

2013 | ANNUAL 2014 | REPORT

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CHAPTER 1



Mayor's Foreword and Executive Summary



1.1. Mayor's Foreword

Within our current economic climate the Langeberg Municipality continues to face great economic and fiscal challenges. However challenging, the long term prospects of this area, renowned for its picturesque, natural beauty, drives us to turn it into one of this country's greatest gems. It gives me great pleasure to announce our steadfast growth and development of the area during the 2013/2014 financial year.

Under the political direction of the DA, this municipality is in a process of being steadily steered through a system of improved governance. In achieving our quests for 2013/2014, the Executive Mayoral Committee focussed on accountable and improved service delivery. Our focus aligned well to Provincial and National Growth and Development Strategies and corrective actions were taken to ensure achievement of the strategic objectives of the IDP.

Our priorities centred Langeberg Municipality towards accountability in service delivery, good governance and laying the foundation for better execution of services to our people. Having our people at the centre of all our actions also necessitated a focus on clearer communication, more accessible information and better engagement with the community.

The Langeberg Municipality has worked hard to maintain and to once again achieve the highest accolade from the Auditor General by achieving a clean audit status for the 2013/14 financial year. This honour was achieved through both political and administrative will, alike. All played a pivotal role in complying with existing municipal systems as well as new ones developed and implemented to transform the municipality into a well functioning organisation. Maintaining this status in future will no doubt be the goal of all.

Our strategic direction for the past year brought about a fundamental shift in perspectives, both internally and externally. The Mayoral Committee, with its targeted approach to reach and engage our community and to bring about administrative stability, made steady progress towards reaching set goals to meet the needs of our people.

Half way through our term of governing the Langeberg Municipality, we are proud of our accomplishments. Objectives to improve service delivery in essential services – in particular refuse removal, access to water and sanitation, clean drinking water and provision of electricity to households - were substantially met and testify our commitment to maintain high levels of service delivery.

Having laid a strong, guiding foundation, we are well on our way in setting and keeping the Langeberg Municipality on course for sustained service delivery, short- and long term growth, accessible development and clear, visible, accountable actions. It is our aim to touch the lives of all citizens living in the Langeberg municipal area and this Annual Report is testimony of our commitment to put "our people at the centre of development".



Alderman Diana Gagiano
Executive Mayor

1.2. Municipal Manager's Foreword

This past financial year, the Langeberg Municipality's general focus remained on service delivery, financial stability and development of the community and municipal area, whilst my specific focus shifted to organisational health, legislative compliance and improved communication. The aim of this specific focus was to lay a solid foundation for Langeberg Municipality to engage in accountable and participative local government practices. As such, interventions were aimed at the internal organisation - ensuring clear directives, better oversight and controlled compliance as well as improved external engagement with the community through, amongst others, improved access to directives and information. Examples of these specifically, targeted interventions, can be found in the following:



Improved Communication

Improved communication featured significantly in my shifted focus. Inevitably key to this, was to ensure institutionalised capacity within the Communications Unit. This need resulted in Langeberg Municipality now having fully fledged communication and language services at its immediate disposal, leading to much needed and improved access to information. Municipal policies, notices, news and information (important to the community and/or staff) can now be accessed in all three official languages of our area and province. As such, this is not only significantly empowering to the community, but it also contributes to building a strong organisation with clear directives, well-managed knowledge and an informed staff complement who are working in an environment of change, constantly striving to improve the organisation, to embrace new strategic directions and to meet new goals. Another improvement to our internal communication is the development and availability of access to an intranet system. On completion of staff training, full implementation of the system is scheduled for the next financial year.

Improved Community Engagement

Apart from community engagements in the IDP and Budgeting process, which are strictly adhered to and complied with, the Langeberg Municipality also aims to improve its efforts of community engagement each year. In 2013/2014 we have embarked on a path to reach and touch our communities by engaging and empowering them in matters of governance. A youth summit was held during July 2013 where after issues rose resulted in the drafting of a Social Development Strategy which will be finalised in the next financial year. Community participation in the process will give communities insight, knowledge and an understanding of the document, its content and the services to which they have equitable access. Langeberg Municipality's policies and strategies, revised or newly developed, all demand some form of community engagement in its implementation processes and/or procedures. Examples of these can be found in the 2013/2014 – Community participation policy, Housing policy, Street Naming Policy and LED Strategy.

Improved Performance Management

The municipality rolled out a performance framework within the organisation up until the level of supervision. Implementation and monitoring thereof will be a targeted and continued focus in 2014/2015.

Functions and Powers

Continued improvements to the internal and external environments of this municipality brought inevitable good spin-offs and improvement to the lives of the citizens of the Langeberg area. In terms of the functions and powers of local government as contained in Sections 155 -156 of the Constitution and Chapter 3 of the Municipal Systems Act, some of our service delivery accomplishments during the 2013/2014 financial year serve as proof of these and include the following:

Service Delivery in Socio-Economic Development, Poverty Alleviation and Job Creation

The Langeberg Municipality is committed to the social and economic development of our people and area.

Unemployment and a lack of skills development continue to be of the biggest problems hampering the economic growth of the Langeberg area. The municipality, with the assistance of the Expanded Public Works Programme (EPWP) and the Municipal Infrastructure Grant (MIG), invested substantially over the past financial year in job creation and skills development within the area. 437 new work opportunities were created through the municipality's EPWP programme – nearly double the annual target set in this regard.

Langeberg municipality is also committed to poverty alleviation and has provided well for indigent grants in its annual budget. The Municipal Council made provision in its budgets to subsidise 7000 indigents households, and approximately 6700 indigents on average received subsidies of 50 Kwh free basic electricity, refuse removal and 6 KL of free basic water per month.

We are progressively investing in the poor and unemployed each year. A new Grants-in Aid policy has been developed and implemented to assist organisations, serving our poor communities, with funding. A number of Grant-in-Aid Contracts have been signed and managed in 2013/2014. These organisations are performing functions that resorts within the powers of the municipality as envisaged in the Constitution.

Various economic development opportunities have been made available throughout the area. Specific attention was given to Tourism development and marketing of the broad municipal area.

The Langeberg Contractor Development Programme aimed to enhance the capacity of local small contractors, to take advantage of public and private infrastructure projects as well as EPWP projects rolled out by the public and private sector - thus strengthening the construction sector and contracting capacity within the municipal area.

Implementation of our Local Economic Development Strategy, which has been adopted in 2013/2014, will certainly unlock more opportunities within the Langeberg municipal area in the future.

The municipality achieved its set targets for social development well. Various social development programmes ran within the community during the 2013/2014 year, especially in rural areas. It is our aim to intensify our efforts for improved social development in the next financial year.

Service Delivery in Infrastructure Development and Maintenance

The rehabilitation and upgrade of Muskadel Street in Ashbury, Montagu, was completed in 2013/14, as well as various other infrastructure projects.

Service Delivery in Maintaining Environmental Health

The Municipality is committed to provide and maintain a healthy environment and performed well in over-achieving its target to increase the tonnage of recycled domestic waste in the municipal area.

Service Delivery pertaining to Good Governance

2013/2014 saw various revisions to existing policies and strategies as well as the development of new municipal directives. As such, Council has adopted the Local Economic Development Strategy, the Municipal Delegations System, two Bylaws as well as those policies mentioned prior.

Shared Functions

The functions of Disaster Management and Air Quality Management (AQM) are shared with the District Municipality.

Expressed confidence by Auditor General

The Auditor-General awarded the Langeberg Municipality with a clean audit for the 2012/2013 financial year. This 2nd consecutive expression of confidence in Langeberg Municipality brings assurance to our citizens and all stakeholders that this municipality is in good hands and that the foundation, laid for sound financial management, is solid for the years ahead.

I am satisfied that notes to the Auditor General's clean audit opinion for 2012/2013 have been substantially addressed and met.

Financial Health

Although still challenged in many ways, the Langeberg Municipality is financially stable and performed well in the year under review.

Revenue Trends by Source

In comparison to 2012/2013, revenue sources in 2013/2014 showed the following trends:

REVENUE BY SOURCE	2013	2014	TREND (ACTUAL) <i>Current year (2014) - Prior year (2013) x 100 Prior year(2013)</i>
Property rates	R 29 806 702	R 32 283 527	8.31%
Property rates – penalties and collection charges	-	-	
Service charges	R 276 233 489	R 294 331 373	6.55%
Rental of facilities and equipment	R 2 090 892	R 2 053 464	-1.79%
Interest earned – External investments	R 3 306 307	R 2 843 597	-13.99%
Interest earned – outstanding debtors	R 2 867 632	R 3 286 837	14.62%
Dividends received	-	-	
Actuarial gains	R 1 250 989	R 291 583	-76.69%
Fair value adjustments	R 39 068	R 19 005	-51.35%
Fines	R 4 018 426	R 10 845 894	169.90%
Impairment Reversal	R 3 331 913	-	-100.00%
Stock adjustments	R 39 059	-	-100.00%
Licences and permits	R 1 112 661	R 1 077 339	-3.17%
Agency services	R 2 169 449	R 2 489 816	14.77%
Government grants and subsidies	R 103 388 371	R 100 526 394	-2.77%
Public contributions and donations	R 0	R 14 900	
Other revenue	R 10 469 470	R 12 522 330	19.61%
Unamortised discount - Interest	R 60 486	R 67 882	12.23%
Gains on disposal of PPE	-	-	
Total	R 440 184 913	R 462 653 942	5.10%

Borrowing

In comparison to 2012/2013, borrowing in 2013/2014 showed the following variances:

BORROWINGS	2012/2013	2013/2014	VARIANCE (ACTUAL) <i>Current year (2014) - Prior year</i> <i>(2013) x 100</i> <i>Prior year(2013)</i>
Current	R 4 242 681	R 4 136 068	-2.51%
Non-current	R 32 203 958	R 28 640 804	-11.06%
Total	R 36 446 639	R 32 776 872	-10.07%

Internal Change

No organisational change took place during the financial year under review however key appointments were made in the communications unit to ensure that we strengthen communications to the public. Furthermore a compliance officer was appointed to enhance good governance within the organisation

Management and Mitigation of Risks

The management of municipal risk and legislative compliance by the Langeberg Municipality was a high priority for the 2013/2014 year. I undertook to embed a culture of risk management within the municipality, by developing a solid foundation for continuous and effective risk management. For this purpose prevention, detection, response and investigative policies and strategies have been developed. The appointment of a Compliance Officer was also effected to ensure that the Langeberg Municipality has and maintains effective, efficient and transparent systems of financial management, risk management, internal control, oversight and general compliance with legislation. The implementation of these measures improved our capacity to effectively develop and manage a proper risk register in the next financial year and thereafter. It strengthens our aim to pro-actively lower unnecessary exposure to risk and to continuously uphold Langeberg Municipality's zero tolerance to fraud and corruption, maladministration or any other dishonest activity.

We have made steady progress in achieving our stated objectives within each of its defined priority areas and acknowledge the fact that the municipality still faces major challenges. We however, remain steadfast and committed to our priorities and to our quest to address the root causes of these challenges.

Ultimately, our ability to realise our objectives means a better future, quality of life and better economic prospects to each and every person of the Langeberg area. As an organisation we believe that our institutional growth and progress thus far, provide a solid foundation to meet new challenges and to focus on providing an improved environment for sustained and shared economic growth, improved service delivery and on creating sustainable living conditions. It is our commitment to diligently continue with the task at hand and to ensure that all citizens benefit and enjoy our services and the opportunities that our area provides.

It is my privilege to present this Annual Report.



SA Mokweni
Municipal Manager

1.3. Executive Overview of the Langeberg Municipality

This section of the annual report provides a summative framework of the municipality from an executive perspective and reports, in short, on how the municipality functions, its demographics and its performance in 2013/2014.

1.3.1. Municipal Functioning in terms of Political and Institutional Structures, Office Bearers, Administration and Community

1.3.1.1. Langeberg Municipal Council

Table 1: Council Structure, Members and Political Alliance

	Councillors		Political Party
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	Dendeline 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	Colin Burton	Swanepoel	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

**One position is vacant within the Civic Independent*

1.3.1.2. Executive Mayoral Committee

Table 2: Mayoral Committee Structure

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

1.3.1.3. Executive Management

The Executive Management team is the key force behind the achievement of the municipality's strategic goals. The macro design of the administration in 2013/2014 is illustrated below:

Senior Management Team:

Mr SA Mokweni	- Municipal Manager
Mr AWJ Everson	- Director Corporate Services
Mr CF Hoffmann	- Chief Financial Officer
Mrs CO Matthys	- Director Strategy and Social Development
Mr. IAB van der Westhuizen	- Director Engineering Services

1.3.1.4. Section 79 - Portfolio Committees and Chairpersons

The Portfolio Committees and Chairpersons during the past financial year are set out below.

Table 3: Portfolio Committees

Committee	Chairperson
Corporate Services	Cllr DB Janse
Financial Services	Cllr JD Burger
Engineering Services	Cllr E Turner
Service Integration	Cllr JDF van Zyl
Strategy and Social Development	Cllr TS de Koker
Municipal Public Accounts	Cllr CJ Grootboom

1.3.1.5. Office of the Speaker

Councillor DA Hull was the Speaker of the Langeberg Council during 2013/2014.

