

CHAPTER 1



Foreword Executive Mayor

It is a great pleasure to report that Langeberg Municipality as the provider of services and the local communities as the end-users of those services have once again been very successful in assisting the Municipality to work towards achieving the aspirations of its people.

In order to succeed in delivering services and improve the lives of the citizens of the Langeberg Municipality, it is important to have a proper plan of action that will be the road map for development. The Municipal Strategic Plan that was developed in the 2011/2012 financial year, and will guide us during the term of office of the current Council. The citizens of this Municipality will judge our success in accordance with the manner in which we have implemented this strategy.

Through various planning sessions we have developed 11 strategic objectives.

Our slogan of 'People at the centre of development' is embedded in the underlying values: Integrity, honesty, transparency, accessibility and accountability.

In my capacity I am committed to ensure that these strategic objectives are achieved in order to realise our vision of a stable environment and sustainable living conditions for all citizens.

I remain committed to working together with my Mayoral Committee, the whole Council and the Municipal Administration in realising our vision and making it a practical reality. We are positive that the Municipality's future holds the promise of a better managed and financially viable institution which delivers excellent services to the communities. I trust that every reader who studies this report from a balanced and fair perspective will concur with this impression.

We all need to work together to achieve the objectives that will ultimately lead us to our vision of a stable living environment and sustainable living conditions for all citizens.

With effective leadership, clearly defined strategies and a shared vision we can achieve success to the benefit of all our communities within the Langeberg Municipality.

Ald Diana Gagiano

Executive Mayor



Overview MM

During the past twelve months the Langeberg Municipality together with the newly elected Council have developed strategic priorities that guided us in developing this Municipality in creating a sustainable environment and living conditions for all our citizens. I would like to highlight some of the projects we have been busy with during the 2011/2012 financial year.

In the Langeberg area we have a Housing Backlog of more than 8 000 on our waiting list and some people have been on the waiting list for more than 10 years.

The Langeberg Municipality has appointed ASLA Constructions (an implementing agent) for the Housing Development Programme to address the housing shortage in the Langeberg area.

ASLA's first order of business for the Municipality included: 18 Houses in of the Zolani housing project that was handed over by the Executive Mayor on Friday, 22 June 2012. The Housing project consist of a total of 173 of which 154 has been handed over to the proud owners. Our housing programme is not about houses only but it is about building communities.

Another major project that we complete during the financial year, which is our latest landmark in the area, is the Montagu pedestrian bridge. The pedestrian bridge is being constructed off site, in various sections and was only be assembled onsite for the specific purpose of transporting it.

The Thusong Centre in Robertson is another landmark that was constructed during the 2011/2012 financial year and started operating on 1 August 2012. With the completion of the R9, 5 million project several services will be offered to the residents of the Langeberg Municipality that hasn't been available previously. The Centre will render cost-effective, integrated, efficient and sustainable services that fulfil the needs of the community. The community will have equitable and effective access to Government information and certain services.

The construction of the 750 seater pavilion in Zolani has also been completed. This project was completed in June 2012 at an estimate of R 1.8 mil.

The Langeberg Municipality has embarked on an urgent primary intervention for the clearing of the Keisie, Kingna and Cogmansklaaf Rivers from sediment, debris and rock impeding free river flow. The situation was of such a nature that even with above average rainfall, thunder storms or cloud bursts the result was that the access to and from Montagu on the R62 was cut off and road closures are imminent.

Due to the urgency of the project and to avoid any further flooding the Municipality deviated from the normal supply chain process and appointed Moreson Grondverskuiwers of Robertson to assist with the project. The first phase of the project will be at a cost of R1.2 million and the total cost will amount to an estimate of R3 million. The Municipality is funding the project from reserve funds while waiting funding from other departments.

A wheelie bin system was also piloted in specific areas and introduced in Langeberg Municipal area for the first time to reduce our carbon footprint in waste removal by doing away with the black bags. This is a multi-year capital project and will be rolled out over the course of the next five years, to the entire Langeberg Municipal area.

The wheelie bins will be reused and reduce the amount of plastic bags used on a weekly basis, which makes it more environmentally friendly and are in line with the municipalities objective of steering towards an environmentally friendly and effective waste management system. The wheelie bins hold nearly three times as much refuse as the black bags: wheelie bins can take up to 240 litres, compared to black bags' 85 litres.

The Langeberg is an area where we experience high inequality, unemployment and poverty. Almost 80% of our population is poor, alt 40% of our economically active population is unemployed and some have probably stopped looking for work.

As far as the poorest of the poor is concerned, we want to assure you that in whatever we doing we continue to think about you during these tough economic times. For that reason we have a number of poverty relief packages prepare to accommodating residents that earn less than R 3 000 per month with our Indigent Programme.

Financially the Municipality is stabile and performed well. The Annual Budget together with the IDP for the 2012/2013 financial year were tabled and approved at the Council Meeting of May 2012, after a comprehensive public participation process were undertaken to present these crucial documents to the public.

The Langeberg Municipality is a trend setting municipality, not only in the Cape Winelands district but also in the Western Cape and the entire South Africa. We can proudly reflect on the achievement and progress made during the 2011/2012 financial year and the course is set to achieve even greater heights in 2012/2013.

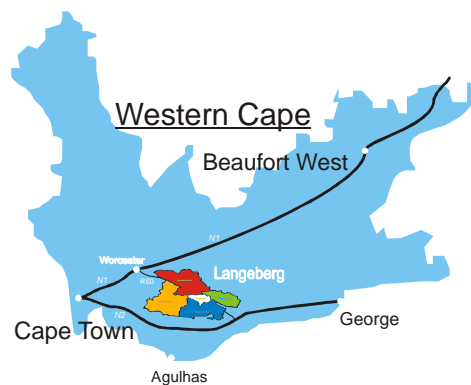
Vision

“To create a stable living environment and sustainable living conditions for all citizens”

Strategic Objectives

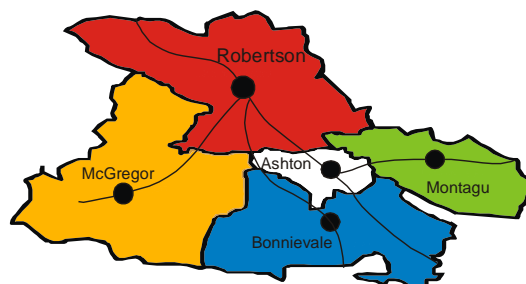
1. Sustainable integrated human settlement
2. Sustainable civil engineering infrastructure services
3. Energy efficiency for a sustainable future
4. Provision of a safe and efficient road network
5. Promotion of public safety
6. Provision of a clean environment
7. Social and community development
8. Growth and economic development
9. Sound financial management
10. Institutional development and corporate governance
11. Good governance

SOUTH AFRICA



Towns

ASHTON



LANGEBERG MUNICIPAL AREA

Ashton is a small town situated on the R62, between Robertson and Swellendam at the foot of the Langeberge. It is also the heart of the Langeberg Municipal area and is not only host to the Administrative Head Office of the Langeberg Municipality, but also home to almost ten wineries and two large canneries. Between vineyards and green fruit orchards and home to many local artists it is an important wine producing and fruit processing centre.

History

With the completion of the railway line from Worcester to the coastal regions in 1887, the trading post, Roodewal, became a railway station, and shortly afterwards was renamed Ashton, in honour of Job Ashton, director and railway engineer of the New Cape Central Railways (Ltd). For several years the settlement consisted of only a railway station, warehouse, hotel, post office, butchery, a little school, one shop and a few houses. During 1939 and 1940 extraordinary growth took place with the opening of the Langeberg Cooperative, resulting in the farmland being divided into plots. Development received a further boost with the establishment of a second canning factory in 1949. In 1956 Ashton gained municipal status.

Sights & Activities

Next to the Municipal Offices of the Langeberg Municipality, Main Road, Ashton stands the steam locomotive no 2010 class 14 CRB, that depicts the town worldwide. This icon was commissioned in 1919 and used on the Worcester-Mossel Bay rail section until 1983.

Ashton also offers you the opportunity to cruise down the Breede River while sipping your wine or enjoy a light lunch on the river banks. Within a few minutes' drive are panoramic views, mountain biking and hiking trails and rock climbing the spectacular cliffs in the Cogmanskloof.

BONNIEVALE

With majestic mountains on the one side and the ever-flowing Breede River on the other, with beautiful fruit and wine farms lining the way. Bonnievale is situated on the banks of the Breede River. Surrounded by the Langeberg Mountain Range in the north-east, and the Riviersonderend mountains in the south-west, it is one of the most beautifully situated towns in the Western Cape. The name Bonnievale actually means Beautiful Valley.

Bonnievale is known as The Valley of Cheese and Wine for a good reason. There are 8 Wine Cellars in the area and two cheese factories producing cheese, butter, milk, yoghurt and whey powder.

The town was founded by Christopher Forrest Rigg. Rigg and his wife moved to Bonnievale in 1900. They had three daughters, but only one survived infancy. Mary Myrtle was born in 1903 and she especially loved playing in a certain lucerne field near their home. Sadly in 1911 she contracted meningitis and on her deathbed she asked her father to build her a small church. Mary Myrtle was buried in her favorite playground, the lucerne field near her home. Rigg kept his promise to his daughter and built the small Norman-style church in her memory. The date on the cornerstone is 1921, but the first Anglican service was only held in 1924. At the entrance above the main door there is a statuette in the likeness of Mary Myrtle, and in the background is a rose tree with seven roses, depicting the seven years of her life. The Mary Myrtle Rigg Church is the only church in the world known to be built at the request of a child.

Rigg was also responsible for the construction of the water channel scheme providing Bonnievale with water. The newspapers described the undertaking as "the greatest engineering project of its time in South Africa by one man". Today, more than a 100 years since completion, all of the east side and large sections of the west side of Bonnievale still use the water from the canals, which are much as they were when built by Rigg, in spite of great development having taken place since then.

In 1902 a railway halt was constructed between Robertson and Swellendam and was called 'Vale'. In 1917 the halt received full status as a railway station upon Rigg's request to the Railways to allow the train to stop at the siding, so that he could load his lucerne, beetroot, maize and other vegetable crops. The name then changed to Bonnievale.

In 1922 a village management board was elected. The town received full municipal status in April 1953.

MONTAGU

Montagu lies nestled between two mountain ranges halfway between Cape Town and the Garden Route, on the legendary Route 62, with crystal clear air, free of any pollution. It is the gateway to the Little Karoo and also the scenic heart of Route 62. This historic link between Cape Town, Oudtshoorn, the Garden Route and the Eastern Cape, offers travellers remarkable beauty and excellent facilities. All combining to make this one of the most memorable journeys in South Africa, winding through spectacular scenery and mountain passes.

Montagu, once known as 'Agter Cogman's Kloof', lies between the Keisie and Kingna Rivers. The only exit to the west was through Cogman's Kloof, and strong teams of horses or oxen were needed for the journey. John Montagu, the British Secretary of the Cape Colony based in Cape Town in the 1850s, envisaged the potential of the Cape Colony, but realized that it could never develop without efficient transport and communications. Montagu was aided by pioneering road engineers to create passes through the mountain barriers. Through his efforts, the country could be developed agriculturally and he became a popular figure. In Tribute to him the village was officially named Montagu in 1851 and he travelled there to 'baptize' the town.

It is not known when the springs were discovered, but early trekker's often- followed the course of rivers and some camped in the vicinity of present-day Montagu. They drank the clear, strangely-flavoured water, found it wonderfully refreshing and traced its course through the kloof to where they discovered the hot springs. News of the healing waters spread quickly and many visitors began to visit the area. The springs form part of the now popular Montagu Baths.

The magic of this area is its wonderful dry healthy climate, nature walks, 4X4 routes, cycling and top cuisine. Discover our wild flower nature garden, or take a peek at our unusual social paradise for birds at the well-loved bird tree within our village, hike the fabulous nature reserves, meander through the marvellous museum with a medicinal garden, visit unique art galleries where you can meet the artists and don't miss the many lovely trails for hiking. It also offers some of the best climbing in the Western Cape and South Africa with many crags that vary in grade and steepness with excellent quality rock. +/-400 Single Pitch & Multi-Pitch Sport Routes of all ranges of difficulty.

McGREGOR

This charming, well-preserved mid 19th century village with its quaint, thatched cottages offers plenty outdoor activities, arts & crafts, tranquility and relaxation. Surrounded by mountain trails, fruit orchards, olive groves and vineyards the village has maintained a rural peaceful ambience inspirational to artists.

Visitors are spoiled for choice with a variety of activities on offer, like walking/hiking trails, mountain biking, 4x4 trails, bird watching as well as a pottery studio, art galleries, massage therapies and much more.

The village of McGregor was laid out in 1861, the population then 350. In 1894 a village management board was established and in 1907 the village became a municipality. McGregor was originally known as Lady Grey, but the name was changed in 1905, to avoid confusion with Lady Grey near Aliwal North. It was renamed in honour of the Rev Andrew McGregor, who had been the Dutch Reformed Church minister of the Robertson District for forty years.

McGregor is a unique, alternative, eccentric and therapeutic village away from the crowds where you can truly unwind, step back in time and just relax. Eating out is always a pleasure, we have several fine restaurants to choose from. McGregor village is also home to a vibrant community of artists.

The 19th century village of McGregor, dreaming away in a quiet valley at the end of a road going nowhere, is home to artists, craftsmen, healers and colourful characters. Here life is slow, tranquil and gentle. Beautiful preserved white-washed cottages nestle in half-wild gardens, water trickles and burbles down old stone irrigation channels and one almost expects to see the shadowy figure of a woman in the garb of yesteryear, with a basket of roses over her arm, disappearing around the next corner.

ROBERTSON

Situated in the shadow of the majestic Langeberg mountains with the Breede River as its life blood, Robertson is the western gateway to The Heart of Route 62, only 1 ½ hours leisurely drive from Cape Town. With 150 years of history, Robertson has grown into one of the most attractive Cape Wineland towns, with Victorian buildings, jacaranda-lined streets and beautiful gardens.

In 1852 it was decided that a town needs to be established in this area and Mr. Van Zijl's farm was purchased for the then enormous sum of 4 200 Pounds. The sale of plots at about 40 Pounds each and the laying of the cornerstone in 1853 of the Dutch Reformed Church on a well-situated block in the centre of town was considered the birth date of the town and named after Dr Robertson, then pastor at Swellendam.

Soon traders and general dealer stores started to open up and several private schools were opened. By 1872 Robertson boasted a well stocked Public Library and by 1880 a branch of the Standard Bank of South Africa was opened.

Today, Robertson is one of the largest wine-producing regions in South Africa. The region may be best known for its wine but the variety of attractions and activities combined with spectacular scenery and the relaxed hospitality of the people ensures visitors an unforgettable stay.

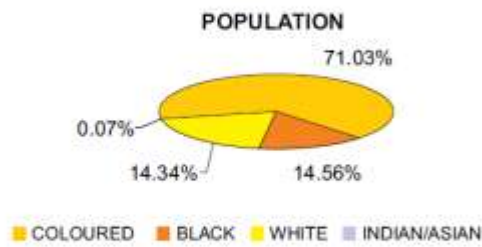
Robertson Wine Valley forms part of the longest wine route in the world, Route 62. Boasting a large number of cellars, co-operatives and private estates, our award winning wines will be a treat for all wine lovers.

There are many diverse attractions, from a lazy river cruise to a vigorous mountain hike, elegant wining and dining to outdoor picnics and exploring our rich historical sites. The local farm stalls overflow with fresh produce, dried fruit and freshly made breads, homemade jams and preserves.

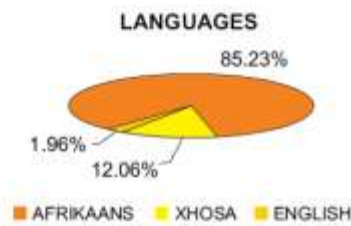
Robertson and its surrounds are a paradise for the nature lover and sport enthusiast. Situated in the Robertson Wine Valley with breathtaking views. It is also host to a championship 18-hole golf course is friendly yet challenging with excellent greens.

Information on individuals

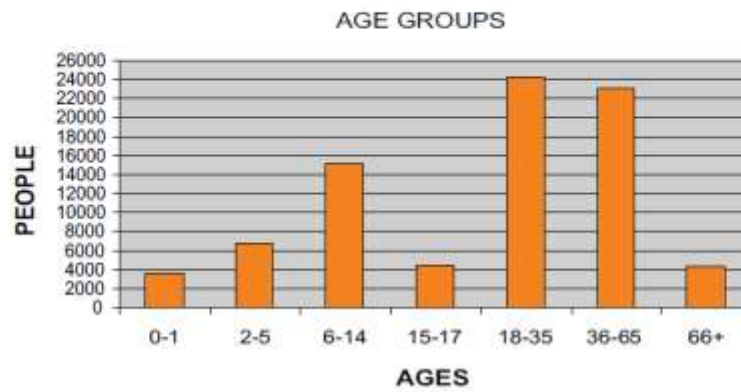
Population (2001 Census survey):
The demographic profile of the Breede River/Winelands Municipal Area:

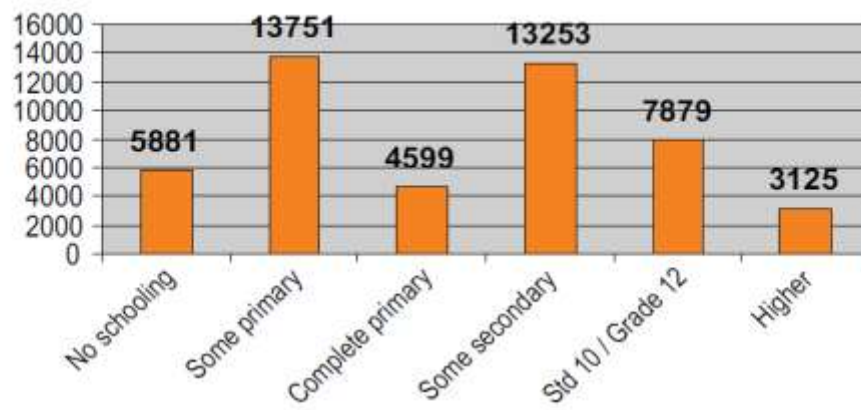


Ethnic Groups	
Coloured	57 730
Black	11 829
White	11 655
Indian / Asian	57
Total	81 271

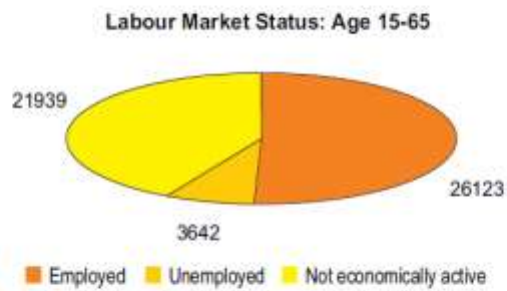


Languages	
Afrikaans	85.23%
Xhosa	12.06%
English	1.96%





No schooling	Some primary	Complete primary	Some secondary	Std 10 / Grade 12	Higher
5881	13751	4599	13253	7879	3125



Labour market status of those aged 15-65 years	Employed	Unemployed	Not economically active
	26123	3642	21939

BASIC SERVICE DELIVERY

The National Key Performance Area: Basic Service Delivery is linked to the Municipal Key Performance Area – Municipal Infrastructure and Basic Services (MIBS). The IDP Objectives link to Basic Service Delivery are spread over sustainable and quality living environment with efficient infrastructure and improve quality of life and social well being, deliver quality basic services; and effectively respond to the housing needs of the community.

Ref nr	KPI	Unit of Measurement	Baseline	Target	Actual	Departmental Corrective Measures
1	Municipal parks and recreational areas is provided to all HH measured by the no of HH with access to recreational areas	No of wards with access to recreational areas	All wards have access	12	12	
2	Provision of refuse removal, refuse dumps and solid waste disposal to all formal areas	No of formal HH for which refuse is removed at least once a week	14467	14,467	14 520	
3	Provision of refuse removal, refuse dumps and solid waste disposal to all informal areas	No of informal HH for which refuse is removed at least once a week	450	450	433	
4	Cemeteries maintained measured by the % of the maintenance budget spent	% of budget spent	100%	100%	117%	R44 955.90 expended from a budget of R39 000 – thus 117%
5	Recreational areas is maintained measured by the % of the maintenance budget spent	% of budget spent	Annual financial statements	100%	61.19%	Additional R2 M budgeted for cleaning of rivers in Montagu. Project in progress.
6	Revise maintenance schedule for cemeteries to ensure that cemeteries are maintained	Plan developed or revised by July 2011	Annual schedule compiled	1	7	
7	Revise maintenance schedule for recreational areas to ensure that recreational areas are maintained	Revised schedule by July 2011	Annual schedule compiled	1	1	
8	Completion of the Thusong centre in Robertson by the end of June 2012	% completion	New KPI	100%	99%	Garages/Parking needs to be completed.
9	Disaster Management Plan reviewed by the end of December	Plan reviewed by the end of December 2012	Annually revised	100%	100%	Placed on website
10	Draft Law Enforcement strategy completed by June 2012	Strategy drafted by June 2012	Only law enforcement plan	100%	100%	
11	Review the Fire Protection Plan by the end of December 2012 to ensure effective fire brigade services	Plan reviewed by the end of December 2012	Annually revised	100%	100%	
12	Provide sport facilities to all communities in the municipal area	Percentage completion of the Zolani pavilion	New KPI	100%	100%	
13	Regular sport forum meetings to ensure effective functioning of sport forums	No of meetings per type of forum per annum	2	4	7	
14	Sport facilities is maintained measured by the % of the maintenance budget spent	% of budget spent	100%	100%	75.1%	The irrigation system in Nkqubela could not be done

Ref nr	KPI	Unit of Measurement	Baseline	Target	Actual	Departmental Corrective Measures
						due to lack of funding.
15	Effective waste management capital spending measured by the % of budget spent	% spent of approved waste management capital projects	95%	98%	99.10%	
16	Implementation of the Integrated Waste Management Plan measured by the quantity of waste recycled per annum	Tons of waste recycled per annum	2160	2,160	761.82	
17	Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	100%	100%	94.36%	
18	Roll-out of awareness campaigns to increase public awareness with regard to the recycling of waste to protect the environment	Number of campaigns	Annual awareness campaign	1	7	
19	Municipal buildings is maintained in terms of the maintenance budget for municipal buildings spent	% of maintenance budget spent	71%	98%	96%	
20	Revision of the business plan for the maintenance of municipal buildings by the end of March 2012	% revision of the plan	Existing business plan for the maintenance of municipal buildings	100%	100%	
21	Provision of free basic electricity in terms of the equitable share requirements	No of HH receiving free basic electricity	5278	6,000	7,017	
22	Provision of free basic electricity in terms of the equitable share requirements	Quantum of free basic electricity per household	50 kWh	50	50	
23	Provision of free basic refuse removal in terms of the equitable share requirements	No of HH receiving free basic refuse removal	5278	6,000	6,913	
24	Provision of free basic refuse removal in terms of the equitable share requirements	Quantum of free basic refuse removal per month per household	R 68	R 72	R 72	
25	Provision of free basic sanitation in terms of the equitable share requirements	No of HH receiving free basic sanitation	5500	6,000	6,902	
26	Provision of free basic sanitation in terms of the equitable share requirements	Quantum of free basic sanitation provided per hh	R 89	R 95	R 95	
27	Provision of free basic water in terms of the equitable share requirements	No of HH receiving free basic water	5278	6,000	6,811	
28	Quantum of free basic water per household in terms of the equitable share requirements	Quantum of free basic water provided per household	6kl	6	6	
29	Provision of electricity that are connected to the national grid to all formal areas	No of formal areas that meet agreed service standards	15114	15,114	15 375	More connections that we anticipated were done.
30	Provision of electricity that are connected to the national grid to all informal areas	No of formal areas that meet agreed service standards	220	220	230	

Ref nr	KPI	Unit of Measurement	Baseline	Target	Actual	Departmental Corrective Measures
31	All existing informal settlements is formalised and have access to basic services	% of informal settlements that meet the standards	Approved Human Settlement Strategy	100%	100%	
32	Provision of sanitation systems limited to domestic waste water and sewerage disposal to formal HH	No of formal HH that have at least VIP on site	14421	14,421	14 135	
33	Provision of sanitation systems limited to domestic waste water and sewerage disposal to informal HH	No of informal HH that have at least VIP on site	450	450	431	
34	Provision of cleaned piped water to all formal HH within 200m from the household	No of formal HH that meet agreed service standards for piped water	14211	14,211	14 371	.
35	Provision of cleaned piped water to all informal HH within 200m from the household	No of informal HH that meet agreed service standards for piped water	450	450	431	
36	Effective electricity capital spending measured by the % of budget spent	% spent of approved electricity capital projects	95%	95%	48.73%	The appointment of consultants for projects was delayed. Tender for consultants was re-advertised and will close on 10 August 2012
37	Effective management of electricity provisioning systems	% of electricity unaccounted for	7%	7%	8.28%	
38	Electricity assets is maintained in terms of the maintenance budget spent	% of maintenance budget of electricity spent	98%	98%	90%	Maintenance on Robertson Main Transformers were not awarded because it did not comply to legislation. Tender for one transformer was re-advertised and closed on 3 August 2012.
39	Electricity connections to provide electricity reticulation to new developments	No of new electricity connections	New KPI	220	0	No new developments
40	Implementation of Integrated Human Settlement Strategy measured by the number of houses completed by the end of June 2012	Number of houses completed	Approved Human Settlement Strategy	220	205	Outstanding documentation on subsidies were sent to Provincial DOH for approval so that houses can be handed over
41	To development a municipal housing policy	Approved housing policy by December 2011	Approved Human Settlement Strategy	1	0	Policy has been work shopped and drafted for approval.

