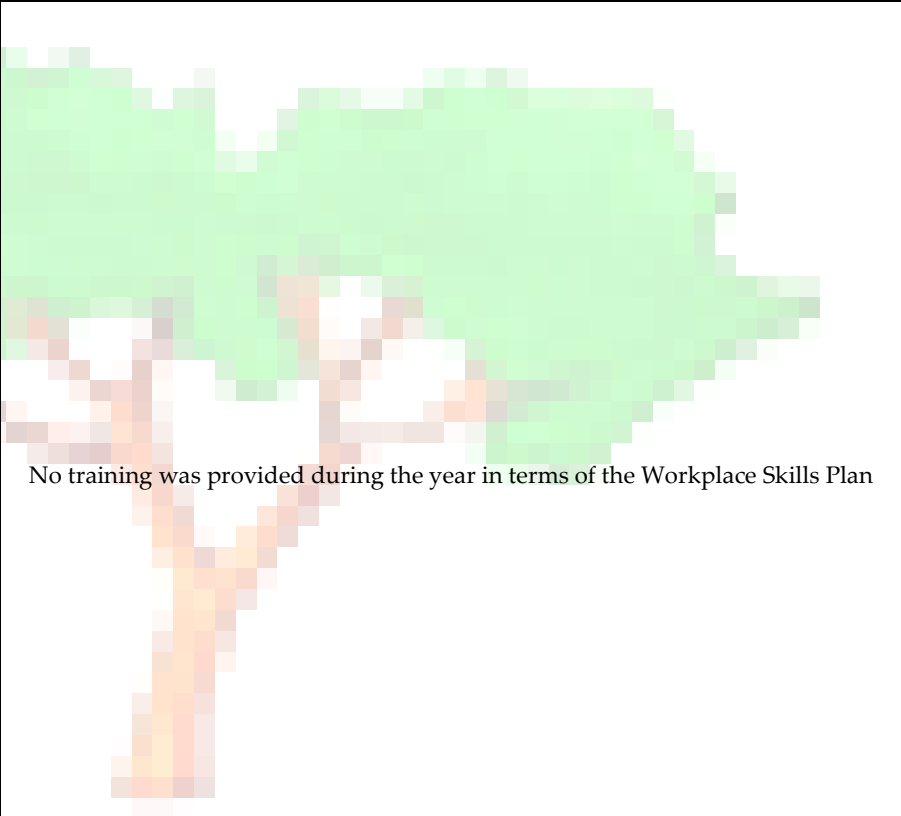
Occupational categories		Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Achieved
MM and S57	Female							
	Male							
Legislators, senior officials and managers	Female							
	Male			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

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	0
Senior Managers	2	2	2	0
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>4</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)

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
T De Kock	Senior Accountant: 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 the amounts budgeted and spent on training in the past two financial years:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R			
2019/20	23 489 566	330 000	120 509	40
2020/21	25 888 001	130 000	108 306	83

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		%
2019/20	21 405	65 177	32.84
2020/21	21 339	64 933	32.86

Table 83: Personnel Expenditure

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

Financial year	2019/20	2020/21
Description	R	
<u>Councillors (Political Office Bearers plus Other)</u>		
Mayor	850 466	850 466
Councillors	1 796 946	1 796 946
Sub Total - Councillors	2 647 412	2 647 412
% increase/ (decrease)	4.35	4.35
<u>Senior Managers of the Municipality</u>		
Annual Remuneration	3 597 571	2 590 993
Acting Allowance	0	0
Car Allowance	407 134	516 580
Settlement Payment	0	0
Bonus & Long Service Bonus	251 902	458 227
Performance Bonus	279 717	492 669
Contribution to UIF, Medical & Pension	421 655	458 227
Housing Subsidy	0	0
Telephone Allowance	107 600	90 000
Leave Pay-Out	223 435	0
Other	0	0
Sub Total - Senior Managers of Municipality	5 289 014	4 606 696
% increase/ (decrease)	6.87	(12,9)
<u>Other Municipal Staff</u>		
Basic Salaries and Wages	11 401 503	13 462 266
Pension Contributions	2 091 160	2 174 762
Medical Aid Contributions	0	0
Motor vehicle allowance	0	0
Cell phone allowance	0	0
Housing allowance	0	0
Overtime	1 061 058	922 530
Other benefits or allowances	712 838	150 882
Sub Total - Other Municipal Staff	15 266 559	16 710 440
% increase/ (decrease)	0	9.46

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 2020/21 financial year:

Description	2019/20	2020/21			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	R'000				%	
Financial Performance						
Property rates	8,912	9,084	9,084	9,486	4.23	4.23
Service charges	14,964	15,549	15,549	14,634	-6.26	-6.26
Investment revenue	2,430	3,145	3,145	2,752	-14.28	-14.28
Transfers recognised - operational	30,231	31,244	34,121	35,504	12.00	3.90
Other own revenue	1,596	19,146	19,146	1,390	-1277.83	-1277.83
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>58,132</b>	<b>78,169</b>	<b>81,046</b>	<b>63,765</b>	<b>-22.59</b>	<b>-27.10</b>
Employee costs	21,405	25,915	25,692	21,366	-21.30	-20.25
Remuneration of councillors	2,647	2,819	2,819	2,647	-6.50	-6.50
Depreciation & asset impairment	5,419	4,429	4,429	5,001	11.43	11.43
Finance charges	1,726	1,001	1,001	1,662	39.78	39.78
Materials and bulk purchases	12,342	14,983	14,983	12,755	-17.47	-17.47
Transfers and grants	0	0	0	0	0.00	0.00
Other expenditure	21,613	29,020	29,786	21,555	-34.64	-38.19
<b>Total Expenditure</b>	<b>65,153</b>	<b>78,169</b>	<b>78,712</b>	<b>64,986</b>	<b>-20.29</b>	<b>-21.12</b>
<b>Surplus/(Deficit)</b>	<b>(7,021)</b>	<b>0</b>	<b>2,334</b>	<b>(1,221)</b>	<b>100.00</b>	<b>291.15</b>
Transfers recognised - capital	9,020	99,567	56,793	17,479	-469.63	-224.92
Contributed assets	23	0	0	138	100.00	100.00
Loss on foreign exchange	(2)	0	0	(7)	100.00	100.00
Fair value adjustment	1	0	0	1	100.00	100.00
Actuarial gains / (losses)	0	0	0	0	0.00	0.00
<b>Surplus/(Deficit)</b>	<b>2,022</b>	<b>99,567</b>	<b>59,127</b>	<b>16,389</b>	<b>-507.54</b>	<b>-260.78</b>
Capital expenditure & funds sources						
Transfers recognised - capital (incl Housing Development Fund)	9,020	99,567	56,793	17,479	-469.63	-224.92
Public contributions & donations	23	0	0	138	100.00	100.00
Borrowing	0	0	0	0	0.00	0.00

Description	2019/20	2020/21			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Internally generated funds	148	0	2,334	408	100.00	-472.07
<b>Total sources of capital funds</b>	<b>9,191</b>	<b>99,567</b>	<b>59,127</b>	<b>18,025</b>	<b>-452.38</b>	<b>-228.03</b>
<b>Financial position</b>						
Total current assets	32,581	40,392	40,392	93,673	56.88	56.88
Total non-current assets	182,589	218,987	178,347	195,914	-11.78	8.97
Total current liabilities	6,609	12,207	12,207	63,496	80.78	80.78
Total non-current liabilities	18,198	34,523	34,523	17,285	-99.73	-99.73
Community wealth/Equity	190,363	212,449	172,009	206,753	-2.75	16.80
<b>Cash flows</b>						
Cash/cash equivalents at the year begin	42,428	42,370	27,133	24,646	-71.92	-10.09
Net cash from (used) operating	(11,824)	108,365	65,591	78,388	-38.24	16.33
Net cash from (used) investing	(5,966)	(99,567)	(57,027)	(16,148)	-516.60	-253.16
Net cash from (used) financing	7	0	0	24	100.00	100.00
<b>Cash/cash equivalents at the year end</b>	<b>24,646</b>	<b>51,167</b>	<b>35,696</b>	<b>86,910</b>	<b>41.13</b>	<b>58.93</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	24,646	0	0	86,910	100.00	100.00
Application of cash and investments	0	0	0	0	0.00	0.00
<b>Balance - surplus (shortfall)</b>	<b>24,646</b>	<b>0</b>	<b>0</b>	<b>86,910</b>	<b>100.00</b>	<b>100.00</b>
<b>Asset management</b>						
Asset register summary (WDV)	166,641	0	0	177,941	100.00	100.00
Depreciation & asset impairment	33,627	0	0	38,605	100.00	100.00
Renewal of Existing Assets	0	0	0	0	0.00	0.00
Contracted Services	0	0	0	0	0.00	0.00
<b>Free Services</b>						
Cost of Free Basic Services provided	9,872	10,925	11,925	11,925	8.39	0.00
Revenue cost of free services provided	9,872	10,925	11,925	11,925	8.39	0.00

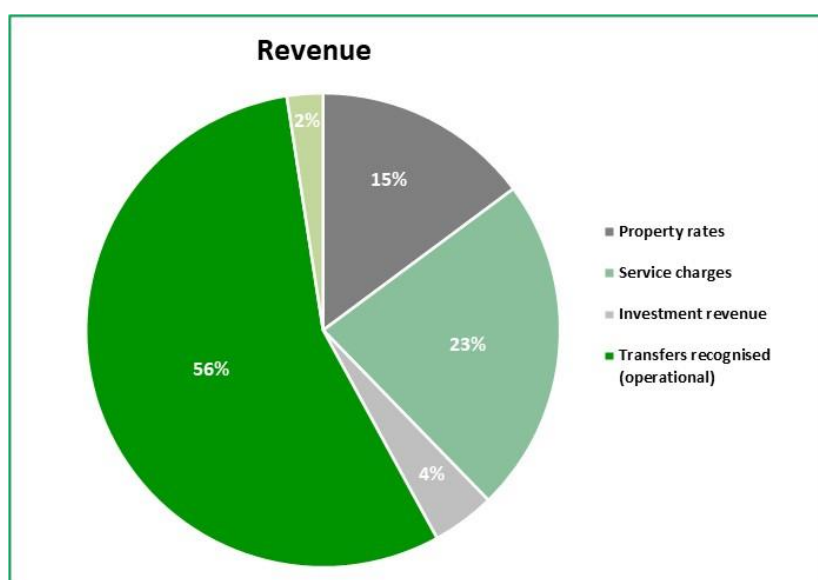
Table 85: Financial Performance

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)			
2019/20	59,629	58,132	(1,497)	(0.02)	69,987	65,153	(4,833)	(6.91)
2020/21	81,046	63,765	(17,281)	(21.32)	78,712	64,986	(13,726)	(17.44)

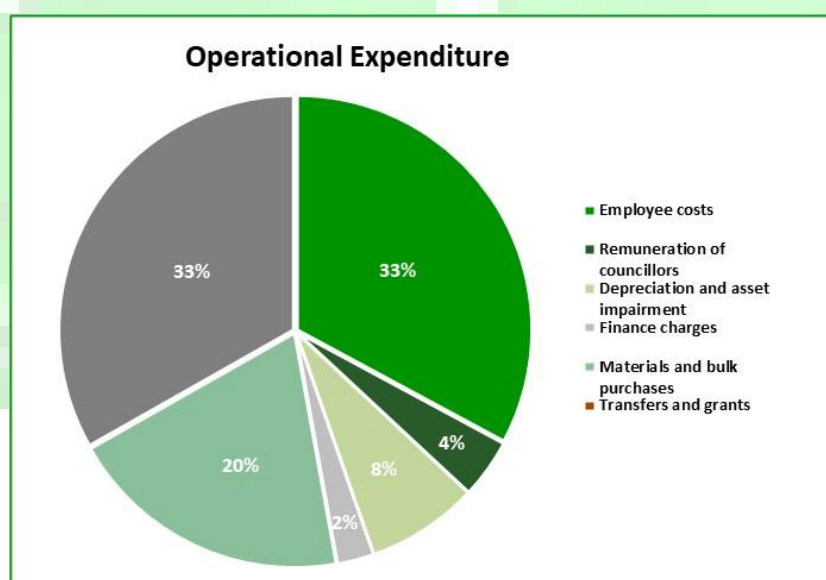
Table 86: Performance against Budgets

The following graph indicates the various types of revenue received in 2020/21:



Graph 2: *Revenue*

The following graph indicates the various types of expenditure items in 2020/21:



Graph 3: *Operating Expenditure*

### 5.1.1 Revenue Collection by Vote

The table below indicates the Revenue collection performance by vote

Vote Description	2019/20	2020/21			2020/21 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Vote 1 - Cemeteries	16	17	17	26	33.90	33.88
Vote 2 - Libraries	139	1,191	1,191	2	-67136.02	-67136.02
Vote 3 - Electricity	9,622	18,420	14,956	10,809	-70.41	-38.37
Vote 4 - Council and executive	31,072	28,482	11,263	16,923	-68.31	33.45
Vote 5 - Housing officials	9	9	9	9	0.00	0.00
Vote 6 - Property rates	8,912	9,084	9,084	9,486	4.23	4.23
Vote 7 - Commonage	310	331	331	203	-63.06	-63.06
Vote 8 - Municipal Buildings	76	16	16	89	82.44	82.44
Vote 9 - Budget and treasury	2,650	12,950	39,677	19,368	33.14	-104.85
Vote 10 - Airstrip	0	0	0	0	-0.58	-0.58
Vote 11 - Pound	0	0	0	0	0.00	0.00
Vote 12 - Public works	49	1,057	792	746	-41.62	-6.12
Vote 13 - Roads	8,883	5,411	7,918	873	-519.98	-807.18
Vote 14 - Traffic and licensing	6	5	5	5	0.77	0.63
Vote 15 - Nature reserve	1	0	11	10	100.00	-3.25
Vote 16 - Parks	0	1	1	0	-129.89	-129.89
Vote 17 - Swimming pool	0	9	9	0	0.00	0.00
Vote 18 - Caravan Park	0	1	1	0	0.00	0.00
Vote 19 - Solid Waste Management	1,457	7,961	6,001	1,757	-353.21	-241.59
Vote 20 - Waste Water Management	962	2,472	2,372	2,883	14.26	17.72
Vote 21 - Water	3,209	69,134	50,007	18,192	-280.01	-174.88
<b>Total Revenue by Vote (Including capital transfers and contributions)</b>	<b>67,373</b>	<b>156,553</b>	<b>143,661</b>	<b>81,383</b>	<b>-92.37</b>	<b>-76.53</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 2020/21 financial year:

Description	2019/20	2020/21			2020/21 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Property rates	8,912	9,084	9,084	9,486	4.23	4.23
Property rates - penalties & collection charges	204	0	0	0	0.00	0.00
Service Charges	14,964	15,549	15,549	14,934	-4.12	-4.12



Description	2019/20	2020/21			2020/21 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Rentals of facilities and equipment	396	365	365	296	-23.01	-23.01
Interest earned - external investments	2,430	3,145	3,145	2,752	-14.28	-14.28
Interest earned - outstanding debtors	1	251	251	1	-38634.57	-38634.57
Dividends received	0	0	0	0	0.00	0.00
Fines	3	2	2	3	26.70	26.70
Actuarial Gains	564	0	0	418	100.00	100.00
Licences and permits	5	6	6	4	-74.53	-74.53
VAT portion on DORA Grants	1,617	4,398	4,398	2,932	-49.97	-49.97
Agency services	59	32	32	63	49.54	49.54
Transfers recognised - operational	28,614	31,244	34,386	32,572	4.08	-5.57
Other revenue	365	14,092	14,092	305	-4524.64	-4524.64
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	23	0	0	138	100.00	100.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>58,132</b>	<b>78,169</b>	<b>81,311</b>	<b>63,904</b>	<b>-22.32</b>	<b>-27.24</b>

Table 88: Revenue Collection by Source

## 5.2 Financial Performance per Municipal Function

### 5.2.1 Water Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	3,209	2,888	2,888	2,890	0.07
<b>Expenditure:</b>					
Employees	438	732	732	455	-60.87
Repairs and Maintenance	175	405	405	602	32.67
Other	2,205	1,597	1,597	1,218	-31.13
<b>Total Operational Expenditure</b>	<b>2,818</b>	<b>2,735</b>	<b>2,735</b>	<b>2,275</b>	<b>-20.20</b>
<b>Net Operational (Service)</b>	<b>391</b>	<b>154</b>	<b>154</b>	<b>615</b>	<b>75.00</b>

Table 89: Financial Performance: Water Services

## 5.2.2 Sanitation Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	962	2,372	2,372	2,883	17.72
<b>Expenditure:</b>					
Employees	1,762	4,273	4,273	3,308	-29.17
Repairs and Maintenance	107	300	300	204	-46.77
Other	3,090	2,895	2,895	3,924	26.22
Total Operational Expenditure	4,959	7,468	7,468	7,437	-0.43
<b>Net Operational (Service)</b>	<b>(3,998)</b>	<b>(5,096)</b>	<b>(5,096)</b>	<b>(4,553)</b>	<b>-11.92</b>

Table 90: Financial Performance: Sanitation Services

## 5.2.3 Electricity Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	9,622	9,856	9,856	9,505	-3.70
<b>Expenditure:</b>					
Employees	410	480	480	429	-11.89
Repairs and Maintenance	67	311	311	435	28.42
Other	14,938	16,633	17,633	1,411	-1078.83
Total Operational Expenditure	15,414	17,425	18,425	2,275	-665.93
<b>Net Operational (Service)</b>	<b>(5,792)</b>	<b>(7,568)</b>	<b>(8,568)</b>	<b>7,230</b>	<b>204.68</b>

Table 91: Financial Performance: Electricity Services

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

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1,457	6,001	6,001	1,757	-241.59
<b>Expenditure:</b>					
Employees	2,051	1,788	1,788	1,951	8.36
Repairs and Maintenance	20	12	12	0	0.00
Other	3,032	4,403	4,403	1,694	-159.90
Total Operational Expenditure	5,103	6,203	6,203	3,645	-70.17
<b>Net Operational (Service)</b>	<b>(3,646)</b>	<b>(202)</b>	<b>(202)</b>	<b>(1,889)</b>	<b>89.28</b>

Table 92: Financial Performance: Waste Management Services

## 5.2.5 Roads and Stormwater

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	55	1,062	797	752	-41.33
<b>Expenditure:</b>					
Employees	3,407	4,953	4,688	3,308	-49.71
Repairs and Maintenance	161	222	222	448	50.53
Other	2,856	2,943	2,465	2,797	-5.24
Total Operational Expenditure	6,425	8,118	7,375	6,553	-23.88
Net Operational (Service)	(6,370)	(7,056)	(6,578)	(5,801)	-21.62

Table 93: Financial Performance: Roads and Stormwater

## 5.2.6 Sport and Recreation

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1	11	22	11	-4.20
<b>Expenditure:</b>					
Employees	150	252	252	173	-45.77
Repairs and Maintenance	29	59	59	77	23.49
Other	30	395	245	91	-332.36
Total Operational Expenditure	209	707	557	342	-106.79
Net Operational (Service)	(208)	(695)	(535)	(331)	-110.11

Table 94: Financial Performance: Sport and Recreation

## 5.2.7 Public Safety

Description	2019/20	2020/21			
	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	2	2	2	10	80.60
Other	55	75	75	27	-180.15
Total Operational Expenditure	57	77	77	37	-107.65
Net Operational (Service)	(57)	(77)	(77)	(37)	-107.65

Table 95: Financial Performance: Public Safety

## 5.2.8 Health

Description	2019/20	2020/21			
	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	0	0	0	0.00
Other	0	0	0	0	0.00
Total Operational Expenditure	0	0	0	0	0.00
<b>Net Operational (Service)</b>	<b>5</b>	<b>12</b>	<b>12</b>	<b>5</b>	<b>-118.83</b>

Table 96: Financial Performance: Health

## 5.2.9 Executive and Council

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	29,739	28,482	11,263	16,923	-68.31
<b>Expenditure:</b>					
Employees	6,465	9,015	8,895	5,917	-52.35
Repairs and Maintenance	0	1,207	1,207	493	-144.82
Other	5,404	2,519	2,676	2,119	-18.88
Total Operational Expenditure	11,870	12,741	12,778	8,529	-49.38
<b>Net Operational (Service)</b>	<b>17,870</b>	<b>15,742</b>	<b>(1,515)</b>	<b>8,394</b>	<b>-87.54</b>

Table 97: Financial Performance: Executive and Council

## 5.2.10 Financial Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	12,264	22,391	49,118	29,198	23.31
<b>Expenditure:</b>					
Employees	4,731	5,297	5,297	5,352	1.02
Repairs and Maintenance	68	4,859	4,859	4,499	-8.00
Other	11,226	9,704	10,061	9,117	-6.43
Total Operational Expenditure	16,026	19,860	20,217	18,968	-4.70
<b>Net Operational (Service)</b>	<b>(3,762)</b>	<b>2,531</b>	<b>28,901</b>	<b>10,230</b>	<b>75.26</b>

Table 98: Financial Performance: Financial Services

## 5.2.11 Planning and Development

Description	2019/20	2020/21			
	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	6	0	0	0	0.00
Other	1	0	0	0	0.00
Total Operational Expenditure	7	0	0	0	0.00
<b>Net Operational (Service)</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

Table 99: Financial Performance: Planning and Development

## 5.2.12 Community and Social Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	19	1,208	1,208	27	-4293.28
<b>Expenditure:</b>					
Employees	1,991	2,377	2,302	2,276	-4.45
Repairs and Maintenance	19	14	14	45	69.82
Other	181	551	551	211	-161.29
Total Operational Expenditure	2,192	2,942	2,867	2,532	-16.19
<b>Net Operational (Service)</b>	<b>(2,173)</b>	<b>(1,734)</b>	<b>(1,659)</b>	<b>(2,504)</b>	<b>30.76</b>

Table 100: Financial Performance: Community and Social Services

## 5.2.13 Housing

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	9	0	0	0	0.00
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	0	0	0	0	0.00
Other	0	0	0	0	0.00
Total Operational Expenditure	0	0	0	0	0.00
<b>Net Operational (Service)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

Table 101: Financial Performance: Housing

## 5.3 Grants

### 5.3.1 Grant Performance

The table below indicates the Grant performance for the 2020/21 financial year:

The Municipality had a total amount of **R90,914 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	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Equitable share	24,348	29,341	29,341	29,341	0.00	0.00
Finance Management Grant	2,435	2,800	2,800	2,484	-11.28	-11.28
Municipal Infrastructure Grant	8,038	8,016	7,918	873	-89.11	-88.98
Integrated National Electrification Programme	0	5,000	1,500	1,304	-73.91	-13.04
Regional Bulk Infrastructure Grant	0	67,551	33,775	13,982	-79.30	-58.60
Water system infrastructure Grant	0	15,000	10,000	1,320	-91.20	-86.80
Expanded Public Works Programme	1,085	1,057	792	746	-29.38	-5.75
Energy Efficiency and Demand Side Management	0	4,000	3,600	0	-100.00	-100.00
Covid-19	54	0	0	0	0.00	0.00
Provincial Library Services: Conditional Grant	1,112	1,263	1,188	0	-100.00	-100.00
<b>Total</b>	<b>37,072</b>	<b>134,028</b>	<b>90,914</b>	<b>50,051</b>	<b>-62.66</b>	<b>-44.95</b>
<i>Actual amount represent the total revenue recognised excluding VAT on grants and subsidies</i>						