1.3.1.6. Ward Committees

The council has twelve (12) Ward Committees which are appointed for a period of five (5) years. Each Ward Committee has approximately ten members.

The Municipal Structures Act of 1998, as amended, defines the functions and powers of ward committees as:

- (a) A structure that may make recommendations on any matter affecting its ward –
 - (i) To the ward councillor; or
 - (ii) Through the ward councillor to the Local Council, the Executive Committee or the Executive Mayor
- (b) A structure that has such duties and powers as the Metro or Local Council may delegate to it in terms of Section 32.

Ward Based Planning reviews were conducted in all twelve (12) wards during October/November 2013.

Table 4: Ward Committees and Chairperson in 2013/2014

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

1.3.1.7. Ward Committees and Community Participation

The municipality work together with Ward Committees in its public participation processes and reach the community by disseminating information to them, by engaging with them in consultation and by allowing community inputs in municipal decision-making regarding service delivery, developing credible IDPs, policy formulation, budgeting processes and organisational performance. For this purpose the Ward Committees of Langeberg Municipality held various meetings with the community e.g. IDP Community Input Meetings, Ward Based Planning Sessions and ordinary Community Feedback Meetings. In addition to this a number of Community Outreach Programmes were also rolled out in the different wards.

1.3.1.8. Corporate Governance and Community Participation

1.3.1.9. Municipal Imbizos

During the month of April 2014, IDP and Budgeting processes information and consultative meetings were held for all 12 wards. Interested organisations and individuals of all sectors were invited to attend the scheduled meetings per ward. The 2013/2014 financial year Imbizos were held in Ashton and Robertson.

1.3.1.10. Community Liaison Workers

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

Table 5: CLWs Linkage to Wards

CLW	Town/Area	Ward Deployed
Ms Junielle Frieslaar	Robertson	1& 3
Mr Johannes Jansen	Robertson	2 & 6
Mr Andries Willemse	McGregor	5
Ms Lindiwe Kahla	Bonnievale	4 & 8
Ms Nandipha Fikizolo	Zolani and Nkqubela	10
Ms Charmain Swanepoel	Montagu	7 & 12
Ms Natasha Plaatjies	Ashton	9 & 11

1.3.1.11. 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.

For the purpose of evaluating the performance of an employee, an evaluation panel constituting 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.
- Adv. H Linde Municipal Manager from Berg River Municipality
- Mr JJ Mostert, chairperson of the Audit Committee
- Dr G Joubert, Member of the Community for the Municipal Manager

1.3.1.12. Municipal Public Accounts (MPAC) Committee

Langeberg Municipality's MPAC was established on the 28 January 2013. In terms of the provision of Section 79 of the Local Government Municipal Structures Act, Act No. 117 of 1998, five (5) MPAC committee members were appointed to strengthen oversight within the municipality and to determine the institutional functionality of the Municipal Council in terms of effectiveness.

The members of Langeberg Municipal Accounts Committee are:

1. Cllr C Grootboom - Chairperson
2. Cllr E Turner
3. Cllr J Burger
4. Cllr E Vollenhoven
5. Cllr M Mgoqi

1.3.1.13. Internal Audit and Audit Committee

Langeberg Municipality's Audit Committee was established on 1 August 2006. In terms of Section 166 (1) of the Local Government: Municipal Finance Management Act (Act No. 56 of 2003), members were appointed for a period of 3 years. The Audit Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters. The Committee convened 5 meetings in the 2013/2014 financial year.

The members of Langeberg Audit Accounts Committee are:

- Mr JJ Mostert - Chairperson
- Mr A Amod
- Mr K Pretorius
- Mr W van Deventer

1.3.1.14. Anti-Corruption and Anti-Fraud

The following fraud preventative arrangements have been instituted:

- Promotion of an ethical culture;
- Provision of training to employees;
- Adoption of policies and procedures;
- Provision of physical security for buildings; and
- Employee vetting before employees are appointed.

The following institutional arrangements are in place for the detection of fraud:

- An Internal Audit Unit has been established.
- Management takes steps against fraudulent actions.
- A Compliance Officer has been appointed in the Office of the Municipal Manager.
- Directors and the Internal Audit Department identify risks.
- An Audit Committee approves the Internal Audit Plan.

1.3.2. Geographical Reality of Langeberg Municipality

The Langeberg municipal area stretches over 3 332 square kilometres and includes the five towns – Ashton, Bonnievale, McGregor, Montagu and Robertson. The municipality is one of five local municipalities within the Cape Winelands District and is home to an estimated 97,724 people. The area lies at the foot of the Langeberg Mountains and is one of the largest wine-producing regions within South Africa.

The area's cultural diversity, scenic beauty, unique natural environment and rich agricultural possibilities make it one of the most attractive areas in the country – especially to tourists.

The Langeberg Municipality's vision is ***'Creating a stable living environment and sustainable living conditions for all citizens'***.

This 2013/2014 Annual Report provides an overview of the challenges and achievements of the municipality, in striving to achieve this vision over the past financial year.

1.3.2.1. Economy of the Langeberg Municipal Area

Manufacturing is the primary employing sector within the Langeberg area, followed closely by agriculture, wholesale and retail trade, followed by catering and accommodation. Despite a 3.9% growth in the economy over a ten year period, the Langeberg area has lost 2846 jobs over the same period. The highest contributing sectors to the Growth Domestic Product (GDP) are:

- Manufacturing (35.2%)
- Agriculture (20.7%)
- Wholesale and retail trade, catering and accommodation (11.5%)
- Finance, insurance, real estate and business services (10.6%)
- Transport, storage and communication (7.5%)
- Building and Construction (2.9%)

1.3.2.2. Language Preference within Langeberg Municipality

The language of preference for people from the Langeberg area is Afrikaans (81%), isiXhosa (10%), while three percent of the population prefers to speak English.

Graph A: Language Preference in Langeberg Municipality

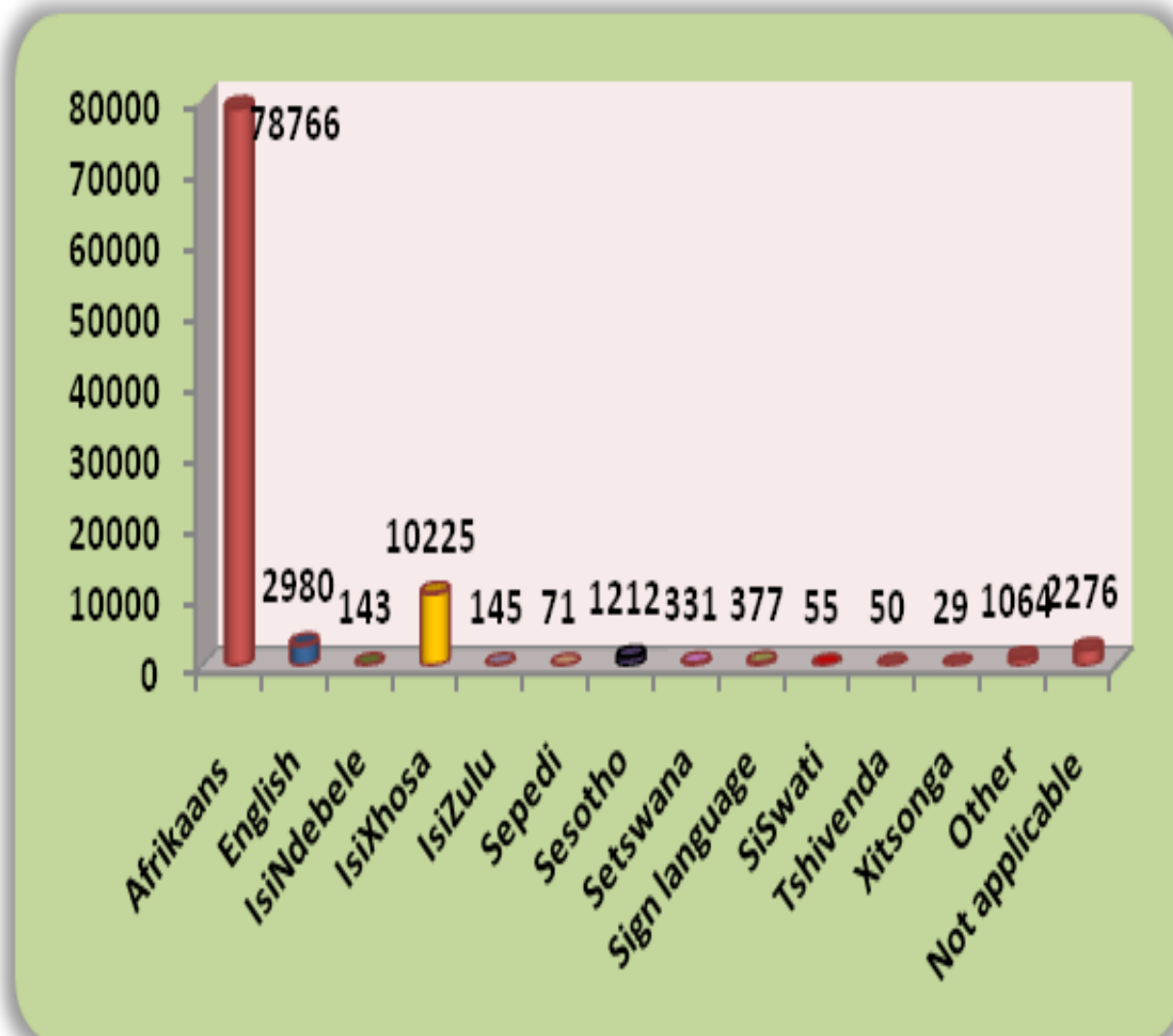


Table 6: Language Preference in Langeberg municipal area

Language	Preference of Language	% of Local Population
Afrikaans	78766	81
English	2980	3
IsiNdebele	143	0
IsiXhosa	10225	10
IsiZulu	145	0
Sepedi	71	0
Sesotho	1212	1
Setswana	331	0
Sign language	377	0
SiSwati	55	0
Tshivenda	50	0
Xitsonga	29	0
Other	1064	1
Not applicable	2276	2
Total	97724	100

1.3.2.3. Demographics

According to the 2011 census survey conducted by Statistics South Africa, Langeberg's demographics can be summarised as follows:

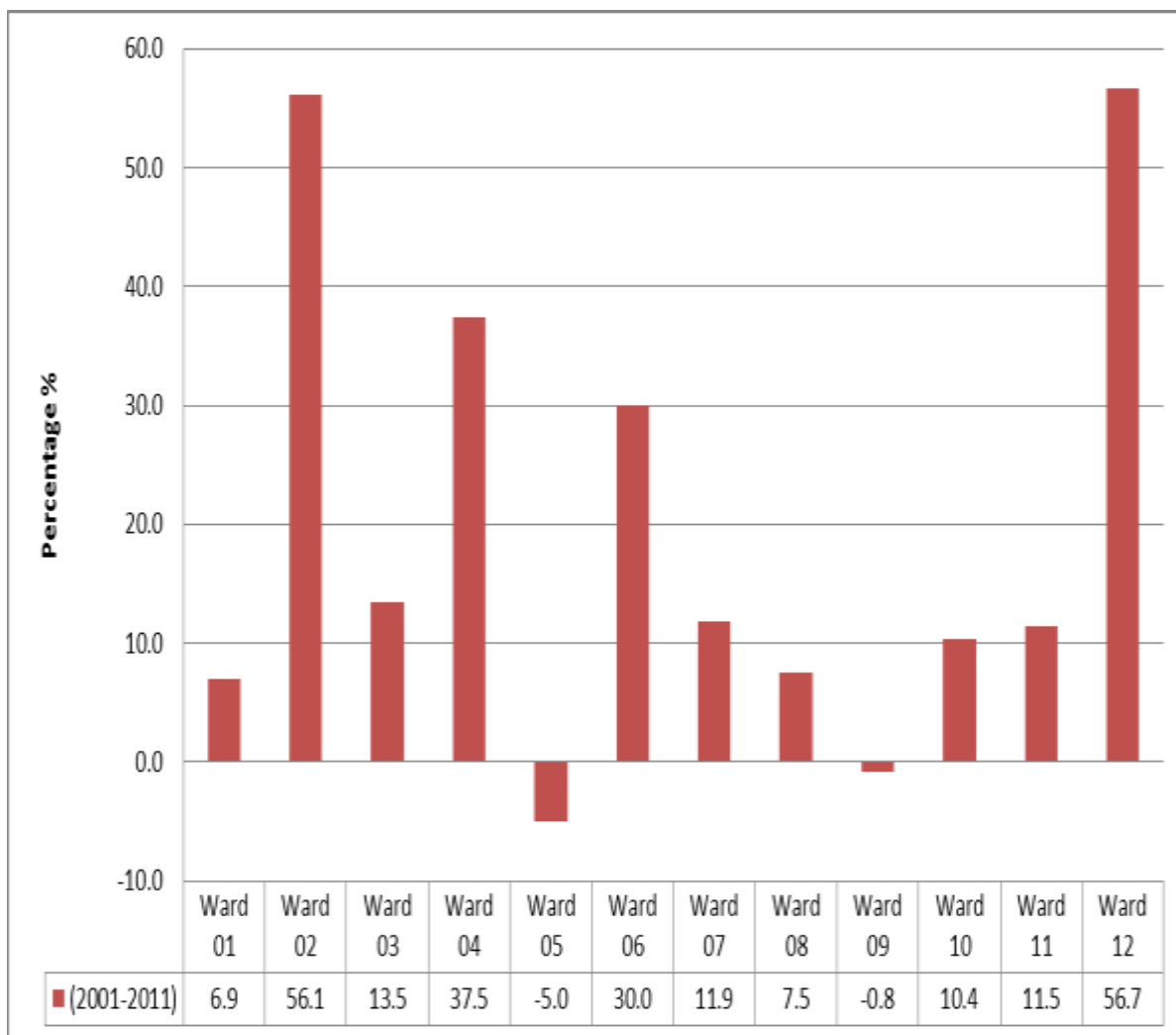
The Langeberg area has a population size of 97,724 persons, which means 12% of the people in the Cape Winelands District and 2% of the people in the Western Cape reside within the Langeberg area. Coloureds (70%) are the largest population group by race, followed by black Africans (16%), and whites (12%). Females dominate the gender composition by 51% to 49% males.

