

# *Kareeberg Municipality*



*Annual Report*  
*2021/22*

# Annual Report 2021/22

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





### Component A: Mayor's Foreword



The year 2022 came with a lot of challenges for the Council and the municipality as a whole. Among these were the induction of new councillors and the council in its totality. Out of the 11 councillors elected in 2021, only two were returning councillors. This, in itself, was a major challenge, as councillors needed to find their feet quite fast.

No sooner did council settle, before it was faced with a resignation of a ward councillor. This led to a bi-election, that took up almost a quarter of the year. Despite this, council remained committed to carry out its mandate of amongst

others:

-  - Providing good quality services to its people
-  - Inclusive governance and public participation
-  - Ward based planning
-  - Creating a conducive environment for economic growth

Council managed to adopt a fully funded budget, that speaks to service delivery and development. I can boastfully say that this municipality does not have any account that is older than 30 days, does not have an overdraft, and does not have any long or short term loans. The process of developing the budget were taken to the people through public participation processes.

The IDP processes of council were also taken to the people through public participation processes.

Ward committees took some time to be established, but with the assistance of COGHSTA, it is well underway. This will further enhance public participation and inclusive governance.

Council has formed a strong relationship with various roleplayers in the economic development fields, such as the Department of Finance and Economic Development, Department of Agriculture, SARAO, Office of the Premier and SANParks. This was done to ensure that a fertile ground for SMME development are established.

In conclusion, although many many more challenges lies ahead of council and the administration, I am excited for the remainder of the term. I also wish to extend my sincere gratitude to the administration which is lead by the acting Municipal Manager. The enormous amount of work that is put in daily, are highly appreciated.

**Monray Julian MacZali**

**MAYOR**



## **Component B: Executive Summary**

### **Acting Municipal Manager's Overview**



During the financial year, a new enlarged Council was elected in November 2021. The wards were increased from four to six. The Council now consists of a full-time Mayor and Speaker. The Speaker performs most of the functions previously performed by the Mayor. An executive committee of three members handles functions as prescribed and delegated by the Council. The three Council Committees consist of only three members each, as there may not be more members than the Executive Committee. However, for various reasons, the establishment of the six ward committees could not be finalised this financial

year. A new Audit Committee has been constituted, which fulfills its functions with passion. A new Financial Misconduct Committee was also set up, which referred several cases of fruitless and irregular expenditure to an investigator, who has already sent a number of recommendations to the Council, which have been accepted. The Council held three meetings with the communities in 2022. The Council fulfilled all the legal obligations for the financial year.

The staff turnover is very low with two retirements and two appointments in vacant positions. There are currently two vacant positions, one of which is the Municipal Manager's position. This position has already been advertised twice, but no appointments have been made. Filling the internship positions are very difficult, due to the stipend paid. Limited sources of income also limit staff numbers and this complicates division of duties.

A major milestone was reached when the ± R100 million Vanwyksvlei water pipeline was finally successfully completed. This town now has water 24 hours per day. The Municipality was also able to budget for new vehicles and will practically have a new vehicle fleet at the beginning of the next financial year. Difficulties were experienced in completing capital projects during the financial year. The process of appointing a panel of consultants had to be redone. One contractor has still not completed a project, despite efforts to help him.

The Municipality closed the financial year with a small surplus, thanks to a higher income, among other things from interest on investments. There was a saving in expenses - largely due to the vacant posts. The maintenance of assets, as budgeted, could not be done, due to the cash flow. The number of consumers receiving subsidy was lower than before, although attempts were made to register more consumers.

A total payment percentage of 86% for services, and with a lower payment percentage for property tax, necessitated that provision had to be made for bad debts of over R5 million. The non-enforcement of the credit control policy is responsible for the situation. A source of concern is the total amount owed by councillors and staff.

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The situation with the leasing of all the commonage, which is a source of income, also requires intensive attention. The low payment percentage complicates the financial management and drastic action is needed to improve the cash flow. The implementation of mSCOA is also a big challenge and an expensive process. However, good progress has already been made with its implementation.

Despite all the changes and challenges, the staff still strives to give their best.

**A P F Van Schalkwyk**

**ACTING MUNICIPAL MANAGER**

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## 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 2021/22 Annual Report reflects on the performance of the Municipality for the period 1 July 2021 to 30 June 2022. 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

Total municipal area		17 702 km²	Demographics (2020)				
			Population	12 704	Households	3 460	
Population			Densities				
Population growth rate (%)	12.1% (2011–2020)		Population density(persons/km²)			0.7/km²	
Average household size	3,7		Household density (households/ km²)			0.2/km²	
Service delivery (% of households with service)							
Water (piped inside dwelling)	41,2%	Sanitation (flush toilet)	67,9%	Electricity	72,94%	Refuse removal	71,1%
Economy				Labour			
GVA growth % (2015-2020)	24,9%			Unemployment rate		24%	



Largest economic subsectors				
Social and personal services	Agriculture		General government services	Wholesale and retail trade
Safety and security – actual number of crimes in 2021				
Serious crimes	Driving under the influence	Drug-related crime	Murders	Sexual offences
586	5	9	3	13

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 towns, 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 maps below indicate the location of the Municipality in the province and its regional location:

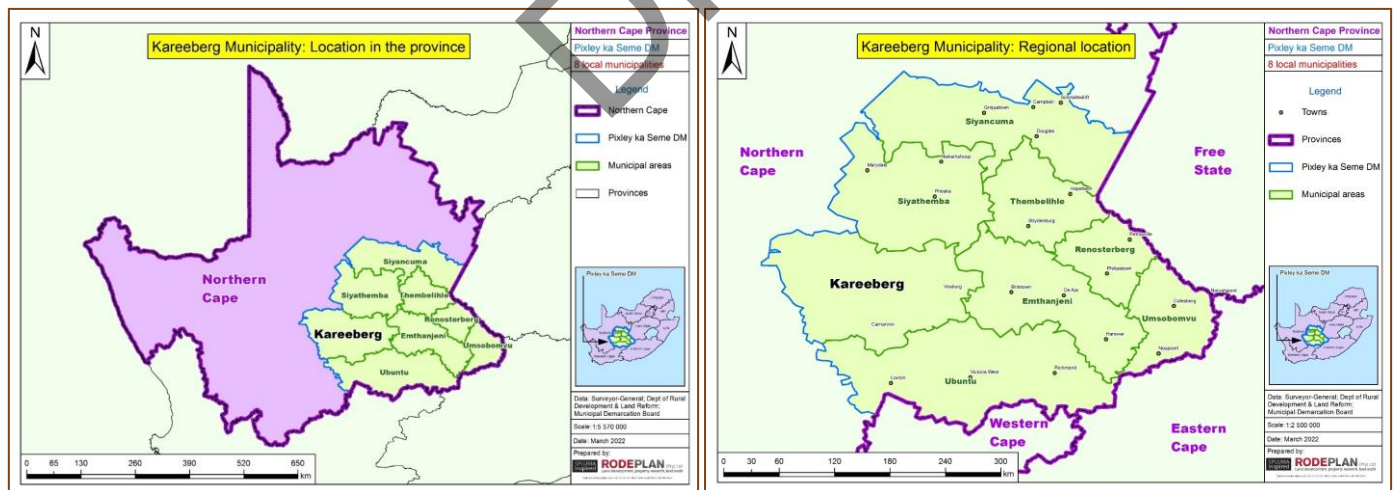


Figure 1 Location in the Province and District and Regional Location

### 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 house alongside the museum, is a well-preserved example 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 is situated 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.

Fine examples of San rock art can be viewed on the Keurfontein farm nearby.

### 1.2.3 Demographic Profile

#### Population

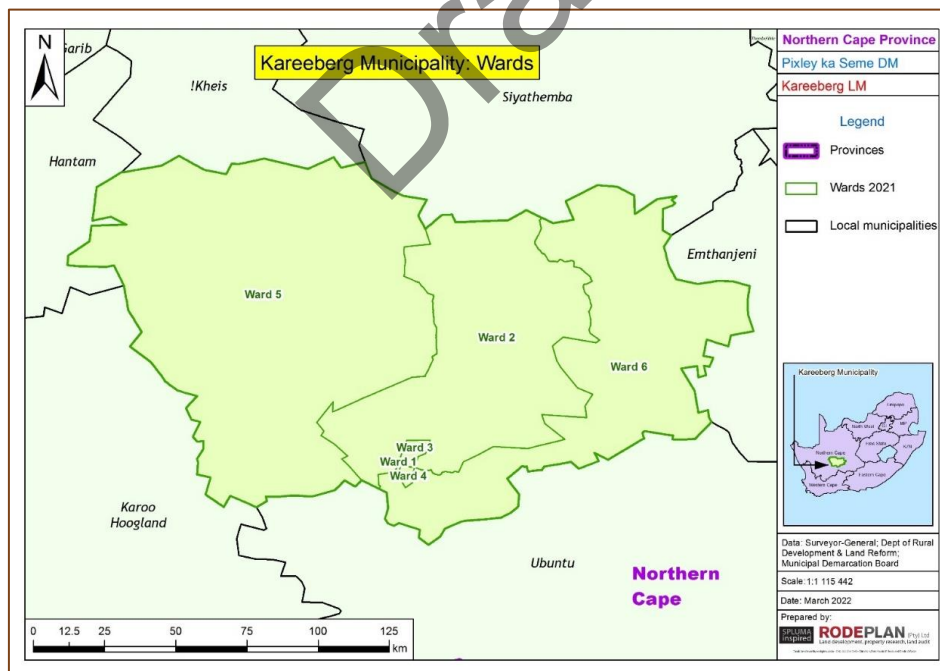
The table below indicates a steady increase in the population size and the number of households of Kareeberg Municipality since 2001. However, the population growth rate over the period 2011 to 2020 was much lower than the preceding 10-year period. It is important to note the aging of the population which places additional demands on government services.

Indicator		2001	2011	2020
Population		9 488	11 328	12 704
Population growth rate (%)		-	19,3%	12,1%
Households		2 365	3 222	3 460
People per household		3,6	3,4	3,7
Age breakdown	0 - 14	-	29%	27,9%
	15 - 64	-	62%	57,9%
	65+	-	8%	14,1%

*Table 2: Demographic Profile*

#### Wards

The Kareeberg Municipality consists of 6 electoral wards. This number includes two additional wards that were demarcated before the 2021 local government elections. The wards are indicated in the map below:












*Figure 2 Municipal Wards*



**1.2.4 Economic Profile**

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

-  High levels of poverty and low levels of education.
-  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 project will have in the municipal area).
-  Sparsely populated towns with Carnarvon serving as “agricultural service centre” (note that there would most probably be a decline in the need for this service owing to the restrictions placed on farming in the area as a result of the SKA project).
-  High rate of unemployment and social grant dependence.
-  Prone to significant environmental changes owing to long-term structural changes (such as climate change, 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.

**Employment Status**

The overall results with regard to the current employment status of the working age population is a worsening trend since 2015. In 2015, about 31% of the working age population were formally employed with about 42% classified as not economically active. In 2020 and for the same grouping, only about 28% were formally employed which is a significant percentage decrease since 2015. This is also reflected in the unemployment rate of 24% in 2020 versus a 21% rate in 2015. In this regard, any unemployment rate, irrespective of how large, has serious repercussions for the ability of the residents to pay for their daily needs and for municipal services. Owing to the high numbers of unemployed persons, other main sources of income are pension/welfare payments.

The employment status of the available workforce/economically active group in the Kareeberg municipal area is listed in the table below.

Description	2015	% of working age population (2015)	2020	% of working age population (2020)
Employed	2 169	31%	2 126	28,8%
Unemployed	860	12,3%	931	12,6%
Not economically active	2 966	42,4%	3 480	47,2%
Unemployment rate (%)	21,4%	-	24%	-

Table 3: Employment Status

**Household Income**

Using 2020 data of household income and expenditure, the Covid-19 pandemic had a severe detrimental impact on both these elements as indicated in the table below:

Description	Comparing income/expenditure over the 2015-2020 period by using 2015-prices
Current income	The amount available to households increased but in 2020 the income decreased slightly
Disposable income	The amount available to households increased slightly but in 2020 the income decreased to below 2018 levels
Durable goods (e.g. furniture, computers)	Purchase of durable goods increased since 2015 but in 2020 the spending decreased to below 2018 levels
Semi-durable goods (e.g. clothing)	Purchase of semi-durable goods increased steadily up to 2019 but in 2020 the spending decreased significantly to pre-2015 levels
Non-durable goods (e.g. food)	Purchase of non-durable goods increased since 2015 but in 2020 decreased slightly
Services (e.g. rent, transport, medical)	Spending on 'services' increased since 2015 but in 2020 the spending decreased slightly

Table 4: Household Income

**1.3 Municipal Highlights and Challenges****1.3.1 Service Delivery Highlights**

Highlight	Description
Water provision Vanwyksvlei.	A huge highlight was the completion of a ± 80 km water pipeline from Carnarvon to Vanwyksvlei.
Replacement of vehicle fleet.	We were able to order 7 new light delivery vehicles as well as 6 trucks for delivery in 2022/23.

Table 5: Services Delivery Highlights

**1.3.2 Service Delivery Challenges**

Challenge	Description
Maintenance of streets	Maintenance of streets as we do not have the necessary machinery.
Vandalism	There are constant theft and breaking of our assets.

Table 6: Services Delivery Challenges

**1.3.3 Households with minimum level of Basic Services**

Service	2020/21	2021/22
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)	1 081	1 102
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)	1 989	1 968
Sanitation - Households with at least VIP service (Represents the number of residential properties which are billed for sewerage as at 30 June)	912	904
Waste collection - kerbside collection once a week (Represents the number of residential properties which are billed for refuse removal as at 30 June)	1 954	1 943

Table 7: Households with minimum level of Basic Services

**1.4 Financial Health Overview****1.4.1 Financial Viability Highlights**

Highlight	Description
Payment of creditors	Pay creditors within 30 days. No money is owed to Eskom or any other third party.

*Table 8: Financial Viability Highlights***1.4.2 Financial Viability Challenges**

Challenge	Description
Debtors days	Insufficient implementing of credit control policy.
Rental commonage	Contracts expired, loss of income.
Maintenance of Assets	Cash-flow challenges

*Table 9: 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	2020/21	2021/22
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)	90.82%	81.87%
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))	5.46	5.16

*Table 10: National KPI's for Financial Viability and Management*



## 1.4.4 Financial Overview

Details	2020/21	2021/22		
		Original budget	Adjustment Budget	Actual
	R			
Income				
Grants (Operating + Capital)	52 983 393	119 284 000	173 048 287	98 198 809
Taxes, Levies and tariffs	24 415 884	27 371 222	27 121 222	29 536 489
Other	3 983 478	22 802 990	25 852 990	5 565 316
Sub Total	81 382 755	169 458 212	226 022 499	133 300 614
Less Expenditure	64 993 103	78 132 212	81 634 562	75 880 859
Net surplus/(deficit)	16 389 652	91 326 000	144 387 937	57 419 755

Table 11: Financial Overview

## 1.4.5 Total Capital Expenditure

Detail	2020/21	2021/22
	R'000	
Original Budget	99 567 000	95 756 000
Adjustment Budget	59 127 050	95 756 000
Actual	17 925 000	58 072 728
<b>% Spent</b>	<b>30.31</b>	<b>70.88</b>

Table 12: Total Capital Expenditure

## 1.5 Organisational Development Overview

### 1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Committed staff.	Manage to deliver services with limited staff and other resources.

Table 13: Municipal Transformation and Organisational Development Highlights

### 1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Description
Filling of vacant posts.	Lack of applications of suitably skilled people.
Implementation of new Municipal Staff Regulations.	Capacity and funding challenges.

Table 14: Municipal Transformation and Organisational Development Challenges

## **1.6 Auditor-General Report**

Kareeberg Municipality received an unqualified audit report with no material findings by the Auditor-General for 2021/22.

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. A few matters of emphasis were mentioned 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	2017/18	2018/19	2019/20	2020/21	2021/22
Status	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified audit report with 3 findings

*Table 15: Audit Outcomes*

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## **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
We have a new council elected with an executive committee.	Transforming to a new dispensation of governance after November elections.

*Table 16: Good Governance and Public Participation Performance Highlights*

### **2.2 Good Governance and Public Participation Challenges**

Description	Actions to address
Community participation.	Constant request and reminders to community for inputs and attendance of public meetings.

*Table 17: 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 tables below categorise the councillors within their specific political parties and wards for the 2021/22 financial year:

The table below categorised the councillors within their specific political parties and wards from **1 July 2021 until 31 October 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%	 27 September-2021
J.E.J. Hoorn	Councillor	ANC	Proportional	100%	
G. Saal	Councillor	ANC	Proportional	100%	
B.J.E. Slambee	Councillor	ANC	Ward 4	100%	
E. Hoorn	Councillor	DA	Ward 1	100%	


















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Name of councillor	Capacity	Political Party	Ward representing or proportional	Council Meetings attended %	Dates of Council Meetings held
G.P. van Louw	Councillor	DA	Ward 3	100%	
W.D. Horne	Councillor	EFF	Proportional	100%	

*Table 18: Council from 1 July 2021 to 31 October 2021*

The table below categorised the councillors within their specific political parties and wards from **1 November 2021 until 30 June 2022**:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Council Meetings attended %	Dates of Council Meetings held
M J MacZali	Mayor	KCM	Proportional	100%	<u>Council Meetings</u>  22 November 2021  27 January 2022  25 February 2022  27 June 2022 <u>Special Council Meetings</u>  14 December 2021  6 January 2022  20 January 2022  31 January 2022  28 February 2022  29 March 2022  25 April 2022  27 May 2022  8 June 2022 <u>Council in Committee</u>  16 february 2022  9 May 2022
S D Malgas	Speaker	KCM	Proportional	100%	
E Hoorn	Councillor	DA	Proportional	99%	
W F Links	Councillor	DA	Proportional	99%	
W D Horne	Councillor	EFF	Proportional	86.66%	
J Nyl	Councillor	EFF	Ward 1	80%	
A J Kamies	Councillor	ANC	Ward 2	100%	
J S Newath	Councillor	ANC	Ward 3	100%	
V A Kasper (Resigned 22/3/2022)	Councillor	ANC	Ward 4	55%	
J H Vermeulen (Elected 01/6/2022)	Councillor	DA	Ward 4	100%	
R C G Jikella	Councillor	ANC	5	100%	
P Charlies	Councillor	ANC	6	100%	

*Table 19: Council from 1 November 2021 to 30 June 2022*

### 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.

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The composition of the portfolio committees for the period **1 July 2021 until 31 October 2021** are stipulated in the table below:






Chairperson	Other members	Dates of meetings held
Finance		
N. van Wyk	J.E.J. Hoorn	 No meetings were held
	G.P. van Louw	
	W.D. Horne	
Administration and Personnel		
G. Saal	B.J.E. Slambee	 2 September 2021
	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 July 2021
	E. Hoorn	
SCOPA / MPAC		
B.J.E. Slambee	J.E.J. Hoorn	 No meetings were held
	E. Hoorn	

Table 20: Portfolio Committees from 1 July 2021 to 31 October 2021

The composition of the portfolio committees for the period **1 November 2021 until 30 June 2022** are stipulated in the table below:










Chairperson	Other members	Dates of meetings held
<b>Finance</b>		
M.J. MacZali	W.D. Horne	 8 February 2022
	W.F. Links	 14 June 2022
<b>Corporative</b>		
R.C.G. Jikella	J. Nyl	 9 February 2022
	W.F. Links	 13 June 2022
<b>Infrastructure</b>		
E Hoorn	J. Nyl	 9 February 2022
	J.S. Newath	 13 June 2022
<b>SCOPA / MPAC</b>		
J. Nyl	W.D. Horne	 8 February 2022
	W.F. Links	 15 March 2022  16 June 2022

Table 21: Portfolio Committees from 1 November 2021 to 30 June 2022

## 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 (1 July 2021 until 9 February 2022)	Acting Municipal Manager
N Van Zyl	Corporate Services
A Van Schalkwyk (Acting Municipal Manager from 10 February 2022)	Infrastructure Services
W de Bruin	Finance Services

Table 22: Administrative Governance Structure

## Component B: Intergovernmental Relations

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






Such participation is required in terms of:

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

## 2.5 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
-  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

The following public meetings were held:

Ward	Date	Attendees	Number of people attending
Ward 1:	16 February 2022	2 Councillors 1 Official	25
Ward 2:	16 February 2022	2 Councillors 1 Official	
Ward 3:	17 February 2022	4 Councillors 1 Official	46
Ward 4:	17 February 2022	4 Councillors 1 Official	
Ward 5	17 February 2022	1 Councillors 1 Official	45
Ward 6	17 February 2022	1 Councillors 1 Official	60

Table 23: Public Meetings

### 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.

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The composition of the ward committees for the period **1 July 2021 to 31 October 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 24: Ward 1: Committee Meetings

### Ward 2: Bonteheuwel - Carnarvon


Name of representative	Capacity representing	Dates of meetings held
V. Mogwese	Unspecified	 16 September 2021
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 25: Ward 2: Committee Meetings

### Ward 3: Vosburg

Ward Committee was not established during the previous council period.

### Ward 4: Vanwyksvlei


Name of representative	Capacity representing	Dates of meetings held
J. le Grange	Church	 22 September 2021
B. Tieties	VOB	
J. Phillipus	GHB	
S. Tieties	AME	
W. Malgas	Small businesses	
K. Waterboer	Full Gospel Church	

Table 26: Ward 4: Committee Meetings


The new ward committees for the new Council period from **1 November 2021** have not been established.



### 2.5.3 Representative Forums


#### Labour Forum

The table below specifies the members of the Labour forum from **1 July 2021 to 31 October 2021**:

Name of representative	Capacity	Dates of meetings
G. de Bruin	Representative: SAMWU (Chairperson)	 No meetings were held
A. van Schalkwyk	Representative: Employer	
G. Saal	Representative: Employer	
J. Hoorn	Representative: Employer	
G de Wee	Representative: IMATU	
A. Swartz	Representative: SAMWU	
N. van Zyl	Secretary	

*Table 27: Labour Forum (1 July 2021 to 31 October 2021)*










The table below specifies the members of the Labour forum from **1 November 2021 to 30 June 2022**:

Name of representative	Capacity	Dates of meetings
G. de Bruin	Representative: SAMWU	 18 March 2022
A. van Schalkwyk	Chief Operations Manager	
W D Horne	Representative: Employer (Chairperson)	
W F Links	Representative: Employer	
G de Wee	Representative: IMATU	
A. Swartz	Representative: SAMWU	
N. van Zyl	Secretary	

*Table 28: Labour Forum (1 November 2021 to 30 June 2022)*

## 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

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 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 for the period **1 July 2021 to 31 October 2021**:

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:  Erf 34: R298 500  Erf 526: R16 600
Mr A van Schalkwyk	Land and Property:  Erf 239: R500 000

*Table 29: Financial Disclosures (1 July 2021 to 31 October 2021)*

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 for the period **1 November 2021 to 30 June 2022**:

Name	Description of Financial interests
<b>Mayor</b>	
M.J. MacZali	None to disclose
<b>Speaker</b>	
S.D. Malgas	Director: DMC Group Other financial interests: Barbie-group Erf 203: R237 000
<b>Councillors</b>	
J. Nyl	Other financial interests: Liquor business

Name	Description of Financial interests
A.J. Kamies	None to disclose
J.S. Newath	None to disclose
J.H. Vermeulen	33.3% shares in Bonza Farming Director: Bonza Farming Annuities: Mutual and Sanlam Land and Property:  Erf 89: R576 000  Erf 1964: R656 000
V.A. Kasper (Resigned)	None to disclose
W.F. Links	Erf 861: R398 000 (50%)
R.C.G. Jikella	None to disclose
P. Charlies	Erf 214: R5000.00
W.D. Horne	Erf 578: R104 000
E Hoorn	Shares: EHH holdings T/A Jimani Funerals Employment and remuneration: 5% of net revenue
<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:  Erf 34: R298 500  Erf 526: R16 600
Mr A van Schalkwyk	Land and Property:  Erf 239: R500 000

*Table 30: Financial Disclosures (1 November 2021 to 30 June 2022)*

## 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.

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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
Loss of critical information	Lack of filing cabinets and shelves	Lack of audit trail
Hacking of municipal IT systems	Viruses, power failures	Confidential information may be leaked/disclosed/lost to the media and public
Illegal dumping	Ignorance by community, lack enforcement personnel	Compromised health and safety of the community
Stray animals	Animals kept in backyards without permission from the municipality	Compromised health and safety. Accidents, injuries, Litigation (financial loss)
Limited maintenance of assets (buildings, roads and fleet)	Cashflow constraints	Accidents, injuries, financial loss
Drought (lower water levels during the summer season)	Lowering of water levels in boreholes	Insufficient water supply to consumers. Compromised water quality. Compromised health

*Table 31: 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 2021 until 30 June 2022 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 32: 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 (Until 30 April 2022)	Chairperson	 19 November 2021  12 April 2022
E.D. Olifant (Until 30 April 2022)	Member	
L.L. van Wyk (Until 30 April 2022)	Member	
N. Jansen (From 1 May 2022)	Chairperson	 No meetings were held
N. Youlou (From 1 May 2022)	Member	
E.D. Haas (From 1 May 2022)	Member	
Z. de Laan (From 1 May 2022)	Member	
F. Rootman (From 1 May 2022)	Member	

*Table 33: 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 2022
SCM Policy	31 May 2022
Property Rates policy	31 May 2022
Indigent household policy	31 May 2022
Tariff policy	31 May 2022
Asset Management policy	31 May 2022
Customer Care & Management policy	31 May 2022
Credit Control & Debt Collection policy	31 May 2022
Cellphone policy	31 May 2022
Cash & Investment policy	31 May 2022
Budget Implementation policy	31 May 2022
Augmentation Policy	31 May 2022

*Table 34: 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	"Korbeeljie" is published quarterly and was distributed December 2021, March 2022 and June 2022.
Crisis Communication Procedure	No
Language Policy and Procedure	No
Media Protocol Procedure	No
Social Media	No, but WhatsApp for electricity and water services

Table 35: 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 2021/22	Yes
Adjusted Budget 2021/22	Yes
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes

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Description of information and/or document	Yes/No
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy (Part of Budget Implementation Policy)	Yes
Travel and Subsistence Policy	Yes
Top Layer SDBIP 2021/22	Yes
<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 2021/22	Yes
IDP Process Plan for 2021/22	Yes

Table 36: 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 until 9 February 2022) 1 Coloured 2 White	4 Male	0

Table 37: B-BBEE Compliance Performance Information: Senior Management

### 2.11.2 Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	0	0	0	0	0
Black non-employees	0	0	0	0	0
Black people on internships, apprenticeship, learnership	0	0	0	0	0
Unemployed black people on any programme under the learning programme matrix	0	0	0	0	0
Black people absorbed at end of internships, apprenticeship, learnership	0	0	0	0	0

Table 38: B-BBEE Compliance Performance Information: Skills Development

**2.11.3 Enterprise and Supplier Development**

Total Procurement Spend			
<b>Total Number of Suppliers</b>	87	<b>Total Value Spend</b>	R41 625 247
Total number of Exempt Micro Enterprises (EME's) suppliers	Total value spend	% Black Ownership	%Black women ownership
0	0	0	0
Total number of Qualifying Small Enterprises (QSE's) suppliers	Total value spend	% Black Ownership	%Black women ownership
5	R229 850	40	60
Total number of large suppliers	Total value spend	% Black Ownership	%Black women ownership
33	R12 136 089	96.97	3.03

*Table 39: Enterprise and Supplier Development*

Draft

## **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 2021/22

#### The IDP and the Budget






The IDP and the main budget for 2021/22 was approved by Council on **31 May 2021**. 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 2021/22. 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 **28 February 2022**. 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 2021/22 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 2021/22 in terms of the IDP strategic objectives.

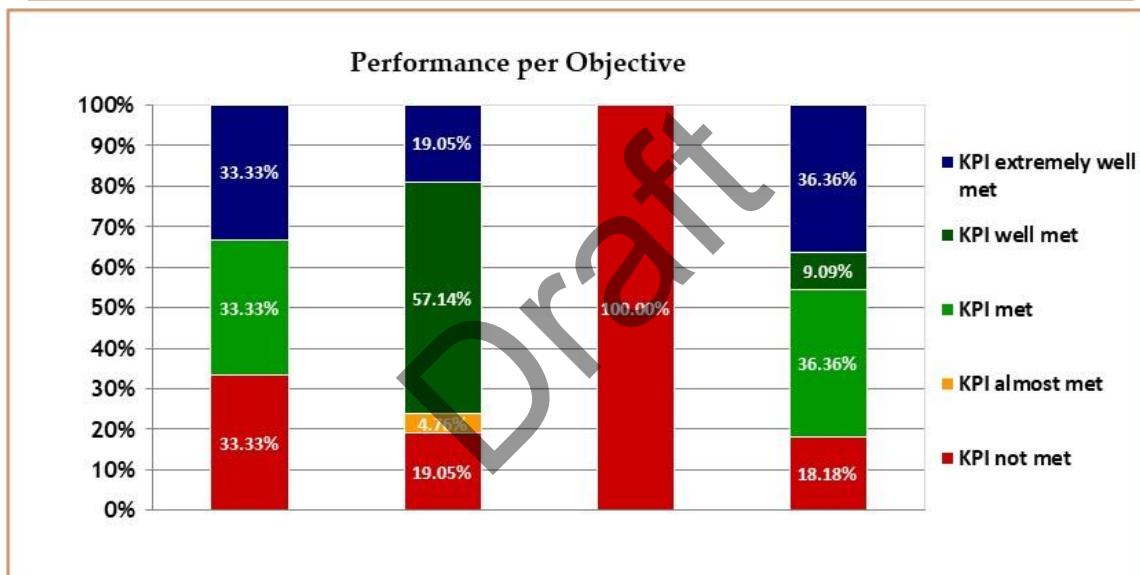
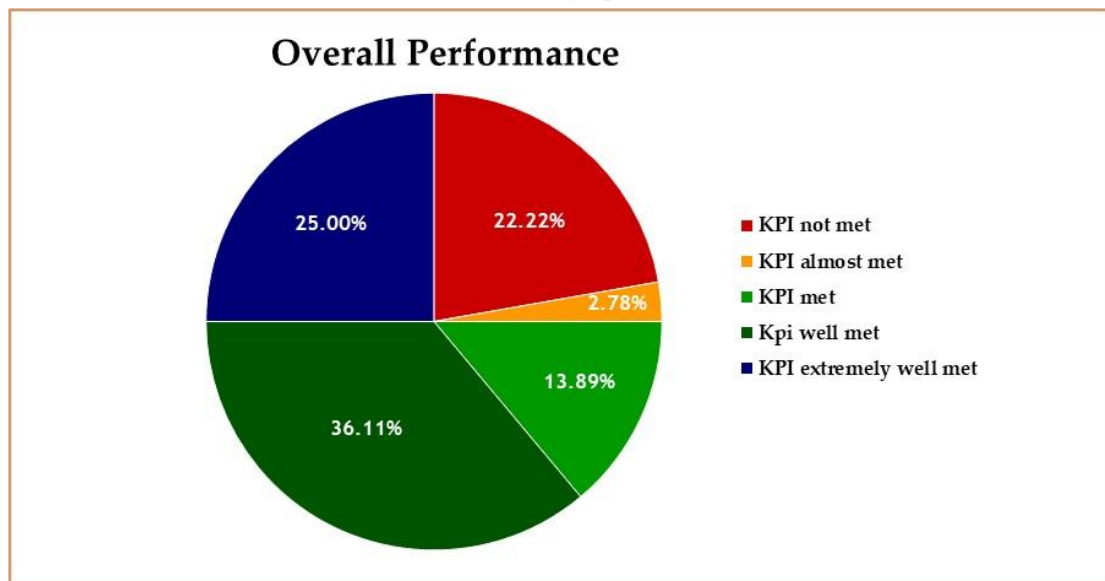
The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

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 3 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	Sound administrative and financial services to achieve and maintain sustainability and viability
KPI Not Met	1	4	1	2
KPI Almost Met	0	1	0	0
KPI Met	1	0	0	4
KPI Well Met	0	12	0	1
KPI Extremely Well Met	1	4	0	4
Total	3	21	1	11

Graph 1: Top Layer SDBIP Performance per Strategic Objective

## Annual Report 2021/22

### 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 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	1	0	R
	Corrective Measure	The new Audit Committee were only established from 1 May 2022 and the meeting that should have taken place in June 22, was postponed to 7 July 2022. The RBAP was submitted at this meeting and was approved.									
TL3	Submit the Draft IDP to Council by 31 March 2022	Draft IDP submitted to Council by 31 March 2022	All	1	0	0	1	0	1	1	G
TL4	Distribute external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	0	0	0	0	1	1	3	B

Table 40: Compliance with the Principles of Good Governance

#### Deliver basic services with available resources

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	1 989	0	1 779	0	1 779	1 779	1 968	G 2
TL12	Number of formal residential properties connected to the municipal electrical infrastructure	Number of residential properties which are billed for electricity or have pre paid meters	All	1 081	0	1 029	0	1 029	1 029	1 102	G 2

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Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2022	(Excluding Eskom areas) as at 30 June 2022									
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	912	0	858	0	858	858	904	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 2022	Number of residential properties which are billed for refuse removal as at 30 June 2022	All	1 954	0	1 814	0	1 910	1 910	1 943	G 2
TL15	Provide free basic water to indigent households as at 30 June 2022	Number of indigent households receiving free basic water	All	1 148	0	1 047	0	975	975	994	G 2
TL16	Provide free basic electricity to indigent households as at 30 June 2022	Number of indigent households receiving free basic electricity	All	1 102	0	1 085	0	705	705	945	G 2
TL17	Provide free basic sanitation to indigent households as at 30 June 2022	Number of indigent households receiving free basic sanitation services	All	906	0	883	0	845	845	834	O
	Corrective Measure	National reporting KPI in terms of Regulation 769. Less applications received than expected. Target will be adjusted for 2022/23 if needed.									