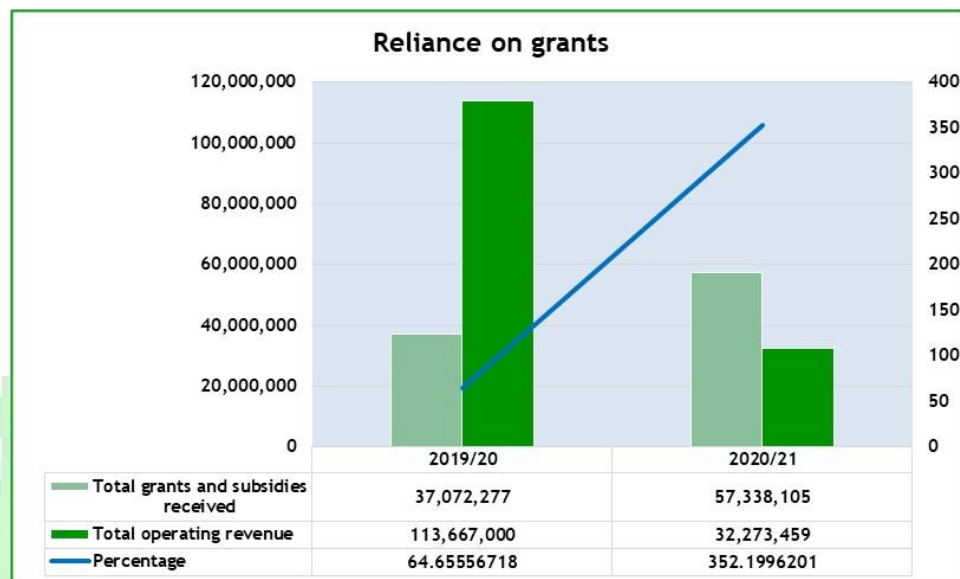
Table 102: Grant Performance

### 5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2019/20	37,072	57,338	64.66
2020/21	113,667	32,273	352.20

Table 103: 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	Vanwyksvlei Water	
Description	Building of water pipeline to Vanwyksvlei	
Asset Type	Infrastructure - Water	
Key Staff Involved	Civil Engineers	
Staff Responsibilities	Planning/supervision	
Asset Value as at 30 June	2019/20 (R'000)	2020/21 (R'000)
	0	13 982
Capital Implications	±R90 million	
Future Purpose of Asset	Provision of water to Vanwyksvlei	

Table 104: Summary of Largest Asset

Asset 2		
Name	Upgrading of electricity network	
Description	Upgrading of electricity network	
Asset Type	Infrastructure - electricity	
Key Staff Involved	Electricity engineers	
Staff Responsibilities	Planning/superision	
Asset Value as at 30 June	2019/20 (R'000)	2020/21 (R'000)
	0	1 304
Capital Implications	±R55 million	
Future Purpose of Asset	Provision of electricity	

Table 105: Summary of 2nd Largest Asset

Asset 3		
Name	Replacement of asbestos pipelines	
Description	Replacement of asbestos pipelines	
Asset Type	Infrastructure - Water	
Key Staff Involved	Civil Engineers	
Staff Responsibilities	Planning/Supervision	
Asset Value as at 30 June	2019/20 (R'000)	2020/21 (R'000)
	0	1 320
Capital Implications	±R15 million	
Future Purpose of Asset	Provision of safe water	

Table 106: Summary of 3rd Largest Asset

## 5.4.2 Repairs and Maintenance

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000				%
Contracted Services	664	7,390	7,390	7,310	-1.08

Table 107: Repairs &amp; Maintenance Expenditure



## 5.5 Financial Ratios

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2019/20	2020/21
Current Ratio	Current assets/current liabilities	4.89	1.48
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.27	60.00
Liquidity Ratio	Monetary Assets/Current Liabilities	3.62	4.62

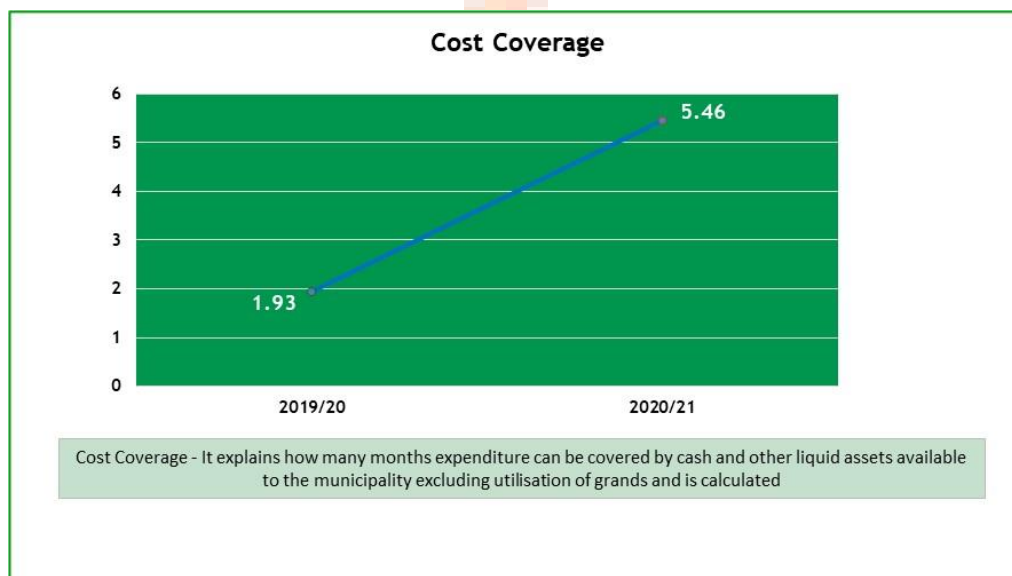
Table 108: Liquidity Ratio

### 5.5.2 Performance Management Regulation Financial Viability Indicators

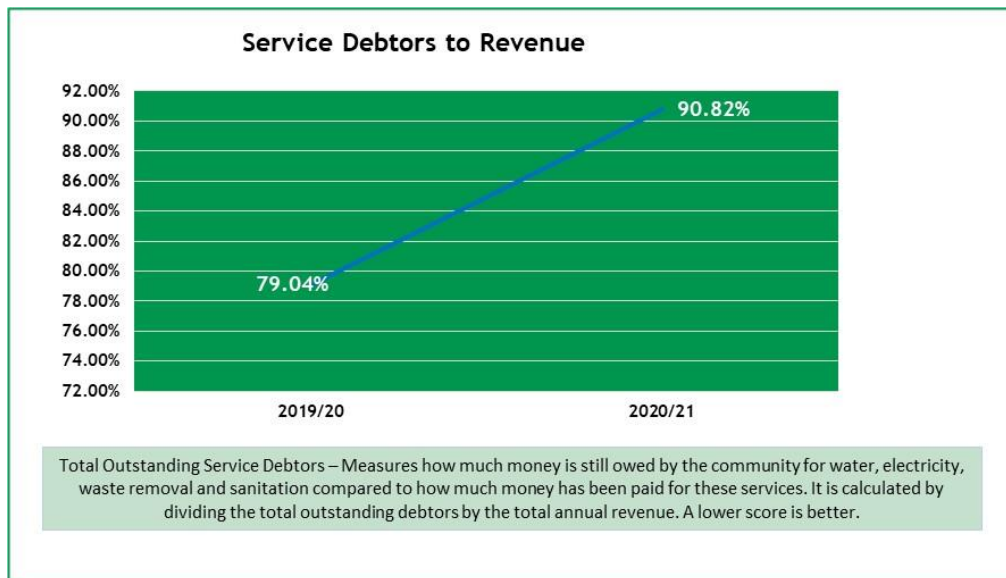
Description	Basis of calculation	Unit of Measurement	2019/20	2020/21
Debt coverage	((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	0%	0%
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors to revenue received for services	79.04%	90.82%
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	1.93	5.46

Table 109: National Financial Viability Indicators

The following graphs indicates the cost coverage, service debtors to revenue and debt coverage for 2020/21:



Graph 5: Cost Coverage Ratio

Graph 6: *Service Debtors to Revenue*

### 5.5.3 Borrowing Management

Description	Basis of calculation	2019/20	2020/21
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.00%	0.00%

Table 110: *Borrowing Management*

### 5.5.4 Employee costs

Description	Basis of calculation	2019/20	2020/21
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.86%	32.87%

Table 111: *Employee Costs*

### 5.5.5 Repairs & Maintenance

Description	Basis of calculation	2019/20	2020/21
Repairs & Maintenance	Expenditure on Repairs & Maintenance / (Total Revenue excluding capital revenue)	1.65%	2.57%

Table 112: *Repairs and Maintenance*

## Component B: Spending Against Capital Budget

### 5.7 Capital Expenditure

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

Description	2019/20	2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/22	2022/23	2023/24
R'000							
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	0	99,567	56,891	17,718	90,261	19,506	19,506
<b>Infrastructure: Road transport - Total</b>	0	3,702	3,702	873	8,299	8,506	8,506
Roads, Pavements & Bridges	0	3,702	3,702	873	8,299	8,506	8,506
Storm water	0	0	0	0	0	0	0
<b>Infrastructure: Electricity - Total</b>	0	9,000	5,100	1,347	8,000	11,000	11,000
Generation	0	0	0	0	0	0	0
Transmission & Reticulation	0	5,000	1,500	1,347	5,000	7,000	7,000
Street Lighting	0	4,000	3,600	0	3,000	4,000	4,000
<b>Infrastructure: Water - Total</b>	0	82,551	43,775	15,458	73,922	0	0
Dams & Reservoirs	0	0	0	0	0	0	0
Water purification	0	0	0	0	0	0	0
Reticulation	0	82,551	43,775	15,458	73,922	0	0
<b>Infrastructure: Sanitation - Total</b>	0	4,314	4,314	0	0	0	0
Reticulation	0	4,314	4,314	0	0	0	0
Sewerage purification	0	0	0	0	0	0	0
<b>Infrastructure: Other - Total</b>	0	0	0	40	40	0	0
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 - Waste Water	0	0	0	40	40	0	0
<b>Community - Total</b>	0	0	0	206	206	0	0
Parks & gardens	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
Recreational facilities	0	0	0	0	0	0	0
Fire, safety & emergency	0	0	0	0	0	0	0

Description	2019/20	2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/22	2022/23	2023/24
R'000							
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	206	206	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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
General vehicles	0	0	0	0	0	0	0
Specialised vehicles	0	0	0	0	0	0	0
Plant & equipment	0	0	0	0	0	0	0
Computers - hardware/equipment	0	0	0	0	0	0	0
Furniture and other office equipment	0	0	0	0	0	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>
<b>Biological assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Game	0	0	0	0	0	0	0
<b>Intangibles</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Computers - software & programming	0	0	0	0	0	0	0
<b>Total Capital Expenditure on new assets</b>	<b>0</b>	<b>99,567</b>	<b>56,891</b>	<b>17,924</b>	<b>90,467</b>	<b>19,506</b>	<b>19,506</b>

Description	2019/20	2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/22	2022/23	2023/24
R'000							
<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 113: Capital Expenditure – New Assets Programme

## 5.8 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2020/21 financial year:

Details	2019/20	2020/21				
	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	138	0.00	0.00
Grants and subsidies	0	99,567	76,018	17,479	-23.65	-58.79
Own funding	0	0	0	408	0.00	0.00
<b>Total</b>	<b>0</b>	<b>99,567</b>	<b>76,018</b>	<b>18,025</b>	<b>-23.65</b>	<b>-58.25</b>
Percentage of finance						
External loans	0	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	-0.77	0.00	0.00
Grants and subsidies	0	0	0	96.97	0.00	0.00
Own funding	0	0	0	2.26	0.00	0.00
Capital expenditure						
Description	R'000				%	
Water and sanitation	0	82,551	62,902	15,498	-23.80	-57.42
Electricity	0	9,000	5,100	1,347	-43.33	-41.70
Housing	0	0	0	0	0.00	0.00
Roads and storm water	0	3,702	3,702	873	0.00	-76.42
Other	0	4,314	4,314	307	0.00	-92.88
<b>Total</b>	<b>0</b>	<b>99,567</b>	<b>76,018</b>	<b>18,025</b>	<b>-23.65</b>	<b>-58.25</b>
Percentage of expenditure						
Water and sanitation	0	83	83	85.98	-0.20	3.90
Electricity	0	9	7	7.47	-25.78	8.45
Housing	0	0	0	0	0.00	0.00

Details	2019/20	2020/21				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Roads and storm water	0	4	5	4.84	30.98	-0.72
Other	0	4	6	1.70	30.98	-91.67

Table 114: Capital Expenditure by Funding Source

## 5.9 Municipal Infrastructure Grant

The full MIG budget allocation for the 2020/21 financial year was **R6,418 million**.

Details	Budget	Adjustments Budget	Actual	Variance to budget
	R			%
Infrastructure: Roads and Stormwater				
Roads, Pavements & Bridges	3,702,196	3,702,196	1,003,513	-72.9
Sewerage reticulation	4,313,804	4,313,804	0-	-100.0

Table 115: Municipal Infrastructure Grant (MIG)

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.10 Cash Flow

Description	2019/20	2020/21		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers	6,647	7,712	7,712	5,982
Service charges	10,556	13,200	13,200	10,676
Grants	23,535	130,811	87,697	113,667
Interest	2,280	3,396	3,396	2,742
Other	3,014	18,895	18,895	839
Payments				
Employee cost and suppliers	(56,130)	(64,267)	(63,927)	(53,856)
Finance charges	(1,726)	(1,001)	(1,001)	(1,662)
Transfers and grants	0	(381)	(381)	0
Net cash from/(used) operating activities	(11,824)	108,365	65,591	78,388
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	5	0	0	8
Decrease (Increase) in non-current debtors	(21)	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0

Description	2019/20	2020/21		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Decrease (increase) in non-current investments	0	0	0	0
<b>Payment</b>				
Capital assets	(5,949)	(99,567)	(57,027)	(16,156)
<b>Net cash from/(used) investing activities</b>	<b>(5,965)</b>	<b>(99,567)</b>	<b>(57,027)</b>	<b>(16,148)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Finance lease payments	0	0	0	5
Increase (decrease) in consumer deposits	2	0	0	19
<b>Payments</b>				
Repayment of borrowing	5	0	0	0
<b>Net cash from/(used) financing activities</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(17,783)</b>	<b>8,798</b>	<b>8,564</b>	<b>62,264</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>42,428</b>	<b>42,370</b>	<b>27,133</b>	<b>24,645</b>
<b>Cash/cash equivalents at the year-end:</b>	<b>24,645</b>	<b>51,167</b>	<b>35,697</b>	<b>86,909</b>

Table 116: Cash Flow

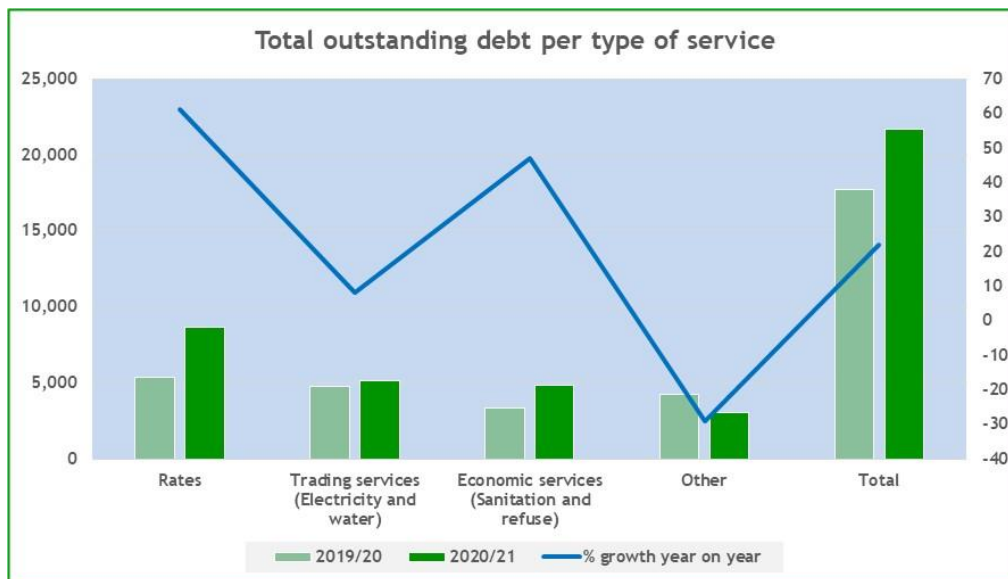
## 5.11 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)		
	(R'000)				
2019/20	5,380	4,739	3,317	4,274	17,710
2020/21	8,647	5,118	4,861	3,055	21,682
Difference	3,267	379	1,544	(1,219)	3,972
% growth year on year	61	8	47	-29	22

Table 117: 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

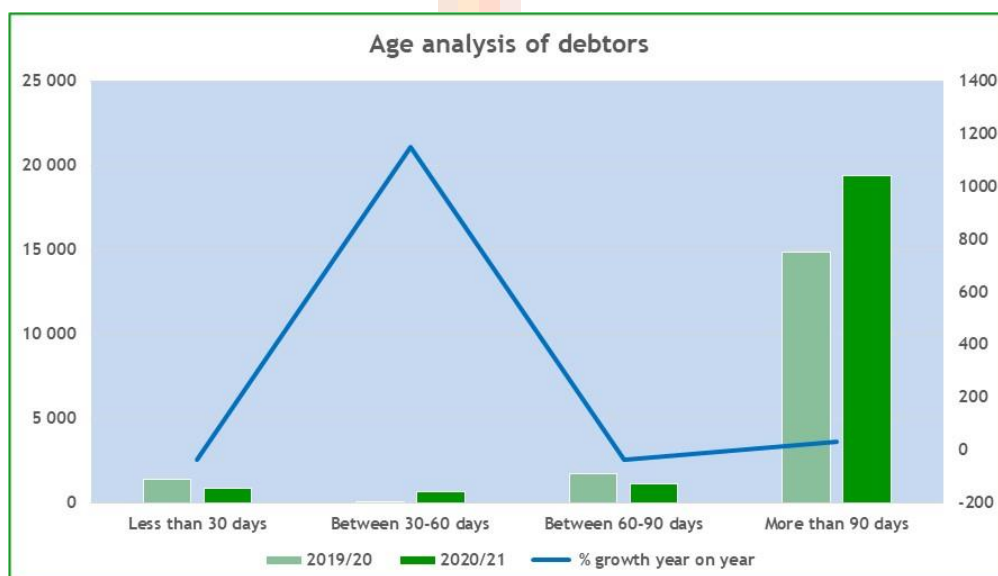
## 5.12 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2019/20	1,353	53	1,727	14,865	17,997
2020/21	864	657	1,082	19,409	22,012
Difference	(489)	605	(646)	4,544	4,015
% growth year on year	-36	1,151	-37	31	22

Table 118: 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



## 5.13 Borrowing, Investments and Grants Made

### 5.13.1 Actual Borrowings

Instrument	2019/20	2020/21
	R'000	
Total	0	0

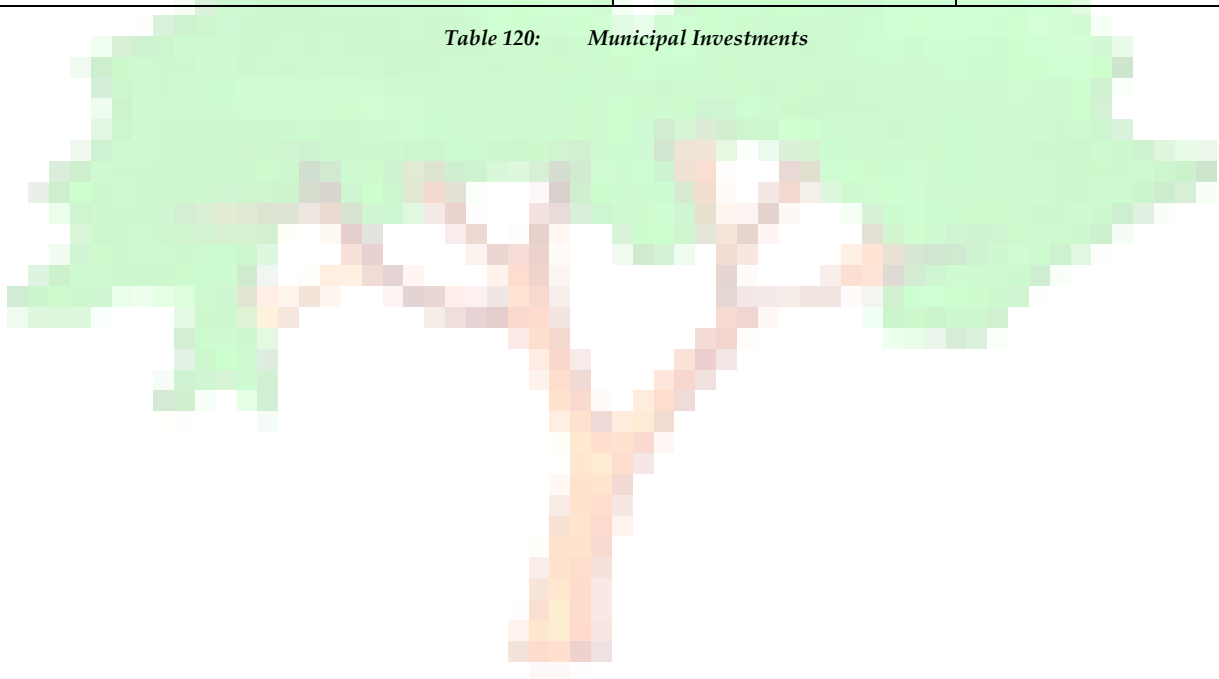
Table 119: Actual Borrowings

### 5.13.2 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	2019/20	2020/21
	R'000	
Deposits - Bank	24,646	86,910

Table 120: Municipal Investments



## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### Component A: Auditor-General Findings 2019/20

#### 6.1 Auditor-General Findings 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
 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 121: AG Findings 2019/20

## Component B: Auditor-General Findings 2020/21

### 6.2 Auditor-General Findings 2020/21

Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<b>Emphasis of Matter</b>	
 Re-statement of corresponding figures: As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2021	 Management to review the annual financial statements and the fixed asset register to ensure all assets are classified correct. A 100% testing was already done.
 Material losses – electricity: As disclosed in note 37.04 to the financial statements, material electricity losses or R2 827 225 (2019-2020: R2 201 401) was incurred, which represents 22.17% (2019-2020: 17.84%) of total electricity purchased	 The municipality submitted a business plan to upgrade a big part of the network in Kokkiesdorp during 2021-2022 financial year. This will ensure that the electricity losses will be less. The tender for the upgrading of the 22kVA substation is already evaluated and this will have a big effect on the losses.
 Material impairment – receivables: As disclosed in note 17 to the financial statements, material losses of R4 309 128 were incurred as a result of debt impairment on receivables from exchange and non-exchange transactions	 Credit control need to be tightened.
 Underspending of conditional grants: As disclosed in note 21 to the financial statements, the municipality materially underspent on the municipal infrastructure grant by R3 236 633, the regional bulk infrastructure grant by R44 744 378 and the water services infrastructure grant by R8 482 351	 Contractors were appointed and the MIG grant are already 35% spend. The high mast light contractors were already evaluated and been appointed during February. The RBIG project completed on 2 <sup>nd</sup> December and the water services infrastructure grant is already 52% spent.
<b>Other Matters</b>	
 Annual financial statements: 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 non-current assets identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	 Management to review the annual financial statements and the fixed asset register to ensure all assets are classified correct. A 100% testing was already done.
 Expenditure management: Reasonable steps were not taken to prevent irregular expenditure amounting to R2 343 736 as disclosed in note 37.03 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused due to the preference point system not being applied to a specific supplier.	 This referred to the appointment of consultants on a panel but all of them will be notified that their appointment on the panel is cancelled. We will now only appoint only a few on a panel and when needed request them to submit a quote where after scoring will be done.
 Procurement and Contract Management: Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).	 This matter was rectified and will make sure that we comply in the future.
 Consequence management: Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for	 Although we differed from the auditor's opinion, the matter will be referred to the council to appoint a new chairperson for the financial misconduct committee

Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
the expenditure, as required by section 32(2)(b) of the MFMA.	