The graphs following below give some more insight into the geographical reality of the Langeberg municipal area.

1.3.2.4. Population growth

The population increased across the wards with the exception of ward 5 and 9, which decreased over the ten years period. Ward 12 (56,7%), Ward 2 (56,1%) and ward 6 (30,0%) have experienced faster growth during the indicated period.

Graph B: Population Growth in Langeberg Municipality



1.3.2.5. Population Groups

The majority population group is Coloured, followed by Black African, whites and Indian/Asian across all wards except Ward 2 and 10 where the majority is made up of Black African.

Graph C: Distribution of the population by population groups in Langeberg Municipal Wards

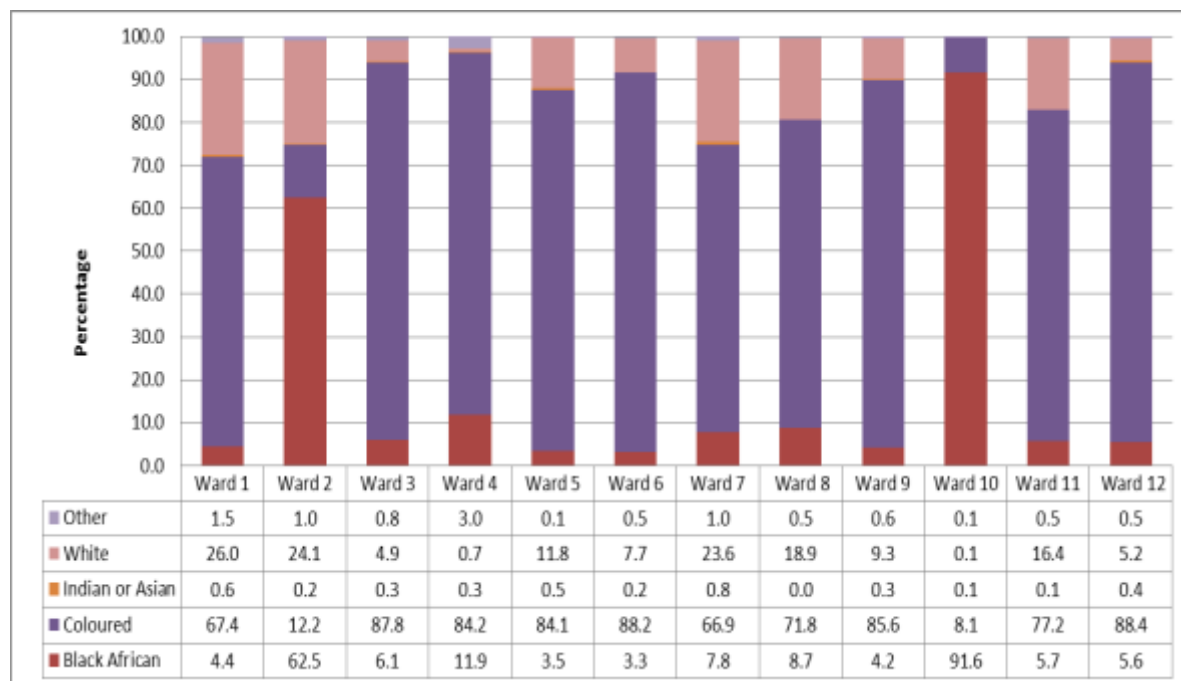


Table 7: Distribution of the population by population group in Langeberg municipal wards

	Black African	Coloured	Indian or Asian	White	Other	Total
Ward 01	255	3868	33	1494	88	5738
Ward 02	5545	1083	18	2136	92	8874
Ward 03	534	7632	28	430	68	8692
Ward 04	932	6612	22	52	239	7857
Ward 05	198	4745	28	664	8	5643
Ward 06	328	8645	23	750	51	9797
Ward 07	751	6467	77	2280	95	9670
Ward 08	849	6976	3	1838	48	9714
Ward 09	321	6514	23	706	45	7609
Ward 10	5128	451	7	4	8	5598
Ward 11	341	4594	3	976	32	5946
Ward 12	700	11121	47	653	65	12586
Total	15882	68708	312	11983	839	97724
%	16	70	1	12	1	100

1.3.2.6. Gender Ratio

There were more females than males across all wards except ward 08 in 2011. Ward 5 and ward 12 had almost the same proportion of males and females in 2001 and 2011 respectively.

Graph D: Gender Ratio of Langeberg Municipality – Census 2011

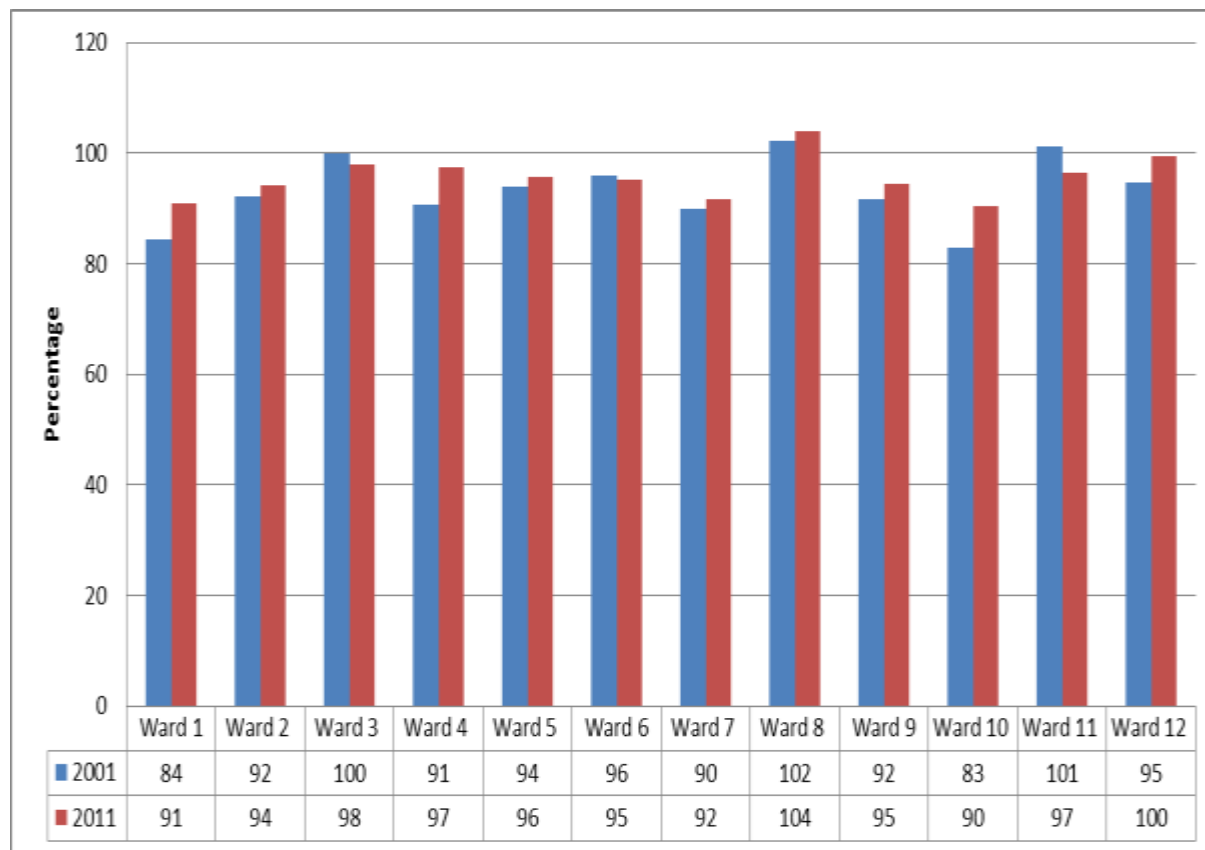


Table 8: Gender Ratio of Langeberg Municipality – Census 2011

	Male	Female	Sex ratio
Ward 01	2733	3005	91
Ward 02	4303	4570	94
Ward 03	4304	4389	98
Ward 04	3878	3979	97
Ward 05	2758	2886	96
Ward 06	4778	5019	95
Ward 07	4627	5043	92
Ward 08	4952	4762	104
Ward 09	3698	3911	95
Ward 10	2659	2939	90
Ward 11	2921	3025	97
Ward 12	6280	6307	100

1.3.2.7. Age – Gender Structure

The pyramid indicates that the majority of the population is below the age of 45 years. There has been a decrease in the number of persons between the ages 0 – 14 years in 2001 and 2011, while the number of persons between ages 40 – 60 years increased.

Graph E: Distribution of the age and gender in Langeberg Municipality – Census 2001 and 2011

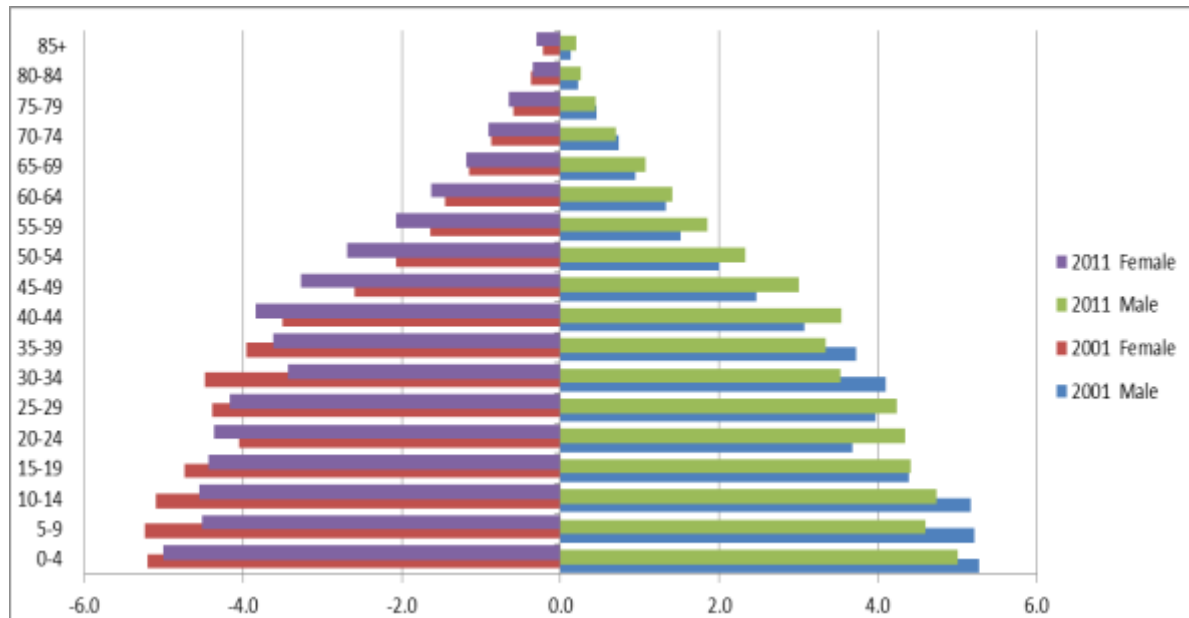


Table 9: Distribution of the age and gender in Langeberg municipality – census 2011

Age	Male	Female	Total
0 - 4	4894	4893	9787
5 - 9	4489	4412	8901
10 - 14	4627	4444	9071
15 - 19	4309	4335	8644
20 - 24	4241	4262	8503
25 - 29	4138	4066	8205
30 - 34	3445	3357	6802
35 - 39	3271	3534	6804
40 - 44	3463	3758	7222
45 - 49	2941	3201	6142
50 - 54	2271	2631	4902
55 - 59	1808	2024	3832
60 - 64	1376	1595	2971
65 - 69	1045	1159	2203
70 - 74	689	881	1570
75 - 79	434	641	1076
80 - 84	249	345	594
85 +	199	295	494
Total	47891	49834	97724

1.3.2.8. Functional Age Group

Majority of the population is made up of the functional age group 15-64 across all wards in Langeberg Municipality. Of note is the 3.5% proportion of functional age group 65+ in ward 10.