## Annual Report 2021/22

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	1 148	0	1 047	0	975	975	994	G 2
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	34.11%	0.00%	10.00%	60.00%	65.00%	65.00%	46.00%	R
	Corrective Measure	The tender for the upgrading of the electricity network in Kokkiesdorp was advertised twice and the appointment of a suitable service provider was only made by 31 March 2022. The Department of Mineral Resources and Energy consulted with the National Treasury to get approval that the material could be paid for before the end of the financial year with a cession agreement, but it was not approved. The funds will be rolled-over to 2022/23 to complete the project.  Tenders were awarded for the purchasing of vehicles, but it could only be delivered in the 2022/23 financial year where it was re-budgeted for. The vehicles were paid for in July and August 2022. The Kareeberg Bulk water supply : Vanwyksvlei pipeline project was completed with a saving on the amount budgeted, no corrective action needed.									
TL26	Limit % electricity unaccounted for to 25% 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	22.17%	0.00%	0.00%	0.00%	25.00%	25.00%	24.75%	B
TL27	90% of water samples taken comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS241	% of water samples compliant	All	100%	0.00%	90.00%	0.00%	90.00%	90.00%	100.00%	G 2



## Annual Report 2021/22

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	indicators/Number of water samples tested)x100}										
TL29	45% 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	49%	10.00%	20.00%	40.00%	45.00%	45.00%	119.01%	B
TL30	50% 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	47%	10.00%	20.00%	40.00%	50.00%	50.00%	111.53%	B
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	68%	10.00%	20.00%	40.00%	60.00%	60.00%	70.12%	G 2
TL32	20% 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	77%	10.00%	20.00%	20.00%	20.00%	20.00%	202.13%	B
TL33	35% of the sport and recreation maintenance budget spent by	% of the sport and recreation maintenance budget spent	All	131%	10.00%	20.00%	20.00%	35.00%	35.00%	51.38%	G 2

## Annual Report 2021/22

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	by 30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}									
TL35	Spend 45% 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	New Key Performance Indicator for 2021/22	0.00%	10.00%	40.00%	45.00%	45.00%	62.92%	G 2
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	47.57%	0.00%	10.00%	60.00%	90.00%	90.00%	44.00%	R
	Corrective Measure	This project was completed with a saving on the amount budgeted. No corrective action needed.									
TL37	Spend 60% of the total amount budgeted by 30 June 2022 for the replacement of the asbestos water pipeline - Carnarvon town Center {(Total actual expenditure for the project/Total amount budgeted for the project)}	% of budget spent by 30 June 2022{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1	15.17%	0.00%	10.00%	40.00%	60.00%	60.00%	81.00%	G 2
TL38	Spend 75% of the total amount budgeted by 30 June 2022 for the upgrading of the	% of budget spent by 30 June 2022{(Total actual	1	100%	0.00%	10.00%	60.00%	75.00%	75.00%	0.00%	R

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Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	electricity network in Kokkiesdorp {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	expenditure for the project/Total amount budgeted for the project)x100}									
	Corrective Measure	The tender was advertised twice and the appointment of a suitable service provider was only made by 31 March 2022. The Department of Mineral Resources and Energy consulted with the National Treasury to get approval that the material could be paid for before the end of the financial year with a cession agreement, but it was not approved. The funds will be rolled-over to 2022/23 to complete the project.									
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	New Key Performance Indicator for 2021/22	0.00%	10.00%	60.00%	90.00%	90.00%	29.30%	R
	Corrective Measure	Tenders were awarded for the purchase of pick-ups and trucks, but it could only be delivered in the 2022/23 financial year where it was re-budgeted for. The vehicles were paid for in July and August 2022.									

Table 41: Deliver Basic Services with Available Resources

### Enhance community participation

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Council meets people meetings by 30 June 2022	Number of meetings	All	0	0	0	0	1	1	0	R
	Corrective Measure	Newly elected Council only started functioning shortly before the festive season 2021. Although no "Council meets people" meetings were held <i>per se</i> , public meetings were held in all 6 wards on 16 and 17 February 2022.									

Table 42: Enhance Community Participation

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

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL6	The number of people from	Number of people	All	0	0	0	0	1	1	0	R

## Annual Report 2021/22

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	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	employed (to be appointed)									
	<b>Corrective Measure</b>	There were no vacant posts on these levels that needed to be filled, except the post of the Municipal Manager. Council is in process to fill this post.									
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%	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%	R
	<b>Corrective Measure</b>	Due to cashflow constraints, the implementation of the Workplace Skills Plan is hampered. It will be implemented as our financial position improves.									
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	11.26%	0.00%	10.00%	0.00%	10.00%	10.00%	5.71%	B
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	0	0	1	0	1	1	G
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	0	0	1	0	1	1	G

## Annual Report 2021/22

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL20	Financial viability measured in terms of the municipality's ability to meet it's 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	0%	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 2022 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	90.82%	0.00%	0.00%	0.00%	97.00%	97.00%	81.87%	B
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,	Number of months it takes to cover fix operating expenditure with available cash	All	5.46	0	0	0	1	1	5.16	B

## Annual Report 2021/22

Ref	KPI	Unit of Measurement	Ward	Actual performance 2020/21	Performance of 2021/22						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Amortisation, and Provision for Bad 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	1	0	0	0	1	1	G
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	0	0	1	0	1	1	G
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	78.50%	0.00%	80.00%	0.00%	80.00%	80.00%	80.56%	G 2

*Table 43: 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:

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

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

### 3.4 Municipal Functions

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

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

*Table 44: 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	2020/21	2021/22
<b><u>Basic Service Delivery</u></b>		
The number of households with access to free basic water	1 148*	*994
The number of households with access to free basic electricity	1 102*	*945
The number of households with access to free basic sanitation	906*	*834
The number of households with access to free basic solid waste removal	1 148*	*994
The number of households with access to basic level of water	1 989*	*1 968
The number of households with access to basic level of sanitation	912*	*904
The number of households with access to basic level of electricity	1 081*	*1 102
The number of households with access to basic level of solid waste removal	1 954*	*1 943
The percentage of the municipal capital budget actually spent on capital projects by 30 June	34.11	*46
<b><u>Local economic development</u></b>		
The number of temporary jobs created through municipality's local economic development initiatives including capital projects	**32	**32
<i>*Represents the number of households that were billed as at 30 June 2021 and 30 June 2022</i> <i>**Number of temporary jobs created in terms of the Expanded Public Works Programme (EPWP) as at 30 June 2021 and 30 June 2022</i>		

**Table 45: 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 was completed December 2021.




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:

-  The completion of the Vanwyksvlei water pipeline.
-  Quick response repairing water leaks.
-  Since December 2021 every household in Kareeberg has water.

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

-  Old networks – busy to upgrade Carnarvon town's asbestos pipes.
-  Same personnel must do various tasks.
-  Maintenance of assets that is also higher than usual due to vandalism.

### 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 2020/21 and 2021/22:

Households		
Description	2020/21	2021/22
<u>Water:</u> (above min level)		
Piped water inside dwelling	772	780
Piped water inside yard (but not in dwelling)	1 182	1 188
Using public tap (within 200m from dwelling)	200	186
Other water supply (within 200m)	1 068	1 068
<i>Minimum Service Level and Above sub-total</i>	<b>3 222</b>	<b>3 222</b>
<i>Minimum Service Level and Above Percentage</i>	<b>100</b>	<b>100</b>
<u>Water:</u> (below min level)		
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
<i>Below Minimum Service Level sub-total</i>	<b>0</b>	<b>0</b>
<i>Below Minimum Service Level Percentage</i>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>3 222</b>	<b>3 222</b>

Table 46: 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	1	1	0	0%
4 - 6	2	2	0	0%
7 - 9	1	1	0	0%
10 - 12	0	0	0	0%
13 - 15	1	1	0	0%
16 - 18	1	1	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0%</b>
<i>As at 30 June 2022</i>				

Table 47: Total Employees: Water Services

**Capital Expenditure – Water Services**

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Replacement of asbestos pipes - Carnarvon	5 000	13 482	10 964

Table 48: 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 377 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 75 households on farms, mainly housing farm workers, do not have access to appropriate sanitation.

**Some of the highlight include the following:**

-  Quick turnaround time for opening of blockages.

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

-  Overflowing of ponds in Carnarvon and Vosburg – we need more ponds.
-  Blockages at households.
-  Leaking of systems in households.

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

The table below specifies the different sanitation service delivery levels per households for the financial years 2020/21 and 2021/22:

Households		
Description	2020/21	2021/22
<i>Sanitation/sewerage: (above minimum level)</i>		
Flush toilet (connected to sewerage)	834	904
Flush toilet (with septic tank)	634	560
Chemical toilet	0	0
Pit toilet (ventilated)	377	377
Other toilet provisions (above min. service level)	1 201	1 205
<i>Minimum Service Level and Above sub-total</i>	<b>3 046</b>	<b>3046</b>
<i>Minimum Service Level and Above Percentage</i>	<b>94.5</b>	<b>94.5</b>
<i>Sanitation/sewerage: (below minimum level)</i>		
Bucket toilet (joint informal)	176	176
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<i>Below Minimum Service Level sub-total</i>	<b>176</b>	<b>176</b>
<i>Below Minimum Service Level Percentage</i>	<b>5.5</b>	<b>5.5</b>
<b>Total households</b>	<b>3 222</b>	<b>3 222</b>

Table 49: 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	5	0	0%
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	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 2022				



Table 50: Total Employees Waste Water (sanitation) Services

### **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:**

-  No long internal outages.
-  We employed a full time electrician.

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

-  Long outages by Eskom – except loadshedding.
-  Upgrading of network due to distribution losses.

## Electricity Services Service Delivery Levels

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

Households		
Description	2020/21	2021/22
<i>Energy: (above minimum level)</i>		
Electricity (at least min. service level)	217	151
Electricity - prepaid (min. service level)	1 963	2 029
<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>
<i>Energy: (below minimum level)</i>		
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	1 385	1 385
<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 51: 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 2022				

Table 52: Total Employees Electricity Services

## Capital Expenditure – Electricity Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Upgrading of the Kokkiesdorp network - Carnarvon	5 000	5 000	0

Table 53: 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 at sites. 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:**

-  Manage to remove refuse weekly.
-  Purchased new trucks to use for waste removal for all three towns.

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

-  Illegal dumping by the entrances of the landfill sites as well as at the sites itself.
-  Illegal dumping in towns.



## 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	
	2020/21	2021/22
<b><i>Solid Waste Removal: (Minimum level)</i></b>		
Removed at least once a week	1 960	1 943
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>1 960</b>	<b>1 943</b>
<b><i>Minimum Service Level and Above percentage</i></b>	<b>64.18</b>	<b>63.62</b>
<b><i>Solid Waste Removal: (Below minimum level)</i></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	1 094	
No rubbish disposal	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>1 094</b>	<b>1 111</b>
<b><i>Below Minimum Service Level percentage</i></b>	<b>35.82</b>	<b>36.38</b>
<b>Total number of households</b>	<b>3 054</b>	<b>3 054</b>

Table 54: 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	8	0	0%
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>9</b>	<b>0</b>	<b>0%</b>

*As at 30 June 2022*

Table 55: Total Employees Waste Management Services: Engineering and Planning Services

### 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	2020/21	2021/22
Vanwyksvlei	130	130
Carnarvon	650	650
Vosburg	150	150
<b>Total</b>	<b>930</b>	<b>930</b>

*Table 56: 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 2021/22 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	%
2020/21	3 088	1 102	35.7	1 148	37.2	906	29.34	1 148	37.2
2021/22	3 088	945	30.6	994	32.19	834	27.0	994	32.2

*Table 57: 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)
2020/21	337	50	401	1 986	0	0	765	50	526
2021/22	272	50	15	2 143	0	0	629	50	541
	44	50 + basic	121						

*Table 58: Free Basic Electricity Services to Indigent Households*

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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)
2020/21	1 148	6 + basic fee	2 547	1 940	0	0
2021/22	994	6 + basic fee	2 380	2 094	0	0

Table 59: 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)
2020/21	906	476	3 164	2 182	0	0
2021/22	834	314	3 137	2 254	0	0

Table 60: 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)
2020/21	1 148	1	2 586	1 940	0	0
2021/22	994	1	2 416	2 094	0	0

Table 61: 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. All the streets in the previously disadvantaged areas are paved.



## 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 are 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:

-  All the roads in the suburb of Bonteheuwel Carnarvon are now paved.
-  Employed a team to start repairing potholes in Carnarvon and managed to buy quite a number of bags of tar.

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

-  Lack of funding and machinery to sufficiently maintain gravel roads.
-  Limited funding to pave gravel roads.

## Total Employees – Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	10	10	0	0%
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>11</b>	<b>0</b>	<b>0%</b>
As at 30 June 2022				

Table 62: Total Employees – Roads and Stormwater

## **Capital Expenditure – Roads and Stormwater**

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Paving of streets in Bonteheuwel - Carnarvon	5 669	2 669	3 185

Table 63: Capital Expenditure: Roads and Stormwater

## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **3.13 Town Planning & Spatial planning**

All planning applications are processed by the Pixley ka Seme District Municipality in terms of an agreement. A tribunal at the district consider and process the applications.

### **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. The vacant post was filled and intense attention is given to get the unit operational. Lack of funding is unfortunately a constrain.

## **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.

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

-  The libraries in all 3 towns is fully open again for the community after the Covid-19 pandemic.

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

-  Receiving of the Library Grant timeously.
-  Maintenance of library buildings in Vanwyksvlei and Vosburg due to service provider that is not Central Supplier Database registered.

## Libraries Service Statistics

### Service Statistics for Library Services

The table below indicates the service statics for the division:

Type of service	2020/21	2021/22
Number of libraries	4	4
Library members	1 191	2317
Books circulated	14 223	14520
Internet users	903	1020
Children programmes	0	0
Visits by school groups	0	2
Book group meetings	0	0

Table 64: 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	1	0	1	100%
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>10</b>	<b>9</b>	<b>1</b>	<b>10%</b>

As at 30 June 2022

Table 65: Total Employees: Libraries

## COMPONENT E: SECURITY AND SAFETY

This component includes:

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

The municipality do not have a full-time dedicated fire service. It does, however, offer firefighting services with municipal staff trained in firefighting skills. All towns do have firefighting equipment available. A Water truck in Carnarvon are used solely for this purpose.

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.

## 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:**

-  MIG approved funding for a recreation facility in Vanwyksvlei.
-  We manage to maintain the two current facilities.

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

-  Vandalism and theft increase maintenance expenditure.

## 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	1	0	1	100%
19 - 20	0	0	0	0%
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>50%</b>
As at 30 June 2022				

Table 66: 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
	2020/21		2021/22	
Requests processed	279	279	238	41 625 247.43
Orders processed	217	217	215	41 625 247
Requests cancelled or referred back	23	23	23	0
Extensions	0	0	0	0
Bids received (number of documents)	181	19 192	67	298 354
Bids awarded	13	92	7	26
Bids awarded ≤ R200 000	0	0	0	0
Appeals registered	1	1	0	0
Successful Appeals	1	1	0	0

Table 67: 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	4	2	33%
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>9</b>	<b>2</b>	<b>18%</b>

*As at 30 June 2022*

Table 68: 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	2	0	0%
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>8</b>	<b>0</b>	<b>0%</b>
<i>As at 30 June 2022</i>				

**Table 69: 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 2022/23**

The main development and service delivery priorities for 2022/23 are included in the Municipality's Top Layer SDBIP for 2022/23 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 2023/24 financial year to the Audit committee by 30 June 2023	Risk Based Audit Plan (RBAP) for the 2023/24 financial year submitted to the Audit committee by 30 June 2023	All	1
TL3	Submit the Draft IDP review to Council by 31 March 2023	Draft IDP review submitted to Council by 31 March 2023	All	1
TL4	Distribute external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	1

Table 70: Service Delivery Priorities for 2022/23 – 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 2023 ((Actual expenditure divided by the approved budget)x100)	% of the library grant spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	All	90%
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 2023	Number of residential properties which are billed for water as at 30 June 2023	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 2023	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2023	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 2023	Number of residential properties which are billed for sewerage as at 30 June 2023	All	858

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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 2023	Number of residential properties which are billed for refuse removal as at 30 June 2023	All	1 910
TL15	Provide free basic water to indigent households as at 30 June 2023	Number of indigent households receiving free basic water	All	975
TL16	Provide free basic electricity to indigent households as at 30 June 2023	Number of indigent households receiving free basic electricity	All	705
TL17	Provide free basic sanitation to indigent households as at 30 June 2023	Number of indigent households receiving free basic sanitation services	All	845
TL18	Provide free basic refuse removal to indigent households as at 30 June 2023	Number of indigent households receiving free basic refuse removal services	All	975
TL19	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2023 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2023	All	80%
TL26	Limit % electricity unaccounted for to 25% by 30 June 2023 [(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	25%
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%
TL29	60% of the electricity maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the electricity maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60%
TL30	60% of the roads and stormwater maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the roads and stormwater maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60%
TL31	60% of the sewerage maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the sewerage maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60%
TL32	60% of the water maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the water maintenance budget spent by 30 June 2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	All	60%
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%

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Internal Ref	KPI	Unit of Measurement	Wards	Target
	2023 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	2023{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}		
TL34	Spend 80% of the total amount budgeted by 30 June 2023 to purchase a second hand Front Loader (TLB) {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2023{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	All	80%
TL35	Spend 80% of the total amount budgeted by 30 June 2023 for the erecting of sport grounds in Vanwyksvlei {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2023{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	5	80%
TL36	Spend 80% of the total amount budgeted by 30 June 2023 for the upgrading of streets in Vanwyksvlei {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2023{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	5	80%
TL37	Spend 80% of the total amount budgeted by 30 June 2023 for the upgrading of oxidation ponds in Vosburg {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2023{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	6	80%
TL38	Spend 80% of the total amount budgeted by 30 June 2023 for the upgrading of oxidation ponds in Carnarvon {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2023{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1,2,3,4	80%
TL39	Spend 80% of the total amount budgeted by 30 June 2023 for the upgrading of the 22 Kva electricity substation {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2023{(Total actual expenditure for the project/Total amount budgeted for the project)x100}	3	80%

*Table 71: Services Delivery Priorities for 2022/23- 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 2023	Number of meetings	All	1

*Table 72: 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 2023	Number of job opportunities created by 30 June 2023	All	24

Table 73: Services Delivery Priorities for 2022/23- 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 2023	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 2023 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2023 (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 2023 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate of budgeted posts on approved organogram by 30 June 2023 (Number of posts filled/Total number of budgeted posts)x100	All	10%
TL9	Submit the Draft Annual Report for the 2021/22 financial year to Council by 31 January 2023	Draft Annual Report for the 2021/22 financial year submitted to Council by 31 January 2023	All	1
TL10	Submit the Work Skills Plan to Local Government SETA by 30 April 2023	Work Skills Plan submitted to LGSETA by 30 April 2023	All	1
TL20	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2023 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	All	45%
TL21	Financial viability measured in terms of the outstanding service debtors as at 30 June 2023 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	97%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2023 ((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

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Internal Ref	KPI	Unit of Measurement	Wards	Target
	Debts, Impairment and Loss on Disposal of Assets))			
TL23	Submit the annual financial statements for the 2021/22 financial year to AGSA by 31 August 2022	Annual financial statements for the 2021/22 financial year submitted to AGSA by 31 August 2022	All	1
TL24	Submit the draft main budget for the 2023/24 financial year to Council by 31 March 2023	Draft main budget for the 2023/24 financial year submitted to Council by 31 March 2023	All	1
TL25	Achieve a debtor payment percentage of 80% by 30 June 2023 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	% debtor payment achieved	All	80%

*Table 74: Service Delivery Priorities for 2022/23- 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 2021/22 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 **30 September 2021** and the midyear evaluation of the 2021/22 financial year on **7 March 2022**.



**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	2020/21	2021/22
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	0.00	0.00

*Table 75: National KPIs– Municipal Transformation and Organisational Development*

**4.2 Introduction to the Municipal Workforce**

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

**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	62	0	4	66
% For Positions filled	0%	93.93%	0%	6.07%	100%

*Table 76: 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	1	11
Semi-skilled and discretionary decision making	0	7	0	0	0	14	0	0	21
Unskilled and defined decision making	0	20	0	0	0	10	0	0	30
<b>Total permanent</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>2</b>	<b>66</b>
Non- permanent employees	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>2</b>	<b>66</b>

Table 77: Occupational Levels - Race

## Departments - Race

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

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	0	0	0	0	0	0	0	0
Corporate Services	0	2	0	1	8	0	0	1	12
Financial Services	0	1	0	0	0	8	0	1	10
Operational Services	0	23	0	1	0	20	0	0	44
<b>Total permanent</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>28</b>	<b>0</b>	<b>2</b>	<b>66</b>
Non- permanent employees	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>28</b>	<b>0</b>	<b>2</b>	<b>66</b>

Table 78: Departments – Race

## 4.4 Vacancy Rate

The approved organogram for the municipality has **70** posts. The actual positions filled are indicated in the tables below by post level and by functional level. **4** posts were vacant at the end of 2021/22, resulting in a vacancy rate of **5.7%**.

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
Professionals and Middle management	2	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	12	3
Semi - skilled	22	0
Unskilled and defined decision making	27	0
<b>Total</b>	<b>66</b>	<b>4</b>
PER FUNCTIONAL LEVEL		
Per Department	Filled	Vacant
Office of the Municipal Manager	1	1
Corporate Services	12	1
Financial Services	11	2
Operational Services	42	0
<b>Total</b>	<b>66</b>	<b>4</b>

Table 79: 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
2020/21	63	2	4	6.4
2021/22	66	8	3	4.6

Table 80: 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

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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	2021/22
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 81: 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 2021/22 financial year shows an increase when comparing it with the 2020/21 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
	2020/21			2021/22		
Lower skilled (Levels 1-2)	90	12	7.5	83	2	41.5
Skilled (Levels 3-5)	2	2	1.0	114	15	7.6
Highly skilled production (levels 6-8)	90	5	18.0	92	7	13.1
Highly skilled supervision (levels 9-12)	36	5	7.2	9	3	3
Senior management (Levels 13-15)	2	1	2.0	14	1	14
MM and S56	19	2	9.5	25	2	12.5
<b>Total</b>	<b>239</b>	<b>26</b>	<b>9.2</b>	<b>337</b>	<b>30</b>	<b>11.2</b>

*Table 82: 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
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 83: HR Policies and Plans*

## 4.7 Capacitating the Municipal Workforce

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

### Skills Matrix

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

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

Table 84: 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.

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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)

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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 85: 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			
2020/21	25 888 001	130 000	108 306	83
2021/22	24 883 714	130 000	97 473	75

Table 86: 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		%
2020/21	21 339	64 933	32.86
2021/22	21 825	73 992	29.50

Table 87: Personnel Expenditure



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

Financial year	2020/21	2021/22
Description	R	
<u>Councillors (Political Office Bearers plus Other)</u>		
Mayor	850 466	854 492
Councillors	1 796 946	3 598 767
Sub Total - Councillors	2 647 412	3 598 767
% increase/ (decrease)	-	35.93
<u>Senior Managers of the Municipality</u>		
Annual Remuneration	2 590 993	3 246 347
Acting Allowance	0	0
Car Allowance	516 580	531 720
Settlement Payment	0	0
Bonus & Long Service Bonus	458 227	347 464
Performance Bonus	492 669	446 341
Contribution to UIF, Medical & Pension	458 227	483 644
Housing Subsidy	0	0
Telephone Allowance	90 000	90 000
Leave Pay-Out	0	0
Other	0	0
Sub Total - Senior Managers of Municipality	4 606 696	5 145 516
% increase/ (decrease)	-	11.69
<u>Other Municipal Staff</u>		
Basic Salaries and Wages	13 462 266	14 496 076
Pension Contributions	2 174 762	1 589 616
Medical Aid Contributions	0	272 789
Motor vehicle allowance	0	171 682
Cell phone allowance	0	31 200
Housing allowance	0	108 778
Overtime	922 530	1 117 194
Other benefits or allowances	150 882	265 675
Sub Total - Other Municipal Staff	16 710 440	18 053 010
% increase/ (decrease)	-	8.03

Table 88: 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 2021/22 financial year:

Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	9,486	10,698	10,698	10,234	-4.53	-4.53
Service charges	14,634	16,673	16,424	17,407	4.21	5.65
Investment revenue	2,752	1,705	1,705	3,171	46.23	46.23
Transfers recognised - operational	35,504	32,138	32,439	42,307	24.04	23.33
Other own revenue	1,520	21,098	24,148	2,395	-781.06	-908.43
Total Revenue (excluding capital transfers and contributions)	63,896	82,312	85,414	75,514	-9.00	-13.11
Employee costs	20,867	26,311	24,884	21,317	-23.43	-16.73
Remuneration of councillors	2,647	4,173	4,173	3,599	-15.96	-15.96
Depreciation & asset impairment	5,001	5,635	5,635	5,508	-2.32	-2.32
Finance charges	1,662	1,145	1,145	1,474	22.34	22.34
Materials and bulk purchases	12,755	13,900	15,150	15,673	11.31	3.34
Transfers and grants	0	1,096	1,000	0	0.00	0.00
Other expenditure	24,126	25,871	29,647	28,310	8.62	-4.72
Total Expenditure	67,058	78,132	81,634	75,881	-2.97	-7.58
Surplus/(Deficit)	(3,162)	4,180	3,780	(367)	2414.00	1128.90
Transfers recognised - capital	17,479	87,146	140,609	53,710	-62.25	-161.79
Contributed assets	0	0	0	2,181	100.00	100.00
Loss on foreign exchange	0	0	0	0	0.00	0.00
Fair value adjustment	1	0	0	1	100.00	100.00
Actuarial gains / (losses)	2,073	0	0	1,896	100.00	100.00
Surplus/(Deficit)	16,390	91,326	144,389	57,420	-59.05	-151.46
Capital expenditure & funds sources						
Transfers recognised - capital (incl Housing Development Fund)	17,479	87,146	140,609	53,710	-62.25	-161.79
Public contributions & donations	0	0	0	0	0.00	0.00
Borrowing	0	0	0	0	0.00	0.00

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Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Internally generated funds	0	0	0	2,181	100.00	100.00
<b>Total sources of capital funds</b>	<b>17,479</b>	<b>87,146</b>	<b>140,609</b>	<b>55,891</b>	<b>-55.92</b>	<b>-151.58</b>
<b>Financial position</b>						
Total current assets	93,673	30,926	30,990	128,741	75.98	75.93
Total non-current assets	195,914	278,249	331,712	242,838	-14.58	-36.60
Total current liabilities	63,496	30,740	30,890	92,469	66.76	66.59
Total non-current liabilities	17,285	17,950	17,950	14,922	-20.29	-20.29
Community wealth/Equity	206,753	264,665	317,727	264,188	-0.18	-20.27
<b>Cash flows</b>						
Cash/cash equivalents at the year begin	24,646	28,122	28,122	0	0.00	0.00
Net cash from (used) operating	80,119	95,332	95,633	94,114	-1.29	-1.61
Net cash from (used) investing	(17,879)	(95,416)	(95,653)	(58,073)	-64.30	-64.71
Net cash from (used) financing	24	0	0	18	100.00	100.00
<b>Cash/cash equivalents at the year end</b>	<b>86,910</b>	<b>28,038</b>	<b>28,103</b>	<b>36,059</b>	<b>22.24</b>	<b>22.07</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	86,910	28,038	28,103	122,969	77.20	77.15
Application of cash and investments	(24,646)	0	0	0	0.00	0.00
<b>Balance - surplus (shortfall)</b>	<b>62,264</b>	<b>28,038</b>	<b>28,103</b>	<b>122,969</b>	<b>77.20</b>	<b>77.15</b>
<b>Asset management</b>						
Asset register summary (WDV)	177,941	0	0	226,945	100.00	100.00
Depreciation & asset impairment	4,978	0	0	(5,485)	100.00	100.00
Renewal of Existing Assets	0	0	0	0	0.00	0.00
Contracted Services	1,209	0	0	1,214	100.00	100.00
<b>Free Services</b>						
Cost of Free Basic Services provided	11,925	0	0	8,313	100.00	100.00
Revenue cost of free services provided	11,925	0	0	0	0.00	0.00

Table 89: Financial Performance

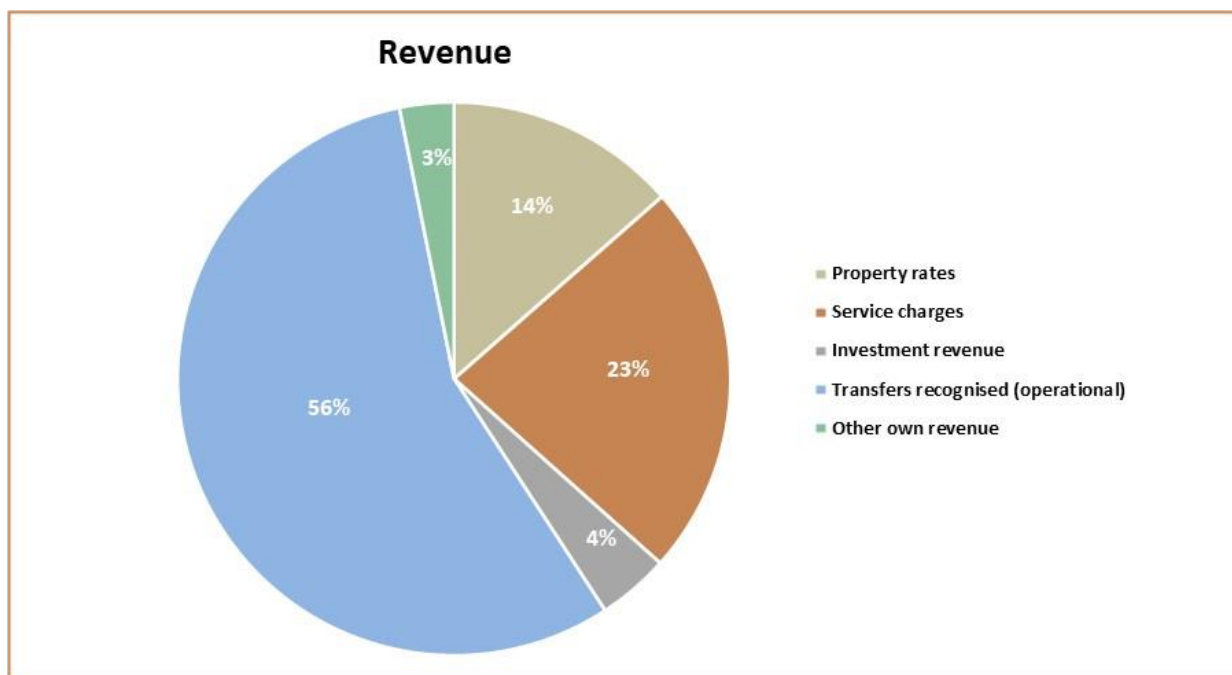
The table below shows a summary of performance against budgets