Table 122: AG Findings 2020/21



## 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

## List of Tables

TABLE 1:	MUNICIPAL AREA AT A GLANCE .....	6	TABLE 46:	TOTAL EMPLOYEES WASTE WATER (SANITATION) SERVICES.....	46
TABLE 2:	DEMOGRAPHIC PROFILE .....	8	TABLE 47:	ELECTRICITY SERVICES SERVICE DELIVERY LEVELS .....	47
TABLE 3:	WARDS.....	8	TABLE 48:	TOTAL EMPLOYEES ELECTRICITY SERVICES.....	47
TABLE 4:	EMPLOYMENT STATUS.....	10	TABLE 49:	CAPITAL EXPENDITURE: ELECTRICITY SERVICES.....	47
TABLE 5:	HOUSEHOLD INCOME (CENSUS 2011) .....	10	TABLE 50:	WASTE MANAGEMENT SERVICES DELIVERY LEVELS.....	49
TABLE 6:	SERVICES DELIVERY HIGHLIGHTS .....	10	TABLE 51:	TOTAL EMPLOYEES WASTE MANAGEMENT SERVICES: ENGINEERING AND PLANNING SERVICES.....	49
TABLE 7:	SERVICES DELIVERY CHALLENGES.....	11	TABLE 52:	HOUSING WAITING LIST PER TOWN .....	50
TABLE 8:	HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES .....	11	TABLE 53:	ACCESS TO FREE BASIC SERVICES.....	50
TABLE 9:	FINANCIAL VIABILITY HIGHLIGHTS .....	11	TABLE 54:	FREE BASIC ELECTRICITY SERVICES TO INDIGENT HOUSEHOLDS .....	50
TABLE 10:	FINANCIAL VIABILITY CHALLENGES .....	11	TABLE 55:	FREE BASIC WATER SERVICES TO INDIGENT HOUSEHOLDS .....	51
TABLE 11:	NATIONAL KPI's FOR FINANCIAL VIABILITY AND MANAGEMENT .....	12	TABLE 56:	FREE BASIC SANITATION SERVICES TO INDIGENT HOUSEHOLDS .....	51
TABLE 12:	FINANCIAL OVERVIEW.....	12	TABLE 57:	FREE BASIC REFUSE REMOVAL SERVICES TO INDIGENT HOUSEHOLDS .....	51
TABLE 13:	TOTAL CAPITAL EXPENDITURE .....	13	TABLE 58:	TOTAL EMPLOYEES – ROADS AND STORMWATER.....	52
TABLE 14:	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS .....	13	TABLE 59:	CAPITAL EXPENDITURE: ROADS AND STORMWATER.....	53
TABLE 15:	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES.....	13	TABLE 60:	LIBRARIES SERVICE STATISTICS .....	53
TABLE 16:	AUDIT OUTCOMES .....	13	TABLE 61:	TOTAL EMPLOYEES: LIBRARIES .....	54
TABLE 17:	GOOD GOVERNANCE AND PUBLIC PARTICIPATION PERFORMANCE HIGHLIGHTS .....	14	TABLE 62:	TOTAL EMPLOYEES – EXECUTIVE AND COUNCIL.....	56
TABLE 18:	GOOD GOVERNANCE AND PUBLIC PARTICIPATION CHALLENGES .....	14	TABLE 63:	STATISTICS SCM.....	56
TABLE 19:	COUNCIL .....	15	TABLE 64:	TOTAL EMPLOYEES – FINANCIAL SERVICES.....	57
TABLE 20:	PORTFOLIO COMMITTEES.....	16	TABLE 65:	TOTAL EMPLOYEES – CORPORATE SERVICES.....	57
TABLE 21:	ADMINISTRATIVE GOVERNANCE STRUCTURE .....	16	TABLE 66:	SERVICE DELIVERY PRIORITIES FOR 2019/20 – COMPLIANCE WITH THE PRINCIPLES OF GOOD GOVERNANCE.....	58
TABLE 22:	WARD 1: COMMITTEE MEETINGS.....	18	TABLE 67:	SERVICES DELIVERY PRIORITIES FOR 2019/20- DELIVER BASIC SERVICES WITH AVAILABLE RESOURCES .....	60
TABLE 23:	WARD 2: COMMITTEE MEETINGS.....	18	TABLE 68:	SERVICES DELIVERY PRIORITIES FOR 2019/20- ENHANCE COMMUNITY PARTICIPATION .....	60
TABLE 25:	LABOUR FORUM .....	19	TABLE 69:	SERVICES DELIVERY PRIORITIES FOR 2019/20- PROMOTE ECONOMIC DEVELOPMENT, TOURISM AND GROWTH OPPORTUNITIES.....	61
TABLE 26:	FINANCIAL DISCLOSURES .....	21	TABLE 70:	SERVICE DELIVERY PRIORITIES FOR 2019/20- SOUND ADMINISTRATIVE AND FINANCIAL SERVICES TO ACHIEVE AND MAINTAIN SUSTAINABILITY AND VIABILITY.....	62
TABLE 27:	TOP TEN RISKS.....	22	TABLE 71:	NATIONAL KPIs– MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT.....	63
TABLE 28:	RISK COMMITTEE.....	22	TABLE 72:	EMPLOYMENT EQUITY VS POPULATION .....	63
TABLE 29:	MEMBERS OF THE AUDIT COMMITTEE .....	23	TABLE 73:	OCCUPATIONAL LEVELS - RACE.....	64
TABLE 30:	POLICIES DEVELOPED .....	24	TABLE 74:	DEPARTMENTS – RACE .....	64
TABLE 31:	COMMUNICATION ACTIVITIES .....	24	TABLE 75:	VACANCY RATE PER POST AND FUNCTIONAL LEVEL.....	65
TABLE 32:	INFORMATION ON WEBSITE .....	25	TABLE 76:	TURNOVER RATE .....	65
TABLE 33:	B-BBEE COMPLIANCE PERFORMANCE INFORMATION: SENIOR MANAGEMENT .....	26	TABLE 77:	INJURIES .....	66
TABLE 34:	B-BBEE COMPLIANCE PERFORMANCE INFORMATION: SKILLS DEVELOPMENT.....	26	TABLE 78:	SICK LEAVE .....	66
TABLE 35:	COMPLIANCE WITH THE PRINCIPLES OF GOOD GOVERNANCE.....	31	TABLE 79:	HR POLICIES AND PLANS .....	67
TABLE 36:	DELIVER BASIC SERVICES WITH AVAILABLE RESOURCES .....	36	TABLE 80:	SKILLS DEVELOPMENT: TRAINING PROVIDED .....	68
TABLE 37:	ENHANCE COMMUNITY PARTICIPATION .....	36	TABLE 81:	FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT.....	70
TABLE 38:	PROMOTE ECONOMIC DEVELOPMENT, TOURISM AND GROWTH OPPORTUNITIES .....	37	TABLE 82:	BUDGET ALLOCATED AND SPENT FOR SKILLS DEVELOPMENT .....	70
TABLE 39:	SOUND ADMINISTRATIVE AND FINANCIAL SERVICES TO ACHIEVE AND MAINTAIN SUSTAINABILITY AND VIABILITY.....	40	TABLE 83:	PERSONNEL EXPENDITURE.....	70
TABLE 40:	FUNCTIONAL AREAS .....	41	TABLE 84:	PERSONNEL EXPENDITURE.....	71
TABLE 41:	NATIONAL KPIs – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT .....	42	TABLE 85:	FINANCIAL PERFORMANCE.....	73
TABLE 42:	WATER SERVICES SERVICE DELIVERY LEVELS.....	43	TABLE 86:	PERFORMANCE AGAINST BUDGETS .....	73
TABLE 43:	TOTAL EMPLOYEES: WATER SERVICES .....	44	TABLE 87:	REVENUE COLLECTION BY VOTE.....	75
TABLE 44:	CAPITAL EXPENDITURE: WATER SERVICES .....	44			
TABLE 45:	WASTE WATER (SANITATION) SERVICES SERVICE DELIVERY LEVELS.....	45			

TABLE 88:	REVENUE COLLECTION BY SOURCE .....	76
TABLE 89:	FINANCIAL PERFORMANCE: WATER SERVICES.....	76
TABLE 90:	FINANCIAL PERFORMANCE: SANITATION SERVICES ....	77
TABLE 91:	FINANCIAL PERFORMANCE: ELECTRICITY SERVICES.....	77
TABLE 92:	FINANCIAL PERFORMANCE: WASTE MANAGEMENT SERVICES.....	77
TABLE 93:	FINANCIAL PERFORMANCE: ROADS AND STORMWATER .....	78
TABLE 94:	FINANCIAL PERFORMANCE: SPORT AND RECREATION.....	78
TABLE 95:	FINANCIAL PERFORMANCE: PUBLIC SAFETY.....	78
TABLE 96:	FINANCIAL PERFORMANCE: HEALTH .....	79
TABLE 97:	FINANCIAL PERFORMANCE: EXECUTIVE AND COUNCIL.....	79
TABLE 98:	FINANCIAL PERFORMANCE: FINANCIAL SERVICES .....	79
TABLE 99:	FINANCIAL PERFORMANCE: PLANNING AND DEVELOPMENT .....	80
TABLE 100:	FINANCIAL PERFORMANCE: COMMUNITY AND SOCIAL SERVICES .....	80
TABLE 101:	FINANCIAL PERFORMANCE: HOUSING .....	80
TABLE 102:	GRANT PERFORMANCE .....	81
TABLE 103:	LEVEL OF RELIANCE ON GRANTS.....	82
TABLE 104:	SUMMARY OF LARGEST ASSET .....	82
TABLE 105:	SUMMARY OF 2ND LARGEST ASSET .....	83
TABLE 106:	SUMMARY OF 3RD LARGEST ASSET .....	83
TABLE 107:	REPAIRS & MAINTENANCE EXPENDITURE .....	83
TABLE 108:	LIQUIDITY RATIO .....	84
TABLE 109:	NATIONAL FINANCIAL VIABILITY INDICATORS .....	84
TABLE 110:	BORROWING MANAGEMENT.....	85
TABLE 111:	EMPLOYEE COSTS .....	85
TABLE 112:	REPAIRS AND MAINTENANCE .....	85
TABLE 113:	CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME.....	88
TABLE 114:	CAPITAL EXPENDITURE BY FUNDING SOURCE.....	89

TABLE 115:	MUNICIPAL INFRASTRUCTURE GRANT (MIG) .....	89
TABLE 116:	CASH FLOW .....	90
TABLE 117:	GROSS OUTSTANDING DEBTORS PER SERVICE .....	90
TABLE 118:	SERVICE DEBTOR AGE ANALYSIS .....	91
TABLE 119:	ACTUAL BORROWINGS .....	92
TABLE 120:	MUNICIPAL INVESTMENTS .....	92
TABLE 121:	AG FINDINGS 2019/20.....	93
TABLE 122:	AG FINDINGS 2020/21.....	95

## List of Figures

FIGURE 1	LOCALITY MAP.....	6
FIGURE 2	SDBIP MEASUREMENT CRITERIA .....	29

## List of Graphs

GRAPH 1:	TOP LAYER SDBIP PERFORMANCE PER STRATEGIC OBJECTIVE.....	30
GRAPH 2:	REVENUE .....	74
GRAPH 3:	OPERATING EXPENDITURE .....	74
GRAPH 4:	RELIANCE ON GRANTS AS %.....	82
GRAPH 5:	COST COVERAGE RATIO.....	84
GRAPH 6:	SERVICE DEBTORS TO REVENUE .....	85
GRAPH 7:	DEBT PER TYPE OF SERVICE .....	91
GRAPH 8:	AGE ANALYSIS OF DEBTORS .....	91

## Annexure A: Financial Statements





# Kareeberg



# Municipality

FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021

# KAREEBERG LOCAL MUNICIPALITY

## Index

General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of Financial Position	7 - 8
Statement of comparison of budget and actual amounts - Statement of Financial Performance	9 - 10
Statement of comparison of budget and actual amounts - Cash Flow statement	11 - 12
Reportable Segments	13 - 16
Accounting Policies	17 - 54
Notes to the Financial Statements	55 - 92
<b>APPENDICES - Unaudited</b>	
A Segmental Statement of Financial Performance - Municipal Votes	93
B Segmental Statement of Financial Performance	94
C Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	95
D National Treasury Appropriation Statements	
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	96
- Revenue and Expenditure (Standard Classification)	97
- Revenue and Expenditure (Municipal Vote Classification)	98
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	99
- Capital Expenditure by Vote, Standard Classification and Funding	100
- Cashflows	101
E Deviations - Section 36(2) - Supply Chain Management	102 - 104

# KAREEBERG LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### GENERAL INFORMATION

#### NATURE OF BUSINESS

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

#### COUNTRY OF ORIGIN AND LEGAL FORM

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

#### JURISDICTION

The Kareeberg Municipality includes the following geographical areas:

*Carnarvon  
Vosburg  
Vanwyksvlei*

#### MAYOR

*Mr N.S. van Wyk*

#### MUNICIPAL MANAGER

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

#### CHIEF FINANCIAL OFFICER

*Mr W. de Bruin*

#### REGISTERED OFFICE

*Hanau Street,  
CARNARVON,  
9825*

#### AUDITORS

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

#### PRINCIPLE BANKERS

*ABSA, Victoria Street, Carnarvon*

#### ATTORNEYS

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

#### RELEVANT LEGISLATION

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

# KAREEBERG LOCAL MUNICIPALITY

## MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

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

## APPROVAL OF FINANCIAL STATEMENTS

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

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

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

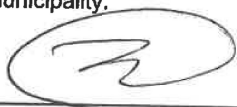
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

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

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

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

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



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

31 August 2021

Date

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 (Actual) R	2020 (Restated) R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>206,753,124</b>	<b>190,363,471</b>
Capital Replacement Reserve	2	11,347,812	11,347,812
Housing Development fund	2	52,481	50,721
Accumulated Surplus		195,352,831	178,964,939
<b>Non-Current Liabilities</b>		<b>17,285,320</b>	<b>18,197,543</b>
Employee benefits	3	7,791,000	7,844,021
Non-Current Provisions	4	9,494,320	10,353,521
<b>Current Liabilities</b>		<b>63,496,388</b>	<b>6,608,858</b>
Consumer Deposits	5	348,679	329,979
Current Employee benefits	6	2,947,222	2,737,612
Trade and Other Payables from exchange transactions	7	2,627,086	1,779,956
Unspent Transfers and Subsidies	8	57,573,401	791,984
Taxes	9	-	969,326
<b>Total Net Assets and Liabilities</b>		<b>287,534,832</b>	<b>215,169,872</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>193,862,178</b>	<b>182,589,061</b>
Property, Plant and Equipment	10	177,941,143	166,640,708
Investment Property	11	15,871,521	15,884,463
Intangible Assets	12	27,477	37,243
Heritage Assets	13	14,900	14,900
Long-Term Receivables	14	7,137	11,747
<b>Current Assets</b>		<b>93,672,654</b>	<b>32,580,811</b>
Inventory	15	546,936	546,936
Receivables from exchange transactions	16	3,493,227	4,887,902
Receivables from non-exchange transactions	17	1,389,805	289,575
Unpaid Conditional Government Grants and Receipts	8	-	2,177,853
Operating Lease Asset	18	15,057	27,615
Taxes	9	1,312,271	-
Current Portion of Long-term Receivables	14	5,380	5,170
Cash and Cash Equivalents	19	86,909,977	24,645,759
<b>Total Assets</b>		<b>287,534,832</b>	<b>215,169,872</b>

**KAREEBERG LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 (Actual) R	2020 (Actual) R	Correction of Error - Note 33.1 R	2020 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>63,331,118</b>	<b>49,042,683</b>	<b>1,663,101</b>	<b>47,379,582</b>
<b>Taxation Revenue</b>		<b>9,485,617</b>	<b>8,911,946</b>	<b>(316,753)</b>	<b>9,228,699</b>
Property taxes	20	9,485,617	8,911,946	(316,753)	9,228,699
<b>Transfer Revenue</b>		<b>53,121,140</b>	<b>39,273,130</b>	<b>2,177,853</b>	<b>37,095,277</b>
Government Grants and Subsidies - Capital	21	17,479,222	9,019,611	845,350	8,174,261
Government Grants and Subsidies - Operating	21	35,504,171	30,230,519	1,332,503	28,898,016
Contributed Property, Plant and Equipment		137,748	23,000	-	23,000
<b>Other Revenue</b>		<b>724,361</b>	<b>857,607</b>	<b>(198,000)</b>	<b>1,055,607</b>
Actuarial Gains	3	418,021	563,500	(198,000)	761,500
Availability Charges	22	299,712	285,740	-	285,740
Licences and Permits		3,557	5,499	-	5,499
Fines		3,071	2,868	-	2,868
<b>Revenue from Exchange Transactions</b>		<b>18,050,866</b>	<b>18,131,969</b>	<b>151</b>	<b>18,131,818</b>
Property Rates - Penalties & Collection Charges		-	203,594	-	203,594
Service Charges	23	14,633,831	14,963,681	-	14,963,681
Rental of Facilities and Equipment		296,436	395,984	151	395,832
Interest Earned - external investments		2,751,806	2,430,325	-	2,430,325
Interest Earned - outstanding debtors		648	850	-	850
Agency Services		63,421	58,872	-	58,872
Other Revenue	24	304,724	78,662	-	78,662
<b>Total Revenue</b>		<b>81,381,984</b>	<b>67,174,652</b>	<b>1,663,252</b>	<b>65,511,400</b>
<b>EXPENDITURE</b>					
Employee related costs	26	21,365,574	21,405,337	-	21,405,337
Remuneration of Councillors	27	2,647,412	2,647,412	-	2,647,412
Debt Impairment	28	4,309,128	4,319,191	(316,753)	4,635,944
Depreciation and Amortisation	29	5,000,849	5,419,316	686	5,418,630
Actuarial losses	3	157,479	96,138	-	96,138
Finance Charges	30	1,662,155	1,726,339	-	1,726,339
Bulk Purchases	31	12,755,173	12,342,076	-	12,342,076
General Expenses	32	17,088,294	17,196,071	-	17,196,071
<b>Total Expenditure</b>		<b>64,986,065</b>	<b>65,151,881</b>	<b>(316,066)</b>	<b>65,467,947</b>
<b>Operating Surplus for the Year</b>		<b>16,395,919</b>	<b>2,022,771</b>	<b>1,979,318</b>	<b>43,453</b>
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset	10	(7,038)	(1,600)	-	(1,600)
Fair Value Adjustments	25	771	966	-	966
<b>NET SURPLUS FOR THE YEAR</b>		<b>16,389,652</b>	<b>2,022,137</b>	<b>1,979,318</b>	<b>42,819</b>

# KAREEBERG LOCAL MUNICIPALITY

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

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
<b>Balance at 1 July 2019</b>	<b>48,202</b>	<b>11,347,812</b>	<b>177,178,293</b>	<b>188,574,307</b>
Correction of error - See Note 33.04	-	-	(232,973)	(232,973)
<b>Restated Balance at 1 July 2019</b>	<b>48,202</b>	<b>11,347,812</b>	<b>176,945,321</b>	<b>188,341,334</b>
Net Surplus/(Deficit) for the year	-	-	42,819	42,819
Correction of error - See Note 33.1	-	-	1,979,318	1,979,318
Transfer to Housing Development Fund	2,519	-	(2,519)	-
<b>Balance at 30 June 2020</b>	<b>50,721</b>	<b>11,347,812</b>	<b>178,964,939</b>	<b>190,363,471</b>
Correction of error - See Note 33.04	-	-	-	-
<b>Restated Balance at 1 July 2020</b>	<b>50,721</b>	<b>11,347,812</b>	<b>178,964,939</b>	<b>190,363,471</b>
Net Surplus/(Deficit) for the year	-	-	16,389,652	16,389,652
Transfer to/from Housing Development Fund	1,761	-	(1,761)	-
<b>Balance at 30 June 2021</b>	<b>52,481</b>	<b>11,347,812</b>	<b>195,352,831</b>	<b>206,753,124</b>

# KAREEBERG LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	R	(Actual) R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		5,981,683	6,647,283
Service Charges		10,676,480	10,556,058
Other Revenue		839,802	3,014,857
Government - Operating		33,198,000	15,497,001
Government - Capital		80,469,000	8,038,000
Interest		2,742,261	2,279,559
<b>Payments</b>			
Suppliers and employees		(53,856,857)	(56,129,980)
Finance charges	30	(1,662,155)	(1,726,339)
<b>Net Cash from Operating Activities</b>	<b>34</b>	<b>78,388,214</b>	<b>(11,823,561)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(16,156,124)	(5,948,594)
Proceeds on Disposal of Fixed Assets		8,258	4,630
Purchase of Intangible Assets		-	(21,846)
<b>Net Cash from Investing Activities</b>		<b>(16,147,866)</b>	<b>(5,965,811)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Increase)/Decrease in Long-term Receivables		5,170	4,967
Increase/(Decrease) in Consumer Deposits		18,700	2,075
<b>Net Cash from Financing Activities</b>		<b>23,870</b>	<b>7,042</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>62,264,218</b>	<b>(17,782,330)</b>
Cash and Cash Equivalents at the beginning of the year		24,645,759	42,428,089
Cash and Cash Equivalents at the end of the year	35	86,909,977	24,645,759
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>62,264,218</b>	<b>(17,782,330)</b>



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

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	<b>2021 R (Actual)</b>	<b>2021 R (Final Budget)</b>	<b>2021 R (Variance)</b>	<b>Explanations for material variances</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	632,219	3,630,063	(2,997,844)	Less payments.
Call investment deposits	86,277,758	32,670,560	53,607,198	Additional RBIG funds and lower expenditure on grants.
Consumer debtors	2,913,208	4,053,769	(1,140,561)	Higher Debt Impairment provision, lower payment percentage and non-payment of rates.
Other Receivables	3,297,152	29,515	3,267,637	VAT non-payments by SARS.
Current portion of long-term receivables	5,380	8,490	(3,110)	
Inventory	546,936	-	546,936	mSCOA Budget strings do not make provision for inventory.
<b>Total current assets</b>	<b>93,672,654</b>	<b>40,392,397</b>	<b>53,280,257</b>	
<b>Non current assets</b>				
Long-term receivables	7,137	19,786	(12,649)	
Investments	-	-	-	
Investment property	15,871,521	15,482,393	389,128	
Property, plant and equipment	177,941,143	162,789,106	15,152,037	Additional RBIG spending
Biological Assets	-	-	-	
Intangible Assets	27,477	55,339	(27,862)	
Heritage Assets	14,900	-	14,900	
<b>Total non current assets</b>	<b>193,862,178</b>	<b>178,346,624</b>	<b>15,515,554</b>	
<b>TOTAL ASSETS</b>	<b>287,534,832</b>	<b>218,739,021</b>	<b>68,795,811</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	348,679	380,388	(31,709)	
Trade and other payables	60,200,487	9,956,700	50,243,787	Additional RBIG funds
Provisions and Employee Benefits	2,947,222	1,869,676	1,077,546	Budget not adjusted with previous year figures
<b>Total current liabilities</b>	<b>63,496,388</b>	<b>12,206,764</b>	<b>51,289,624</b>	
<b>Non current liabilities</b>				
Borrowing	-	-	-	
Provisions and Employee Benefits	17,285,319	34,523,256	(17,237,937)	Budget not adjusted with previous year figures
<b>Total non current liabilities</b>	<b>17,285,319</b>	<b>34,523,256</b>	<b>(17,237,937)</b>	
<b>TOTAL LIABILITIES</b>	<b>80,781,707</b>	<b>46,730,020</b>	<b>34,051,687</b>	
<b>NET ASSETS</b>	<b>206,753,125</b>	<b>172,009,001</b>	<b>34,744,122</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	195,352,831	205,444,140	(10,091,309)	Net effect of above reasons
Reserves	11,400,293	11,385,824	14,469	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>206,753,125</b>	<b>216,829,964</b>	<b>(10,076,839)</b>	