Ref nr	KPI	Unit of Measurement	Baseline	Target	Actual	Departmental Corrective Measures
42	Effective municipal roads capital spending measured by the % of budget spent	% spent of approved roads capital projects	95%	95%	99.70%	
43	Maintenance of municipal roads	% of maintenance budget of municipal roads spent	100%	98%	72%	
44	Municipal roads is maintained measured by the kms/square meters of roads patched and resealed according to approved maintenance plan within available budget	Kms of roads patched and resealed	1.6 km	1.6	1.2km	
45	Provision of tar roads for existing gravel roads in the municipal area measured by the km's of gravel roads tarred	No of kilometers tarred	1685m	1.6	4,32km	4.32km were tarred.
46	Quality of waste water discharge measured by the % water quality level	% water quality level of waste water discharge	SABS Standards	100%	90%	
47	Effective management of water provisioning systems to limit unaccounted water	% of water unaccounted for	12%	12%	0%	
48	Effective water capital spending measured by the % of budget spent	% spent of approved water capital projects	95%	95%	68.74%	
49	New water connections to provide for potable water supply systems	No of new water connections per quarter	New KPI	220	149	
50	Water assets is maintained in terms of the maintenance budget spent	% of maintenance budget of water spent	98%	98%	98%	
51	Excellent water quality measured by the quality of water as per blue drop or SANS 241 criteria	% water quality level	95%	97%	89.1%	
52	No of water saving initiatives in terms of the Water Demand Management Plan implemented during the year	Number of initiatives	1	2	2	

LOCAL ECONOMIC DEVELOPMENT

The National Key Performance Area Local Economic Development is linked to the Municipal Key Performance Area Local Economic Development. The IDP Objective linked to Local Economic Development is Create a basis for Local Economic Development.

Ref	KPI	Unit of Measurement	Baseline	Annual Target	Actual	Corrective Measures
1	The number of jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created through EPWP projects	500	750	552	Departments will be encouraged to use more methods to create jobs through EPWP projects.
2	Development of a tourism strategy to create a basis for economic development	Approved tourism strategy by December 2011	No strategy in place	1	0	A request has been sent to WESGRO for comments.
3	Local Economic Development is driven by a strategy	Reviewed LED strategy approved by April 2012	LED approved in 2005	1	1	
4	No of initiatives implemented in terms of the approved LED strategy	No of initiatives	4	3	7	
5	To assign a percentage of the total allocated operational budget to SMME's to enhance economic development	% of total operational budget allocated assigned to SMME's	R5 million	20%	3.20%	<p>There is a problem in extracting this information by supply chain.</p> <p>Workshop to be held to inform SMME's and local suppliers regarding SCM processes and compliance issues</p>

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The National Key Performance Area Municipal Financial Viability and Management is linked to the Municipal Key Performance Area Sound Financial Management. The IDP Objective linked to Municipal Financial Viability and Management is Practice Sound Financial Management.

Ref	KPI	Unit of Measurement	Baseline	Annual Target	Actual	Departmental Corrective Measures
1	Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	1.4	0.2	2.3	
2	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	26.4	30.5	50.43	Coverage good
3	Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	0	0%	0%	
4	Improved revenue collection	% Debt recovery rate	97%	97%	92.09%	
5	Approved financial statements submitted by 31 August	Approved financial statements submitted	100%	100%	0%	The Annual Financial Statements were submitted to Council on 16 September 2011.
6	Compliance with GRAP 16, 17 & 102 to ensure effective asset management	0 findings in the audit report on non-compliance	Unqualified audit opinion for the 2009/10 financial year	0	0	
7	Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0 successful appeals	0	0	0	
8	Improvement in operational conditional grant spending measured by the % spent	% of the grant spent	100%	100%	100%	
9	No of Root causes of issues raised by AG in AG report of the previous financial year addressed to promote a clean audit	No of Root causes addressed	12 findings in die report	12	12	

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The National Key Performance Area Municipal Transformation and Institutional Transformation is linked to the Municipal Key Performance Area Transformation of the Administration. The IDP Objective linked to Municipal Transformation and Institutional Transformation is Organizational transformation and the development of the administration and strengthening of the corporate governance practices.

Ref	KPI	Unit of Measurement	Baseline	Annual Target	Actual	Departmental Corrective Measures
1	Targeted skills development measured by the implementation of the workplace skills plan	R-value of budget spent	R 800,000	R 1,000,000	R 516,392.55	Although the figure indicated R 1 000,000, there was only R 580 000 budgeted. Therefore 69.4% of the budget was spent.
2	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	Number of people employed	1	1	1	
3	Effective labour relations by facilitating regular LLF meetings per annum	No of meetings of the LLF per annum	3	4	3	
4	Revise identified HR policies by the end of June to ensure compliant and up to date HR policies	No of policies revised	2	2	12	
5	Implementation of skills development plan with targeted skills development	No of personnel actually trained/ No of personnel identified for training (%)	60%	70%	70%	
6	Institutional Performance management system in place and implemented up to first level of reporting	No of agreements signed	Only sec 57's	25	31	

GOOD GOVERNANCE & PUBLIC PARTICIPATION

The National Key Performance Area Good Governance and Public Participation is linked to the Municipal Key Performance Area Improvement of Communication and Stakeholder Management (IC). The IDP Objective linked to Good Governance and Public Participation is strengthening public confidence through effective stakeholder management.

Ref	KPI	Unit of Measurement	Baseline	Annual Target	Actual	Corrective Measures
1	Customer care survey conducted by the end of September to determine service delivery satisfaction	Percentage completion of the survey by the end of September	New KPI	100%	100%	
2	Develop an action plan by the end of June 2012 to address the matters identified in the customer care survey	Completion of the action plan by the end of June 2012	New KPI	100%	0%	Survey was done by CWDM and Province. Results are still awaited. The Action Plan will be done once results have been received.
3	The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February 2012	100%	100%	100%	
4	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of May 2012	100%	100%	100%	
5	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	100%	100%	100%	
6	Effective functioning of council measured in terms of the number of council meetings per annum	No of council meetings per annum	10	4	12	
7	Effective functioning of the committee system measured by the number of committee meetings per committee per quarter	No of sec 79 committee meetings per committee per annum	10	4	6	
8	Effective functioning of ward committees to ensure consistent and regular communication with residents	No of ward committee meetings per ward per annum	11	4	5	
9	Spatial development plan aligned with PSDF and PGDS	% alignment	100%	100%	70%	Due to lack of funds, the Plan cannot be completed and will only be done in

Ref	KPI	Unit of Measurement	Baseline	Annual Target	Actual	Corrective Measures
						the 2013/2014 FY.
10	Spatial Development Framework reviewed and submitted to PGWC by the end of December 2011	Reviewed and submitted to PGWC by the end of December	SDF has been submitted to PGWC but required adjustment	100%	70%	Due to lack of funds, the Project cannot be completed and will only be done in the 2013/2014 FY.
11	Integrated development planning measured by the alignment of the municipal spending with IDP	The percentage of a municipality's capital budget spent on capital projects identified in the IDP	100%	100%	83.42%	Outstanding invoices still to be calculated.
12	Annual report and oversight report of council submitted before the end of March 2012	Report submitted to Council	100%	100%	100%	
13	No of Section 57 performance agreements signed by the end of July	No of performance agreements signed	5	5	5	
14	Reviewed communication strategy approved by March 2012	Strategy approved by March 2012	Approved Communication Strategy	1	1	
15	The municipality comply with all the relevant legislation	0 findings in the audit report on non-compliance with laws and regulations	Unqualified audit opinion for the 2009/10 financial year	0	0	
16	Functional performance audit committee measured by the number of meetings per annum	No of meetings held	2	2	2	
17	Public participation on the IDP process to adhere to the requirements of the Municipal Systems Act	No public participation sessions per ward to ensure input of the community on the IDP	2	1	1	Municipal Manager: To be held during July 2012
18	Reviewing of the anti-corruption policy to ensure good governance	Reviewed anti-corruption policy approved by March 2012	Approved anti-corruption policy	1	1	

Ref	KPI	Unit of Measurement	Baseline	Annual Target	Actual	Corrective Measures
19	Risk based audit plan approved by the end of June	Plan approved	Audits are conducted based on the approved audit plan	100%	100%	
20	Development of the 3rd generation IDP and approved by the end of May	IDP approved by the end of May 2012	100%	100%	100%	
21	The IDP is comprehensive and include all community inputs	No of ward based development plans completed	10	12	12	

CHAPTER 3

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

- Recruitment and Selection
- Employee Wellness
- Vacancy Rate
- Employment Equity
- Skills Development
- Induction
- Human Resource Policies
- Personnel Expenditure
- Promotions
- Section 57 Bonuses
- Arrears owed to Council by Staff/Councilors/Directors and Managers
- Pension Funds
- Medical Aid Schemes
- Learnerships and Bursaries
- Total number of employees
- Staff Category per Directorate
- Labor Relations
- Occupational Health and Safety

GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS:

- Council Structure:
 - Mayoral Committee Members
 - Executive Management
 - Section 79 Portfolio Committees and Chairpersons
- Office of the Speaker:
 - Ward Committees
- Representative Forums:
 - Corporate Governance: Public Participation: Imbizos
 - Community Liaison Workers
 - Performance Management Committee
- Oversight Committee:
 - Internal Audit
 - By-Laws
 - Anti-Corruption and Anti-Fraud:
 - Website

Human Resources and Organisational Management

Personnel Services

Personnel Services form an integral part of the Corporate Services and Langeberg Municipality service delivery success. Operational efficiency and professionalism is of utmost importance on how the department is managed and functions. The department is responsible for the following key areas:

Recruitment and Selection:

During 2011/12 the department focused on turn-around time in recruitment and selection process and procedures. As such, an improvement in performance was notable, with **(98)** posts were advertised and of those **(87)** were filled in 2011/12. Of these appointments, **(80)** were candidates from within the Langeberg municipal area.

The breakdown and representation regarding the appointments are as follows:

Table: Recruitment and Selection

Category	Target 2009/10	Actual 2009/10	Target 2010/11	Actual 2010/11	Target 2011/12	Actual 2011/12
Coloreds	50%	51.5%	50%	66.6%	50%	64.4%
Africans	30%	34.7%	30%	25%	30%	26.4%
Whites	20%	13.8%	20%	8.4%	20%	9.2%
Employees with Disabilities	4%	1.9%	4%	0%	4%	3.4%

Table: New appointments per employment equity categories: 2011/2012

Directorate	African	Colored	Indian	White	Total	Female	Male
Infrastructure Development	6	19		5	30	6	24
Community Services	12	24			36	7	29
Chief Financial Officer	5	8		3	16	5	11
Corporate Services		2			2	1	1
Municipal Manager's Office		3			3	1	2
Total 2011/12:	23	56	0	8	87	20	67
Total 2010/11:	6	16	0	2	24	9	15
Total: 2009/10	35	52	0	14	101	28	73

Employee Wellness:

Langeberg municipality has created a comprehensive wellness programme unit to attend to the employees' social, mental, and physical health needs.

Some of the interventions by the department include;

- HIV Awareness programme, was attended by (311) employees
- Free Eye tests was attended by (289) employees
- Financial planning sessions was attended by 293 employees

Vacancy Rate:

The vacancy rate of increased to (6.6%) in 2011/12 financial year compared to 5.6% in 2010/11 and to 5.7% the previous financial year.

Table: Vacancies per Job Category 2011/12:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations
Infrastructure Development	20	3	3	5	8	1
Corporate Services	6	1	1	1		3
Chief Financial Officer	3		2	1		
Community Services	16	2	2	4	5	3
Municipal Manager's Office	3	1	1	1		
Total:2011/12	48	7	9	12	13	7
Total: 2010/11	57	5	4	10	14	24
Total: 2009/10	23	4	0	8	6	5

Employment Equity

The municipality Employment equity policy is designed to;

- To promote equal opportunities and fair treatment to all in the workplace by eliminating unfair discrimination; and
- To implement affirmative action measures to redress the disadvantages in employment experienced in the past by members from designated groups.

The municipality has consistently complied with legal requirement of preparing the employment equity plan and report in 2011/12. The employment equity plan was produced and the employment equity report on the (30 September 2011).

Table: Total employment equity statistics per directorate as at June 2012

Directorate	African	Colored	Indian	White	Total	Female	Male
Infrastructure Development	64	157		41	262	26	236
Community Services	88	172		24	284	93	191
Chief Financial Officer	18	31		16	65	33	32
Corporate Services	10	28		10	48	29	19
Municipal Manager's Office	3	5		7	15	9	6
Total: 2011/12	183	393	0	98	674	189	485
Total:2010/11	176	382	0	100	658	184	474
Total: 2009/10	186	396	0	101	683	182	501

Skills Development

The combined workplace skills plan (WSP) was compiled in (June 2012) and approved on (29 June 2012) as prescribed by legislation.

For the year under review, 2011/12, the Langeberg municipality trained (245) employees compared to 243 in 2010/11, 202 employees in 2009/10 and 229 employees in the 2008/2009 financial year.

There has been an increase in the total amount paid for the skills levy, with R 325 952.88 paid in 2011/12 compared to a total of R 1 038 741.39 in 2010/11 and R 759 897.70 the previous financial year.

Table: Training per Job Category:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations	Professionals
Infrastructure Development	97	4		17	30	46	
Corporate Services	4	1	1	1		1	
Chief Financial Officer	1		1				
Community Services	97	1	12	8	26	50	
Municipal Manager's Office	5	5					
Total:2011/12	204	11	14	26	56	97	0
Total:2010/11	243	0	69	7	76	84	7
Total: 2009/10	202	13	36	2	37	114	0
Total: 2008/09	229	11	61	10	10	137	0

MFMA COMPETENCIES

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

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, 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."

34 Employees were identified to obtain the abovementioned qualification and prescribed competencies. 14 Officials already completed the training, 4 are currently busy. 16 still have to do the training.

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

Financial Competency Development: Progress Report				
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))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	In process	1	In process
Senior managers	4	3	3	3
Any other financial officials	2	0	-	1 in process
Supply Chain Management Officials				
Heads of supply chain management units	1	1	-	1
Supply chain management senior managers	-	-	-	-
TOTAL	9	5	5	5

Skills Development Budget

Below is information indicating the quantum of municipal budget allocated to skills development and the percentage spent.

Financial Year	Budget	Expenditure	Percentage Spent
2011/2012	R 580 000.00	R 402 599.00	69.4
2010/2011	R58 0000.00	R407 786.22	70
2009/2010	R580 000.00	541587.87	93
2008/2009	580000.00	507926.00	88
2007/2008	580000.00	232147.00	45
2006/2007	490000.00	327906.00	67

Induction

All new appointments are taken through the induction process. This financial year, about (72) newly appointed employees went through a one-day induction course compared to Twenty one (21) in 2010/11 and compared to Eighty (80) employees in the previous financial year. The induction covered the following courses:

- All Human Resources processes and procedures
- All Labour relations processes and procedures
- Organization's mission and values
- Organizational structure
- Legislative environment
- Clean administration rules
- Training and development
- Safety in the workplace
- Work ethics
- Batho Pele Principles

Human Resources Policies:

These are the Human Resources policies implemented by the Langeberg Municipality:

- Employment equity
- Recruiting & selecting
- Private work
- Temporary workers
- Long service recognition
- Travel & subsistence allowance
- Smoking
- HIV/AIDS
- Payment of pro rata bonuses
- Traveling of personnel between towns – re-location allowance
- Exit interviews
- Induction
- Drug & alcohol abuse
- Payment policy
- Employee assistance program
- Retirement planning
- Incapacity – poor work performance
- Overtime
- Internal bursaries
- Mentoring policy
- Code of Conduct on Political Activities of Municipal Employees
- Policy on Motor Vehicle Traveling Allowance scheme

Personnel Expenditure:

Trends of Personnel Expenditure to Operating Expenditure.

Financial Year	Salaries	Expenditure	Percentage
2011/2012	R 113 904 176	405 569 148	28.09%
2010/2011	R109 961 174	342 486 975	32.10%
2009/2010	R95,449,951	301,614,167	31.65%
2008/2009	R77,273,859	243,160,641	31.78%
2007/2008	R69,212,825	194,122,257	35.65%
2006/2007	R58,212,401	179,078,541	32.51%

Promotions

Information on the number of employees promoted during the last financial year should be provided.

Directorate	Number of Promotions 2009/10	Number of Promotions 2010/11	Number of Promotions 2011/12
Infrastructure Development	14	1	8
Community Services	6	2	6
Chief Financial Officer	1	0	4
Corporate Services	0	0	0
Municipal Manager's Office	1	0	0
Total	22	3	18

Employees at the municipality do not get promoted automatically. All internal employees must apply for posts as they get advertised.

Section 57 Performance Bonuses:

The evaluation of performance for Section 57 managers forms the basis for rewarding outstanding performance. Performance bonuses were paid in line with the 2006 Regulations suggested calculator in terms of Local Government Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to the Municipal Managers of 2006.

Name	Designation	Bonus Amount 2008/9	Bonus Amount 2009/10	Bonus Amount 2010/11	Bonus Amount 2011/12
Mr. J. de K. Jooste	Infrastructure Development	R59 674.66	R58 164.84	R113 819.00	
Mr. M. J. Mhlom*	Community Services	R59 674.66	R58 164.84	R113 819.00	
Mr. C. F. Hoffmann	Chief Financial Officer	R59 674.66	R64 627.60	R113 819.00	
Mr. A. W. J. Everson	Corporate Services	R77 577.06	R64 627.60	R113 819.00	
Mr. S. A. Mokweni	Municipal Manager	R103 854.39	R104 440.31	R137 200.00	
Total Bonuses		R360 455.43	R350 025.19	R592 476.00	

Table: Arrears owed to Council by Staff/Council/Directors/Managers:

Category	Amount 2009/10	Amount 2010/11	Amount 2011/12
Councilor Consumer Account Arrears	R0.00	R37535.00	Recorded in the AFS
Councilor Arrear Arrangements	R0.00	R0.00	
Councilor Accounts in Disputes	R0.00	R0.00	
Staff Arrears (Directors & Managers)	R0.00	R0.00	
Other Staff	0.00	R132974.09 (R 66845 Landsales included)	

Note: Details are contained in the Financial Statements Chapter 4.

Pension Funds:

The following pension and/or retirement funds are used in the municipality:

- SALA Pension Fund
- Cape Retirement Fund
- Cape Joint Pension Fund
- SAMWU Provident Fund
- Municipal Councillors Pension Fund

Medical Aid Schemes:

Employees are able to choose from the following Medical Aid Funds:

- BONITAS
- HOSMED
- Key Health
- LA Health
- SAMWU Med

Learnerships and Bursaries:

Through Learnerships a total of (14) learners were recorded in 2011/2012 compare to 16 Learnerships recorded in 2010/11 and 27 recorded Learnerships in 2009/2010 financial year and 22 in 2008/2009 financial year.

The municipality granted (17) internal bursaries in 2011/12 financial year compared to 19 internal bursaries in 2010/11 and 25 internal bursaries 2009/10 and 20 in 2008/2009.

Bursaries per Directorate:

Directorate	Number of Beneficiaries 2009/10	Number of Beneficiaries 2010/11	Number of Beneficiaries 2012/12
Infrastructure Development	2	3	2
Community Services	12	2	4
Chief Financial Officer	6	8	6
Corporate Services	3	4	2
Municipal Manager's Office	2	2	3
Total	25	19	17

Number of Employees:

The following table reflects the number of staff per category for the last three financial years.

Category	No. of Employees (2008/09)	No. of Employees (2009/10)	No of Employees (2010/11)	No of Employees (2011/12)
Legislators, senior officials, and managers	34	36	36	34
Clerks	85	116	74	116
Technicians and associate professionals	107	92	119	72
Craft and related trade workers	115	123	149	156
Elementary occupations	309	316	280	296
Total:	650	683	658	674

Staff Category per Directorate:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations
Infrastructure Development	262	12	15	29	75	131
Corporate Services	48	5	18	4	5	16
Chief Financial Officer	65	3	40	14	8	0
Community Services	284	9	37	21	68	149
Municipal Manager's Office	15	5	6	4	0	0
Total:2011/2012	674	34	116	72	156	296
Total: 2010/11	658	36	119	74	149	280
Total: 2009/10	683	36	116	92	123	316

Labour Relations

The function of this department is to manage labour relations matters and to deal with occupational health and safety in the municipality.

Labour Relations issue	Number of Cases: 2009/10	Number of Cases: 2010/11	Number of Cases: 2011/12
Misconduct	82	89	101
Dismissals	13	6	12
Suspensions	9	4	6
Total Cases	104	109	119

Table: Incidents/accidents recorded and/or investigated during 2011/12 are as follows:

Directorate	Number of cases
Infrastructure Development	40
Community Services	45
Chief Financial Officer	2
Corporate Services	1
Office of the Municipal Manager	0
Total:2011/2012	88
Total: 2010/11	70
Total: 2009/10	56

Occupational Health and Safety:

Furthermore, the department is responsible to ensure that operations and activities within the municipality comply with the provisions of the Occupational Health and Safety Act, 1993, and the different regulations promulgated in terms of the said Act. To this end, a legal compliance risk audit and accompanying risk assessments have been conducted of all municipal buildings and facilities. In addition, safety inspections are regularly conducted in the various working areas within the municipality to take the necessary corrective action. Incident/accident investigations are conducted promptly in order to determine in respect of which activities work instructions and safety work procedures should be developed and implemented to prevent the reoccurrence of incidents in the workplace. Furthermore, health and safety committee meetings are arranged on a monthly basis to address all health and safety issues raised at such meetings.

Table: Incidents/accidents recorded and/or investigated during 2011/12 are as follows:

Directorate	Personal injury	Disease	Death
Infrastructure Development	40	0	0
Community Services	45	0	0
Chief Financial Officer	2	0	0
Corporate Services	1	0	0
Municipal Manager's Office	0	0	0
Total 2011/12	88	0	0
Total 2010/11	70	0	0
Total: 2009/10	56	0	0
Total: 2008/09	53	0	0

GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS:

This section of the annual report explains the framework of the institutional structures and resources that the Council established during the 2011/2012 financial year so as to implement its strategies.

Council Structure:

The relationship between the Council's different political structures is as follows:

Council Members:

	<u>RAADSLEDE/COUNCILLORS</u>		<u>POLITICAL PARTY</u>
1	JACOBUS DANIEL	BURGER	DA
2	NICOLIN PETER	CROUWCAMP	CI
3	TESHLE SYBIL	DE KOKER	DA
4	DANIELA	GAGIANO	DA
5	CHRISTOPHER JOHN	GROOTBOOM	PDM
6	DAVIN ADONIS	HULL	DA
7	DENDELIN BABARA	JANSE	DA
8	RACHEL	JOHNSON	ANC
9	RODGER RENIER	KORTJE	DA
10	KANYILE IVAN	KLAAS	COPE
11	JACQUES	KRIEL	DA
12	SPHIWO PETRUS	MAFILIKA	ANC
13	NTOMBOXOLO JULIA	MGOQI	ANC
14	ANNE NONTUTHUZELO	MHLAMBENI	ANC
15	WILFORD SEBENZILE	NYAMANA	ANC
16	ERIC MERVIAN JACOBUS	SCHEFFERS	DA
17	JUAN RENALDO O'DONOVAN	SWANEPOEL	WCC
18	EVA	TURNER	DA
19	SCHALK WILLEM	VAN EEDEN	DA
20	JACOBUS DANIEL FOURIE	VAN ZYL	DA
21	ERROL JUSTICE	VOLLENHOVEN	ANC
22	MXOLISI ERIC	ZWEDALA	ANC

Mayoral Committee Members & Mayco Structure:

1	Gagiano, D ; Executive Mayor	DA	PR 1
2	Klaas, K I ; Deputy Mayor	COPE	PR1
3	Scheffers, EMJ ; Member of Mayco	DA	Wyk 12
4	Crouwcamp, NP ; Member of Mayco	CI	PR 1
5	Van Eeden, SW ; Member of Mayco	DA	Wyk 8
6	Kortje, R R ; Member of Mayco	DA	Wyk 4

Executive Management:

The Executive Management team is the key force behind the achievement of the municipality's strategic goals. During 2011/2012 the administration implemented the macro design illustrated below.

Executive Management Organogram: (STRATEGIC MANAGEMENT TEAM)

Mr SA Mokweni	- Municipal Manager
Mr AWJ Everson	- Director Corporate Services
Mr CF Hoffmann	- Chief Financial Officer
Mr J de K Jooste	- Director Infrastructure Development
Mrs CO Matthys	- Acting Director Community Services (from 1 Dec 2011)
Mr. M. J. Mhlom	- Director Community Services (Resigned on 30 November 2011)

Section 79 Portfolio Committees and Chairpersons:

These were the portfolio committees and chairpersons during the past financial year.

Table 3.4 Portfolio Committees:

Committee	Chairperson
Corporate Services	Ald D Gagliano
Finance	Cllr E Scheffers
Infrastructure Development	Cllr S Van Eeden
Community Services	Cllr N Crouwcamp
Housing	Cllr R Kortjê
Planning & Urban Development	Cllr Kl Klaas

Portfolio Committee Meetings and Attendance 2011/12 and 2010/11:

Meetings	2010/11	% Attendance	2011/12	% Attendance
Portfolio Committee Meetings	37	78%	40	71%
Mayoral Committee Meetings	11	71%	12	96%
Special Mayoral Committee Meetings	0	---	---	0
Council Meetings	9	92%	11	92%
Special Council Meetings	5	88%	4	90%

Office of the Speaker:

Cllr DA Hull was the speaker of the council during 2011/12.

The function of the Speaker is to:

- Ensure that there is an attendance register at the constituents' meetings and that it is signed so as to monitor the election process.
- Explain the roles and responsibilities of ward committees and their members at the meeting.
- Explain the election process to the participants.
- Call for nominations for committee members and for seconders to sign the appropriate forms.
- Count the votes and announce the results.
- Ensure that the elected ward committee members are aware of their roles and responsibilities and appropriate forms are signed.

Ward Committees:

The council has **twelve (12)** wards and they are appointed for a period of **two (2)** years. Each ward committee has approximately ten members.