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2020/21	81,046	63,765	(17,281)	(21,32)	78,712	64,986	13,726	(17.44)
2021/22	85,413	133,301	47,887	56.07	81,635	74,787	6,848	(8.39)

Table 90: Performance against Budgets

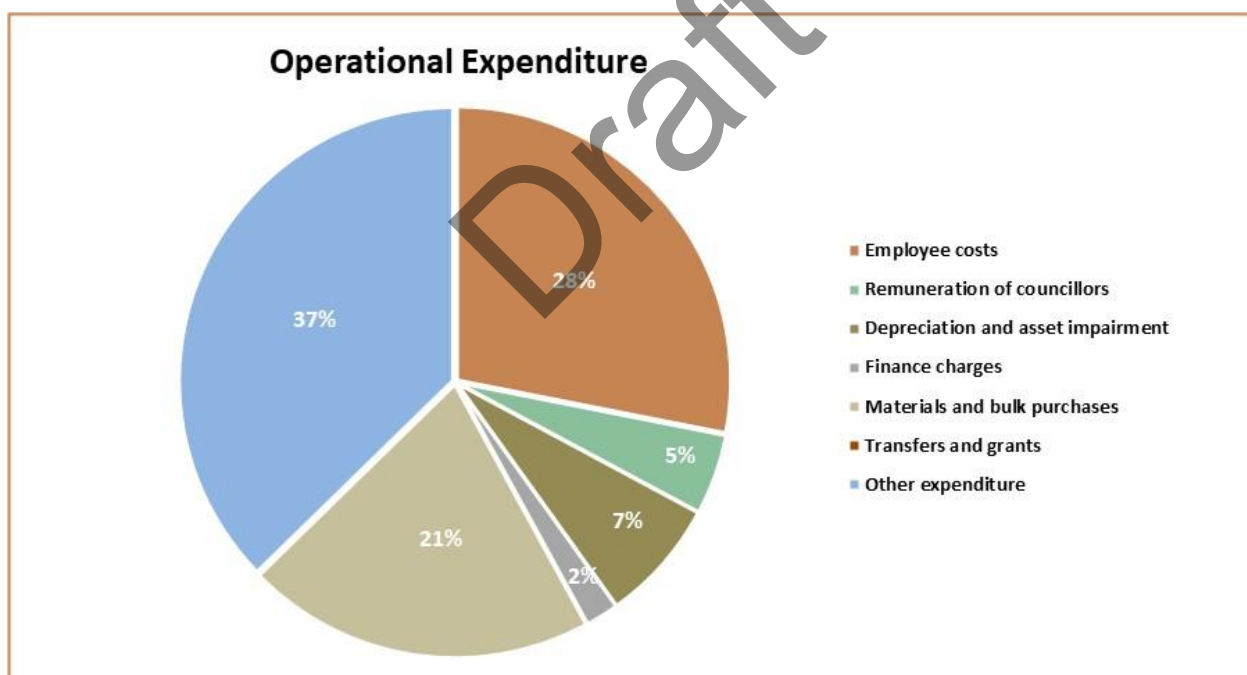
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The following graph indicates the various types of revenue received in 2021/22:



Graph 2: *Revenue*

The following graph indicates the various types of expenditure items in 2021/22:



Graph 3: *Operating Expenditure*

### 5.1.1 Revenue Collection by Vote

The table below indicates the Revenue collection performance by vote

Vote Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Vote 1 - Cemeteries	26	18	18	26	31.62	31.62
Vote 2 - Libraries	2	1,203	1,203	1,657	27.42	27.42
Vote 3 - Electricity	10,809	12,002	12,002	10,146	-18.29	-18.29
Vote 4 - Council and executive	16,923	13,032	13,032	4,851	-168.61	-168.61
Vote 5 - Housing officials	9	10	10	10	0.00	0.00
Vote 6 - Property rates	9,486	10,698	10,698	10,234	-4.53	-4.53
Vote 7 - Commonage	203	170	170	133	-28.13	-28.11
Vote 8 - Municipal Buildings	89	24	24	41	40.57	40.57
Vote 9 - Budget and treasury	19,368	38,390	38,390	37,024	-3.69	-3.69
Vote 10 - Airstrip	0	0	0	0	0.00	0.00
Vote 11 - Pound	0	0	0	0	0.00	0.00
Vote 12 - Public works	746	1,281	1,281	1,280	-0.10	-0.10
Vote 13 - Roads	873	0	0	4,168	100.00	100.00
Vote 14 - Traffic and licensing	5	5	5	11	54.22	54.22
Vote 15 - Nature reserve	10	5	5	6	21.78	21.78
Vote 16 - Parks	0	1	1	0	-139.08	-139.08
Vote 17 - Swimming pool	0	2	2	0	0.00	0.00
Vote 18 - Caravan Park	0	1	1	0	-191.71	-191.71
Vote 19 - Solid Waste Management	1,757	5,985	5,985	2,870	-108.57	-108.57
Vote 20 - Waste Water Management	2,883	2,300	2,300	2,120	-8.46	-8.46
Vote 21 - Water	18,192	3,042	3,042	56,828	94.65	94.65
<b>Total Revenue by Vote (Including capital transfers and contributions)</b>	<b>81,383</b>	<b>88,168</b>	<b>88,168</b>	<b>131,405</b>	<b>32.90</b>	<b>32.90</b>

Table 91: 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	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Property rates	9,486	10,698	10,698	10,234	-4.53	-4.53
Property rates - penalties & collection charges	0	0	0	0	0.00	0.00
Service Charges	14,634	16,673	16,423	18,889	11.73	13.05

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Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Rentals of facilities and equipment	296	213	213	185	-15.19	-15.19
Interest earned - external investments	2,752	1,705	1,705	3,171	46.24	46.24
Interest earned - outstanding debtors	1	1	1	0	-137.99	-137.99
Dividends received	0	0	0	0	0.00	0.00
Fines	3	2	2	1	-192.99	-192.99
Actuarial Gains	418	0	0	58	100.00	100.00
Licences and permits	4	11	11	8	-40.47	-40.47
VAT portion on DORA Grants	2,932	0	0	8,782	100.00	100.00
Agency services	25	22	22	60	63.50	63.50
Transfers recognised - operational	32,572	32,138	32,439	33,525	4.14	3.24
Other revenue	343	20,850	23,900	187	-11038.35	-12667.73
Unamortised Discount - Interest	0	0	0	0	0.00	0.00
Contributed PPE	138	0	0	0	0.00	0.00
Fair value adjustment	1	0	0	1	0.00	0.00
Gains on disposal of PPE	0	0	0	0	0.00	0.00
Gains on water inventory	2,073	0	0	1,896	100.00	100.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>65,677</b>	<b>82,312</b>	<b>85,413</b>	<b>76,995</b>	<b>-6.91</b>	<b>-10.93</b>

Table 92: Revenue Collection by Source

## 5.2 Financial Performance per Municipal Function

### 5.2.1 Water Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	2,890	302	3,042	5,206	94.20
<b>Expenditure:</b>					
Employees	455	724	724	508	-42.52
Repairs and Maintenance	602	920	920	1,287	28.51
Other	1,218	2,397	2,397	1,600	-49.84
<b>Total Operational Expenditure</b>	<b>2,275</b>	<b>4,041</b>	<b>4,041</b>	<b>3,395</b>	<b>-19.04</b>
<b>Net Operational (Service)</b>	<b>615</b>	<b>(3,739)</b>	<b>(999)</b>	<b>1,811</b>	<b>306.48</b>

Table 93: Financial Performance: Water Services

### 5.2.2 Sanitation Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	2,883	2,300	2,300	2,120	-8.46
<b>Expenditure:</b>					
Employees	3,308	4,223	4,223	4,083	-3.42
Repairs and Maintenance	204	824	824	675	-21.99
Other	3,924	3,478	3,478	3,607	3.58
Total Operational Expenditure	7,437	8,525	8,525	8,365	-1.90
Net Operational (Service)	(4,553)	(6,225)	(6,225)	(6,245)	0.33

*Table 94: Financial Performance: Sanitation Services*

### 5.2.3 Electricity Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	9,505	12,002	12,002	10,978	-9.33
<b>Expenditure:</b>					
Employees	429	487	487	467	-4.29
Repairs and Maintenance	435	655	655	659	0.51
Other	1,411	18,431	18,431	17,421	-5.80
Total Operational Expenditure	2,275	19,574	19,574	18,546	-5.54
Net Operational (Service)	7,230	(7,572)	(7,572)	(7,569)	-0.04

*Table 95: Financial Performance: Electricity Services*

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

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1,757	5,985	5,985	2,870	-108.57
<b>Expenditure:</b>					
Employees	1,951	1,799	1,799	1,988	9.49
Repairs and Maintenance	0	590	590	368	-60.13
Other	1,694	2,416	2,416	2,372	-1.88
Total Operational Expenditure	3,645	4,805	4,805	4,728	-1.64
Net Operational (Service)	(1,889)	1,180	1,180	(1,858)	163.48

*Table 96: Financial Performance: Waste Management Services*

### 5.2.5 Roads and Stormwater

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	752	1,286	1,286	1,291	0.38
<b>Expenditure:</b>					
Employees	3,308	4,958	4,958	3,895	-27.30
Repairs and Maintenance	448	943	943	902	-4.59
Other	2,797	2,577	2,577	3,393	24.06
Total Operational Expenditure	6,553	8,479	8,479	8,190	-3.52
Net Operational (Service)	(5,801)	(7,192)	(7,192)	(6,899)	-4.25

Table 97: Financial Performance: Roads and Stormwater

### 5.2.6 Libraries

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	1,203	1,203	1,657	27.42
<b>Expenditure:</b>					
Employees	0	2,216	2,216	1,869	-18.59
Repairs and Maintenance	0	133	133	86	-54.63
Other	0	299	299	158	-89.32
Total Operational Expenditure	0	2,648	2,648	2,113	-25.35
Net Operational (Service)	0	(1,445)	(1,445)	(455)	-217.33

Table 98: Financial Performance: Libraries

### 5.2.7 Sport and Recreation

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	11	9	9	7	-27.63
<b>Expenditure:</b>					
Employees	173	173	173	165	-4.96
Repairs and Maintenance	77	154	154	70	-119.40
Other	91	69	69	53	-31.64
Total Operational Expenditure	342	396	396	288	-37.81
Net Operational (Service)	(331)	(387)	(387)	(280)	-38.08

Table 99: Financial Performance: Sport and Recreation



### 5.2.8 Public Safety

Description	2020/21	2021/22			
	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	7	7	9	19.00
Repairs and Maintenance	10	54	54	2	-2541.70
Other	27	7	7	2	-233.71
Total Operational Expenditure	37	68	68	13	-416.39
Net Operational (Service)	(37)	(68)	(68)	(13)	-416.39

*Table 100: Financial Performance: Public Safety*

### 5.2.9 Health

Description	2020/21	2021/22			
	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	5	5	0	0.00
Other	5	9	9	8	-18.85
Total Operational Expenditure	5	14	14	8	-87.63
Net Operational (Service)	(5)	(14)	(14)	(8)	-87.63

*Table 101: Financial Performance: Health*

### 5.2.10 Executive and Council

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	16,923	13,032	13,032	4,851	-168.61
<b>Expenditure:</b>					
Employees	5,917	5,568	5,568	3,817	-45.87
Repairs and Maintenance	493	317	317	72	-342.47
Other	2,119	2,707	2,707	1,370	-97.58
Total Operational Expenditure	8,529	8,591	8,591	5,258	-63.38
Net Operational (Service)	8,394	4,441	4,441	(407)	1191.42

*Table 102: Financial Performance: Executive and Council*

### 5.2.11 Financial Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	29,198	49,292	49,292	47,366	-4.07
<b>Expenditure:</b>					
Employees	5,352	5,138	5,138	5,088	-0.99
Repairs and Maintenance	4,499	5,503	5,503	7,299	24.61
Other	9,117	9,252	9,252	7,510	-23.20
Total Operational Expenditure	18,968	19,893	19,893	19,897	0.02
Net Operational (Service)	10,230	29,399	29,399	27,469	-7.03

*Table 103: Financial Performance: Financial Services*

### 5.2.12 Corporate Services/Other

Description	2020/21	2021/22			
	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	3,363	3,363	3,567	5.71
Repairs and Maintenance	0	0	0	313	100.00
Other	0	220	220	326	32.68
Total Operational Expenditure	0	3,582	3,582	4,205	14.81
Net Operational (Service)	0	(3,582)	(3,582)	(4,205)	14.81

*Table 104: Financial Performance: Corporate Services/Other*

### 5.2.13 Community and Social Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	27	1,221	1,221	1,683	27.48
<b>Expenditure:</b>					
Employees	2,276	2,413	2,413	2,041	-18.20
Repairs and Maintenance	45	164	164	106	-55.32
Other	211	467	467	308	-51.65
Total Operational Expenditure	2,532	3,044	3,044	2,455	-23.99
Net Operational (Service)	(2,504)	(1,823)	(1,823)	(772)	-136.24

*Table 105: Financial Performance: Community and Social Services*

## 5.3 Grants

### 5.3.1 Grant Performance

The table below indicates the Grant performance for the 2021/22 financial year:

The Municipality had a total amount of **R98,199 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	2020/21	2021/22			2021/22 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Equitable share	29,341	27,308	27,308	27,308	0.00	0.00
Finance Management Grant	2,484	2,650	2,650	2,650	0.00	0.00
Municipal Infrastructure Grant	873	5,224	5,224	4,793	-8.26	-8.26
Integrated National Electrification Programme	1,304	980	980	1,281	30.71	30.71
Regional Bulk Infrastructure Grant	13,982	21,961	21,961	49,548	125.62	125.62
Water System Infrastructure Grant	1,320	5,000	5,000	10,964	119.28	119.28
Expanded Public Works Programme	746	0	0	0	0.00	0.00
Provincial Library Services: Conditional Grant	0	1,655	1,655	1,655	0.00	0.00
<b>Total</b>	<b>50,051</b>	<b>64,778</b>	<b>64,778</b>	<b>98,199</b>	<b>51.59</b>	<b>51.59</b>
<i>Actual amount represent the total revenue recognised excluding VAT on grants and subsidies</i>						

**Table 106: Grant Performance**

### 5.3.2 Conditional Grants

The spending on conditional grants is indicated in the table below:

Description	2020/21	2021/22			2021/22 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Municipal Infrastructure Grant	6,418	5,224	5,224	4,793	6,418	5,224
Expanded Public Works Programme	1,057	980	980	1,281	1,057	980
Finance Management Grant	2,800	2,650	2,650	2,650	2,800	2,650
Department of Minerals and Energy	1,500				1,500	
Equitable share: Councillors Remuneration	1,614	1,679	1,679	1,679	1,614	1,679
Equitable share	27,727	25,629	25,629	25,629	27,727	25,629
Department of Water Affairs and Forestry (RBIG)	62,551	21,961	21,961	49,548	62,551	21,961

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Description	2020/21	2021/22			2021/22 Variance	
	Actual	Budget	Adjust- ments Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
Department of Water Affairs and Forestry (WSIG)	10,000	5,000	5,000	10,964	10,000	5,000
<b>Total</b>	<b>113,667</b>	<b>63,123</b>	<b>63,123</b>	<b>96,544</b>	<b>113,667</b>	<b>63,123</b>
<i>Actual amount represent the total revenue recognised excluding VAT on grants and subsidies</i>						

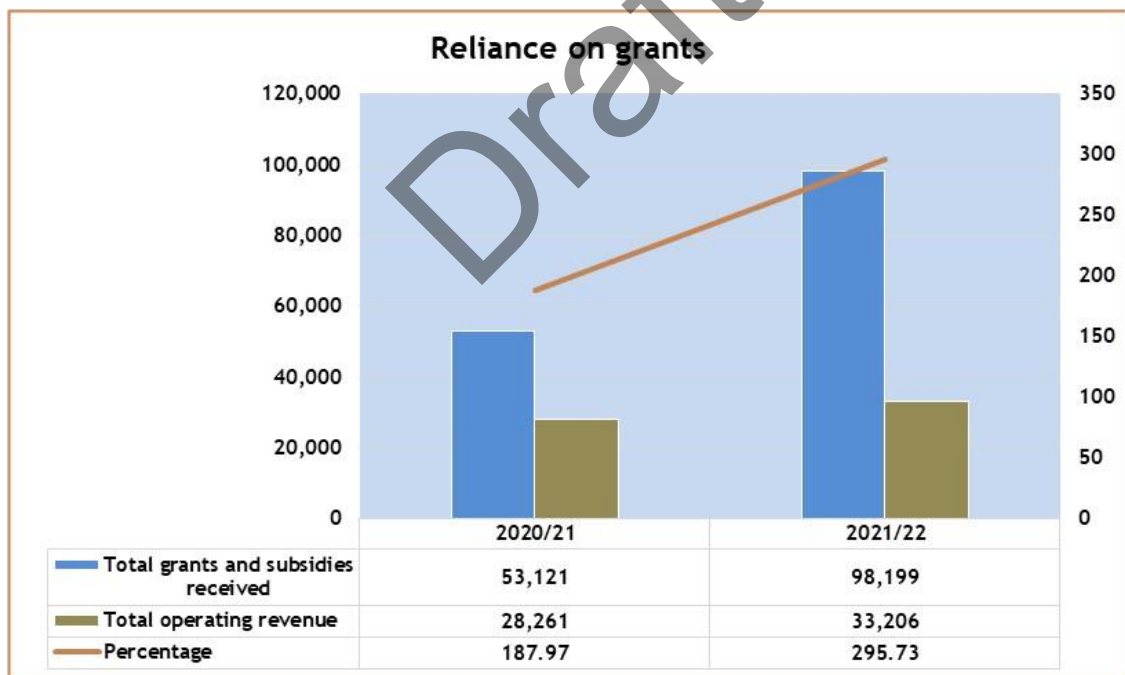
Table 107: Conditional Grants

### 5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2020/21	53,121	28,261	187.97
2021/22	98,199	33,206	295.73

Table 108: 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 Two Largest Assets

Asset 1		
Name	RBIG - Water supply to Vanwyksvlei	
Description	Building of pipeline and reservoirs	
Asset Type	Water	
Key Staff Involved	Chief Operational Manager and Technical Officer	
Staff Responsibilities	Monthly attending of site and technical meetings and site visits in conjunction with the resident enigneer	
Asset Value as at 30 June	2020/21 (R'000)	2021/22 (R'000)
	13,982	42,106
Capital Implications	Expenditure was finance by RBIG Funding	
Future Purpose of Asset	Supplying of clean water to the whole town of Vanwyksvlei	
Describe Key Issues	There were no problems experience during the contract period but only a small delay due to Covid-19	
Policies in Place to Manage Asset	Weekly inspection of the pipeline - first year after completion the contractor is responsible for the maintenance of the pipeline.	

*Table 109: Summary of Largest Asset*

Asset 2		
Name	Carnarvon Bonteheuwel Streets	
Description	Paving of Gravel streets in Bonteheuwel	
Asset Type	Roads and Stormwaters	
Key Staff Involved	Chief Operational Manager and Technical Officer	
Staff Responsibilities	Monthly attending of site and technical meetings and site visits in conjunction with the consultant	
Asset Value as at 30 June	2020/21 (R'000)	2021/22 (R'000)
	873	2,770
Capital Implications	Expenditure was finance by MIG Funding	
Future Purpose of Asset	Roads with a permanent surface and low maintenance	
Describe Key Issues	Contractor struggled to complete the project due to financial constraints.	
Policies in Place to Manage Asset	Incorporated in the maintenance plan	

*Table 110: Summary of 2nd Largest Asset*

### 5.4.2 Repairs and Maintenance

Description	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000				%
Contracted Services	1,209	1,816	1,816	1,214	-33.14

*Table 111: Repairs & Maintenance Expenditure*

## 5.5 Financial Ratios

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2020/21	2021/22
Current Ratio	Current assets/current liabilities	1.48	1.39
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.47	1.47
Liquidity Ratio	Monetary Assets/Current Liabilities	1.37	1.33

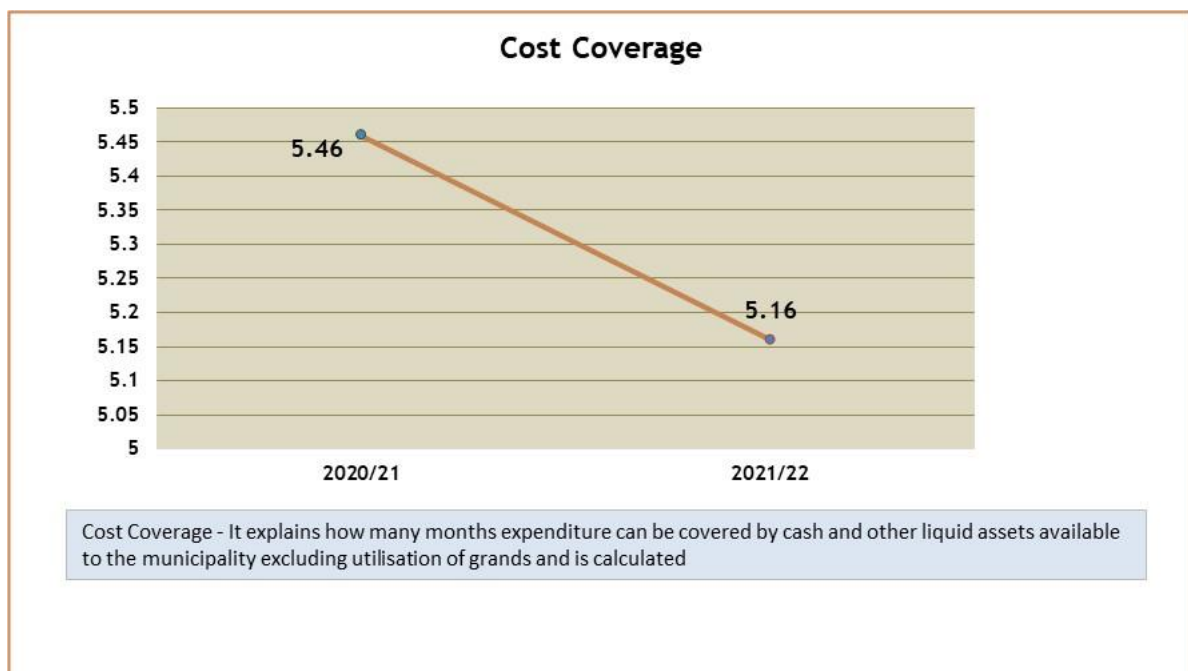
*Table 112: Liquidity Ratio*

### 5.5.2 Performance Management Regulation Financial Viability Indicators

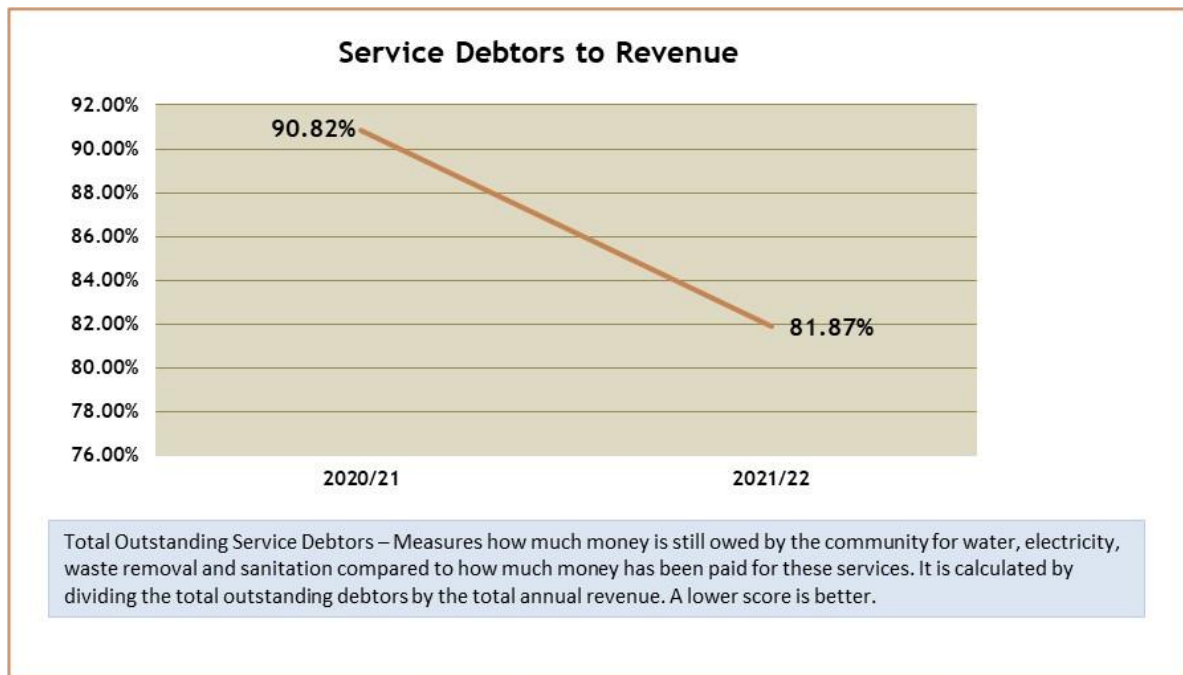
Description	Basis of calculation	Unit of Measurement	2020/21	2021/22
Debt coverage	((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	0%	0%
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors to revenue received for services	90.82%	81.87%
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	5.46	5.16

*Table 113: National Financial Viability Indicators*

The following graphs indicates the cost coverage and service debtors to revenue for 2021/22:



Graph 5: Cost Coverage Ratio



Graph 6: *Service Debtors to Revenue*

## 5.5.3 Borrowing Management

Description	Basis of calculation	2020/21	2021/22
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.00%	0.00%

Table 114: *Borrowing Management*

## 5.5.4 Employee costs

Description	Basis of calculation	2020/21	2021/22
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.65%	28%

Table 115: *Employee Costs*

## 5.5.5 Repairs & Maintenance

Description	Basis of calculation	2020/21	2021/22
Repairs & Maintenance	Expenditure on Repairs & Maintenance /(Total Revenue excluding capital revenue)	1.89%	1.61%

Table 116: *Repairs and Maintenance*

## Component B: Spending Against Capital Budget

### 5.7 Capital Expenditure

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

Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/23	2023/24	2024/25
R'000							
<u>Capital expenditure by Asset Class</u>							
<b><u>Infrastructure - Total</u></b>	17,718	87,146	87,146	65,305	15,506	15,674	0
<b>Infrastructure: Road transport - Total</b>	873	5,669	5,669	3,185	8,506	8,674	0
Roads, Pavements & Bridges	873	5,669	5,669	3,185	8,506	8,674	0
Storm water	0	0	0	0	0	0	0
<b>Infrastructure: Electricity - Total</b>	1,347	7,555	7,555	1,608	7,000	7,000	0
Generation	0	0	0	0	0	0	0
Transmission & Reticulation	1,347	5,000	5,000	0	7,000	7,000	0
Street Lighting	0	2,555	2,555	1,608	0	0	0
<b>Infrastructure: Water - Total</b>	15,458	73,922	73,922	60,512	0	0	0
Dams & Reservoirs	0	0	0	0	0	0	0
Water purification	0	0	0	0	0	0	0
Reticulation	15,458	73,922	73,922	60,512	0	0	0
<b>Infrastructure: Sanitation - Total</b>	0	0	0	0	0	0	0
Reticulation	0	0	0	0	0	0	0
Sewerage purification	0	0	0	0	0	0	0
<b>Infrastructure: Other - Total</b>	40	0	0	0	0	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	40	0	0	0	0	0	0
<b><u>Community - Total</u></b>	206	100	100	22	0	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



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Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/23	2023/24	2024/25
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	206	0	0	0	0	0	0
Social rental housing	0						
Other	0	100	100	22	0	0	0
<b><u>Capital expenditure by Asset Class</u></b>	0	8,510	8,510	2,542	0	0	0
<b><u>Heritage assets - Total</u></b>	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b><u>Investment properties - Total</u></b>	0	0	0	0	0	0	0
Housing development	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b><u>Other assets</u></b>	0	8,510	8,510	2,542	0	0	0
General vehicles	0	8,280	8,280	2,326	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	130	130	206	0	0	0
Furniture and other office equipment	0	100	100	10	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><u>Agricultural assets</u></b>	0	0	0	0	0	0	0
<b><u>Biological assets</u></b>	0	0	0	0	0	0	0
Game	0	0	0	0	0	0	0
<b><u>Intangibles</u></b>	0	0	0	0	0	0	0
Computers - software & programming	0	0	0	0	0	0	0
<b>Total Capital Expenditure on new assets</b>	17,924	95,756	95,756	67,869	15,506	15,674	0

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Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/23	2023/24	2024/25
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 117: Capital Expenditure – New Assets Programme

## 5.8 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2021/22 financial year:

Details	2020/21	2021/22				
	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	138	0	0	0	0.00	0.00
Grants and subsidies	17,479	87,146	87,146	55,891	0.00	-35.86
Own funding	408	8,610	8,610	2,181	0.00	-74.67
<b>Total</b>	<b>18,025</b>	<b>95,756</b>	<b>95,756</b>	<b>58,073</b>	<b>0.00</b>	<b>-39.35</b>
Percentage of finance						
External loans	0	0	0	0.00	0.00	0.00
Public contributions and donations	1	0	0	0.00	0.00	0.00
Grants and subsidies	97	91	91	96.24	0.00	5.75
Own funding	2	9	9	3.76	0.00	-58.23
Capital expenditure						
Description	R'000				%	
Water and sanitation	0	73,922	73,922	60,512	0.00	-18.14
Electricity	0	7,555	7,555	1,608	0.00	-78.72
Housing	0	0	0	0	0.00	0.00
Roads and storm water	0	5,669	5,669	3,185	0.00	-43.82
Other	0	8,610	8,610	2,564	0.00	-70.22
<b>Total</b>	<b>0</b>	<b>95,756</b>	<b>95,756</b>	<b>67,869</b>	<b>0.00</b>	<b>-29.12</b>
Percentage of expenditure						
Water and sanitation	0	77	77	89.16	0.00	15.50
Electricity	0	8	8	2.37	0.00	-69.98
Housing	0	0	0	0.00	0.00	0.00

## Annual Report 2021/22

Details	2020/21	2021/22				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Roads and storm water	0	6	6	4.69	0.00	-20.73
Other	0	9	9	3.78	0.00	-57.99

Table 118: Capital Expenditure by Funding Source

### 5.9 Municipal Infrastructure Grant

The full MIG budget transfer received for the 2021/22 financial year was **R4,793 million**.