Graph F: Distribution of the population by functional age group in Langeberg municipal wards

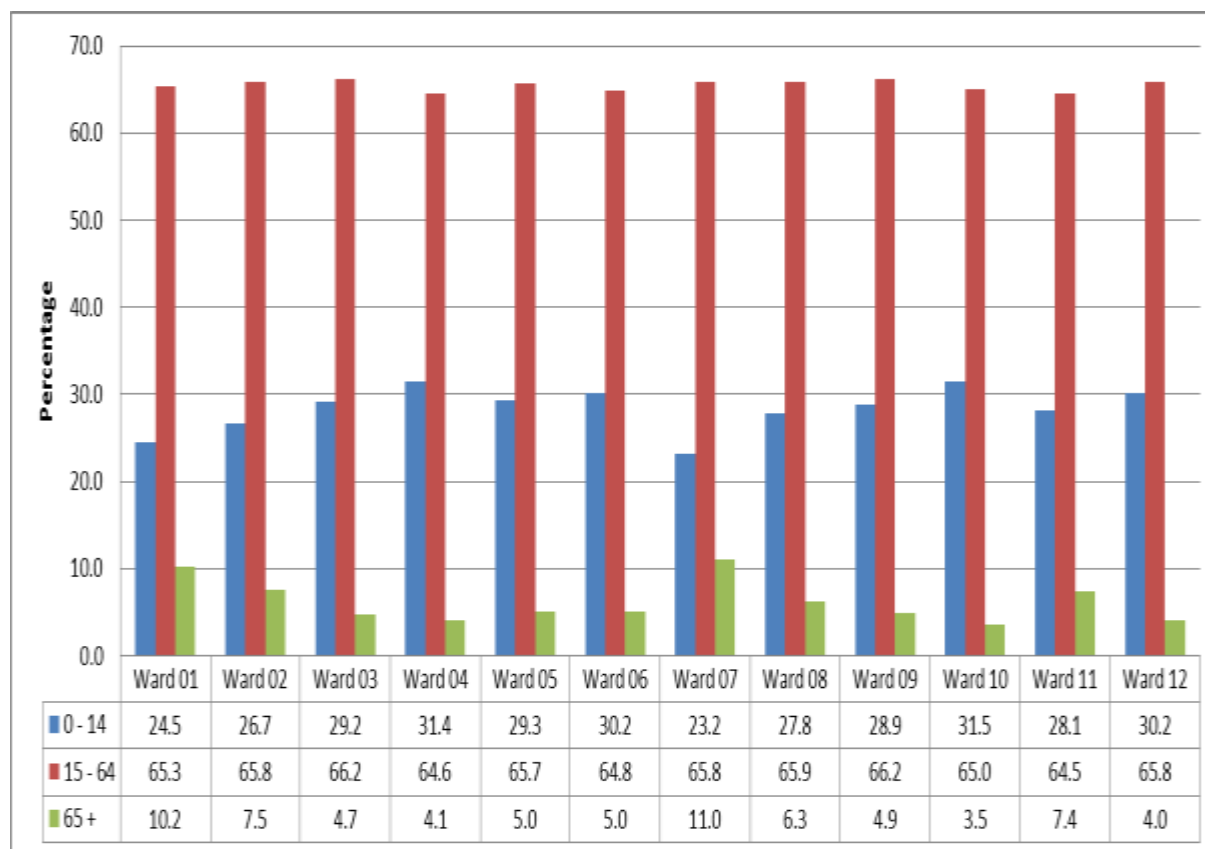


Table 10: Distribution of the population by functional age group in Langeberg municipal wards.

	Functional group		
	0 - 14	15 - 64	65 +
Ward 01	1405	3745	588
Ward 02	2370	5840	663
Ward 03	2536	5751	405
Ward 04	2465	5072	320
Ward 05	1655	3709	281
Ward 06	2956	6352	489
Ward 07	2243	6362	1065
Ward 08	2697	6403	614
Ward 09	2196	5037	375
Ward 10	1765	3639	194
Ward 11	1674	3833	440
Ward 12	3798	8285	503

1.3.2.9. Dependency Ratios in Langeberg Municipality

Graph G: Dependency Ratio in Langeberg municipal wards- Census 2011

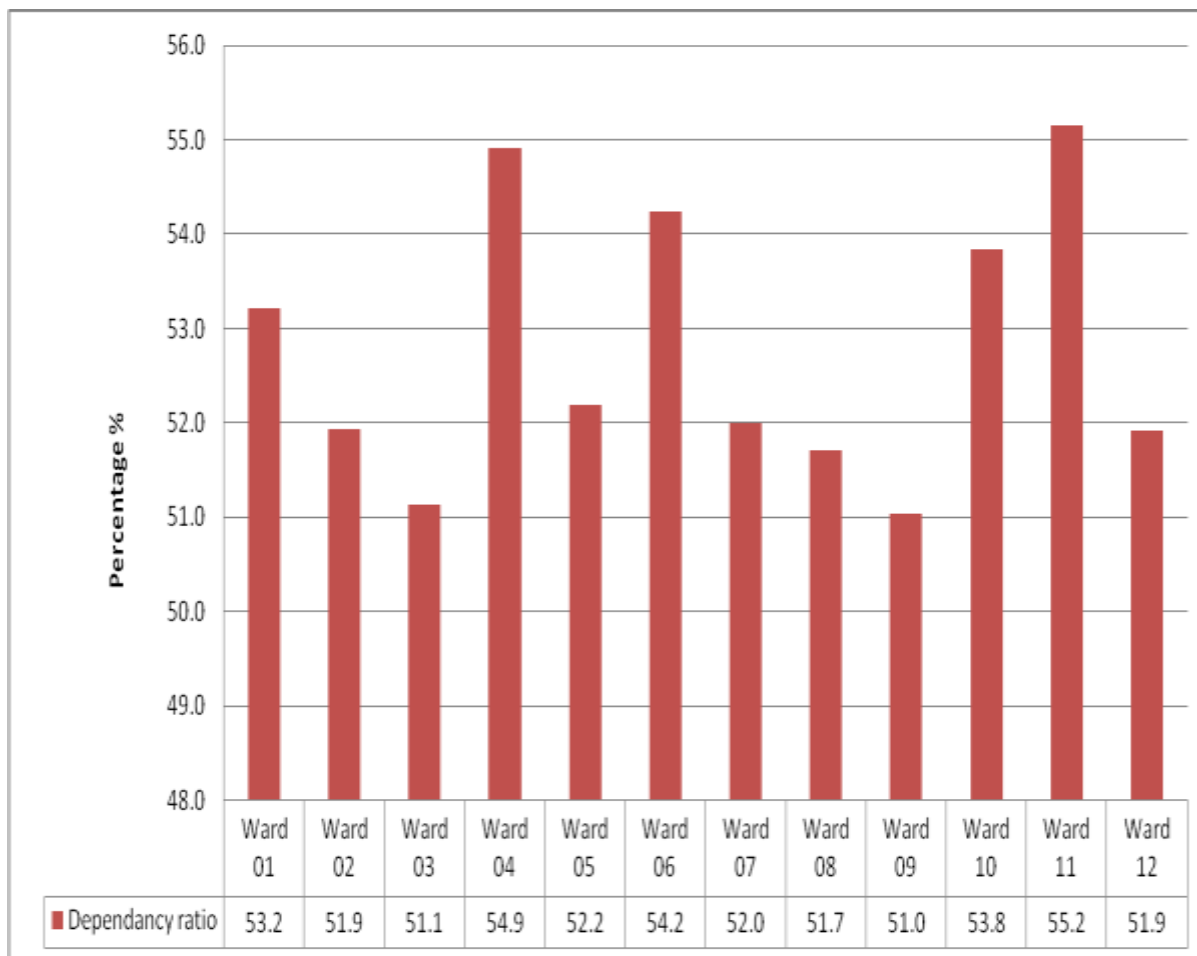


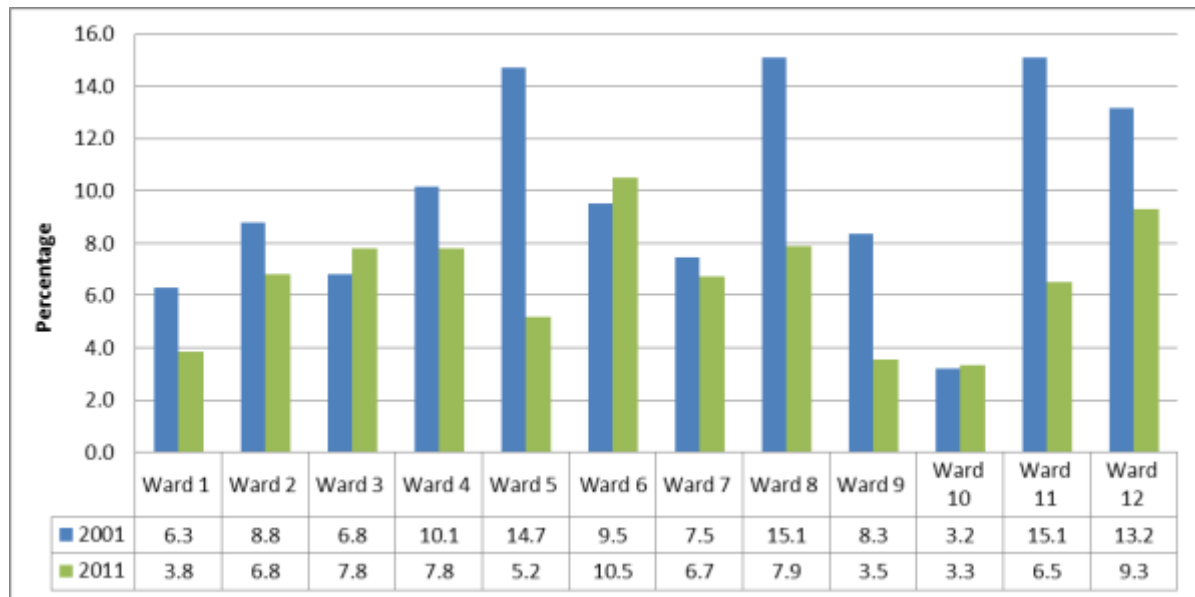
Table 11: Dependency Ratios in Langeberg Municipal Wards- Census 2011

	0 - 14	15 - 64	65 +	Dependency Ratio
Ward 01	1405	3745	588	53.2
Ward 02	2370	5840	663	51.9
Ward 03	2536	5751	405	51.1
Ward 04	2465	5072	320	54.9
Ward 05	1655	3709	281	52.2
Ward 06	2956	6352	489	54.2
Ward 07	2243	6362	1065	52.0
Ward 08	2697	6403	614	51.7
Ward 09	2196	5037	375	51.0
Ward 10	1765	3639	194	53.8
Ward 11	1674	3833	440	55.2
Ward 12	3798	8285	503	51.9

1.3.2.10. School attendance

Ward 6 (10.5%) had more learners between the ages 7-16 years, out of school, followed by Ward 12 (9.3%).

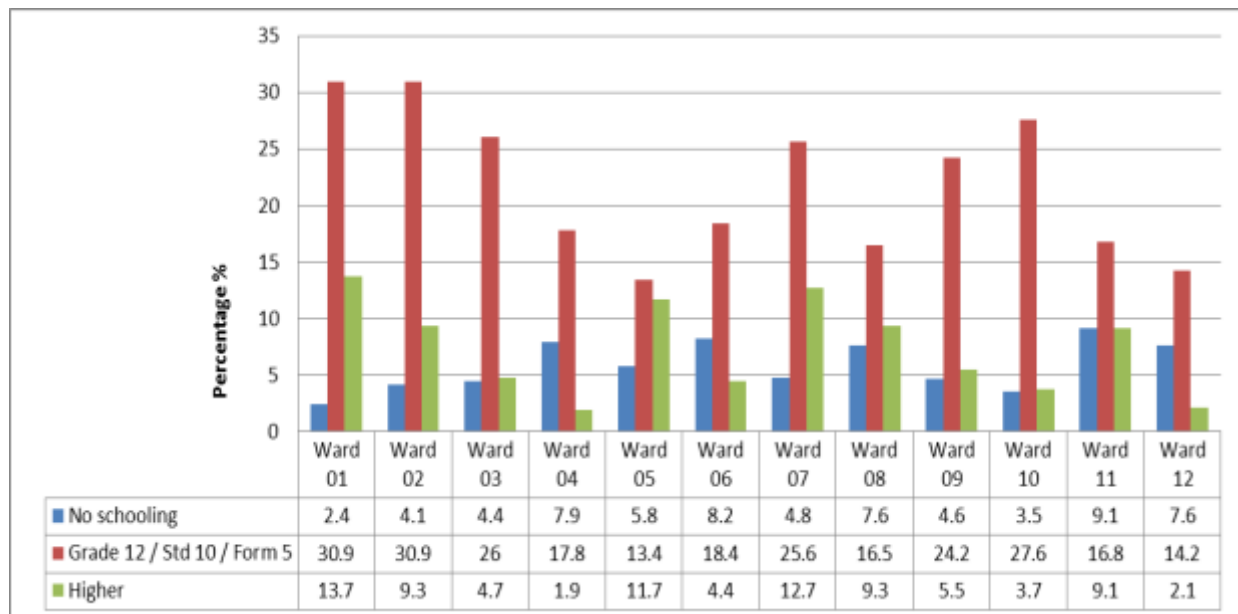
Graph H: Distribution of the population aged 7-16 years not attending school in Langeberg municipal wards:



1.3.2.11. Highest Level of Education Attained

A majority of people, aged 20 years and older, have Grade 12/ Std 10 / Form 5 as their highest level of education.