The role of the ward committees is:

- To recognise excellence in ward committees that go beyond their standards to ensure that the community's voice is heard.
- To improve and encourage the commitment of ward committee members.
- To measure the extent of functionality and overall community participation in matters of local government.
- To encourage and enable ward committees to learn from each other so as to raise the overall standards.

Ward based Plans **were conducted** in all 12 wards during October/November 2011. A total of 12 meetings in 2011/12 financial year compared to 23 ward community meetings were held during the 2010/2011 and to *20 ward community meetings in the 2009/2010 financial year.*

Table: Ward Committees, Chairperson, number of Meetings

WARD COMMITTEE	CHAIRPERSON	Number of Meetings
Ward 1, Robertson	Cllr JD Burger	9
Ward 2, Robertson (Nkqubela)	Cllr SP Mafilika	9
Ward 3, Robertson	Cllr E Turner	9
Ward 4, Bonnievale (Happy Valley)	Cllr RR Kortjé	9
Ward 5, McGregor	Cllr DA Hull	9
Ward 6, Robertson	Cllr DB Janse	9
Ward 7, Montagu	Cllr J Kriel	9
Ward 8, Bonnievale	Cllr SW van Eeden	9
Ward 9, Ashton	Cllr TS de Koker	9
Ward 10, Ashton (Zolani)	Cllr EM Zwedala	9
Ward 11, Ashton (Rural)	Cllr JDF van Zyl	9
Ward 12, Montagu	Cllr EMJ Scheffers	9

Table: Ward Committee Meetings:

Wyke /Ward	Datum/Date	Lokaal/Venue	Tyd/Time	Personneel /Personnel
1 & 3 & 6	19 Nov 2011	City Hall, Robertson	07h30 – 14h00	A Bronn, O Richards-Liemens, J Jansen, J Coetzee
2	22 Nov 2011	Nkqubela Community Centre	16h30 – 21h30	A Bronn, N Fikizolo
4	29 Oct 2011	Chris van Zyl Hall, Bonnievale	07h30 – 14h00	A Bronn, J Coetzee, L Khala
5	26 Nov 2011	McGregor Community Hall	08h00 – 14h00	J Coetzee, J Jansen
7	14 Nov 2011	Hofmeyr Hall, Montagu	16h30 – 21h30	J Coetzee, C Swanepoel
8	14 Nov 2011	Library Hall, Bonnievale	16h30 – 21h30	A Bronn, L Khala
9 & 11	22 Nov 2011	Ashton Town Hall	16h30 – 21h30	A Bronn, J Coetzee, L Jansen, O Richards-Liemens
10	5 Nov 2011	Zolan Civic Centre	07h30 – 14h00	A Bronn, N Fikizolo
12	26 Nov 2011	Kabouterland Creche, Montagu	07h30 – 14h00	A Bronn, C Swanepoel

Representative Forums:

Name of the Forum	Councilor
Economic Development	Cllr RR Kortjè
Governance and Intergovernmental Relations	Cllr DA Hull
Human Resources Management	Cllr DB Janse
Municipal Finance	Cllr EMJ Scheffers
Municipal Services	Cllr TS de Koker
Social Development	Cllr E Turner

Corporate Governance: Public Participation: Imbizos**Municipal Imbizo`s:**

During the month of 2011/12, IDP and Budgeting processes information and consultative meetings were held in all ten wards. All the interested organisations and the individuals of all sectors were invited to attend the scheduled meetings per ward. The 2011/2012 financial year Imbizo's is outlined below:

Table: IDP IMBIZO`S:

DATE/DATUM	TOWN/DORP	VENUE / PLEK	TIME/TYD
Tuesday, 5 October 2010	ROBERTSON Ward/Wyk 1 & 3	COMMUNITY HALL GEMEENSKAPSAAL	18H00
Wednesday, 6 October 2010	ZOLANI Ward/Wyk 10	COMMUNITY HALL GEMEENSKAPSAAL	18H00
Thursday, 7 October 2010	MONTAGU Ward/Wyk 6 & 7	COMMUNITY HALL GEMEENSKAPSAAL WILLEM THYS	18H00
Monday, 11 October 2010	ASHTON Ward/Wyk 9	BARNARD HALL/SAAL	18H00
Tuesday, 12 October 2010	NKQUBELA Ward/Wyk 2	COMMUNITY HALL GEMEENSKAPSAAL	18H00
Thursday, 14 October 2010	BONNIEVALE Ward/Wyk 4 & 8	HAPPY VALLEY COMMUNITY HALL	18H00
Monday, 18 October 2010	McGREGOR Ward/Wyk 5	COMMUNITY HALL GEMEENSKAPSAAL	18H00
Tuesday, 19 October 2010	McGREGOR Ward/Wyk 5	Venue to be announced/Plek sal aangekondig word (Rural Area/ Landelike Area)	18H00

Community Liaison Workers:

Roles of the CLWs

The Langeberg Municipality has embraced the use of effective CLWs to strengthen participative democracy in the municipality.

Table: CLWs and ward allocations.

Name and Surname	Town/Area	Ward Deployed
Ms.Octavia Richards Liemens	Robertson	1, 3 & 5
Ms.Lindiwe Kahla	Bonnievale	4 & 8
Ms. Nandipha Fikizolo	Zolani and Nkquebela	10
Mr. Johannes Jansen	McGregor	2 & 6
Ms.Charmain Swanepoel	Montagu	7 & 12
Ms. Lucrecia Jansen	Ashton	9 & 11

Performance Management Committee

The Municipal Systems Act 32 of 2000 requires the Langeberg Municipality to establish a performance management system that is commensurate with its resources; best suited to its circumstances; and in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

The purpose of linking performance to financial reward is to focus the executive management on the successful implementation of the Municipal Integrated Development Plan (IDP) and to increase overall organizational motivation and efficiency. The system is designed to reward superior performance.

For purposes of evaluating the performance of the employee, an evaluation panel constituted of the following persons was established in terms of section 6.6 of the performance agreement –

- Mr SA Mokweni, Municipal Manager
- Alderman D Gagiano Executive Mayor
- Councillors attending the evaluations for the portfolio's they represent.
- Mr M Mgajo, Municipal Manager from Cape Winelands
- Dr B Van Rensburg, Member of the Audit Committee
- Dr G Joubert, Member of the Community for the Municipal Manager

The annual performance evaluations were conducted on 28 October 2011. Accordingly, the table below depicts the results of the evaluations and the recommended bonuses to be paid against the assessment results. These are submitted for Council approval.

Oversight Committee:

MFMA Circular Number 32 recommends the establishment of an oversight committee for the detailed analysis and review of the annual report(s), following their tabling in Council, receiving and reviewing representations made by the public, inputs from other councillors and Council Portfolio Committees and then drafting an oversight report that may be taken to the full Council for discussion.

In terms of MFMA Circular Number 32, in order to approve the Annual Report without reservations, the Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the

municipality in the financial year reported upon. Approval means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable in the community.

The oversight committee convened on the 6 December 2011 to discuss the draft Annual report and the following were raised:

- a) Statistical information on Injuries and deaths in the workplace should be included the human resource section of the Annual report. This information will be collected and included in the next annual report.
- b) Draft Annual report should also be referred to the different Ward Committees through the ward councillor.
- c) The Annual report should be published in Afrikaans.
- d) The Oversight Committee reconvened on 12 March 2012 to discuss the Draft Annual Report and requested that the annual report be produced in a simpler format.

Oversight Committee Members:

- a) Cllr J Burger
- b) Cllr D September
- c) Cllr S Nyamana

Internal Audit

Langeberg Municipality's Audit Committee was established on 1 August 2006 and members were appointed for a period of 3 years under the terms of Section 166 (1) of Act 56 of 2003 – Local Government: Municipal Finance Management Act, 2003.

The Audit Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.

During 2011/2012 the Audit Committee had (3) members. The Committee convened **6 meetings** in this financial year compared to (4) meetings in 2010/11 and compared to 5 meetings in 2009/10 financial year.

Table: Audit Committee Members and Attendance:

Audit Committee Members	Number of Meetings: 2010/11	Committee Member Attendance	Number of Meetings: 2011/12	Committee Member Attendance
Dr B van Rensburg Chairperson:	4	4	6	6
Mr P Dreyer,	4	4	6	5
Mr JJ Mostert,	4	3	6	6

BYLAWS

The following bylaws were adopted:

- A 2645 of 28 March 2012 RAFT BY-LAW ON LIQUOR TRADING DAYS AND HOURS: LANGEBERG MUNICIPALITY (15/1/B) (ASSISTANT TOWN AND REGIONAL PLANNER)

The following bylaws were reviewed and amended:

- A 2692 of 29 May 2012 REVISION (CORRECTION) TO THE BY-LAW RELATING TO THE CONTROL OF CEMETERIES, SECTION 4(2)(B) (PROVINCIAL GAZETTE NO 6535) (16/6 B) (MANAGER: ENVIRONMENTAL SERVICES)

Anti-Corruption and Anti-Fraud:

The municipality does not have a dedicated or responsible person for anti-corruption and fraud prevention, however the Executive Management Team collectively take responsibility for the function.

The Council has approved a Fraud Prevention Plan. Workshops were held on 29 and 30 June 2010 by the department: Cooperative Governance and Traditional Affairs with the Municipal Manager, Directors and Managers in relation to the implementation of Fraud Prevention Plans.

It can be mentioned that the following are done to prevent fraud:

- (a) Setting an ethical culture.
- (b) Provide training to employees.
- (c) Put policies and procedures in place (for example the Disciplinary Code and Supply Chain Management Policy).
- (d) Provide physical security for buildings.
- (e) Carry out employee vetting before employees are appointed.

The following are being done to detect fraud:

- (a) An internal audit unit has been established.
- (b) Management take steps against fraudulent actions.
- (c) Risks have been identified by Directors and the Internal Audit department.
- (d) An audit committee has been established and it has approved the internal audit plan.

Website:

The Municipal website is updated on a daily basis. All current event news articles, as well as required legislative documents, including budgets, tenders and vacancies are updated on the website daily. Around 2600 unique users visit the municipal website on a monthly basis.



LANGEBERG

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[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2012

LANGEBERG MUNICIPALITY

INDEX

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report from the Chief Financial Officer	3
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes In Net Assets	8
Cash Flow Statement	9
Accounting Policies	10 - 31
Notes to the Financial Statements	32 - 69
 APPENDICES - Unaudited	
A Schedule of External Loans	70
B Segmental Statement of Financial Performance - Municipal Votes	71
C Segmental Statement of Financial Performance	72
D Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, Act 56 of 2003	73

LANEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg 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

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

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas:

Ashton
Bonnievale
McGregor
Montagu
Robertson

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

CF Hoffman

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA; PO Box 4453; Tygervally; 7536

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
Infrastructure Grants
SALBC Leave Regulations

LANGEBERG MUNICIPALITY

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

Gagiano, D	Executive Mayor	DA	Proportional
Hull, D A	Speaker	DA	Ward
Klaas, K L	Deputy Mayor	COPE	Proportional
Van Eeden, SW	Member of Mayoral Committee	DA	Ward
Scheffers, EMJ	Member of Mayoral Committee	DA	Ward
Crouwcamp, NP	Member of Mayoral Committee	CI	Proportional
Burger, J D	Ordinary Councillor	DA	Ward
De Koker, T S	Ordinary Councillor	DA	Ward
Janse, D B	Ordinary Councillor	DA	Ward
Kortje, R R	Ordinary Councillor	DA	Ward
Kriel, J	Ordinary Councillor	DA	Ward
Mafilika, S P	Ordinary Councillor	ANC	Ward
Turner, E	Ordinary Councillor	DA	Ward
Van Zyl, J D F	Ordinary Councillor	DA	Ward
Zwedala, E M	Ordinary Councillor	ANC	Ward
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Johnson, R	Ordinary Councillor	ANC	Proportional
Mgoqi, N J	Ordinary Councillor	ANC	Proportional
Mhlambeni, A N	Ordinary Councillor	ANC	Proportional
Nyamana, W S	Ordinary Councillor	ANC	Proportional
September, D J	Ordinary Councillor	CI	Proportional
Swanepoel, J R O	Ordinary Councillor	WCC	Proportional
Vollenhoven, E J	Ordinary Councillor	ANC	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.


SA Mokweni

Municipal Manager

2012/08/31
Date

LANEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANE BERG MUNICIPALITY for the fiscal year 2011/2012

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Langeberg Municipality is now compliant with the requirements of GRAP. It has been a long, difficult and very expensive process.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom price increases continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 June 2012	30 June 2011
Surplus / (Deficit) for the year before Appropriations	5 162 235	9 272 236
Accumulated Surplus / (Deficit) at the end of the Year	387 184 646	427 022 411
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	28.52%	30.02%
Remuneration of Councillors	1.68%	1.56%
Debt Impairment	1.18%	2.41%
Depreciation and Amortisation	4.86%	4.19%
Collection costs	0.25%	0.27%
Impairments	0.99%	0.00%
Repairs and Maintenance	3.13%	3.03%
Actuarial losses	0.82%	0.40%
Unamortised Discount - Interest paid	0.03%	0.04%
Finance Charges	1.89%	2.18%
Bulk Purchases	42.04%	37.94%
Contracted services	0.29%	0.41%
Grants and Subsidies	0.02%	0.00%
Stock Adjustments	0.05%	0.00%
Operating Grant Expenditure	4.86%	7.80%
General Expenses	9.37%	9.37%
Loss on disposal of Property, Plant and Equipment	0.01%	0.38%

One indicator needing comment is that of repairs and maintenance. In recent years there has been made much comments as to how low this ratio is. It should be noted that the ratio improvement has been achieved despite the massive increases in Eskom charges.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2012 are as follows:

DETAILS	Actual 2011/2012 R	Actual 2010/2011 R	Percentage Variance %	Budgeted 2011/2012 R	Variance actual/ budgeted %
Opening surplus / (deficit)	417 043 449	416 723 175	0.08%	-	-
Operating income for the year (incl. gains in disposal of assets)	386 431 916	346 807 484	11.43%	406 252 908	-4.88%
Appropriations for the year	526 492	(8 951 962)	0.00%	-	-
	804 001 856	754 578 697	6.55%	406 252 908	97.91%
Expenditure:					
Operating expenditure for the year	381 269 680	337 535 248	12.96%	405 569 148	-5.99%
Closing surplus / (deficit)	422 732 176	417 043 449			
	804 001 856	754 578 697	6.55%	405 569 148	98.24%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 38 663 102 , and in percentage terms amounts to 75% of budget. Full details of Property, Plant and Equipment are disclosed in note number 45.3 to the Annual Financial Statements.

The capital expenditure of R 38 663 102 (2011/12) was financed as follows:

DETAILS	Actual 2011/2012 R	Budgeted 2011/2012 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	22 568 485	28 069 073	-24%	58.37%
External Loans				0.00%
Grants and Subsidies	16 094 617	23 670 404	-47%	41.63%
Leased Assets				0.00%
	38 663 102	51 739 477		100.00%

5. LONG-TERM LIABILITIES

	2012 R	2011 R
The outstanding amount of Long-term Liabilities as at 30 June was :	38 495 587	41 629 585

No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.

- -

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	45 890 807	38 531 287
Provision for Post Retirement Benefits	36 939 296	30 851 800
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	5 096 187	4 258 046
Provision for Rehabilitation of Landfill-sites	3 855 324	3 421 441
Provision for Clearing of Alien Vegetation	-	-
	45 890 807	38 531 287

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	6 079 482	5 571 077
Current Employee benefits	Note number 7	11 605 420	10 999 154
Provisions	Note number 8	2 555 348	2 193 991
Payables from exchange transactions	Note number 9	34 080 545	38 325 430
Unspent Conditional Government Grants and Receipts	Note number 10	6 989 484	8 463 004
Unspent Public Contributions	Note number 11	62 849	62 849
Taxes	Note number 12.1	842 932	3 538 272
Current Portion of Long-term Liabilities	Note number 3	3 481 454	3 390 561
		65 697 515	72 544 338

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	516 048	861 642
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	424 544 371	407 646 886
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Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	70 000 000	70 000 000
Listed Investment	9 653	7 441
Unlisted Investments	41 896	48 914
	70 051 549	70 056 355

Refer to Note number 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 18 for more detail.

2 371 861	2 497 727
------------------	------------------

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	13 179 204	25 447 527
Receivables from exchange transactions	Note number 21	28 483 006	13 956 789
Receivables from non-exchange transactions	Note number 22	3 962 306	3 532 652
Unpaid Conditional Government Grants and Receipts	Note number 10	0	3 304 716
Operating Lease Asset	Note number 23	36 919	32 641
Taxes	Note number 12	-	-
Current Portion of Long-term Receivables	Note number 18	2 167 412	1 209 421
Cash and Cash Equivalents	Note number 24	73 915 183	88 069 364
		121 744 030	135 553 110

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes number 10 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 50.

15. DISCLOSURE ISSUES

Please refer to note number 46 to 54.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.



Mr C F Hoffman
CHIEF FINANCIAL OFFICER

31 August 2012

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2 012 R	2011 R
NET ASSETS AND LIABILITIES			
Net Assets		432 184 646	427 022 411
Capital Replacement Reserve	2	45 000 000	45 526 492
Accumulated Surplus/(Deficit)		387 184 646	381 495 919
Non-Current Liabilities		80 024 559	75 820 495
Long-term Liabilities	3	34 133 753	37 289 208
Employee benefits	4	42 035 483	35 109 846
Non-Current Provisions	5	3 855 324	3 421 441
Current Liabilities		65 697 515	72 544 338
Consumer Deposits	6	6 079 482	5 571 077
Current Employee benefits	7	11 605 420	10 999 154
Provisions	8	2 555 348	2 193 991
Payables from exchange transactions	9	34 080 545	38 325 430
Unspent Conditional Government Grants and Receipts	10	6 989 484	8 463 004
Unspent Public Contributions	11	62 849	62 849
Taxes	12.3	842 932	3 538 272
Current Portion of Long-term Liabilities	3	3 481 454	3 390 561
Total Net Assets and Liabilities		577 906 720	575 387 244
ASSETS			
Non-Current Assets		454 698 350	438 705 794
Property, Plant and Equipment	13	424 544 371	407 646 886
Investment Property	14	27 014 467	27 347 336
Intangible Assets	15	516 048	861 642
Capitalised Restoration cost	16	200 054	295 847
Non-Current Investments	17	51 549	56 355
Long-Term Receivables	18	2 371 861	2 497 727
Non-Current Assets held for sale	19	1 464 340	1 128 340
Current Assets		121 744 030	135 553 110
Inventory	20	13 179 204	25 447 527
Receivables from exchange transactions	21	28 483 006	13 956 789
Receivables from non-exchange transactions	22	3 962 306	3 532 652
Unpaid Conditional Government Grants and Receipts	10	0	3 304 716
Operating Lease Asset	23	36 919	32 641
Current Portion of Long-term Receivables	18	2 167 412	1 209 421
Cash and Cash Equivalents	24	73 915 183	88 069 364
Total Assets		577 906 720	575 387 244

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011	2011	2011
	Notes	Actual	Restated	Correction of Error Refer Note 39	Previously reported
		R	R	R	R
REVENUE					
Revenue from Non-exchange Transactions		105 889 939	107 637 183	(2 304 747)	109 941 930
Taxation Revenue		27 949 649	23 826 569	-	23 826 569
Property rates	25	27 949 649	23 826 569	-	23 826 569
Transfer Revenue		76 105 029	81 420 886	(2 304 747)	83 725 633
Government Grants and Subsidies - Capital	26	16 274 360	17 256 275	(1 450 209)	18 706 484
Government Grants and Subsidies - Operating	26	59 710 669	63 750 871	(854 538)	64 605 409
Public Contributions and Donations		120 000	413 740	-	413 740
Other Revenue		1 835 260	2 389 729	-	2 389 729
Gain on Foreign Exchange transaction		-	4 523	-	4 523
Fines		1 835 260	2 385 206	-	2 385 206
Revenue from Exchange Transactions		280 541 977	239 170 301	(773)	239 171 074
Service Charges	27	253 122 168	217 749 166	-	217 749 166
Rental of Facilities and Equipment		1 658 546	1 569 340	350	1 568 990
Interest Earned - external investments		5 042 189	4 866 923	-	4 866 923
Interest Earned - outstanding debtors		1 513 318	1 332 092	-	1 332 092
Licences and Permits		1 261 437	1 111 859	-	1 111 859
Agency Services		1 814 479	1 562 916	-	1 562 916
Other Income	28	16 077 183	10 764 294	(1 123)	10 765 417
Unamortised Discount - Interest		52 658	45 057	-	45 057
Gain on disposal of Property, Plant and Equipment		-	168 655	-	168 655
Total Revenue		386 431 916	346 807 484	(2 305 521)	349 113 005
EXPENDITURE					
Employee related costs	29	108 728 890	101 329 299	(269 153)	101 598 452
Remuneration of Councillors	30	6 420 162	5 263 028	-	5 263 028
Debt Impairment	31	4 511 537	8 138 883	3 164 238	4 974 645
Depreciation and Amortisation	32	18 513 415	14 152 895	(299 065)	14 451 960
Collection costs		959 455	916 446	-	916 446
Impairments		3 770 043	-	-	-
Repairs and Maintenance		11 920 235	10 240 030	(303 391)	10 543 421
Actuarial losses	4	3 122 234	1 336 500	-	1 336 500
Unamortised Discount - Interest paid		122 093	126 286	-	126 286
Finance Charges	34	7 215 421	7 345 439	(574 740)	7 920 178
Bulk Purchases	35	160 291 452	128 060 590	-	128 060 590
Contracted services		1 105 252	1 379 492	-	1 379 492
Grants and Subsidies	36	73 500	-	-	-
Stock Adjustments		184 451	-	-	-
Operating Grant Expenditure		18 547 031	26 331 177	7 556 846	18 774 331
General Expenses	37	35 732 422	31 642 086	209 775	31 432 311
Loss on disposal of Property, Plant and Equipment		47 282	1 266 504	-	1 266 504
Fair Value Adjustments		4 807	6 593	6 593	-
Total Expenditure		381 269 680	337 535 248	9 491 103	328 044 145
NET SURPLUS/(DEFICIT) FOR THE YEAR		5 162 235	9 272 236	(11 796 624)	21 068 860

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2010	36 340 353	357 796 210	394 136 563
Correction of error on CRR (Refer Note 39)	(792 823)	792 823	-
Correction of error (Refer Note 39)		22 586 612	22 586 612
Restated balance at 01 JULY 2010	35 547 530	381 175 645	416 723 175
Net Surplus for the year	-	9 272 236	9 272 236
Transfer to/from CRR	36 192 214	(36 192 214)	-
Property, Plant and Equipment purchased	(43 324 632)	43 324 632	-
Correction of error (Refer Note 39)		1 027 000	1 027 000
Correction of error on CRR (Refer Note 39)	17 111 380	(17 111 380)	-
Balance at 30 JUNE 2011	45 526 492	381 495 919	427 022 411
Net Surplus for the year		5 162 235	5 162 235
Transfer to/from CRR	22 041 993	(22 041 993)	-
Property, Plant and Equipment purchased	(22 568 485)	22 568 485	-
Balance at 30 JUNE 2012	45 000 000	387 184 646	432 184 646

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

		30 JUNE 2012	30 JUNE 2011 Restated Correction of Error Refer Note 39
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		284 387 922	259 259 442
Government - operating		56 507 226	74 359 949
Government - capital		21 309 000	11 546 126
Interest		6 555 507	6 199 015
Payments			
Suppliers and employees		(335 190 227)	(286 322 294)
Finance charges	34	(7 215 421)	(7 345 439)
Transfers and Grants			-
Cash generated by operations	40	26 354 007	57 696 800
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(38 289 937)	(42 327 937)
Proceeds on Disposals		73 187	215 898
Purchase of Intangible Assets	15	(373 165)	(499 214)
Decrease/(Increase) in Long-term Receivables	18	673 165	(1 705 671)
Decrease/(Increase) in Non-current Investments	17	4 807	6 593
Net Cash from Investing Activities		(37 911 943)	(44 310 331)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(3 104 650)	(3 228 264)
New loans raised		-	-
(Decrease)/Increase in Consumer Deposits		508 405	628 867
Net Cash from Financing Activities		(2 596 245)	(2 599 397)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		(14 154 181)	10 787 073
Cash and Cash Equivalents at the beginning of the year		88 069 364	77 282 291
Cash and Cash Equivalents at the end of the year	41	73 915 183	88 069 364
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(14 154 181)	10 787 073

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1*	Presentation of Financial Statements
GRAP 2*	Cash Flow Statements
GRAP 3*	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4*	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9*	Revenue from Exchange Transactions
GRAP 10*	Financial Reporting in Hyperinflationary Economics
GRAP 11*	Construction Contracts
GRAP 12*	Inventories
GRAP 13*	Leases
GRAP 14*	Events after the Reporting Date
GRAP 16*	Investment Property
GRAP 17*	Property, Plant and Equipment
GRAP 19*	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100*	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

*The Municipality resolved to early adopt the revised GRAP standards which have been issued but are not effective yet.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 21	Impairment of Non-Cash-Generating Assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of Cash-Generating Assets	1 April 2012
GRAP 104	Financial Instruments	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown

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

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

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

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

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. 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

As noted below, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 11 to 14 have been disclosed in the financial statements.

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

1.5. 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. In general, materiality is determined as 1% of total expenditure.

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

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

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	Heritage Assets No adjustments will be necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

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

1.7. RESERVES

1.7.1 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 / (deficit) 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 / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1 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 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 or intangibles. 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 derecognition 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.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.8.2 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 derecognition 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 rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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 the public.

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. 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 Economic Entity 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.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits 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. 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 (for example in the case of obligations for the rehabilitation of land).

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) 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 shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. 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 shall be reversed.

1.12. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to 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 fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

(b) 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 periodically 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 charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(d) Accrued Leave Pay

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

(e) Staff Bonuses

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.