Details	Budget	Adjustments Budget	Actual	Variance to budget
	R			%
Roads, Pavements & Bridges	5,669,000	5,669,000	3,185,080	-43.8
Electricity reticulation/street lighting	2,555,000	2,555,000	1,607,573	-37.1

Table 119: Municipal Infrastructure Grant (MIG)

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.10 Cash Flow

Description	2020/21	2021/22		
	Actual	Original Budget	Adjusted Budget	Actual
R'000				
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers	5,982	9,349	9,349	9,191
Service charges	10,676	12,523	12,523	10,385
Grants	113,667	119,284	119,584	124,809
Interest	2,742	1,705	1,705	3,141
Other	2,913	23,133	23,133	9,976
<b>Payments</b>				
Employee cost and suppliers	(55,861)	(69,135)	(69,135)	(63,388)
Finance charges	0	(1,145)	(1,145)	0
Transfers and grants	0	(381)	(381)	0
<b>Net cash from/(used) operating activities</b>	<b>80,119</b>	<b>95,332</b>	<b>95,632</b>	<b>94,114</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	8	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

## Annual Report 2021/22

Description	2020/21	2021/22		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Payment				
Capital assets	(17,887)	(95,416)	(95,653)	(58,073)
Net cash from/(used) investing activities	(17,879)	(95,416)	(95,653)	(58,073)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	5	0	0	0
Increase (decrease) in consumer deposits	19	0	0	13
Payments				
Repayment of borrowing	0	0	0	0
Net cash from/(used) financing activities	24	0	0	13
Net increase/ (decrease) in cash held	62,264	(84)	(20)	36,054
Cash/cash equivalents at the year begin:	24,646	28,122	28,122	86,910
Cash/cash equivalents at the year-end:	86,910	28,038	28,103	122,969

Table 120: Cash Flow

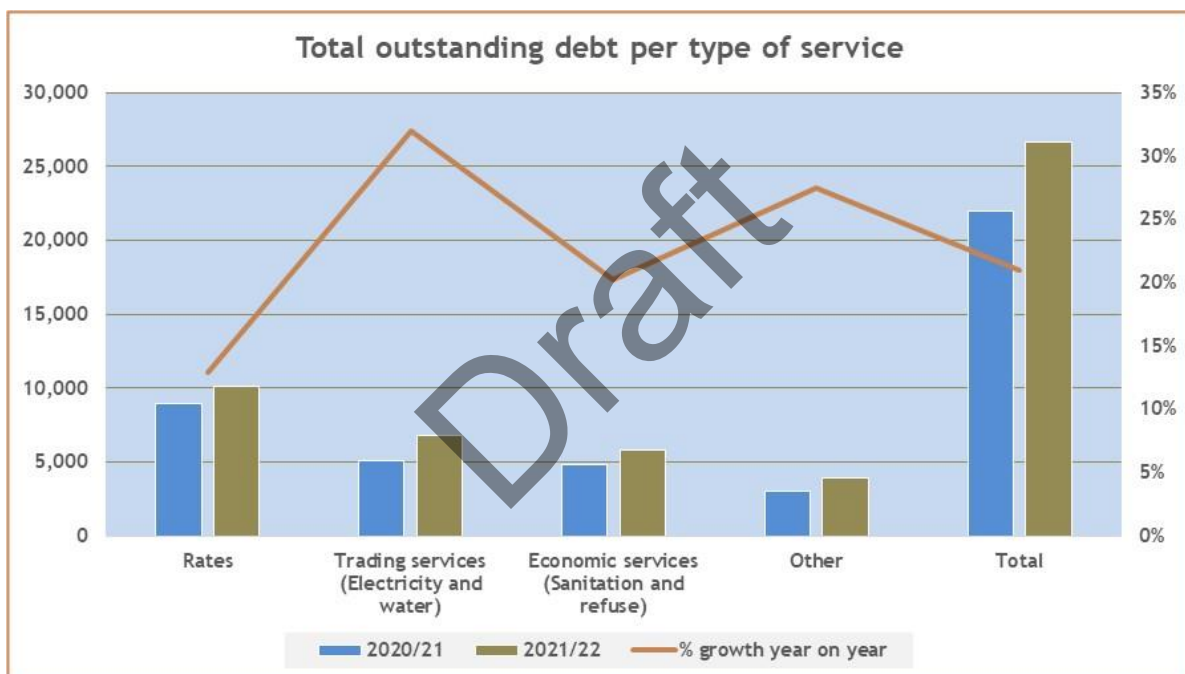
## 5.11 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)		
	(R'000)				
2020/21	8,977	5,118	4,861	3,055	22,012
2021/22	10,131	6,755	5,845	3,894	26,626
Difference	1,154	1,637	984	839	4,614
% growth year on year	13	32	20	27	21

*Table 121: 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*

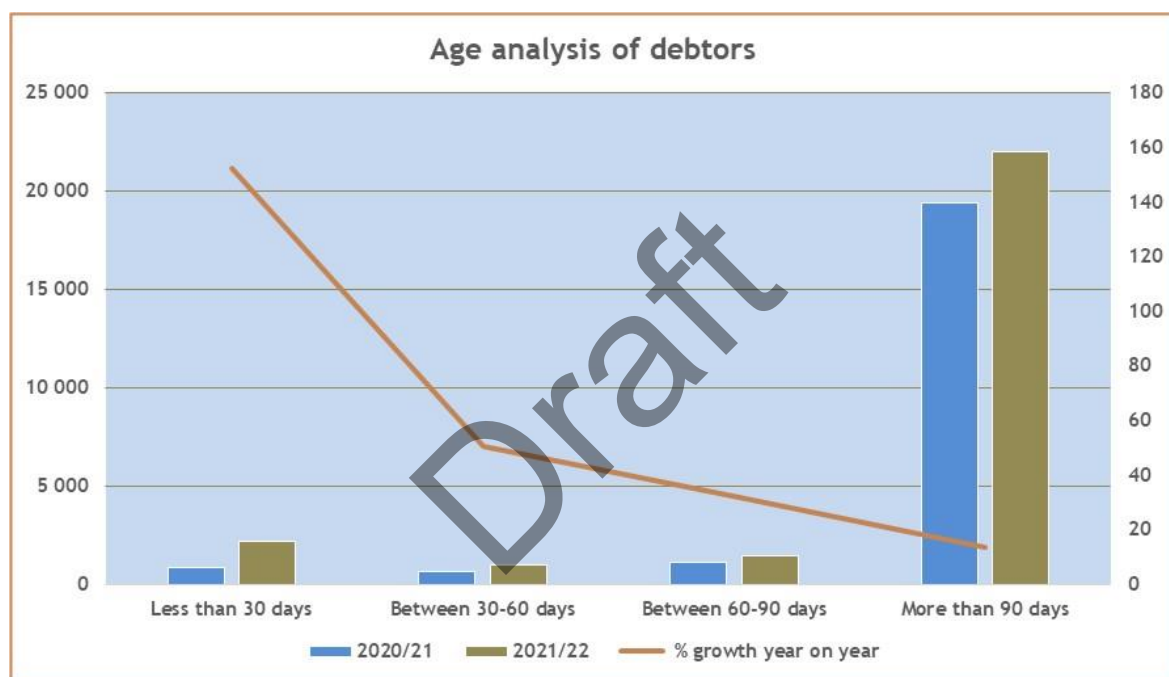
## 5.12 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2020/21	864	657	1,082	19,410	22,013
2021/22	2,181	989	1,430	21,993	26,594
Difference	1,316	332	349	2,583	4,581
% growth year on year	152	51	32	13	21

Table 122: 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	2020/21	2021/22
	R'000	
Total	0	0

Table 123: 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	2020/21	2021/22
	R'000	
Deposits - Bank	86,278	122,333
Other - Cashbook	632	636
Total	86,910	122,969















Table 124: Municipal Investments

Draft

## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

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

#### 6.1 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.



## Annual Report 2021/22



Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
 Consequence management: 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.	 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

Table 125: AG Findings 2020/21

## Component B: Auditor-General Findings 2021/22

### 6.2 Auditor-General Findings 2021/22
















Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<b>Emphasis of Matter</b>	
 Corresponding figures for 30 June 2021 must be restated	 None – already restated
 Electricity losses	 Busy upgrading substations
 Material losses incurred as a result of debt impairment	 Strict implementation of credit control policy
 Underspending of grants	 A big saving on the RBIG grant  WSIG project contractor final completion date submitted  INEP requested funding again after roll-over was not approved  MIG project was completed in July 2022
<b>Other Matters</b>	
 Material misstatements from non-exchange transactions and cash flow statements	 Misstatements was corrected
 Irregular expenditure	 Strictly adhering to supply chain procedures

Table 126: AG Findings 2021/22

## **LIST OF ABBREVIATIONS**

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

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## Annexure A: Financial Statements

Draft

# **Kareeberg**

**MUNICIPALITY**

Draft

**FINANCIAL STATEMENTS**

**30 JUNE 2022**

# KAREEBERG LOCAL MUNICIPALITY

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# KAREEBERG LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 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 M.J. MacZali*

#### SPEAKER

*Ms S.D. Malgas*

#### MUNICIPAL MANAGER

*(Acting) Mr A.P.F. van Schalkwyk (Since 11 May 2022)*

#### CHIEF FINANCIAL OFFICER

*Mr W. de Bruin*

#### REGISTERED OFFICE

*Hanau Street,  
CARNARVON,  
8925*

#### AUDITORS

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

#### PRINCIPLE BANKERS

*ABSA, Victoria Street, Carnarvon*

#### ATTORNEYS

*M.D. Visser, Victoria Street, Carnarvon  
Van Niekerk Coetzee, Victoria street, Carnarvon*

#### RELEVANT LEGISLATION

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



# KAREEBERG LOCAL MUNICIPALITY

## MEMBERS OF THE KAREEBERG LOCAL MUNICIPALITY

WARD	COUNCILLOR
Mayor	Mr M.J. MacZali
Speaker	Ms S.D. Malgas
1	Mr J. Nyl
2	Ms A.J. Kamies
3	Mr J.S. Newath
4	Mr J.H. Vermeulen
5	Mr R.C.G. Jikella
6	Mr P. Charlies
Proportional	Mr E. Hoorn
Proportional	Mr W.F. Links
Proportional	Mr W.D. Horne

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 1 to 106 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 2023 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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



*(Acting) Mr A.P.F. van Schalkwyk (Since 11 May 2022)*  
**Municipal Manager**

31 August 2022

**Date**

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 (Actual) R	2021 (Restated) R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>264 187 890</b>	<b>206 768 136</b>
Capital Replacement Reserve	2	11 347 812	11 347 812
Housing Development fund	2	54 304	52 481
Accumulated Surplus		252 785 775	195 367 843
<b>Non-Current Liabilities</b>		<b>14 922 094</b>	<b>17 285 320</b>
Employee benefits	3	8 345 000	7 791 000
Non-Current Provisions	4	6 577 094	9 494 320
<b>Current Liabilities</b>		<b>92 468 892</b>	<b>63 496 388</b>
Consumer Deposits	5	361 379	348 679
Current Employee benefits	6	2 812 088	2 947 222
Trade and Other Payables from exchange transactions	7a	4 218 418	2 627 086
Trade and Other Payables from non-exchange transactions	7b	55 031 000	-
Unspent Transfers and Subsidies	8	29 172 963	57 573 401
Taxes	9	873 044	-
<b>Total Net Assets and Liabilities</b>		<b>371 578 877</b>	<b>287 549 844</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>242 838 091</b>	<b>193 862 178</b>
Property, Plant and Equipment	10	226 944 952	177 941 142
Investment Property	11	15 858 580	15 871 521
Intangible Assets	12	17 575	27 477
Heritage Assets	13	14 900	14 900
Long-Term Receivables	14	2 083	7 137
<b>Current Assets</b>		<b>128 740 786</b>	<b>93 687 666</b>
Inventory	15	412 067	561 948
Receivables from exchange transactions	16	4 713 591	3 493 227
Receivables from non-exchange transactions	17	637 911	1 389 805
Operating Lease Asset	18	2 372	15 057
Taxes	9	-	1 312 271
Current Portion of Long-term Receivables	14	5 599	5 380
Cash and Cash Equivalents	19	122 969 246	86 909 977
<b>Total Assets</b>		<b>371 578 877</b>	<b>287 549 844</b>

KAREEBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 (Actual) R	2021 (Actual) R	Correction of Error - Note 33.05 R	2021 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>108 912 842</b>	<b>63 331 118</b>	<b>-</b>	<b>63 331 118</b>
<b>Taxation Revenue</b>		<b>10 234 050</b>	<b>9 485 617</b>	<b>-</b>	<b>9 485 617</b>
Property taxes	20	10 234 050	9 485 617	-	9 485 617
<b>Transfer Revenue</b>		<b>98 198 809</b>	<b>53 121 140</b>	<b>-</b>	<b>53 121 140</b>
Government Grants and Subsidies - Capital	21	55 891 461	17 479 222	-	17 479 222
Government Grants and Subsidies - Operating	21	42 307 348	35 504 171	-	35 504 171
Contributed Property, Plant and Equipment		-	137 748	-	137 748
<b>Other Revenue</b>		<b>479 983</b>	<b>724 361</b>	<b>-</b>	<b>724 361</b>
Actuarial Gains	3	57 621	418 021	-	418 021
Availability Charges	22	413 883	299 712	-	299 712
Licences and Permits		7 680	3 557	-	3 557
Fines		799	3 071	-	3 071
<b>Revenue from Exchange Transactions</b>		<b>22 491 626</b>	<b>18 050 866</b>	<b>-</b>	<b>18 050 866</b>
Service Charges	23	18 888 555	14 633 831	-	14 633 831
Rental of Facilities and Equipment		184 523	296 436	-	296 436
Interest Earned - external investments		3 170 654	2 751 806	-	2 751 806
Interest Earned - outstanding debtors		437	648	-	648
Agency Services		60 269	25 164	(38 257)	63 421
Other Revenue	24	187 188	342 981	38 257	304 724
<b>Total Revenue</b>		<b>131 404 468</b>	<b>81 381 984</b>	<b>-</b>	<b>81 381 984</b>
<b>EXPENDITURE</b>					
Employee related costs	26	21 317 035	20 866 509	(499 065)	21 365 574
Remuneration of Councillors	27	3 598 767	2 647 412	-	2 647 412
Debt Impairment	28	5 826 060	4 309 128	-	4 309 128
Depreciation and Amortisation	29	5 507 521	5 000 849	-	5 000 849
Actuarial losses	3	4 372	157 479	-	157 479
Finance Charges	30	1 474 406	1 662 155	-	1 662 155
Bulk Purchases	31	15 672 853	12 755 173	-	12 755 173
Water Inventory Consumed	15	3 684 146	3 566 902	3 566 902	-
General Expenses	32	18 248 764	16 092 646	(995 648)	17 088 294
<b>Total Expenditure</b>		<b>75 333 923</b>	<b>67 058 253</b>	<b>2 072 188</b>	<b>64 986 065</b>
<b>Operating Surplus for the Year</b>		<b>56 070 545</b>	<b>14 323 731</b>	<b>(2 072 188)</b>	<b>16 395 919</b>
Loss on disposal of Property, Plant and Equipment/Investment Property/Intangible Asset/Inventory	10/15	(546 936)	(7 038)	-	(7 038)
Fair Value Adjustments	25	545	771	-	771
Water Inventory Gains	15	1 895 601	2 072 908	2 072 908	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>57 419 755</b>	<b>16 390 372</b>	<b>720</b>	<b>16 389 652</b>

# KAREEBERG LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
<b>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>
Correction of error - See Note 33.03	-	-	14 292	14 292
<b>Restated Balance at 1 July 2020</b>	<b>50 721</b>	<b>11 347 812</b>	<b>178 979 231</b>	<b>190 377 763</b>
Net Surplus/(Deficit) for the year	-	-	16 389 652	16 389 652
Correction of error - See Note 33.05	-	-	720	720
Transfer to Housing Development Fund	1 761	-	(1 761)	-
<b>Balance at 30 June 2021</b>	<b>52 481</b>	<b>11 347 812</b>	<b>195 367 843</b>	<b>206 768 135</b>
<b>Restated Balance at 1 July 2021</b>	<b>52 481</b>	<b>11 347 812</b>	<b>195 367 843</b>	<b>206 768 135</b>
Net Surplus/(Deficit) for the year	-	-	57 419 755	57 419 755
Transfer to/from Housing Development Fund	1 823	-	(1 823)	-
<b>Balance at 30 June 2022</b>	<b>54 304</b>	<b>11 347 812</b>	<b>252 785 775</b>	<b>264 187 890</b>

**KAREEBERG LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2022</b>	<b>2021</b>
		<b>R</b>	<b>(Actual)</b>
	<b>Notes</b>		<b>R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		9 191 264	5 981 683
Service Charges		10 384 807	10 676 480
Other Revenue		9 975 667	2 912 711
Government - Operating		87 549 000	33 198 000
Government - Capital		37 260 000	80 469 000
Interest		3 141 229	2 742 261
<b>Payments</b>			
Suppliers and employees		(63 388 051)	(55 860 830)
Finance charges	<b>30</b>	-	-
<b>Net Cash from Operating Activities</b>	<b>34</b>	<b>94 113 916</b>	<b>80 119 304</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(58 072 728)	(17 887 214)
Proceeds on Disposal of Fixed Assets/Inventory		-	8 258
Purchase of Intangible Assets		-	-
<b>Net Cash from Investing Activities</b>		<b>(58 072 728)</b>	<b>(17 878 956)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Increase)/Decrease in Long-term Receivables		5 380	5 170
Increase/(Decrease) in Consumer Deposits		12 700	18 700
Rounding		(0)	0
<b>Net Cash from Financing Activities</b>		<b>18 080</b>	<b>23 870</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>36 059 268</b>	<b>62 264 218</b>
Cash and Cash Equivalents at the beginning of the year		86 909 977	24 645 759
Cash and Cash Equivalents at the end of the year	<b>35</b>	122 969 246	86 909 977
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>36 059 268</b>	<b>62 264 218</b>

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	636 420	3 752 185	(3 115 765)	Lower payment rate
Call investment deposits	122 332 826	24 350 451	97 982 375	Equitable Share in advance received
Consumer debtors	2 865 855	2 042 702	823 153	Lower payment rate
Other Receivables	2 488 019	289 575	2 198 444	Lower payment rate
Current portion of long-term receivables	5 599	8 490	(2 891)	
Inventory	412 067	546 936	(134 869)	Inventory written off & Water inventory recorded
<b>Total current assets</b>	<b>128 740 786</b>	<b>30 990 339</b>	<b>97 750 447</b>	
<b>Non current assets</b>				
Long-term receivables	2 083	19 786	(17 703)	
Investments	-	-	-	
Investment property	15 858 580	15 884 463	(25 883)	
Property, plant and equipment	226 944 952	315 770 515	(88 825 563)	Less expenditure on RBIG
Biological Assets	-	-	-	
Intangible Assets	17 575	37 243	(19 668)	
Heritage Assets	14 900	-	14 900	
<b>Total non current assets</b>	<b>242 838 091</b>	<b>331 712 007</b>	<b>(88 873 916)</b>	
<b>TOTAL ASSETS</b>	<b>371 578 877</b>	<b>362 702 346</b>	<b>8 876 531</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	361 379	380 388	(19 009)	
Trade and other payables	89 295 426	27 722 401	61 573 025	Equitable Share in advance received
Provisions and Employee Benefits	2 812 088	2 787 633	24 455	
<b>Total current liabilities</b>	<b>92 468 892</b>	<b>30 890 422</b>	<b>61 578 470</b>	
<b>Non current liabilities</b>				
Borrowing	-	7 596 002	(7 596 002)	Non-cash items incorrectly allocated
Provisions and Employee Benefits	14 922 093	10 353 521	4 568 572	Non-cash items incorrectly allocated
<b>Total non current liabilities</b>	<b>14 922 093</b>	<b>17 949 523</b>	<b>(3 027 430)</b>	Annual Landfill site provision calculation at year-end
<b>TOTAL LIABILITIES</b>	<b>107 390 986</b>	<b>48 839 945</b>	<b>58 551 041</b>	
<b>NET ASSETS</b>	<b>264 187 891</b>	<b>313 862 401</b>	<b>(49 674 512)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	252 785 775	306 328 609	(53 542 834)	Net effect of above reasons
Reserves	11 402 116	11 398 533	3 583	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>264 187 891</b>	<b>317 727 142</b>	<b>(53 539 251)</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022**

**ADJUSTMENTS TO APPROVED BUDGET**

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	3 687 893	64 292	3 752 185	
Call investment deposits	24 350 451	-	24 350 451	
Consumer debtors	2 042 702	-	2 042 702	
Other Receivables	289 575	-	289 575	
Current portion of long-term receivables	8 490	-	8 490	
Inventory	546 936	-	546 936	
<b>Total current assets</b>	30 926 047	64 292	30 990 339	
<b>Non current assets</b>				
Long-term receivables	19 786	-	19 786	
Investments	-	-	-	
Investment property	15 884 463	-	15 884 463	
Property, plant and equipment	262 307 153	53 463 362	315 770 515	Less expenditure on RBIG
Biological Assets	-	-	-	
Intangible Assets	37 243	-	37 243	
Heritage Assets	-	-	-	
<b>Total non current assets</b>	278 248 645	53 463 362	331 712 007	
<b>TOTAL ASSETS</b>	309 174 692	53 527 654	362 702 346	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	380 388	-	380 388	
Trade and other payables	27 571 943	150 458	27 722 401	
Provisions and Employee Benefits	2 787 633	-	2 787 633	
<b>Total current liabilities</b>	30 739 964	150 458	30 890 422	
<b>Non current liabilities</b>				
Borrowing	7 596 002	-	7 596 002	
Provisions and Employee Benefits	10 353 521	-	10 353 521	
<b>Total non current liabilities</b>	17 949 523	-	17 949 523	
<b>TOTAL LIABILITIES</b>	48 689 487	150 458	48 839 945	
<b>NET ASSETS</b>	260 485 205	53 377 196	313 862 401	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	253 266 672	53 061 937	306 328 609	Net effect of above reasons
Reserves	11 398 533	-	11 398 533	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	264 665 205	53 061 937	317 727 142	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	<b>2022 R (Actual)</b>	<b>2022 R (Final Budget)</b>	<b>2022 R (Variance)</b>	<b>Explanations for material variances</b>
<b>REVENUE BY SOURCE</b>				
Property rates	10 234 050	10 697 901	(463 851)	More discount
Property rates - penalties & collection charges	-	-	-	
Service charges	19 302 439	16 423 321	2 879 118	Higher consumption and pre-paid purchase
Rental of facilities and equipment	184 523	212 547	(28 024)	Rental agreements expired
Interest earned - external investments	3 170 654	1 704 616	1 466 038	Equitable Share in advance received
Interest earned - outstanding debtors	437	1 040	(603)	
Dividends received	-	-	-	
Fines	799	2 341	(1 543)	
Licences and permits	7 680	10 788	(3 108)	
Agency services	60 269	22 000	38 269	More transactions
Government Grants and Subsidies - Operating	42 307 348	32 438 925	9 868 423	More VAT and operating expenditure under grants.
Other revenue	245 354	23 899 658	(23 654 304)	Non-cash items counter funding
Water Inventory Gains	1 895 601	-	1 895 601	Items incorrectly allocated
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>77 409 154</b>	<b>85 413 137</b>	<b>(8 003 984)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	21 317 035	24 883 713	(3 566 678)	Vacant posts
Remuneration of councillors	3 598 767	4 173 303	(574 536)	Increase less than budgeted
Debt impairment	5 826 060	8 500 000	(2 673 940)	Equitable share received after adjusted budget
Depreciation & asset impairment	5 507 521	5 635 375	(127 854)	
Finance charges	1 474 406	1 145 040	329 366	Non-cash items
Bulk purchases	15 672 853	15 150 368	522 485	
Inventory consumed	3 684 146	1 879 051	1 805 095	Items incorrectly allocated
Contracted services	-	8 051 927	(8 051 927)	Items incorrectly allocated
Grants and subsidies paid	-	999 884	(999 884)	Items incorrectly allocated
Other expenditure	18 253 136	10 668 901	7 584 235	Items incorrectly allocated
Loss on disposal of PPE	546 936	547 000	(64)	
<b>Total Operating Expenditure</b>	<b>75 880 859</b>	<b>81 634 562</b>	<b>(5 753 703)</b>	
<b>Operating Surplus for the year</b>	<b>1 528 294</b>	<b>3 778 575</b>	<b>(2 250 281)</b>	
Government Grants and Subsidies - Capital	55 891 461	140 609 362	(84 717 901)	Less expenditure on RBIG
<b>Net Surplus for the year</b>	<b>57 419 755</b>	<b>144 387 937</b>	<b>(86 968 182)</b>	



**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

**ADJUSTMENTS TO APPROVED BUDGET**

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Buget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	10 697 901	-	10 697 901	
Property rates - penalties & collection charges	-	-	-	
Service charges	16 673 321	(250 000)	16 423 321	
Rental of facilities and equipment	212 547	-	212 547	
Interest earned - external investments	1 704 616	-	1 704 616	
Interest earned - outstanding debtors	1 040	-	1 040	
Dividends received	-	-	-	
Fines	2 341	-	2 341	
Licences and permits	10 788	-	10 788	
Agency services	22 000	-	22 000	
Government Grants and Subsidies - Operating	32 138 000	300 925	32 438 925	
Other revenue	20 849 658	3 050 000	23 899 658	Non-cash items counter funding
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>82 312 212</b>	<b>3 100 925</b>	<b>85 413 137</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	26 310 850	(1 427 137)	24 883 713	Vacant posts
Remuneration of councillors	4 173 303	-	4 173 303	
Debt impairment	5 500 000	3 000 000	8 500 000	Equitable share received after adjusted budget
Depreciation & asset impairment	5 635 375	-	5 635 375	
Finance charges	1 145 040	-	1 145 040	
Bulk purchases	13 900 368	1 250 000	15 150 368	Increase in consumption
Inventory consumed	2 005 051	(126 000)	1 879 051	
Contracted services	6 732 427	1 319 500	8 051 927	Reallocation of budget
Grants and subsidies paid	1 096 400	(96 516)	999 884	
Other expenditure	11 633 398	(964 497)	10 668 901	Reallocation of budget
Loss on disposal of PPE	-	547 000	547 000	
<b>Total Operating Expenditure</b>	<b>78 132 212</b>	<b>3 502 350</b>	<b>81 634 562</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>4 180 000</b>	<b>(401 425)</b>	<b>3 778 575</b>	
Government Grants and Subsidies - Capital	87 146 000	53 463 362	140 609 362	
<b>Net Surplus for the year</b>	<b>91 326 000</b>	<b>53 061 937</b>	<b>144 387 937</b>	

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	<b>2022</b> <b>R</b> <b>(Actual)</b>	<b>2022</b> <b>R</b> <b>(Final Budget)</b>	<b>2022</b> <b>R</b> <b>(Variance)</b>	<b>Explanations for material variances</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property Rates	9 191 264	9 348 941	(157 677)	More discount
Service Charges	10 384 807	12 523 321	(2 138 514)	Lower payment rate
Other Revenue	9 975 667	23 132 734	(13 157 067)	Non-cash items counter funding
Government - Operating	87 549 000	32 438 925	55 110 075	
Government - Capital	37 260 000	87 146 000	(49 886 000)	Less expenditure on RBIG
Interest	3 141 229	1 704 616	1 436 613	Equitable Share in advance received
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(63 388 051)	(69 135 397)	5 747 346	Equitable Share in advance received
Finance charges	-	(1 145 040)	1 145 040	Non-cash items
Transfers and Grants	-	(380 900)	380 900	Actual reported under suppliers
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>94 113 916</b>	<b>95 633 200</b>	<b>(1 519 284)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	-	-	-	Inventory written off
Decrease/(increase) in non-current receivables	5 380	-	5 380	
Decrease/(increase) in non-current investments	-	-	-	
<b>Payments</b>				
Capital assets	(58 072 728)	(95 652 633)	37 579 905	Less expenditure on RBIG
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(58 067 347)</b>	<b>(95 652 633)</b>	<b>37 585 286</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	12 700	-	12 700	
<b>Payments</b>				
Repayment of borrowing	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>12 700</b>	<b>-</b>	<b>12 700</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>36 059 268</b>	<b>(19 433)</b>	<b>36 078 702</b>	
Cash and Cash Equivalents at the beginning of the year	86 909 977	28 122 069	58 787 908	
Cash and Cash Equivalents at the end of the year	122 969 246	28 102 637	94 866 609	Equitable Share in advance received

**KAREEBERG LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**ADJUSTMENTS TO APPROVED BUDGET**

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates, penalties & collection charges	9 348 941	-	9 348 941	
Service charges	12 523 321	-	12 523 321	
Other revenue	23 132 734	-	23 132 734	
Government - operating	32 138 000	300 925	32 438 925	
Government - capital	87 146 000	-	87 146 000	
Interest	1 704 616	-	1 704 616	
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(69 135 397)	-	(69 135 397)	
Finance charges	(1 145 040)	-	(1 145 040)	
Transfers and Grants	(380 900)	-	(380 900)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	95 332 275	300 925	95 633 200	
<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	(95 416 000)	(236 633)	(95 652 633)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	(95 416 000)	(236 633)	(95 652 633)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
<b>Payments</b>				
Repayment of borrowing	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	-	-	-	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	(83 725)	64 292	(19 433)	
Cash and Cash Equivalents at the beginning of the year	28 122 069	-	28 122 069	
Cash and Cash Equivalents at the end of the year	28 038 345	64 292	28 102 637	

KAREEBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

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 - Commanage	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 reserve	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	

**SECONDARY SEGMENTS**

Mscosa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
<b>• Governance and Administration</b>	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
<b>• Community and public safety</b>	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
<b>• Economic and environmental services</b>	Road transport	Aggregated	Governance and Administration	Supporting service departments
<b>• Trading services</b>	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 - Bonteheuvel
- Ward 2 - Bonteheuvel
- Ward 3 - Camarvon town
- Ward 4 - Camarvon town
- Ward 5 - Vanwyksvlei
- Ward 6 - Vosburg

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 2022

	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>	3 171 895	322 698	2 040	19 349 153	-	22 845 785
Service Charges - Electricity Revenue	-	-	-	10 145 566	-	10 145 566
Service Charges - Water Revenue	-	-	-	4 167 916	-	4 167 916
Service Charges - Sanitation Revenue	-	-	-	2 120 440	-	2 120 440
Service Charges - Refuse Revenue	-	-	-	2 868 517	-	2 868 517
Rental of Facilities and Equipment	-	170 328	2 040	12 155	-	184 523
Interest Earned - External Investments	3 170 654	-	-	-	-	3 170 654
Interest Earned - Outstanding Debtors	437	-	-	-	-	437
Licences and Permits	-	-	-	-	-	-
Other Revenue	804	152 370	-	34 559	-	187 733
<b>External revenue from non-exchange transactions</b>	1 679 600	47 043 187	1 655 199	4 185 383	-	54 563 368
Property rates	-	10 234 050	-	-	-	10 234 050
Fines	600	-	199	-	-	799
Actuarial Gains	-	57 621	-	-	-	57 621
Agency Services	-	60 269	-	-	-	60 269
Transfers Recognised - Operational	1 679 000	36 683 567	1 655 000	2 289 782	-	42 307 348
Water Inventory Gains	-	-	-	1 895 601	-	1 895 601
<b>Revenue from transactions with other segments</b>	-	-	-	866 896	-	866 896
Internal Revenue	-	-	-	866 896	-	866 896
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	4 851 495	47 365 885	1 657 239	24 401 432	-	78 276 050
<b>SEGMENT EXPENDITURE</b>						
Employee Related Costs	218 005	5 088 110	5 231 629	10 779 291	-	21 317 035
Remuneration of Councillors	3 598 767	-	-	-	-	3 598 767
Debt Impairment	-	1 350 000	-	4 476 060	-	5 826 060
Depreciation and Asset Impairment	-	1 417 540	-	4 089 980	-	5 507 521
Finance Charges	-	801 000	-	673 406	-	1 474 406
Bulk Purchases	-	-	-	15 672 853	-	15 672 853
Other Materials	20 101	297 487	52 847	1 102 319	-	1 472 755
Contracted Services	51 429	7 001 911	36 811	1 590 427	-	8 680 578
Transfers and Grants	14 907	-	-	1 281 306	-	1 296 213
Actuarial Losses	-	4 372	-	-	-	4 372
Other Expenditure	1 355 165	3 830 963	350 131	1 262 959	-	6 799 218
Loss on Disposal of PPE	-	-	-	546 936	-	546 936
Water Inventory Consumed	-	-	-	3 684 146	-	3 684 146
Internal charges	-	105 954	31 103	729 840	-	866 896
<b>Total Segment Expenditure</b>	5 258 374	19 897 338	5 702 522	45 889 522	-	76 747 755
<b>Surplus/(Deficit)</b>	(406 879)	27 468 547	(4 045 283)	(21 488 091)	-	1 528 294
Transfers Recognised - Capital	-	75 000	-	55 816 461	-	55 891 461
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	(406 879)	27 543 547	(4 045 283)	34 328 370	-	57 419 755
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	(406 879)	27 543 547	(4 045 283)	34 328 370	-	57 419 755
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	(406 879)	27 543 547	(4 045 283)	34 328 370	-	57 419 755
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	(406 879)	27 543 547	(4 045 283)	34 328 370	-	57 419 755