Graph I: Distribution of the population aged 20 years and older by highest level of education in Langeberg municipal wards



1.3.2.12. Labour Profile

i) Unemployment Rate in Langeberg Wards per Official Definition

Statistics South Africa defines unemployment as those people aged between 15-65:

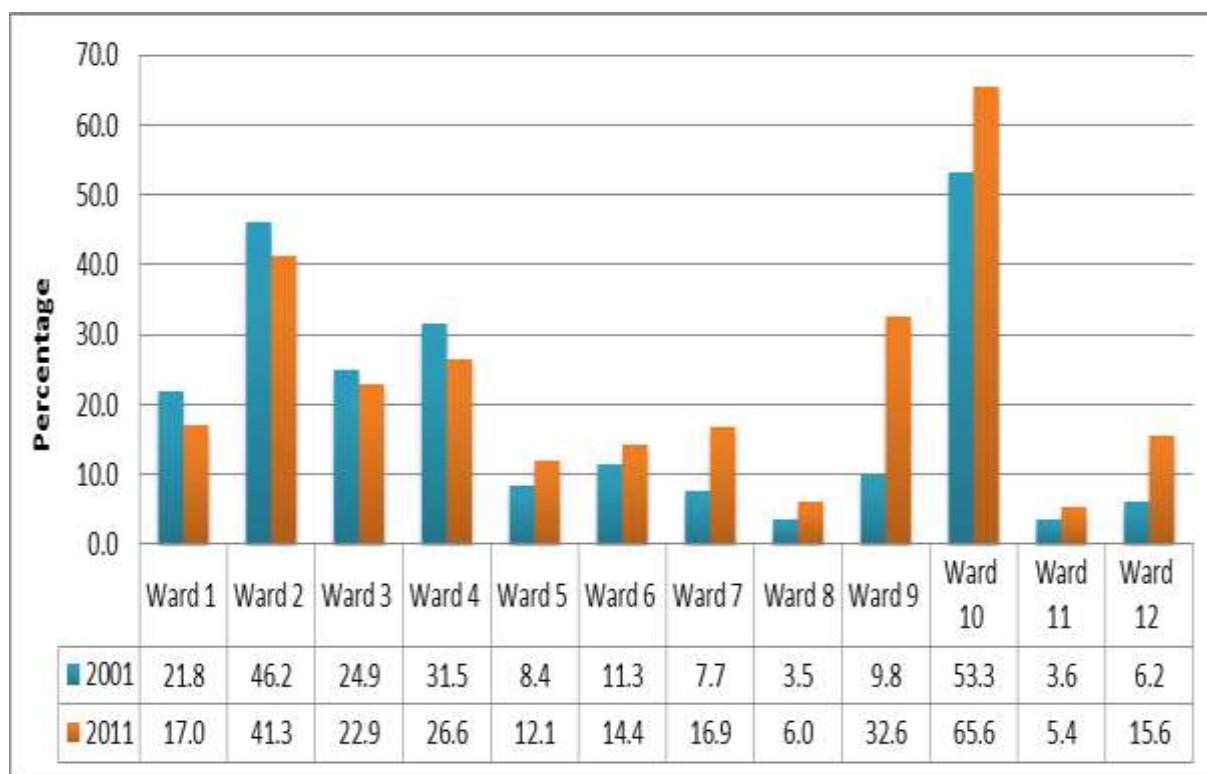
- Who did not work during the 7 days prior to 10 October (when the census commenced);
- Who want to work and are available to start work within a week of the interview; and
- Who have taken active steps to look for work or to start some form of self-employment in the 7 days prior to commencement of the census.

Persons who have become discouraged from seeking work, or who no longer take active steps to find work, are not classified as unemployed. It is thus likely that unemployment figures, tabled below, are higher than that provided in these statistics.

According to Statistics South Africa, the official unemployment figure for the Langeberg area is estimated at 5%. It should be noted, however, that the "Other not economically active" participants amounts to an overwhelming 24%. In terms of youth unemployment, 15.1% of persons aged between 15-34 years within the Langeberg area are unemployed. In the Langeberg area, many people are only employed seasonally. Employment data can thus be misleading, depending on what time of year the census was conducted.

The unemployment rate remains relatively low in most of all wards. Ward 10 recorded a high unemployment rate of 53.3% in 2001 and 65.6% in 2011. Ward 2 recorded the second highest unemployment rate.

ii) Graph J: Unemployment rate in Langeberg municipal wards



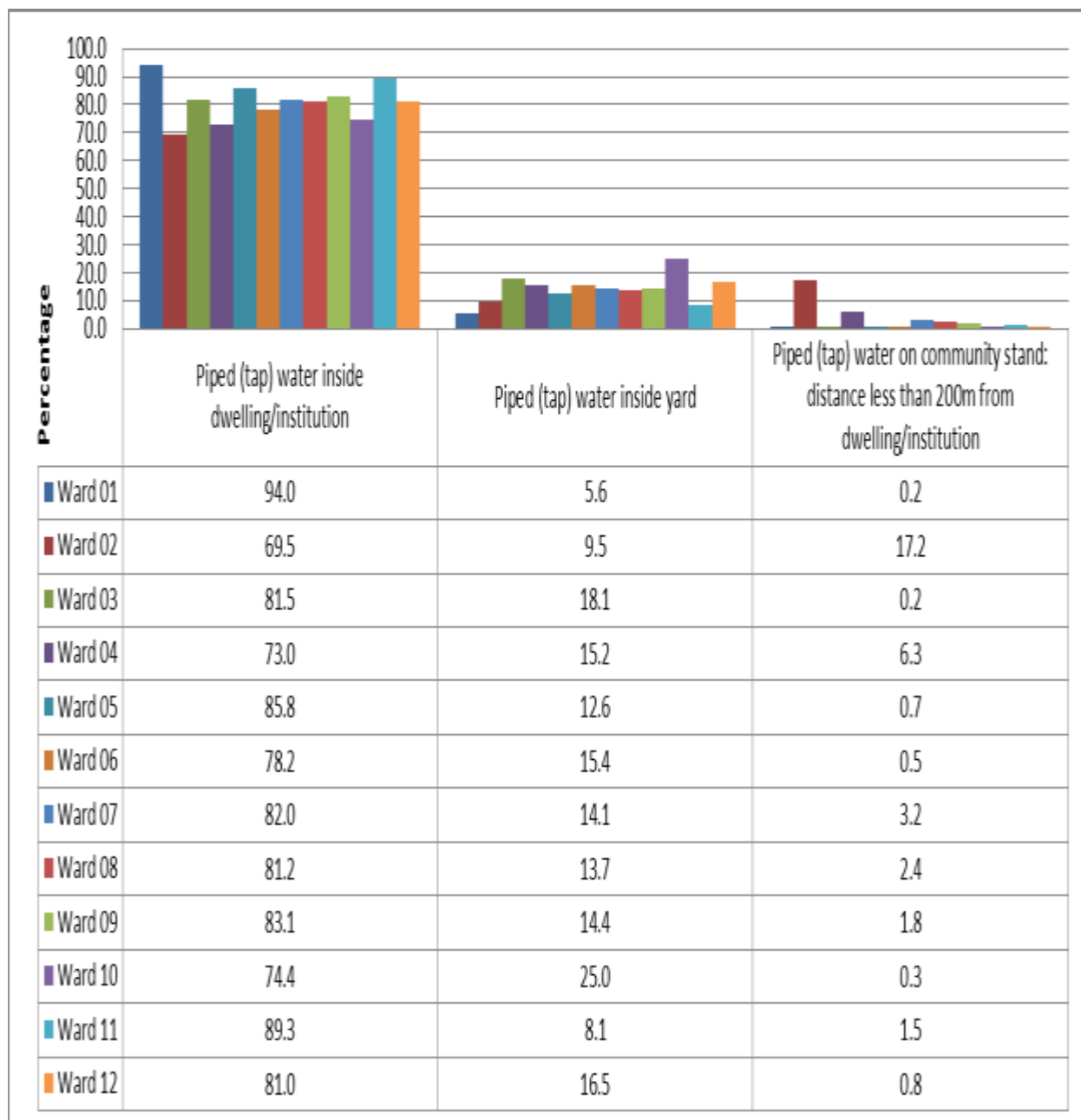
1.3.2.13. Access to Basic Services

i) Source of Water

73% of households within the Langeberg area have access to municipal or service provider water, with the rest of the households sourcing water from dams, rivers, tankers, etc. Interventions to aid water security include new and/or upgrades to water purification plants in Montagu and Ashton as well as other developments to supplement the water demand. The municipality spent 100% of its capital budget earmarked for water and sanitation infrastructure in 2013/2014.

ii) Access to Piped Water

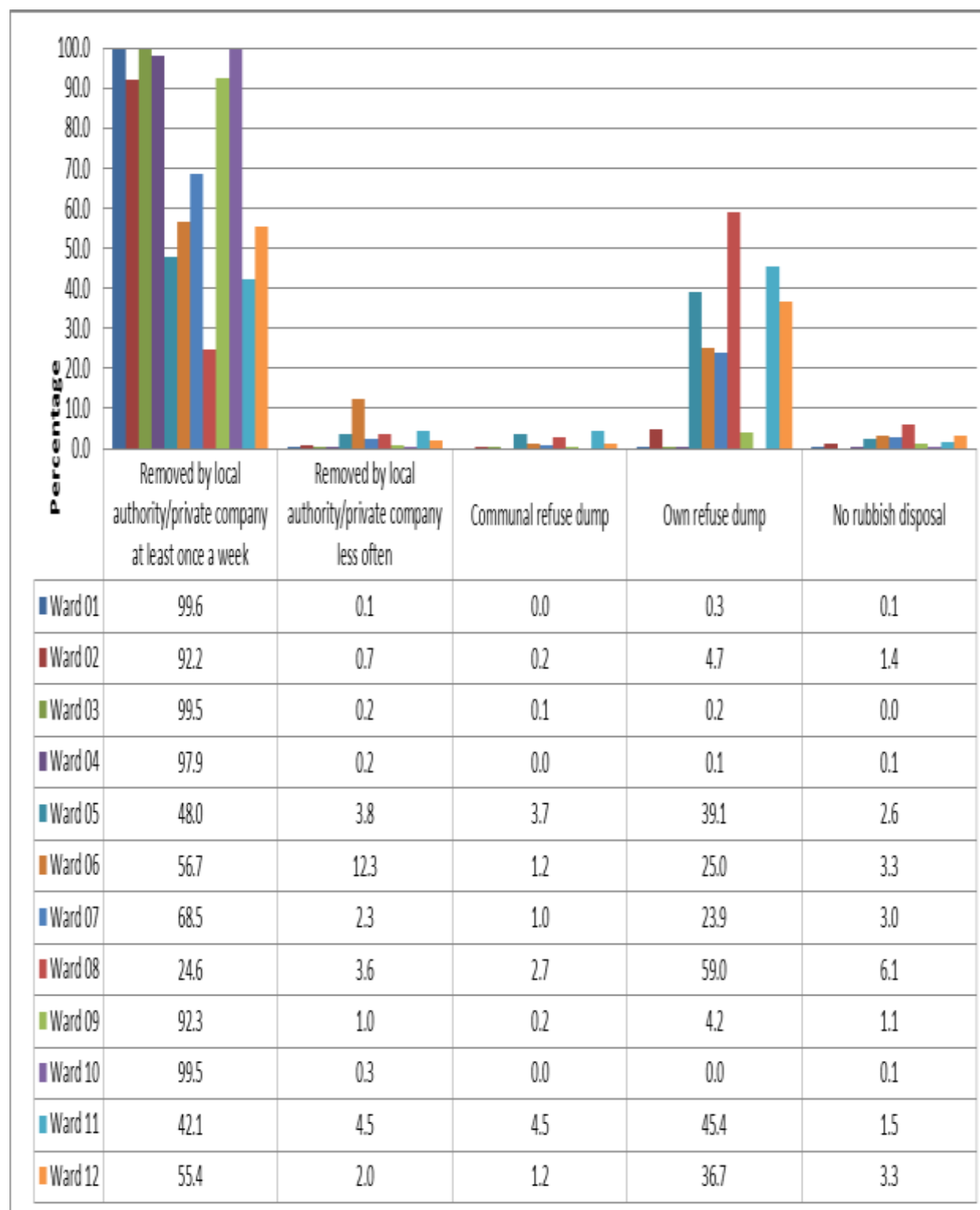
Graph K: Percentage of households having access to piped water in Langeberg municipal wards



iii) Refuse disposal

At least 72% of the households within the Langeberg area's refuse are removed at least once a week, while 21% of households make use of a communal refuse dump.