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

**ADJUSTMENTS TO APPROVED BUDGET**

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

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

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	<b>2021 R (Actual)</b>	<b>2021 R (Final Budget)</b>	<b>2021 R (Variance)</b>	<b>Explanations for material variances</b>
<b>REVENUE BY SOURCE</b>				
Property rates	9,485,617	9,084,397	401,220	Less application for rebate
Property rates - penalties & collection charges	-	-	-	
Service charges	14,933,543	15,549,497	(615,954)	Less consumption
Rental of facilities and equipment	296,436	364,634	(68,198)	Rental agreements not renewed
Interest earned - external investments	2,751,806	3,144,766	(392,960)	Low interest rates
Interest earned - outstanding debtors	648	251,000	(250,352)	Interest not charged on rates
Dividends received	-	-	-	
Fines	3,071	2,251	820	
Licences and permits	3,557	6,208	(2,651)	
Agency services	63,421	32,000	31,421	More transactions
Government Grants and Subsidies - Operating	35,504,171	34,121,000	1,383,171	More VAT claimed on grants
Other revenue	861,264	18,490,136	(17,628,872)	Non-cash items contra budget
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>63,903,533</b>	<b>81,045,889</b>	<b>(17,142,356)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	21,365,574	25,692,383	(4,326,809)	Vacancies
Remuneration of councillors	2,647,412	2,819,435	(172,023)	No increase approved
Debt impairment	4,309,128	5,500,000	(1,190,872)	Less consumption
Depreciation & asset impairment	5,000,849	4,429,156	571,693	Budget not adjusted with previous year figures
Finance charges	1,662,155	1,001,000	661,155	Budget not adjusted with previous year figures
Bulk purchases	12,755,173	14,983,439	(2,228,266)	Lower consumption
Other materials	-	1,856,907	(1,856,907)	Reclassified to general expenditure
Contracted services	-	7,991,343	(7,991,343)	Reclassified to general expenditure
Grants and subsidies paid	-	2,371,320	(2,371,320)	Reclassified to general expenditure
Other expenditure	17,245,773	12,066,857	5,178,916	Net effect of three line items above
Loss on disposal of PPE	7,038	-	7,038	
<b>Total Operating Expenditure</b>	<b>64,993,103</b>	<b>78,711,840</b>	<b>(13,718,737)</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>(1,089,570)</b>	<b>2,334,049</b>	<b>(3,423,619)</b>	
Government Grants and Subsidies - Capital	17,479,222	56,793,000	(39,313,778)	Lower expenditure on grants.
<b>Net Surplus for the year</b>	<b>16,389,652</b>	<b>59,127,049</b>	<b>(42,737,397)</b>	

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

# ADJUSTMENTS TO APPROVED BUDGET

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

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

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	<b>2021</b>	<b>2021</b>	<b>2021</b>	
	<b>R</b>	<b>R</b>	<b>R</b>	
	<b>(Actual)</b>	<b>(Final Budget)</b>	<b>(Variance)</b>	<b>Explanations for material variances</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property Rates	5,981,683	7,711,745	(1,730,062)	Lower payment level - Covid-19
Service Charges	10,676,480	13,199,841	(2,523,361)	Lower payment level - Covid-19
Other Revenue	839,802	18,895,183	(18,055,381)	Non-cash items contra budget
Government - Operating	33,198,000	30,904,000	2,294,000	More VAT claimed on grants
Government - Capital	80,469,000	56,793,000	23,676,000	Additional RBIG received
Interest	2,742,261	3,395,773	(653,512)	Low interest rates
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(53,856,857)	(63,927,414)	10,070,557	Lower expenditure - Covid-19
Finance charges	(1,662,155)	(1,001,000)	(661,155)	Budget not adjusted with previous year figures
Transfers and Grants	-	(380,618)	380,618	Budget not adjusted with previous year figures
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>78,388,214</b>	<b>65,590,510</b>	<b>12,797,704</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	8,258	-	8,258	
Decrease/(increase) in non-current receivables	5,170	-	5,170	
Decrease/(increase) in non-current investments	-	-	-	
<b>Payments</b>				
Capital assets	(16,156,124)	(57,027,050)	40,870,926	Less spending
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(16,142,696)</b>	<b>(57,027,050)</b>	<b>40,884,354</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	18,700	-	18,700	
<b>Payments</b>				
Repayment of borrowing	-	(3)	3	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>18,700</b>	<b>(3)</b>	<b>18,703</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>62,264,217</b>	<b>8,563,457</b>	<b>53,700,761</b>	
Cash and Cash Equivalents at the beginning of the year	24,645,759	27,132,735	(2,486,976)	Less cash payments
Cash and Cash Equivalents at the end of the year	86,909,977	35,696,192	51,213,785	More grants received

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

**ADJUSTMENTS TO APPROVED BUDGET**

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

KAREEBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

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

The key functional segments comprise of:

**PRIMARY SEGMENTS**

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
<b>Vote 1 - Executive and Council</b>	1.1 - Council general expenditure	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 2 - Budget and Treasury</b>	2.1 - Budget and Treasury	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Municipal Buildings	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Property Rates	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Housing - Official	Aggregated	Governance and Administration	Supporting service departments
	2.5 - Commange	Aggregated	Governance and Administration	Supporting service departments
	2.6 - Airport	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 3 - Corporate</b>	3.1 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Library	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Museum	Aggregated	Governance and Administration	Supporting service departments
<b>Vote 4 - Operations</b>	4.1 - Cemetery	Aggregated	Governance and Administration	Supporting service departments, Water management, Electricity services and waste water management
	4.2 - Electricity - Administration	Aggregated	Governance and Administration	
	4.3 - Electricity - Supply	Aggregated	Governance and Administration	
	4.4 - Electricity - Distribution	Aggregated	Governance and Administration	
	4.5 - Nursing service	Aggregated	Governance and Administration	
	4.6 - Fire brigade	Aggregated	Governance and Administration	
	4.7 - Pubic works	Aggregated	Governance and Administration	
	4.8 - Streets and stormwater	Aggregated	Governance and Administration	
	4.9 - Traffic services	Aggregated	Governance and Administration	
	4.10 - Nature garden	Aggregated	Governance and Administration	
	4.11 - Parks and open spaces	Aggregated	Governance and Administration	
	4.12 - Swimmingpool	Aggregated	Governance and Administration	
	4.13 - Caravan park	Aggregated	Governance and Administration	
	4.14 - Refuse removal	Aggregated	Governance and Administration	
	4.15 - Sewerage services	Aggregated	Governance and Administration	
	4.16 - Water - Supply	Aggregated	Governance and Administration	
	4.17 - Water - Distribution	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.6 - Supply Chain Management	Aggregated	Governance and Administration	

**SECONDARY SEGMENTS**

Mscsa Functional Segments Identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Governance and Administration	Supporting service departments
	Health services	Aggregated	Governance and Administration	Supporting service departments
• Economic and environmental services	Road transport	Aggregated	Governance and Administration	Supporting service departments
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management service

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

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

- Ward 1 - Camarvon town
- Ward 2 - Bonteheuvel
- Ward 3 - Vosburg
- Ward 4 - Vanwyksvlei

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

## KAREEBERG LOCAL MUNICIPALITY

## PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Executive and Council	Budget and Treasury	Corporate	Operations	Unallocated	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
<b>External revenue from exchange transactions</b>	2,753,243	559,901	1,750	14,976,592	-	18,291,485
Service Charges - Electricity Revenue	-	-	-	9,504,770	-	9,504,770
Service Charges - Water Revenue	-	-	-	2,390,401	-	2,390,401
Service Charges - Sanitation Revenue	-	-	-	1,283,223	-	1,283,223
Service Charges - Refuse Revenue	-	-	-	1,755,150	-	1,755,150
Rental of Facilities and Equipment	-	289,211	1,750	5,475	-	296,436
Interest Earned - External Investments	2,751,806	-	-	-	-	2,751,806
Interest Earned - Outstanding Debtors	648	-	-	-	-	648
Licences and Permits	-	3,557	-	-	-	3,557
Other Revenue	789	267,133	-	37,574	-	305,495
<b>External revenue from non-exchange transactions</b>	14,169,607	28,595,928	21	2,846,492	-	45,612,048
Property rates	-	9,485,617	-	-	-	9,485,617
Fines	3,050	-	21	-	-	3,071
Actuarial Gains	-	418,021	-	-	-	418,021
Agency Services	-	63,421	-	-	-	63,421
Transfers Recognised - Operational	14,028,809	18,628,870	-	2,846,492	-	35,504,171
Contributed PPE	137,748	-	-	-	-	137,748
<b>Revenue from transactions with other segments</b>	-	-	-	734,796	-	734,796
Internal Revenue	-	-	-	734,796	-	734,796
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	16,922,849	29,155,829	1,771	18,557,880	-	64,638,329
<b>SEGMENT EXPENDITURE</b>						
Employee Related Costs	324,593	5,351,731	5,037,854	10,651,396	-	21,365,574
Remuneration of Councillors	2,647,412	-	-	-	-	2,647,412
Debt Impairment	-	1,821,360	-	2,487,768	-	4,309,128
Depreciation and Asset Impairment	-	1,666,950	-	3,333,899	-	5,000,849
Finance Charges	-	780,000	-	882,155	-	1,662,155
Bulk Purchases	-	-	-	12,755,173	-	12,755,173
Other Materials	-	497,006	23,092	656,698	-	1,176,796
Contracted Services	-	4,498,934	508,286	1,126,186	-	6,133,406
Actuarial Losses	-	157,479	-	-	-	157,479
Other Expenditure	1,961,422	4,101,280	310,468	3,404,923	-	9,778,092
Loss on Disposal of PPE	-	7,038	-	-	-	7,038
Internal charges	14	86,238	55,467	593,078	-	734,796
<b>Total Segment Expenditure</b>	4,933,441	18,968,015	5,935,166	35,891,277	-	65,727,899
<b>Surplus/(Deficit)</b>	11,989,408	10,187,814	(5,933,396)	(17,333,397)	-	(1,089,570)
Transfers Recognised - Capital	-	-	-	17,479,222	-	17,479,222
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	11,989,408	10,187,814	(5,933,396)	145,825	-	16,389,652



KAREEBERG LOCAL MUNICIPALITY										
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021										
	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R				R	R	R	R
SEGMENT REVENUE										
External revenue from exchange transactions	38,171	5,040	9,504,860	2,390,401	1,283,223	1,756,648	-	3,309,586	-	18,287,928
Service Charges - Electricity Revenue	-	-	9,504,770	-	-	-	-	-	-	9,504,770
Service Charges - Water Revenue	-	-	-	2,390,401	-	-	-	-	-	2,390,401
Service Charges - Sanitation Revenue	-	-	-	-	1,283,223	-	-	-	-	1,283,223
Service Charges - Refuse Revenue	-	-	-	-	-	1,755,150	-	-	-	1,755,150
Rental of Facilities and Equipment	2,185	5,040	-	-	-	-	-	289,211	-	296,436
Interest Earned - External Investments	-	-	-	-	-	-	-	2,751,806	-	2,751,806
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	648	-	648
Other Revenue	35,986	-	90	-	-	1,498	-	267,922	-	305,495
External revenue from non-exchange transactions	21	746,492	-	500,000	1,600,000	-	-	42,769,092	-	45,615,605
Property rates	-	-	-	-	-	-	-	9,485,617	-	9,485,617
Fines	21	-	-	-	-	-	-	3,050	-	3,071
Actuarial Gains	-	-	-	-	-	-	-	418,021	-	418,021
Licences and Permits	-	-	-	-	-	-	-	3,557	-	3,557
Agency Services	-	-	-	-	-	-	-	63,421	-	63,421
Transfers Recognised - Operational	-	746,492	-	500,000	1,600,000	-	-	32,657,679	-	35,504,171
Contributed PPE	-	-	-	-	-	-	-	137,748	-	137,748
Revenue from transactions with other segments	-	-	682,786	45,905	6,105	-	-	-	-	734,796
Internal Revenue	-	-	682,786	45,905	6,105	-	-	-	-	734,796
Total Segment Revenue (excluding capital transfers and contributions)	38,191	751,532	10,187,646	2,936,305	2,889,328	1,756,648	-	46,078,679	-	64,638,329
SEGMENT EXPENDITURE										
Employee Related Costs	2,448,856	3,308,218	429,335	455,163	4,151,633	1,951,076	-	8,621,294	-	21,365,574
Remuneration of Councillors	-	-	-	-	-	-	-	2,647,412	-	2,647,412
Debt Impairment	-	-	542,754	542,754	859,507	542,754	-	1,821,360	-	4,309,128
Depreciation and Asset Impairment	-	1,666,950	-	-	1,666,950	-	-	1,666,950	-	5,000,849
Finance Charges	-	-	-	-	-	882,155	-	780,000	-	1,662,155
Bulk Purchases	-	-	12,755,173	-	-	-	-	-	-	12,755,173
Other Materials	116,459	148,815	52,316	188,105	174,095	-	-	497,006	-	1,176,796
Contracted Services	16,372	298,908	382,332	413,647	30,173	-	-	4,991,973	-	6,133,406
Actuarial Losses	-	-	-	-	-	-	-	157,479	-	157,479
Other Expenditure	230,307	961,474	1,187,554	437,799	471,451	269,207	-	6,220,302	-	9,778,092
Loss on Disposal of PPE	-	-	-	-	-	-	-	7,038	-	7,038
Internal charges	104,093	168,513	3,697	283,414	88,827	-	-	86,252	-	734,796
Total Segment Expenditure	2,916,087	6,552,878	15,353,160	2,320,882	7,442,636	3,645,192	-	27,497,065	-	65,727,899
Surplus/(Deficit)	(2,877,896)	(5,801,346)	(5,165,513)	615,424	(4,553,308)	(1,888,544)	-	18,581,614	-	(1,089,570)
Transfers Recognised - Capital	-	872,816	1,304,348	15,302,058	-	-	-	-	-	17,479,222
Surplus/(Deficit) after Capital Transfers & Contributions	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(2,877,896)	(4,928,530)	(3,861,166)	15,917,481	(4,553,308)	(1,888,544)	-	18,581,614	-	16,389,652

KAREEBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

Total Segment Revenue (including capital transfers and contributions)	82,117,550.79
Total Revenue as per Statement of Financial Performance	81,382,754
<b>Difference</b>	<b>734,796.30</b>

Reconciling items

Internal Revenue	734,796.30
Insert reconciling item details	-
Insert reconciling item details	-
Insert reconciling item details	-

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

Total Segment Expenditure	65,727,898.84
Total Expenditure as per Statement of Financial Performance	64,993,102.54
<b>Difference</b>	<b>734,796.30</b>

Reconciling items

Internal charges	734,796.30
Insert reconciling item details	-
Insert reconciling item details	-
Insert reconciling item details	-

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

Surplus/(Deficit) for the year as per Segments	16,389,651.95
Surplus/(Deficit) for the year as per Statement of Financial Performance	16,389,651.95
<b>Difference - as explained above</b>	<b>-</b>

## **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

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

---

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

**1.5. CONSISTENT AND NEW ACCOUNTING POLICIES**

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

The following GRAP standards became effective on 1 April 2020:

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

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

Amendments were made to the following GRAP interpretations:

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

**1.6. MATERIALITY**

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

**1.7. PRESENTATION OF BUDGET INFORMATION**

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

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

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

The comparable information includes the following:

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

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

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

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

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

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

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 104 (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>Guideline</b>	<p><b><u>Landfill sites</u></b></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>Guideline</b>	<p><b><u>Application of Materiality of Financial Statements</u></b></p> <p>The guideline is not authoritative but only encourage.</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>

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.

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

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

---

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

**1.10.2 Municipality as Lessor**

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

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

**1.11.1 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

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

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

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

**1.11.2 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

**1.12. PROVISIONS**

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

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

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

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

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

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

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

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

**1.13. EMPLOYEE BENEFITS**

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

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

**1.13.1. Post Retirement Medical Obligations**

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



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

---

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

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

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

**1.13.2. Long Service Awards**

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

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

**1.13.3. Staff Leave**

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

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

Accumulated leave is vesting.

**1.13.4. Staff Bonuses Accrued**

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

**1.13.5. Performance Bonuses**

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

**1.13.6. Pension and retirement fund obligations**

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

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

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

**1.13.7. Other Short-term Employee Benefits**

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

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

**1.14. PROPERTY, PLANT AND EQUIPMENT**

**1.14.1 Initial Recognition**

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

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

---

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

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

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

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

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

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

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

**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:

<b><u>Land and Buildings</u></b>	<b><u>Years</u></b>
Land	Indefinite
Buildings	10-81
<b><u>Infrastructure</u></b>	<b><u>Years</u></b>
Roads and Stormwater	14-101
Electricity Mains	14-52
Water Mains and Purification	2-86
Sewerage Mains & Purification	10-81
Refuse Mains	29-61
<b><u>Community</u></b>	<b><u>Years</u></b>
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
<b><u>Other</u></b>	<b><u>Years</u></b>
Motor Vehicles	6-26
Office equipment	0-43
Furniture and fittings	4-43
Refuse Truck	10-23

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

---

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

---

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

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

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

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

**1.14.4 De-recognition**

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

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

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

**1.14.6 Decommissioning and restoration asset**

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

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

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

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

---

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

**1.15. INTANGIBLE ASSETS**

**1.15.1 Initial Recognition**

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

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

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

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

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

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

Intangible assets are initially recognised at cost.

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

**1.15.2 Subsequent Measurement – Cost Model**

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

**1.15.3 Amortisation and Impairment**

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

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

operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5-12

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

**1.15.4 De-recognition**

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

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

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

**1.16. INVESTMENT PROPERTY**

**1.16.1 Initial Recognition**

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

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

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

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

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

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

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

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

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

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

#### **1.16.2 Subsequent Measurement – Cost Model**

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

#### **1.16.3 Depreciation and Impairment – Cost Model**

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

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

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

#### **1.16.4 De-recognition**



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

**1.16.5 Application of deemed cost - Directive 7**

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

**1.17 HERITAGE ASSETS**

**1.17.1 Initial Recognition**

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

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

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

**1.17.2 Subsequent Measurement – Cost Model**

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

**1.17.3 Depreciation and Impairment**

Heritage assets are not depreciated

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

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

**1.17.4 De-recognition**

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

**1.17.5 Application of deemed cost - Directive 7**

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

**1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.18.1 Cash-generating assets**

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

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

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

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

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

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

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

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

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

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

**1.18.2 Non-cash-generating assets**

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

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

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

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

(b) Internal sources of information

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

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

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

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

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

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

---

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

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

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

**1.19. INVENTORIES**

**1.19.1 Initial Recognition**

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

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

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

**1.19.2 Subsequent Measurement**

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

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

---

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

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

**1.20. FINANCIAL INSTRUMENTS**

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

**1.20.1 Initial Recognition**

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

**1.20.2 Subsequent Measurement**

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

**1.20.2.1 Receivables**

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

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

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

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

---

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

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

**1.20.2.2 Payables and Annuity Loans**

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

**1.20.2.3 Cash and Cash Equivalents**

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

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

**1.20.2.4 Non-Current Investments**

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

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

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

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

**1.20.3 De-recognition of Financial Instruments**

**1.20.3.1 Financial Assets**

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

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

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

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

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

**1.20.3.2 Financial Liabilities**

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

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

**1.20.4 Offsetting of Financial Instruments**

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



**1.21 STATUTORY RECEIVABLES**

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

**1.21.1 Initial Recognition**

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

**1.21.2 Measurement**

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

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

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

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

**1.21.3 Derecognition**

The Municipality derecognises a statutory receivable when:

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

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

---

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

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

**1.21.4 Transitional Provisions**

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

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

**1.22. REVENUE**

**1.22.1 Revenue from Non-Exchange Transactions**

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

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

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

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

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

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

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

---

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

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

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

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

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

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

Revenue from Grant VAT income is recognised when expenditure occurred.

**1.22.2 Revenue from Exchange Transactions**

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

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

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

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

---

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

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

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

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

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

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

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

**1.23. RELATED PARTIES**

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

---

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

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

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

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

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

Management personnel include:

- (a) All managers or council of the Municipality, being the Mayor and members of the Council.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

**1.24. UNAUTHORISED EXPENDITURE**

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

**1.25. IRREGULAR EXPENDITURE**

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

**1.26. FRUITLESS AND WASTEFUL EXPENDITURE**

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

**1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

Management judgement is required when recognising and measuring contingent liabilities.

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

**1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

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

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

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

**1.28.2 *Impairment of Receivables***

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

**1.28.3 *Impairment of Statutory Receivables***

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

**1.28.4 *Property, Plant and Equipment***

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



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

---

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

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

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

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

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

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

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

**1.28.5 Intangible Assets**

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

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

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

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

**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. Revenue constitutes of spot fines. Revenue from spot fines is recognised when receipted. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.28.9 Provision for Landfill Sites**

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

Management referred to the following when making assumptions regarding provisions:

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

---

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

**1.28.10 Provision for Staff leave**

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

**1.28.11 Provision for Performance bonuses**

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

**1.28.12 Componentisation of Infrastructure assets**

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

**1.29. TAXES – VALUE ADDED TAX**

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

**1.30. CAPITAL COMMITMENTS**

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

**1.31. EVENTS AFTER REPORTING DATE**

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

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

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

**1.32. BORROWING COSTS**

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

**1.33. CONSTRUCTION CONTRACTS**

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

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

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

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

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

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

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

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

**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.

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

---

An asset is identifiable if it either:

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

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

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

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

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

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

### **1.37. SEGMENT REPORTING**

A segment is an activity of an entity:

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

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

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

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

---

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

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

**1.38. DISCONTINUED OPERATIONS**

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

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

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



## KAREEBERG MUNICIPALITY

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

		2021 R	2020 R
<b>2</b>	<b>NET ASSET RESERVES</b>		
	RESERVES	11,400,293	11,398,532
	Capital Replacement Reserve	11,347,812	11,347,812
	Housing Development fund	52,481	50,721
	<b>Total Net Asset Reserves</b>	<b>11,400,293</b>	<b>11,398,532</b>
<b>2.1</b>	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
<b>2.2</b>	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.		
<b>3</b>	<b>EMPLOYEE BENEFITS</b>		
	Post Retirement Benefits - Refer to Note 3.1	7,082,000	7,092,021
	Long Service Awards - Refer to Note 3.2	709,000	752,000
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>7,791,000</b>	<b>7,844,021</b>
	<b><u>Post Retirement Benefits</u></b>		
	Balance 1 July	7,441,000	7,576,774
	Contribution for the year	783,000	779,048
	Expenditure for the year	(348,979)	(351,322)
	Actuarial Loss/(Gain)	(418,021)	(563,500)
	<b>Total post retirement benefits 30 June</b>	<b>7,457,000</b>	<b>7,441,000</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	(375,000)	(348,979)
	<b>Balance 30 June</b>	<b>7,082,000</b>	<b>7,092,021</b>
	<b><u>Long Service Awards</u></b>		
	Balance 1 July	971,000	933,769
	Contribution for the year	138,000	147,663
	Expenditure for the year	(271,479)	(206,570)
	Actuarial Loss/(Gain)	157,479	96,138
	<b>Total long service awards 30 June</b>	<b>995,000</b>	<b>971,000</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	(286,000)	(219,000)
	<b>Balance 30 June</b>	<b>709,000</b>	<b>752,000</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
	Balance 1 July	8,412,000	8,510,543
	Contribution for the year	921,000	926,711
	Expenditure for the year	(620,458)	(557,892)
	Actuarial Loss/(Gain)	(260,542)	(467,362)
	<b>Total employee benefits 30 June</b>	<b>8,452,000</b>	<b>8,412,000</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	(661,000)	(567,979)
	<b>Balance 30 June</b>	<b>7,791,000</b>	<b>7,844,021</b>
<b>3.1</b>	<b>Post Retirement Benefits</b>	<b>2021 R</b>	<b>2020 R</b>
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	9	9
	Continuation members (e.g. Retirees, widows, orphans)	9	9
	<b>Total Members</b>	<b>18</b>	<b>18</b>
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employee) members	2,570,000	3,206,000
	Continuation (retiree and widow) members	4,887,000	4,235,000
	<b>Total Liability</b>	<b>7,457,000</b>	<b>7,441,000</b>

KAREEBERG MUNICIPALITY

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

3

EMPLOYEE BENEFITS (CONTINUE)

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

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

Experience adjustments were calculated as follows:

	2021 Rm	2020 Rm
Liabilities: (Gain) / loss	(0.748)	0.429
Assets: Gain / (loss)	-	-

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

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

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

Hosmed  
LA Health

The Municipality's Accrued Unfunded Liability at 30 June 2021 is estimated at R7 457 000. The Current-service Cost for the year ending 30 June 2021 is estimated at R60 000. It is estimated to be R63 000 for the ensuing year.