KAREEBERG LOCAL MUNICIPALITY										
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022										
	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				
SEGMENT REVENUE	R	R	R				R	R	R	R
External revenue from exchange transactions	35 132	12 503	10 145 626	4 167 946	2 120 440	2 869 546	-	3 494 592	-	22 845 785
Service Charges - Electricity Revenue	-	-	10 145 566	-	-	-	-	-	-	10 145 566
Service Charges - Water Revenue	-	-	-	4 167 916	-	-	-	-	-	4 167 916
Service Charges - Sanitation Revenue	-	-	-	-	2 120 440	-	-	-	-	2 120 440
Service Charges - Refuse Revenue	-	-	-	-	-	2 868 517	-	-	-	2 868 517
Rental of Facilities and Equipment	2 835	11 360	-	-	-	-	-	170 328	-	184 523
Interest Earned - External Investments	-	-	-	-	-	-	-	3 170 654	-	3 170 654
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	437	-	437
Other Revenue	32 297	1 143	60	30	-	-	1 030	153 174	-	187 733
External revenue from non-exchange transactions	1 655 199	1 278 630	-	2 906 753	-	-	-	48 722 787	-	54 563 368
Property rates	-	-	-	-	-	-	-	10 234 050	-	10 234 050
Fines	199	-	-	-	-	-	-	600	-	799
Actuarial Gains	-	-	-	-	-	-	-	57 621	-	57 621
Licences and Permits	-	-	-	-	-	-	-	7 680	-	7 680
Agency Services	-	-	-	-	-	-	-	60 269	-	60 269
Transfers Recognised - Operational	1 655 000	1 278 630	-	1 011 152	-	-	-	38 362 548	-	42 307 348
Water Inventory Gains	-	-	-	1 895 601	-	-	-	-	-	1 895 601
Revenue from transactions with other segments	-	-	831 879	26 470	8 547	-	-	-	-	866 896
Internal Revenue	-	-	831 879	26 470	8 547	-	-	-	-	866 896
Total Segment Revenue (excluding capital transfers and contributions)	1 690 330	1 291 132	10 877 505	7 101 169	2 128 987	2 869 546	-	52 217 380	-	78 276 050
SEGMENT EXPENDITURE										
Employee Related Costs	2 215 024	3 894 822	467 182	-	4 076 129	1 982 368	-	8 681 511	-	21 317 035
Remuneration of Councillors	-	-	-	-	-	-	-	3 598 767	-	3 598 767
Debt Impairment	1 350 000	-	499 388	676 672	1 650 000	1 650 000	-	-	-	5 826 060
Depreciation and Asset Impairment	-	2 432 440	-	-	1 657 540	-	-	1 417 540	-	5 507 521
Finance Charges	-	-	-	-	-	673 406	-	801 000	-	1 474 406
Bulk Purchases	-	-	15 672 853	-	-	-	-	-	-	15 672 853
Other Materials	105 051	261 764	71 279	-	378 399	338 673	-	317 588	-	1 472 755
Contracted Services	72 989	640 289	587 226	-	296 982	29 753	-	7 053 341	-	8 680 578
Actuarial Losses	-	-	-	-	-	-	-	4 372	-	4 372
Other Expenditure	178 397	760 982	108 623	-	299 351	48 202	-	5 403 663	-	6 799 218
Loss on Disposal of PPE	-	-	-	546 936	-	-	-	-	-	546 936
Water inventory consumed	-	-	-	3 684 146	-	-	-	-	-	3 684 146
Internal charges	51 946	197 541	-	376 103	132 880	-	-	108 426	-	866 896
Total Segment Expenditure	4 115 063	8 187 838	18 546 200	5 283 857	8 491 281	4 722 402	-	27 401 114	-	76 747 755
Surplus/(Deficit)	(2 424 732)	(6 896 706)	(7 568 695)	1 817 311	(6 362 294)	(1 852 856)	-	24 816 266	-	1 528 294
Transfers Recognised - Capital	-	4 167 523	-	51 648 937	-	-	-	75 000	-	55 891 461
Surplus/(Deficit) after Capital Transfers & Contributions	(2 424 732)	(2 729 182)	(7 568 695)	53 466 249	(6 362 294)	(1 852 856)	-	24 891 266	-	57 419 755
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(2 424 732)	(2 729 182)	(7 568 695)	53 466 249	(6 362 294)	(1 852 856)	-	24 891 266	-	57 419 755
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(2 424 732)	(2 729 182)	(7 568 695)	53 466 249	(6 362 294)	(1 852 856)	-	24 891 266	-	57 419 755
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(2 424 732)	(2 729 182)	(7 568 695)	53 466 249	(6 362 294)	(1 852 856)	-	24 891 266	-	57 419 755

KAREEBERG LOCAL MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2022

Total Segment Revenue (including capital transfers and contributions)	134 167 510.35
Total Revenue as per Statement of Financial Performance	131 405 013
<b>Difference</b>	<b>2 762 497.32</b>

Reconciling items

Internal Revenue	866 896.27
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 2022

Total Segment Expenditure	76 747 755.31
Total Expenditure as per Statement of Financial Performance	75 880 859.04
<b>Difference</b>	<b>866 896.27</b>

Reconciling items

Internal charges	866 896.27
Insert reconciling item details	-
Insert reconciling item details	-
Insert reconciling item details	-

Reconciliation of the Statement of Financial Performance as at 30 June 2022 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	57 419 755.04
Surplus/(Deficit) for the year as per Statement of Financial Performance	57 419 755.04
<b>Difference - as explained above</b>	<b>-</b>

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## **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

### **1.1. BASIS OF PREPARATION**

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 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 2022**

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

**1.5. 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. For the financial year, no new standards became effective.

**1.6. MATERIALITY**

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

**1.7. PRESENTATION OF BUDGET INFORMATION**

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

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

The comparable information includes the following:

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

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

Explanations for material differences between the final budget amounts and actual amounts are included 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:

**KAREEBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 25</b>	<p><b><u>Employee benefits</u></b> The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>
<b>GRAP 104</b>	<p><b><u>Financial Instruments</u></b> 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>iGRAP 7</b>	<p><b><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></b> This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</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>iGRAP 21</b>	<p><b><u>The Effect of Past Decisions on Materiality</u></b> This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>1 April 2023</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> 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.

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**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 2022**

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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 all 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 2022**

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 2022**

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

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

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

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

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

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

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

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

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



**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	10-101
Electricity Mains	3-61
Water Mains and Purification	4-86
Sewerage Mains & Purification	11-81
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	11-81
Clinics and Hospitals	30-81
<b><u>Other</u></b>	<b><u>Years</u></b>
Motor Vehicles	6-27
Office equipment	1-36
Furniture and fittings	3-43
Plant and Equipment	4-41

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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Fire Engines	15-45
Computer Equipment	1-41

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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 2022**

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

**1.15. INTANGIBLE ASSETS**

**1.15.1 Initial Recognition**

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

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

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

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

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

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

Intangible assets are initially recognised at cost.

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

**1.15.2 Subsequent Measurement – Cost Model**

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

**1.15.3 Amortisation and Impairment**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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	5-13

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 2022

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.

<b><u>Investment Property</u></b>	<b><u>Years</u></b>
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 2022**

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

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

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

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

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

**1.18.2 Non-cash-generating assets**

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

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

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

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



(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 2022**

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

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

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

## **1.19. INVENTORIES**

### **1.19.1 Initial Recognition**

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

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

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

### **1.19.2 Subsequent Measurement**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

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

**1.20. FINANCIAL INSTRUMENTS**

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

**1.20.1 Initial Recognition**

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

**1.20.2 Subsequent Measurement**

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

**1.20.2.1 Receivables**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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 2022**

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

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

**1.21.4 Transitional Provisions**

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

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

**1.22. REVENUE**

**1.22.1 Revenue from Non-Exchange Transactions**

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

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

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

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

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

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

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

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

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

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

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

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

Revenue from Grant VAT income is recognised when expenditure occurred.

**1.22.2 Revenue from Exchange Transactions**

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

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

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



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

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are 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 2022**

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

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

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

**1.23. RELATED PARTIES**

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 
- 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:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

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

**1.28.7 Provisions and Contingent Liabilities**

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

**1.28.8 Revenue Recognition**

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

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

**1.28.9 Provision for Landfill Sites**

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

Management referred to the following when making assumptions regarding provisions:

- 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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**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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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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.

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:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 
- (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 to transfer 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.

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;

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 
- 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.

**1.39. CONSUMER DEPOSITS**

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

Draft

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	11 402 116	11 400 293
Capital Replacement Reserve	11 347 812	11 347 812
Housing Development fund	54 304	52 481
<b>Total Net Asset Reserves</b>	<b>11 402 116</b>	<b>11 400 293</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 EMPLOYEE BENEFITS</b>		
Post Retirement Benefits - Refer to Note 3.1	7 548 000	7 082 000
Long Service Awards - Refer to Note 3.2	797 000	709 000
<b>Total Non-current Employee Benefit Liabilities</b>	<b>8 345 000</b>	<b>7 791 000</b>
<b><u>Post Retirement Benefits</u></b>		
Balance 1 July	7 457 000	7 441 000
Contribution for the year	788 000	783 000
Expenditure for the year	(347 372)	(348 979)
Actuarial Loss/(Gain)	4 373	(418 021)
<b>Total post retirement benefits 30 June</b>	<b>7 902 000</b>	<b>7 457 000</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(354 000)	(375 000)
<b>Balance 30 June</b>	<b>7 548 000</b>	<b>7 082 000</b>
<b><u>Long Service Awards</u></b>		
Balance 1 July	995 000	971 000
Contribution for the year	152 000	138 000
Expenditure for the year	(240 379)	(271 479)
Actuarial Loss/(Gain)	(57 621)	157 479
<b>Total long service awards 30 June</b>	<b>849 000</b>	<b>995 000</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(52 000)	(286 000)
<b>Balance 30 June</b>	<b>797 000</b>	<b>709 000</b>
<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
Balance 1 July	8 452 000	8 412 000
Contribution for the year	940 000	921 000
Expenditure for the year	(587 751)	(620 458)
Actuarial Loss/(Gain)	(53 249)	(260 542)
<b>Total employee benefits 30 June</b>	<b>8 751 000</b>	<b>8 452 000</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(406 000)	(661 000)
<b>Balance 30 June</b>	<b>8 345 000</b>	<b>7 791 000</b>
<b>3.1 Post Retirement Benefits</b>	<b>2022 R</b>	<b>2021 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)	8	9
<b>Total Members</b>	<b>17</b>	<b>18</b>
The liability in respect of past service has been estimated to be as follows:		
In-service (employee) members	2 951 000	2 570 000
Continuation (retiree and widow) members	4 951 000	4 887 000
<b>Total Liability</b>	<b>7 902 000</b>	<b>7 457 000</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3

EMPLOYEE BENEFITS (CONTINUE)

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

	2020 R	2019 R	2018 R
In-service members	3 206 000	3 082 914	3 566 735
Continuation members	4 235 000	4 493 861	5 125 750
<b>Total Liability</b>	<b>7 441 000</b>	<b>7 576 775</b>	<b>8 692 485</b>

Experience adjustments were calculated as follows:

	2022 Rm	2021 Rm
Liabilities: (Gain) / loss	(0.195)	(0.748)
Assets: Gain / (loss)	-	-

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	0.429	(1.239)	0.564
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 2022 is estimated at R7 902 000. The Current-service Cost for the year ending 30 June 2022 is estimated at R63 000. It is estimated to be R75 000 for the ensuing year.

Key actuarial assumptions used:

	2022 %	2021 %
<b>i) Rate of interest</b>		
Discount rate	10.95%	9.97%
Health Care Cost Inflation Rate	7.80%	6.62%
Net Effective Discount Rate	2.92%	3.14%

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 10.95% per annum has been used. The corresponding index-linked yield at this term is 3.91%. 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 8 June 2022.

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

2021/2022 - 3.50%  
2022/2023 - 4.90%

The new three-year Salary and Wage Collective Agreement ends on 30 June 2024.

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3

EMPLOYEE BENEFITS (CONTINUE)

2022  
R

2021  
R

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

Present value of fund obligations	7 902 000	7 457 000
<b>Total Liability</b>	<b>7 902 000</b>	<b>7 457 000</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	7 457 000	7 441 000
Total expenses	440 628	434 021
Current service cost	63 000	60 000
Interest Cost	725 000	723 000
Benefits Paid	(347 372)	(348 979)
Actuarial (gains)/losses	4 372	(418 021)
Present value of fund obligation at the end of the year	7 902 000	7 457 000
<b>Less:</b> Transfer of Current Portion - Note 6	(354 000)	(375 000)
<b>Balance 30 June</b>	<b>7 548 000</b>	<b>7 082 000</b>

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Retired members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		2.951	4.951	7.902	
Health care inflation	1%	3.375	5.491	8.866	12%
Health care inflation	-1%	2.599	4.489	7.088	-10%
Discount Rate	1%	2.611	4.505	7.116	-10%
Discount Rate	-1%	3.366	5.479	8.845	12%
Post-retirement mortality	1 year	2.862	4.798	7.660	-3%
Post-retirement mortality	-1 year	3.040	5.103	8.143	3%
Average retirement age	-1 year	3.100	4.951	8.051	2%
Continuation of membership at retirement	-10%	2.558	4.951	7.509	-5%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2023

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		75 000	846 000	921 000	
Health care inflation	1%	89 000	952 000	1 041 000	13%
Health care inflation	-1%	63 000	757 000	820 000	-11%
Discount Rate	1%	64 000	830 000	894 000	-3%
Discount Rate	-1%	88 000	863 000	951 000	3%
Post-retirement mortality	1 year	72 000	820 000	892 000	-3%
Post-retirement mortality	-1 year	77 000	873 000	950 000	3%
Average retirement age	-1 year	83 000	863 000	946 000	3%
Continuation of membership at retirement	-10%	65 000	803 000	868 000	-6%

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, 64 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2022 is R 76 000. The Current-service Cost for the ensuing year has been estimated to be R 83 000.

Key actuarial assumptions used:

2022  
%

2021  
%

i) Rate of interest

Discount rate	10.41%	8.89%
General Salary Inflation (long-term)	6.98%	5.71%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.20%	3.01%



KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rm	2021 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 10.41% per annum has been used. The corresponding liability-weighted index-linked yield is 3.71%. 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 8 June 2022. The duration of the total liability was estimated to be 9 years.		
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(42 621)	172 479
Assets: Gain / (loss)	-	-

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	112 138	97 386	88 534
Assets: Gain / (loss)	-	-	-

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

	2022 R	2021 R
Present value of fund obligations	849 000	995 000
<b>Net liability/(asset)</b>	<b>849 000</b>	<b>995 000</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	995 000	971 000
Total expenses	(88 379)	(133 479)
Current service cost	76 000	81 000
Interest Cost	76 000	57 000
Benefits Paid	(240 379)	(271 479)
Actuarial losses/(gains)	(57 621)	157 479
Present value of fund obligation at the end of the year	849 000	995 000
<b>Less:</b> Transfer of Current Portion - Note 6	(52 000)	(286 000)
<b>Balance 30 June</b>	<b>797 000</b>	<b>709 000</b>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% change
Central assumptions		849 000	
General salary inflation	1%	899 000	6%
General salary inflation	-1%	804 000	-5%
Discount Rate	1%	802 000	-6%
Discount Rate	-1%	902 000	6%
Average retirement age	2 yrs	1 088 000	28%
Average retirement age	-2 yrs	807 000	-5%
Withdrawal rates	x 2	695 000	-18%
Withdrawal rates	x 0.5	953 000	12%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30 June 2023

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		83 000	86 000	169 000	
General salary inflation	1%	89 000	91 000	180 000	7%
General salary inflation	-1%	77 000	81 000	158 000	-7%
Discount Rate	1%	78 000	89 000	167 000	-1%
Discount Rate	-1%	89 000	82 000	171 000	1%
Average retirement age	2 yrs	98 000	111 000	209 000	24%
Average retirement age	-2 yrs	79 000	81 000	160 000	-5%
Withdrawal rates	x 2	61 000	70 000	131 000	-22%
Withdrawal rates	x 0.5	99 000	97 000	196 000	16%

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 2022

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)**

2022  
R

2021  
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 2021 revealed that the fund has a funding level of 104,9% (30 June 2020 - 100%).

**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 2021 revealed that the fund has a funding level of 133% (30 June 2020 - 132,2%).

Contributions paid recognised in the Statement of Financial Performance

1 950 720

1 875 530

4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

6 577 094

9 494 320

**Total Non-current Provisions**

**6 577 094**

**9 494 320**

**Landfill Sites**

Balance 1 July

9 494 320

10 353 521

Increase/(Decrease) in Estimate

(3 590 632)

(1 741 356)

Increase/(Decrease) due to discounting

673 406

882 155

**Total provision 30 June**

**6 577 094**

**9 494 320**

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

-

-

**Balance 30 June**

**6 577 094**

**9 494 320**

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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	2022 Vanwyksvlei	Vosburg
Preliminary and General (Rand)	2 310 689.32	695 224.93	639 840.74
Site Clearance and Preparation (Rand)	47 399.82	13 629.14	12 645.58
Storm Water Control Measures (Rand)	1 933 373.89	1 013 221.73	907 347.71
Capping (Rand)	9 930 253.86	2 879 973.95	2 661 343.41
Leachate Management (Rand)	628 651.26	359 146.44	343 808.77
Fencing (Rand)	1 679 947.76	12 336.02	12 336.02

In terms of the licencing of the landfill-sites, the municipality will incur licencing and rehabilitation costs of R345 781 455 (2021: R265 256 001) 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.

	2022 %	2021 %
<b>Discount rate:</b>		
Carnarvon	11.569%	10.506%
Vanwyksvlei	11.353%	9.345%
Vosburg	11.213%	9.867%

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	2022 Vanwyksvlei	Vosburg
Area (m²)	35 373	10 171	9 437
Environmental Authorisation (Closure Licence) (Rand)	410 800	410 800	410 800
Technical ROD (Rand)	208 260	208 260	208 260
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	182 915	230 114	179 137
Landscape Architects (Rand)	149 651	146 833	146 802
Water use licence (Rand)	35 000	35 000	-
Topographical Survey (Rand)	11 990	7 155	7 155
Contingencies (Rand)	1 653 032	497 353	457 732
Engineering: Professional Fees (Rand)	1 910 216	666 026	613 727
Site Supervision (Engineer's Representative) (Rand)	493 559	242 720	242 272
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	282 030	224 050	223 485

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 2022 R	Cost of rehabilitation 2021 R
Carnarvon	2053	104 648 407	59 372 517
Vanwyksvlei	2089	225 278 755	191 973 168
Vosburg	2038	15 854 292	13 910 316
		<b>345 781 455</b>	<b>265 256 001</b>

Change in size	2022	2021	Movement in size	Cost per rehab (m²)	R value of change
<b>Area (m²)</b>					
Carnarvon	35 373	35 373	-	618	-
Vanwyksvlei	10 171	10 171	-	751	-
Vosburg	9 437	9 437	-	749	-
					<b>-</b>

Change in PV

	2022	2021	Movement
Carnarvon	3 514 656.33	5 966 377	(2 451 721)
Vanwyksvlei	167 375.34	441 482	(274 107)
Vosburg	2 895 062.66	3 086 461	(191 398)
	<b>6 577 094</b>	<b>9 494 320</b>	<b>(2 917 226)</b>

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)
	<b>9 494 320</b>	<b>10 353 521</b>	<b>(859 201)</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 4 NON-CURRENT PROVISIONS (CONTINUE)

<u>Change in unit rates</u>	2022	2021	Movement	R value
Carnarvon	618.21	544.07	74.14	2 622 554
Vanwyksvlei	751.34	675.12	76.22	775 234
Vosburg	748.83	673.21	75.62	713 626
				<u>4 111 414</u>

<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>

## 5 CONSUMER DEPOSITS

	2022 R	2021 R
Water & Electricity	361 379	348 679
<b>Total Consumer Deposits</b>	<b>361 379</b>	<b>348 679</b>

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

## 6 CURRENT EMPLOYEE BENEFITS

	2022 R	2021 R
Current Portion of Post Retirement Benefits - Note 3	353 999	375 000
Current Portion of Long-Service Provisions - Note 3	52 001	286 000
Provision for Performance Bonuses	368 607	354 475
Provision for Annual Bonuses	405 125	312 210
Provision for Staff Leave	1 632 355	1 619 537
<b>Total Current Employee Benefits</b>	<b>2 812 088</b>	<b>2 947 222</b>

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits - Note 3

Balance at beginning of year	375 000	348 979
Transfer from non-current	326 372	375 000
Expenditure incurred	(347 372)	(348 979)
Balance at end of year	<u>353 999</u>	<u>375 000</u>

Current Portion of Long-Service Provisions - Note 3

Balance at beginning of year	286 000	219 000
Transfer from non-current	6 379	338 479
Expenditure incurred	(240 379)	(271 479)
Balance at end of year	<u>52 001</u>	<u>286 000</u>

Provision for Performance Bonuses

Balance at beginning of year	354 475	370 414
Contribution to current portion	460 475	492 669
Expenditure incurred	(446 342)	(508 607)
Balance at end of year	<u>368 607</u>	<u>354 475</u>

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

Provision for Staff Leave

Balance at beginning of year	1 619 537	1 522 892
Contribution to current portion	469 055	624 968
Expenditure incurred	(456 237)	(528 323)
Balance at end of year	<u>1 632 355</u>	<u>1 619 537</u>

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

Provision for Annual Bonuses

Balance at beginning of year	312 210	276 327
Contribution to current portion	92 915	35 882
Expenditure incurred	-	-
Balance at end of year	<u>405 125</u>	<u>312 210</u>

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

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>7a TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	3 622 364	1 270 754
Payments received in advance	596 054	1 356 332
<b>Total Trade and other Payables from exchange transactions</b>	<b>4 218 418</b>	<b>2 627 086</b>
<b>7b TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Equitable Share in advance 2022/23	33 449 000	-
Equitable Share in advance 2023/24	21 582 000	-
<b>Total Trade and other Payables from non-exchange transactions</b>	<b>55 031 000</b>	<b>-</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.

	2022 R	2021 R
<b>8 UNSPENT TRANSFERS AND SUBSIDIES</b>		
<b>Unspent Grants</b>	29 172 963	57 573 401
National and Provincial Government Grants	29 172 963	57 573 401
Other Sources	-	-
<b>Less:</b> Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Other Sources	-	-
<b>Total Conditional Grants and Receipts</b>	<b>29 172 963</b>	<b>57 573 401</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.

	2022 R	2021 R
<b>9 TAXES</b>		
VAT (Payable)	(2 105 128)	(1 685 529)
Balance previously reported		(1 685 529)
Correction of Error. Refer note		-
VAT Receivable	1 232 084	2 997 800
Balance previously reported		2 997 800
Correction of Error. Refer note		-
<b>Total VAT (Payable)/Receivable</b>	<b>(873 044)</b>	<b>1 312 271</b>

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

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 10 PROPERTY, PLANT AND EQUIPMENT

## 10.1 30 JUNE 2022

## Reconciliation of Carrying Value

	Opening Balance	Additions	Cost Transfers	Disposals	Closing Balance	Opening Balance	Accumulated Impairments	Closing Balance	Opening Balance	Accumulated Depreciation	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	Additions/ Disposal	R	R	Depreciation Charge	R	R	R
<b>Land and Buildings</b>	23 685 994	19 341	-	-	23 705 334	405	-	405	678 735	82 826	-	761 561	22 943 369
Land	21 493 760	-	-	-	21 493 760	-	-	-	-	-	-	-	21 493 760
Buildings	2 192 234	19 341	-	-	2 211 574	405	-	405	678 735	82 826	-	761 561	1 449 609
<b>Infrastructure</b>	171 922 969	52 225 829	0	(597 972)	223 550 826	-	-	-	29 407 971	4 440 098	(597 972)	33 250 097	190 300 728
Electricity	7 848 212	-	-	(290 819)	7 557 393	-	-	-	1 872 397	217 981	(290 819)	1 799 559	5 757 834
Road Transport	58 826 348	2 169 986	712 179	(282 723)	61 425 791	-	-	-	13 606 416	1 792 452	(282 723)	15 116 146	46 309 645
Sanitation	23 761 001	-	-	-	23 761 001	-	-	-	5 643 221	536 575	-	6 179 795	17 581 206
Solid Waste Disposal	488 000	-	-	-	488 000	-	-	-	144 971	13 870	-	158 842	329 158
Stormwater	14 806 596	599 648	196 802	(24 431)	15 578 615	-	-	-	1 199 410	257 583	(24 431)	1 432 562	14 146 053
Water Supply	33 431 886	42 106 190	22 160 784	-	97 698 860	-	-	-	5 190 414	1 435 579	-	6 625 993	91 072 867
Landfill Sites	6 628 111	(3 590 632)	-	-	3 037 479	-	-	-	1 751 142	186 058	-	1 937 200	1 100 279
WIP	26 132 815	10 940 636	(23 069 765)	-	14 003 686	-	-	-	-	-	-	-	14 003 686
<b>Community Assets</b>	13 513 025	-	-	-	13 513 025	61 383	-	61 383	2 656 757	403 621	-	3 060 378	10 391 265
Recreation Grounds	9 356 154	-	-	-	9 356 154	60 248	-	60 248	1 831 471	309 271	-	2 140 742	7 155 164
Civil Buildings	122 360	-	-	-	122 360	-	-	-	30 480	2 191	-	32 671	89 689
Cemetery	1 650 366	-	-	-	1 650 366	-	-	-	260 471	33 986	-	294 457	1 355 909
Museum	360 000	-	-	-	360 000	-	-	-	89 584	6 438	-	96 022	263 978
Clinic	360 800	-	-	-	360 800	-	-	-	84 541	6 006	-	90 547	270 253
Libraries	1 549 335	-	-	-	1 549 335	-	-	-	324 926	43 230	-	368 156	1 181 179
Parks & Gardens	29 279	-	-	-	29 279	-	-	-	8 048	574	-	8 622	20 657
Public Conveniences/Bathhouses	84 731	-	-	-	84 731	1 135	-	1 135	27 236	1 925	-	29 161	54 435
<b>Other Assets</b>	7 486 294	2 243 318	-	(1 085 039)	8 644 574	-	-	-	5 861 889	558 133	(1 085 039)	5 334 983	3 309 591
Motor Vehicles	3 202 329	2 022 936	-	(513 942)	4 711 323	-	-	-	2 805 820	238 411	(513 942)	2 530 290	2 181 033
Plant & Equipment	1 664 425	1 057	-	(359 325)	1 306 157	-	-	-	1 395 093	86 182	(359 325)	1 121 950	184 207
Office Equipment	720 630	3 362	-	(70 120)	653 872	-	-	-	523 683	49 689	(70 120)	503 251	150 620
Furniture & Fittings	849 378	3 096	-	(12 649)	839 825	-	-	-	549 250	46 062	(12 649)	582 664	257 162
Fire Engines	17 575	-	-	(1 194)	16 381	-	-	-	14 704	276	(1 194)	13 786	2 595
Computer Equipment	966 608	206 475	-	(127 808)	1 045 275	-	-	-	573 339	137 512	(127 808)	583 043	462 232
Game	65 350	6 392	-	-	71 742	-	-	-	-	-	-	-	71 742
	216 608 282	54 488 488	0	(1 683 011)	269 413 759	61 788	-	61 788	38 605 352	5 484 678	(1 683 011)	42 407 019	226 944 952

## Reconciliation of Property, Plant and Equipment: 30 JUNE 2022

	Opening Balance	Additions	WIP	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	Additions R	R	R	R	R	R
Land	21 493 760	-	-	-	-	-	-	21 493 760
Buildings	1 513 094	19 341	-	-	-	(82 826)	-	1 449 609
Infrastructure	142 514 997	41 285 193	10 940 636	-	-	(4 440 098)	-	190 300 728
Community Assets	10 794 886	-	-	-	-	(403 621)	-	10 391 265
Other Assets	1 624 405	2 243 318	-	-	-	(558 133)	-	3 309 591
	177 941 142	43 547 852	10 940 636	-	-	(5 484 678)	-	226 944 952

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 10 PROPERTY, PLANT AND EQUIPMENT

## 10.2 30 JUNE 2021

## Reconciliation of Carrying Value

	Opening Balance	Additions	Cost Transfers	Disposals	Closing Balance	Opening Balance	Accumulated Impairments	Closing Balance	Opening Balance	Accumulated Depreciation	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	Additions/ Disposal	R	R	Depreciation Charge	R	R	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>	155 948 244	15 974 725	-	-	171 922 969	-	-	-	25 408 411	3 999 560	-	29 407 971	142 514 997
Electricity	7 805 962	42 250	-	-	7 848 212	-	-	-	1 500 148	372 249	-	1 872 397	5 975 815
Balance previously reported	7 042 176	42 250	-	-	7 084 426	-	-	-	1 315 981	336 023	-	1 652 004	5 432 422
Correction of Error - Note 33.04	763 786	-	-	-	763 786	-	-	-	184 167	36 226	-	220 393	543 393
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>	13 309 483	203 543	-	-	13 513 025	61 383	-	61 383	2 255 680	401 077	-	2 656 757	10 794 886
Recreation Grounds	9 356 154	-	-	-	9 356 154	60 248	-	60 248	1 522 200	309 271	-	1 831 471	7 464 435
Balance previously reported	10 119 940	-	-	-	10 119 940	60 248	-	60 248	1 706 367	345 497	-	2 051 864	8 007 828
Correction of Error - Note 33.04	(763 786)	-	-	-	(763 786)	-	-	-	(184 167)	(36 226)	-	(220 393)	(543 393)
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	473 834	-	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	1 647 734	16 691	-	-	1 664 425	-	-	-	1 307 445	87 647	-	1 395 093	269 332
Balance previously reported	1 620 108	16 691	-	-	1 636 799	-	-	-	1 279 396	86 518	-	1 365 913	270 886
Correction of Error - Note 33.04	27 626	-	-	-	27 626	-	-	-	28 050	1 130	-	29 179	(1 553)
Office Equipment	695 153	25 477	-	-	720 630	-	-	-	464 985	58 698	-	523 683	196 947
Balance previously reported	788 445	25 477	-	-	813 922	-	-	-	469 353	73 282	-	542 635	271 288
Correction of Error - Note 33.04	(93 292)	-	-	-	(93 292)	-	-	-	(4 368)	(14 584)	-	(18 952)	(74 341)
Furniture & Fittings	798 903	50 474	-	-	849 378	-	-	-	506 374	42 876	-	549 250	300 127
Balance previously reported	748 761	50 474	-	-	799 235	-	-	-	542 744	29 708	-	572 452	226 783
Correction of Error - Note 33.04	50 143	-	-	-	50 143	-	-	-	(36 370)	13 168	-	(23 202)	73 344
Fire Engines	17 575	-	-	-	17 575	-	-	-	14 356	347	-	14 704	2 871
Balance previously reported	2 051	-	-	-	2 051	-	-	-	1 668	61	-	1 730	321
Correction of Error - Note 33.04	15 524	-	-	-	15 524	-	-	-	12 688	286	-	12 974	2 550
Computer Equipment	953 913	12 696	-	-	966 608	-	-	-	414 137	159 201	-	573 339	393 270
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	177 941 142