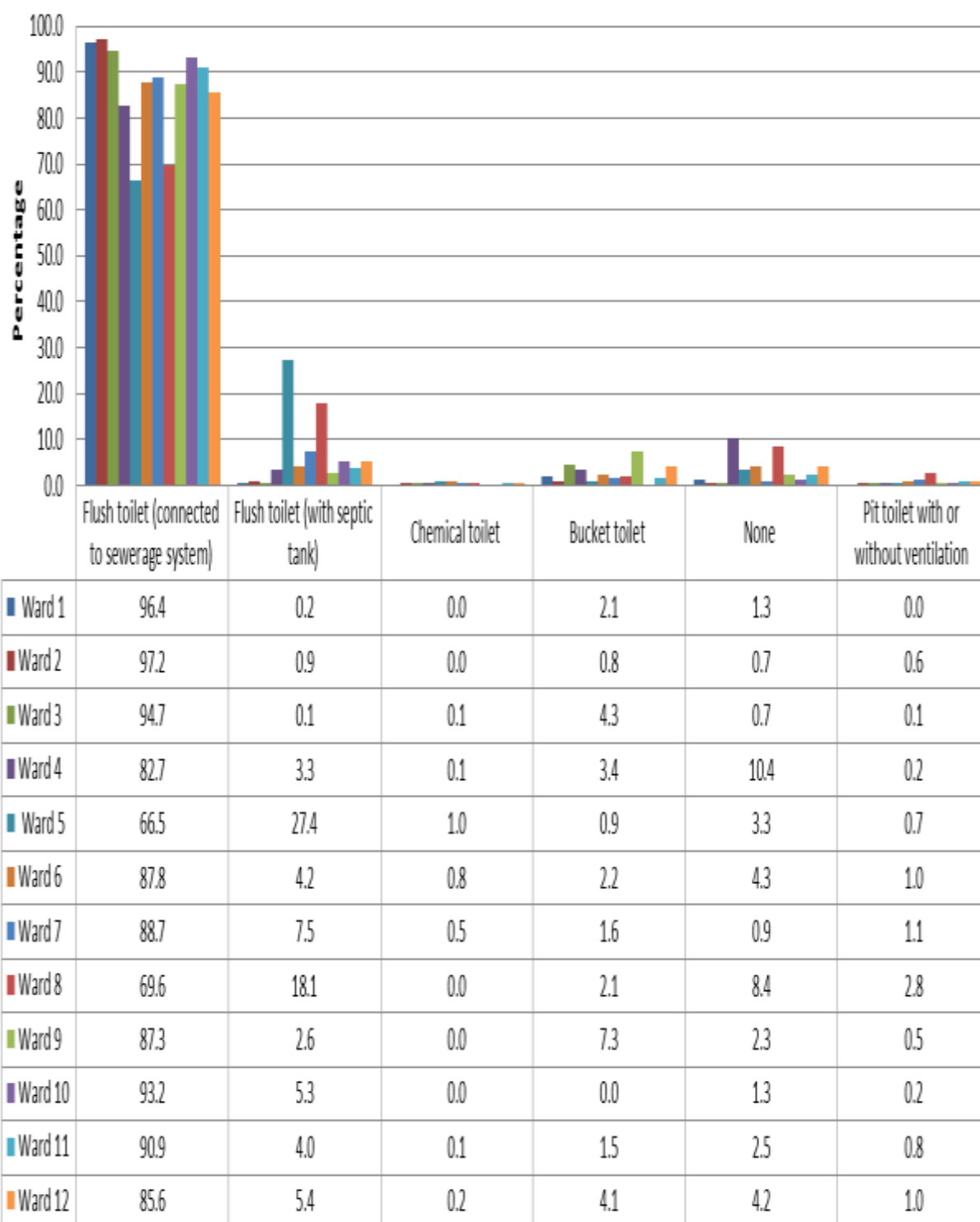
Graph L: Distribution of households by type of refuse removal in Langeberg municipal wards:



iv) Toilet Facilities

83% of households make use of a flush toilet that is connected to a sewerage system, while 3% make use of bucket toilets.

Graph M: Distribution of households by type of toilet facility in Langeberg municipal wards

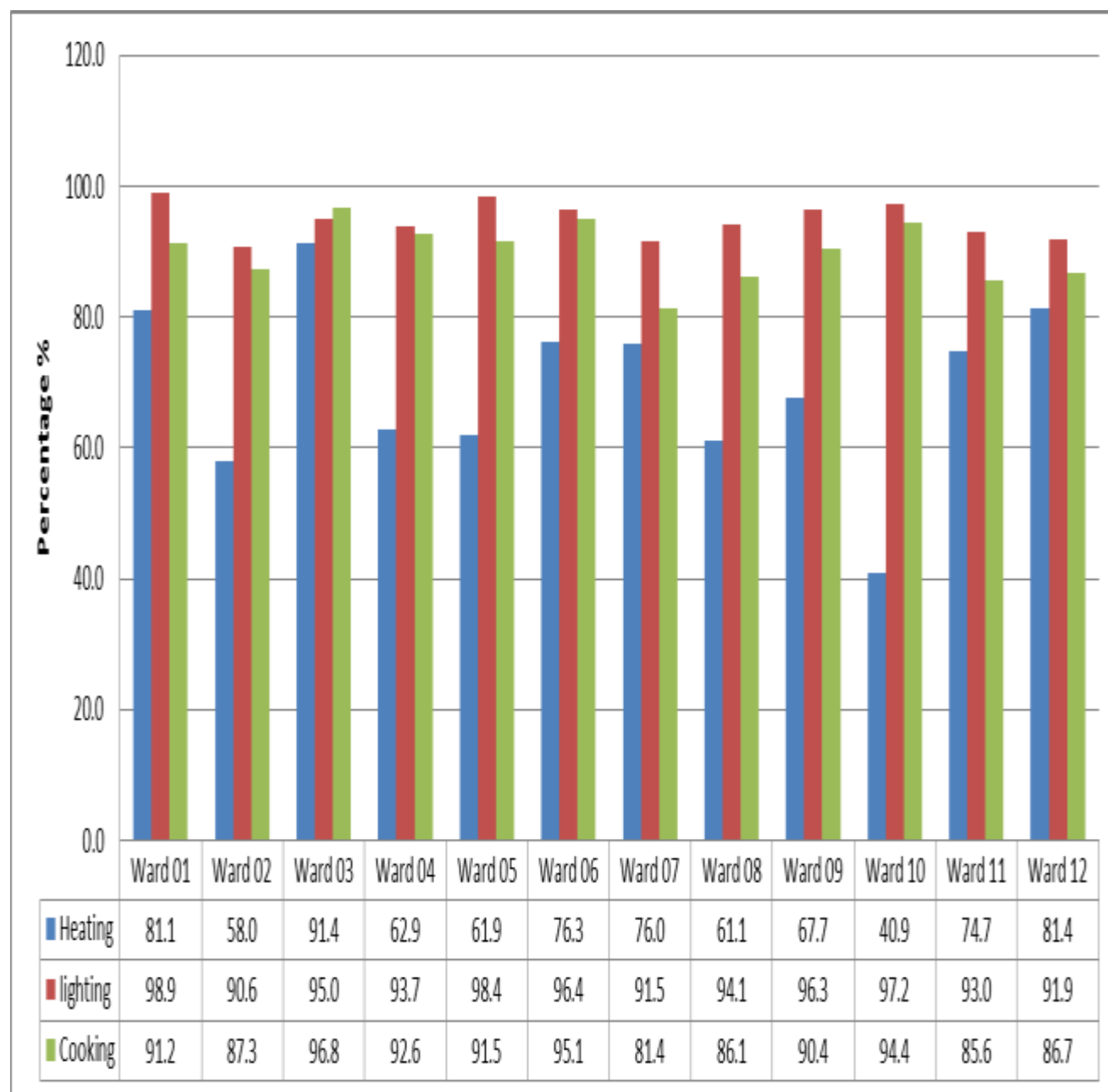


v) Energy

89% of households within the Langeberg municipal area use electricity for cooking, while 70% uses electricity for heating. The municipality has committed itself to energy efficiency within the municipal area, by focussing on the increase of capacity, upgrading of networks and replacement of out-dated electricity lines, to reduce electricity loss.

The majority of household mostly use electricity for lighting, followed by cooking and then heating.

Graph N: Distribution of households using electricity for lighting, cooking and heating in Langeberg municipal wards



1.3.3. Performance Highlights of Langeberg Municipality

1.3.3.1. Performance Successes

- 1.3.3.1.1.** A hundred percent capital spending on water and sanitation infrastructure contributed greatly to the municipality's progress in limiting unaccounted water losses. Whilst the performance target for the year was set at 18 %, actual unaccounted water losses were limited to 14.61% in 2013/2014. Success in the limiting of unaccounted electricity was equally achieved, by limiting losses to 6.39% against the set target of 7.5%.
- 1.3.3.1.2.** The municipality takes pride in achieving a second, clean audit in consecutive years. This opinion expressed by the Auditor General is highly valued. The quest to uphold this performance in future will be achieved only through continuous dedication, commitment, collaboration and the will of Council, management and staff.

1.3.3.2. Performance Challenges

1.3.3.2.1. Housing

The provision of low cost housing continues to be a major challenge for the municipality. If housing backlogs in the area are to be addressed meaningfully, the rate and quantity of housing developments must be increased by the Langeberg Municipality.

Our main challenges in this regard include:

- Availability of bulk services. In many instances bulk services are close to maximum capacity and need to be upgraded to facilitate future developments;
- Funding for the installation of bulk services; and
- The availability of municipal land. The municipality has to buy land for the provision of future housing developments.

1.3.3.2.2. Roads

The tarring of gravel roads in the area poses a persistent challenge for the following reasons:

- The Langeberg Municipality inherited huge backlogs in this regard, especially in historically disadvantaged area.
- Road maintenance is costly.
- The municipality's constraining budget hardly provides for the delivery of basic services and its related maintenance.

The challenge of addressing the massive service delivery backlogs in this country unfortunately does not have a quick solution. Langeberg Municipality is no exception in this regard. Smaller municipalities, like Langeberg, mostly struggle due to a small tax base. High unemployment, low employment opportunities and all the social problems that directly flow from it, contribute to the negative pull of the poverty spiral. However challenging our local reality may be, we will persist in our commitment to manage and balance our spending responsibly and to deliver services in the most effective and efficient manner possible.



CHAPTER 2



Governance

The purpose of this Annual Report is to promote accountability to communities and to highlight those decisions taken by the Council and matters relating to administrative structures, throughout the 2013/2014 financial year.

To ensure good governance, nine major characteristics should be applied within the political and administrative structures of the municipality, namely participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability. This section seeks to report on how Langeberg Municipality met these requirements with regard to handling its governance structures, intergovernmental relations, community participation and organisational management.

A. Political and Administrative Governance Structures

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Productivity

The municipality's political and administrative governance structures remained productive throughout the 2013/2014 financial year and complied well with legislative requirements. The following meetings were held:

Table 12: Council, Mayco and Portfolio Committee Meetings held and attended in 2013/2014

Meetings	2011/12	% Attendance	2012/13	% Attendance	2013/14	% Attendance
Portfolio Committee Meetings	40	71%	37	96%	41	87%
Mayoral Committee Meetings	12	96%	8	93%	6	94%
Special Mayoral Committee Meetings	0	---	3	100%	4	92%
Council Meetings	11	92%	7	88%	10	91%
Special Council Meetings	4	90%	6	99%	3	73%

Table 13: Ward Committee Meetings held in 2013/2014

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

Table 14: Audit Committee Meetings and Attendance

Audit Committee Members	Number of Meetings: 2012/13	Committee Member Attendance	Number of Meetings: 2013/14	Committee Member Attendance
Mr JJ Mostert Chairperson:	5	5	5	5
Mr A. Amod	5	4	5	3
Mr K Pretorius*	5	2	5	4
Mr W van Deventer*	5	1	5	5

**Both Mr. K Pretorius and Mr. W Van Deventer were appointed as members of Audit Committee on 1 March 2013 as per Council Resolution A 2808.*

Municipal Public Accounts Committee

The MPAC met on the following dates:

- 6 August 2013
- 23 September 2013
- 6 November 2013
- 28 January 2014
- 18 February 2014
- 26 March 2014
- 16 April 2014
- 20 May 2014

Accountability, Transparency and Rule of Law

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law. Transparency means that stakeholders are provided with information on decisions taken that directly affect them. Rule of law means that legal frameworks are enforced impartially.

The municipality's political and administrative governance structures are held accountable through various measures all of which are adhered to by the Langeberg Municipality.

Table 15: Governance Structures and Accountability Measures

Governance Structure	Measure of Accountability
Council	Council meetings are open to the public, scheduled and advertised by public notification. Approved minutes are available on request. All Council proceedings are ruled by the <i>Council Rules of Order</i> . Councillor conduct is ruled by the <i>Code of Conduct for Councillors</i> .
Mayoral Committee	Mayco Meetings are scheduled and minutes are kept Mayco reports to Council
Ward Committees	Ward Councillors have a duty to provide feedback to Ward Committees and to Council. Meetings are scheduled and minutes are kept.
Portfolio Committees	Responsible for oversight over administrative departments and report to Council monthly. Meetings are scheduled and minutes kept.
Municipal Public Accounts Committee (MPAC)	The MPAC serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council
The municipality reports its annual performance and financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion
The municipality reports its financial status and performance to its communities annually	The approved Annual Report is made available to the public
Municipal structures, employees, operations, procedures and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available
Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes	Representation on recruitment and selection panels: Interviews are recorded Representation on Labour Forum: Minutes are recorded Representation on Occupational Health and Safety Committee: Minutes are recorded
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register Internal Auditing reports are generated and tabled to Council
The Audit Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.	Audit Committee approves the Internal Audit Plan and reports to Council
Community participation in the development of Policies and Strategies	Participative processes are scheduled
IDP and Budgeting Participation	Participative processes are ensured with a Council approved Process Plan
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organisational and Service Delivery Performance reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council
Municipal Website promotes transparency	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 5460 unique visitors browsed the municipal website on a monthly basis during the 2013/2014 year in comparison to 5000 for the previous year.