Key actuarial assumptions used:

	2021 %	2020 %
<b>i) Rate of interest</b>		
Discount rate	9.97%	9.78%
Health Care Cost Inflation Rate	6.62%	6.04%
Net Effective Discount Rate	3.14%	3.53%

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 9.97% per annum has been used. The corresponding index-linked yield at this term is 4.14%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.

**ii) Mortality rates**

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

**iii) Normal retirement age**

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

**iv) Average retirement age**

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

**v) Expected rate of salary increases**

2020/2021 - 6.25%

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

KAREEBERG MUNICIPALITY

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

3

EMPLOYEE BENEFITS (CONTINUE)

2021  
R

2020  
R

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

Present value of fund obligations	7,457,000	7,441,000
<b>Total Liability</b>	<b>7,457,000</b>	<b>7,441,000</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	7,441,000	7,576,774
Total expenses	434,021	427,726
Current service cost	60,000	80,793
Interest Cost	723,000	698,255
Benefits Paid	(348,979)	(351,322)
Actuarial (gains)/losses	(418,021)	(563,500)
Present value of fund obligation at the end of the year	7,457,000	7,441,000
<b>Less:</b> Transfer of Current Portion - Note 6	(375,000)	(348,979)
<b>Balance 30 June</b>	<b>7,082,000</b>	<b>7,092,021</b>

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		2,570	4,887	7,457	
Health care inflation	1%	2,950	5,419	8,369	12%
Health care inflation	-1%	2,256	4,433	6,689	-10%
Discount Rate	1%	2,267	4,449	6,716	-10%
Discount Rate	-1%	2,941	5,407	8,348	12%
Post-retirement mortality	1 year	2,496	4,738	7,234	-3%
Post-retirement mortality	-1 year	2,644	5,036	7,680	3%
Average retirement age	-1 year	2,692	4,887	7,579	2%
Continuation of membership at retirement	-10%	2,228	4,887	7,115	-5%

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

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		63,000	725,000	788,000	
Health care inflation	1%	76,000	816,000	892,000	13%
Health care inflation	-1%	52,000	649,000	701,000	-11%
Discount Rate	1%	53,000	717,000	770,000	-2%
Discount Rate	-1%	75,000	732,000	807,000	2%
Post-retirement mortality	1 year	61,000	703,000	764,000	-3%
Post-retirement mortality	-1 year	64,000	747,000	811,000	3%
Average retirement age	-1 year	70,000	737,000	807,000	2%
Continuation of membership at retirement	-10%	54,000	691,000	745,000	-5%

Impact of COVID-19

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

3.2 Long Service Bonuses

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

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

Key actuarial assumptions used:

2021  
%

2020  
%

i) Rate of interest

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

KAREEBERG MUNICIPALITY

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

	2021 Rm	2020 Rm
Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 8.89% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 3.52%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021. The duration of the total liability was estimated to be 8.25 years.		
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	172,479	112,138
Assets: Gain / (loss)	-	-

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

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

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

	2021 R	2020 R
Present value of fund obligations	995,000	971,000
<b>Net liability/(asset)</b>	<b>995,000</b>	<b>971,000</b>

Reconciliation of present value of fund obligation:

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

Sensitivity Analysis on the Unfunded Accrued Liability

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

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

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

Impact of COVID-19

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

KAREEBERG MUNICIPALITY

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

3 EMPLOYEE BENEFITS (CONTINUE)

3.3 Retirement funds

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

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

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

**LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)**

2021  
R

2020  
R

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

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

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

Contributions paid recognised in the Statement of Financial Performance

1,875,530

1,788,843

4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

9,494,320

10,353,521

**Total Non-current Provisions**

**9,494,320**

**10,353,521**

**Landfill Sites**

Balance 1 July

10,353,521

12,591,198

Balance previously reported

-

12,591,198

Correction of Error - Reverse incorrect calculation - Note 33.03

-

-

Correction of Error - Corrected calculation - Note 33.03

-

-

Increase/(Decrease) in Estimate

(1,741,356)

(3,198,508)

Balance previously reported

-

(3,198,508)

Correction of Error - Reverse incorrect calculation - Note 33.03

-

-

Correction of Error - Corrected calculation - Note 33.03

-

-

Increase/(Decrease) due to discounting

882,155

960,831

Balance previously reported

-

960,831

Correction of Error - Reverse incorrect calculation - Note 33.03

-

-

Correction of Error - Corrected calculation - Note 33.03

-

-

**Total provision 30 June**

**9,494,320**

**10,353,521**

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

-

-

**Balance 30 June**

**9,494,320**

**10,353,521**

KAREEBERG MUNICIPALITY

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

4

NON-CURRENT PROVISIONS (CONTINUE)

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

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

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

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

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

Other assumptions:

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

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

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

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

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

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

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

KAREEBERG MUNICIPALITY

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

4 NON-CURRENT PROVISIONS (CONTINUE)

<u>Change in unit rates</u>	2021	2020	Movement	R value
Carnarvon	544.07	479.48	64.59	2,284,742
Vanwyksvlei	675.12	597.93	77.19	785,099
Vosburg	673.21	600.05	73.16	690,411
				<u>3,760,252</u>
<u>Change in unit rates</u>	2020	2019	Movement	R value
Carnarvon	479.48	460.73	18.75	619,200
Vanwyksvlei	597.93	569.05	28.88	293,738
Vosburg	600.05	572.47	27.58	260,272
				<u>1,173,211</u>

5 CONSUMER DEPOSITS

	2021 R	2020 R
Water & Electricity	348,679	329,979
<b>Total Consumer Deposits</b>	<b>348,679</b>	<b>329,979</b>

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

6 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 3	375,000	348,979
Current Portion of Long-Service Provisions - Note 3	286,000	219,000
Provision for Performance Bonuses	354,475	370,414
Provision for Annual Bonuses	312,210	276,327
Provision for Staff Leave	1,619,537	1,522,892
<b>Total Current Employee Benefits</b>	<b>2,947,222</b>	<b>2,737,612</b>

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	348,979	368,321
Transfer from non-current	375,000	331,980
Expenditure incurred	(348,979)	(351,322)
Balance at end of year	<b>375,000</b>	<b>348,979</b>

Current Portion of Long-Service Provisions - Note 3

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

Provision for Performance Bonuses

Balance at beginning of year	370,414	424,122
Contribution to current portion	492,669	267,134
Expenditure incurred	(508,607)	(320,842)
Balance at end of year	<b>354,475</b>	<b>370,414</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	1,522,892	1,398,123
Contribution to current portion	624,968	599,147
Expenditure incurred	(528,323)	(474,378)
Balance at end of year	<b>1,619,537</b>	<b>1,522,892</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	276,327	284,211
Contribution to current portion	35,882	-
Expenditure incurred	-	(7,884)
Balance at end of year	<b>312,210</b>	<b>276,327</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 2021

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

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

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

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



## KAREEBERG MUNICIPALITY

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

## 10 PROPERTY, PLANT AND EQUIPMENT

10.1 30 JUNE 2021

## Reconciliation of Carrying Value

	Opening Balance R	Additions R	Cost Transfers R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Impairments Additions/ Disposal R	Closing Balance R	Opening Balance R	Accumulated Depreciation Depreciation Charge R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	23,685,994	-	-	-	23,685,994	405	-	405	575,064	103,671	-	678,735	23,006,854
Land	21,493,760	-	-	-	21,493,760	-	-	-	-	-	-	-	21,493,760
Buildings	2,192,234	-	-	-	2,192,234	405	-	405	575,064	103,671	-	678,735	1,513,094
<b>Infrastructure</b>	155,184,458	15,974,725	-	-	171,159,183	-	-	-	25,224,244	3,963,334	-	29,187,578	141,971,604
Electricity	7,042,176	42,250	-	-	7,084,426	-	-	-	1,315,981	336,023	-	1,652,004	5,432,422
Road Transport	58,826,348	-	-	-	58,826,348	-	-	-	11,886,938	1,719,478	-	13,606,416	45,219,932
Sanitation	23,722,605	38,396	-	-	23,761,001	-	-	-	5,107,621	535,600	-	5,643,221	18,117,781
Solid Waste Disposal	488,000	-	-	-	488,000	-	-	-	131,101	13,870	-	144,971	343,029
Stormwater	14,806,596	-	-	-	14,806,596	-	-	-	944,506	254,903	-	1,199,410	13,607,187
Water Supply	33,275,672	156,213	-	-	33,431,886	-	-	-	4,414,873	775,541	-	5,190,414	28,241,471
Landfill Sites	8,369,467	(1,741,356)	-	-	6,628,111	-	-	-	1,423,223	327,919	-	1,751,142	4,876,969
WIP	8,653,594	17,479,222	-	-	26,132,815	-	-	-	-	-	-	-	26,132,815
<b>Community Assets</b>	14,073,269	203,543	-	-	14,276,812	61,383	-	61,383	2,439,847	437,303	-	2,877,150	11,338,279
Recreation Grounds	10,119,940	-	-	-	10,119,940	60,248	-	60,248	1,706,367	345,497	-	2,051,864	8,007,828
Civil Buildings	122,360	-	-	-	122,360	-	-	-	28,290	2,191	-	30,480	91,880
Cemetery	1,446,823	203,543	-	-	1,650,366	-	-	-	229,029	31,442	-	260,471	1,389,895
Museum	360,000	-	-	-	360,000	-	-	-	83,145	6,438	-	89,584	270,416
Clinic	360,800	-	-	-	360,800	-	-	-	78,535	6,006	-	84,541	276,259
Libraries	1,549,335	-	-	-	1,549,335	-	-	-	281,696	43,230	-	324,926	1,224,409
Parks & Gardens	29,279	-	-	-	29,279	-	-	-	7,474	574	-	8,048	21,231
Public Conveniences/Bathhouses	84,731	-	-	-	84,731	1,135	-	1,135	25,310	1,925	-	27,236	56,361
<b>Other Assets</b>	7,385,986	115,604	-	(15,296)	7,486,294	-	-	-	5,388,056	473,833	-	5,861,889	1,624,405
Motor Vehicles	3,202,329	-	-	-	3,202,329	-	-	-	2,680,757	125,063	-	2,805,820	396,508
Plant & Equipment	1,620,108	16,691	-	-	1,636,799	-	-	-	1,279,396	86,518	-	1,365,913	270,886
Office Equipment	788,445	25,477	-	-	813,922	-	-	-	469,353	73,282	-	542,635	271,288
Furniture & Fittings	748,761	50,474	-	-	799,235	-	-	-	542,744	29,708	-	572,452	226,783
Fire Engines	2,051	-	-	-	2,051	-	-	-	1,668	61	-	1,730	321
Computer Equipment	953,913	12,696	-	-	966,608	-	-	-	414,137	159,201	-	573,339	393,270
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Game	70,380	10,266	-	(15,296)	65,350	-	-	-	-	-	-	-	65,350
	200,329,707	16,293,872	-	(15,296)	216,608,282	61,788	-	61,788	33,627,211	4,978,141	-	38,605,352	177,941,143

## Reconciliation of Property, Plant and Equipment: 30 JUNE 2021

	Opening Balance R	Additions R	WIP Additions R	Disposals R	Other changes, movements R	Depreciation R	Impairment Losses R	Closing Balance R
Land	21,493,760	-	-	-	-	-	-	21,493,760
Buildings	1,616,765	-	-	-	-	(103,671)	-	1,513,094
Infrastructure	129,960,213	(1,504,497)	17,479,222	-	-	(3,963,334)	-	141,971,604
Community Assets	11,572,039	203,543	-	-	-	(437,303)	-	11,338,279
Other Assets	1,997,931	115,604	-	(15,296)	-	(473,833)	-	1,624,405
	166,640,708	(1,185,350)	17,479,222	(15,296)	-	(4,978,141)	-	177,941,143

## KAREEBERG MUNICIPALITY

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

## 10 PROPERTY, PLANT AND EQUIPMENT

## 10.2 30 JUNE 2020

Reconciliation of Carrying Value		Cost				Accumulated Impairments			Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Transfers R	Disposals R	Closing Balance R	Opening Balance R	Additions/ Disposal R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Closing Balance R	R
<b>Land and Buildings</b>	24,171,194	-	(485,200)	-	23,685,994	405	-	405	522,970	52,093	-	575,064	23,110,525
Land	21,978,960	-	(485,200)	-	21,493,760	-	-	-	-	-	-	-	21,493,760
Balance previously reported	22,218,460	-	(485,200)	-	21,733,260	-	-	-	-	-	-	-	21,733,260
Correction of Error - Note 33.01	(239,500)	-	-	-	(239,500)	-	-	-	-	-	-	-	(239,500)
<b>Buildings</b>	2,192,234	-	-	-	2,192,234	405	-	405	522,970	52,093	-	575,064	1,616,765
<b>Infrastructure</b>	150,086,701	5,684,842	(0)	(587,086)	155,184,458	-	-	-	21,549,221	4,262,109	(587,086)	25,224,244	129,960,213
Electricity	7,106,630	-	-	(64,454)	7,042,176	-	-	-	1,118,859	261,577	(64,454)	1,315,981	5,726,194
Road Transport	53,793,521	4,192,575	1,063,017	(222,765)	58,826,348	-	-	-	10,411,789	1,697,914	(222,765)	11,886,938	46,939,410
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	13,870	-	131,101	356,899
Stormwater	9,303,976	4,541,248	978,046	(16,673)	14,806,596	-	-	-	753,284	207,895	(16,673)	944,506	13,862,090
Water Supply	33,436,317	-	-	(160,645)	33,275,672	-	-	-	3,751,753	823,766	(160,645)	4,414,873	28,860,799
Landfill Sites	11,567,974	(3,198,508)	-	-	8,369,467	-	-	-	738,432	684,791	-	1,423,223	6,946,244
WIP	10,545,129	149,527	(2,041,063)	-	8,653,594	-	-	-	-	-	-	-	8,653,594
<b>Community Assets</b>	13,937,008	136,261	-	-	14,073,269	61,383	-	61,383	2,005,312	434,536	-	2,439,847	11,572,039
Recreation Grounds	10,119,940	-	-	-	10,119,940	60,248	-	60,248	1,360,870	345,497	-	1,706,367	8,353,325
Civil Buildings	122,360	-	-	-	122,360	-	-	-	26,099	2,191	-	28,290	94,070
Cemetery	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	1,413,074	136,261	-	-	1,549,335	-	-	-	241,234	40,462	-	281,696	1,267,639
Parks & Gardens	29,279	-	-	-	29,279	-	-	-	6,901	574	-	7,474	21,805
Public Conveniences/Bathouses	84,731	-	-	-	84,731	1,135	-	1,135	23,385	1,925	-	25,310	58,286
<b>Other Assets</b>	7,607,590	150,491	-	(372,095)	7,385,986	-	-	-	5,107,519	646,402	(365,865)	5,388,056	1,997,931
Motor Vehicles	3,459,036	-	-	(256,707)	3,202,329	-	-	-	2,760,018	177,446	(256,707)	2,680,757	521,572
Plant & Equipment	1,608,312	16,608	-	(4,813)	1,620,108	-	-	-	1,110,302	173,906	(4,813)	1,279,396	340,712
Office Equipment	759,276	76,283	-	(47,114)	788,445	-	-	-	431,764	84,702	(47,114)	469,353	319,092
Balance previously reported	754,970	76,283	-	(47,114)	784,139	-	-	-	428,698	84,446	(47,114)	466,031	318,109
Correction of Error - Note 33.01	4,306	-	-	-	4,306	-	-	-	3,067	256	-	3,323	983
<b>Furniture &amp; Fittings</b>	776,634	-	-	(27,873)	748,761	-	-	-	527,500	43,117	(27,873)	542,744	206,017
Balance previously reported	768,071	-	-	(27,873)	740,198	-	-	-	522,340	42,686	(27,873)	537,153	203,045
Correction of Error - Note 33.01	8,562	-	-	-	8,562	-	-	-	5,160	430	-	5,591	2,972
<b>Fire Engines</b>	2,648	-	-	(597)	2,051	-	-	-	2,221	45	(597)	1,668	383
Computer Equipment	926,470	56,204	-	(28,762)	953,913	-	-	-	275,713	167,186	(28,762)	414,137	539,775
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Game	75,214	1,396	-	(6,230)	70,380	-	-	-	-	-	-	-	70,380
	195,802,493	5,971,594	(485,200)	(959,181)	200,329,707	61,788	-	61,788	29,185,021	5,395,140	(952,951)	33,627,211	166,640,708

## Reconciliation of Property, Plant and Equipment: 30 JUNE 2020

	Opening Balance R	Additions R	WIP Additions R	Disposals R	Other changes, movements R	Depreciation R	Impairment Losses R	Closing Balance R
Land	21,978,960	-	-	-	(485,200)	-	-	21,493,760
Buildings	1,668,859	-	-	-	-	(52,093)	-	1,616,765
Infrastructure	128,537,480	5,535,315	149,527	-	-	(4,262,109)	-	129,960,213
Community Assets	11,870,314	136,261	-	-	-	(434,536)	-	11,572,039
Other Assets	2,500,072	150,491	-	(6,230)	-	(646,402)	-	1,997,931
	166,555,684	5,822,067	149,527	(6,230)	(485,200)	(5,395,140)	-	166,640,708

KAREEBERG MUNICIPALITY

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

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

KAREEBERG MUNICIPALITY

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

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.11 Effect of changes in accounting estimates

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

	2021 R	2022 R	2023 R
Effect on Property, plant and equipment	(4,626,690)	(4,626,690)	(4,620,735)

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:	76,412,291	-
Infrastructure	74,085,915	-
Other	2,326,376	-
<b>Total</b>	<b>76,412,291</b>	<b>-</b>
This expenditure will be financed from:		
Government Grants	74,085,915	-
Own Resources	2,326,376	-
<b>Total</b>	<b>76,412,291</b>	<b>-</b>

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

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

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

No of Low Cost Houses	138	139
<b>Total</b>	<b>138</b>	<b>139</b>

11 INVESTMENT PROPERTY

Net Carrying amount at 1 July

15,884,463 15,412,204

Cost	16,047,300	15,562,100
Accumulated Depreciation	(162,837)	(149,896)
Depreciation for the year	(12,941)	(12,941)
Transfers from Property, Plant and equipment	-	485,200
<b>Net Carrying amount at 30 June</b>	<b>15,871,521</b>	<b>15,884,463</b>
Cost	16,047,300	16,047,300
Accumulated Depreciation	(175,779)	(162,837)

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

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

Estimated Fair Value of Investment Property at 30 June	21,048,700	21,048,700
--	------------	------------

Fair value was determined by valuation roll.

11.01 Revenue from Investment Property

Revenue derived from the rental of Investment Property	284,894	373,495
--	---------	---------

11.02 Operating Expenditure incurred on properties:

	Repairs and Maintenance	Other Operating Expenditure
Revenue Generating	2,731	15,543
Improved Property	-	-
Unimproved Property	2,731	15,543
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
<b>Total Operating Expenditure</b>	<b>2,731</b>	<b>15,543</b>

## KAREEBERG MUNICIPALITY

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

11	INVESTMENT PROPERTY (CONTINUED)	2021 R	2020 R
11.03	<b>Investment Property which is in the process of being constructed or developed:</b>		
	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	<b>Investment Property that is taking a significantly longer period of time to complete than expected:</b>		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total</b>	-	-
	No reason required		
11.05	<b>Investment Property where construction or development has been halted:</b>		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total</b>	-	-
	No reason required		
11.06	<b>Impairment losses of Investment Property</b>		
	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	<b>Reversal of Impairment losses of Investment Property</b>		
	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 2021

		2021 R	2020 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>	2021 R	2020 R
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>37,243</b>	<b>26,631</b>
	Acquisitions	-	21,846
	Disposals	-	(1,004)
	Amortisation	(9,766)	(11,234)
	Disposal Amortisation	-	1,004
	<b>Net Carrying amount at 30 June</b>	<b>27,477</b>	<b>37,243</b>
	Cost	63,154	63,154
	Accumulated Amortisation	(35,678)	(25,911)
12.01	<b>Material Intangible Assets included in the carrying value:</b>		
		<b>Carrying Value</b>	
	<u>Description</u>	<u>2021 R</u>	<u>2020 R</u>
	Microsoft Office	27,477	37,243
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
12.02	<b>Research and Development Costs:</b>	2021 R	2020 R
	Research Expenditure	-	-
	Development Expenditure	-	-
	<b>Total Research and Development Expenditure</b>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</b>
	No reason required		

## KAREEBERG MUNICIPALITY

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

12	INTANGIBLE ASSETS (CONTINUED)	2021 R	2020 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:		
		2021 R	2022 R
	Effect on Intangible Assets	(149)	(149)
			2,359
13	<b>HERITAGE ASSETS</b>	2021 R	2020 R
	<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/impairment	-	-
	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>	-	-

## KAREEBERG MUNICIPALITY

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

		2021 R	2020 R
13	<b>HERITAGE ASSETS (CONTINUED)</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>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</b>
14	<b>LONG TERM RECEIVABLES</b>	<b>2021 R</b>	<b>2020 R</b>
	Officials' Housing Loans - At amortised cost	13,379	18,549
	<b>Less:</b> Unamortised Discount on Loans	(862)	(1,633)
	Balance 1 July	(1,633)	(2,598)
	Adjustment for the period	771	966
		12,518	16,916
	<b>Less:</b> Current portion transferred to current receivables	(5,380)	(5,170)
	Officials Housing Loans - At amortised cost	(5,380)	(5,170)
		7,137	11,747
	<b>Less:</b> Provision for Impairment of Long Term Receivables	-	-
	<b>Total Long Term Receivables</b>	<b>7,137</b>	<b>11,747</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.		
15	<b>INVENTORY</b>	<b>2021 R</b>	<b>2020 R</b>
	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 surpluses identified during the annual stores counts.	-	-
	No inventory assets were pledged as security for liabilities.		