(f) Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity 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 charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

defined contribution plans. 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 charged against income 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. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

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. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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 impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 associated with the asset.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	15
		Quarries	25
		Computer equipment	2-20
<u>Community</u>			
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<u>Finance lease assets</u>			
Office equipment	2-22		
Other assets	2-22		

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 charged to 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 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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 Capitalised Restoration Cost

The Municipality treat the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.14.1 to 1.14.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets.

1.15. INTANGIBLE ASSETS

1.15.1 Initial Recognition

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity 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 entity 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; and
- it is probable that the municipality will receive future economic benefits or service potential.

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 was 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 impairments. 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.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.15.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives

are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	2-7
Computer Software Licenses	2-7

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 sales 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 depreciation 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 shall be 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 entity, and
- the cost or fair value of the investment property can be measured reliably.

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

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

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. The cost of self-constructed investment property is the cost at date of completion.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

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 sales 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. NON-CURRENT ASSETS HELD FOR SALE

1.17.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.17.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

An asset's recoverable amount is the higher of an asset's or cash-generating units (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.

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 cash-generating unit'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.

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 recorded 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:

- *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

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

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. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and 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 period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to 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. INVENTORIES

1.20.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

1.20.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

1.21.1 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

1.21.2 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, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

1.21.2.3 Trade and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, 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.

1.21.2.4 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: other financial liabilities carried at amortised cost.

1.21.3 ***De-recognition of Financial Instruments***

1.21.3.1 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.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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, 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.

1.21.3.2 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.

1.21.4 *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

1.22. 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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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

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

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 shall be 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.

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/ goods sold, the value of which approximates the consideration received or receivable.

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. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

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

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

Interest revenue is recognised using the effective interest rate method.

LANEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

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

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 shall be 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 entity 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 entity.

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; or
- 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.

1.22.3 Grants, Transfers and Donations (Non-Exchange Revenue)

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 raised 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.

1.23. RELATED PARTIES

LANEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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 in the Statement of Financial Performance and where 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 in the Statement of Financial Performance and where 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES

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 entity. A contingent liability could also be a present obligation that arises from past events,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per

the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities 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. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

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

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.

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.

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.

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.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

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.

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.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.30. TAXES – VALUE ADDED TAX

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

1.31. AMENDED DISCLOSURE POLICY

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

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2	NET ASSET RESERVES	2012 R	2011 R
	Capital Replacement Reserve	45 000 000	45 526 492
	Total Net Asset Reserves	45 000 000	45 526 492
	Balance previously reported		29 207 935
	Change in accounting policy reserves no longer in policy - Refer to note 39.1		16 318 557
			45 526 492

3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	38 483 299	41 553 146
	Capitalised Lease Liability - At amortised cost	12 288	76 440
		38 495 587	41 629 585
	Current Portion transferred to Current Liabilities	3 481 454	3 390 561
	Annuity Loans - At amortised cost	3 469 166	3 326 410
	Capitalised Lease Liability - At amortised cost	12 288	64 151
		35 014 133	38 239 024
	Unamortised charges on loans	(880 380)	(949 816)
	Balance 1 July	949 816	1 031 045
	Adjustment for the period	(69 436)	(81 229)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	34 133 753	37 289 208
	Balance previously reported (Note 3 and 4)		37 327 237
	Correction of error on loan balances - Refer to note 39.2		(343)
	Correction of error on loan balances - Refer to note 39.2		(37 686)
			37 289 208

Refer below for maturity dates of long term liabilities

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	7 041 835	6 980 545
Payable within two to five years	24 771 975	25 972 874
Payable after five years	28 717 232	34 772 135
	60 531 042	67 725 555
Less: Future finance obligations	(22 047 743)	(26 172 409)
Present value of annuity obligations	38 483 299	41 553 146

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2027.

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	32 061	67 442
Payable within two to five years	25 870	12 860
Payable after five years	-	-
	57 931	80 302
Less: Future finance obligations	(45 643)	(3 862)
Present value of lease obligations	12 288	76 440

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
Minolco	Minolta B211 - 4107719	18%	0%	36 months	2011/08/31
Minolco	Minolta B350 - 21216750	7%	0%	36 months	2011/08/31
Minolco	Minolta B350 - 21216757	7%	0%	36 months	2011/08/31
Minolco	Minolta B350 - 21216775	7%	0%	36 months	2011/08/31
Minolco	Minolta B350 - 21216779	7%	0%	36 months	2011/09/30
Minolco	Minolta B350 - 21216816	9%	0%	36 months	2011/08/31
Minolco	Minolta B350 - 21219171	9%	0%	36 months	2012/01/31
Minolco	Minolta B920 - 57GL00831	16%	0%	36 months	2011/08/31
Minolco	MINOLTA C253 - E041003232	25%	0%	36 months	2011/10/31
Nashua Western Cape	MP171SPFCHN-V4499204844	10%	0%	36 months	2013/02/28
Nashua Western Cape	MP171SPFCHN-V4499204836	10%	0%	36 months	2013/02/28
Nashua Western Cape	MP1600SPFRA-L6806360527	10%	0%	36 months	2013/06/30

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4	EMPLOYEE BENEFITS	2012 R	2011 R
	Post Retirement Benefits - Refer to Note 4.1	36 939 296	30 851 800
	Long Service Awards - Refer to Note 4.2	5 096 187	4 258 046
	Total Non-current Employee Benefit Liabilities	42 035 483	35 109 846
	<u>Post Retirement Benefits</u>	2012 R	2011 R
	Balance 1 July	31 814 008	28 165 670
	Contribution for the year	1 792 516	1 412 903
	Interest Cost	2 719 881	2 554 745
	Expenditure for the year	(918 132)	(939 241)
	Actuarial Loss	2 685 627	619 931
	Total post retirement benefits 30 June	38 093 900	31 814 008
	Less: Transfer of Current Portion - Note 7	(1 154 604)	(962 208)
	Balance 30 June	36 939 296	30 851 800
	<u>Long Service Awards</u>		
	Balance 1 July	4 853 520	4 016 492
	Contribution for the year	617 827	495 974
	Interest Cost	354 111	342 126
	Expenditure for the year	(753 848)	(717 641)
	Actuarial Loss	436 607	716 569
	Total long service 30 June	5 508 217	4 853 520
	Less: Transfer of Current Portion - Note 7	(412 030)	(595 474)
	Balance 30 June	5 096 187	4 258 046
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	36 667 528	32 182 162
	Contribution for the year	2 410 343	1 908 877
	Interest cost	3 073 992	2 896 871
	Expenditure for the year	(1 671 980)	(1 656 882)
	Actuarial Loss	3 122 234	1 336 500
	Total employee benefits 30 June	43 602 117	36 667 528
	Less: Transfer of Current Portion - Note 7	(1 566 634)	(1 557 682)
	Balance 30 June	42 035 483	35 109 846

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	176	171
In-service (employee) non-members	497	483
Continuation members (e.g. Retirees, widows, orphans)	47	43
Total Members	720	697

The liability in respect of past service has been estimated to be as follows

In-service members	21 696 401	18 509 610
Continuation members	16 397 499	13 304 398
Total Liability	38 093 900	31 814 008

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

	2010 R	2009 R	2008 R
In-service members	15 153 335	12 079 972	11 288 336
Continuation members	13 012 335	11 823 388	11 048 567
Total Liability	28 165 670	23 903 360	22 336 903

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4 EMPLOYEE BENEFITS (CONTINUE)

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

Bonitas;
Hosmed
LA Health
Samwumed; and
Key health.

	2012 %	2011 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	7.93%	8.68%
Health Care Cost Inflation Rate	6.94%	7.32%
Net Effective Discount Rate	0.93%	1.26%

ii) **Mortality rates**

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

iii) **Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2012 R	2011 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	38 093 900	31 814 008
Net liability/(asset)	38 093 900	31 814 008

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	31 814 008	28 165 670
Total expenses	3 594 265	3 028 407
Current service cost	1 792 516	1 412 903
Interest Cost	2 719 881	2 554 745
Benefits Paid	(918 132)	(939 241)
Actuarial losses	2 685 627	619 931
Present value of fund obligation at the end of the year	38 093 900	31 814 008
Less: Transfer of Current Portion - Note 7	(1 154 604)	(962 208)
Balance 30 June	36 939 296	30 851 800

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	21.696	16.397	38.093	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	26.193	18.148	44.341	16%
Health care inflation	-1%	18.145	14.874	33.019	-13%
Post-retirement mortality	-1 year	22.416	17.074	39.490	4%
Average retirement age	-1 year	23.507	16.397	39.904	5%
Withdrawal Rate	-50%	23.808	16.397	40.205	6%

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4 EMPLOYEE BENEFITS (CONTINUE)

2012 2011

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses

673 654

Key actuarial assumptions used:

2012 2011
% %

i) Rate of interest

Discount rate 6.49% 7.76%
General Salary Inflation (long-term) 5.97% 6.27%
Net Effective Discount Rate applied to salary-related Long Service Bonuses 0.49% 1.41%

2012 2011
R R

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

Present value of fund obligations 5 508 217 4 853 520
Net liability 5 508 217 4 853 520

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

2010 2009 2008
R R R
4 016 492 3 633 984 3 443 004

Reconciliation of present value of fund obligation:

2012 2011
R R

Present value of fund obligation at the beginning of the year 4 853 520 4 016 492
Total expenses 218 090 120 459
Current service cost 617 827 495 974
Interest Cost 354 111 342 126
Benefits Paid (753 848) (717 641)
Actuarial (gains)/losses 436 607 716 569
Present value of fund obligation at the end of the year 5 508 217 4 853 520
Less: Transfer of Current Portion - Note 7 (412 030) (595 474)
Balance 30 June 5 096 187 4 258 046

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		5 508.22	4 854
General salary inflation	1.00%	5 913	7%
General salary inflation	-1.00%	5 143	-7%
Average retirement age	-2 yrs	4 685	-15%
Average retirement age	+2 yrs	6 397	16%
Withdrawal rates	-50.00%	6 720	22%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4 EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

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

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP

CAPE JOINT PENSION FUND	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
The contribution rate payable is 9% by members and 18% by Council.	June 2011	2 971 150	3 030 085	2

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 98.10% (30 June 2010 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2011 financial year.

Contributions paid recognised in the Statement of Financial Performance	103 369	81 402
Balance previously reported (Note 4)		68 219
Presentation correction		13 183
		81 402

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
The contribution rate payable is 9% by members and 18% by Council.	June 2011	9 330 837	9 303 159	521

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 116.9% (30 June 2010 - 100.3%).

Contributions paid recognised in the Statement of Financial Performance	14 670 077	10 957 286
Balance previously reported (Note 4)		7 468 766
Presentation correction		3 488 519
		10 957 286

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
South African Local Authorities Pension Fund	July 2010	7 110 300	7 417 900	34
Municipal Councillors Pension Fund	June 2006	1 731 055	1 731 055	-
SAMWU National Provident Fund	June 2007	2 764 426	2 764 426	123

Note: The results of the actuarial valuations dated 30 June 2008 for SAMWU National Provident Fund and 30 June 2009 for Municipal Councillors Pension Funds are not yet available.

Contributions paid recognised in the Statement of Financial Performance		
Sala Pension Fund	1 034 388	983 368
Municipal Councillors Pension Fund	5 575	588 367
SAMWU National Provident Fund	2 595 532	2 387 793
	3 635 496	3 959 527
Balance previously reported (Note 4)		2 730 247
Presentation correction		1 229 280
		3 959 527

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5	NON-CURRENT PROVISIONS	2012 R	2011 R
	Provision for Rehabilitation of Landfill-sites	3 855 324	3 421 441
	Total Non-current Provisions	3 855 324	3 421 441

The Municipality operate on four landfill sites. The in year actual operational costs is expensed in the statement of financial position. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow; within one year; is related to the McGregor site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Montagu, Bonnivale and Ashton

Landfill Sites	2012 R	2011 R
Balance 1 July	3 866 699	3 954 428
Contribution for the year	200 054	331 776
Expenditure incurred (Interest)	321 032	(419 506)
Total provision 30 June	4 387 785	3 866 699
Less: Transfer of Current Portion to Current Provisions - Note 8	(532 461)	(445 258)
Balance 30 June	3 855 324	3 421 441
Balance previously reported (Note 5)		4 441 096
Reducing the finance charges as contribution to the rehabilitation of landfill sites to present only the present obligation		(574 397)
		3 866 699

Correction of error on provision - Refer to note 39.19

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:

	Montagu	Bonnivale	McGregor	Ashton
Area (m ²)	11 333	9 100	7 639	43 840
Rehabilitation volume (m ³)	10 540	6 643	7 639	40 552
Fence (m)				
Total Cost	792 970	371 908	532 461	2 690 446

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation</u>
		2012 R
Montagu	2013	792 970
Bonnivale	2021	371 908
McGregor	2012	532 461
Ashton	2014	2 690 446

6	CONSUMER DEPOSITS		
	Municipal services	6 079 482	5 571 077
	Total Consumer Deposits	6 079 482	5 571 077
	Guarantees held in lieu of Electricity and Water Deposits	2 313 674	2 363 301

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

7	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 4	1 154 604	962 208
	Current Portion of Long-Service Provisions - Note 4	412 030	595 474
	Staff Leave	6 391 979	6 092 648
	Performance Bonuses	605 392	642 719
	Bonuses	3 041 415	2 706 104
	TASK Evaluation	-	-
	Total Current Employee Benefits	11 605 420	10 999 154

The movement in current employee benefits is reconciled as follows:

Staff Leave		
Balance at beginning of year	6 092 648	6 027 149
Contribution to current portion	2 125 486	457 236
Expenditure incurred	(1 826 155)	(391 738)
Balance at end of year	6 391 979	6 092 648

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Balance previously reported (Note 7)		6 361 801
Correction of error on loan balances - Refer to note 39.18		(269 153)
		6 092 648

Performance Bonuses		
Balance at beginning of year	642 719	423 197
Contribution to current portion	497 748	811 997
Expenditure incurred	(535 075)	(592 476)
Balance at end of year	605 392	642 719

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

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2012 R	2011 R
	<u>Bonuses</u>		
	Balance at beginning of year	2 706 104	2 606 917
	Contribution to current portion	5 683 692	5 935 106
	Expenditure incurred	(5 348 381)	(5 835 919)
	Balance at end of year	3 041 415	2 706 104

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

TASK Evaluation

Balance at beginning of year	0	889 778
Contribution to current portion	-	-
Expenditure incurred	-	(889 778)
Balance at end of year	0	0

All eligible employees (excluding Municipal Manager, Section 57 Managers and contractual employees) have received remuneration based on the results of their job evaluation as per the TASK job evaluation system in terms of clause 7.2.6 of the collective agreement.

8	PROVISIONS		
	SALA Pension Fund	1 470 110	1 243 363
	Cape Joint Pension Fund	552 777	505 370
	Current Portion of Rehabilitation of Landfill-sites - Note 5	532 461	445 258
	Total Provisions	2 555 348	2 193 991

SALA Pension Fund

Balance at beginning of year	1 243 363	956 670
Expenditure incurred (Interest)	226 747	286 693
Balance at end of year	1 470 110	1 243 363

Cape Joint Pension Fund

Balance at beginning of year	505 370	468 952
Expenditure incurred (Interest)	47 407	36 418
Balance at end of year	552 777	505 370

9	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	28 256 086	32 292 294
	Payments received in advance	3 044 723	3 220 474
	Retentions and Guarantees	534 524	716 310
	Sundry Deposits	2 203 439	1 846 583
	Sundry Creditors	41 773	249 769
	Total Trade Payables	34 080 545	38 325 430
	Balance previously reported (Note 9)		37 868 490
	Correction of error on loan balances - Refer to note 39.3		456 940
			38 325 430

Payables are being recognised net of any discounts.

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.

The carrying value of trade and other payables approximates its fair value

Sundry deposits include hall, builders and other general deposits.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2012 R	2011 R
	Unspent Grants	6 989 484	8 463 004
	National Government Grants	1 720 321	3 006 028
	Provincial Government Grants	4 249 106	4 436 918
	District Municipality	1 020 058	1 020 058
	Less: Unpaid Grants	0	3 304 716
	National Government Grants	0	1 804 716
	Provincial Government Grants	0	1 500 000
	District Municipality	-	-
	Total Conditional Grants and Receipts	6 989 484	5 158 288
	Reconciliation of total grants and receipts		
	Balance previously reported		2 012 717
	Correction of error - Refer to note 39.8		3 145 570
			5 158 288
	See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
	Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
	Application was sent to National Treasury that the unspent grant at 30 June 2012 be taken up in the first adjustments budget of 2012/2013 financial year.		
11	UNSPENT PUBLIC CONTRIBUTIONS		
	Silver Strand Home Owners Association	62 849	62 849
	Total Unspent Public Contributions	62 849	62 849
	Reconciliation of public contributions		
	<u>Silver Strand Home Owners Association</u>		
	Opening balance	62 849	235 526
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(172 677)
	Closing balance	62 849	62 849
	The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.		
12	TAXES		
12.1	VAT PAYABLE		
	VAT Payable	965 755	1 462 628
	VAT output in suspense	5 747 575	4 809 965
	Less: Impairment of VAT receivables	(2 910 965)	(2 722 865)
	Total Vat payable	3 802 365	3 549 728
12.2	VAT RECEIVABLE		
	VAT input in suspense	2 959 433	11 455
	Total VAT receivable	2 959 433	11 455
12.3	NET VAT RECEIVABLE/(PAYABLE)	(842 932)	(3 538 272)
	VAT is receivable/payable on the cash basis.		
	Balance previously reported		3 903 591
	Change in accounting policy - Refer to note 38.1		(353 864)
			3 549 728

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2012

Reconciliation of Carrying Value	Cost							Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Closing Balance Cost	Opening Balance	Additions	Disposals / Transfer	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	82 872 084	-	1 079 801	-	50 000	-	83 901 885	5 567 393	1 013 186	-	6 580 579	77 321 306
Land	52 784 077	-	-	-	50 000	-	52 734 077	-	-	-	-	52 734 077
Buildings	30 088 007	-	1 079 801	-	-	-	31 167 808	5 567 393	1 013 186	-	6 580 579	24 587 229
Infrastructure	324 996 746	-	22 660 386	-	3 232 170	-	344 424 961	73 229 399	9 534 891	66 657	82 697 634	261 727 328
Electricity	92 281 672	-	2 777 270	-	-	-	95 058 942	23 839 970	2 765 167	-	26 605 137	68 453 805
Housing	6 695 351	-	658 500	-	14 000	-	7 339 851	653 911	120 358	-	774 268	6 565 582
Roads	95 594 522	-	6 482 087	-	-	-	102 076 609	22 855 258	3 098 816	-	25 954 074	76 122 535
Sewerage	36 250 777	-	282 992	-	3 218 170	-	33 315 599	9 355 297	966 976	66 657	10 255 617	23 059 982
Waste Management	16 309 623	-	3 749 719	-	-	-	20 059 342	2 230 066	601 191	-	2 831 257	17 228 084
Water	75 147 396	-	1 832 736	-	-	-	76 980 132	14 294 897	1 982 383	-	16 277 280	60 702 852
Work in Progress	2 717 405	-	6 877 082	-	-	-	9 594 487	-	-	-	-	9 594 487
Community Assets	61 203 344	-	6 743 513	-	5 000	-	67 941 858	10 427 255	1 736 284	-	12 163 539	55 778 319
Airfield	154 684	-	98 036	-	-	-	252 720	11 390	8 530	-	19 920	232 800
Cemeteries	1 773 175	-	147 925	-	-	-	1 921 100	448 259	173 821	-	622 080	1 299 020
Clinics	5 593 337	-	-	-	-	-	5 593 337	789 671	55 183	-	844 854	4 748 483
Community halls	11 533 927	-	-	-	-	-	11 533 927	1 384 859	198 852	-	1 583 711	9 950 216
Fire, safety & emergency	761 145	-	-	-	-	-	761 145	155 233	37 219	-	192 452	568 692
Libraries	3 835 495	-	-	-	-	-	3 835 495	1 783 004	159 208	-	1 942 212	1 893 283
Museums & Art Galleries	1 551 136	-	4 105	-	-	-	1 555 241	155 622	15 858	-	171 480	1 383 761
Other	1 018 417	-	-	-	-	-	1 018 417	129 225	29 611	-	158 836	859 581
Parks & Gardens	11 486 659	-	185 886	-	5 000	-	11 667 545	1 014 547	215 179	-	1 229 725	10 437 820
Recreation facilities	1 993 311	-	-	-	-	-	1 993 311	1 017 408	90 233	-	1 107 641	885 670
Sport fields & stadia	13 673 021	-	2 001 002	-	-	-	15 674 023	2 459 399	631 281	-	3 090 680	12 583 343
Swimming pools	3 329 040	-	252 221	-	-	-	3 581 261	1 078 637	121 311	-	1 199 948	2 381 313
Work in Progress	4 500 000	-	4 054 338	-	-	-	8 554 338	-	-	-	-	8 554 338
Leased Assets	1 042 531	-	-	-	-	-	1 042 531	457 929	109 895	-	567 825	474 706
Office Equipment (Lease)	1 042 531	-	-	-	-	-	1 042 531	457 929	109 895	-	567 825	474 706
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	39 361 170	5 549 994	7 806 236	-	1 432 660	-	51 284 740	17 697 007	5 234 083	889 061	22 042 028	29 242 712
Computer hardware/equipment	4 814 368	-	1 687 007	-	215 662	-	6 285 713	2 513 336	880 498	143 958	3 249 876	3 035 837
Furniture & office equipment	3 603 237	-	2 488 455	-	25 875	-	6 065 817	1 416 426	548 916	18 583	1 946 759	4 119 058
General Vehicles	14 379 539	3 447 818	1 399 206	-	724 215	-	18 502 348	7 054 515	1 784 283	465 079	8 373 719	10 128 629
Other	923 041	66 424	12 631	-	210 781	-	791 316	325 891	72 704	33 416	365 179	426 137
Other Buildings	1 029 864	-	109 518	-	-	-	1 139 382	286 658	92 874	-	379 532	759 849
Specialised Vehicles	4 104 980	976 050	-	-	20 000	-	5 061 031	1 281 402	420 211	17 504	1 684 109	3 376 921
Plant & Equipment	10 506 141	1 059 701	2 109 419	-	236 127	-	13 439 134	4 818 778	1 434 597	210 521	6 042 854	7 396 280
	509 475 875	5 549 994	38 289 937	-	4 719 830	-	548 595 976	107 378 983	17 628 339	955 717	124 051 605	424 544 371

13 PROPERTY, PLANT AND EQUIPMENT

13 30 JUNE 2011

Reconciliation of Carrying Value	Cost				Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Closing Balance Cost	Opening Balance	Additions	Disposals / Transfer	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	83 699 699	-	3 116 385	-	3 944 000	-	82 872 084	6 198 727	699 461	1 330 795	5 567 393	77 304 691
Land	52 201 077	-	1 027 000	-	444 000	-	52 784 077	-	-	-	-	52 784 077
Buildings	31 498 621	-	2 089 385	-	3 500 000	-	30 088 007	6 198 727	699 461	1 330 795	5 567 393	24 520 614
Infrastructure	299 888 945	-	30 631 100	-	5 523 300	-	324 996 746	70 411 707	7 245 609	4 427 917	73 229 399	251 767 347
Electricity	82 586 549	-	9 695 123	-	-	-	92 281 672	22 263 962	1 576 008	-	23 839 970	68 441 702
Housing	12 217 551	-	-	-	5 522 200	-	6 695 351	4 834 343	246 454	4 426 886	653 911	6 041 440
Roads	88 834 558	-	6 759 964	-	-	-	95 594 522	20 125 712	2 729 546	-	22 855 258	72 739 264
Sewerage	35 675 406	-	575 371	-	-	-	36 250 777	8 463 807	891 490	-	9 355 297	26 895 480
Waste Management	15 423 454	-	886 168	-	-	-	16 309 623	1 866 480	363 586	-	2 230 066	14 079 557
Water	63 423 283	-	11 725 213	-	1 100	-	75 147 396	12 857 404	1 438 524	1 031	14 294 897	60 852 499
Work in Progress	1 728 144	-	989 261	-	-	-	2 717 405	-	-	-	-	2 717 405
Community Assets	55 944 778	-	7 309 472	-	2 050 905	-	61 203 344	9 503 139	1 241 541	317 424	10 427 255	50 776 089
Airfield	136 769	-	17 915	-	-	-	154 684	6 675	4 715	-	11 390	143 294
Cemeteries	1 420 268	-	352 907	-	-	-	1 773 175	362 073	86 186	-	448 259	1 324 916
Clinics	5 859 337	-	-	-	266 000	-	5 593 337	873 047	59 634	143 011	789 671	4 803 666
Community halls	11 122 995	-	410 931	-	-	-	11 533 927	1 264 447	120 412	-	1 384 859	10 149 068
Fire, safety & emergency	761 145	-	-	-	-	-	761 145	117 828	37 406	-	155 233	605 911
Libraries	3 755 080	-	80 414	-	-	-	3 835 495	1 632 733	150 271	-	1 783 004	2 052 490
Museums & Art Galleries	1 850 136	-	-	-	299 000	-	1 551 136	172 238	18 789	35 404	155 622	1 395 513
Other	2 364 323	-	-	-	1 345 905	-	1 018 417	225 491	42 744	139 010	129 225	889 192
Parks & Gardens	11 372 956	-	253 702	-	140 000	-	11 486 659	815 968	198 578	-	1 014 547	10 472 112
Recreation facilities	1 846 949	-	146 362	-	-	-	1 993 311	938 803	78 605	-	1 017 408	975 903
Sport fields & stadia	12 132 761	-	1 540 260	-	-	-	13 673 021	2 127 563	331 836	-	2 459 399	11 213 622
Swimming pools	3 322 059	-	6 981	-	-	-	3 329 040	966 272	112 366	-	1 078 637	2 250 402
Work in Progress	-	-	4 500 000	-	-	-	4 500 000	-	-	-	-	4 500 000
Leased Assets	1 042 531	-	-	-	-	-	1 042 531	320 774	137 156	-	457 929	584 601
Office Equipment (Lease)	1 042 531	-	-	-	-	-	1 042 531	320 774	137 156	-	457 929	584 601
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	37 925 643	5 549 994	2 296 364	3 521	851 822	12 535	44 911 164	14 783 306	3 704 549	790 848	17 697 006	27 214 158
Computer hardware/equipment	4 621 422	-	511 608	-	318 663	-	4 814 368	2 100 218	707 206	294 088	2 513 336	2 301 032
Furniture & office equipment	3 205 399	-	432 672	-	34 833	-	3 603 237	1 022 189	425 632	31 395	1 416 426	2 186 811
General Vehicles	14 588 219	3 447 818	-	-	196 145	12 535	17 827 357	6 097 262	1 139 266	182 014	7 054 515	10 772 843
Other	913 620	66 424	5 900	3 521	-	-	989 465	258 956	66 934	-	325 891	663 574
Other Buildings	861 000	-	168 864	-	-	-	1 029 864	241 113	45 545	-	286 658	743 205
Specialised Vehicles	4 104 980	976 050	-	-	-	-	5 081 031	974 880	306 522	-	1 281 402	3 799 629
Plant & Equipment	9 631 003	1 059 701	1 177 320	-	302 182	-	11 565 842	4 088 686	1 013 443	283 352	4 818 778	6 747 064
	478 501 595	5 549 994	43 353 321	3 521	12 370 028	12 535	515 025 869	101 217 652	13 028 315	6 866 984	107 378 983	407 646 886

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

Balance previously reported

Correction of error - Refer to note 39.4

405 949 468

1 666 933

407 616 402

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

Impairments were identified during the reporting period. Refer to Note 33

14 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost
Under Construction
Accumulated Depreciation
Accumulated Impairment

Acquisitions
Disposals
Depreciation for the year
Impairment
Transfers to Inventory - cost
Transfers to Inventory - accumulated depreciation
Transfers Assets Held for Sale
Transfers from Property, Plant and equipment - cost
Transfers from Property, Plant and equipment - accumulated depreciation

2012
R

2011
R

27 347 336

24 013 674

28 880 905

24 102 000

-

-

(1 533 569)

(88 326)

-

-

-

-

(1 000)

-

(50 869)

(5 829)

-

-

-

(662 000)

-

46 660

(281 000)

-

-

5 440 905

-

(1 486 074)

27 014 467

27 347 336

Net Carrying amount at 30 June

Cost
Accumulated Depreciation
Accumulated Impairment

28 598 905

28 880 905

(1 584 438)

(1 533 569)

-

-

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, maintenance or enhancements.