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal. In this instance, those governance structures and processes that ensure that the community needs are met, with the best use of resources

Table 16: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitors municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP
Mayoral Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council Adjustment Budget Tabled to Council if needed Adjusted SDBIP tabled to Council if needed
Audit Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan Internal Audit Reports tabled to Council Risk Register Number of fraud cases reported and losses recovered
Performance Management Committee	Performance Bonuses awarded (The performance Management System is designed to reward superior performance. This linking increases overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.)

Equity and Inclusiveness

Society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

The political and administrative governance structures of Langeberg Municipality reflect equitable representation of the area's population structure. Different Political Parties are well-represented in Council.

Consensus orientated

Good governance requires mediation of the different interests in society. To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and how this can be achieved.

Consensus on what is in the best interest of the whole community and how it can be achieved is a process that unfolds through the municipality's scheduled, consultative IDP, Budgeting and Ward Based Planning processes.

Responsiveness

Responsiveness means that institutions and processes try to serve all stakeholders within a responsible timeframe.

The governance structures of Langeberg Municipality mainly adheres to set Council schedules, process plans approved by Council and reporting cycles determined by Provincial and National Government spheres. This is monitored through administrative compliance monitoring and oversight by the Audit Committee.

Participation

Participation can be direct and/or through legitimate intermediate institution or representatives.

Community participation in the governance structures of the Langeberg Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and sectors in the scheduled IDP process.

Community Participation in the development of Policies and Strategies has otherwise been achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments.

Table 17: Website Uploads For Community Review and Comments

WEBSITE UPLOADS FOR COMMUNITY REVIEW AND COMMENTS	
Community engagements on Liquor Act	01 July 2013
Langeberg to review Housing Plans Langeberg Spatial Development Framework and Human Settlement Plan Review: Invitation to Issues and Vision Workshop	16 July 2013
Draft Tree Management Policy	17 September 2013
Inspection of 4th Supplementary Valuation Roll	25 October 2013
Draft Conceptual Development Framework	03 December 2013
Tabling of Draft Annual Report 2012/2013	13 December 2013
Municipal Budget, Integrated Development Plan, Policies and determination of tariffs for the financial year: 01 July 2014 to 30 June 2015	31 March 2014
IDP open for comment	10 April 2014
Proposed adoption of By-Laws	03 June 2014 and 10 June 2014
Langeberg Municipality Housing Selection Policy	24 June 2014
Draft SDF Open for comments	19 July 2014

B. Intergovernmental Relations

Engagements attended by the Langeberg Municipal staff and Management - upholding good inter-governmental relations for the purpose of good governance, government - collaborated strategic direction, aligned planning, reporting, legislative compliance, accountability and Langeberg's participation in government programmes and roll-outs to benefit development of our Administration, local area and communities:

Table 18: IGR Engagements by Langeberg Municipality

IGR ENGAGEMENTS FOR THE OFFICE OF MUNICIPAL MANAGER			
MEETING	ATTENDED BY LANGEBERG MUNICIPALITY	HOSTED IN	DATE
Western Cape Municipal Manager Forum	MM	Buffalo City, EL	17,18 February 2013
		Worcester (Special)	22 May 2013
		Somerset West	18 November 2013
		Beaufort West	23 June 2014
PCF Meetings	MM	Worcester	17 September 2013
		Riebeek Kasteel	6 March 2014
MinMay Tech Meetings	MM	Worcester	16 September 2013
MinMay Meetings	MM	Somerset West	19 November 2013
DCF Meetings	MM	Worcester	2 December 2013

IGR ENGAGEMENTS FOR THE LANGEBERG ENGINEERING SERVICES DEPARTMENT			
MEETING	ATTENDED BY LANGEBERG MUNICIPALITY	HOSTED IN	DATE
Landfill Interest Group Workshop: Dept Environmental Affairs	Director: Engineering Services	Bellville	25 July 2013
Meeting on Housing Policy: Dept Human Settlements	Director: Engineering Services		07 March 2014
Development Contribution Workshop on Provincial Guidelines: Dept of Environmental Affairs	Director: Engineering Services	Swellendam	12 March 2014
District Forum Meeting	Director: Engineering Services	Worcester	18 June 2014
Meeting on CRU Housing: Dept of Human Settlements	Director: Engineering Services	Cape Town	20 June 2014

IGR ENGAGEMENTS FOR THE LANGEBERG DEPARTMENT: STRATEGY AND SOCIAL DEVELOPMENT			
MEETING	ATTENDED BY LANGEBERG MUNICIPALITY	HOSTED IN	DATE
Winelands District Forum Meetings	IDP Coordinator	Stellenbosch	26 July 2013
		Stellenbosch	15 November 2013
		Worcester	7 February 2014
		Stellenbosch	8 May 2014
Provincial IDP Managers Forum Cape	IDP Coordinator	Ottery	6 & 7 June 2013
		Worcester.	12,13 September 2013
		Plettenberg Bay	5,6 December 2013
		Laingsburg	6,7 March 2014
		Durbanville	5&6 June 2014
PDO Forum	PMO	Stellenbosch	23 June 2014

C Public Accountability and Community Participation

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Ward Committees as a governance structure promotes public accountability and strengthens community participation. The Ward Committee System is fully institutionalised and capacitated within the Langeberg Municipality.

Table 19: Ward Committees and Chairperson in 2013/2014

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

Accountability

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.

Community Participation in the Development of Legal Frameworks and Directives

The table below indicates the dates on which Langeberg Municipality consulted with the community in the development of Municipal directives and documents in 2013/2014, as advertised on the municipal website.

Table 20: Website Uploads for Community Review and Comments

WEBSITE UPLOADS FOR COMMUNITY REVIEW AND COMMENTS	
MUNICIPAL DIRECTIVE & ACTION	DATE
Community engagements on Liquor Act	01 July 2013
Langeberg to review Housing Plans Langeberg Spatial Development Framework and Human Settlement Plan Review: Invitation to issues and vision workshop	16 July 2013
Draft Tree Management Policy	17 September 2013
Inspection of 4th supplementary valuation roll	25 October 2013
Draft Conceptual Spatial Development Framework	03 December 2013
Tabling of Draft Annual Report 2012/2013	13 December 2013
Municipal Budget, Integrated Development Plan, Policies and determination of tariffs for the financial year: 01 July 2014 to 30 June 2015	31 March 2014
IDP open for comment	10 April 2014
Proposed adoption of By-Laws	03 & 10 June 2014
Langeberg Municipality Housing Selection Policy	24 June 2014
Draft SDF Open for comments	19 July 2014

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal.

Table 21: Ward Based Planning Sessions

Ward	Date	Venue
1	2 November 2013	Callie De Wet
2	2 November 2013	Callie De Wet
3	2 November 2013	Callie De Wet
4	18 November 2013	Chris Van Zyl Hall
5	6 November 2013	McGregor Community Hall
6	2 November 2013	Callie De Wet
7	26 November 2013	NG Church Hall
8	18 November 2013	Chris Van Zyl Hall
9	20 November 2013	Ashton Town Hall
10	20 November 2013	Zolani Community Hall
11	20 November 2013	Ashton Town Hall
12	12 November 2013	Kabouterland Community Hall

Equity and Inclusiveness

Society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

Table 22: Ward Committee - Outreach Programmes in 2013/2014

<u>Ward</u>	<u>Date</u>	<u>Programmes</u>
1	25 and 26 September 2013	Cleaning of Ward Programme
	14 and 16 October 2013 24 October 2013 29 October 2013 31 March - 4 April 2014 15 April 2014 16 June 2014	Thusong Mobile Flower Decoration –Women in ward Flowers to the Aged School Holiday Project Budget Information Session Youth Day –Drug Awareness Programme
2	31 October 2012 14 and 16 October 2013 15 April 2014	Nkqubela Community Centre: Thusong Mobile Budget Information Session
3	25 and 26 September 2013 14 and 16 October 2013 24 October 2013 29 October 2013 31 March - 4 April 2014 15 April 2014 16 June 2014	Cleaning of Ward Programme Thusong Mobile Flower Decoration –Women in ward Flowers to the Aged School Holiday Project Budget Information Session Youth Day –Drug Awareness Programme
4	14 April 2014	Budget Information Session
5	22 October 2013 15 April 2014 26 June 2014	Uitnood Hall: Budget information session Thusong Outreach Programme
6	23 October 2013 15 April 2014	De Hoop: Budget Information Session
7	14 April 2014	Budget Information Session
8	14 April 2014	Budget Information Session
9	31 March - 4 April 2014	School Holiday Project
10	14 April 2014	Budget Information Session
11	24 October 2013 31 March - 4 April 2014	Goudmyn: School Holiday Project
12	14 April 2014	Budget Information Session

Consensus orientated

Good governance requires mediation of the different interests in society. To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and how this can be achieved.

Table 23: IDP Community Input Meetings in 2013/2014

Ward	Date	Venue	Time
1	7 October 2013	City Hall, Robertson	19h00
2	15 October 2013	Nkqubela Community Centre	19h00
3	14 October 2013	Robertson Civic Centre	19h00
4	3 October 2013	Happy Valley Community Hall, Bonnievale	19h00
5	9 October 2013	McGregor Community Hall	19h00
6	10 October 2013	Rooiberg Hall, McGregor	19h00
7	17 October 2013	Willem Thys Hall, Montagu	19h00
8	2 October 2013	Chris Van Zyl Hall, Bonnievale	19h00
9	8 October 2013	Ashton Barnard Hall	19h00
10	21 October 2013	Zolani Community Hall	19h00
11	16 October 2013	Ashton Town Hall	19h00
12	22 October 2013	Ashbury Community Centre, Montagu	19h00
Sector Meetings			
Sector	Date	Venue	Time
All	23 October 2013	Robertson Town Hall	10:00 -13:00

Transparency

Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.

Table 24: Ward Committee – Community (Feedback) Meetings

Ward	Date			
	September 2013	November 2013	March 2014	June 2014
1	10 September	28 November	11 March	
2	17 September		27 March	
3		20 November	19 March	
4	26 September		13 March	19 June
5		6 November	4 March	
6	5 September	6 November	24 March	
7		5 November	10 March	
8	19 September		17 March	23 June
9	12 September	14 November	13 March	
10			12 March	
11	17 September	20 November	18 March	
12	2 September	18 November	3 March	

Rule of Law

Rule of law means that legal frameworks are enforced impartially.

The internal Audit Unit is responsible to ensure impartial enforcement of legal frameworks within the municipality.

The 2012/2013 Report of the Auditor General states, "I could not identify any instances of material non-compliance with specific matters in key applicable laws and regulations"

D. Corporate Governance

Sustainability

Sustainability is the capacity to endure. How systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources

Risk Management

The management of risk has been institutionalised within the Langeberg Municipality through:

- Filling of the post of Compliance Officer in the Office of the Municipal Manager, to assist with the management of Langeberg Municipality's risk exposure
- Directors and the Internal Audit Department identify risks and provide information for the compilation of a Risk Register and mitigation thereof.
- A Risk Management Policy has been developed and adopted by Council in 2013/2014

Accountability

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.

Internal Audit and Audit Committee

Langeberg Municipality has a fully functional Internal Auditing Unit and Audit Committee instituted.

The Audit Committee is responsible for the oversight of:

- internal controls,
- financial reporting,
- compliance with regulatory matters and
- for approving the municipality's Internal Audit Plan.

During 2013/2014 the Audit Committee had (4) members and convened 5 meetings for the financial year.

Anti-Corruption and Fraud

In terms of fraud preventative arrangements, the Langeberg Municipality has instituted:

- the promotion of an ethical culture
- provision of training to employees
- adoption of a policy on fraud and anti-Corruption
- provision of physical security for municipal buildings and
- procedures of employee vetting - executed before employees are appointed

The following arrangements are institutionalising the detection of fraud:

- Management takes steps against fraudulent actions.
- An Audit Committee approves the Internal Audit Plan.

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society, while making the best use of resources at their disposal.

Municipal Public Accounts (MPAC) Committee

Langeberg Municipality's MPAC was established on the 28 January 2013. Five (5) MPAC committee members were appointed to strengthen and provide oversight within the municipality, in terms of the provision of S79 of the Local Government Municipal Structures Act 117 of 1998.

The MPAC Committee Members are:

1. Cllr C Grootboom - Chairperson
2. Cllr E Turner
3. Cllr J Burger
4. Cllr E Vollenhoven
5. Cllr M Mgoqi

The MPAC's primary responsibility is to serve as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness.

Equity and Inclusiveness

Society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

Langeberg Municipality has a fully functional Supply Chain Unit. The Langeberg Supplier Database has been updated in terms of supplier information in 2013/2014, as to minimize the risk of supplier duplication, as was highlighted by the 2012/2013 Auditor's Report.

Transparency

Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.

Municipal 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 5460 unique visitors browsed the municipal website on a monthly basis during the 2013/2014 year in comparison to 5000 for the previous year.

Rule of Law

Rule of law means that legal frameworks are enforced impartially.