## KAREEBERG MUNICIPALITY

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

16

## RECEIVABLES FROM EXCHANGE TRANSACTIONS

2021  
R2020  
R**Service Receivables**

Water	3,383,222	2,444,346
Electricity	1,735,207	2,294,770
Refuse	2,498,908	1,920,982
Sewerage	2,362,276	1,396,178

<b>Total Service Receivables</b>	<b>9,979,613</b>	<b>8,056,276</b>
Less: Provision for Impairment	(8,456,210)	(6,511,476)

<b>Net Service Receivables</b>	<b>1,523,403</b>	<b>1,544,800</b>
--------------------------------	------------------	------------------

**Other Receivables**

Sundry Receivables	284,295	1,908,033
Rentals	1,085,151	904,550
VAT	1,685,529	1,460,941

<b>Total Other Receivables</b>	<b>3,054,975</b>	<b>4,273,524</b>
Less: Provision for Impairment	(1,085,151)	(930,423)

<b>Net Other Receivables</b>	<b>1,969,824</b>	<b>3,343,102</b>
------------------------------	------------------	------------------

**Total Net Receivables from Exchange Transactions**

<b>3,493,227</b>	<b>4,887,902</b>
------------------	------------------

**Ageing of Receivables from Exchange Transactions****(Electricity): Ageing**

Current (0 - 30 days)	4,957	454,562
31 - 60 Days	188,393	8,037
61 - 90 Days	158,499	493,993
+ 90 Days	1,383,359	1,338,177
<b>Total</b>	<b>1,735,207</b>	<b>2,294,770</b>

**(Water): Ageing**

Current (0 - 30 days)	245,366	177,720
31 - 60 Days	192,598	17,011
61 - 90 Days	373,838	325,950
+ 90 Days	2,571,420	1,923,666
<b>Total</b>	<b>3,383,222</b>	<b>2,444,346</b>

**(Refuse): Ageing**

Current (0 - 30 days)	201,176	242,106
31 - 60 Days	142,178	16,293
61 - 90 Days	276,699	123,497
+ 90 Days	1,878,854	1,539,086
<b>Total</b>	<b>2,498,908</b>	<b>1,920,982</b>

**(Sewerage): Ageing**

Current (0 - 30 days)	110,168	148,051
31 - 60 Days	120,864	6,970
61 - 90 Days	238,673	110,704
+ 90 Days	1,892,571	1,130,453
<b>Total</b>	<b>2,362,276</b>	<b>1,396,178</b>

**(Sundry Receivables): Ageing**

Current (0 - 30 days)	124,207	26,519
31 - 60 Days	-	4,000
61 - 90 Days	14,637	562,500
+ 90 Days	145,451	1,315,015
<b>Total</b>	<b>284,295</b>	<b>1,908,033</b>

**(VAT): Ageing**

Current (0 - 30 days)	128,746	243,287
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1,556,783	1,217,654
<b>Total</b>	<b>1,685,529</b>	<b>1,460,941</b>

**(Rentals): Ageing**

Current (0 - 30 days)	-	240
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1,085,151	904,310
<b>Total</b>	<b>1,085,151</b>	<b>904,550</b>

KAREEBERG MUNICIPALITY

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

17

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		2021 R	2020 R		
<b>Service Receivables</b>					
Availability Charges		315,360	287,576		
Rates		8,662,124	5,380,013		
<b>Total Service Receivables</b>		<b>8,977,484</b>	<b>5,667,589</b>		
Less: Provision for Impairment		(7,587,679)	(5,378,014)		
<b>Net Service Receivables</b>		<b>1,389,805</b>	<b>289,575</b>		
<b>Total Net Receivables from Non-Exchange Transactions</b>		<b>1,389,805</b>	<b>289,575</b>		
<b>Ageing of Receivables from Non-Exchange Transactions</b>					
<u>(Availability Charges): Ageing</u>					
Current (0 - 30 days)		35,004	60,290		
31 - 60 Days		13,086	204		
61 - 90 Days		19,471	110,845		
+ 90 Days		247,799	116,236		
<b>Total</b>		<b>315,360</b>	<b>287,576</b>		
<u>(Rates): Ageing</u>					
Current (0 - 30 days)		14,634	-		
31 - 60 Days		-	-		
61 - 90 Days		-	-		
+ 90 Days		8,647,490	5,380,013		
<b>Total</b>		<b>8,662,124</b>	<b>5,380,013</b>		
<u>Summary of Receivables by Customer Classification</u>		<b>Residential, Industrial &amp; Commercial R's</b>	<b>Other Debtors R's</b>	<b>National and Provincial Government R's</b>	<b>Total R's</b>
<b>2021</b>					
Total Receivables		19,944,400	133,617	1,934,056	22,012,072
Less: Provision for Impairment		(17,129,040)	-	-	(17,129,040)
<b>Total Recoverable debtors by customer classification</b>		<b>2,815,360</b>	<b>133,617</b>	<b>1,934,056</b>	<b>4,883,032</b>
<u>Summary of Receivables by Customer Classification</u>		<b>Residential, Industrial &amp; Commercial R's</b>	<b>Other Debtors R's</b>	<b>National and Provincial Government R's</b>	<b>Total R's</b>
<b>2020</b>					
Total Receivables		14,358,248	43,431	3,595,710	17,997,389
Less: Provision for Impairment		(12,819,912)	-	-	(12,819,912)
<b>Total Recoverable debtors by customer classification</b>		<b>1,538,336</b>	<b>43,431</b>	<b>3,595,710</b>	<b>5,177,477</b>
<u>Receivables impaired</u>					
<b>2021</b>					
			<b>Exchange Transactions R's</b>	<b>Non-Exchange Transactions R's</b>	<b>Total R's</b>
Total			9,541,361	7,587,679	17,129,040
<b>2020</b>					
			<b>Exchange Transactions R's</b>	<b>Non-Exchange Transactions R's</b>	<b>Total R's</b>
Total			7,441,898	5,378,014	12,819,912
Monthly rate debts are required to be settled after 30 days, interest is charged on rates after this date at prime +1%. The fair value receivables approximates their carrying amounts.					
<u>Reconciliation of the Total doubtful debt provision</u>		2021 R	2020 R		
Balance at beginning of the year		12,819,912	8,500,721		
Contributions to provision		4,309,128	4,319,191		
Impairment written off against provision		-	-		
<b>Balance at end of year</b>		<b>17,129,040</b>	<b>12,819,912</b>		

KAREEBERG MUNICIPALITY

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

18	<b>OPERATING LEASE ARRANGEMENTS</b>	<b>2021 R</b>	<b>2020 R</b>
	<b>The Municipality as Lessor</b>		
	<b>Balance on 1 July</b>	27,615	35,756
	<b>Balance previously reported</b>		33,870
	Operating Lease Asset previously year not recognised correctly - Note 33.05		1,886
	Operating Lease Asset for the current year	(12,558)	(8,141)
	<b>Balance previously reported</b>		(8,292)
	Operating Lease Asset previously year not recognised correctly - Note 33.05		151
	<b>Balance on 30 June</b>	<b>15,057</b>	<b>27,615</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.</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>		
		<b>2021 R</b>	<b>2020 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	209,640	287,725
	2 to 5 Years	154,679	364,318
	More than 5 Years	83	84
	<b>Total Operating Lease Arrangements</b>	<b>364,402</b>	<b>652,127</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 2023.</p> <p>The lease is in respect of land being leased by Sentech until 2022.</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>		
19	<b>CASH AND CASH EQUIVALENTS</b>	<b>2021 R</b>	<b>2020 R</b>
	<b>Assets</b>		
	Call Investments Deposits	86,277,758	24,350,452
	Primary Bank Account (Cash book)	632,219	295,308
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>86,909,977</b>	<b>24,645,759</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 R57 573 401 are held to fund the Unspent Conditional Grants (2020: R791 984).</p> <p>Kareeberg Municipality do not have a bank overdraft facility.</p>		
		<b>2021 R</b>	<b>2020 R</b>
	The municipality has the following bank accounts:		
	<b>Current Accounts</b>		
	Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):	632,219	295,308
		<b>632,219</b>	<b>295,308</b>
	<b>Carnarvon ABSA - Account Number 40 50 475 166 (Primary Bank Account):</b>		
	Cash book balance at beginning of year	295,308	257,876
	Cash book balance at end of year	632,219	295,308
	Bank statement balance at beginning of year	1,000,655	1,006,823
	Bank statement balance at end of year	280,915	1,000,655

KAREEBERG MUNICIPALITY

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

19	<b>CASH AND CASH EQUIVALENTS (CONTINUED)</b>		<b>2021 R</b>	<b>2021 R</b>	<b>2020 R</b>
	<b>Call Investment Deposits</b>				
		Bank Certificates			
	Call investment deposits consist out of the following accounts:				
	Account no.	Place of investment	Name of fund		
	088 705 536-003	Standard Bank	Capital Replacement Reserve	11,347,812	11,347,812
	20-7477-9380	ABSA	Housing Fund	52,481	50,721
	20-7477-9380	ABSA	Job creation - De Bult	53,099	51,318
	20-7477-9380	ABSA	Land development	22,800	22,035
	20-7477-9380	ABSA	Land development (Vanwyksvlei)	20,798	20,101
	20-7477-9380	ABSA	Land development (Vosburg)	39,763	38,430
	08-870-543-9 002	Standard Bank	VVV Mun Civil Defence	20,944	20,944
	08-870-553-6 008	Standard Bank	RBIG - Vanwyksvlei Pipeline	16,128,359	-
	03/7881142979/000	Nedbank	RBIG - Vanwyksvlei Pipeline	28,880,950	-
	20-7477-9380	ABSA	CMIP Kwaggakolk(vat)	830	803
	92-8617-3395	ABSA	WSIG	8,482,351	-
	088-705-536 002	Standard Bank	MIG Sanitation interest/vat	184,441	184,441
	20-7477-9380	ABSA	Electricity	47,836	46,231
	20-7477-9380	ABSA	Water Services Plan	4,467	4,318
	20-7477-9380	ABSA	CMIP-Saaipoort project 301	4,905	4,741
	20-7477-9380	ABSA	EPWP - Paving/ Cleaning	32,334	31,249
	20-7477-9380	ABSA	Lotto Camarvon	2,480	2,397
	20-7477-9380	ABSA	Lotto Vosburg	43,800	42,330
	20-7477-9380	ABSA	Transfer Fees Sub-Economic Housing	187,776	179,532
	20-7477-9380	ABSA	VB Cleaning Project	34,977	33,804
	20-7477-9380	ABSA	VAT - retention	16,222	15,678
	92-8617-3395	ABSA	EPWP	300,925	-
	92-8617-3395	ABSA	Municipal Infrastructure Grant	3,236,633	(2,177,853)
	92-8617-3395	ABSA	Youth Development	93,632	93,632
	92-1221-8064	ABSA	Leave, PMS and Long Service Funds	3,281,223	2,864,306
	92-1221-8064	ABSA	Provision for Employee benefits	2,000,000	2,000,000
	92-8504-7305	ABSA	Retension	1,257,575	1,082,889
	92-1221-8064	ABSA	General Vehicles	1,650,000	-
	92-1221-8064	ABSA	General Account	6,915,267	6,190,593
	08-871-0777-002	STANDARD BANK	General Account	2,200,000	2,200,000
	088705536-006	Standard Bank	General Account	2,200,000	2,200,000
			<b>86,544,680</b>	<b>86,277,758</b>	<b>24,350,452</b>
20	<b>PROPERTY RATES</b>		<b>2021 R</b>	<b>2020 R</b>	
	<b>Actual</b>				
	<b>Rateable Land and Buildings</b>		15,657,583	14,747,805	
	Residential, Commercial Property		14,471,107	13,577,798	
	Residential, Commercial Property		15,071,107	14,211,213	
	Less: Equitable Share		(600,000)	(633,415)	
	State - National / Provincial Services		1,186,476	1,170,006	
	<b>Less: Reductions</b>		(569,732)	(539,494)	
	<b>Less: Rebates</b>		(2,724,180)	(2,399,345)	
	<b>Less: Income for gone</b>		(2,878,054)	(2,897,019)	
	Balance previously reported			(2,580,267)	
	Correction of error - refer note 33.1			(316,753)	
	<b>Total Assessment Rates</b>		<b>9,485,617</b>	<b>8,911,946</b>	
	<b>Valuations - 30 June 2021:</b>				
	<b>Rateable Land and Buildings</b>		2,877,785,800	2,879,526,800	
	Residential & Commercial Property		2,784,931,300	2,784,972,300	
	State - National / Provincial Services		92,854,500	94,554,500	
	<b>Total Assessment Rates</b>		<b>2,877,785,800</b>	<b>2,879,526,800</b>	
	<b>Valuations - 30 June 2021:</b>				
		Valuation			
	Residential			262,534,500	
	State			35,659,000	
	State: Agriculture			57,195,500	
	Agriculture			2,281,619,800	
	Municipal			24,330,000	
	Municipal: Agriculture			44,780,000	
	Industrial			7,168,000	
	Churches			16,425,000	
	Infrastructure			432,000	
	Public Benefit Organisations			3,172,000	
	SKA			33,785,000	
	SKA Farms			62,963,000	
	Commercial			46,926,000	
	Infrastructure farms			136,000	
	Sport clubs			660,000	
	<b>Total Property Valuations</b>			<b>2,877,785,800</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 2350 dated 29 June 2020.

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

KAREEBERG MUNICIPALITY

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

21	GOVERNMENT GRANTS AND SUBSIDIES	2021 R	2020 R
	<b>Unconditional Grants</b>	<b>29,341,000</b>	<b>24,348,277</b>
	Equitable Share - Refer to Note 21.01	29,341,000	24,348,277
	<b>Conditional Grants</b>	<b>23,642,393</b>	<b>14,901,853</b>
	Drought Relieve	-	-
	Department of Water Affairs and Forestry (WSIG)	1,517,649	-
	Department of Energy (DOE)	1,500,000	-
	Library Development Projects	-	1,112,000
	Municipal Finance Management Grant	2,800,000	2,435,000
	Municipal Infrastructure Grant	1,003,514	10,215,853
	Expanded Public Works Program (PWPG)	756,075	1,085,000
	Department of Water Affairs and Forestry (RBIG)	16,065,155	-
	COVID-19	-	54,000
	<b>Total Government Grants and Subsidies</b>	<b>52,983,393</b>	<b>39,250,130</b>
	Government Grants and Subsidies - Capital	17,479,222	9,019,611
	Government Grants and Subsidies - Operating	35,504,171	30,230,519
		<b>52,983,393</b>	<b>39,250,130</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	29,341,000	24,348,277
	Executive & Council	1,614,000	2,933,164
	Budget & Treasury	1,702,679	1,616,575
	Community & Social Services	-	136,261
	Waste Water Management	1,600,000	-
	Road Transport	1,619,308	10,215,853
	Water	15,802,058	-
	Electricity	1,304,348	-
		<b>52,983,393</b>	<b>39,250,130</b>
<b>21.01</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 R383 per month to R766 per month.(2020: R361 per month to R779 per month)		
	Grants received	29,341,000	24,348,277
	Conditions met	(29,341,000)	(24,348,277)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>21.02</b>	<b>Municipal Infrastructure Grant (MIG)</b>		
	Opening balance	(2,177,853)	-
	Grants received	6,418,000	8,038,000
	Conditions met	(130,697)	(1,332,503)
	Conditions met - Capital	(872,816)	(8,883,350)
	Grant expenditure to be recovered / Conditions still to be met	3,236,633	(2,177,853)
	The grant was used to upgrade infrastructure in the Kareeberg areas.		
<b>21.03</b>	<b>Local Government Financial Management Grant (FMG)</b>		
	Grants received	2,800,000	2,435,000
	Conditions met	(2,800,000)	(2,435,000)
	Conditions still to be met	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>21.04</b>	<b>Library Development Projects</b>		
	Grants received	-	1,112,000
	Conditions met	-	(975,739)
	Conditions met - Capital	-	(136,261)
	Conditions still to be met	-	-
	The grant was used for the development of libraries in the Kareeberg area.		

KAREEBERG MUNICIPALITY

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

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

KAREEBERG MUNICIPALITY

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

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2021 R	2020 R
21.14	<b>CMIP - Saaipoort project 301</b>		
	Opening balance	4,741	4,505
	Interest received	164	235
	Conditions still to be met	4,905	4,741
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
21.15	<b>Paving Projects</b>		
	Opening balance	31,249	29,698
	Interest received	1,084	1,551
	Conditions still to be met	32,334	31,249
	The grant will be used for an extended public works program in the Kareeberg area.		
21.16	<b>Lotto Carnarvon</b>		
	Opening balance	2,397	2,278
	Interest received	83	119
	Conditions still to be met	2,480	2,397
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
21.17	<b>Lotto Vosburg</b>		
	Opening balance	42,330	40,228
	Interest received	1,470	2,103
	Conditions still to be met	43,800	42,330
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
21.18	<b>Transfer Fees Sub-Economic</b>		
	Opening balance	179,532	170,593
	Interest received	6,253	8,939
	Conditions still to be met	185,785	179,532
	The grant will be used for transfer fees of sub-economic houses in the Kareeberg area.		
21.19	<b>Cleaning Project Vosburg</b>		
	Opening balance	33,804	32,126
	Interest received	1,173	1,678
	Conditions still to be met	34,977	33,804
	The grant will be used for a cleaning project in the Kareeberg area.		
21.20	<b>VAT - Retention</b>		
	Opening balance	15,678	14,899
	Interest received	544	779
	Conditions still to be met	16,222	15,678
	The grant will be used for maintenance in the Kareeberg area.		
21.21	<b>Integrated National Electrification Programme - INEP</b>		
	Grants received	1,500,000	-
	Conditions met	(195,652)	-
	Conditions met - Capital	(1,304,348)	-
	Conditions still to be met	-	-
	The grant was used for electricity infrastructure development in the Kareeberg area.		
21.22	<b>Regional Bulk Infrastructure Grant - RBIG (DWA)</b>		
	Opening balance	-	13,537,276
	Grants received	62,551,000	-
	Transfer return	-	(13,537,276)
	Carting of water	(1,741,467)	-
	Conditions met	(2,082,988)	-
	Conditions met - Capital	(13,982,167)	-
	Conditions still to be met	44,744,378	-
	The grant will be used for water infrastructure development in the Kareeberg area. Carting of water was on behalf of Sedibeng Water and the debt was paid from the fund after approval of DWA.		

KAREEBERG MUNICIPALITY

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

		2021 R	2020 R
21	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
21.23	<b>Water Service Infrastructure Grant - WSIG (DWA)</b>		
	Grants received	10,000,000	-
	Conditions met	(197,759)	-
	Conditions met - Capital	(1,319,891)	-
	Conditions still to be met	8,482,351	-
	The grant will be used for water infrastructure development in the Kareeberg area.		
21.24	<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.		
21.25	<b>Total Grants</b>		
	Opening balance	(1,385,869)	14,304,758
	Interest received	17,130	24,502
	Grants received	113,667,000	37,072,277
	Transfer return	-	(13,537,276)
	Carting of water	(1,741,467)	-
	Conditions met	(35,504,171)	(30,230,519)
	Conditions met - Capital	(17,479,222)	(9,019,611)
	Conditions still to be met/(Grants expenditure to be recovered)	57,573,401	(1,385,869)
22	<b>AVAILABILITY CHARGES</b>		
	Electricity	159,311	125,885
	Water	140,401	159,855
	<b>Total Availability Charges</b>	299,712	285,740
23	<b>SERVICE CHARGES</b>		
	Electricity	9,345,459	9,496,411
	Service Charges	9,772,293	9,833,733
	<u>Less:</u> Equitable Share	(426,834)	(337,322)
	Water	2,249,999	3,049,125
	Service Charges	6,089,822	6,003,570
	<u>Less:</u> Equitable Share	(3,839,822)	(2,954,445)
	Refuse removal	1,755,150	1,456,562
	Service Charges	4,962,481	4,464,629
	<u>Less:</u> Equitable Share	(3,207,331)	(3,008,067)
	Sewerage and Sanitation Charges	1,283,223	961,583
	Service Charges	4,923,517	4,533,924
	<u>Less:</u> Equitable Share	(3,640,294)	(3,572,341)
	<b>Total Service Charges</b>	14,633,831	14,963,681
24	<b>OTHER REVENUE</b>		
	Application Specific Registrations	-	1,138
	Building Fees	-	240
	Photocopies	2,792	1,588
	Grave Fees	17,920	11,565
	Searching Fees	2,820	75
	Encroachment	744	744
	Cement block Sales	7,800	4,500
	Refuse Bags Sold	1,498	624
	Connection Fees	90	-
	Retention Forfeit	260,750	-
	Gain due to additions on Biological assets	10,266	1,396
	Valuation Certificates	45	180
	Electricity caravan park	-	9
	Annual bonus decrease	-	7,884
	Sale of scrap	-	48,720
	<b>Total Other Income</b>	304,724	78,662



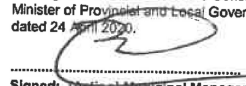
KAREEBERG MUNICIPALITY

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

25	FAIR VALUE ADJUSTMENTS	2021 R	2020 R	
	Unamortised Discount - Interest - LT Receivables	771	966	
		771	966	
26	EMPLOYEE RELATED COSTS			
	Salaries & Wages	17,267,914	17,646,485	
	Leave Reserve Fund	624,968	599,147	
	Personnel Contributions	2,515,666	2,451,470	
	Skill Development Levy	155,602	153,660	
	Bargaining Council	7,643	7,531	
	Pension Gratification	407	444	
	UIF	117,323	118,264	
	Performance Bonuses	492,669	267,134	
	Annual Bonuses	35,882		
	Ward Committee Compensation	6,500		
	Contribution to Employee Benefits - Long Service Awards - Note 3	81,000	80,410	
	Contribution to Employee Benefits - Post Retirement Medical - Note 3	60,000	80,793	
		21,365,574	21,405,337	
	Less: Employee Costs allocated elsewhere	-	-	
	Total Employee Related Costs	21,365,574	21,405,337	
	KEY MANAGEMENT PERSONNEL			
	Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA). There are no post-employment or termination benefits payable to him at the end of the contract period.			
	REMUNERATION OF KEY MANAGEMENT PERSONNEL			
	Remuneration of the Municipal Manager: Mr F. Manuel (Resigned 28 February 2020)			
	Salary and Bonus, Performance Bonus	122,775	1,036,265	
	Travel Allowance	-	138,000	
	UIF	-	1,190	
	Bargaining Council	-	75	
	Cell phone (VAT Included)	-	32,000	
	Total	122,775	1,207,529	
	Remuneration of the Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA)			
	Salary and Bonus, Performance Bonus	547,196	-	
	Travel Allowance	-	-	
	UIF	1,785	-	
	Bargaining Council	-	-	
	Covid	7,000	-	
	Cell phone (VAT Included)	-	-	
	Total	555,980	-	
	Remuneration of the Chief Financial Officer: Mr W. de Bruin			
	Salary and Bonus, Performance Bonus	842,379	783,183	
	Travel Allowance	84,000	76,000	
	Rural	81,506	79,266	
	UIF	1,785	1,785	
	Bargaining Council	119	112	
	Covid	7,000	-	
	Cell phone (VAT Included)	30,000	25,200	
	Total	1,046,788	965,546	
	Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk			
	Salary and Bonus, Performance Bonus	1,298,753	1,233,824	
	Travel Allowance	216,290	203,567	
	Pension	174,441	160,332	
	Medical	57,277	53,908	
	UIF	1,785	1,785	
	Bargaining Council	119	112	
	Cell phone (VAT Included)	30,000	25,200	
	Total	1,778,665	1,678,728	
	Remuneration of Head : Corporate Services: Mr. N.J. van Zyl			
	Salary and Bonus, Performance Bonus	1,191,416	1,006,088	
	Travel Allowance	216,290	203,567	
	Pension	166,362	152,897	
	Medical	52,650	46,930	
	UIF	1,785	1,785	
	Bargaining Council	119	112	
	Covid	7,000	-	
	Cell phone (VAT Included)	30,000	25,200	
	Total	1,665,622	1,436,578	
27	REMUNERATION OF COUNCILLORS	2021 R	2020 R	
	Mayor	Mr N.S. van Wyk	806,066	806,066
	Councillor	Mr J.E.J. Hoorn	255,091	255,091
	Councillor	Ms G. Saal	255,091	255,091
	Councillor	Mr B.J.E. Slambbee	255,091	255,091
	Councillor	Mr E. Hoorn	255,091	255,091
	Councillor	Mr G.P. van Louw	255,091	255,091
	Councillor	Mr W.D. Horne	255,091	255,091
	Councillors' Cell phones		310,800	310,800
	Total Councillors' Remuneration	2,647,412	2,647,412	