Revenue derived from the rental of investment property

577 493

816 092

Operating expenditure incurred on properties

3 466 881

3 629 608

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

15	INTANGIBLE ASSETS	2012 R	2011 R
	Computer Software		
	Net Carrying amount at 1 July	861 642	935 893
	Cost	2 186 905	1 687 691
	Accumulated Amortisation	(1 325 263)	(751 798)
	Accumulated Impairment	-	-
	Acquisitions	373 165	499 214
	Amortisation	(718 760)	(573 465)
	Impairments	-	-
	Disposals	-	-
	Net Carrying amount at 30 June	516 048	861 642
	Cost	2 560 071	2 186 905
	Accumulated Amortisation	(2 044 022)	(1 325 263)
	Accumulated Impairment	-	-
	Balance previously reported		864 355
	Correction of error - Refer to note 39.5		(2 713)
			861 642

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value	
		2012 R	2011 R
Microsoft Office	2	516 048	861 642

No intangible asset was 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.

16	CAPITALISED RESTORATION COST	2012 R	2011 R
	Net Carrying amount at 1 July	295 847	509 357
	Cost	3 808 867	3 477 091
	Accumulated Depreciation	(3 513 020)	(2 967 734)
	Accumulated Impairments	-	-
	Acquisitions / Additions	200 054	331 776
	Under Construction - Cost	-	-
	Disposals	-	-
	Depreciation for the year	(295 847)	(545 286)
	Impairment for the year	-	-
	Net Carrying amount at 30 June	200 054	295 847
	Cost	4 008 921	3 808 867
	Accumulated Depreciation	(3 808 867)	(3 513 020)
	Accumulated Impairments	-	-

17	NON-CURRENT INVESTMENTS	2012 R	2011 R
	Listed Investments	9 653	7 441
	Unlisted Investments	41 896	48 914
	Total Non-Current Investments	51 549	56 355
	Balance previously reported		7 441
	Correction of error - Refer to note 39.6		48 914
			56 355

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

The listed shares represent 270 Sanlam Shares and Unlisted Shares represent 1028 KVV Shares and 10275 Capevin Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares

The market value per share at year end: KVV Shares

The market value per share at year end: Capevin Shares

35.75	27.56
10.27	10.50
3.05	3.71

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

18	LONG-TERM RECEIVABLES	2012	2011
		R	R
	Provincial Government Housing Loans - At amortised cost	3 053 281	2 986 626
	Staff Study loans - At amortised cost	35 144	0
	Services connections - At amortised cost	697 492	625 683
	Land Sales - At amortised cost	626 775	1 499 319
	Short-term Installments	126 582	94 839
	Agreements with Consumer Debtors	9 742 612	9 748 583
		<hr/>	<hr/>
	14 281 886	14 955 051	
	Less: Current portion transferred to current receivables	(2 167 412)	(1 209 421)
		<hr/>	<hr/>
	12 114 474	13 745 629	
	Less: Provision for Impairment	(9 742 612)	(11 247 903)
		<hr/>	<hr/>
	Total Long Term Receivables	2 371 861	2 497 727
	HOUSING LOANS		
	Balance previously reported		2 498 680
	Change in accounting policy - Refer to note 38.1		(953)
			<hr/>
			2 497 727
			<hr/>
	The Provincial Government Housing Loans are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	SERVICES CONNECTIONS		
	The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	LAND SALES		
	The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	AGREEMENTS WITH CONSUMER DEBTORS		
	The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.		
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	11 247 903	9 549 975
	Contribution to provision/(Reversal of provision)	(1 505 290)	2 508 391
	Bad Debts Written Off	-	(810 463)
		<hr/>	<hr/>
	Balance at end of year	9 742 612	11 247 903
	Balance previously reported		11 246 950
	Change in accounting policy - Refer to note 38.1		953
			<hr/>
			11 247 903
			<hr/>
19	NON-CURRENT ASSETS HELD FOR SALE		
	Land and Buildings	1 464 340	1 128 340
		<hr/>	<hr/>
	1 464 340	1 128 340	
	Balance previously reported		559 340
	Correction of error - Refer to note 39.10		569 000
			<hr/>
			1 128 340
			<hr/>
	The disposal group consists of residential and commercial sites throughout the entire Municipal area. It has been made available in public; the tender closed on the 08 June 2012.		
20	INVENTORY		
	Maintenance Materials - At cost	9 505 541	10 236 215
	Compost - at cost	58 840	61 575
	Water - at cost	79 503	65 274
	Low Cost Housing	3 535 320	15 084 462
		<hr/>	<hr/>
	Total Inventory	13 179 204	25 447 527
	Balance previously reported		10 059 520
	Correction of error - Refer to note 39.7		15 388 007
			<hr/>
			25 447 527
			<hr/>
	Consumable stores materials written down due to damages as identified during the annual stores counts	72 268	
		<hr/>	
	Consumable stores materials surpluses identified during the annual stores counts	69 249	
		<hr/>	
	Inventory recognised as an expense during the year	16 670 838	7 556 846
		<hr/>	<hr/>
	Write down of inventory to the lower of Cost or Net Realisable Value	112 182	
		<hr/>	

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

21	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2012 R	2011 R
	Electricity	16 927 578	13 262 379
	Water	5 798 032	5 215 537
	Refuse	2 811 464	2 246 670
	Sewerage	3 580 952	2 844 033
	Housing Rentals	613 768	594 042
	Prepaid Expenses	10 942 943	8 132
	Other	1 624 799	1 280 505
	Total Receivables from Exchange Transactions	42 299 536	25 451 299
	Less: Provision for Impairment	(13 816 530)	(11 494 510)
	Total Net Receivables from Exchange Transactions	28 483 006	13 956 789
	Balance previously reported		17 075 591
	Change in accounting policy - Refer to note 38.1		(3 118 802)
			13 956 789
Consumer Trade Receivables are payable within 30 days. 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 receivables on initial recognition is not deemed necessary.			
Ageing of Receivables from Exchange Transactions:			
	(Electricity): Ageing		
	Current (0 - 30 days)	14 032 090	11 068 919
	31 - 60 Days	471 116	654 999
	61 - 90 Days	347 838	232 866
	+ 90 Days	2 076 535	1 305 595
	Total	16 927 578	13 262 379
	(Water): Ageing		
	Current (0 - 30 days)	2 000 217	2 574 099
	31 - 60 Days	357 309	359 769
	61 - 90 Days	239 797	242 741
	+ 90 Days	3 200 710	2 038 929
	Total	5 798 032	5 215 537
	(Refuse): Ageing		
	Current (0 - 30 days)	861 268	801 377
	31 - 60 Days	124 113	121 645
	61 - 90 Days	103 420	94 174
	+ 90 Days	1 722 664	1 229 474
	Total	2 811 464	2 246 670
	(Sewerage): Ageing		
	Current (0 - 30 days)	1 061 194	975 403
	31 - 60 Days	157 498	155 861
	61 - 90 Days	131 726	118 821
	+ 90 Days	2 230 534	1 593 948
	Total	3 580 952	2 844 033
	(Other): Ageing		
	Current (0 - 30 days)	11 398 683	285 735
	31 - 60 Days	70 163	165 847
	61 - 90 Days	71 115	25 833
	+ 90 Days	1 641 547	1 405 263
	Total	13 181 509	1 882 679
	(Total): Ageing		
	Current (0 - 30 days)	29 353 451	15 705 534
	31 - 60 Days	1 180 198	1 458 120
	61 - 90 Days	893 897	714 435
	+ 90 Days	10 871 990	7 573 211
	Total	42 299 536	25 451 299
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	11 494 510	7 202 649
	Contribution to provision/(Reversal of provision)	3 776 344	4 291 861
	Bad Debts Written Off	(1 454 324)	-
	Balance at end of year	13 816 530	11 494 510
	Balance previously reported		8 375 708
	Change in accounting policy - Refer to note 38.1		3 118 802
			11 494 510

The Provision for Impairment could be allocated between the different classes of receivables as follows

Electricity	3 617 461	2 823 976
Water	3 582 573	3 377 466
Refuse	1 978 608	1 533 906
Sewerage	2 573 144	1 870 688
Other	2 064 745	1 888 474
	13 816 530	11 494 510

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

22	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2012 R	2011 R
	Rates	6 893 255	4 847 527
	Other Receivables	5 372 946	4 748 537
	Accrued Interest	728 854	885 505
	Availability charges	3 662 547	2 976 606
	Other	981 546	886 426
	Total Receivables from Non-Exchange Transactions	12 266 201	9 596 064
	Less: Provision for Impairment	(8 303 896)	(6 063 412)
	Total Net Receivables from Non-Exchange Transactions	3 962 306	3 532 652

Balance previously reported	3 930 999
Change in accounting policy - Refer to note 38.1	(398 347)
	3 532 652

Trade Receivables with a total outstanding balance of R 9 /42 612 (2011 - R 9 /48 583) have arranged to settle their account over a re-negotiated period. The total value have been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 18 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	2 239 915	1 545 618
31 - 60 Days	198 918	148 313
61 - 90 Days	180 236	166 267
+ 90 Days	4 274 186	2 987 328
Total	6 893 255	4 847 527

Reconciliation of Provision for Bad Debts

Balance at beginning of year	6 063 412	5 296 235
Contribution to provision/(Reversal of provision)	2 240 483	1 561 950
Bad Debts Written Off	-	(794 772)
Balance at end of year	8 303 896	6 063 412

Balance previously reported	5 665 065
Change in accounting policy - Refer to note 38.1	398 347
	6 063 412

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables

23 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

Balance on 1 July	32 641	14 425
Movement during the year	4 278	18 216
Balance on 30 June	36 919	32 641

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	463 022	314 472
1 to 5 Years	326 802	383 175
More than 5 Years	-	-
Total Operating Lease Arrangements	789 824	697 647

Balance previously reported	31 109
Correction of error - Refer to note 39.9	1 531
	32 641

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

The leases are in respect of land and buildings being leased out for periods ranging until 2014.

24 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	70 000 000	70 000 000
Bank Accounts	3 906 756	18 061 147
Cash Floats	8 427	8 217
Total Cash and Cash Equivalents - Assets	73 915 183	88 069 364

Liabilities

Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

24 CASH AND CASH EQUIVALENTS (CONTINUE)

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

The Municipality do not have a bank overdraft facility. Management did not deem it necessary

The municipality has the following bank accounts:

<u>Current Accounts</u>	2012 R	2011 R
Primary Bank account	3 904 456	18 058 847
Traffic bank account	2 300	2 300
	<u>3 906 756</u>	<u>18 061 147</u>

Traffic account is cleared daily to Primary Bank Account.

Primary Bank account Montagu ABSA - Account Number 1050 000 008

Cash book balance at beginning of year	18 058 847	2 273 224
Cash book balance at end of year	<u>3 904 456</u>	<u>18 058 847</u>

Bank statement balance at beginning of year	10 285 753	2 363 202
Bank statement balance at end of year	<u>3 671 466</u>	<u>10 285 753</u>

Traffic bank account Montagu ABSA - Account Number 406 272 8351

Cash book balance at beginning of year	2 300	850
Cash book balance at end of year	<u>2 300</u>	<u>2 300</u>

Bank statement balance at beginning of year	2 300	850
Bank statement balance at end of year	<u>1 400</u>	<u>2 300</u>

Call Investment Deposits

Call investment deposits consist of the following accounts

ABSA	Account Number 20 72488246	15 000 000	30 000 000
Investec	Account Number 458195	25 000 000	-
Nedbank	Account Number 03/7881034971/000008	-	20 000 000
Standard Bank	Account Number 288467698	30 000 000	20 000 000
		<u>70 000 000</u>	<u>70 000 000</u>

25 PROPERTY RATES

Actual

Rateable Land and Buildings

	34 782 852	31 178 062
Residential, Commercial Property, State	<u>34 782 852</u>	<u>31 178 062</u>
Less: Rebates	<u>(6 833 202)</u>	<u>(7 351 494)</u>
Total Assessment Rates	<u>27 949 649</u>	<u>23 826 569</u>

Valuations

Rateable Land and Buildings

Residential	4 265 248 464	2 362 445 000
Agricultural	4 865 388 010	2 382 662 130
Government	240 320 315	110 955 000
Business & Commercial	1 575 498 956	1 062 168 000
Municipal	394 976 614	196 163 100
Exempt Properties	<u>195 108 304</u>	<u>25 172 000</u>
Total Assessment Rates	<u>11 536 540 663</u>	<u>6 139 565 230</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2011.

Rates:

Residential	0.0040c/R	0.0067c/R
Commercial, Industrial & Government	0.0059c/R	0.0102c/R
Public Benefit Organisations	0.0010c/R	0.0016c/R
Agricultural	0.0008c/R	0.0013c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

26	GOVERNMENT GRANTS AND SUBSIDIES	2012 R	2011 R
	Unconditional Grants	45 172 000	41 768 661
	Equitable Share	45 172 000	41 768 661
	Conditional Grants	30 813 029	39 238 485
	Grants and donations	1 288 090	1 782 475
	Subsidies	29 524 940	37 456 010
	Total Government Grants and Subsidies	75 985 029	81 007 146
	Government Grants and Subsidies - Capital	16 274 360	17 256 275
	Government Grants and Subsidies - Operating	59 710 669	63 750 871
		75 985 029	81 007 146
	Balance previously reported		83 311 893
	Correction of error - Refer to note 39.11		(2 304 747)
			81 007 146
	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	45 172 000	41 768 661
	Executive & Council	798 087	432 024
	Budget & Treasury	1 907 649	4 435 129
	Corporate Services	26 275	-
	Planning & Development	294	5 849 479
	Health	-	-
	Community & Social Services	9 332 368	797 136
	Housing	5 618 217	17 001 616
	Public Safety	-	-
	Sport & Recreation	-	-
	Environmental Protection	-	1 158 921
	Waste Management	3 749 719	275 979
	Waste Water Management	4 813 607	(405 404)
	Road Transport	187 000	82 000
	Water	3 816 950	7 749 430
	Electricity	562 862	1 862 174
		75 985 029	81 007 146
	The municipality does not expect any significant changes to the level of grants		
26.1	Equitable share		
	Opening balance	-	-
	Grants received	45 172 000	41 768 661
	Conditions met - Operating	(45 172 000)	(41 768 661)
	Conditions met - Capital	-	-
	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		
26.2	Local Government Financial Management Grant (FMG)		
	Opening balance	213 467	101 980
	Grants received	1 250 000	1 000 000
	Conditions met - Operating	(1 165 775)	(888 514)
	Conditions met - Capital	(297 692)	-
	Conditions still to be met	0	213 467
	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).		
26.3	Municipal Systems Improvement Grant		
	Opening balance	75 945	394 471
	Grants received	790 000	750 000
	Conditions met - Operating	(604 550)	(1 068 526)
	Conditions met - Capital	(261 395)	-
	Conditions still to be met	0	75 945
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
26.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	2 430 636	2 473 947
	Grants received	15 149 000	7 745 000
	Conditions met - Operating	(2 060 014)	(1 032 480)
	Conditions met - Capital	(14 717 409)	(6 755 831)
	Conditions to be met	802 213	2 430 636
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
	Balance previously reported		(1 663 334)
	Correction of error - Refer to note 39.8		4 093 970
			2 430 636
26.5	Housing Grants		
	Opening balance	3 581 840	(9 165 865)
	Grants received	4 400 928	29 750 687
	Conditions met - Operating	(5 467 600)	(16 993 223)
	Conditions met - Capital	(200 432)	(9 760)
	Conditions to be met	2 314 736	3 581 840
	Balance previously reported		3 588 913
	Correction of error - Refer to note 39.8		(7 073)
			3 581 840
	Housing grants was utilised for the development of erven and the erection of top structures.		

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

26	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2012 R	2011 R
26.6	Integrated National Electrification Grant		
	Opening balance	(1 804 716)	(24 105)
	Grants received	3 000 000	90 000
	Conditions met - Operating	(47 730)	(229 724)
	Conditions met - Capital	(515 132)	(1 640 887)
	Conditions to be met	<u>632 422</u>	<u>(1 804 716)</u>
	Balance previously reported		(2 807)
	Correction of error - Refer to note 39.8		<u>(1 801 909)</u>
			<u>(1 804 716)</u>
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
26.7	Other Grants		
	Opening balance	(2 484 454)	5 638 106
	Grants received	8 054 298	4 801 727
	Conditions met - Operating	(5 193 000)	(2 624 282)
	Conditions met - Capital	(282 300)	(10 300 006)
	Conditions to be met	<u>94 543</u>	<u>(2 484 454)</u>
	Balance previously reported		(199 466)
	Correction of error - Refer to note 39.8		<u>(2 284 988)</u>
			<u>(2 484 454)</u>
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
26.8	Total Grants		
	Opening balance	548 793	259 358
	Grants received	77 816 226	85 906 075
	Conditions met - Operating	(59 710 669)	(65 459 948)
	Conditions met - Capital	(16 274 360)	(20 156 693)
	Conditions to be met	<u>2 379 990</u>	<u>548 793</u>
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	6 989 484	8 463 004
	Unpaid Conditional Government Grants and Receipts	<u>(0)</u>	<u>(3 304 716)</u>
		<u>6 989 484</u>	<u>5 158 288</u>
	Balance previously reported		2 012 717
	Correction of error - Refer to note 39.8		<u>3 145 570</u>
			<u>5 158 288</u>
27	SERVICE CHARGES		
	Electricity	217 753 384	178 867 700
	Water	24 484 285	27 288 868
	Refuse removal	13 983 691	13 004 125
	Sewerage and Sanitation Charges	<u>17 881 722</u>	<u>16 617 737</u>
		274 103 082	235 778 430
	Less: Rebates	<u>(20 980 914)</u>	<u>(18 029 264)</u>
	Total Service Charges	<u>253 122 168</u>	<u>217 749 166</u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28	OTHER INCOME		
	Availability fees	2 619 815	2 258 027
	Building plans	523 172	564 380
	Bulk service levies	780 695	1 571 185
	Cemeteries	250 786	227 886
	Commission	145 698	122 159
	Connection fees	1 721 884	1 605 316
	Fair Value Adjustments	-	-
	Fire brigade fees	36 543	58 767
	Insurance claims	6 056 382	328 365
	Photo copies	64 154	53 200
	Planning application fees	140 897	327 841
	Re-connection fees	183 972	374 006
	Valuation certificates	101 312	49 510
	Sundry income	<u>3 451 873</u>	<u>3 223 652</u>
	Total Other Income	<u>16 077 183</u>	<u>10 764 294</u>
	Balance previously reported		10 765 417
	Correction of error - Refer to note 39.13		<u>(1 123)</u>
			<u>10 764 294</u>
	Sundry income represents sundry income such as cleaning of sites, private work and fees for items not included under service charges.		

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

29	EMPLOYEE RELATED COSTS	2012 R	2011 R
	Salaries and Wages	66 942 346	63 994 744
	Bonus	6 181 440	6 029 462
	Contributions for UIF, pensions and medical aids	16 157 460	15 546 693
	Group Life Insurance	364 990	363 904
	Housing Subsidy	548 585	531 535
	Leave Reserve Fund	2 125 611	457 237
	Long service awards	618 118	495 974
	Overtime	5 002 675	4 141 598
	Post Employment Health	1 821 938	1 412 935
	Travel, motor car, telephone, assistance and other allowances	8 965 727	8 355 218
		<u>108 728 890</u>	<u>101 329 299</u>
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	<u>108 728 890</u>	<u>101 329 299</u>
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post employment or termination benefits payable to them at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager: Mr M A Mokweni</i>		
	Annual Remuneration	795 798	741 020
	Performance Bonuses	138 204	137 200
	Car Allowance	108 000	108 000
	Other Allowances	100 568	86 121
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	173 030	157 806
	Total	<u>1 315 599</u>	<u>1 230 147</u>
	<i>Remuneration of the Director Infrastructure Development : Mr J de K Jooste</i>		
	Annual Remuneration	570 502	529 079
	Performance Bonuses	105 832	113 819
	Car Allowance	156 869	156 869
	Other Allowances	35 489	31 899
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	175 102	164 089
	Total	<u>1 043 794</u>	<u>995 755</u>
	<i>Remuneration of the Director Corporate Services: Mr A W J Everson</i>		
	Annual Remuneration	613 115	567 672
	Performance Bonuses	105 832	113 819
	Car Allowance	131 568	131 568
	Other Allowances	63 160	59 060
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	141 169	131 280
	Total	<u>1 054 845</u>	<u>1 003 400</u>
	<i>Remuneration of the Director Financial Services: Mr C F Hoffman</i>		
	Annual Remuneration	501 415	456 000
	Performance Bonuses	105 832	113 819
	Car Allowance	128 222	128 222
	Other Allowances	215 754	197 912
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	97 890	108 787
	Total	<u>1 049 115</u>	<u>1 004 740</u>
	<i>Remuneration of the Director Community Services: Mr M J Mhlom (01 July 2011 to 30 November 2011)</i>		
	Annual Remuneration	340 590	538 425
	Performance Bonuses	79 374	113 819
	Car Allowance	77 711	133 219
	Other Allowances	159 730	108 451
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	70 739	114 737
	Total	<u>728 144</u>	<u>1 008 651</u>

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
30 REMUNERATION OF COUNCILLORS		
Mayor	651 291	601 264
Deputy Mayor	404 776	483 782
Speaker	509 125	480 398
Mayoral Committee Members	1 744 967	978 175
Councillors	3 110 004	2 719 410
Total Councillors' Remuneration	6 420 162	5 263 028
<i>In-kind Benefits</i>		
The Executive Mayor, Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council		
31 DEBT IMPAIRMENT		
Long term Receivables - Note 18	(1 505 290)	2 508 391
Trade Receivables from exchange transactions - Note 21	3 776 344	4 068 543
Trade Receivables from non-exchange transactions - Note 22	2 240 483	1 561 950
Total Contribution to Debt Impairment	4 511 537	8 138 883
Balance previously reported		4 974 645
Change in accounting policy and correction of errors - Refer to the following notes 3f		3 164 238
		8 138 883
32 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	17 447 939	13 028 315
Capitalised Restoration Cost	295 847	545 286
Investment Property	50 869	5 829
Intangible Assets	718 760	573 465
	18 513 415	14 152 895
Balance previously reported (Note 32)		14 451 960
Correction of book value of assets where the useful lives were incorrectly recorded - Refer to note 39.4		(299 065)
		14 152 895
33 IMPAIRMENTS		
Property Plant & Equipment	3 770 043	-
34 FINANCE CHARGES		
Interest paid	47 229	36 418
Landfill site	321 032	(419 506)
Long service awards	353 695	342 126
Long-term Liabilities	3 802 812	4 831 655
Post Employment Health	2 690 651	2 554 745
Total finance charges	7 215 421	7 345 439
Balance previously reported		7 920 178
Correction of error - Refer to note 39.15		(574 740)
		7 345 439
35 BULK PURCHASES		
Electricity	157 532 199	125 827 700
Water	2 759 252	2 232 890
Total Bulk Purchases	160 291 452	128 060 590
36 GRANTS AND SUBSIDIES		
Destitute Grants	73 500	-
Total Grants and Subsidies	73 500	-
Operating grant expenditure per vote		
Executive & Council	-	-
Budget & Treasury	-	-
Corporate Services	-	-
Planning & Development	-	-
Health	-	-
Community & Social Services	-	-
Housing	-	-
Public Safety	-	-
Sport & Recreation	-	-
Environmental Protection	73 500	-
Waste Management	-	-
Waste Water Management	-	-
Road Transport	-	-
Water	-	-
Electricity	-	-
	73 500	-

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

37	GENERAL EXPENSES	2012 R	2011 R
	Advertisement Cost	769 567	339 413
	Audit fees	1 709 875	1 530 065
	Bank charges	843 585	598 740
	Bursaries - Internal	119 593	244 881
	Cell phone	689 967	633 125
	Chemicals	4 785 407	3 408 871
	Computer services	1 123 312	1 355 668
	Connections	615 911	372 406
	Data lines	1 502 288	1 290 333
	Delegation Fees	284 810	168 310
	Development Projects	425 627	391 854
	Fuel	5 440 313	3 556 193
	Insurance (Premiums & Claims cost)	1 356 311	1 399 081
	IoD Insurance	1 059 328	1 085 281
	Membership fees	843 179	522 495
	Municipal Services Charges	10 025	22 018
	Postage	670 311	740 288
	Poverty Alleviation Projects	2 055 352	2 706 714
	Printing & Stationary	1 015 211	941 299
	Professional Services	1 212 738	1 585 741
	Protective Clothing	524 529	355 689
	Refuse bags	562 288	571 185
	Rehabilitation	753 775	494 086
	Skills Development Levy	934 656	895 688
	Subsidy New Electrical connections	-	-
	Tourism Marketing	817 591	743 454
	Training cost	862 348	729 281
	Transfer cost	162 894	331 488
	Valuation cost	475 346	1 453 685
	Other	4 106 285	3 174 754
	General Expenses	<u>35 732 422</u>	<u>31 642 086</u>
	Balance previously reported		31 432 311
	Correction of error - Refer to note 39.16		209 775
			<u>31 642 086</u>

38 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

38.1 PROVISION FOR IMPAIRMENT

The municipality implemented GRAP 104 on Financial Instruments. Each individual financial asset was assessed for the recoverability thereof. The implementation was done retrospectively and restated for 30 June 2011. It was impracticable to do the retrospective application back to 01 July 2010 as required by GRAP due that the debtor reports run back dated to 30 June 2010 do not balance back to the debtor control accounts.