## Reconciliation of Property, Plant and Equipment:

30 JUNE 2021

	Opening Balance	Additions	WIP	Disposals	Other changes, movements	Depreciation	Impairment Losses	Closing Balance
	R	R	Additions R	R	R	R	R	R
Land	21 493 760	-	-	-	-	-	-	21 493 760
Buildings	1 616 765	-	-	-	-	(103 671)	-	1 513 094
Infrastructure	130 539 832	(1 504 497)	17 479 222	-	-	(3 999 560)	-	142 514 997
Community Assets	10 992 420	203 543	-	-	-	(401 077)	-	10 794 886
Other Assets	1 997 931	115 604	-	(15 296)	-	(473 834)	-	1 624 405
	166 640 708	(1 185 350)	17 479 222	(15 296)	-	(4 978 141)	-	177 941 142

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2022 R	2021 R		
10.03	Property, Plant and Equipment which is in the process of being constructed or developed:				
	Infrastructure Assets	14 003 686	26 132 815		
	Roads	113 362	1 022 343		
	Electricity	3 027 686	1 629 797		
	Water Supply	10 862 637	23 480 675		
	Community Assets	-	-		
	<b>Total</b>	<b>14 003 686</b>	<b>26 132 815</b>		
	Work in Progress movements for the year can be reconciled as follows:				
	<b>30 JUNE 2022</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Other Assets R</b>	<b>Total R</b>
	Balance at beginning of year	26 132 815	-	-	26 132 815
	Expenditure during the year	55 816 461	-	-	55 816 461
	Assets unbundled during the year	(67 945 590)	-	-	(67 945 590)
	Impairment recognised during the year	-	-	-	-
	<b>Balance at end of year</b>	<b>14 003 686</b>	<b>-</b>	<b>-</b>	<b>14 003 686</b>
	<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>
10.04	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:				
	Infrastructure Assets	3 141 048	23 790 581		
	Roads	113 362	-		
	Electricity	3 027 686	1 629 797		
	Water Supply	-	22 160 784		
	Community Assets	-	-		
	<b>Total</b>	<b>3 141 048</b>	<b>23 790 581</b>		
	For various reasons the funding could not be spend for upgrading 22kVa sub-station project. Application for roll over will be submitted.				
	No funding was allocated for 2020/2021 or 2021/22 from MIG for the completion of the Van Wyks Vlei streets Phase 2 project.				
10.05	Property, Plant and Equipment where construction or development has been halted:				
	Infrastructure Assets	3 141 048	1 629 797		
	Roads	113 362	-		
	Electricity	3 027 686	1 629 797		
	<b>Total</b>	<b>3 141 048</b>	<b>1 629 797</b>		
	For various reasons the funding could not be spend for upgrading 22kVa sub-station project. Application for roll over will be submitted.				
	No funding was allocated for 2020/2021 or 2021/22 from MIG for the completion of the Van Wyks Vlei streets Phase 2 project.				
10.06	Expenditure incurred to repair and maintain Property, Plant and Equipment:				
	Other materials	556 289	1 161 624		
	Contracted Services	163 318	47 135		
	<b>Total Repairs and Maintenance</b>	<b>719 607</b>	<b>1 208 759</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>		



KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2022 R	2021 R
10.10	<b>Reversal of Impairment losses of Property, Plant and Equipment</b>		
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
	Other	-	-
	<b>Total</b>	-	-
10.11	<b>Effect of changes in accounting estimates</b>		
	The change in accounting estimate due to the annual assessment of remaining useful life, will have the following effect on the current period and subsequent periods:		
		2022 R	2023 R
	Effect on Property, plant and equipment	279 609	279 682
			2024 R
			351 965
10.12	<b>Details of Valuation</b>	2022 R	2021 R
	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	<b>Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
	Approved and contracted for:	22 064 206	76 412 291
	Infrastructure	16 494 476	74 085 915
	Other	5 569 730	2 326 376
	<b>Total</b>	<b>22 064 206</b>	<b>76 412 291</b>
	This expenditure will be financed from:		
	Government Grants	16 494 476	74 085 915
	Own Resources	5 569 730	2 326 376
	<b>Total</b>	<b>22 064 206</b>	<b>76 412 291</b>
10.14	<b>Land is controlled, but Kareeberg Municipality is not the legal owner/custodian</b>		
	Carrying amount at year end	-	-
	<b>Total</b>	-	-
10.15	<b>Land is not controlled, but Kareeberg Municipality is the legal owner/custodian</b>		
	No of Low Cost Houses	136	138
	<b>Total</b>	<b>136</b>	<b>138</b>
11	<b>INVESTMENT PROPERTY</b>		
	<b>Net Carrying amount at 1 July</b>	<b>15 871 521</b>	<b>15 884 463</b>
	Cost	16 047 300	16 047 300
	Accumulated Depreciation	(175 779)	(162 837)
	Depreciation for the year	(12 941)	(12 941)
	<b>Net Carrying amount at 30 June</b>	<b>15 858 580</b>	<b>15 871 521</b>
	Cost	16 047 300	16 047 300
	Accumulated Depreciation	(188 720)	(175 779)
	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	<b>Revenue from Investment Property</b>		
	Revenue derived from the rental of Investment Property	178 298	284 894
11.02	<b>Operating Expenditure incurred on properties:</b>		
		<b>Repairs and Maintenance</b>	<b>Other Operating Expenditure</b>
	Revenue Generating	8 086	2 731
	Unimproved Property	8 086	2 731
	<b>Total Operating Expenditure</b>	<b>8 086</b>	<b>2 731</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

11	INVESTMENT PROPERTY (CONTINUED)	2022 R	2021 R
11.03	Investment Property which is in the process of being constructed or developed:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total</b>	-	-
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	<b>Balance at end of year</b>	-	-
11.04	Investment Property that is taking a significantly longer period of time to complete than expected:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total</b>	-	-
	No reason required		
11.05	Investment Property where construction or development has been halted:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total</b>	-	-
	No reason required		
11.06	Impairment losses of Investment Property		
	Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total Impairment Losses</b>	-	-
11.07	Reversal of Impairment losses of Investment Property		
	Reversal of Impairment losses on Investment Property recognised in statement of financial performance are as follows:		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	<b>Total Reversal of Impairment losses</b>	-	-

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 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>	2022 R	2021 R
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	27 477	37 243
	Cost	63 154	63 154
	Accumulated Amortisation	(35 678)	(25 911)
	Disposals	(5 548)	-
	Amortisation	(9 901)	(9 766)
	Disposal Amortisation	5 548	-
	<b>Net Carrying amount at 30 June</b>	17 575	27 477
	Cost	57 606	63 154
	Accumulated Amortisation	(40 031)	(35 678)
12.01	<b>Material Intangible Assets included in the carrying value:</b>		
		<b>Carrying Value</b>	
	<u>Description</u>	2022 R	2021 R
	Microsoft Office	17 575	27 477
	Remaining Amortisation Period		
	2 - 3		
	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>	2022 R	2021 R
	Research Expenditure	-	-
	Development Expenditure	-	-
	<b>Total Research and Development Expenditure</b>	-	-
12.03	<b>Intangible Assets which is in the process of being constructed or developed:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	-	-
	Expenditure during the year	-	-
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	<b>Balance at end of year</b>	-	-
12.04	<b>Intangible Assets that is taking a significantly longer period of time to complete than expected:</b>		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	-	-
	No reason required		

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12	INTANGIBLE ASSETS (CONTINUED)	2022 R	2021 R
12.05	Intangible Assets where construction or development has been halted:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>
	No reason required		
12.06	Impairment losses of Intangible Assets		
	Impairment losses on Intangible Assets recognised in Statement of Financial Performance are as follows:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total Impairment Losses</b>	<u>-</u>	<u>-</u>
12.07	Reversal of impairment losses of Intangible Assets		
	Reversal of Impairment losses on Intangible Assets recognised in statement of financial performance are as follows:		
	Servitudes	-	-
	Computer Software	-	-
	Licences and Rights	-	-
	<b>Total Reversal of Impairment losses</b>	<u>-</u>	<u>-</u>
12.08	Effect of changes in accounting estimates		
	The effect of a change in accounting estimate will have on the current period and subsequent periods:		
		2022 R	2023 R
	Effect on Intangible Assets	135	135
			2024 R
			9 901
13	HERITAGE ASSETS	2022 R	2021 R
	<b>Net Carrying amount at 1 July</b>	<b>14 900</b>	<b>14 900</b>
	Transfers to Property, Plant and equipment	-	-
	<b>Net Carrying amount at 30 June</b>	<b>14 900</b>	<b>14 900</b>
	Cost	14 900	14 900
	There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
	There are no Heritage Assets pledged as security for liabilities		
	There are no Heritage Assets that are used by the municipality for more than one purpose.		
13.01	Third party payments received for losses and impairments incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost/impaired	-	-
	Surplus/Deficit	<u>-</u>	<u>-</u>
13.02	Expenditure incurred to repair and maintain Heritage Assets:		
	Employee related costs	-	-
	Other materials	-	-
	Contracted Services	-	-
	Other Expenditure	-	-
	<b>Total Repairs and Maintenance</b>	<u>-</u>	<u>-</u>
13.03	Heritage Assets which is in the process of being constructed or developed:		
	Monuments	-	-
	Historic Buildings	-	-
	Works of Art	-	-
	Conservation Areas	-	-
	Other Heritage	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 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>
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>
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>		
	Officials' Housing Loans - At amortised cost	7 999	13 379
	<b>Less:</b> Unamortised Discount on Loans	(317)	(862)
	Balance 1 July	(862)	(1 633)
	Adjustment for the period	545	771
		7 682	12 518
	<b>Less:</b> Current portion transferred to current receivables	(5 599)	(5 380)
	Officials Housing Loans - At amortised cost	(5 599)	(5 380)
		2 083	7 137
	<b>Less:</b> Provision for Impairment of Long Term Receivables	-	-
	<b>Total Long Term Receivables</b>	<b>2 083</b>	<b>7 137</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>		
	Consumable Stores - Materials - At cost	937 581	546 936
	Water Inventory	21 422	15 012
	Balance previously reported	15 012	-
	First time recognition of Water Inventory - 30 June 2020 - Note 33.03	-	14 292
	Tariff adjustment (Gain) on Water Inventory - Correction of Error - Note 33.05	756	873
	Gains on Water Inventory to Water Inventory - Correction of Error - Note 33.05	1 894 845	2 072 035
	Water department direct expenditure to Water Inventory - Correction of Error - Note 33.05	1 794 955	1 494 714
	Water inventory consumed from Water Inventory - Correction of Error - Note 33.05	(3 684 146)	(3 566 902)
	Disposals	(546 936)	-
	<b>Total Inventory</b>	<b>412 067</b>	<b>561 948</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15	INVENTORY (CONTINUED)	2022 R	2021 R
	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.		
16	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2022 R	2021 R
	<b>Service Receivables</b>		
	Water	4 598 126	3 383 222
	Electricity	2 156 963	1 735 207
	Refuse	3 365 170	2 498 908
	Sewerage	2 480 320	2 362 276
	<b>Total Service Receivables</b>	<b>12 600 579</b>	<b>9 979 613</b>
	Less: Provision for Impairment	(10 372 635)	(8 456 210)
	<b>Net Service Receivables</b>	<b>2 227 944</b>	<b>1 523 403</b>
	<b>Other Receivables</b>		
	Sundry Receivables	622 165	284 295
	Rentals	1 167 130	1 085 151
	VAT	2 105 128	1 685 529
	<b>Total Other Receivables</b>	<b>3 894 423</b>	<b>3 054 975</b>
	Less: Provision for Impairment	(1 408 776)	(1 085 151)
	<b>Net Other Receivables</b>	<b>2 485 647</b>	<b>1 969 824</b>
	<b>Total Net Receivables from Exchange Transactions</b>	<b>4 713 591</b>	<b>3 493 227</b>
	<b>Ageing of Receivables from Exchange Transactions</b>		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	624 204	4 957
	31 - 60 Days	183 869	188 393
	61 - 90 Days	242 483	158 499
	+ 90 Days	1 106 406	1 383 359
	<b>Total</b>	<b>2 156 963</b>	<b>1 735 207</b>
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	517 251	245 366
	31 - 60 Days	347 114	192 598
	61 - 90 Days	487 975	373 838
	+ 90 Days	3 245 787	2 571 420
	<b>Total</b>	<b>4 598 126</b>	<b>3 383 222</b>
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	315 902	201 176
	31 - 60 Days	217 651	142 178
	61 - 90 Days	352 539	276 699
	+ 90 Days	2 479 078	1 878 854
	<b>Total</b>	<b>3 365 170</b>	<b>2 498 908</b>
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	265 629	110 168
	31 - 60 Days	190 405	120 864
	61 - 90 Days	262 950	238 673
	+ 90 Days	1 761 336	1 892 571
	<b>Total</b>	<b>2 480 320</b>	<b>2 362 276</b>
	<u>(Sundry Receivables): Ageing</u>		
	Current (0 - 30 days)	270 591	124 207
	31 - 60 Days	6 203	-
	61 - 90 Days	44 990	14 637
	+ 90 Days	300 381	145 451
	<b>Total</b>	<b>622 165</b>	<b>284 295</b>
	<u>(VAT): Ageing</u>		
	Current (0 - 30 days)	187 056	128 746
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	1 918 072	1 556 783
	<b>Total</b>	<b>2 105 128</b>	<b>1 685 529</b>
	<u>(Rentals): Ageing</u>		
	Current (0 - 30 days)	-	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	1 167 130	1 085 151
	<b>Total</b>	<b>1 167 130</b>	<b>1 085 151</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2022 R	2021 R		
<b>Service Receivables</b>				
Availability Charges	472 377	315 360		
Rates	9 658 671	8 662 124		
<b>Total Service Receivables</b>	<b>10 131 049</b>	<b>8 977 484</b>		
Less: Provision for Impairment	(9 493 137)	(7 587 679)		
<b>Net Service Receivables</b>	<b>637 911</b>	<b>1 389 805</b>		
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>637 911</b>	<b>1 389 805</b>		
<b>Ageing of Receivables from Non-Exchange Transactions</b>				
<u>(Availability Charges): Ageing</u>				
Current (0 - 30 days)	32 432	35 004		
31 - 60 Days	33 477	13 086		
61 - 90 Days	39 560	19 471		
+ 90 Days	366 908	247 799		
<b>Total</b>	<b>472 377</b>	<b>315 360</b>		
<u>(Rates): Ageing</u>				
Current (0 - 30 days)	-	14 634		
31 - 60 Days	10 770	-		
61 - 90 Days	-	-		
+ 90 Days	9 647 902	8 647 490		
<b>Total</b>	<b>9 658 671</b>	<b>8 662 124</b>		
<b>Summary of Receivables by Customer Classification</b>				
	<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>2022</b>				
Total Receivables	24 849 038	512 237	1 264 776	26 626 051
Less: Provision for Impairment	(21 274 548)	-	-	(21 274 548)
<b>Total Recoverable debtors by customer classification</b>	<b>3 574 490</b>	<b>512 237</b>	<b>1 264 776</b>	<b>5 351 502</b>
<b>Summary of Receivables by Customer Classification</b>				
	<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>
<b>Receivables impaired</b>				
<b>2022</b>		<b>Exchange Transactions R's</b>	<b>Non-Exchange Transactions R's</b>	<b>Total R's</b>
Total		11 781 411	9 493 137	21 274 548
<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
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.				
<b>Reconciliation of the Total doubtful debt provision</b>				
	<b>2022 R</b>			<b>2021 R</b>
Balance at beginning of the year	17 129 040			12 819 912
Contributions to provision	5 826 060			4 309 128
Equitable share IOT	(1 680 552)			-
Impairment written off against provision	-			-
<b>Balance at end of year</b>	<b>21 274 548</b>			<b>17 129 040</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

Balance on 1 July

2022  
R

2021  
R

15 057

27 615

Balance previously reported

Operating Lease Asset previously year not recognised correctly - Note

(12 685)

(12 558)

Operating Lease Asset for the current year

Balance previously reported

Operating Lease Asset previously year not recognised correctly - Note

(12 558)

-

Balance on 30 June

2 372

15 057

The municipality is leasing a piece of land at Carnarvon to IHS Towers SA (Pty) Ltd for a period of 60 months with escalations of CPI of 7,4% per year starting at June 2022.

The municipality is leasing a piece of land at Vanwyksvlei to Vodacom for a period 60 months with escalations of CPI of 5,9% per year starting at March 2022.

The municipality is leasing a piece of land at Vosburg to Vodacom for a period of 59 months with escalations of CPI with a maximum of 10% per year.

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

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

75 856

224 316

2 to 5 Years

360 186

377 466

More than 5 Years

82

58 658

Total Operating Lease Arrangements

436 124

660 440

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

The lease is in respect of land being leased by IHS Towers SA (Pty) Ltd until 2027.

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

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

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

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

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

19

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits

122 332 826

86 277 758

Primary Bank Account (Cash book)

636 420

632 219

Total Cash and Cash Equivalents - Assets

122 969 246

86 909 977

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

Call Investments Deposits to an amount of R29 172 963 are held to fund the Unspent Conditional Grants (2021: R57 573 401).

Kareeberg Municipality do not have a bank overdraft facility.

The municipality has the following bank accounts:

Current Accounts

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

636 420

632 219

636 420

632 219

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

Cash book balance at beginning of year

632 219

295 308

Cash book balance at end of year

636 420

632 219

Bank statement balance at beginning of year

280 915

1 000 655

Bank statement balance at end of year

608 706

280 915



## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19	CASH AND CASH EQUIVALENTS (CONTINUED)	2022 R	2022 R	2021 R
	<b>Call Investment Deposits</b>			
	Call investment deposits consist out of the following accounts:		Bank Certificates	
	Account no. Place of investment Name of fund			
	088 705 536-003 Bank Capital Replacement Reserve	11 347 812	11 347 812	11 347 812
	20-7477-9380 ABSA Housing Fund	54 304	54 304	52 481
	20-7477-9380 ABSA Job creation - De Bult	54 943	54 943	53 099
	20-7477-9380 ABSA Land development	23 592	23 592	22 800
	20-7477-9380 ABSA Land development (Vanwyksvlei)	21 519	21 519	20 798
	20-7477-9380 ABSA Land development (Vosburg)	41 144	41 144	39 763
	20-7477-9380 ABSA Civil Defence	21 191	21 191	20 944
	08-870-553-6 008 Standard Bank RBIG - Vanwyksvlei Pipeline	-	-	15 968 378
	03/7981142979/000003 Nedbank RBIG - Vanwyksvlei Pipeline	17 156 985	17 156 985	28 776 000
	92 8617 3395 ABSA Electrification DoE INEP	5 000 000	5 000 000	-
	20-7477-9380 ABSA CMIP Kwaggakolk(vat)	858	858	830
	92 8617 3395 ABSA WSIG	2 518 512	2 518 512	8 482 351
	088-705-536 002 Bank MIG Sanitation interest/vat	184 441	184 441	184 441
	20-7477-9380 ABSA Electricity	49 498	49 498	47 836
	20-7477-9380 ABSA Water Services Plan	4 622	4 622	4 467
	20-7477-9380 ABSA CMIP-Saaiport project 301	5 075	5 075	4 905
	20-7477-9380 ABSA EPWP - Paving/ Cleaning	33 456	33 456	32 334
	20-7477-9380 ABSA Lotto Camarvon	2 566	2 566	2 480
	20-7477-9380 ABSA Lotto Vosburg	45 322	45 322	43 800
	20-7477-9380 ABSA Transfer Fees Sub-Economic Housing	192 258	194 651	185 785
	20-7477-9380 ABSA VB Cleaning Project	36 192	36 192	34 977
	20-7477-9380 ABSA VAT - retention	16 785	16 785	16 222
	92-8617-3395 ABSA EPWP	-	-	300 925
	92-8617-3395 ABSA Municipal Infrastructure Grant	3 667 981	3 667 981	3 236 633
	92 8617 3395 ABSA Youth Development	93 632	93 632	93 632
	92-1221-8064 ABSA Leave, PMS and Long Service Funds	3 255 089	3 255 089	3 281 223
	92-1221-8064 ABSA Provision for Employee benefits	2 000 000	2 000 000	2 000 000
	92 8504 7305 ABSA Retention	3 522 054	3 522 054	1 257 575
	92 1221 8064 ABSA General Account - Vehicles	6 650 000	6 650 000	1 650 000
	92 1221 8064 STANDAR General Account	4 130 605	4 130 605	6 915 267
	088705536-006 Standard Bank General Account	2 200 000	2 200 000	2 200 000
	20-8039-4405 ABSA General Account	30 000 000	30 000 000	-
	088705536-009 Standard Bank General Account	30 000 000	30 000 000	-
		<b>122 330 433</b>	<b>122 332 826</b>	<b>86 277 758</b>

20	PROPERTY RATES	2022 R	2021 R
	<b>Actual</b>		
	<b>Rateable Land and Buildings</b>	15 950 723	15 657 583
	Residential, Commercial Property	14 839 882	14 471 107
	Residential, Commercial Property	15 521 595	15 071 107
	Less: Equitable Share	(681 713)	(600 000)
	State - National / Provincial Services	1 110 841	1 186 476
	<b>Less: Reductions</b>	(600 585)	(569 732)
	<b>Less: Rebates</b>	(2 002 310)	(2 724 180)
	<b>Less: Income for gone</b>	(3 113 778)	(2 878 054)
	<b>Total Assessment Rates</b>	<b>10 234 050</b>	<b>9 485 617</b>
	<b>Valuations - 30 June 2022:</b>		
	<b>Rateable Land and Buildings</b>	2 881 048 040	2 877 785 800
	Residential & Commercial Property	2 788 193 540	2 784 931 300
	State - National / Provincial Services	92 854 500	92 854 500
	<b>Total Assessment Rates</b>	<b>2 881 048 040</b>	<b>2 877 785 800</b>
	<b>Valuations - 30 June 2022:</b>		<b>Valuation</b>
	Residential		263 216 740
	State		35 659 000
	State: Agriculture		57 195 500
	Agriculture		2 284 329 800
	Municipal		24 200 000
	Municipal: Agriculture		44 780 000
	Industrial		7 168 000
	Churches		16 425 000
	Infrastructure		340 000
	Public Benefit Organisations		3 172 000
	SKA		33 785 000
	SKA Farms		62 963 000
	Commercial		46 926 000
	Infrastructure farms		228 000
	Sport clubs		660 000
	<b>Total Property Valuations</b>		<b>2 881 048 040</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 2424 dated 21 June 2021.

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 2022

21

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 21.01

Conditional Grants

Department of Water Affairs and Forestry (WSIG)  
Department of Energy (DOE)  
Library Development Projects  
Municipal Finance Management Grant  
Municipal Infrastructure Grant  
Expanded Public Works Program (PWPG)  
Department of Water Affairs and Forestry (RBIG)

Total Government Grants and Subsidies

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

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	25 629 000	29 341 000
Executive & Council	1 679 000	1 614 000
Budget & Treasury	11 129 567	1 702 679
Community & Social Services	1 655 000	-
Waste Water Management	-	1 600 000
Road Transport	5 446 153	1 619 308
Water	52 660 089	15 802 058
Electricity	-	1 304 348
	<b>98 198 809</b>	<b>52 983 393</b>

21.01 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent households. All registered indigents receive 6kl free water and 50kwh electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of basic services for the geographical area concerned and range from R402 per month to R804 per month.(2021: R383 per month to R766 per month)

Grants received	27 308 000	29 341 000
Conditions met	(27 308 000)	(29 341 000)
Conditions still to be met	-	-

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

21.02 Municipal Infrastructure Grant (MIG)

Opening balance	3 236 633	(2 177 853)
Grants received	5 224 000	6 418 000
Conditions met	(625 129)	(130 697)
Conditions met - Capital	(4 167 523)	(872 816)
Grant expenditure to be recovered / Conditions still to be met	3 667 981	3 236 633

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

21.03 Local Government Financial Management Grant (FMG)

Grants received	2 650 000	2 800 000
Conditions met	(2 575 000)	(2 800 000)
Conditions met - Capital	(75 000)	-
Conditions still to be met	-	-

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

21.04 Library Development Projects

Grants received	1 655 000	-
Conditions met	(1 655 000)	-
Conditions met - Capital	-	-
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 2022

		2022 R	2021 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>		
	Opening balance	300 925	-
	Grants received	980 000	1 057 000
	Conditions met	(1 280 925)	(756 075)
	Conditions still to be met	0	300 925
	The grant was used for general labour in the Kareeberg area.		
21.07	<b>Job Creation De Bult</b>		
	Opening balance	53 099	51 318
	Interest received	1 529	1 781
	Conditions still to be met	54 628	53 099
	The grant will be used for job creation in the Kareeberg area. (Carnarvon)		
21.08	<b>Land Development</b>		
	Opening balance	83 361	80 565
	Interest received	3 209	2 796
	Conditions still to be met	86 570	83 361
	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
	Interest received	246	-
	Conditions still to be met	21 191	20 944
	The grant will be used for civil defence in the Kareeberg area.		
21.10	<b>CMIP Kwaggakolk (VAT)</b>		
	Opening balance	830	803
	Interest received	28	26
	Conditions still to be met	858	830
	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	47 836	46 231
	Interest received	1 662	1 606
	Conditions still to be met	49 498	47 836
	The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)		
21.13	<b>Water Service Plan</b>		
	Opening balance	4 467	4 318
	Interest received	154	149
	Conditions still to be met	4 622	4 467
	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 2022

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2022 R	2021 R
21.14	<b>CMIP - Saaipoort project 301</b>		
	Opening balance	4 905	4 741
	Interest received	170	164
	Conditions still to be met	5 075	4 905
	The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)		
21.15	<b>Paving Projects</b>		
	Opening balance	32 334	31 249
	Interest received	1 123	1 084
	Conditions still to be met	33 456	32 334
	The grant will be used for an extended public works program in the Kareeberg area.		
21.16	<b>Lotto Carnarvon</b>		
	Opening balance	2 480	2 397
	Interest received	86	83
	Conditions still to be met	2 566	2 480
	The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)		
21.17	<b>Lotto Vosburg</b>		
	Opening balance	43 800	42 330
	Interest received	1 522	1 470
	Conditions still to be met	45 322	43 800
	The grant will be used for Lotto projects in the Kareeberg area. (Equipment)		
21.18	<b>Transfer Fees Sub-Economic</b>		
	Opening balance	185 785	179 532
	Interest received	8 866	6 253
	Conditions still to be met	194 651	185 785
	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	34 977	33 804
	Interest received	1 214	1 173
	Conditions still to be met	36 192	34 977
	The grant will be used for a cleaning project in the Kareeberg area.		
21.20	<b>VAT - Retention</b>		
	Opening balance	16 222	15 678
	Interest received	563	544
	Conditions still to be met	16 785	16 222
	The grant will be used for maintenance in the Kareeberg area.		
21.21	<b>Integrated National Electrification Programme - INEP</b>		
	Grants received	5 000 000	1 500 000
	Conditions met	-	(195 652)
	Conditions met - Capital	-	(1 304 348)
	Conditions still to be met	5 000 000	-
	The grant was used for electricity infrastructure development in the Kareeberg area.		
21.22	<b>Regional Bulk Infrastructure Grant - RBIG (DWA)</b>		
	Opening balance	44 744 378	-
	Grants received	21 961 000	62 551 000
	Conditions met Inventory	(392 287)	-
	Carting of water	-	(1 741 467)
	Conditions met	(7 049 916)	(2 082 988)
	Conditions met - Capital	(42 106 190)	(13 982 167)
	Conditions still to be met	17 156 985	44 744 378
	The grant was 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 2022

		2022 R	2021 R
21	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
21.23	<b>Water Service Infrastructure Grant - WSIG (DWA)</b>		
	Opening balance	8 482 351	-
	Grants received	5 000 000	10 000 000
	Conditions met	(1 421 092)	(197 759)
	Conditions met - Capital	(9 542 747)	(1 319 891)
	Conditions still to be met	2 518 512	8 482 351
	The grant will be used for water infrastructure development in the Kareeberg area.		
21.24	<b>Total Grants</b>		
	Opening balance	57 573 401	(1 385 869)
	Interest received	20 371	17 130
	Grants received	69 778 000	113 667 000
	Conditions met Inventory	(392 287)	-
	Carting of water	-	(1 741 467)
	Conditions met	(41 915 061)	(35 504 171)
	Conditions met - Capital	(55 891 461)	(17 479 222)
	Conditions still to be met/(Grants expenditure to be recovered)	29 172 963	57 573 401
22	<b>AVAILABILITY CHARGES</b>		
	Electricity	274 539	159 311
	Water	139 345	140 401
	<b>Total Availability Charges</b>	413 883	299 712
23	<b>SERVICE CHARGES</b>		
	Electricity	9 871 027	9 345 459
	Service Charges	10 028 647	9 772 293
	Less: Equitable Share	(157 620)	(426 834)
	Water	4 028 571	2 249 999
	Service Charges	6 547 246	6 089 822
	Less: Equitable Share	(2 518 675)	(3 839 822)
	Refuse removal	2 868 517	1 755 150
	Service Charges	5 331 845	4 962 481
	Less: Equitable Share	(2 463 328)	(3 207 331)
	Sewerage and Sanitation Charges	2 120 440	1 283 223
	Service Charges	5 294 134	4 923 517
	Less: Equitable Share	(3 173 694)	(3 640 294)
	<b>Total Service Charges</b>	18 888 555	14 633 831
24	<b>OTHER REVENUE</b>		
	Application Specific Registrations	954	-
	Building Fees	1 143	-
	Photocopies	5 647	2 792
	Grave Fees	20 755	17 920
	Searching Fees	270	2 820
	Encroachment	744	744
	Cement block Sales	5 100	7 800
	Pond Fees	-	-
	Refuse Bags Sold	1 030	1 498
	Connection Fees	90	90
	Retention Forfeit	-	260 750
	Gain due to additions on Biological assets	6 392	10 266
	Valuation Certificates	60	45
	Electricity caravan park	50	-
	Commission on insurance	39 434	38 257
	Balance previously reported		-
	Correction on Classification - Commission on insurance revenue moved from agency services to other revenue.		38 257
	Sale of scrap	105 520	-
	<b>Total Other Income</b>	187 188	342 981


## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<b>25 FAIR VALUE ADJUSTMENTS</b>		
Unamortised Discount - Interest - LT Receivables	545	771
	<b>545</b>	<b>771</b>
<b>26 EMPLOYEE RELATED COSTS</b>		
Salaries & Wages	17 328 069	17 267 914
Leave Reserve Fund	469 055	624 968
Personnel Contributions	2 558 595	2 515 666
Skill Development Levy	-	-
Balance previously reported	-	155 602
Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	-	(155 602)
Bargaining Council	7 920	7 643
Pension Gratification	-	407
UIF	139 807	117 323
Performance Bonuses	460 475	492 669
Annual Bonuses	92 915	35 882
Telephone Costs	121 200	118 200
Balance previously reported	-	-
Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	-	118 200
Ward Committee Compensation	-	-
Balance previously reported	-	6 500
Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	-	(6 500)
Contribution to Employee Benefits - Long Service Awards - Note 3	76 000	81 000
Contribution to Employee Benefits - Post Retirement Medical - Note 3	63 000	60 000
	21 317 035	21 321 672
<b>Less:</b> Employee Costs allocated elsewhere	-	-
<b>Total Employee Related Costs</b>	<b>21 317 035</b>	<b>21 321 672</b>
<b>Less:</b> Employee Costs allocated to water inventory	(507 864)	(455 163)
<b>Total Employee Related Costs</b>	<b>20 809 172</b>	<b>20 866 509</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA until 8 February 2022). There are no post-employment or termination benefits payable to him at the end of the contract period.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<b>Remuneration of the Municipal Manager: Mr F. Manuel (Resigned 28 February 2020)</b>		
Salary and Bonus, Performance Bonus	-	122 775
<b>Total</b>	<b>-</b>	<b>122 775</b>
<b>Remuneration of the Municipal Manager(Acting) Mr Z.P. Mjandana (Since 23 June 2020 secondment from COGHSTA and ended 8 February 2022)</b>		
Salary and Bonus, Performance Bonus	336 708	547 196
UIF	1 240	1 785
Covid	-	7 000
<b>Total</b>	<b>337 948</b>	<b>555 980</b>
<b>Remuneration of the Chief Financial Officer: Mr W. de Bruin</b>		
Salary and Bonus, Performance Bonus	829 686	842 379
Travel Allowance	84 000	84 000
Rural	81 506	81 506
UIF	2 125	1 785
Bargaining Council	124	119
Covid	-	7 000
Cell phone (VAT Included)	30 000	30 000
<b>Total</b>	<b>1 027 441</b>	<b>1 046 788</b>
<b>Remuneration of Chief Operations Manager: Mr. A.P.F. van Schalkwyk (Acting Municipal Manager since 9 February 2022 to 9 May 2022 and since 11 May 2022)</b>		
Salary and Bonus, Performance Bonus	1 380 405	1 298 753
Travel Allowance	223 860	216 290
Pension	184 888	174 441
Medical	57 277	57 277
UIF	2 125	1 785
Bargaining Council	124	119
Cell phone (VAT Included)	30 000	30 000
<b>Total</b>	<b>1 878 680</b>	<b>1 778 665</b>
<b>Remuneration of Head : Corporate Services: Mr. N.J. van Zyl</b>		
Salary and Bonus, Performance Bonus, Long service Bonus	1 411 849	1 191 416
Travel Allowance	223 860	216 290
Pension	176 216	166 362
Medical	57 277	52 650
UIF	2 125	1 785
Bargaining Council	124	119
Covid	-	7 000
Cell phone (VAT Included)	30 000	30 000
<b>Total</b>	<b>1 901 451</b>	<b>1 665 622</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27	REMUNERATION OF COUNCILLORS		2022 R	2021 R
	Mayor	Mr N.S. van Wyk	296 675	806 066
	Councillor	Mr J.E.J. Hoorn	93 887	255 091
	Councillor	Ms G. Saal	93 887	255 091
	Councillor	Mr B.J.E. Slambee	93 887	255 091
	Councillor	Mr E. Hoorn	85 030	255 091
	Councillor	Mr G.P. van Louw	93 887	255 091
	Councillor	Mr W.D. Horne	85 030	255 091
	Mayor	Mr M.J. MacZali	517 017	-
	Speaker	Ms S.D. Malgas	415 506	-
	Councillor	Mr E. Hoorn	222 356	-
	Councillor	Mr W.D. Horne	175 163	-
	Councillor	Mr R.C.G. Jikella	184 945	-
	Councillor	Mr P. Charlies	170 083	-
	Councillor	Ms A.J. Kamies	170 083	-
	Councillor	Mr J.S. Newath	170 083	-
	Councillor	Mr J. Nyl	170 083	-
	Councillor	Mr W.F. Links	170 083	-
	Councillor	Mr J.H. Vermeulen	21 895	-
	Councillors' Cell phones		369 186	310 800
	<b>Total Councillors' Remuneration</b>		<b>3 598 767</b>	<b>2 647 412</b>
	<b>In-kind Benefits</b>			
	The Mayor and Speaker are fulltime. They are provided with an office and personal assistant at the cost of the Council.			
	<b>Certification by the Municipal Manager</b>			
	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 46470, dated 2 June 2022. Provision was made for back pay.			
	 ..... <b>Signed: (Acting) Municipal Manager</b>			
28	DEBT IMPAIRMENT			
	Receivables from exchange transactions - Note 16		3 920 602	2 099 462
	Receivables from non-exchange transactions - Note 17		1 905 458	2 209 665
	<b>Debt impairment recognised in statement of financial performance</b>		<b>5 826 060</b>	<b>4 309 128</b>
29	DEPRECIATION AND AMORTISATION			
	Property, plant and equipment		5 484 678	4 978 141
	Intangible assets		9 901	9 766
	Investment property carried at cost		12 941	12 941
	<b>Total depreciation and amortisation</b>		<b>5 507 521</b>	<b>5 000 849</b>
30	FINANCE CHARGES			
	Post Retirement Charges		801 000	780 000
	Landfill sites		673 406	882 155
	<b>Total finance charges</b>		<b>1 474 406</b>	<b>1 662 155</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
31	<b>BULK PURCHASES</b>		
	Electricity bulk purchases	15 672 853	12 755 173
	Electricity distribution losses	(3 879 009)	(2 827 225)
	<b>Total Bulk Purchases</b>	<b>11 793 844</b>	<b>9 927 948</b>
32	<b>GENERAL EXPENSES</b>		
	Advertisement, printing & stationary	112 458	532 614
	Audit Costs	2 889 701	2 451 631
	Bank charges	80 808	133 097
	Compensation insurance	163 621	207 833
	Electricity Eskom	428 085	409 056
	Fuel & Oil	-	557 984
	Indigents energy sources	1 281 306	1 038 266
	Insurance	735 868	460 442
	Legal costs	117 232	1 377 255
	Membership for associations	475 000	975 000
	Other General Expenses	685 703	622 742
	Balance previously reported	-	616 242
	Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	-	6 500
	Inventory Consumed	1 488 022	1 535 151
	Skill Development Levy	188 717	155 602
	Balance previously reported	-	-
	Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	-	155 602
	Street Lighting	540 450	458 337
	Subsistence and Travelling	935 584	1 052 937
	Telephone & Postage	471 958	433 421
	Balance previously reported	-	551 621
	Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	-	(118 200)
	Uniforms	86 432	95 748
	Internal Audit	227 391	217 391
	Personnel and Labour	1 121 983	235 741
	Maintenance of Unspecified Assets	1 433 193	-
	Water Distribution Tanker	52 250	251 530
	Accounting Support	829 703	657 552
	Audit Committee	73 847	83 744
	Business and Financial Management	3 928 423	1 375 387
	Human Resources Support	424 855	556 030
	Valuer and Assessors	48 043	27 250
	Actuaries	22 000	15 000
	Laboratory Services	131 755	93 729
	Water Research	20 871	21 235
	Rental of buildings	69 984	64 152
	Electricity Support Services	258 050	283 500
	Commission/IT services Prepaid Electricity Vendors	197 409	147 905
	Administrative and Support Staff	15 153	604 933
	<b>General Expenses</b>	<b>19 535 855</b>	<b>17 132 197</b>
	<b>Less:</b> General Expenses allocated to water inventory	<b>(1 287 091)</b>	<b>(1 039 551)</b>
	<b>Total General Expenses</b>	<b>18 248 764</b>	<b>16 092 646</b>

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



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33	CORRECTION OF ERROR IN TERMS OF GRAP 3	2021 R
33.01	<b>Cash Flow Statement</b>	
	<b>Suppliers and employees</b>	
	<b>Balance previously reported</b>	(53 856 857)
	Transfer from Finance charges	(1 662 155)
	Remove Landfill site additions from cash flow	1 741 356
	Remove Game additions from cash flow	(10 266)
	<b>Total</b>	<b>(53 787 922)</b>
	<b>Finance charges</b>	
	<b>Balance previously reported</b>	(1 662 155)
	Transfer to Suppliers and employees	1 662 155
	<b>Total</b>	<b>-</b>
	<b>Purchase of Property, Plant and Equipment</b>	
	<b>Balance previously reported</b>	(16 156 124)
	Remove Landfill site additions from cash flow	(1 741 356)
	Remove Game additions from cash flow	10 266
	<b>Total</b>	<b>(17 887 214)</b>
33.02	<b>Inventory</b>	
	<b>Balance previously reported</b>	<b>546 936</b>
	First time recognition of Water Inventory - 30 June 2020 - Note 33.03	14 292
	2021 Tariff adjustment (Gain) on First time recognition of Water Inventory - 30 June 2020 - Note 33.05	873
	2021 Gains on Water Inventory to Water Inventory - Note 33.05	2 072 035
	2021 Water department direct expenditure to Water Inventory - Note 33.05	1 494 714
	2021 Water inventory consumed from Water Inventory - Note 33.05	(3 566 902)
	<b>Total</b>	<b>561 948</b>
33.03	<b>Accumulated Surplus</b>	
	<b>Balance previously reported</b>	<b>178 964 939</b>
	First time recognition of Water Inventory - 30 June 2020 - Note 33.02	14 292
	<b>Total</b>	<b>178 979 231</b>
33.04	<b>Property, Plant and Equipment</b>	
	<b>Balance previously reported</b>	<b>177 941 142</b>
	Correction of classification (Electricity) - Note 10	543 393
	Correction of classification (Recreation Grounds) - Note 10	(543 393)
	Correction of classification (Plant & Equipment) - Note 10	(1 553)
	Correction of classification (Office Equipment) - Note 10	(74 341)
	Correction of classification (Furniture & Fittings) - Note 10	73 344
	Correction of classification (Fire Engines) - Note 10	2 550
	<b>Total</b>	<b>177 941 142</b>
33.05	<b>Statement of Financial Performance</b>	
	<b>Balance previously reported</b>	<b>16 389 652</b>
	Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	(118 200)
	Correction on Classification - Management telephone cost moved from general expenditure to employee related costs.	118 200
	Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	6 500
	Correction on Classification - Ward Committee Compensation cost moved to general expenditure from employee related costs.	(6 500)
	Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	155 602
	Correction on Classification - Skills development levy moved from employee related costs to general expenditure.	(155 602)
	Correction on Classification - Commission on insurance revenue moved from agency services to other revenue.	38 257
	Correction on Classification - Commission on insurance revenue moved from agency services to other revenue.	(38 257)
	2021 Tariff adjustment (Gain) on First time recognition of Water Inventory - 30 June 2020 - Note 33.02	873
	2021 Gains on Water Inventory to Water Inventory - Note 33.02	2 072 035
	2021 Water department direct expenditure (Employee Related Costs) to Water Inventory - Note 33.02	455 163
	2021 Water department direct expenditure (General Expenditure) to Water Inventory - Note 33.02	1 039 551
	2021 Water inventory consumed from Water Inventory - Note 33.02	(3 566 902)
	<b>Total</b>	<b>16 390 372</b>
	Correction of Error in note 33.01 to 33.05 was resulted of:	
	Reclassification of Cashflow items.	
	Reclassification of Property Plant & Equipment classes.	
	Reclassification of revenue and expense items to be in line with mSCOA.	
	Recording of Water Inventory	

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
<b>34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus for the year	57 419 755	16 390 372
<b>Adjustments for:</b>		
Depreciation	5 497 619	4 991 083
Amortisation of Intangible Assets	9 901	9 766
Gain due to additions on Biological assets	(6 392)	(10 266)
(Gain)/Loss on disposal of property, plant and equipment/Inventory	546 936	7 038
Contribution from/to employee benefits - non-current	940 000	921 000
Contribution from/to employee benefits - non-current - expenditure incurred	(587 751)	(620 458)
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	(57 621)	157 479
Contribution from/to employee benefits - non-current - actuarial Loss/(Gain)	4 373	(418 021)
Contribution to employee benefits – current	1 022 445	1 153 519
Contribution to employee benefits – current - expenditure incurred	(902 579)	(1 036 930)
Contribution to provisions – non-current - Unwinding of discounted interest	673 406	882 155
Contribution to provisions – bad debt movement	4 145 509	4 309 128
Unamortised discount - Interest - Revenue	(545)	(771)
Contributed PPE	-	(137 748)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(28 400 438)	56 781 417
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	2 177 853
Operating lease income accrued	12 685	12 558
Operating Surplus/(Deficit) before changes in working capital	40 317 303	85 569 173
Changes in working capital	53 796 613	(5 449 869)
Increase/(Decrease) in Payables from exchange transactions	1 591 332	847 130
Increase/(Decrease) in Payables from non-exchange transactions	55 031 000	-
Increase/(Decrease) in Taxes	2 185 315	(2 281 596)
(Increase)/Decrease in Inventory	(397 055)	(720)
(Increase)/Decrease in Trade Receivables from exchange transactions	(3 460 414)	(704 788)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(1 153 565)	(3 309 895)
<b>Cash generated/(absorbed) by operations</b>	<b>94 113 916</b>	<b>80 119 304</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	122 332 826	86 277 758
Bank - Note 19	636 420	632 219
<b>Total cash and cash equivalents</b>	<b>122 969 246</b>	<b>86 909 977</b>
<b>36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 35	122 969 246	86 909 977
Less:	122 969 246	86 909 977
Unspent Conditional Grants - Note 8	29 172 963	57 573 401
Cash Portion of Housing Development Fund - Note 2	54 304	52 481
<b>Net cash resources available for internal distribution</b>	<b>93 741 978</b>	<b>29 284 095</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	(11 347 812)	(11 347 812)
Retention	(3 522 054)	(1 257 575)
Provision for Employee benefits	(2 000 000)	(2 000 000)
Vehicles	(6 650 000)	(3 672 936)
Staff Leave, Performance Management Bonus, Long Service	(3 255 089)	(3 281 223)
Equitable Share in advance	(55 031 000)	-
<b>Resources available for working capital requirements</b>	<b>11 936 024</b>	<b>7 724 551</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2022 R	2021 R
37.01	<b>Unauthorised expenditure</b>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	-	-
	Written off by Council	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	-	-
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	Over expenditure of approved budget	None	
	The over expenditure incurred by municipal departments on their budgets during the year is attributable to the following categories:		
	Non-cash	-	-
	Cash	-	-
		-	-
	<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)	-	-
		-	-
	<b>Analysed as follows: Cash</b>		
	Bulk Purchases	-	-
	Employee related cost	-	-
	Operational Costs	-	-
	Capital Costs	-	-
		-	-

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

	2022 R	2022 R	2022 R	2022 R
	(Actual)	(Budget)	(Variance)	(Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Executive & Council	5 258 374	7 516 181	(2 257 807)	-
Budget & Treasury	19 897 338	20 059 596	(162 258)	-
Corporate Services	3 582 452	4 205 462	(623 010)	-
Other	-	70 633	(70 633)	-
Health	7 560	14 185	(6 625)	-
Community & Social Services	2 454 833	3 043 686	(588 853)	-
Housing	-	12 196	(12 196)	-
Public Safety	13 137	54 549	(41 412)	-
Sport & Recreation	287 511	319 700	(32 189)	-
Environmental Protection	-	76 528	(76 528)	-
Waste Management	4 727 902	8 985 326	(4 257 424)	-
Waste Water Management	8 489 734	8 497 065	(7 331)	-
Road Transport	8 190 310	8 192 789	(2 479)	-
Water	1 573 242	4 073 663	(2 500 421)	-
Electricity	17 714 321	20 693 003	(2 978 682)	-
	<b>72 196 713</b>	<b>85 814 562</b>	<b>(13 617 849)</b>	<b>-</b>
<b>Unauthorised expenditure current year - capital</b>				
Executive & Council	-	155 000	(155 000)	-
Budget & Treasury	231 842	855 000	(623 158)	-
Community & Social Services	-	340 000	(340 000)	-
Waste Management	-	3 800 000	(3 800 000)	-
Waste Water Management	1 012 718	1 390 000	(377 282)	-
Road Transport	2 770 066	8 460 633	(5 690 567)	-
Water	52 659 155	128 538 729	(75 879 574)	-
Electricity	1 398 947	5 340 000	(3 941 053)	-
	<b>58 072 728</b>	<b>148 879 362</b>	<b>(90 806 634)</b>	<b>-</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 2022

37

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

2022

R

2021

R

37.02

**Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	1 534 151	37 500
Correction of prior period error	-	-
Restated opening balance	1 534 151	37 500
Fruitless and wasteful expenditure current year	47 429	1 496 651
Written off by Council	(10 000)	-
Current	(10 000)	-
Prior Period	-	-
Transfer to receivables for recovery - not written off	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting further action	1 571 580	1 534 151

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
No evidence of loads delivered.	None	-	22 500
No evidence of loads delivered.	None	-	15 000
Legal cost - Bulk Water Supply: Vanwyksvlei/Camarvon - Saaipoort settlement	None	-	395 574
Legal cost - Bulk Water Supply: Vanwyksvlei/Camarvon - Saaipoort settlement	None	-	995 312
Toilets Camarvon	None	-	105 766
Poor workmanship	None	22 115	-
Accommodation MM paid without stay	None	10 000	-
Conciliation costs	None	15 314	-
		47 429	1 534 151

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

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

37	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)	2022 R	2021 R
37.03	<b><u>Irregular expenditure</u></b>		
	Reconciliation of irregular expenditure:		
	Opening balance	2 700 148	356 413
	Correction of prior period error	-	-
	Restated opening balance	2 700 148	356 413
	Irregular expenditure current year	11 719 569	2 343 736
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Current		
	Prior Period	-	-
	Written off as supported by council	(14 218 266)	-
	Current	(11 634 230)	-
	Prior Period	(2 584 036)	-
	Transfer to receivables for recovery - not written off	(26 113)	-
	Current	-	-
	Prior Period	(26 113)	-
	Irregular expenditure awaiting further action	<b>175 338</b>	<b>2 700 148</b>

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Advance	Subpoena issued	-	26 113
Carting of water to Vanwyksvlei.	None	-	90 000
Training of personnel	None	-	132 000
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
Not lowest quotation	None	-	17 250
Advertisement	None	96 531	-
Advert not 30 days	None	9 671 560	-
Panel did not do scoring	None	1 431 443	-
Not lowest quotation	None	17 250	-
Rental of scaffoldings - Not CSD registered	None	5 040	-
Accommodation - Not CSD registered	None	3 600	-
Bags of tar - Not CSD registered	None	11 213	-
Not lowest quotation	None	25 300	-
Repair fence - Not CSD registered	None	2 865	-
Legal opinion - No quotes requested	None	63 347	-
Legal opinion - Not CSD registered	None	6 900	-
Panel did not do scoring	None	362 529	-
Legal opinion - Not CSD registered	None	6 571	-
Legal opinion - Not CSD registered	None	11 520	-
Transport - No quotes requested	None	3 900	-
		<b>11 719 569</b>	<b>2 700 148</b>

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

37.04 **Material Losses****Electricity distribution losses**

Electricity distribution losses ( R )	(3 879 009)	(2 827 225)
Units purchased (Kwh)	7 990 979	7 714 967
- Units lost during distribution (Kwh)	1 977 756	1 710 047
- Percentage lost during distribution	24.75%	22.17%

**Water distribution losses**

- Mega litres purified	505 452	513 201
- Mega litres lost during distribution	161 487	163 962
- Percentage lost during distribution	31.95%	31.95%

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
38	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
38.01	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Council subscriptions	475 000	975 000
	Amount paid - current year	(475 000)	(975 000)
	<b>Balance unpaid (included in creditors)</b>	-	-
38.02	<b><u>Audit fees - [MFMA 125 (1)(b)] (excl. VAT)</u></b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year audit fee	2 889 701	2 451 631
	External Audit - Auditor-General	2 889 701	2 451 631
	Amount paid - current year	(2 889 701)	(2 451 631)
	<b>Balance unpaid (included in creditors)</b>	-	-
38.03	<b><u>VAT - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	(2 833 768)	(350 369)
	Correction of prior period error	-	-
	Restated opening balance	(2 833 768)	(350 369)
	Amounts received - current year	12 125 955	3 396 968
	Amounts claimed - current year (payable)	(12 898 640)	(6 230 736)
	Amounts received - previous year	2 833 768	350 369
	<b>Closing balance</b>	<b>(772 686)</b>	<b>(2 833 768)</b>
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
38.04	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	4 073 000	3 924 888
	Amount paid - current year	(4 073 000)	(3 924 888)
	<b>Balance unpaid (included in creditors)</b>	-	-
38.05	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	(4 718 913)	(4 671 895)
	Amount paid - current year	4 718 913	4 671 895
	L.A. Health	488 713	612 561
	LA retirement fund	283 536	336 107
	Hosmed	819 402	754 870
	Consolidated retirement fund for local government	2 812 425	2 647 019
	Municipal workers retirement fund	314 838	321 338
	<b>Balance unpaid (included in creditors)</b>	-	-
38.06	<b><u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u></b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2022:		
		<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	Councillor B.J.E. Slambee	-	10 298
	Councillor N.S. van Wyk	-	30 113
	Councillor W. Horne (Including Spouse)	23 743	6 090
	Councillor G.P. van Louw	-	604
	Councillor G. Saal (Including Spouse)	-	71 658
	Councillor W Links	1 120	-
	Councillor JH Vermeulen	42 591	-
	Councillor R Jikella	10 267	-
	Councillor S Newath (Including Spouse)	34 542	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>112 263</b>	<b>118 762</b>
38.07	<b><u>Quotations awarded - Section 45 - Supply Chain Management</u></b>		
	Unigratia Trading Spouse works at Municipality	-	178 783
	XYX Construction Johannes Nicolaas van der Merwe (Director) works at Nat Research Foundation	40 917	-
	Conlog Nirvasha Moodley, spouse to Logandhren Moodley is a director, dept of health-Data Managen	229 381	-
	G3-Group Emily Jacobs (Wife) works at Sol Plaatjie Municipality	64 014	-
	Barbie Group Amorei Vermeulen (daughter of Speaker) - Works at education	2 520	-
	Barbie Group Amorei Vermeulen (daughter of Speaker) - Works at education	2 830	-
	Meerkat Zirk Brits (Husband) works at NRF	5 221	-
	Cape Dutch Guesthr Elda Jann - Employed at Department of Health	3 000	-
	R Jikella Councillor - transport	5 100	-
	M van Zyl NJ van Zyl (Husband) is Head Corporate Services at Kareeberg Municipality	600	-
	Cape Dutch Guesthr Elda Jann - Employed at Department of Health	750	-
	N J van Zyl Head corporate purchase patrons cash	6 121	-
	N J van Zyl Head corporate services - hire of trailer	600	-
	G3-Group Emily Jacobs (Wife) works at Sol Plaatjie Municipality	218 517	-
		<b>579 572</b>	<b>178 783</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 2022				
Emergency cases	132 631	57 215	-	-
Availability	444 836	109 159	-	-
Limited Quotations	78 018	-	-	-
Service provider	207 862	4 826 823	-	-
	<u>863 346</u>	<u>4 993 197</u>	<u>-</u>	<u>-</u>
30 June 2021				
Emergency cases	40 939	-	-	-
Availability	410 794	120 000	-	-
Limited Quotations	20 923	1 500 872	-	-
Service provider	179 204	41 675	-	-
	<u>651 859</u>	<u>1 662 546</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:

	2022 R	2021 R
Infrastructure	22 064 206	76 412 291
Other	16 494 476	74 085 915
	5 569 730	2 326 376
<b>Total</b>	<b>22 064 206</b>	<b>76 412 291</b>

This expenditure will be financed from:

Government Grants	16 494 476	74 085 915
Own Resources	5 569 730	2 326 376
	<u>22 064 206</u>	<u>76 412 291</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 follows:

0.5% Increase in interest rates	614 846	434 550
0.5% Decrease in interest rates	(614 846)	(434 550)

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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## 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:

	2022 %	2022 R	2021 %	2021 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:

	2022 %	2022 R	2021 %	2021 R
<u>Non-Exchange Receivables</u>				
Rates	95.61%	9 076 585	96.73%	7 339 393
Availability Charges	4.39%	416 553	3.27%	248 286
	100.00%	9 493 137	100.00%	7 587 679
<u>Exchange Receivables</u>				
Electricity	11.27%	1 327 711	16.67%	1 590 175
Water	34.10%	4 017 274	32.16%	3 068 713
Refuse	25.52%	3 006 573	24.06%	2 295 542
Sewerage	17.15%	2 021 077	15.74%	1 501 780
Other	11.96%	1 408 776	11.37%	1 085 151
	100.00%	11 781 411	100.00%	9 541 361



KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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FINANCIAL RISK MANAGEMENT (CONTINUE)

	2022 %	2022 R	2021 %	2021 R
The provision for bad debts could be allocated between the different categories of debtors as follows:				
Industrial	4.27%	907 909	10.23%	1 752 653
Residential	95.73%	20 366 639	89.77%	15 376 387
	100.00%	21 274 548	100%	17 129 040
	2022 %	2022 R	2021 %	2021 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:

	2022 R	2021 R
Long term receivables	7 682	12 518
Trade receivables and other receivables	5 351 502	4 883 032
Cash and Cash Equivalents	122 969 246	86 909 977
	128 328 431	91 805 527

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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## FINANCIAL RISK MANAGEMENT (CONTINUE)

2022  
R2021  
R

## (e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2022</b>				
Provisions - Landfill Sites	-	-	-	345 781 455
Capital repayments	-	-	-	6 577 094
Interest	-	-	-	339 204 360
Trade and Other Payables	4 218 418	-	-	-
Consumer Deposits	361 379	-	-	-
Unspent conditional government grants and receipts	29 172 963	-	-	-
	<u>33 752 760</u>	<u>-</u>	<u>-</u>	<u>345 781 455</u>
<b>2021</b>				
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	-	-	-
	<u>60 549 166</u>	<u>-</u>	<u>-</u>	<u>265 256 002</u>

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## FINANCIAL INSTRUMENTS

2022  
R2021  
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	2 400	7 999
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## Consumer Debtors

Trade receivables from exchange transactions	Financial instruments at amortised cost	12 600 579	9 979 613
Other receivables from exchange transactions	Financial instruments at amortised cost	3 894 423	3 054 975

## Current Portion of Long-term Receivables

Staff Loans	Financial instruments at amortised cost	5 599	5 380
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## Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	122 332 826	86 277 758
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## Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	636 420	632 219
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139 472 24799 957 945

## SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	<u>139 472 247</u>	<u>99 957 945</u>
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KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

41	FINANCIAL INSTRUMENTS (CONTINUE)		2022 R	2021 R
41.2	<b>Financial Liability</b>	<b>Classification</b>		
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	3 622 364	1 270 754
	Payments received in advance	Financial instruments at amortised cost	596 054	1 356 332
	<b>Consumer deposits</b>			
	Other liabilities	Financial instruments at amortised cost	361 379	348 679
	<b>Unspent Conditional Grants and Receipts</b>			
	Other Spheres of Government	Financial instruments at amortised cost	29 172 963	57 573 401
			<b>33 752 760</b>	<b>60 549 166</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<b>33 752 760</b>	<b>60 549 166</b>
42	<b>EVENTS AFTER THE REPORTING DATE</b>			
	The Municipality had no 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>			
	The Municipality had no contingent asset/liabilities at reporting date.			
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 2021 - 30 June 2022</b>	<b>Service Charges - Levied 1 July 2021 - 30 June 2022</b>	<b>Other - Levied 1 July 2021 - 30 June 2022</b>
	<b>Year ended 30 June 2022</b>			<b>Outstanding Balances 30 June 2022</b>
	Councillors	37 349	131 268	-
	Municipal Manager and Section 56 Employees	25 329	107 834	-
	<b>Year ended 30 June 2021</b>			
	Councillors	5 381	87 115	6 408
	Municipal Manager and Section 56 Employees	24 126	51 775	-
	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>2022</b>	<b>2021</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>			
	Amorei Vermeulen (Daughter of SD Malgas - Speaker)		5 350	-
	M van Zyl (Wife of NJ van Zyl - Head of Corporate Services)		600	-
	NJ van Zyl - Head of Corporate Services		6 721	-
	R Jikella - Councillor		5 100	-
			<b>17 771</b>	<b>-</b>

KAREEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

47	FINANCIAL SUSTAINABILITY	2022 R	2021 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 1.39:1 from 1.48:1 in the prior year.</p> <p>The municipality have budgeted for a surplus of R144 387 937 for the 2021/2022 financial year. The municipality is also budgeting for surplus during 2022/2023 and 2023/2024 amounting to R44 036 771 and R44 336 283 respectively.</p> <p>The average debtors' payment days increased to 332 days from 329 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 result of the robust financial model applied by the municipality and close monitoring of the municipality's cash forecast, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so. The council has also approved our revised budget for 2022 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>		
		2022 R	2021 R
	<b>Taxes</b>		
	VAT Receivable	1 232 084	2 997 800
	<b>Receivables from non-exchange transactions</b>		
	Property Rates	9 658 671	8 662 124
	<b>Total Statutory Receivables (before provision)</b>	<b>10 890 755</b>	<b>11 659 924</b>
	<b>Less:</b> Provision for Debt Impairment	(9 076 585)	(7 339 393)
	<b>Total Statutory Receivables (after provision)</b>	<b>1 814 171</b>	<b>4 320 531</b>
	<p>Statutory Receivables arises from the following legislation:</p> <p>Taxes - Value Added Tax Act (No 89 of 1991) Rates - Municipal Properties Rates Act (No 6 of 2004)</p> <p>Statutory receivables are initially measured at transaction value, and subsequently at cost.</p>		
		2022 R	2021 R
	<b>(VAT): Ageing</b>		
	Current (0 - 30 days)	187 056	128 746
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	1 918 072	1 556 783
	<b>Total</b>	<b>2 105 128</b>	<b>1 685 529</b>
	<b>(Rates): Ageing</b>		
	Current (0 - 30 days)	-	14 634
	31 - 60 Days	10 770	-
	61 - 90 Days	-	-
	+ 90 Days	9 647 902	8 647 490
	<b>Total</b>	<b>9 658 671</b>	<b>8 662 124</b>

## KAREEBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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## STATUTORY RECEIVABLES (CONTINUE)

Reconciliation of Provision for Debt Impairment

	2022 R	2021 R
Balance at beginning of year	7 339 393	5 449 255
Contribution to provision	1 737 191	1 890 138
Reversal of provision	-	-
Balance at end of year	<u>9 076 585</u>	<u>7 339 393</u>

	2022 R	2021 R
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Ageing of amounts past due and impaired:

1 month past due	-	-
2+ months past due	9 076 585	7 339 393
	<u>9 076 585</u>	<u>7 339 393</u>

	2022 R	2021 R
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Ageing of amounts past due but not impaired:

1 month past due	-	-
2+ months past due	571 317	1 308 097
	<u>571 317</u>	<u>1 308 097</u>