## KAREEBERG MUNICIPALITY

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

27	REMUNERATION OF COUNCILLORS (CONTINUE)	2021 R	2020 R
	<i>In-kind Benefits</i>		
	The Mayor is fulltime. He is provided with an office at the cost of the Council.		
	<i>Certification by the Municipal Manager</i>		
	I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with Government Notice 43246, dated 24 April 2020.		
	 Signed: (Acting) Municipal Manager		
28	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions - Note 16	2 099 462	2 211 152
	Receivables from non-exchange transactions - Note 17	2 209 665	2 108 040
	Balance previously reported		2 424 793
	Correction of error - refer note 33,1		(316 753)
	<b>Debt impairment recognised in statement of financial performance</b>	<b>4 309 128</b>	<b>4 319 191</b>
29	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, plant and equipment	4 978 141	5 395 140
	Intangible assets	9 766	11 234
	Investment property carried at cost	12 941	12 941
	<b>Total depreciation and amortisation</b>	<b>5 000 849</b>	<b>5 419 316</b>
30	<b>FINANCE CHARGES</b>		
	Post Retirement Charges	780 000	765 508
	Landfill sites	882 155	960 831
	<b>Total finance charges</b>	<b>1 662 155</b>	<b>1 726 339</b>
31	<b>BULK PURCHASES</b>		
	Electricity bulk purchases	12 755 173	12 342 076
	Electricity distribution losses	(2 827 225)	(2 201 401)
	<b>Total Bulk Purchases</b>	<b>9 927 948</b>	<b>10 140 675</b>
32	<b>GENERAL EXPENSES</b>		
	Advertisement, printing & stationary	532 614	192 805
	Animal Feeds	12 364	392 501
	Audit Costs	2 451 631	2 149 735
	Bank charges	133 097	261 944
	Compensation insurance	207 833	147 899
	Chemicals	-	2 930
	Cleaning supplies	171 206	175 211
	Electricity Eskom	409 056	421 403
	Fuel & Oil	557 984	801 131
	Indigents energy sources	1 038 266	1 733 720
	Insurance	460 442	408 499
	Legal costs	1 377 255	1 267 739
	Material losses	-	-
	Membership for associations	975 000	500 000
	Other General Expenses	851 983	1 075 382
	Refuse bag purchases	174 785	189 450
	Other materials	1 176 796	663 569
	Street Lighting	458 337	454 274
	Subsistence and Travelling	1 052 937	811 749
	Telephone & Postage	551 621	536 975
	Uniforms	95 748	122 195
	Internal Auditors	217 391	524 385
	Refuse Removal Contractor	-	-
	Water Distribution Tanker	251 530	242 900
	Accounting Support	657 552	733 337
	Audit Committee	83 744	38 667
	Business and Financial Management	1 375 387	2 769 550
	Human Resources Support	556 030	18 561
	Valuer and Assessors	27 250	-
	Actuaries	15 000	19 300
	Laboratory Services	93 729	47 684
	Water Research	21 235	23 684
	Rental of buildings	64 152	70 632
	Electricity Support Services	283 600	257 763
	Commission/IT services Prepaid Electricity Vendors	147 905	140 478
	Administrative and Support Staff	604 933	-
	<b>General Expenses</b>	<b>17 088 294</b>	<b>17 196 071</b>

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

KAREEBERG MUNICIPALITY

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

		2020 R
33	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	
33.01	<b>Property, Plant and Equipment</b>	
	<b>Balance previously reported</b>	<b>166,876,253</b>
	Corrected Land not on Kareeberg Municipal name on Windeed - Note 33.04	(243,100)
	Corrected Land on Kareeberg Municipal name on Windeed - Note 33.04	3,600
	Corrected calculated Cost pre 2019 on FTR2021 - Note 33.04	12,868
	Corrected calculated Accumulated Depreciation till 30 June 2019 on FTR2021 - Note 33.04	(8,227)
	Corrected calculated Depreciation 2019-2020 on FTR2021 - Note 33.1	(686)
	<b>Total</b>	<b>166,640,708</b>
33.02	<b>Unpaid Conditional Government Grants and Receipts</b>	
	<b>Balance previously reported</b>	-
	Unpaid Conditional Government Grants and Receipts correctly reversed after AG finding required it to be removed from AFS 2020 - Note 33.1	2,177,853
	<b>Total</b>	<b>2,177,853</b>
33.03	<b>Taxes</b>	
	<b>Balance previously reported</b>	<b>(1,110,572)</b>
	Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions with VAT Retention - Note 33.06	141,246
	<b>Total</b>	<b>(969,326)</b>
33.04	<b>Accumulated Surplus/(Deficit)</b>	
	<b>Balance previously reported</b>	<b>177,178,293</b>
	Operating Lease Asset rental cost not disclosed pre-2019 - Note 33.05	1,886
	Corrected Land not on Kareeberg Municipal name on Windeed - Note 33.01	(243,100)
	Corrected Land on Kareeberg Municipal name on Windeed - Note 33.01	3,600
	Corrected calculated Cost pre 2019 on FTR2021 - Note 33.01	12,868
	Corrected calculated Accumulated Depreciation till 30 June 2019 on FTR2021 - Note 33.01	(8,227)
	<b>Total</b>	<b>176,945,321</b>
33.05	<b>Operating Lease Asset</b>	
	<b>Balance previously reported</b>	<b>25,578</b>
	Operating Lease Asset rental cost not disclosed pre-2019 - Note 33.04	1,886
	Operating Lease Asset rental cost not disclosed during 2019-20 - Note 33.1	151
	<b>Total</b>	<b>27,615</b>
33.06	<b>Receivables from exchange transactions</b>	
	<b>Balance previously reported</b>	<b>5,029,148</b>
	Correct disclosure of VAT Receivable/(Payable) under Taxes and removed from Receivables from exchange transactions with VAT Retention - Note 33.03	(141,246)
	<b>Total</b>	<b>4,887,902</b>
33.07	<b>Receivables from non-exchange transactions</b>	
	<b>Balance previously reported</b>	<b>289,575</b>
	Rates discount accounted and corrected on Receivables from non-exchange transactions - Note 33.1	(316,753)
	Debt impairment discount accounted and corrected on Receivables from non-exchange transactions - Note 33.1	316,753
	<b>Total</b>	<b>289,575</b>
33.08	<b>Employee Benefits</b>	
	<b>Balance previously reported</b>	<b>7,596,000</b>
	Actuarial Gains adjusted for Post Retirement Benefits - Note 33.10	198,000
	Current portion of Post Retirement Benefits adjusted - Note 33.09	50,021
	<b>Total</b>	<b>7,844,021</b>
33.09	<b>Current Employee Benefits</b>	
	<b>Balance previously reported</b>	<b>2,787,633</b>
	Current portion of Post Retirement Benefits adjusted - Note 33.08	(50,021)
	<b>Total</b>	<b>2,737,612</b>
33.10	<b>Statement of Financial Performance</b>	
	<b>Balance previously reported</b>	<b>42,819</b>
	Corrected calculated Depreciation 2019-2020 on FTR2021 - Note 33.01	(686)
	Rates discount accounted and corrected on Receivables from non-exchange transactions - Note 33.07	(316,753)
	Debt impairment discount accounted and corrected on Receivables from non-exchange transactions - Note 33.07	316,753
	Operating Lease Asset rental cost not disclosed during 2019-20 - Note 33.05	151
	Actuarial Gains adjusted for Post Retirement Benefits - Note 33.08	(198,000)
	Unpaid Conditional Government Grants and Receipts correctly reversed after AG finding required it to be removed from AFS 2020 - Note 33.03	2,177,853
	<b>Total</b>	<b>2,022,137</b>
	Correction of Error in note 33.01 to 33.10 was resulted of: Taxes and Unpaid Conditional Government Grants and Receipts corrected after the 2019/20 audit. Property rates and Impairment corrected under Receivables from non-exchange transactions due to Income for gone. Recon on land revealed land not owned/owned by municipality according to Windeed and corrected. Employee Benefits adjusted to include all members. First Time Recognitions at Losses assets and Operating Lease Assets identified and corrected.	

KAREEBERG MUNICIPALITY

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

	2021	2020
	R	R
<b>34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus for the year	16,389,652	2,022,137
<b>Adjustments for:</b>		
Depreciation	4,991,083	5,408,082
Amortisation of Intangible Assets	9,766	11,234
(Gain)/Loss on disposal of property, plant and equipment	7,038	1,600
Impairments	-	-
Contribution from/to employee benefits - non-current	921,000	926,711
Contribution from/to employee benefits - non-current - expenditure incurred	(620,458)	(557,892)
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	157,479	96,138
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	(418,021)	(563,500)
Contribution to employee benefits – current	1,153,519	858,397
Contribution to employee benefits – current - expenditure incurred	(1,036,930)	(795,220)
Contribution to provisions – non-current - Rehabilitation of Landfill-sites	(1,741,356)	(3,198,508)
Contribution to provisions – non-current - Unwinding of discounted interest	882,155	960,831
Contribution to provisions – bad debt	4,309,128	4,319,191
Unamortised discount - Interest - Revenue	(771)	(966)
Contributed PPE	(137,748)	(23,000)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	56,781,417	(13,512,774)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	2,177,853	(2,177,853)
Operating lease income accrued	12,558	8,141
Operating Surplus/(Deficit) before changes in working capital	83,837,363	(6,217,249)
Changes in working capital	(5,449,149)	(5,606,312)
Increase/(Decrease) in Payables from exchange transactions	847,130	(178,045)
Increase/(Decrease) in Taxes	(2,281,596)	652,906
(Increase)/Decrease in Trade Receivables from exchange transactions	(704,788)	(3,733,412)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(3,309,895)	(2,347,762)
<b>Cash generated/(absorbed) by operations</b>	<b>78,388,214</b>	<b>(11,823,561)</b>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 19	86,277,758	24,350,452
Bank - Note 19	632,219	295,308
<b>Total cash and cash equivalents</b>	<b>86,909,977</b>	<b>24,645,759</b>
<b>36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 35	86,909,977	24,645,759
Less:	86,909,977	24,645,759
	57,625,882	845,224
Unspent Conditional Grants - Note 8	57,573,401	791,984
Cash Portion of Housing Development Fund - Note 2	52,481	53,240
<b>Net cash resources available for internal distribution</b>	<b>29,284,095</b>	<b>23,800,536</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	(11,347,812)	(11,347,812)
Retention	(1,257,575)	(1,082,889)
Provision for Employee benefits	(2,000,000)	(2,000,000)
Vehicles	(3,672,936)	-
Staff Leave, Performance Management Bonus, Long Service	(3,281,223)	(2,864,306)
<b>Resources available for working capital requirements</b>	<b>7,724,551</b>	<b>6,505,529</b>

KAREEBERG MUNICIPALITY

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

		2021 R	2020 R
37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
37.01	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Unauthorised expenditure current year - capital	-	897,345
	Unauthorised expenditure current year - operating	-	-
	Written off by Council	-	(897,345)
	Current	-	(897,345)
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	<b>Incident</b>		
	<b>Disciplinary steps/criminal proceedings</b>		
	<i>Over expenditure of approved budget</i>	<i>None</i>	
	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
		-	<b>897,345</b>
	<b>Analysed as follows: Non-cash</b>		
	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>Analysed as follows: Cash</b>		
	Bulk Purchases	-	-
	Employee related cost	-	-
	Operational Costs	-	-
	Capital Costs	-	874,345
		-	<b>874,345</b>

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

	2021 R	2021 R	2021 R	2021 R
<u>Unauthorised expenditure current year - operating</u>	(Actual)	(Budget)	(Variance)	(Unauthorised)
Executive & Council	8,529,050	11,782,445	(3,253,395)	-
Budget & Treasury	18,968,015	20,159,385	(1,191,370)	-
Corporate Services	-	-	-	-
Other	-	15,435	(15,435)	-
Health	5,295	11,587	(6,292)	-
Community & Social Services	2,531,989	3,983,806	(1,451,817)	-
Housing	-	11,077	(11,077)	-
Public Safety	37,093	67,279	(30,186)	-
Sport & Recreation	341,710	432,477	(90,767)	-
Environmental Protection	-	119,645	(119,645)	-
Waste Management	3,645,192	6,202,947	(2,557,755)	-
Waste Water Management	7,436,531	7,496,313	(59,782)	-
Road Transport	6,552,878	7,175,827	(622,949)	-
Water	2,274,977	3,086,225	(811,248)	-
Electricity	14,670,373	18,167,392	(3,497,019)	-
	<b>64,993,103</b>	<b>78,711,840</b>	<b>(13,718,737)</b>	-
<u>Unauthorised expenditure current year - capital</u>	(Actual)	(Budget)	(Variance)	(Unauthorised)
Budget & Treasury	101,401	115,000	(13,599)	-
Community & Social Services	206,152	2,022,000	(1,815,848)	-
Waste Water Management	39,724	138,500	(98,776)	-
Road Transport	872,816	7,918,000	(7,045,184)	-
Water	15,458,271	43,789,600	(28,331,329)	-
Electricity	1,346,598	5,143,950	(3,797,352)	-
	<b>18,024,962</b>	<b>59,127,050</b>	<b>(41,102,088)</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 2021

		2021	2020
		R	R
37.02	<b>Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:			
Opening balance		37,500	-
Correction of prior period error		-	-
Restated opening balance		37,500	-
Fruitless and wasteful expenditure current year		1,496,651	37,500
Written off by Council		-	-
Current		-	-
Prior Period		-	-
Transfer to receivables for recovery - not written off		-	-
Current		-	-
Prior Period		-	-
Fruitless and wasteful expenditure awaiting further action		<b>1,534,151</b>	<b>37,500</b>
Fruitless and wasteful expenditure can be summarised as follow:			
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
No evidence of loads delivered.	None	-	22,500
No evidence of loads delivered.	None	-	15,000
Legal cost - Bulk Water Supply: Vanwyksvlei/Camarvon - Saaipoort settlement	None	395,574	-
Legal cost - Bulk Water Supply: Vanwyksvlei/Camarvon - Saaipoort settlement	None	995,312	-
Toilets Camarvon	None	105,766	-
		<b>1,496,651</b>	<b>37,500</b>
All amounts disclosed under the fruitless and wasteful expenditure note, are VAT inclusive.			
37.03	<b>Irregular expenditure</b>		
Reconciliation of irregular expenditure:			
Opening balance		356,413	-
Correction of prior period error		-	-
Restated opening balance		356,413	-
Irregular expenditure current year		2,343,736	356,413
Expenditure authorised i.t.o. Section 32 of MFMA		-	-
Current		-	-
Prior Period		-	-
Written off as supported by council		-	-
Current		-	-
Prior Period		-	-
Transfer to receivables for recovery - not written off		-	-
Current		-	-
Prior Period		-	-
Irregular expenditure awaiting further action		<b>2,700,148</b>	<b>356,413</b>
Irregular expenditure can be summarised as follow:			
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
Advance	None	-	26,113
Carting of water to Vanwyksvlei.	None	-	90,000
Training of personnel	None	79,200	52,800
Service provider of wood	None	-	187,500
Provision of Transformer	None	48,588	-
Supply and replacement of asbestos pipes	None	724,404	-
Advertisements	None	146,142	-
Advertisements	None	165,462	-
Advertisements	None	96,531	-
Civil consulting services	None	1,066,159	-
Actuarial Reports	None	17,250	-
		<b>2,343,736</b>	<b>356,413</b>
All amounts disclosed under the irregular expenditure note, are VAT inclusive.			
37.04	<b>Material Losses</b>		
<b>Electricity distribution losses</b>			
Electricity distribution losses ( R )		(2,827,225)	(2,201,401)
Units purchased (Kwh)		7,714,967	7,882,482
- Units lost during distribution (Kwh)		1,710,047	1,405,963
- Percentage lost during distribution		22.17%	17.84%

## KAREEBERG MUNICIPALITY

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

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

KAREEBERG MUNICIPALITY

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

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

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

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
30 June 2021				
Emergency cases	40,939	-	-	-
Availability	410,794	120,000	-	-
Limited Quotations	20,923	1,500,872	-	-
Deviation on tender/Not cheapest awarded	-	-	-	-
Service provider	179,204	41,675	-	-
	<u>651,859</u>	<u>1,662,546</u>	<u>-</u>	<u>-</u>
30 June 2020				
Emergency cases	52,567	149,694	-	-
Availability	230,571	194,360	-	-
Limited Quotations	80,519	1,210,702	-	-
Deviation on tender/Not cheapest awarded	8,177	-	-	-
Service provider	167,826	589,889	-	-
	<u>539,660</u>	<u>2,144,645</u>	<u>-</u>	<u>-</u>

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

39 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

	2021 R	2020 R
Infrastructure	76,412,291	-
Other	74,085,915	-
	<u>2,326,376</u>	<u>-</u>
<b>Total</b>	<b><u>76,412,291</u></b>	<b><u>-</u></b>
This expenditure will be financed from:		
Government Grants	74,085,915	-
Own Resources	2,326,376	-
	<u>76,412,291</u>	<u>-</u>

All amounts disclosed are VAT inclusive.

40 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

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



KAREEBERG MUNICIPALITY

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

40

FINANCIAL RISK MANAGEMENT (CONTINUE)

(d) Credit Risk

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

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

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

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

Balances past due not impaired:

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

No receivables are pledged as security for financial liabilities.

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

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

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

KAREEBERG MUNICIPALITY

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

40

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2021 %	2021 R	2020 %	2020 R
The provision for bad debts could be allocated between the different categories of debtors as follows:				
Industrial	10.23%	1,752,653	19.69%	2,587,063
Residential	89.77%	15,376,387	80.31%	10,549,602
	100.00%	17,129,040	100%	13,136,665
	2021 %	2021 R	2020 %	2020 R
Bad debts written off per debtor class:				
<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:

	2021 R	2020 R
Long term receivables	12,518	16,916
Trade receivables and other receivables	4,883,032	5,177,477
Cash and Cash Equivalents	86,909,977	24,645,759
	91,805,527	29,840,153

KAREEBERG MUNICIPALITY

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

40

FINANCIAL RISK MANAGEMENT (CONTINUE)

2021  
R

2020  
R

(e) Liquidity Risk

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

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

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

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

41

FINANCIAL INSTRUMENTS

2021  
R

2020  
R

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

41.1

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

KAREEBERG MUNICIPALITY

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

41	FINANCIAL INSTRUMENTS (CONTINUE)		2021 R	2020 R
41.2	<b>Financial Liability</b>	<b>Classification</b>		
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	1,270,754	1,455,205
	Payments received in advance	Financial instruments at amortised cost	1,356,332	324,752
	<b>Consumer deposits</b>			
	Other liabilities	Financial instruments at amortised cost	348,679	329,979
	<b>Unspent Conditional Grants and Receipts</b>			
	Other Spheres of Government	Financial instruments at amortised cost	57,573,401	791,984
			<b>60,549,166</b>	<b>2,901,920</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<b>60,549,166</b>	<b>2,901,920</b>
42	<b>EVENTS AFTER THE REPORTING DATE</b>			
	The national state of disaster has been extended until 15 September 2021. Refer to note 47 whereby the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.			
43	<b>IN-KIND DONATIONS AND ASSISTANCE</b>			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
44	<b>PRIVATE PUBLIC PARTNERSHIPS</b>			
	Council has not entered into any private public partnerships during the financial year.			
45	<b>CONTINGENT ASSET/LIABILITIES</b>			
	R.G. de Wee is claiming R8 million for alleged negligence and/or lack of maintenance of electricity network by the Municipality.			
	Bhejula GCM Trading is claiming R125 000 for alleged none payment of carting of water to Vanwyksvlei, by the Municipality.			
46	<b>RELATED PARTIES</b>			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
46.1	<b>Related Party Transactions</b>			
		<b>Rates - Levied 1 July 2020 - 30 June 2021</b>	<b>Service Charges - Levied 1 July 2020 - 30 June 2021</b>	<b>Other - Levied 1 July 2020 - 30 June 2021</b>
	<b>Year ended 30 June 2021</b>			<b>Outstanding Balances 30 June 2021</b>
	Councillors	5,381	87,115	6,408
	Municipal Manager and Section 56 Employees	24,126	51,775	-
	<b>Year ended 30 June 2020</b>			
	Councillors	4,484	80,060	9,552
	Municipal Manager and Section 56 Employees	22,755	43,266	-
	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.			
	<u>Related party relationship</u>			
	Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.			
46.2	<b>Related Party Loans</b>			
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 14 to the Annual Financial Statements.			
46.3	<b>Compensation of key management personnel</b>			
	The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.			
46.4	<b>Other related party transactions</b>			
		<b>2021</b>	<b>2020</b>	
	The following purchases were made during the year where Councillors or Management have an interest:	<b>R</b>	<b>R</b>	
	<u>Councillor/Staff Member</u>			
	None	-	-	

KAREEBERG MUNICIPALITY

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

47	FINANCIAL SUSTAINABILITY	2021 R	2020 R
	<p>The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:</p> <p><b>Financial Indicators</b></p> <p>The current ratio decreased to 1.48:1 from 4.93:1 in the prior year.</p> <p>The municipality have budgeted for a surplus of R59 127 049 for the 2020/2021 financial year. The municipality is also budgeting for surplus during 2021/2022 and 2022/2023 amounting to R43 011 170 and R14 745 560 respectively.</p> <p>The average debtors' payment days increased to 329 days from 268 days.</p> <p><b>Other Indicators</b></p> <p>No outflow of resources due the contingent liability disclosed in note 45</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 results 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.</p>		
48	STATUTORY RECEIVABLES		
	<p>In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:</p>		
		2021 R	2020 R
	<b>Taxes</b>		
	VAT Receivable	2,997,800	491,615
	<b>Receivables from non-exchange transactions</b>		
	Property Rates	8,662,124	5,380,013
	<b>Total Statutory Receivables (before provision)</b>	<b>11,659,924</b>	<b>5,871,628</b>
	<b>Less:</b> Provision for Debt Impairment	(7,339,393)	(5,449,255)
	<b>Total Statutory Receivables (after provision)</b>	<b>4,320,531</b>	<b>422,373</b>
	<p>Statutory Receivables arises from the following legislation:</p> <p>Taxes - Value Added Tax Act (No 89 of 1991)</p> <p>Rates - Municipal Properties Rates Act (No 6 of 2004)</p> <p>Statutory receivables are initially measured at transaction value, and subsequently at cost.</p>		
		2021 R	2020 R
	<b>(VAT): Ageing</b>		
	Current (0 - 30 days)	128,746	243,287
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	1,556,783	1,217,654
	<b>Total</b>	<b>1,685,529</b>	<b>1,460,941</b>
	<b>(Rates): Ageing</b>		
	Current (0 - 30 days)	14,634	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	8,647,490	5,380,013
	<b>Total</b>	<b>8,662,124</b>	<b>5,380,013</b>