LONG TERM RECEIVABLES

Balance previously reported	2 498 680
Provision for impairment	(953)
	<u>2 497 727</u>

RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	17 075 591
Provision for impairment	(3 118 802)
	<u>13 956 789</u>

RECEIVABLES FROM NON-EXCHANGE TRANSACTION

Balance previously reported	3 930 999
Provision for impairment	(398 347)
	<u>3 532 652</u>

PROVISION FOR IMPAIRMENT ON LONG TERM RECEIVABLES

Balance previously reported	11 246 950
Contribution Debt Impairment	953
	<u>11 247 903</u>

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

PROVISION FOR IMPAIRMENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	8 375 708
Contribution Debt Impairment	3 118 802
	<u>11 494 510</u>

PROVISION FOR IMPAIRMENTRECEIVABLES FROM NON-EXCHANGE TRANSACTION

Balance previously reported	5 665 065
Contribution Debt Impairment	398 347
	<u>6 063 412</u>

DEBT IMPAIRMENT

Balance previously reported	4 974 645
Contribution Debt Impairment	3 164 238
	<u>8 138 883</u>

TAXES

Balance previously reported	3 903 591
Impairment VAT on Trade Receivables	(353 864)
	<u>3 549 728</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39 CORRECTION OF ERROR IN TERMS OF GRAP 3

39.1 NET ASSETS

Balance previously reported	29 207 935
Correction of Error 01 July 2010	(792 823)
Correction of Error 30 June 2011	17 111 380
	<u>45 526 492</u>

Correction of Balance on the Capital Replacement Reserve. In the previous year the full capital expenditure was reduced against the CRR instead of just the assets funded out of the CRR.

39.2 LONG-TERM LIABILITIES

Balance previously reported	37 327 237
Correction of loan balances - Refer to note 3	(343)
Correction of loan balances - Refer to note 3	(37 686)
	<u>37 289 208</u>

Correcting interest allocation of loans effecting the long-term liabilities.
Derecognition of loan

39.3 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	37 868 490
Shown as Payables from exchange transactions - Refer to note 5	456 940
	<u>38 325 430</u>

Liability raised in respect of payment to Compensation Fund

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39.4 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	405 949 468
First time identification and measurement of assets 2009/2010	130 000
Transfer to Intangible Assets 2009/2010	(17 100)
Transfer to Intangible Assets Accumulated Depreciation 2010/2011	(8 766)
Transfer to Intangible Assets 2010/2011	(1 906)
First time identification and measurement of assets 2010/2011	1 027 000
Correction of book value of assets where the useful lives were incorrectly recorded 2009/2010	238 640
Correction of book value of assets where the useful lives were incorrectly recorded 2010/2011	299 065
Correction of error - Refer to note 13	<u>407 616 402</u>

39.5 INTANGIBLE ASSETS

Balance previously reported	864 355
First time identification and measurement of assets	(2 713)
Correction of error - Refer to note 15	<u>861 642</u>
First time identification and measurement of assets	

39.6 NON CURRENT INVESTMENTS

Balance previously reported	7 441
Correction of error - Refer to note 17	48 914
First time identification and recognition of KVV shares	<u>56 355</u>

39.7 INVENTORY

Balance previously reported	10 059 520
Correction of error - Refer to note 20	15 388 007
	<u>25 447 527</u>
First time identification and recognition of Low Cost Housing as Inventory	

39.8 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Balance previously reported	6 450 286
Correction of error - Refer to note 10	(3 145 570)
	<u>3 304 716</u>
Overstatement of Grant money due to municipality	

39.9 OPERATING LEASE ASSET

Balance previously reported	31 109
Correction of error - Refer to note 23	1 531
	<u>32 641</u>
Correction on Balance	

39.10 NON CURRENT HELD FOR SALE

Balance previously reported	559 340
Correction of error - Refer to note 19	569 000
	<u>1 128 340</u>
First time identification and recognition of assets.	

39.11 TRANSFER REVENUE

Balance previously reported	83 311 893
Correction of error - Refer to note 26	(2 304 747)
	<u>81 007 146</u>
Revenue from National and Provincial Department incorrectly recorded and overstated.	

39.12 REVENUE FROM EXCHANGE TRANSACTIONS

RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	1 568 990
Correction Operating Leases	350
	<u>1 569 340</u>
Revenue from National and Provincial Department incorrectly recorded and overstated.	

39.13 OTHER INCOME

Balance previously reported	10 765 417
Correction of error - Refer to note 28	(1 123)
	<u>10 764 294</u>
Correction on the Fair Value Price of the KVV Shares	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

39.14 REPAIRS AND MAINTENANCE

Balance previously reported	10 543 421
Correction of error - Refer to note 39.7	(303 391)
	<u>10 240 030</u>
First time identification and recognition of Inventory	

39.15 FINANCE CHARGES

Balance previously reported	7 920 178
Correction of error on Finance Charges, Refer to Note 3	(343)
Correction of error on Finance Charges, Refer Note 5	(574 397)
	<u>7 345 438</u>

Correcting interest allocation of loans effecting the long-term liabilities, reducing the finance charges as contribution to the rehabilitation of landfill sites to present only the present obligation.

39.16 GENERAL EXPENSES

Balance previously reported	31 432 311
Correction of error - Refer to note 37	209 775
	<u>31 642 086</u>

Recognition accrual for Compensation Commissioner and Adjustment for Chemicals purchased which was not used in 2010/2011.

39.17 FAIR VALUE ADJUSTMENTS

Balance previously reported	-
Correction of error - Refer to note Fair Value Adjustments	6 593
	<u>6 593</u>

Correction on the Fair Value Price of the KVV Shares

39.18 EMPLOYEE RELATED COSTS

Balance previously reported	101 598 452
Correction of error - Refer to note 7	(269 153)
	<u>101 329 299</u>

Correction on the provision for staff leave that was previously overstated

39.19 LANDFILL SITES

Balance previously reported	4 441 096
Correction of error - Refer to note 5	(574 397)
	<u>3 866 699</u>

Correction on the provision for landfill sites to account only for the portion used as the present obligation.

39.20 CASH FLOW STATEMENT: RECEIPTS
Government - operating

Balance previously reported	64 605 409
Correction of error - Refer to Cash Flow Statement	9 754 540
	<u>74 359 949</u>

Government - capital

Balance previously reported	18 706 484
Correction of error - Refer to Cash Flow Statement	(7 160 358)
	<u>11 546 126</u>

Correction of Grant Receipts on Cash Flow Statement to reflect the actual cash receipts.

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

40	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2012	2011
		R	R
	Surplus/(Deficit) for the year	5 162 235	9 272 236
	Adjustments for:		
	Depreciation/Amortisation	18 513 416	14 152 895
	Loss on disposal of property, plant and equipment	47 282	1 569 504
	(Gains) on disposal of property, plant and equipment	-	(168 655)
	Impairment Loss	3 770 043	-
	Impairment (Reversals)	-	-
	Contributions to Non-Current Provisions	5 805 367	4 386 242
	Debt Impairment	4 511 537	7 551 739
	Actuarial Losses	3 122 234	1 336 500
	Actuarial (Gains)	-	-
	Unamortised discount	69 436	81 229
	Bad debt written-off	(1 454 324)	(794 772)
	Finance charges	(29 348)	470 806
	Operating lease income accrued	(4 278)	(18 216)
	Operating Surplus/(Deficit) before changes in working capital	39 513 599	37 839 509
	Changes in working capital	(13 159 592)	19 857 291
	Increase/(Decrease) in Payables from exchange transactions	(4 244 885)	9 914 300
	Increase/(Decrease) in Provisions	274 154	323 111
	Increase/(Decrease) in Employee benefits	(1 074 665)	(2 162 453)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1 473 519)	(2 507 159)
	Increase/(Decrease) in Unspent Public Contributions	-	(172 677)
	Increase/(Decrease) in Taxes	(2 695 341)	1 110 517
	(Increase)/Decrease in Inventory	12 268 323	7 812 962
	(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(19 518 375)	(1 867 398)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	3 304 716	7 406 088
	Cash generated/(absorbed) by operations	26 354 007	57 696 800
		<hr/>	<hr/>
41	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 24	70 000 000	70 000 000
	Cash Floats - Note 24	8 427	8 217
	Bank - Note 24	3 906 756	18 061 147
	Total cash and cash equivalents	73 915 183	88 069 364
		<hr/>	<hr/>
42	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 41	73 915 183	88 069 364
	Investments - Note 17	51 549	56 355
		<hr/>	<hr/>
	Less:	73 966 732	88 125 720
		7 832 416	12 001 276
	Unspent Committed Conditional Grants - Note 10	6 989 484	8 463 004
	VAT - Note 12	842 932	3 538 272
	Resources available for working capital requirements	66 134 316	76 124 444
	Allocated to:		
	Capital Replacement Reserve	45 000 000	45 526 492
	Employee Benefits Reserve	12 760 024	11 961 362
	Non-Current Provisions Reserve	3 855 324	3 421 441
	Resources available for working capital requirements	4 518 968	15 215 149
		<hr/>	<hr/>
43	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	38 495 587	41 629 585
	Used to finance property, plant and equipment - at cost	(38 495 587)	(41 629 585)
		<hr/>	<hr/>
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
		<hr/>	<hr/>
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

44 BUDGET COMPARISONS

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
44.1 Operational				
Revenue by source				
Property Rates	27 949 649	25 389 812	2 559 837	10%
Government Grants and Subsidies - Capital	16 274 360	-	16 274 360	100%
Government Grants and Subsidies - Operating	59 710 669	89 521 639	(29 810 970)	-33%
Public Contributions and Donations	120 000	350 000	(230 000)	-66%
Gain on Foreign Exchange Transaction	-	-	-	0%
Fines	1 835 260	3 037 163	(1 201 903)	-40%
Service Charges	253 122 168	263 468 173	(10 346 005)	-4%
Rental of Facilities and Equipment	1 658 546	1 508 131	150 415	10%
Interest Earned - external investments	5 042 189	7 970 000	(2 927 811)	-37%
Interest Earned - outstanding debtors	1 513 318	1 700 000	(186 682)	-11%
Licences and Permits	1 261 437	1 210 341	51 096	4%
Agency Services	1 814 479	1 100 000	714 479	65%
Other Income	16 077 183	10 997 649	5 079 534	46%
Unamortised Discount - Interest	52 658	-	52 658	100%
Gain on disposal of Property, Plant and Equipment	-	-	-	0%
	<u>386 431 916</u>	<u>406 252 908</u>	<u>(19 820 992)</u>	<u>-5%</u>
Expenditure by nature				
Employee related costs	108 728 890	114 362 126	(5 633 236)	-5%
Remuneration of Councillors	6 420 162	6 430 336	(10 174)	0%
Debt Impairment	4 511 537	6 375 073	(1 863 536)	-29%
Depreciation and Amortisation	18 513 415	30 950 741	(12 437 326)	-40%
Collection costs	959 455	1 000 000	(40 545)	-4%
Impairments	3 770 043	-	3 770 043	100%
Repairs and Maintenance	11 920 235	12 655 849	(735 614)	-6%
Actuarial losses	3 122 234	-	3 122 234	100%
Unamortised Discount - Interest paid	122 093	-	122 093	100%
Finance Charges	7 215 421	8 573 197	(1 357 776)	-16%
Bulk Purchases	160 291 452	169 048 215	(8 756 763)	-5%
Contracted services	1 105 252	2 283 375	(1 178 123)	-52%
Grants and Subsidies	73 500	73 500	-	0%
Stock Adjustments	184 451	-	184 451	100%
Operating Grant Expenditure	18 547 031	14 751 704	3 795 327	26%
General Expenses	35 732 422	38 265 032	(2 532 610)	-7%
Loss on disposal of Property, Plant and Equipment	47 282	800 000	(752 718)	-94%
Fair Value Adjustments	4 807	-	4 807	100%
	<u>381 269 680</u>	<u>405 569 148</u>	<u>(24 299 468)</u>	<u>-6%</u>
Net Surplus for the year	<u>5 162 235</u>	<u>683 760</u>	<u>4 478 475</u>	<u>655%</u>

The budget amount above differs from the approved adjustment budget due to interdepartmental charges and Municipal services included as revenue in the approved budget.

The under realisation of Service charges is linked to the Municipal service charges and the change in the accounting treatment of subsidies to indigent households as income forgone.

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
44.2 Expenditure by Vote				
Community services	58 311 221	57 181 602	1 129 619	2%
Corporate services	11 778 531	13 302 242	(1 523 711)	-11%
Executive & Council	27 618 416	31 721 874	(4 103 458)	-13%
Finance	25 361 999	24 349 154	1 012 845	4%
Housing	19 997 223	23 514 621	(3 517 398)	-15%
Infrastructure Development	238 202 291	255 499 655	(17 297 364)	-7%
	<u>381 269 680</u>	<u>405 569 148</u>	<u>(24 299 468)</u>	<u>-6%</u>

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

44 BUDGET COMPARISONS (CONTINUE)

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
44.3 Capital expenditure by vote				
Community services	9 504 353	9 960 583	(456 230)	-5%
Corporate services	5 748 909	9 800 000	(4 051 091)	-41%
Executive & Council	2 969 674	3 203 016	(233 342)	-7%
Finance	1 554 085	1 260 000	294 085	23%
Housing	2 355 185	4 437 297	(2 082 112)	-47%
Infrastructure Development	16 530 896	23 078 581	(6 547 685)	-28%
	38 663 102	51 739 477	(13 076 375)	-25%

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	11 600 891	-
Unauthorised expenditure for the year - capital	294 085	-
Unauthorised expenditure for the year - operating	2 142 464	11 600 891
Written off by council	(11 600 891)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	2 436 549	11 600 891

Unauthorised expenditure on operating votes is mainly attributable to the actuarial loss on the employee benefits.
Unauthorised expenditure on the capital is mainly attributable the purchase of a back up tape library server.

Incident	Disciplinary steps/criminal proceedings
Over expenditure on approved operational and capital budget.	Report to Council

45.2 Fruitless and wasteful expenditure

None.

45.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	284 712	1 443 035
Irregular expenditure for the year	-	284 712
Written off by council	(284 712)	(1 443 035)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	-	284 712

Incident	Disciplinary steps/criminal proceedings
Agreement with Dr.J Rodegra in Foreign currency Sect 163 of MFMA	Report to Council
Procurement with persons in service of the State linked to the following companies: Nashua Mobile; Canopy Country; Shine the Way and Masiqhame Trading 1529	Report to Council
	-
	241 875
	42 837
	-
	284 712

LANGEBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

45.4	Material Losses	2012	2011
	Water distribution losses		
	- Kilo litres disinfected/purified/purchased	7 948 000	7 628 220
	- Kilo litres lost during distribution	991 840	960 585
	- Percentage lost during distribution	12.48%	12.59%
	Electricity distribution losses		
	- Units purchased (Kwh)	298 939 914	298 185 654
	- Units lost during distribution (Kwh)	24 745 305	18 467 742
	- Percentage lost during distribution	8.28%	6.19%

46	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2012 R	2011 R
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46.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	-	-
Council subscriptions	839 743	519 371
Amount paid - current year	(839 743)	(519 371)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

46.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year audit fee	1 709 875	1 530 066
External Audit - Auditor-General	1 689 436	1 179 319
Audit Committee	20 439	350 747
Amount paid - current year	(1 450 900)	(1 530 066)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	258 975	-

46.3 **VAT - [MFMA 125 (1)(b)]**

Opening balance	1 935 150	(2 598 286)
Amounts received - current year	36 461 821	32 237 528
Amounts received - previous years	(1 935 150)	2 598 286
Amounts claimed - current year	(30 393 886)	(30 302 378)
Closing balance - Receivable	6 067 935	1 935 150
Vat in suspense due to cash basis of accounting		
Input VAT	2 959 433	11 455
Output VAT	(5 747 575)	(4 809 965)
Receivable	(2 788 142)	(4 798 510)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

46.4 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	13 535 950	10 668 228
Amount paid - current year	(13 535 950)	(10 668 228)
Balance unpaid (included in creditors)	-	-

46.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	15 262 717	14 614 534
Amount paid - current year	(15 262 717)	(14 614 534)
Balance unpaid (included in creditors)	-	-

46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

46.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

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

	2012 R Outstanding more than 90 days	2011 R Outstanding more than 90 days
DE KOKER, TS	-	10 963
CROUWCAMP, NP	11 796	21 424
HULL, DA (R R & P B HULL)	-	5 148
R JOHNSON	149	-
Total Councillor Arrear Consumer Accounts	11 945	37 535

46.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

	Amount	Single Supplier	Impossible	Type of deviation	
				Impractical	Emergency
July	1 129 784	46	-	24	15
August	213 707	12	-	10	12
September	1 245 767	14	-	16	1
October	1 058 260	14	-	53	9
November	1 619 500	18	-	34	16
December	478 830	2	-	12	9
January	425 813	4	-	28	18
February	1 109 567	17	-	43	17
March	1 453 668	10	-	37	9
April	1 028 677	10	-	32	9
May	1 443 555	13	-	35	27
June	1 153 835	8	-	17	16
	12 360 963	168	-	341	158

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Liemens	L Liemens	Spouse	O. Liemens	Langeberg Municipality: Senior Local Economic Development Clerk	R 63 280
Armature Winders Cc	M E van Jaarsveld	Child	ZF. van Jaarsveld	Department of Correctional Services: Correctional Services Officer	R 39 210
TMM Management	M J Mgoqi	Father/Mother	N. Mgoqi	Langeberg Municipality: Councillor	R 11 820
Lumber Lawn	R Visser	Spouse	J. van Zyl	Western Cape Education Department: Teacher	R 40 488
Annadale Motors	D Wagner	Spouse	E. Wagner	Langeberg Municipality: Administrative Clerk	R 17 566

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Value of transactions
Ismael Towing	Mr C Ismael	Owner		Councillor Breede Valley Municipality	R 3 135

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

46.8 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions
Nashua Mobile	D Mazibuko	Director	National Department of Art and Culture	R 149 127

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
The Accounting Officer must submit by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury a statement on the state of the municipality's budget	MFMA Sec. 71(1)	The Section 71 reports for July 2011, August 2011 and September 2011 were not submitted on time.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

47	CAPITAL COMMITMENTS	2012	2011
		R	R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	700 000	13 161 367
	Infrastructure	700 000	4 411 367
	Community	-	8 500 000
	Other	-	250 000
	Approved but not yet contracted for	49 012 040	70 400 017
	Infrastructure	41 157 040	54 012 949
	Community	0	2 100 000
	Other	7 855 000	14 287 068
	Total	49 712 040	83 561 384
	In addition to the capital commitments approved and contracted for disclosed in terms of GRAP, 49 012 040 of the capital budget have been approved but have not yet been contracted for.		
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	31 399 750	29 207 935
	Government Grants	18 312 290	51 003 449
	Other Grants	-	3 350 000
	Total	49 712 040	83 561 384

48 **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 did engage in one foreign currency transaction. The risk is low due to the value of the transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:	363 431	474 377
1% (2011 - 0.5%) Increase in interest rates	(181 715)	(237 189)
0.5% (2011 - 0.5%) Decrease in interest rates		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

48 FINANCIAL RISK MANAGEMENT (CONTINUE) 2012 2011

(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 Trade Receivables 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 Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables 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

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	12 266 201	100.00%	9 596 064
<u>Exchange Receivables</u>				
Electricity	40.02%	16 927 578	52%	13 262 379
Water	13.71%	5 798 032	20%	5 215 537
Refuse	6.65%	2 811 464	9%	2 246 670
Sewerage	8.47%	3 580 952	11%	2 844 033
Other	31.16%	13 181 509	7%	1 882 679
	100.00%	42 299 536	100.00%	25 451 299

No receivables are pledged as security for financial liabilities

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	8 303 896	100.00%	6 063 412
<u>Exchange Receivables</u>				
Electricity	26.18%	3 617 461	24.57%	2 823 976
Water	25.93%	3 582 573	29.38%	3 377 466
Refuse	14.32%	1 978 608	13.34%	1 533 906
Sewerage	18.62%	2 573 144	16.27%	1 870 688
Other	14.94%	2 064 745	16.43%	1 888 474
	100.00%	13 816 530	100%	11 494 510

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

48 FINANCIAL RISK MANAGEMENT (CONTINUE)

	2012 %	2012 R	2011 %	2011 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	100.00%	-	100.00%	(794 772)
<u>Exchange Receivables</u>				
Electricity	40.02%	581 997	52.11%	669 537
Water	13.71%	199 345	20.49%	263 301
Refuse	6.65%	96 663	8.83%	113 421
Sewerage	8.47%	123 119	11.17%	143 578
Other	31.16%	453 201	7.40%	95 045
	100.00%	1 454 324	100.00%	1 284 882

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 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 expectations of counter party default.

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

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

	2012 R	2011 R
Long term receivables	4 539 273	3 707 148
Receivables from exchange transactions	28 483 006	13 956 789
Receivables from non-exchange transactions	5 372 946	4 748 537
Cash and Cash Equivalents	73 915 183	88 069 364
Non-Current Investments	51 549	56 355
Unpaid conditional grants and subsidies	0	3 304 716
	112 361 958	113 842 910

(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
2012				
Long Term liabilities	7 073 896	24 771 975	19 428 201	9 289 032
Capital repayments	3 481 455	12 371 075	13 633 003	9 063 319
Interest	3 592 441	12 400 900	5 795 198	225 713
Trade and Other Payables	30 501 299	-	-	-
Unspent conditional government grants and receipt	6 989 484	-	-	-
Cash and Cash Equivalents	-	-	-	-
	44 564 679	24 771 975	19 428 201	9 289 032

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

48 FINANCIAL RISK MANAGEMENT (CONTINUE)

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities	7 048 330	25 985 734	27 338 957	7 433 179
Capital repayments	3 390 561	13 584 834	21 543 759	7 207 466
Interest	3 657 769	12 400 900	5 795 198	225 713
Trade and Other Payables	34 388 646	-	-	-
Unspent conditional government grants and receipt	8 463 004	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>49 899 979</u>	<u>25 985 734</u>	<u>27 338 957</u>	<u>7 433 179</u>

49 FINANCIAL INSTRUMENTS

2012
R

2011
R

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

The fair value of financial instruments approximates the amortised costs as reflected bellow.