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

	2022 R	2021 R
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Interest Received from Statutory Receivables

Taxes	-	-
Receivables from Non-Exchange Transactions	-	-
	<u>-</u>	<u>-</u>

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

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

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

**APPENDIX A**  
**KAREEBERG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**  
**MUNICIPAL VOTES CLASSIFICATION**

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
25 720	(192 432)	(166 712)	Cemetery	25 855	(334 763)	(308 908)
1 771	(2 333 427)	(2 331 657)	Library	1 657 239	(2 112 729)	(455 490)
-	(6 130)	(6 130)	Museum	-	(7 341)	(7 341)
-	-	-	Corporate Services	-	(3 582 452)	(3 582 452)
10 809 208	(1 119 206)	9 690 002	Electricity Administration	10 145 626	(1 124 039)	9 021 587
-	(13 996 813)	(13 996 813)	Electricity Generation	-	(17 093 913)	(17 093 913)
-	(237 141)	(237 141)	Electricity Distribution	-	(328 248)	(328 248)
16 922 849	(8 529 050)	8 393 799	General Expenditure of Council	4 851 495	(5 256 352)	(404 858)
9 480	(287)	9 193	Official Housing	9 600	(694)	8 906
9 485 617	(1 821 360)	7 664 256	Property Rates	10 234 050	-	10 234 050
202 846	(5 387)	197 459	Commonage	132 508	(12 476)	120 032
89 096	(589 844)	(500 748)	Municipal Buildings	40 559	(293 751)	(253 192)
19 368 444	(16 541 421)	2 827 023	Municipal Manager/Treasurer	37 023 821	(18 179 292)	18 844 530
-	-	-	Health Service	-	-	-
-	(5 295)	(5 295)	Clinic	-	(7 560)	(7 560)
347	(9 662)	(9 315)	Air Port	347	(61 001)	(60 654)
-	(54)	(54)	Abattoir	-	(125)	(125)
-	(37 093)	(37 093)	Fire Department	-	(4 137)	(4 137)
-	-	-	Civil Protection	-	(1 359 000)	(1 359 000)
-	-	-	Pound	-	-	-
-	-	-	Main Roads	-	-	-
746 492	(4 752 925)	(4 006 433)	Public Works	1 279 772	(6 308 897)	(5 029 125)
872 816	(1 579 103)	(706 287)	Streets & Pavements	-	(1 578 333)	(1 578 333)
5 040	(220 850)	(215 810)	Licensing & Traffic	4 178 883	(303 079)	3 875 804
10 266	(14 080)	(3 814)	Nature Reserve	6 392	(37 878)	(31 486)
435	(272 659)	(272 224)	Parks & Open areas	435	(232 582)	(232 148)
-	(19 214)	(19 214)	Swimming Pool	-	(13 734)	(13 734)
-	(35 757)	(35 757)	Caravan Park	410	(5 338)	(4 928)
1 756 648	(3 645 192)	(1 888 544)	Refuse	2 869 546	(4 727 902)	(1 858 356)
2 883 223	(7 442 636)	(4 559 413)	Sewerage & Cleansing	2 120 440	(8 498 281)	(6 377 841)
-	(591 356)	(591 356)	Water Distribution	-	(602 952)	(602 952)
18 192 458	(1 729 526)	16 462 933	Water Provision	56 828 035	(996 760)	55 831 275
81 382 754	(65 727 899)	15 654 856	Sub Total	131 405 013	(73 063 610)	58 341 403
-	734 796	734 796	Less Inter-Departmental Charges	-	866 896	866 896
81 382 754	(64 993 103)	16 389 652	<b>Total</b>	131 405 013	(72 196 713)	59 208 300

**APPENDIX B**  
**KAREEBERG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
16 922 849	(8 529 050)	8 393 799	Executive & Council	4 851 495	(5 258 374)	(406 879)
29 155 829	(18 968 015)	10 187 814	Budget & Treasury	47 440 885	(19 897 338)	27 543 547
-	-	-	Corporate Services	-	(3 582 452)	(3 582 452)
-	-	-	Other	-	-	-
-	(5 295)	(5 295)	Health	-	(7 560)	(7 560)
27 491	(2 531 989)	(2 504 498)	Community & Social Services	1 683 094	(2 454 833)	(771 740)
-	-	-	Housing	-	-	-
-	(37 093)	(37 093)	Public Safety	-	(13 137)	(13 137)
10 701	(341 710)	(331 010)	Sport & Recreation	7 237	(287 511)	(280 274)
-	-	-	Environmental Protection	-	-	-
1 756 648	(3 645 192)	(1 888 544)	Waste Management	2 869 546	(4 727 902)	(1 858 356)
2 883 223	(7 442 636)	(4 559 413)	Waste Water Management	2 120 440	(8 498 281)	(6 377 841)
1 624 348	(6 552 878)	(4 928 530)	Road Transport	5 458 656	(8 190 310)	(2 731 654)
18 192 458	(2 320 882)	15 871 577	Water	56 828 035	(1 599 711)	55 228 323
10 809 208	(15 353 160)	(4 543 952)	Electricity	10 145 626	(18 546 200)	(8 400 574)
81 382 754	(65 727 899)	15 654 856	Sub Total	131 405 013	(73 063 610)	58 341 403
-	734 796	734 796	Less Inter-Departmental Charges	-	866 896	866 896
81 382 754	(64 993 103)	16 389 652	<b>Total</b>	131 405 013	(72 196 713)	59 208 300

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

Grant Description	Balance 30 June 2021	Correction of error	Restated balance	Interest on Investments	Other Income	Inventory Expenditure during the year Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2022
<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	53 099	-	53 099	1 529	-	-	-	-	54 628
Land Development	83 361	-	83 361	3 209	-	-	-	-	86 570
Civil Defence	20 944	-	20 944	246	-	-	-	-	21 191
CMIP Kwaggakolk (VAT)	830	-	830	28	-	-	-	-	858
Sanitation - sewerage	184 441	-	184 441	-	-	-	-	-	184 441
Electricity Schietfontein	47 836	-	47 836	1 662	-	-	-	-	49 498
Water Service Plan	4 467	-	4 467	154	-	-	-	-	4 622
CMIP - Saaipoort project 301	4 905	-	4 905	170	-	-	-	-	5 075
Library Development Projects	-	-	-	-	1 655 000	-	1 655 000	-	-
Paving Projects	32 334	-	32 334	1 123	-	-	-	-	33 456
Lotto Camarvon	2 480	-	2 480	86	-	-	-	-	2 566
Lotto Vosburg	43 800	-	43 800	1 522	-	-	-	-	45 322
Municipal Finance Management Grant	-	-	-	-	2 650 000	-	2 575 000	75 000	-
Transfer Fees Sub-Economic	185 785	-	185 785	8 866	-	-	-	-	194 651
Cleaning Project Vosburg	34 977	-	34 977	1 214	-	-	-	-	36 192
VAT - Retention	16 222	-	16 222	563	-	-	-	-	16 785
Municipal Infrastructure Grant	3 236 633	-	3 236 633	-	5 224 000	-	625 129	4 167 523	3 667 981
Youth Development	93 632	-	93 632	-	-	-	-	-	93 632
Expanded Public Works Program (PWPG)	300 925	-	300 925	-	980 000	-	1 280 925	-	0
Integrated National Electrification Programme - INEP	-	-	-	-	5 000 000	-	-	-	5 000 000
Water Service Infrastructure Grant - WSIG (DWA)	8 482 351	-	8 482 351	-	5 000 000	-	1 421 092	9 542 747	2 518 512
Regional Bulk Infrastructure Grant - RBIG (DWA)	44 744 378	-	44 744 378	-	21 961 000	392 287	7 049 916	42 106 190	17 156 985
<b>Total</b>	<b>57 573 401</b>	<b>-</b>	<b>57 573 401</b>	<b>20 371</b>	<b>42 470 000</b>	<b>392 287</b>	<b>14 607 061</b>	<b>55 891 461</b>	<b>29 172 963</b>



**APPENDIX D**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Reconciliation of Table B2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2021/2022								2020/2021			
	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 - Standard</b>												
<i><b>Governance and administration</b></i>	59 314	3 050	62 364	52 292	-	10 072	0.0%	0.0%	-	-	-	-
Executive and council	1 807	-	1 807	4 851	-	(3 044)	0.0%	0.0%	-	-	-	-
Finance and administration	57 507	3 050	60 557	47 441	-	13 116	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Community and public safety</b></i>	1 264	(16)	1 248	1 690	-	(442)	0.0%	0.0%	-	-	-	-
Community and social services	1 221	-	1 221	1 683	-	(463)	0.0%	0.0%	-	-	-	-
Sport and recreation	34	(16)	18	7	-	11	0.0%	0.0%	-	-	-	-
Public safety	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Housing	10	-	10	-	-	10	0.0%	0.0%	-	-	-	-
Health	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Economic and environmental services</b></i>	6 659	538	7 197	5 459	-	1 738	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	6 654	538	7 192	5 459	-	1 733	0.0%	0.0%	-	-	-	-
Environmental protection	5	-	5	-	-	5	0.0%	0.0%	-	-	-	-
<i><b>Trading services</b></i>	102 250	52 977	155 227	71 964	-	83 263	0.0%	0.0%	-	-	-	-
Electricity	17 002	(250)	16 752	10 146	-	6 606	0.0%	0.0%	-	-	-	-
Water	76 964	53 227	130 191	56 828	-	73 363	0.0%	0.0%	-	-	-	-
Waste water management	2 300	-	2 300	2 120	-	179	0.0%	0.0%	-	-	-	-
Waste management	5 985	-	5 985	2 870	-	3 115	0.0%	0.0%	-	-	-	-
<i><b>Other</b></i>	0	-	0	-	-	0	0.0%	0.0%	-	-	-	-
<b>Total Revenue - Standard</b>	<b>169 488</b>	<b>56 548</b>	<b>226 036</b>	<b>131 405</b>	<b>-</b>	<b>94 631</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure - Standard</b>												
<i><b>Governance and administration</b></i>	32 503	(722)	31 781	28 738	-	3 043	0.0%	0.0%	-	-	-	-
Executive and council	13 702	(1 980)	11 722	5 258	-	6 463	0.0%	0.0%	-	-	-	-
Finance and administration	18 801	1 258	20 060	23 480	-	(3 420)	0.0%	0.0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<i><b>Community and public safety</b></i>	3 826	(382)	3 444	2 763	-	681	0.0%	0.0%	-	-	-	-
Community and social services	3 282	(239)	3 044	2 455	-	589	0.0%	0.0%	-	-	-	-
Sport and recreation	446	(126)	320	288	-	32	0.0%	0.0%	-	-	-	-
Public safety	72	(18)	55	13	-	41	0.0%	0.0%	-	-	-	-
Housing	12	0	12	-	-	12	0.0%	0.0%	-	-	-	-
Health	13	1	14	8	-	7	0.0%	0.0%	-	-	-	-
<i><b>Economic and environmental services</b></i>	8 209	60	8 269	8 190	-	79	0.0%	0.0%	-	-	-	-
Planning and development	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Road transport	8 083	110	8 193	8 190	-	2	0.0%	0.0%	-	-	-	-
Environmental protection	127	(50)	77	-	-	77	0.0%	0.0%	-	-	-	-
<i><b>Trading services</b></i>	37 711	4 538	42 249	32 505	-	9 744	0.0%	0.0%	-	-	-	-
Electricity	19 213	1 480	20 693	17 714	-	2 979	0.0%	0.0%	-	-	-	-
Water	3 309	764	4 074	1 573	-	2 500	0.0%	0.0%	-	-	-	-
Waste water management	6 789	1 708	8 497	8 490	-	7	0.0%	0.0%	-	-	-	-
Waste management	8 400	586	8 985	4 728	-	4 257	0.0%	0.0%	-	-	-	-
<i><b>Other</b></i>	63	8	71	-	-	71	0.0%	0.0%	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>82 312</b>	<b>3 502</b>	<b>85 815</b>	<b>72 197</b>	<b>-</b>	<b>13 618</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>87 176</b>	<b>53 046</b>	<b>140 222</b>	<b>59 208</b>	<b>-</b>	<b>81 014</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

**Reconciliation of Table B3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description  R thousand	2021/2022								2020/2021			
	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
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	8 888	3 000	11 888	4 851	-	(7 036)	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	50 232	50	50 282	47 441	-	(2 842)	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	1 203	-	1 203	-	-	(1 203)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	109 135	53 514	162 650	79 113	-	(83 537)	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>169 458</b>	<b>56 564</b>	<b>226 022</b>	<b>131 405</b>	<b>-</b>	<b>(94 617)</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	10 271	(1 687)	8 584	5 258	-	(3 326)	0.0%	0.0%	-	-	-	-
Vote 2 - Budget and Treasury	16 210	1 087	17 297	19 897	-	2 601	0.0%	0.0%	-	-	-	-
Vote 3 - Corporate	6 675	(541)	6 133	3 582	-	(2 551)	0.0%	0.0%	-	-	-	-
Vote 4 - Operations	49 157	4 643	53 801	43 459	-	(10 342)	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>82 312</b>	<b>3 502</b>	<b>85 815</b>	<b>72 197</b>	<b>-</b>	<b>(13 618)</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>87 146</b>	<b>53 062</b>	<b>140 208</b>	<b>59 208</b>	<b>-</b>	<b>(81 000)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Reconciliation of Table B4 Budgeted Financial Performance (revenue and expenditure)

Description	2021/2022								2020/2021			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	10 698	–	10 698	10 234	–	(464)	0.0%	0.0%	–	–	–	–
Service charges - electricity revenue	9 447	(250)	9 197	9 871	–	674	0.0%	0.0%	–	–	–	–
Service charges - water revenue	3 042	–	3 042	4 029	–	987	0.0%	0.0%	–	–	–	–
Service charges - sanitation revenue	2 300	–	2 300	2 120	–	(179)	0.0%	0.0%	–	–	–	–
Service charges - refuse revenue	1 885	–	1 885	2 869	–	984	0.0%	0.0%	–	–	–	–
Rental of facilities and equipment	213	–	213	185	–	(28)	0.0%	0.0%	–	–	–	–
Interest earned - external investments	1 705	–	1 705	3 171	–	1 466	0.0%	0.0%	–	–	–	–
Interest earned - outstanding debtors	1	–	1	0	–	(1)	0.0%	0.0%	–	–	–	–
Dividends received	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Fines, penalties and forfeits	2	–	2	1	–	(2)	0.0%	0.0%	–	–	–	–
Licences and permits	11	–	11	8	–	(3)	0.0%	0.0%	–	–	–	–
Agency services	22	–	22	60	–	38	0.0%	0.0%	–	–	–	–
Transfers and subsidies	32 138	301	32 439	42 307	–	9 868	0.0%	0.0%	–	–	–	–
Other revenue	20 850	3 050	23 900	659	–	(23 241)	0.0%	0.0%	–	–	–	–
Gains on disposal of PPE	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>82 312</b>	<b>3 101</b>	<b>85 413</b>	<b>75 513</b>	<b>–</b>	<b>(9 900)</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	26 311	(1 427)	24 884	21 317	–	(3 567)	0.0%	0.0%	–	–	–	–
Remuneration of councillors	4 173	–	4 173	3 599	–	(574)	0.0%	0.0%	–	–	–	–
Debt impairment	5 500	3 000	8 500	5 826	–	(2 674)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	5 635	–	5 635	5 508	–	(128)	0.0%	0.0%	–	–	–	–
Finance charges	1 145	–	1 145	1 474	–	329	0.0%	0.0%	–	–	–	–
Bulk purchases	13 900	1 250	15 150	15 673	–	522	0.0%	0.0%	–	–	–	–
Other materials	2 005	(126)	1 879	–	–	(1 879)	0.0%	0.0%	–	–	–	–
Contracted services	6 732	1 320	8 052	–	–	(8 052)	0.0%	0.0%	–	–	–	–
Transfers and grants	1 096	(97)	1 000	–	–	(1 000)	0.0%	0.0%	–	–	–	–
Other expenditure	11 633	(964)	10 669	18 253	–	7 584	0.0%	0.0%	–	–	–	–
Loss on disposal of PPE	–	547	547	547	–	(0)	0.0%	0.0%	–	–	–	–
<b>Total Expenditure</b>	<b>78 132</b>	<b>3 502</b>	<b>81 635</b>	<b>72 197</b>	<b>–</b>	<b>(9 438)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus/(Deficit)</b>	<b>4 180</b>	<b>(401)</b>	<b>3 779</b>	<b>3 316</b>	<b>–</b>	<b>(462)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Transfers recognised - capital	87 146	53 463	140 609	55 891	–	(84 718)	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>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>59 209</b>	<b>–</b>	<b>(85 180)</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>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>59 209</b>	<b>–</b>	<b>(85 180)</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>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>59 209</b>	<b>–</b>	<b>(85 180)</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>91 326</b>	<b>53 062</b>	<b>144 388</b>	<b>59 209</b>	<b>–</b>	<b>(85 180)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**APPENDIX D**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Reconciliation of Table B5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2021/2022								2020/2021			
	Original Budget	Total Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<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	68 922	44 744	113 666	52 659	-	(61 007)	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>68 922</b>	<b>44 744</b>	<b>113 666</b>	<b>52 659</b>	<b>-</b>	<b>(61 007)</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	155	-	155	-	-	(155)	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury	855	-	855	232	-	(623)	0%	0%	-	-	-	-
Vote 3 - Corporate	340	-	340	-	-	(340)	0%	0%	-	-	-	-
Vote 4 - Operations	25 144	8 719	33 863	5 182	-	(28 681)	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>26 494</b>	<b>8 719</b>	<b>35 213</b>	<b>5 414</b>	<b>-</b>	<b>(29 799)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	<b>-</b>	<b>(90 807)</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>1 010</b>	<b>-</b>	<b>1 010</b>	<b>232</b>	<b>-</b>	<b>(778)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council	155	-	155	-	-	(155)	0%	0%	-	-	-	-
Finance and administration	855	-	855	232	-	(623)	0%	0%	-	-	-	-
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Community and public safety</b>	<b>340</b>	<b>-</b>	<b>340</b>	<b>-</b>	<b>-</b>	<b>(340)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	340	-	340	-	-	(340)	0%	0%	-	-	-	-
Sport and recreation	-	-	-	-	-	-	0%	0%	-	-	-	-
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Economic and environmental services</b>	<b>8 224</b>	<b>237</b>	<b>8 461</b>	<b>2 770</b>	<b>-</b>	<b>(5 691)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	8 224	237	8 461	2 770	-	(5 691)	0%	0%	-	-	-	-
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Trading services</b>	<b>85 842</b>	<b>53 227</b>	<b>139 069</b>	<b>55 071</b>	<b>-</b>	<b>(83 998)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity	5 340	-	5 340	1 399	-	(3 941)	0%	0%	-	-	-	-
Water	75 312	53 227	128 539	52 659	-	(75 880)	0%	0%	-	-	-	-
Waste water management	1 390	-	1 390	1 013	-	(377)	0%	0%	-	-	-	-
Waste management	3 800	-	3 800	-	-	(3 800)	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>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	<b>-</b>	<b>(90 807)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funded by:</b>												
National Government	87 146	53 463	140 609	55 891	-	(84 718)	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>	<b>87 146</b>	<b>53 463</b>	<b>140 609</b>	<b>55 891</b>	<b>-</b>	<b>(84 718)</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>-</b>	<b>-</b>	<b>-</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>8 270</b>	<b>-</b>	<b>8 270</b>	<b>2 181</b>	<b>-</b>	<b>(6 089)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>95 416</b>	<b>53 463</b>	<b>148 879</b>	<b>58 073</b>	<b>-</b>	<b>(90 807)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX D**  
**KAREEBERG LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**CASH FLOWS**

**Reconciliation of Table B7 Budgeted Cash Flows**

Description  R thousand	2021/2022							2020/2021
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties and collection charges	9 349	–	9 349	9 191	(158)	0.0%	0.0%	–
Service charges	12 523	–	12 523	10 385	(2 139)	0.0%	0.0%	–
Other revenue	23 133	–	23 133	9 976	(13 157)	0.0%	0.0%	–
Government - operating	32 138	301	32 439	87 549	55 110	0.0%	0.0%	–
Government - capital	87 146	–	87 146	37 260	(49 886)	0.0%	0.0%	–
Interest	1 705	–	1 705	3 141	1 437	0.0%	0.0%	–
Dividends	–	–	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Suppliers and employees	(69 135)	–	(69 135)	(63 388)	5 747	0.0%	0.0%	–
Finance charges	(1 145)	–	(1 145)	–	1 145	0.0%	0.0%	–
Transfers and Grants	(381)	–	(381)	–	381	0.0%	0.0%	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>95 332</b>	<b>301</b>	<b>95 633</b>	<b>94 114</b>	<b>(1 519)</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	–	–	–	–	–	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	(95 416)	(237)	(95 653)	(58 073)	37 580	0.0%	0.0%	–
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(95 416)</b>	<b>(237)</b>	<b>(95 653)</b>	<b>(58 073)</b>	<b>37 580</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	0	–	0	13	13	0.0%	0.0%	–
<b>Payments</b>								
Repayment of borrowing	–	–	–	–	–	0.0%	0.0%	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(84)</b>	<b>64</b>	<b>(19)</b>	<b>36 059</b>	<b>36 079</b>			<b>–</b>
Cash/cash equivalents at the year begin:	28 122	–	28 122	86 910	58 788			–
Cash/cash equivalents at the year end:	28 038	64	28 103	122 969	94 867	0.0%	0.0%	–

**APPENDIX E**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**NOT THREE QUOTATIONS**

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2022-01-11	Media 24 Bpk	11 937.00	Exceptional
2021-07-03	Ukuchuma Construction	3 690.00	Exceptional
2021-11-26	Lexis Nexis	8 735.05	Exceptional
2022-02-09	Vacuum Industrial Systems	29 756.25	Exceptional
2022-02-14	Tricom	3 933.00	Exceptional
2022-04-19	Fulcrum Technologies	17 566.25	Exceptional
2022-06-06	Emzini Wakuti	2 400.00	Exceptional
		<u>78 017.55</u>	

**EMERGENCY**

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2021-07-21	Die Meerkat	5 221.00	Emergency
2021-07-29	Middel Karoo Begrafnisdienste	3 400.00	Emergency
2021-08-26	Middel Karoo Begrafnisdienste	4 900.00	Emergency
2021-09-08	JJB Meyer windpompe	20 695.40	Emergency
2021-09-10	Middel Karoo Begrafnisdienste	4 650.00	Emergency
2021-09-25	Middel Karoo Begrafnisdienste	6 100.00	Emergency
2021-11-08	Middel Karoo Begrafnisdienste	3 550.00	Emergency
2021-11-18	Vissers Engineers	3 613.30	Emergency
2021-11-16	Middel Karoo Begrafnisdienste	12 400.00	Emergency
2021-12-02	Middel Karoo Begrafnisdienste	20 050.00	Emergency
2021-12-09	Karoo Vleisboere	4 281.55	Emergency
2022-01-15	Tricom Africa	21 539.50	Emergency
2022-01-17	Middel Karoo Begrafnisdienste	6 650.00	Emergency
2022-01-24	Middel Karoo Begrafnisdienste	5 160.00	Emergency
2022-05-02	Middel Karoo Begrafnisdienste	2 220.00	Emergency
2022-05-20	Middel Karoo Begrafnisdienste	8 200.00	Emergency
		<u>132 630.75</u>	

R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
2022-01-09	Tricom Africa	57 214.80	Emergency
		<u>57 214.80</u>	

**APPENDIX E**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2022**

**AVAILABILITY**

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
2021-07-01	CSB Handel	7 999.92	Exceptional
2021-07-15	CSB Handel	2 274.48	Exceptional
2021-07-20	Karoo Vleisboere	2 230.20	Exceptional
2021-07-20	CSB Handel	12 825.00	Exceptional
2021-07-21	Kloppers CAW	6 121.00	Exceptional
2021-07-28	CSB Handel	3 135.86	Exceptional
2021-07-23	Carnarvon Spar	3 681.00	Exceptional
2021-08-20	Johann Pienaar Motors	2 656.50	Exceptional
2021-09-14	Johann Pienaar Motors	11 339.59	Exceptional
2021-09-14	Johann Pienaar Motors	20 308.94	Exceptional
2021-09-14	Johann Pienaar Motors	4 528.06	Exceptional
2021-09-14	Johann Pienaar Motors	19 351.26	Exceptional
2021-08-24	R Riley	5 040.00	Exceptional
2021-08-25	Carnarvon Spar	2 543.56	Exceptional
2021-09-13	Wings a Things	4 600.00	Exceptional
2021-09-14	Barbie Group Corporation	2 520.00	Exceptional
2021-09-16	Barbie Group Corporation	2 830.00	Exceptional
2021-09-20	XYX Construction	2 334.50	Exceptional
2021-09-22	Johann Pienaar Motors	14 937.76	Exceptional
2021-09-30	PDK Office	3 127.00	Exceptional
2021-10-05	Karoo Vleisboere	2 815.19	Exceptional
2021-10-07	Karoo Vleisboere	2 945.09	Exceptional
2021-10-07	BKB	2 484.99	Exceptional
2021-10-07	BKB	2 375.90	Exceptional
2021-10-19	CSB Handel	2 413.14	Exceptional
2021-10-27	CSB Handel	2 859.45	Exceptional
2021-11-02	XYX Construction	2 001.00	Exceptional
2021-11-04	Karoo Vleisboere	2 059.30	Exceptional
2021-11-10	XYX Construction	2 357.50	Exceptional
2021-11-13	XYX Construction	2 242.50	Exceptional
2021-11-17	Profound Pursuit	8 200.00	Exceptional
2021-11-23	Leon Swanepoel	9 200.00	Exceptional
2021-11-24	Leon Swanepoel	5 589.00	Exceptional
2021-11-25	Johann Pienaar Motors	27 061.03	Exceptional
2021-11-25	Johann Pienaar Motors	14 947.87	Exceptional
2021-11-26	Ignite Advisory	6 000.01	Exceptional
2021-11-29	CSB Handel	7 115.05	Exceptional
2021-12-03	XYX Construction	3 530.50	Exceptional
2021-12-22	CSB Handel	4 314.48	Exceptional
2021-12-23	BKB Beperk	2 336.92	Exceptional
2022-01-01	CSB Handel	2 523.04	Exceptional
2022-01-07	PDK Office	2 939.50	Exceptional
2022-01-16	Karoo Vleisboere	2 335.36	Exceptional
2022-01-17	Die Noordwester	2 415.00	Exceptional
2022-01-19	CSB Handel	9 670.57	Exceptional
2022-01-21	PDK Office	6 116.00	Exceptional
2022-02-09	PDK Office	5 429.50	Exceptional
2022-02-14	XYX Construction	3 829.50	Exceptional
2022-02-18	CSB Handel	5 428.95	Exceptional
2022-02-18	CSB Handel	22 114.94	Exceptional
2022-02-20	XYX Construction	4 657.50	Exceptional
2022-03-02	BKB Beperk	2 213.98	Exceptional
2022-03-15	BKB Beperk	2 352.42	Exceptional
2022-03-24	Leon Swanepoel	6 786.03	Exceptional
2022-03-24	Leon Swanepoel	4 172.08	Exceptional
2022-03-27	CSB Handel	11 828.75	Exceptional
2022-04-01	Johann Pienaar Motors	7 488.75	Exceptional
2022-04-01	MM Coreejas	2 865.00	Exceptional
2022-04-06	BKB Beperk	3 456.96	Exceptional
2022-04-11	CSB Handel	5 475.45	Exceptional
2022-04-11	Karoo Vleisboere	2 250.94	Exceptional
2022-04-14	XYX Construction	2 001.00	Exceptional
2022-04-14	XYX Construction	2 645.00	Exceptional
2022-04-22	CSB Handel	8 648.96	Exceptional
2022-04-25	PDK Office	6 842.00	Exceptional
2022-05-16	R Jikella	3 900.00	Exceptional
2022-05-17	Karoo Vleisboere	2 457.06	Exceptional
2022-05-19	Karoo Smul	2 673.00	Exceptional
2022-05-23	Kempen en Kempen	6 900.00	Exceptional
2022-05-24	CSB Handel	20 874.30	Exceptional
2022-06-09	Stopler en Seuns	2 380.00	Exceptional
2022-06-22	Van Niekerk Coetzee	11 520.00	Exceptional
2022-06-22	Van Niekerk Coetzee	6 571.00	Exceptional
2022-06-30	Karoo Vleisboere	3 839.60	Exceptional
		<u>444 835.69</u>	

**APPENDIX E**  
**KAREEBERG LOCAL MUNICIPALITY**  
**DEVIATIONS ACCORDING TO SECTION 36(2) - SUPPLY CHAIN MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2022**

R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
2021-10-30	Mubeko Africa	65 159.35	Exceptional
2022-01-07	Mike's Kitchen	44 000.00	Exceptional
		<u>109 159.35</u>	

**SERVICE PROVIDER**

R2,001 - R30,000			
Date of tender committee	Supplier	Amount	Reason
	Broadband infraco	27 738.00	Sole provider
	Afrihost	1 917.00	Sole provider
	Inzalo internet	28 420.10	Sole provider
2021-07-01	Conlog	7 475.00	Sole provider
2021-07-14	Visser's Ingenieurswerke	8 625.00	Sole provider
2021-07-20	Ukuchuma Construction	5 500.00	Sole provider
2021-08-11	Fantique Trade 1215 cc	2 650.00	Sole provider
2021-08-24	XYX Construction	7 866.00	Sole provider
2021-09-05	SAGE VIP	4 367.13	Sole provider
2021-09-17	Besters Auto	2 607.65	Sole provider
2021-10-08	SAGE	7 101.25	Sole provider
2021-11-11	Inzalo EMS	18 200.00	Sole provider
2021-11-29	Mubeko Africa	13 282.50	Sole provider
2022-01-07	SAGE VIP	4 335.50	Sole provider
2022-03-25	Boland Fire	7 164.50	Sole provider
2022-03-08	Volvo Group	3 821.17	Sole provider
2022-03-30	Arch Actuarial	25 800.00	Sole provider
2022-03-14	Besters Auto	2 787.47	Sole provider
2022-04-19	Fulcrum	17 566.25	Sole provider
2022-06-02	Conlog	8 222.50	Sole provider
2022-06-03	Die Noordwester	2 415.00	Sole provider
		<u>207 862.02</u>	
R30,001 - R200,000			
Date of tender committee	Supplier	Amount	Reason
	Fantique Trade 1215 cc	82 006.82	Sole provider
	Inzalo	63 528.30	Sole provider
	Inzalo	209 814.16	Sole provider
	Inzalo License fees	4 070 696.29	Sole provider
	Johan Pienaar Motors	30 273.75	Sole provider
	Conlog	112 199.72	Sole provider
	Conlog	117 181.32	Sole provider
	Telecom Africa Publishers	96 531.00	Sole provider
2022-01-01	SAGE VIP	44 591.25	Sole provider
		<u>4 826 822.61</u>	

**TOTAL DEVIATIONS**

**5 856 542.77**



## **Annexure B: Report of the Auditor-General**

Draft



AUDITOR - GENERAL  
SOUTH AFRICA

The Acting Municipal Manager  
Kareeberg Local Municipality  
P.O. Box 10  
Carnarvon  
8925

29 November 2022

Reference: 21434REG2021-22

Dear Sir/Madam

**Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Kareeberg Local Municipality for the year ended 30 June 2022**

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa and section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our audit report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
  - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.



AUDITOR - GENERAL  
SOUTH AFRICA

- The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
  6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.
  7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
  8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

  
.....  
Senior Manager: NCPA

Moji Makamole

Enquiries: Keanan Scholtz  
Telephone: (053) 836 8800  
Fax: (053) 836 8896  
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# Report of the auditor-general to 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 X to X, which comprise the statement of financial position as at 30 June 2022, 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 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (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 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2022.

### **Material losses – electricity**

8. As disclosed in note 37.04 to the financial statements, material electricity losses of R 3 879 009 (2021: R2 827 225) was incurred, which represents 24.75% (2021: 22.17%) of total electricity purchased.

### **Material Impairment – Receivables**

9. As disclosed in note 28 to the financial statements, material losses of R 5 826 060 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 667 981, the integrated national electrification programme grant by R5 000 000, regional bulk infrastructure grant by R17 156 985 and the water service infrastructure grant by R2 518 512.

### **Other matters**

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

### **Unaudited disclosure notes (MFMA 125)**

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 supplementart schedules**

13. The supplementary information set out on pages X to X does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

### **Responsibilities of the accounting 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 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 the selected Objective 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 2022:

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

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 any 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 X to X for information on the achievement of planned targets for the year of targets.

## **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 payables from non – exchange transactions and the cash flow statement 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 R11 719 589 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 procurement process not being followed by a specific supplier.



## Other information

29. 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.
30. 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.
31. 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.
32. 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

33. 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 the findings on the annual financial statements and the findings on compliance with legislation included in this report.
34. 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*

Auditor General

Kimberley

29 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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## **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 the selected objective 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.

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