## KAREEBERG MUNICIPALITY

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

48

## STATUTORY RECEIVABLES (CONTINUE)

2021	2020
R	R

Reconciliation of Provision for Debt Impairment

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

2021	2020
R	R

Ageing of amounts past due and impaired:

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

2021	2020
R	R

Ageing of amounts past due but not impaired:

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

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

2021	2020
R	R

Interest Received from Statutory Receivables

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

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

49

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

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

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

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
16,065	(173,168)	(157,103)	Cemetery	25,720	(192,432)	(166,712)
139,139	(2,010,484)	(1,871,345)	Library	1,771	(2,333,427)	(2,331,657)
-	(8,013)	(8,013)	Museum	-	(6,130)	(6,130)
9,622,296	(832,279)	8,790,017	Electricity Administration	10,809,208	(1,119,206)	9,690,002
-	(14,261,651)	(14,261,651)	Electricity Generation	-	(13,996,813)	(13,996,813)
-	(1,065,740)	(1,065,740)	Electricity Distribution	-	(237,141)	(237,141)
30,873,794	(11,869,527)	19,004,266	General Expenditure of Council	16,922,849	(8,529,050)	8,393,799
8,904	(140)	8,764	Official Housing	9,480	(287)	9,193
9,228,699	(1,177,644)	8,051,055	Property Rates	9,485,617	(1,821,360)	7,664,256
309,989	(17,549)	292,440	Commonage	202,846	(5,387)	197,459
75,760	(148,485)	(72,725)	Municipal Buildings	89,096	(589,844)	(500,748)
2,649,549	(14,682,620)	(12,033,070)	Municipal Manager/Treasurer	19,368,444	(16,541,421)	2,827,023
-	(6,053)	(6,053)	Clinic	-	(5,295)	(5,295)
347	(7,099)	(6,752)	Air Port	347	(9,662)	(9,315)
-	(25)	(25)	Abattoir	-	(54)	(54)
-	(8,470)	(8,470)	Fire Department	-	(37,093)	(37,093)
-	(48,229)	(48,229)	Pound	-	-	-
48,960	(4,663,859)	(4,614,899)	Public Works	746,492	(4,752,925)	(4,006,433)
8,883,350	(1,568,758)	7,314,592	Streets & Pavements	872,816	(1,579,103)	(706,287)
5,600	(192,264)	(186,664)	Licensing & Traffic	5,040	(220,850)	(215,810)
1,396	(352,984)	(351,588)	Nature Reserve	10,266	(14,080)	(3,814)
435	(217,740)	(217,306)	Parks & Open areas	435	(272,659)	(272,224)
-	(8,685)	(8,685)	Swimming Pool	-	(19,214)	(19,214)
339	(14,249)	(13,910)	Caravan Park	-	(35,757)	(35,757)
1,457,186	(5,103,022)	(3,645,836)	Refuse	1,756,648	(3,645,192)	(1,888,544)
961,583	(4,975,050)	(4,013,467)	Sewerage & Cleansing	2,883,223	(7,442,636)	(4,559,413)
-	(614,466)	(614,466)	Water Distribution	-	(591,356)	(591,356)
3,208,980	(2,233,133)	975,847	Water Provision	18,192,458	(1,729,526)	16,462,933
67,492,371	(66,261,386)	1,230,984	Sub Total	81,382,754	(65,727,899)	15,654,856
-	791,153	791,153	Less Inter-Departmental Charges	-	734,796	734,796
67,492,371	(65,470,234)	2,022,137	<b>Total</b>	81,382,754	(64,993,103)	16,389,652

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

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
30,873,794	(11,869,527)	19,004,266	Executive & Council	16,922,849	(8,529,050)	8,393,799
12,263,997	(16,026,323)	(3,762,325)	Budget & Treasury	29,155,829	(18,968,015)	10,187,814
347	(7,099)	(6,752)	Other	-	-	-
-	(6,053)	(6,053)	Health	-	(5,295)	(5,295)
155,204	(2,191,666)	(2,036,462)	Community & Social Services	27,491	(2,531,989)	(2,504,498)
8,904	(140)	8,764	Housing	-	-	-
-	(56,699)	(56,699)	Public Safety	-	(37,093)	(37,093)
774	(240,674)	(239,900)	Sport & Recreation	10,701	(341,710)	(331,010)
1,396	(352,984)	(351,588)	Environmental Protection	-	-	-
1,457,186	(5,103,022)	(3,645,836)	Waste Management	1,756,648	(3,645,192)	(1,888,544)
961,583	(4,975,050)	(4,013,467)	Waste Water Management	2,883,223	(7,442,636)	(4,559,413)
8,937,910	(6,424,880)	2,513,030	Road Transport	1,624,348	(6,552,878)	(4,928,530)
3,208,980	(2,847,599)	361,381	Water	18,192,458	(2,320,882)	15,871,577
9,622,296	(16,159,670)	(6,537,374)	Electricity	10,809,208	(15,353,160)	(4,543,952)
67,492,371	(66,261,386)	1,230,984	Sub Total	81,382,754	(65,727,899)	15,654,856
-	791,153	791,153	Less Inter-Departmental Charges	-	734,796	734,796
67,492,371	(65,470,234)	2,022,137	<b>Total</b>	81,382,754	(64,993,103)	16,389,652



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

Grant Description	Balance 30 June 2020	Correction of error	Restated balance	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Job Creation De Bult	51,318	-	51,318	1,781	-	-	-	53,099
Land Development	80,565	-	80,565	2,796	-	-	-	83,361
Civil Defence	20,944	-	20,944	-	-	-	-	20,944
CMIP Kwaggakolk (VAT)	803	-	803	26	-	-	-	830
Sanitation - sewerage	184,441	-	184,441	-	-	-	-	184,441
Electricity Schietfontein	46,231	-	46,231	1,606	-	-	-	47,836
Water Service Plan	4,318	-	4,318	149	-	-	-	4,467
CMIP - Saaipoort project 301	4,741	-	4,741	164	-	-	-	4,905
Library Development Projects	-	-	-	-	-	-	-	-
Paving Projects	31,249	-	31,249	1,084	-	-	-	32,334
Lotto Carnarvon	2,397	-	2,397	83	-	-	-	2,480
Lotto Vosburg	42,330	-	42,330	1,470	-	-	-	43,800
Municipal Finance Management Grant	-	-	-	-	2,800,000	2,800,000	-	-
Transfer Fees Sub-Economic	179,532	-	179,532	6,253	-	-	-	185,785
Cleaning Project Vosburg	33,804	-	33,804	1,173	-	-	-	34,977
VAT - Retention	15,678	-	15,678	544	-	-	-	16,222
Municipal Infrastructure Grant	-	(2,177,853)	(2,177,853)	-	6,418,000	130,697	872,816	3,236,633
Youth Development	93,632	-	93,632	-	-	-	-	93,632
Expanded Public Works Program (PWPG)	-	-	-	-	1,057,000	756,075	-	300,925
Integrated National Electrification Programme - INEP	-	-	-	-	1,500,000	195,652	1,304,348	-
Water Service Infrastructure Grant - WSIG (DWA)	-	-	-	-	10,000,000	197,759	1,319,891	8,482,351
Regional Bulk Infrastructure Grant - RBIG (DWA)	-	-	-	-	62,551,000	3,824,455	13,982,167	44,744,378
<b>Total</b>	<b>791,984</b>	<b>(2,177,853)</b>	<b>(1,385,869)</b>	<b>17,130</b>	<b>84,326,000</b>	<b>7,904,638</b>	<b>17,479,222</b>	<b>57,573,401</b>

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

**Reconciliation of Table A1 Budget Summary**

Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.e. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	9,084	–	9,084	9,486	–	401	0.0%	0.0%	–	–	–	–
Service charges	15,549	–	15,549	14,634	–	(916)	0.0%	0.0%	–	–	–	–
Investment revenue	3,145	–	3,145	2,752	–	(392)	0.0%	0.0%	–	–	–	–
Transfers recognised - operational	31,244	2,877	34,121	35,504	–	1,383	0.0%	0.0%	–	–	–	–
Other own revenue	19,146	–	19,146	1,527	–	(17,619)	0.0%	0.0%	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>78,169</b>	<b>2,877</b>	<b>81,046</b>	<b>63,904</b>	<b>–</b>	<b>(17,142)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee costs	25,915	(223)	25,692	21,366	–	(4,327)	0.0%	0.0%	–	–	–	–
Remuneration of councillors	2,819	–	2,819	2,647	–	(172)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	4,429	–	4,429	5,001	–	572	0.0%	0.0%	–	–	–	–
Finance charges	1,001	–	1,001	1,662	–	661	0.0%	0.0%	–	–	–	–
Materials and bulk purchases	16,990	(150)	16,840	12,755	–	(4,085)	0.0%	0.0%	–	–	–	–
Transfers and grants	1,371	1,000	2,371	–	–	(2,371)	0.0%	0.0%	–	–	–	–
Other expenditure	25,642	(84)	25,558	21,562	–	(3,996)	0.0%	0.0%	–	–	–	–
<b>Total Expenditure</b>	<b>78,169</b>	<b>543</b>	<b>78,712</b>	<b>64,993</b>	<b>–</b>	<b>(13,719)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus/(Deficit)</b>	<b>–</b>	<b>2,334</b>	<b>2,334</b>	<b>(1,090)</b>	<b>–</b>	<b>(30,861)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Transfers recognised - capital	99,567	(42,774)	56,793	17,479	–	(39,314)	0.0%	0.0%	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>16,390</b>	<b>–</b>	<b>(42,737)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>16,390</b>	<b>–</b>	<b>(42,737)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	99,567	(42,774)	56,793	17,479	–	(39,314)	0.0%	0.0%	–	–	–	–
Public contributions & donations	–	–	–	138	–	138	0.0%	0.0%	–	–	–	–
Borrowing	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Internally generated funds	–	2,334	2,334	408	–	(1,926)	0.0%	0.0%	–	–	–	–
<b>Total sources of capital funds</b>	<b>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>18,025</b>	<b>–</b>	<b>(41,102)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash flows</b>												
Net cash from (used) operating	108,365	(42,774)	65,591	78,388	–	12,798	0.0%	0.0%	–	–	–	–
Net cash from (used) investing	(99,567)	42,540	(57,027)	(16,148)	–	40,879	0.0%	0.0%	–	–	–	–
Net cash from (used) financing	(0)	–	(0)	24	–	24	0.0%	0.0%	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>51,167</b>	<b>(15,471)</b>	<b>35,696</b>	<b>62,264</b>	<b>–</b>	<b>53,701</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

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

Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i><b>Governance and administration</b></i>	57,154	3,217	60,371	46,079	-	14,292	0.0%	0.0%	-	-	-	-
Executive and council	10,350	-	10,350	16,923	-	(6,573)	0.0%	0.0%	-	-	-	-
Finance and administration	46,804	3,217	50,021	29,156	-	20,865	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Community and public safety</b></i>	1,303	(75)	1,228	38	-	1,190	0.0%	0.0%	-	-	-	-
Community and social services	1,283	(75)	1,208	27	-	1,180	0.0%	0.0%	-	-	-	-
Sport and recreation	11	-	11	11	-	0	0.0%	0.0%	-	-	-	-
Public safety	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Housing	9	-	9	-	-	9	0.0%	0.0%	-	-	-	-
Health	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Economic and environmental services</b></i>	9,078	(363)	8,715	1,624	-	7,091	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	9,078	(363)	8,715	1,624	-	7,091	0.0%	0.0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Trading services</b></i>	110,200	(42,676)	67,524	33,642	-	33,883	0.0%	0.0%	-	-	-	-
Electricity	18,856	(3,900)	14,956	10,809	-	4,147	0.0%	0.0%	-	-	-	-
Water	85,439	(38,776)	46,663	18,192	-	28,471	0.0%	0.0%	-	-	-	-
Waste water management	1,346	-	1,346	2,883	-	(1,537)	0.0%	0.0%	-	-	-	-
Waste management	4,559	-	4,559	1,757	-	2,802	0.0%	0.0%	-	-	-	-
<i><b>Other</b></i>	0	-	0	-	-	0	0.0%	0.0%	-	-	-	-
<b>Total Revenue - Standard</b>	177,736	(39,897)	137,839	81,383	-	56,456	0.0%	0.0%	-	-	-	-
<b>Expenditure - Standard</b>												
<i><b>Governance and administration</b></i>	31,548	394	31,942	27,497	-	4,445	0.0%	0.0%	-	-	-	-
Executive and council	12,102	(320)	11,782	8,529	-	3,253	0.0%	0.0%	-	-	-	-
Finance and administration	19,445	714	20,159	18,968	-	1,191	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Community and public safety</b></i>	3,464	1,042	4,506	2,916	-	1,590	0.0%	0.0%	-	-	-	-
Community and social services	2,942	1,042	3,984	2,532	-	1,452	0.0%	0.0%	-	-	-	-
Sport and recreation	432	-	432	342	-	91	0.0%	0.0%	-	-	-	-
Public safety	67	-	67	37	-	30	0.0%	0.0%	-	-	-	-
Housing	11	-	11	-	-	11	0.0%	0.0%	-	-	-	-
Health	12	-	12	5	-	6	0.0%	0.0%	-	-	-	-
<i><b>Economic and environmental services</b></i>	8,188	(893)	7,295	6,553	-	743	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	7,919	(743)	7,176	6,553	-	623	0.0%	0.0%	-	-	-	-
Environmental protection	270	(150)	120	-	-	120	0.0%	0.0%	-	-	-	-
<i><b>Trading services</b></i>	34,953	-	34,953	28,027	-	6,926	0.0%	0.0%	-	-	-	-
Electricity	18,167	-	18,167	14,670	-	3,497	0.0%	0.0%	-	-	-	-
Water	3,086	-	3,086	2,275	-	811	0.0%	0.0%	-	-	-	-
Waste water management	7,496	-	7,496	7,437	-	60	0.0%	0.0%	-	-	-	-
Waste management	6,203	-	6,203	3,645	-	2,558	0.0%	0.0%	-	-	-	-
<i><b>Other</b></i>	15	-	15	-	-	15	0.0%	0.0%	-	-	-	-
<b>Total Expenditure - Standard</b>	78,169	543	78,712	64,993	-	13,719	0.0%	0.0%	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	99,567	(40,440)	59,127	16,390	-	42,737	0.0%	0.0%	-	-	-	-

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

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

Vote Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.t.o. 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 by Vote</b>												
Vote 1 - Executive and Council	10,263	-	10,263	16,923	-	6,660	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	46,545	3,217	49,762	29,156	-	(20,606)	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	1,266	(75)	1,191	-	-	(1,191)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	119,663	(43,039)	76,624	35,304	-	(41,320)	0.0%	0.0%	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>177,735</b>	<b>(39,897)</b>	<b>137,838</b>	<b>81,383</b>	<b>-</b>	<b>(56,456)</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	8,370	(320)	8,050	8,529	-	479	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	17,244	1,474	18,718	18,968	-	250	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	5,967	357	6,324	-	-	(6,324)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	46,588	(968)	45,620	37,496	-	(8,124)	0.0%	0.0%	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>78,169</b>	<b>543</b>	<b>78,712</b>	<b>64,993</b>	<b>-</b>	<b>(13,719)</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>99,566</b>	<b>(40,440)</b>	<b>59,126</b>	<b>16,390</b>	<b>-</b>	<b>(42,737)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	9,084	–	9,084	9,486	–	401	0.0%	0.0%	–	–	–	–
Service charges - electricity revenue	9,856	–	9,856	9,345	–	(511)	0.0%	0.0%	–	–	–	–
Service charges - water revenue	2,888	–	2,888	2,250	–	(638)	0.0%	0.0%	–	–	–	–
Service charges - sanitation revenue	1,346	–	1,346	1,283	–	(63)	0.0%	0.0%	–	–	–	–
Service charges - refuse revenue	1,459	–	1,459	1,755	–	296	0.0%	0.0%	–	–	–	–
Rental of facilities and equipment	365	–	365	296	–	(68)	0.0%	0.0%	–	–	–	–
Interest earned - external investments	3,145	–	3,145	2,752	–	(393)	0.0%	0.0%	–	–	–	–
Interest earned - outstanding debtors	251	–	251	1	–	(250)	0.0%	0.0%	–	–	–	–
Dividends received	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Fines, penalties and forfeits	2	–	2	3	–	1	0.0%	0.0%	–	–	–	–
Licences and permits	6	–	6	4	–	(3)	0.0%	0.0%	–	–	–	–
Agency services	32	–	32	63	–	31	0.0%	0.0%	–	–	–	–
Transfers and subsidies	31,244	2,877	34,121	35,504	–	1,383	0.0%	0.0%	–	–	–	–
Other revenue	18,490	–	18,490	1,160	–	(17,330)	0.0%	0.0%	–	–	–	–
Gains on disposal of PPE	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>78,169</b>	<b>2,877</b>	<b>81,046</b>	<b>63,903</b>	<b>–</b>	<b>(17,143)</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	25,915	(223)	25,692	21,366	–	(4,327)	0.0%	0.0%	–	–	–	–
Remuneration of councillors	2,819	–	2,819	2,647	–	(172)	0.0%	0.0%	–	–	–	–
Debt impairment	5,500	–	5,500	4,309	–	(1,191)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	4,429	–	4,429	5,001	–	572	0.0%	0.0%	–	–	–	–
Finance charges	1,001	–	1,001	1,662	–	661	0.0%	0.0%	–	–	–	–
Bulk purchases	14,983	–	14,983	12,755	–	(2,228)	0.0%	0.0%	–	–	–	–
Other materials	2,007	(150)	1,857	–	–	(1,857)	0.0%	0.0%	–	–	–	–
Contracted services	7,377	614	7,991	–	–	(7,991)	0.0%	0.0%	–	–	–	–
Transfers and grants	1,371	1,000	2,371	–	–	(2,371)	0.0%	0.0%	–	–	–	–
Other expenditure	12,765	(698)	12,067	17,246	–	5,179	0.0%	0.0%	–	–	–	–
Loss on disposal of PPE	–	–	–	7	–	7	0.0%	0.0%	–	–	–	–
<b>Total Expenditure</b>	<b>78,169</b>	<b>543</b>	<b>78,712</b>	<b>64,993</b>	<b>–</b>	<b>(13,719)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus/(Deficit)</b>	<b>–</b>	<b>2,334</b>	<b>2,334</b>	<b>(1,090)</b>	<b>–</b>	<b>(3,424)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Transfers recognised - capital	99,567	(42,774)	56,793	17,479	–	(39,314)	0.0%	0.0%	–	–	–	–
Contributions recognised - capital	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Contributed assets	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>16,389</b>	<b>–</b>	<b>(42,738)</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>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>16,389</b>	<b>–</b>	<b>(42,738)</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>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>16,389</b>	<b>–</b>	<b>(42,738)</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>99,567</b>	<b>(40,440)</b>	<b>59,127</b>	<b>16,389</b>	<b>–</b>	<b>(42,738)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

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

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

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

**Reconciliation of Table A7 Budgeted Cash Flows**

Description	2020/2021							2019/2020
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties and collection charges	7,712	-	7,712	5,982	(1,730)	0.0%	0.0%	-
Service charges	13,200	-	13,200	10,676	(2,523)	0.0%	0.0%	-
Other revenue	18,895	-	18,895	840	(18,055)	0.0%	0.0%	-
Government - operating	31,244	(340)	30,904	33,198	2,294	0.0%	0.0%	-
Government - capital	99,567	(42,774)	56,793	80,469	23,676	0.0%	0.0%	-
Interest	3,396	-	3,396	2,742	(654)	0.0%	0.0%	-
Dividends	-	-	-	-	-	0.0%	0.0%	-
<b>Payments</b>								
Suppliers and employees	(64,267)	340	(63,927)	(53,857)	10,071	0.0%	0.0%	-
Finance charges	(1,001)	-	(1,001)	(1,662)	(661)	0.0%	0.0%	-
Transfers and Grants	(381)	-	(381)	-	381	0.0%	0.0%	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>108,365</b>	<b>(42,774)</b>	<b>65,591</b>	<b>78,388</b>	<b>12,798</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	-	-	-	8	8	0.0%	0.0%	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
<b>Payments</b>								
Capital assets	(99,567)	42,540	(57,027)	(16,156)	40,871	0.0%	0.0%	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(99,567)</b>	<b>42,540</b>	<b>(57,027)</b>	<b>(16,148)</b>	<b>40,879</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	-	-	-	19	19	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>(0)</b>	<b>-</b>	<b>(0)</b>	<b>24</b>	<b>24</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>8,798</b>	<b>(234)</b>	<b>8,563</b>	<b>62,264</b>	<b>53,701</b>			<b>-</b>
Cash/cash equivalents at the year begin:	42,370	(15,237)	27,133	24,646	(2,487)			-
Cash/cash equivalents at the year end:	51,167	(15,471)	35,696	86,910	51,214	0.0%	0.0%	-

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

**NOT THREE QUOTATIONS**

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

**EMERGENCY**

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



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

**AVAILABILITY**

**R2,001 - R30,000**

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

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

R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
2020-07-10	Bhejula GCM Trading (Pty) Ltd	120,000.00	Exceptional
		<u>120,000.00</u>	

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

**TOTAL DEVIATIONS**

2,314,405.58

## 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 3 to 92 of Annexure A to the annual report, which comprise the statement of financial position as at 30 June 2021, the 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 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 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of 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, 2020 (Act No. 4 of 2020) (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 my 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.

### Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2021.

### **Material losses - electricity**

8. As disclosed in note 37.04 to the financial statements, material electricity losses of R2 827 225 (2019 - 2020: R2 201 401) was incurred, which represents 22.17%(2019 – 2020:17.84%) of total electricity purchased.

### **Material Impairment – Receivables**

9. As disclosed in note 17 to the financial statements, material losses of R4 309 128 was incurred as a result of debt impairment on receivables from exchange and non-exchange transactions.

### **Underspending of conditional grants**

10. As disclosed in note 21 to the financial statements, the municipality materially underspent on the municipal infrastructure grant by R3 236 633, the regional bulk infrastructure grant by R44 744 378 and the water service infrastructure grant by R8 482 351.

### **Other matters**

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited disclosure notes**

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 schedule**

13. The supplementary information set out on pages 93 to 104 of Annexure A to the annual report, does not form part of the financial statements and is presented as additional information. Accordingly, I do not express an opinion on it.

### **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 Standards of GRAP and the requirements of the MFMA and 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 included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 objective presented in the municipality's annual performance report for the year ended 30 June 2021:

Objective	Pages in the annual performance report
<i>Deliver basic services with available resources.</i>	31 – 36

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. I did not identify material findings on the usefulness and reliability of the reported performance information for this objective:

- Deliver basic services with available resources

## **Other matter**

23. I draw attention to the matter below.

## **Achievement of planned targets**

24. Refer to the annual performance report on pages 29 to 40 for information on the achievement of planned targets for the year.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

25. 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.

26. The material findings on compliance with specific matters in key legislation are as follows:

### **Annual financial statements**

27. 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 non-current assets identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

28. Reasonable steps were not taken to prevent irregular expenditure amounting to R2 343 736 as disclosed in note 37.03 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused due to the preference point system not being applied to a specific supplier.

### **Procurement and Contract Management**

Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).

## Consequence management

30. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

## Other information

31. 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 the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
32. 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.
33. 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 objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. 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

35. 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 matter reported below is limited to the significant internal control deficiencies that resulted in the findings in the annual financial statements and on compliance with legislation included in this report.
36. Management's internal controls and processes over the preparation and presentation of financial statements were not adequate to ensure that the financial statements were free from material misstatements. The non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored and control measures implemented during the financial year.

*Auditor General*

Kimberley

14 December 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 objectives 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 Kareeberg 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.