49.1 Financial Assets

Classification

Investments

Fixed Deposits Financial instruments at amortised cost - -

Long-term Receivables

Provincial Government Housing Loans - At amortised cost 3 053 281 2 986 626
 Staff Study loans - At amortised cost 35 144 0
 Services connections - At amortised cost 697 492 625 683
 Land Sales - At amortised cost 626 775 1 499 319
 Short-term Installments 126 582 94 839
 Agreements with Consumer Debtors 9 742 612 9 748 583

Receivables

Receivables from exchange transactions Financial instruments at amortised cost 28 483 006 13 956 789
 Receivables from non-exchange transactions Financial instruments at amortised cost 5 372 946 4 748 537

Other Receivables

Government Subsidies and Grants Financial instruments at amortised cost 0 3 304 716

Short-term Investment Deposits

Call Deposits Financial instruments at amortised cost 70 000 000 70 000 000

Bank Balances and Cash

Bank Balances Financial instruments at amortised cost 3 906 756 18 061 147
 Cash Floats and Advances Financial instruments at amortised cost 8 427 8 217

122 053 021 125 034 457

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost 122 053 021 125 034 457

At amortised cost 122 053 021 125 034 457

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

49	FINANCIAL INSTRUMENTS (CONTINUE)		2012	2011
49.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	35 014 133	38 226 736
	Capitalised Lease Liability	Financial instruments at amortised cost	0	12 288
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	28 256 086	32 292 294
	Retentions and Guarantees	Financial instruments at amortised cost	534 524	716 310
	Sundry Deposits	Financial instruments at amortised cost	2 203 439	1 846 583
	Sundry Creditors	Financial instruments at amortised cost	41 773	249 769
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	6 989 484	8 463 004
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 469 166	3 326 410
	Capitalised Lease Liability	Financial instruments at amortised cost	12 288	64 151
			76 520 894	85 197 545
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		76 520 894	85 197 545
50	EVENTS AFTER THE REPORTING DATE			
	On the 7th of August 2012 the municipality suffered flood damage which caused damage to the Sewerage and Electricity Infrastructure.		1 584 364	
51	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
52	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year			
53	CONTINGENT LIABILITY			
	Claim against Council		-	1 392 236
	2012			
	There is a dispute between the Independent Municipal Allied Trade Union and the South African Local Government Association over the implementation of the TASK wage curve, which if the union is successful in the application will result in a back pay to employees. The matter is currently under review in the Labour Court The claim between the municipality and Yethu Projects (Pty) Ltd was settled in 2012 and the municipality paid the amount of R 663 736 (incl. VAT).			
	2011			
	The Municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if the claimant is successful in their action. The following is the estimate exposure:			
	Yethu Projects / Nurcha Finance Company		-	1 392 236
			-	1 392 236

The Municipality is defending the claim. The company is under liquidation. During the 2009/2010 year a dispute arose between the municipality and a contractor (Yethu Projects (Pty) Ltd) regarding non performance in terms of the contract for the construction of low cost houses. As a result of this dispute the contractor issued a final payment certificate for R909 919 (incl. VAT). The municipality conducted its own inspection of the construction project and determined that the actual amount outstanding was R663 736 (incl. VAT) and made payment to the contractor. This payment was rejected by the contractor and the cheque was returned to the municipality. In turn the contractor then lodged a claim for an amount of R2 091 894 plus interest thereon at prime plus 0.2% via its attorneys. The amount of R 663 736 (incl. VAT) is included as an amount payable from exchange transactions. The amount indicated is Management's estimated financial exposure.

The legal matters with regard to SALA and the Cape Joint Pension Fund was included as provisions last year and was adjusted with the interest exposure.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CONTINGENT ASSET

2012

2011

On 13 June 2012 the municipality suffered losses and damage to property as a result of a public protest that was lead by the South African National Civics Organisation. The municipality instituted legal action against the South African National Civics Organisation. The value of the claim as at 30 June 2012 was R 5 524 971

5 524 970

54

RELATED PARTIES

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

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.

54.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 18 to the Annual Financial Statements

54.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements

54.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest

APPENDIX A - Unaudited LANGEBOERG MUNICIPALITY SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012											
EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Correction	Balance at 30 JUNE 2011 Restated	Received during the period	Adjustments	Interest portion payable at period end	Redeemed or written off during the period	Balance at 30 JUNE 2012
ANNUITY LOANS											
DBSA	10.00%	10287/102	2016/03/31	127 772	-	127 772	-	3 108	2 611	20 300	106 975
DBSA	12.00%	10287/202	2015/09/30	19 012	-	19 012	-	552	455	3 306	15 609
DBSA	15.00%	10422/102	2018/03/31	599 870	-	599 870	-	21 625	19 765	51 216	546 795
DBSA	14.00%	10422/203	2018/09/30	357 170	-	357 170	-	12 046	11 086	28 355	327 855
DBSA	16.00%	11124/103	2019/06/30	1 358 769	-	1 358 769	-	-	-	92 693	1 266 076
DBSA	16.50%	11174/102	2018/12/31	458 411	-	458 411	-	-	-	34 307	424 104
DBSA	15.75%	11192/101	2018/12/31	3 886 080	-	3 886 080	-	-	-	299 017	3 587 063
DBSA (Loan Fund)	13.22%	11328/101	2014/06/30	31 551	-	31 551	-	-	-	9 195	22 357
DBSA (Public Debt Commissioner)	13.30%	12349/101	2012/12/31	119 788	-	119 788	-	-	-	77 266	42 522
DBSA (Public Debt Commissioner)	13.75%	12350/101	2014/06/30	334 897	-	334 897	-	-	-	97 069	237 828
DBSA (Loan Fund)	16.15%	12351/101	2011/06/30	-	-	-	-	-	-	-	-
DBSA (Loan Fund)	16.15%	12352/101	2011/06/30	-	-	-	-	-	-	-	-
DBSA	16.50%	13341/102	2019/12/31	3 218 047	-	3 218 047	-	-	-	192 872	3 025 175
DBSA	7.43%	13452/102	2020/06/30	1 035 557	-	1 035 557	-	-	-	115 062	920 495
DBSA	7.43%	13452/301	2019/12/31	1 316 099	-	1 316 099	-	-	-	154 835	1 161 264
DBSA	8.72%	13586/101	2020/12/31	441 841	-	441 841	-	-	-	46 510	395 331
DBSA	8.25%	13760/101	2020/12/31	2 010 770	-	2 010 770	-	-	-	211 660	1 799 110
DBSA	8.25%	99999/1	2024/12/31	863 765	-	863 765	-	-	-	63 983	799 783
Cogmanskloof Irrigation Board (C B R)			2017/07/31	37 686	(37 686)	-	-	-	-	-	-
Pensionfund	15.10%	E39	2012/12/31	324 920	-	324 920	-	-	-	-	324 920
ABSA Bank	15.25%	209/12	2012/12/31	8 265	-	8 265	-	-	-	5 304	2 961
DBSA	7.17%	102290/1	2027/03/31	25 040 560	-	25 040 560	-	439 761	413 828	1 537 550	23 477 077
Total Annuity Loans				41 590 831	(37 686)	41 553 145	-	477 093	447 745	3 040 499	38 483 299
LEASE LIABILITY											
MINOLTA	0	B211 - 4104488	31/12/2010	0	-	0	-	-	-	-	0
MINOLTA	0	B211 - 4104501	31/12/2010	0	-	0	-	-	-	-	0
MINOLTA	0	B211 - 4107719	31/08/2011	1 772	-	1 772	-	-	-	1 772	0
MINOLTA	0	B350 - 21219171	31/01/2012	8 301	-	8 301	-	-	-	8 301	-0
MINOLTA	0	B350 - 21216750	31/08/2011	2 913	-	2 913	-	-	-	2 913	-0
MINOLTA	0	B350 - 21216757	31/08/2011	2 913	-	2 913	-	-	-	2 913	-0
MINOLTA	0	B350 - 21216779	31/09/2011	4 357	-	4 357	-	-	-	4 357	0
MINOLTA	0	B350 - 21216775	31/08/2011	2 913	-	2 913	-	-	-	2 913	-0
MINOLTA	0	B350 - 21216816	31/08/2011	2 414	-	2 414	-	-	-	2 414	-0
MINOLTA	0	C253 - E041003232	31/10/2011	11 218	-	11 218	-	-	-	11 218	-0
MINOLTA	0	B920 - 57GL00831	31/08/2011	13 330	-	13 330	-	-	-	13 330	-0
NASHUA	0	V 4499204836	28/02/2013	7 249	-	7 249	-	-	-	4 204	3 045
NASHUA	0	V 4499204844	28/02/2013	7 249	-	7 249	-	-	-	4 204	3 045
NASHUA	0	L 6806360527	2010-2013	11 810	-	11 810	-	-	-	5 612	6 199
NASHUA	0	NC5330 - 332271598	2012-2015	-	-	-	-	-	-	-	-
Total Lease Liabilities				76 440	-	76 440	-	-	-	64 151	12 288
TOTAL EXTERNAL LOANS				41 667 271	(37 686)	41 629 585	-	477 093	447 745	3 104 650	38 495 587

APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
18 000 705	(48 722 315)	(30 721 609)	Community services	29 065 463	(58 311 221)	(29 245 757)
1 593 609	(10 884 503)	(9 290 894)	Corporate services	1 026 226	(11 778 531)	(10 752 305)
7 861 730	(25 056 562)	(17 194 832)	Executive & Council	1 761 170	(27 618 416)	(25 857 246)
71 655 722	(22 670 961)	48 984 761	Finance	83 547 942	(25 361 999)	58 185 942
17 593 596	(28 749 639)	(11 156 044)	Housing	6 074 199	(19 997 223)	(13 923 024)
230 102 122	(201 451 269)	28 650 853	Infrastructure Development	264 956 916	(238 202 291)	26 754 625
346 807 484	(337 535 248)	9 272 236	Sub Total	386 431 916	(381 269 680)	5 162 235
-	-	-		-	-	-
346 807 484	(337 535 248)	9 272 236	Total	386 431 916	(381 269 680)	5 162 235

APPENDIX C - Unaudited
LANGE BERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
1 838 469	(25 818 436)	(23 979 967)	Executive & Council	2 155 667	(28 092 806)	(25 937 139)
71 655 722	(18 667 080)	52 988 642	Budget & Treasury	83 521 667	(21 199 352)	62 322 314
2 140 909	(15 831 292)	(13 690 383)	Corporate Services	1 271 913	(16 741 517)	(15 469 605)
6 944 783	(4 071 682)	2 873 101	Planning & Development	694 352	(4 875 618)	(4 181 267)
-	-	-	Health	-	-	-
1 426 718	(9 735 753)	(8 309 036)	Community & Social Services	9 920 281	(10 969 663)	(1 049 382)
17 593 596	(28 749 639)	(11 156 044)	Housing	6 074 199	(19 997 223)	(13 923 024)
5 193 335	(11 541 636)	(6 348 301)	Public Safety	5 002 074	(12 458 015)	(7 455 941)
154 929	(1 865 569)	(1 710 640)	Sport & Recreation	200 502	(2 226 777)	(2 026 275)
1 334 781	(11 190 430)	(9 855 649)	Environmental Protection	158 720	(13 401 738)	(13 243 019)
9 890 943	(14 388 926)	(4 497 983)	Waste Management	13 783 887	(19 255 028)	(5 471 141)
11 725 719	(11 834 391)	(108 672)	Waste Water Management	17 482 632	(11 167 614)	6 315 018
119 214	(12 407 519)	(12 288 304)	Road Transport	202 026	(14 269 201)	(14 067 175)
33 887 979	(23 873 853)	10 014 126	Water	28 730 337	(27 893 440)	836 898
182 900 388	(147 559 041)	35 341 346	Electricity	217 233 660	(178 721 688)	38 511 972
						-
346 807 484	(337 535 248)	9 272 236	Total	386 431 916	(381 269 680)	5 162 235

APPENDIX D - Unaudited
 LANGE BERG MUNICIPALITY
 DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
 Restated

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2011	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	30 JUNE 2011	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2012
R	R	R	R	R	R	R	R	R	R
<u>National Government Grants</u>									
MSIG	75 945	-	-	75 945	790 000	-	604 550	261 395	0
Zolani Taxi Rank	231 594	-	-	231 594	-	-	294	-	231 300
Masterplans	54 386	-	-	54 386	-	-	-	-	54 386
MIG	2 430 636	-	-	2 430 636	-	-	298 499	2 132 137	-0
Equitable Share	-	-	-	-	45 172 000	-	45 172 000	-	-
MIG	-4 093 970	405 404	3 688 566	-0	15 149 000	-	1 761 515	12 585 272	802 213
FMG	213 467	-	-	213 467	1 250 000	-	1 165 775	297 692	0
INEP	-2 807	-221 287	-1 580 622	-1 804 716	3 000 000	-	47 730	515 132	632 422
<u>Provincial Government Grants</u>									
Library services	-	-	-	-	4 885 407	-	4 603 107	282 300	-0
Main roads	-	-	-	-	187 000	-	187 000	-	-
Masakhane	353 117	-	-	353 117	-	-	-	-	353 117
Housing Consumer Education	289 005	-	-	289 005	-	-	-	-	289 005
Housing Emergency Grant	-21 874	2 686	19 187	-	-	-	-	-	-
Job creation	128 050	-	-	128 050	-	-	-	-	128 050
Social Development	-2 129 635	77 004	552 632	-1 500 000	1 500 000	-	-	-	-0
Housing Home Sanitation	167 671	-	-	167 671	-	-	-	-	167 671
Housing	17 903	-	-	17 903	-	-	-	-	17 903
Dept Water Affairs	140 000	-	-	140 000	-	-	-	-	140 000
Training	233 911	-	-	233 911	481 891	-	402 599	-	313 203
Housing	3 107 260	-	-	3 107 260	4 400 928	-	5 467 600	200 432	1 840 157
CDW	-48 000	48 000	-	-	-	-	-	-	-
Public Transport Infrastructure	-	-	-	-	1 000 000	-	-	-	1 000 000
<u>District Municipality Grants</u>									
ID Documents	33 260	-	-	33 260	-	-	-	-	33 260
Route 62 projects	37 377	-	-	37 377	-	-	-	-	37 377
PIMS	56 147	-	-	56 147	-	-	-	-	56 147
Pre-paid Watermeters	108 527	-	-	108 527	-	-	-	-	108 527
Ward Committees	150 000	-	-	150 000	-	-	-	-	150 000
PIMS	17 560	-	-	17 560	-	-	-	-	17 560
McGregor Dam	25 000	-	-	25 000	-	-	-	-	25 000
Bakery Project	218 371	-	-	218 371	-	-	-	-	218 371
Landfill site	332 400	-	-	332 400	-	-	-	-	332 400
Tarring of Streets	-154 000	18 912	135 088	-	-	-	-	-	-
Cleanest Town	41 416	-	-	41 416	-	-	-	-	41 416
Total	2 012 717	330 719	2 814 851	5 158 288	77 816 226	-	59 710 669	16 274 360	6 989 484

CHAPTER 5

Council & General

Ref	IDP Objective	KPI	Unit of Measurement	Baseline	Overall Performance to June 2012			Performance Comment	Corrective Measures
					Target	Actual	R		
TL31	Strengthen public confidence through effective stakeholder management	The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February 2012	100%	100%	100%	G		
TL30	Strengthen public confidence through effective stakeholder management	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of May 2012	100%	100%	100%	G	Budget was approved on 29 May 2012.	
TL32	Strengthen public confidence through effective stakeholder management	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	100%	100%	100%	G	Top Layer SDBIP was approved by the Mayor 14 June 2012.	
TL28	Strengthen public confidence through effective stakeholder management	Effective functioning of council measured in terms of the number of council meetings per annum	No of council meetings per annum	10	4	12	B		
TL29	Strengthen public confidence through effective stakeholder management	Effective functioning of the committee system measured by the number of committee meetings per committee per quarter	No of sec 79 committee meetings per committee per annum	10	4	6	B	Portfolio meetings take place on a monthly basis.	
TL33	Strengthen public confidence through effective stakeholder management	Effective functioning of ward committees to ensure consistent and regular communication with residents	No of ward committee meetings per ward per annum	11	4	5	G2	10 meetings per ward.	

Municipal Manager

Ref	IDP Objective	KPI	Unit of Measurement	Baseline	Overall Performance to June 2012			Performance Comment	Corrective Measures
					Target	Actual	R		
TL77	Strengthen public confidence through effective stakeholder management	Integrated development planning measured by the alignment of the municipal spending with IDP	The percentage of a municipality's capital budget spent on capital projects identified in the IDP	100%	100%	83.42%	O	Total of the Capital Budget spent as on 30 June 2012	Outstanding invoices still to be calculated.
TL76	Create a basis for Local Economic Development	The number of jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created through EPWP projects	500	750	552	R	Departments will be encouraged to use more methods to create jobs through EPWP projects	Departments will be encouraged to use more methods to create jobs through EPWP projects
TL92	Practice sound financial management	No of Root causes of issues raised by AG in AG report of the previous financial year addressed to promote a clean audit	No of Root causes addressed	12 findings in die report	12	12	G		
TL86	Strengthen public confidence through effective stakeholder management	Annual report and oversight report of council submitted before the end of March 2012	Report submitted to Council	100%	100%	100%	G		
TL84	Strengthen public confidence through effective stakeholder management	No of Section 57 performance agreements signed by the end of July	No of performance agreements signed	5	5	5	G		
TL85	Strengthen public confidence through effective stakeholder management	Institutional Performance management system in place and implemented up to first level of reporting	No of agreements signed	Only sec 57's	25	31	G2	31 Performance Agreements	
TL82	Strengthen public confidence through effective stakeholder management	Reviewed communication strategy approved by March 2012	Strategy approved by March 2012	Approved Communication Strategy	1	1	G		

TL78	Strengthen public confidence through effective stakeholder management	The municipality comply with all the relevant legislation	0 findings in the audit report on non-compliance with laws and regulations	Unqualified audit opinion for the 2009/10 financial year	0	0	G		
TL87	Strengthen public confidence through effective stakeholder management	Functional performance audit committee measured by the number of meetings per annum	No of meetings held	2	2	2	G		
TL81	Strengthen public confidence through effective stakeholder management	Public participation on the IDP process to adhere to the requirements of the Municipal Systems Act	No public participation sessions per ward to ensure input of the community on the IDP	2	1	1	R	To be held during July 2012	To be held during July 2012
TL83	Strengthen public confidence through effective stakeholder management	Reviewing of the anti-corruption policy to ensure good governance	Reviewed anti-corruption policy approved by March 2012	Approved anti-corruption policy	1	1	G	Anti-corruption & Fraud Policy approved	
TL88	Strengthen public confidence through effective stakeholder management	Risk based audit plan approved by the end of June	Plan approved	Audits are conducted based on the approved audit plan	100%	100%	G	Meeting held on 21 June 2012	
TL93	Create a basis for Local Economic Development	Development of a tourism strategy to create a basis for economic development	Approved tourism strategy by December 2011	No strategy in place	1	0	R	Tourism strategy was developed but it was inadequate in addressing all tourism matters within our area. Subsequently MM referred the strategy to Wesgro to further review and requested more inputs	Will follow up with the Provincial department on the progress
TL79	Strengthen public confidence through effective stakeholder management	Development of the 3rd generation IDP and approved by the end of May	IDP approved by the end of May 2012	100%	100%	100%	G	Approved 29 May 2012	

TL80	Strengthen public confidence through effective stakeholder management	The IDP is comprehensive and include all community inputs	No of ward based development plans completed	10	12	12	G	Completed to be included in the IDP document	
TL89	Create a basis for Local Economic Development	Local Economic Development is driven by a strategy	Reviewed LED strategy approved by April 2012	LED approved in 2005	1	1	G	The document has been completed, public participation on it must still happen before council can approve. The document has been completed ,public participation on it must still happen before council can approve. Salga has offered to advise on this document before submission	
TL90	Create a basis for Local Economic Development	No of initiatives implemented in terms of the approved LED strategy	No of initiatives	4	3	7	B	Expanded public works Programme. Enterprise development Programme. Arts and Culture Development Programme. Neighbourhood Development Programme (these are implemented on an ongoing basis from the old strategy)	
TL91	Create a basis for Local Economic Development	To assign a percentage of the total allocated operational budget to SMME's to enhance economic development	% of total operational budget allocated assigned to SMME's	R5 million	20%	3.20%	R	Not many SMME'S in the municipal area that benefit from the operational budget	Workshop to be held to inform SMME's and local suppliers regarding SCM processes and compliance issues

Corporate Services

Ref	IDP Objective	KPI	Unit of Measurement	Baseline	Overall Performance to June 2012			Performance Comment	Corrective Measures
					Target	Actual	R		
TL20	Transform the organizational and develop its of administration in line with council's new vision	Targeted skills development measured by the implementation of the workplace skills plan	R-value of budget spent	R 800 000	R 1,000,000	R 516,392.55	R	<p>The amount of R184 076.77 is committed out of the amount of R 516 392.55. The amount of 136133.30 is committed out of R 469238.55. The reason for the decrease is that some of the orders for training was cancelled. I am awaiting Finance for the proof of cancelations</p> <p>The amount of R402599.25 was spend for the past financial</p>	Although the figure indicated R 1 000,000, there was only R 580 000 budgeted. Therefore 69.4% of the budget was spent.
TL19	Strengthen public confidence through effective stakeholder management	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	Number of people employed	1	1	1	G	One person, namely Mr Brown was appointed in November 2011 in the three highest levels	
TL27	Deliver quality basic services	Municipal buildings is maintained in terms of the maintenance budget for municipal buildings spent	% of maintenance budget spent	71%	98%	96%	O	<p>Upgrading work was done at the Montagu Stores</p> <p>Upgrading work was done at the Robertson Mun Offices</p> <p>Upgrading work was</p>	All maintenance issues identified were attended to.

								done	
TL26	Deliver quality basic services	Revision of the business plan for the maintenance of municipal buildings by the end of March 2012	% revision of the plan	Existing business plan for the maintenance of municipal buildings	100%	100%	G	Business plan has been revised	
TL21	Strengthen public confidence through effective stakeholder management	Customer care survey conducted by the end of September to determine service delivery satisfaction	Percentage completion of the survey by the end of September	New KPI	100%	100%	G	Results still awaited.	
TL22	Strengthen public confidence through effective stakeholder management	Develop an action plan by the end of June 2012 to address the matters identified in the customer care survey	Completion of the action plan by the end of June 2012	New KPI	100%	0%	R	Survey was done by CWDM and Province. Only once the results have been received, an action plan can be completed.	Only once the results have been received, an action plan can be completed. Will follow up on the outcome of the survey.
TL23	Transform the organizational and develop its of administration in line with council's new vision	Effective labour relations by facilitating regular LLF meetings per annum	No of meetings of the LLF per annum	3	4	3	O	LLF meeting was arranged for 26 April 2012, but could not take place, as there was not a quorum to proceed with meeting.	If there is no need for a meeting, all stakeholders agree not to have a meeting.
								A LLF meeting did not take place in June 2012 due to Council going into recess as a result of the school holidays	
TL24	Transform the organizational and develop its of administration in line with council's new vision	Revise identified HR policies by the end of June to ensure compliant and up to date HR policies	No of policies revised	2	2	12	B		

TL25	Transform the organizational and develop its of administration in line with council's new vision	Implementation of skills development plan with targeted skills development	No of personnel actually trained/ No of personnel identified for training (%)	60%	70%	70%	G		
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Community Services

Ref	IDP Objective	KPI	Unit of Measurement	Baseline	Overall Performance to June 2012			Performance Comment	Corrective Measures
					Target	Actual	R		
TL5	Deliver quality basic services	Municipal parks and recreational areas is provided to all HH measured by the no of HH with access to recreational areas	No of wards with access to recreational areas	All wards have access	12	12	G	All households in wards have access to recreational areas	
TL1	Deliver quality basic services	Provision of refuse removal, refuse dumps and solid waste disposal to all formal areas	No of formal HH for which refuse is removed at least once a week	14467	14,467	14,520	G2	Households serviced as per financial accounts, plus physical counting of houses not receiving service Montagu (83).	
TL2	Deliver quality basic services	Provision of refuse removal, refuse dumps and solid waste disposal to all informal areas	No of informal HH for which refuse is removed at least once a week	450	450	433	O	Households serviced as per financial accounts	Ensure that on a monthly basis that all informal households in our area have waste removal done on a weekly basis
TL7	Deliver quality basic services	Cemeteries maintained measured by the % of the maintenance budget spent	% of budget spent	100%	100%	117%	G2	R 45,955.96 expended from a budget of R39,000.00 thus 117%	
TL4	Deliver quality basic services	Recreational areas is maintained measured by the % of the maintenance budget spent	% of budget spent	Annual financial statements	100%	61.19%	R	R531, 174.61 expended from a budget of R868, 094.00, thus 61.19%	Additional R2 M budgeted for cleaning of rivers in Montagu. Project in progress
TL6	Deliver quality basic services	Revise maintenance schedule for cemeteries to ensure that cemeteries are maintained	Plan developed or revised by July 2011	Annual schedule compiled	1	1	G	No revision required. In accordance with maintenance plan	
TL3	Deliver quality basic services	Revise maintenance schedule for recreational areas to ensure that recreational	Revised schedule by July 2011	Annual schedule compiled	1	1	G		

		areas are maintained							
TL17	Deliver quality basic services	Completion of the Thusong centre in Robertson by the end of June 2012	% completion	New KPI	100%	99%	O	Garages/ parking to be completed	Garages/ parking to be completed
TL8	Deliver quality basic services	Disaster Management Plan reviewed by the end of December	Plan reviewed by the end of December 2012	Annually revised	100%	100	G	Plan placed on website	
TL9	Deliver quality basic services	Draft Law Enforcement strategy completed by June 2012	Strategy drafted by June 2012	Only law enforcement plan	100%	100%	G	Drafted Law Enforcement Strategy Plan handed in on the 26 June 2012, Director Corporate Services office.Mr AWJ Everson	
TL10	Deliver quality basic services	Review the Fire Protection Plan by the end of December 2012 to ensure effective fire brigade services	Plan reviewed by the end of December 2012	Annually revised	100%	100%	G	Fire Protection Plan completed and submitted for inclusion in the IDP.	
TL11	Deliver quality basic services	Provide sport facilities to all communities in the municipal area	Percentage completion of the Zolani pavilion	New KPI	100%	100%	G		
TL12	Deliver quality basic services	Regular sport forum meetings to ensure effective functioning of sport forums	No of meetings per type of forum per annum	2	4	7	B	Bonnievale Sportforum (1) Montagu Sportforum (3) Robertson Sportforum(3)	
TL16	Deliver quality basic services	Sport facilities is maintained measured by the % of the maintenance budget spent	% of budget spent	100%	100%	75.10%	O		More facilities will be attended to in the new year.
TL13	Deliver quality basic services	Effective waste management capital spending measured by the % of budget spent	% spent of approved waste management capital projects	95%	98%	99.10%	G2	Expenditure according to Financial reports	

TL14	Deliver quality basic services	Implementation of the Integrated Waste Management Plan measured by the quantity of waste recycled per annum	Tons of waste recycled per annum	2160	2,160	761.82	R	59.38 tonnes for the month of April 2012 as per Weighbridge report.	More awareness programmes on the importance of recycling will be done. The establishment of a transfer station per town.
TL15	Deliver quality basic services	Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	100%	100%	94.36%	O	Expenditure according to Financial reports	This was a saving to the municipality.
TL18	Deliver quality basic services	Roll-out of awareness campaigns to increase public awareness with regard to the recycling of waste to protect the environment	Number of campaigns	Annual awareness campaign	1	7	B	Pamphlets distributed together with clear bags for recycling Meetings (1) held with Montagu Woman's League	

Infrastructure Development

Ref	IDP Objective	KPI	Unit of Measurement	Baseline	Overall Performance to June 2012			Performance Comment	Corrective Measures
					Target	Actual	R		
TL54	Deliver quality basic services	Provision of electricity that are connected to the national grid to all formal areas	No of formal areas that meet agreed service standards	15114	15,114	15,375	G2		
TL55	Deliver quality basic services	Provision of electricity that are connected to the national grid to all informal areas	No of formal areas that meet agreed service standards	220	220	230	G2		
TL60	Effectively respond to the Housing needs of the community	All existing informal settlements is formalised and have access to basic services	% of informal settlements that meet the standards	Approved Human Settlement Strategy	100%	100%	G	All informal settlements in the area have access to basic services	
TL52	Deliver quality basic services	Provision of sanitation systems limited to domestic waste water and sewerage disposal to formal HH	No of formal HH that have at least VIP on site	14421	14,421	14,135	O	There are 14135 households in our area provided with sanitation system	Ensure that proper records are kept of formal households in our area and that all these households are provided with sanitation systems.
TL53	Deliver quality basic services	Provision of sanitation systems limited to domestic waste water and sewerage disposal to informal HH	No of informal HH that have at least VIP on site	450	450	431	O	431 informal households provided with a sanitation system	Ensure that proper records are kept of informal households in our area and that all informal households are provided with sanitation systems.
TL50	Deliver quality basic services	Provision of cleaned piped water to all formal HH within 200m from the household	No of formal HH that meet agreed service standards for piped water	14211	14,211	14,371	G2	There are 14371 households in our area provided with cleaned piped water system	
TL51	Deliver quality basic services	Provision of cleaned piped water to all informal HH within 200m from the household	No of informal HH that meet agreed service standards for piped water	450	450	431	O	There are 431 informal households in our area provided with cleaned piped water system	Shacks were demolished, only 431 in our area
TL74	Deliver quality basic services	Effective electricity capital spending measured by the % of budget spent	% spent of approved electricity capital projects	95%	95%	48.73%	R	The appointment of Consultants for projects were delayed	Tender for Consultants was re-advertised and will close on the 10 August 2012

TL73	Deliver quality basic services	Effective management of electricity provisioning systems	% of electricity unaccounted for	7%	7%	8.28%	R	Energy loss increased	Prepaid meter will be replaced and Bulk supply meters will be audited in 2012/13 financial year
TL75	Deliver quality basic services	Electricity assets is maintained in terms of the maintenance budget spent	% of maintenance budget of electricity spent	98%	98%	90%	O	Tender for the maintenance on Robertson Main Transformers were not awarded because it did not comply to legislation	Tender for one transformer was re-advertised and closed on the 3 August 2012
TL72	Deliver quality basic services	Electricity connections to provide electricity reticulation to new developments	No of new electricity connections	New KPI	220	0	R	No new developments were done during the year	ASLA has been appointed as a service provider to build houses, therefore electricity connections will be done as soon as the houses are completed.
TL56	Strengthen public confidence through effective stakeholder management	Spatial development plan aligned with PSDF and PGDS	% alignment	100%	100%	0%	R	The Consultant to be appointed will be required to align our SDF with PSDF and the PGDS. No corrective measures can now be taken.	Follow up with Province on the progress for appointing a consultant
TL58	Effectively respond to the Housing needs of the community	Implementation of Integrated Human Settlement Strategy measured by the number of houses completed by the end of June 2012	Number of houses completed	Approved Human Settlement Strategy	220	205	O	<p>Bonnievale 52 Housing Project - Project Completed</p> <p>Montagu Mandela Square 63 Housing Project - 62 Houses Completed/Hand over</p> <p>Zolani 173 Housing Project - 122 Houses Completed / Hand over</p> <p>Nkqubela 440 Housing Project - 413 Houses Completed/Handed Over</p> <p>202 Houses of the current projects were handed over by end of June 2012 and the other 15 Zolani are still with the Dept of Human Settlements for approval</p>	Outstanding documentation on subsidies were sent to Provincial DOH for approval so that houses can be handed over

TL59	Effectively respond to the Housing needs of the community	To development a municipal housing policy	Approved housing policy by December 2011	Approved Human Settlement Strategy	1	0	R	<p>A draft Housing Policy was workshop by Council on 24th May 2012</p> <p>The draft housing policy was workshop by Council and adjustments are made as discussed and will go to Council again and then for public participation. The draft Housing policy is currently with the Municipal Manager</p>	Will be submitted to Council in the new Financial Year
TL57	Strengthen public confidence through effective stakeholder management	Spatial Development Framework reviewed and submitted to PGWC by the end of December 2011	Reviewed and submitted to PGWC by the end of December	SDF has been submitted to PGWC but required adjustment	100%	70%	R	<p>The final draft (Volume 2) document was submitted to DE&AP in 2011 for consideration. This document contains Spatial Development proposals and also proposed land use management guidelines for the Spatial Planning Categories. However, this Department expressed their concern with the Urban Edge (as well as other issues) as submitted. The request is that it must conform to restructuring and integration principles.</p> <p>During the 2011-2012 financial year the Departments of Environmental Affairs and Development Planning worked together with our Municipality to prepare a GAP Analysis for our Draft Spatial Development Framework (SDF). The latter work was undertaken as part of the Built Environment</p>	Follow up with Province on the appointment of the Service Provider

								<p>Support Program (BESP), Round 3 Phase 1. These Project Plans and GAP Analyses were completed by the end of March 2012.</p> <p>The undertaking was given by DEAD&P that once the GAP Analysis was completed, consultants would be appointed in consultation with the municipality, to fill the gaps in the SDF. Unfortunately however, the Department do not have sufficient funds to complete all SDF's for which GAP Analysis were completed during Round 3 Phase 1. Instead of being able to fund eight SDF's as part of the BESP Round 3 Phase 2, they are only able to fund four SDF's through the BESP.</p> <p>Langeberg will as a result as this only be funded during our 2013 to 2014 financial year, which year, which starts on 1st of April 2013.</p> <p>No corrective measures can now be taken.</p>	
TL63	Deliver quality basic services	Effective municipal roads capital spending measured by the % of budget spent	% spent of approved roads capital projects	95%	95%	99.70%	G2		
TL65	Deliver quality basic services	Maintenance of municipal roads	% of maintenance budget of municipal roads spent	100%	98%	72%	R	Expenditure according to the Expenditure reports.	More projects aligned for the next year
TL64	Deliver quality basic services	Municipal roads is maintained measured by the kms/square meters of roads patched	Kms of roads patched and resealed	1.6 km	1.6km	1.2km	R	No capital funding was available to reseal roads. Patching was done through the maintenance budget and only	Funding is provided in the 2012/2013 Budget

		and resealed according to approved maintenance plan within available budget						1,2 km were done from this budget . As corrective measure funding is provided on the 2012/13 budget	
TL62	Deliver quality basic services	Provision of tar roads for existing gravel roads in the municipal area measured by the km's of gravel roads tarred	No of kilometers tarred	1685m	1.6km	4.3km	B	As per IMQS	
TL61	Deliver quality basic services	Quality of waste water discharge measured by the % water quality level	% water quality level of waste water discharge	SABS Standards	100%	90%	O		Development of a Water maintenance plan
TL67	Deliver quality basic services	Effective management of water provisioning systems to limit unaccounted water	% of water unaccounted for	12%	12%	12.48%	G		
TL69	Deliver quality basic services	Effective water capital spending measured by the % of budget spent	% spent of approved water capital projects	95%	95%	68.74%	R	According to Financial information	Closer monitoring on project implementation
TL66	Deliver quality basic services	New water connections to provide for potable water supply systems	No of new water connections per quarter	New KPI	220	149	R	Only 149 applications received	Only 149 applications received
TL70	Deliver quality basic services	Water assets is maintained in terms of the maintenance budget spent	% of maintenance budget of water spent	98%	98%	98%	G	Regularly maintained	
TL68	Deliver quality basic services	Excellent water quality measured by the quality of water as per blue drop or SANS 241 criteria	% water quality level	95%	97%	89.1%	O	Per blue drop assessment	Training to staff Development of a manual
TL71	Deliver quality basic services	No of water saving initiatives in terms of the Water Demand Management Plan implemented during the year	Number of initiatives	1	2	2	G		

Financial Services

Ref	IDP Objective	KPI	Unit of Measurement	Baseline	Overall Performance to June 2012			Performance Comment	Corrective Measures
					Target	Actual	R		
TL44	Practice sound financial management	Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	1.4	0.2	2.3	B	Calculation on spreadsheet	
TL42	Practice sound financial management	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations	Debt coverage ((Total operating revenue- operating grants received)/debt service payments due within the year)	26.4	30.5	50.43	B	Coverage good	
TL43	Practice sound financial management	Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	0	0%	0%	N/A		
TL46	Practice sound financial management	Improved revenue collection	% Debt recovery rate	97%	97%	92.09%	O	Debt recovery	Focus more on business and provincial department collection
TL38	Deliver quality basic services	Provision of free basic electricity in terms of the equitable share requirements	No of HH receiving free basic electricity	5278	6,000	7,017	G2	We have so far given more subsidy more than we anticipated this could be as a result of the fact that now people can change accounts to their names even if the property is not owned by them so they can apply for subsidies and more people couldn't apply because accounts were not on their names before.	

TL39	Deliver quality basic services	Provision of free basic electricity in terms of the equitable share requirements	Quantum of free basic electricity per household	50 kWh	50	50	G	Free electricity provided	
TL40	Deliver quality basic services	Provision of free basic refuse removal in terms of the equitable share requirements	No of HH receiving free basic refuse removal	5278	6,000	6,913	G2	We have so far given more subsidy more than we anticipated this could be as a result of the fact that now people can change accounts to their names even if the property is not owned by them so they can apply for subsidies and more people couldn't apply because accounts were not on their names before	
TL41	Deliver quality basic services	Provision of free basic refuse removal in terms of the equitable share requirements	Quantum of free basic refuse removal per month per household	R 68	R 72	R 72	G	Free refuse	
TL36	Deliver quality basic services	Provision of free basic sanitation in terms of the equitable share requirements	No of HH receiving free basic sanitation	5500	6,000	6,902	G2	We have so far given more subsidy more than we anticipated this could be as a result of the fact that now people can change accounts to their names even if the property is not owned by them so they can apply for subsidies and more people couldn't apply because accounts were not on their names before.	

TL37	Deliver quality basic services	Provision of free basic sanitation in terms of the equitable share requirements	Quantum of free basic sanitation provided per hh	R 89	R 95	R 95	G	Free basic sanitation	
TL34	Deliver quality basic services	Provision of free basic water in terms of the equitable share requirements	No of HH receiving free basic water	5278	6,000	6,811	G2	We have so far given more subsidy more than we anticipated this could be as a result of the fact that now people can change accounts to their names even if the property is not owned by them so they can apply for subsidies and more people couldn't apply because accounts were not on their names before	
TL35	Deliver quality basic services	Quantum of free basic water per household in terms of the equitable share requirements	Quantum of free basic water provided per household	6kl	6	6	G	Free water provided	
TL47	Practice sound financial management	Approved financial statements submitted by 31 August	Approved financial statements submitted	100%	100%	100%	G	Statements for 11/12 submitted on 31 August 2012.	
TL45	Practice sound financial management	Compliance with GRAP 16, 17 & 102 to ensure effective asset management	0 findings in the audit report on non-compliance	Unqualified audit opinion for the 2009/10 financial year	0	0	G		
TL49	Practice sound financial management	Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0 successful appeals	0	0	0	G		

TL48	Practice sound financial management	Improvement in operational conditional grant spending measured by the % spent	% of the grant spent	100%	100%	100%	G	FMG and MSIG Grants spent fully	
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REPORT OF THE AUDIT/AUDIT PERFORMANCE COMMITTEE

The Audit Committee reports in terms of its responsibilities as prescribed by section 166 of the MFMA. The members of the Audit/Audit Performance Committee of the Langeberg Municipality for the 2011/2012 financial year are:

- Dr BP Jansen van Rensburg (Chairperson)
- Mr P Dreyer
- Mr M Mostert

The Audit Committee met on the following dates during the 2011/2012 financial year:

- 20 September 2011
 - 6 December 2011
 - 20 January 2012
 - 20 March 2012
 - 2 May 2012
 - 21 June 2012
-
- According to the Internal Audit Plan and the execution thereof, we conclude that the internal control system is efficient and effective. During the course of the year the Chairperson evaluated the Internal Audit section which indicated similarly.
 - Up to date no in depth risk analysis has been made by management. This renders a proper assessment of the risk areas to which the Municipality is exposed impossible for the Audit Committee.

Apart from:

- the need for the external auditors to correct material misstatements, there were no other non-compliances with applicable laws and regulations brought to the attention of the Audit Committee.

The Audit Committee has:

- Reviewed and discussed with the Accounting Officer the Audited Annual Financial Statements to be included in the Annual Report;
- Reviewed and discussed the Auditor-General's management letter and appropriate responses from management;
- Reviewed the necessary adjustments from the audit.

The Audit Committee agrees with and accepts the conclusions of the Auditor-General with respect to the adequacy and correctness of the financial information provided by Management.

We therefore recommend that the Audited Financial Statements, together with the Management Report of the Auditor-General be accepted by the Council of the Langeberg Municipality.

Chairperson Audit Committee.

Dr BP Jansen van Rensburg

Date: 06 November 2012.

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON LANGEBERG MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of Langeberg Municipality set out on pages 6 to 69, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Langeberg Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 39 and 40 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of an error discovered during the 2011-12 financial year in the financial statements of the Langeberg Municipality at, and for the year ended, 30 June 2011.

Material losses

9. As disclosed in note 21 to the financial statements the municipality wrote off bad debts to the amount of R1 454 324 as these debtors were found to be unable to settle their accounts due to their economic circumstances.
10. As disclosed in note 46.4 to the financial statements the municipality incurred significant water losses of 12.48% or 991 840 kiloliters respectively due to technical and non-technical losses and significant electricity losses of 8.28% or 24 745 305 kilowatts respectively due to technical and non-technical losses.

Impairments

11. As disclosed in notes 18, 21 and 22 to the financial statements the municipality has provided for impairment of long term receivables and trade receivables from exchange and non-exchange transactions respectively of R31 863 038 due to objective evidence that these debtors would default on their respective accounts.
12. As disclosed in note 33 to the financial statements the municipality impaired property, plant and equipment by R3 770 043 that was damaged during service delivery protests.

Material under spending of the budget

13. As disclosed in note 45 to the financial statements, the municipality had a material under spending of R37 375 843 at 30 June 2012. The under spending related to operating expenditure and various capital expenditure items amounting to R24 299 468 and R13 076 375 respectively as a result of cost savings on various projects and expenditure on housing top structures that could not continue as the projects were not yet registered with the Provincial Housing Department. Consequently, housing and infrastructure development were affected by the under spending.

Additional matter

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

15. The supplementary information set out in appendix A to D on pages 70 to 73 does not form part of the financial statements and is presented as additional information. I have not audited these appendices and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 49 to 64 of the annual report.
18. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
19. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
20. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matters

Achievement of planned targets

21. Of the total number of planned targets, only 33 were achieved during the year under review. This represents 35% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process. Furthermore, 22 of the total number of targets set for the year are in respect of objectives that are considered to be qualitatively material. Of these targets, 42% were not achieved during the year under review.

Material adjustments to the annual performance report

22. Material misstatements, in respect of 18 indicators (35%), in the annual performance report were identified during the audit, all of which were corrected by management.

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Investigations in progress

25. An investigation is ongoing into allegations of fraud by an E-Natis clerk in Montagu.

Investigations completed during the financial year

26. An investigation was concluded on allegations of non-compliance with supply chain management regulations for the construction of Cogmanskloof Pavilion. No disciplinary steps resulted against officials and no criminal proceedings were instituted.
27. An investigation was concluded on allegations of non-compliance with supply chain management regulations for the construction of the construction of Montagu Foortbridge. No disciplinary steps resulted against officials and no criminal proceedings were instituted.
28. An investigation was concluded on allegations of non-compliance with supply chain management regulations for the upgrading of Zolani taxi rank. No disciplinary steps resulted against officials and no criminal proceedings were instituted.

Auditor-General

Cape Town

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACTION PLAN FOR 2011/2012 EXTERNAL AUDIT FINDINGS

No.	Audit Finding	AG recommendation	Management response	Action	Responsible person
1	1. EX.27 and 40 - (COMAF 23 and 32) Actual reported information did not agree to source.	Management should ensure that all actual achievements reported in the annual performance report are supported with the valid, accurate and complete source information for audit purposes.	<p>Management agrees with the finding and therefore request permission to make changes to the performance report based on the audited outcomes as indicated in the last column.</p> <p>Management will provide training again to all managers and those involved in the updating of the Ignite System to ensure that the different types of KPI's are explained and proper updating and correct reporting are done on a monthly basis and all supporting evidence are kept for auditing purposes.</p>	No action required as per auditors comment: Management comments are noted; corrections have been audited and found to be accurate. The corrections processed by management have resulted in material corrections to the annual performance report which will be reported as an additional matter paragraph in the management report and audit report.	Mrs CO Matthys
2	EX.20 - (COMAF 22) Performance management	Management should ensure that internal audit performs the required quarterly internal audits on performance measurement and when there is a lack of capacity due to the prioritisation of other internal audits, management should consider outsourcing such internal audits.	Management agrees with the finding and will ensure that during the 12/13 financial year mechanisms are put in place to ensure that in terms of Municipal Planning and Performance Management Regulation 14(1)(b)(ii), internal audit will assess the compliance of the performance management system with the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). Furthermore, that in terms of Municipal Planning and Performance Management Regulations 14(1)(c), internal audit will audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee.	Internal audit to perform an audit of performance measurements as from 2012/13 financial year.	Mr .SA Mokweni Mr. PA Lategan

3	EX.22 - (COMAF 18) No agreements in place	It is recommended that management regularly review and confirm the review all control reconciliations in order to ensure that information available for reporting is complete and accurate.	This agreements as kept by the former Bonnievale Municipality, was transferred to Ashton with the amalgamation process nearly 10 years ago as indicated. Steps will be taken to try to find the agreements.	The administration office has been asked to assist in locating these agreements. Hopefully in 2012/13 financial year we will be able to make them available for audit purposes.	Mr. CF Hoffmann Ms L Sotshede
4	EX.15 - (COMAF 13) Useful lives incorrect	Management should assess the useful lives of intangibles assets based on the period the intangible asset will be in use.	Management agrees with the audit finding as it relates to the internal control deficiency. Management will implement the recommendation and assess the useful lives of intangible assets from 01 July 2012 based on the period the intangible asset will be in use.	To implement the recommendation as from 1 July 2012.	Mr. CF Hoffmann Mr. B Brown
5	EX.12 - (COMAF 11) No standard operating procedures	It is recommended that management implement the standard processes followed for the key performance indicators in order to produce the verifiable indicators.	Management disagrees with the audit finding as it relates to the internal control deficiency. Standard operating procedures is in place for Ignite users to update and administer the system	Operating procedures keeping of POE for the SDBIP system will be addressed in Ignite training scheduled for 2013	Mrs CO Matthys
7	EX.24 - (COMAF 20) Excessive overtime	It is recommended that management adheres to the conditions set by the BCEA and the policy framework. Management should evaluate the amount of overtime to be worked before approving it and subsequently review to confirm compliance with prescripts	Management agrees with the audit finding as raised. The necessary controls will be put in place to ensure that the municipality adhere to section 10(1)(b) of the Basic Conditions of Employment Act, 1997.	Controls to be put in place to ensure compliance to section 10(1)(b) of the Basic Conditions of Employment Act, 1997.	Mr CF Hoffmann

8	EX.6 - (COMAF 15) Budgets Monthly budget statements were not submitted to the mayor and relevant provincial treasury, as required by section 71(1) of the MFMA for the months of July to September 2011.	Management should ensure that information and documentation required by National Treasury and the relevant provincial treasury are submitted in a timely manner and within the legislated deadlines. Furthermore, management should adhere to the submission dates required by the MFMA and Municipal budget and reporting regulations.	The necessary controls has been put in place and the reports required in terms of section 71(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) are provided timely to Provincial and National Treasury as from October 2011	None needed.	Mr. CF Hoffmann Mr. B Brown
9	EX.28 - (COMAF 25) Submission of project implementation plan	Management should ensure that information and documentation required by the national department (CoGTA) in relation to MIGs are approved in a timely manner for submission within the deadlines.	The project implementation plan for the 2013/14 financial year has been provided timely to the national department (CoGTA).	None needed since the project implementation plan for 2013/14 has been submitted already.	Mr. SA Mokweni
10	EX.32 - (COMAF 24) Suppliers in service of the municipality	Management should design and implement controls whereby interests of suppliers in service of the state can be identified.	The issue will be investigated on how cost-effective controls can be put in place whereby interests of suppliers in service of the state can be identified	Issue to be investigated to determine cost of putting controls in place, value for money.	Mr. CF Hoffmann Mr. S Ngcongolo
11	SECURITY MANAGEMENT	The Director: Strategic and Socail Development in consultation with the Network Administrator should by 28 February 2013, update the security policy to include the above mentioned weaknesses. Once updated, the security policy should be communicated to all personnel concerned and compliance with the policy should be monitored to ensure adherence by users.	In agreement with finding, IT Policy will be reviewed and implemented by 28 February 2013.	The review of IT Policy currently progress.	Mrs CO Matthys Mr E Prins

12	USER ACCESS CONTROL	<p>The Director: Strategic and Socail Development with the Network Administrator should by 28 February 2013 ensure that :</p> <ul style="list-style-type: none"> the user account management policy is documented and approved. This policy should include the processes followed for managing users (new user set-up, reset of password, change of access & termination of users) periodic reviews for user profiles and the monitoring of the system administrators' activities. <p>These procedures should be approved and implemented accordingly to ensure that the weaknesses identified in the audit finding are addressed.</p>	In agreement with the finding (Periodic checks to ensure employees' access is commensurate with their job responsibilities), reports will be submitted to Manager for review, other information was provided on CD.	A system report will be generated and submitted by 30 January 2013.	Mrs CO Matthys Mr E Prins
13	INFORMATION TECHNOLOGY SERVICE CONTINUITY	<p>The Director: Strategic and Socail Development with the Network Administrator should by 28 February 2013, ensure that the DRP for the municipality is documented and approved. In compiling the plan; inputs should be obtained from business through a business impact analysis, thus ensuring that the recovery plan would be geared towards the most critical operations of the municipality.</p> <p>Furthermore, backup procedures that are in line with the infrastructure of the municipality should be documented and approved. The backup plan/strategy should include the exact procedures to perform these backups</p>	In agreement with the finding relating to disaster recovery, DR plan for current environment will be drafted and implemented by 31 May 2013.	DR Plan to be implemented by 31 May 2013.	Mrs CO Matthys Mr E Prins

14	INFORMATION TECHNOLOGY GOVERNANCE	<p>The Director: Strategic and Social Development with the Network Administrator should by 28 February 2013 ensure that the governance framework of the municipality is documented and approved. Furthermore a strategic plan that supports the achievement of set business objectives should also be documented.</p> <p>In addition, the CFO in consultation with the Chief Audit Executive should ensure the risk assessments of the municipality's IT environment are performed to identify possible IT risks. The outcome of these assessments should serve as input to the IT risk register of the municipality.</p>	In agreement with the finding and internal control deficiency relating to the IT risk assessment. Recommendation will be put in place.	IT risks will be identified for 13/14 FY	Mr. CF Hoffmann and Mr. PA Lategan
15	EX.19 - (COMAF 10) No service charges linked to consumer deposit	It is recommended that regulating the active monitoring and management of internal procedures should be developed by management to ensure that internal controls are developed and implemented to ensure valid, accurate and complete financial information.	<p>Management agrees with the audit finding as it relates to the internal control deficiency. Management will implement the following control procedure to rectify the internal control deficiency:</p> <p>The Electricity Department must by the 10th working day of each month give through to the Revenue Section a list of all new connections up to the last day of the previous month. The Revenue Section must then ensure that billing commences on the property where the new connection was installed.</p>	Meeting to be arranged between the Electricity Department and Finance to implement the proposed controls.	Mr. CF Hoffmann Ms L Sotshede
16	EX.37 - (COMAF 29) Petty cash	Management should ensure that petty cash is kept and stored in a lockable safe and the safe should be locked at all times when not in the control of the cashier responsible for the petty cashier.	Due to the fact that a lot of people are using the safe at the back, was the petty cash locked in a drawer. Currently it is kept in a safe but there's a risk because other people are using that safe. To strengthen the controls, will the petty cash in future be kept in a small safe within the bigger safe.	The petty cash is placed on the smaller safe within the big safe which is locked at all times.	Mr. CF Hoffmann Ms L Sotshede

17	EX.37 - (COMAF 29) Petty cash reconciliation not submitted	Management should ensure that the petty cash reconciliations are submitted to the CFO on a regular basis for review in line with the SCM policy.	All petty cash reconciliations for the 2011/12 financial year will be checked and signed by the Chief Financial Officer. In future will the petty cash reconciliations be provide to the Chief Financial Officer before the cheques for petty cash expenditure are signed by the Manager: Income.	Petty cash is being signed by the CFO.	Mr. CF Hoffmann Ms L Sotshede
18	EX.2 - (COMAF 2) Captured journals not reviewed	Management should ensure that a senior official reviews journals for accuracy and completeness after being captured by the Senior Clerk: Expenditure.	In future journals will be reviewed after capturing.	Monthly monitoring of journals	Mr. CF Hoffmann Ms L Sotshede