The impartial enforcement of legal frameworks is ensured by Langeberg Municipality through the adoption and application of municipal policies and bylaws, of which the following have been adopted in 2013/2014:

Table 25: Policies and Bylaws Adopted

POLICY	COUNCIL RESOLUTION
<ul style="list-style-type: none"> Langeberg Municipality Fraud Prevention Policy 	<u>Resolution: A 3012 of 24/06/2014</u>
<ul style="list-style-type: none"> Langeberg Municipality Street Naming Policy 	<u>Resolution: A2926 17/10/2013</u>
<ul style="list-style-type: none"> Langeberg Municipality Risk Management Policy 	<u>Resolution: A3012 of 24/06//2014</u>
BYLAWS ADOPTED	COUNCIL RESOLUTION
<ul style="list-style-type: none"> By-law on Waste Management for Langeberg Municipality (9/2/1/5) Regional Planner) 	<u>Resolution: A 2894 of 29 August 2013</u>
<ul style="list-style-type: none"> By-law on Promulgation of Water Services intermediary and provision of water and sanitation services to residents on privately owned land 	<u>Resolution: A2895 of 29 August 2013</u>

Participation

Participation can be direct and/or through legitimate intermediate institution or representatives.



CHAPTER 3



Energy efficiency for sustainable future

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL56	Municipal Financial Viability and Management	Limit unaccounted electricity to 7.5%	% of electricity unaccounted for	New KPI for 2013/2014	7.50%	6.39%	B	6.39% Unaccounted electricity	
* TL96	Basic Service Delivery	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	6000	7,000	7,176	G2		

Good governance

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL5	Good Governance and Public Participation	Ensuring the formal evaluation of directors in terms of their signed agreements	No of formal evaluations completed	2	2	2	G		
TL6	Good Governance and Public Participation	Review of the system of delegations	Submit report to Council for the adoption of the system of delegation	New KPI for 2013/14 FY	1	1	G		
TL7	Good Governance and Public Participation	Oversee the compilation of the IDP and the submission to Council for approval	IDP submitted to Council	1	1	1	G		
TL8	Good Governance and Public Participation	Oversee the compilation of the annual budget to Council for approval	Budget submitted to council for approval	1	1	1	G		
TL9	Good Governance and Public Participation	Oversee the submission of monthly Sect 71 of the MFMA	No of Sect 71 reports submitted	12	12	12	G		

* TL 96: The approved SDBIP for 2013/14 FY included both Top level and Departmental SDBIP. Reporting of TL 96 was done departmentally for Quarter 1 & 2. After the Mid-Year reporting, it was moved to the Top Level and reported in Quarter 3 & 4.

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL10	Good Governance and Public Participation	Oversee the submission of the Mid-Year Performance Report in terms of Sect 72 of the MFMA to Council	Mid-Year report submitted to Council	1	1	1	G		
TL11	Good Governance and Public Participation	Oversee the submission of the Annual and Oversight Report to Council	Annual report and Oversight Report submitted to Council	1	1	1	G		
TL12	Good Governance and Public Participation	Submit the Top Layer SDBIP to the Mayor for approval to approve the KPI's and targets to ensure the implementation of the municipal budget	Top Layer SDBIP submitted to the Mayor	1	1	1	G		
TL13	Good Governance and Public Participation	Develop and update an Audit Action Plan	Management Action Plan	New KPI for 2013/14 FY	1	1	G		
TL23	Municipal Transformation and Institutional Development	Implement an individual performance management system up to supervisor level	Implementation up to Superintendent level	25	30	40	G2		
TL82	Good Governance and Public Participation	Maintain a clean audit opinion	Audit Opinion	New KPI for 2013/2014	1	1	G		
TL83	Good Governance and Public Participation	Resolve all audit issues	% of audit queries for which an action plan was submitted within 10 working days	90%	90%	100%	G2		
TL89	Good Governance and Public Participation	Compliance with implementation and reporting requirements on MIG	100% Compliance with implementation and reporting requirements on MIG		100%	100%	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL90	Good Governance and Public Participation	Grant progress reports submitted to the relevant national and provincial department before the 10th working day of every month	Number of reports submitted before the 10th working day of every month	12	12	12	G		

Growth and economic development

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL15	Local Economic Development	Develop a LED Strategy by 31 March 2014	LED Strategy approved	1	1	1	G		

Institutional Development and Corporate governance

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL14	Municipal Transformation and Institutional Development	50% of the IT Disaster Recovery Site developed by 30 June 2014	IT Disaster Recovery Site	New KPI for 2013/2014	50%	50%	G		
TL30	Municipal Transformation and Institutional Development	% of the municipal budget spent on implementing its WSP by June 2014	% Of budget used for skills development	1%	1%	1%	G		
TL41	Good Governance and Public Participation	Number of people from the EE target groups employed in the 3 highest levels of management in compliance with the approved EE plan	Number of people employed in the highest 3 levels of management	New KPI for 2013/2014	1	0	R	No appointment was done at this level	Although there were vacancies at this level, the Municipal Manager did not approve the filling of these posts, as no suitable candidate could be found.
TL44	Good Governance and Public Participation	Ensuring that all property contracts are properly executed	Monthly reports on the property contracts submitted to the Municipal Manager	New KPI for 2013/2014	4	12	G		

Provision of a safe and efficient road network

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL91	Basic Service Delivery	The upgrading / rehabilitation of streets as per the Pavement Management System	Streets rehabilitated and upgraded as per the Pavement Management System	100%	100%	100%	G		

Provision of a clean environment

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target				
						Actual	R	Performance Comment	Corrective Measures
TL18	Local Economic Development	Implementation of expanded public works programme	Number of temporary job opportunities created	200	220	437	B		
TL24	Good Governance and Public Participation	Annual review and submission of the Disaster Management Plan for assessment by the District by end May	Plan reviewed	1	1	1	G		
TL52	Good Governance and Public Participation	Report quarterly on compliance with the National Waste Management Strategy	Number of reports	4	4	4	G		
TL54	Basic Service Delivery	Capital spending on Solid Waste Projects	% of capital budget spent	New KPI for 2013/2014	95%	94%	O	Toilets in Robertson were not built as the public was not notified. A public participation process must be followed.	Toilets in Robertson were not built as the public was not notified. A public participation process must be followed.
TL55	Basic Service Delivery	Increase tonnage of domestic waste recycled	Tonnage	720	780	859.5	G2	207.41 ton recycled	
TL65	Basic Service Delivery	Submission of an approved HSP after approval by DEAD & P and HSP	1 Approved HSP	New KPI for 2013/2014	1	1	G		
TL67	Basic Service Delivery	Oversee process for identifying an alternative Landfill Site	Report submitted to council	New KPI for 2013/2014	1	1	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL95	Basic Service Delivery	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removals	6000	7,000	6,773	O	Some indigents have been appointed permanently by Langeberg & Ashton Foods. A system was also implemented whereby all deceased indigents could be identified. Councillors also visited indigents to assess if they do qualify for the indigent subsidy	Some indigents have been appointed permanently by Langeberg & Ashton Foods. A system was also implemented whereby all deceased indigents could be identified. Councillors also visited indigents to assess if they do qualify for the indigent subsidy

Social and Community Development

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL33	Basic Service Delivery	Upgrade the community hall: Happy Valley by June 2014	Happy Valley Community Hall upgraded	100%	1	1	G		
TL45	Good Governance and Public Participation	Management of the Thusong Centre	Number of quarterly reports on the general activities of the Thusong Centre submitted to the Municipal Manager	New KPI for 2013/2014	4	4	G		
TL46	Good Governance and Public Participation	Ensuring functional ward committee system	Number of monthly ward committee meetings	New KPI for 2013/2014	10	11	G2		
TL86	Basic Service Delivery	Install 2 book detectors at the Robertson and Bonnievale Library	2 book detectors installed at Robertson and Bonnievale library by 30 June 2014	New KPI for 2013/2014 FY	2	2	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL87	Basic Service Delivery	Construct an activity hall in Happy Valley	Activity Hall constructed by 30 June 2014 in Happy Valley	New KPI for the 2013/2014 FY	1	0	R	5.54% spent.	The project will roll over to the next FY
TL93	Basic Service Delivery	Provide 6kl free basic water per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic water	6000	7,000	6,644	O	Some indigents have been appointed permanently by Langeberg & Ashton Foods. A system was also implemented whereby all deceased indigents could be identified. Councillors also visited indigents to assess if they do qualify for the indigent subsidy	Some indigents have been appointed permanently by Langeberg & Ashton Foods. A system was also implemented whereby all deceased indigents could be identified. Councillors also visited indigents to assess if they do qualify for the indigent subsidy
TL94	Basic Service Delivery	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	6000	7,000	6,764	O	Some indigents have been appointed permanently by Langeberg & Ashton Foods. A system was also implemented whereby all deceased indigents could be identified. Councillors also visited indigents to assess if they do qualify for the indigent subsidy	Some indigents have been appointed permanently by Langeberg & Ashton Foods. A system was also implemented whereby all deceased indigents could be identified. Councillors also visited indigents to assess if they do qualify for the indigent subsidy

Sound Financial Management

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL74	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	2	2.2	1.56	R	Calculation in file	Tariffs adjusted to improve - still within acceptable norm
TL75	Municipal Financial Viability and 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)	57	60	55.05	O	Calculation in file	Ratio within acceptable norm
TL76	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	12.6	12	11.48	O	Calculation in file	Company appointed to recover outstanding monies
TL77	Municipal Financial Viability and Management	Achievement of a payment percentage of at least 100%	Payment %	97	100%	99.48%	O	Credit Control Policy applied	Real People appointed for collection of outstanding monies
TL80	Municipal Financial Viability and Management	Maintain the asset register in terms of GRAP	% of asset register maintained	1	100%	100%	G		
TL92	Municipal Financial Viability and Management	% of Capital Budget Spent on capital projects as identified in the IDP	95% of Capital Budget spent	90%	95%	95.99%	G2		

Sustainable civil engineering infrastructure services

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target				
						Actual	R	Performance Comment	Corrective Measures
TL58	Municipal Financial Viability and Management	Achieve Blue Drop Status	Blue Drop Status achieved	New KPI for 2013/2014	50%	0%	R	The assessment has been done, but the results are still awaited.	The assessment has been done, but the results are still awaited.
TL59	Municipal Financial Viability and Management	Microbiological quality of water to comply with SANS standards	% of water quality	90%	90%	98.33%	G2		
TL61	Basic Service Delivery	Capital Spending on Water and Sanitation Infrastructure	% of capital budget spent	95%	95%	100%	G2		
TL62	Municipal Financial Viability and Management	Limit unaccounted water to 18%	% of water unaccounted for	18%	18%	11.45%	B		

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target				
						Actual	R	Performance Comment	Corrective Measures
TL63	Municipal Financial Viability and Management	Quality of effluent in terms of SANS standards	% quality	80%	80%	74.29%	O		The 2 Wastewater Treatment Works that are under performing are Montagu and Robertson where the following corrective measures are being implemented: Montagu Additional aerobic capacity is needed in Montagu. We are currently busy with the tender for the consultants. Construction will start in middle of 2015 as this is a roll over project for 2014/15 and 2015/16. There is R 2 286 547 provided for this from MIG funding on the 2014/15 capital budget. Robertson The upgrading of the waste water treatment works in Robertson has just been completed. An anoxic zone as well as the capacity of the reactor was done.
TL64	Municipal Financial Viability and Management	Achieve Green Drop Status	Green Drop Status achieved	New KPI for 2013/2014	50%	0%	R	No Green drop assessment was scheduled for 2013/14.	No Green drop assessment was scheduled for 2013/14.

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL88	Basic Service Delivery	Construct Bonnievale reservoir and related pipe work	14% of the project completed by June 2014	New KPI for the 2013/2014 FY	14%	24.63%	B	24.63% of the project completed	The % spending was measured against the total value of the project as at end of June 2014. This amounts to 24.63%.

Sustainable integrated human settlement

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target			Performance Comment	Corrective Measures
						Actual	R		
TL66	Basic Service Delivery	Installation of services	% of Budget Spent	New KPI for 2013/2014	100%	54.89 %	R	R2.5 million was transferred during the adjustment budget in Feb 14 to the vote number for the purposes of building a reservoir at Muiskraalskop in Robertson. The consulting engineer indicated that the costs for the building of the reservoir would amount to R10 million. Council took a decision to apply for RBIG funds for the building of the reservoir.	In future funds will not be transferred to vote numbers if it will not be spent.
TL70	Basic Service Delivery	Oversee the Review of the Spatial Development Framework	Framework submitted to Council	100	1	1	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target				
						Actual	R	Performance Comment	Corrective Measures
TL71	Basic Service Delivery	Follow up on the status of zoning scheme regulations	Correspondence on follow up	100	1	0	R	The assessment of the draft regulations was only done in September 2013. As a direct result of the delay by DEADP to evaluate these regulations, as well as newly set requirements that came to light, some of the content became outdated. The assessment also indicates numerous amendments to the content to be done. DEADP, in the meanwhile, also compiled a Model Zoning Scheme which municipalities can adopt or amend to suit their circumstances. The content of this Model Zoning Scheme, when received, will be evaluated against the draft Scheme that was submitted to DEADP. Only then will a final decision be taken on which Scheme to adopt.	The assessment of the draft regulations was only done in September 2013. As a direct result of the delay by DEADP to evaluate these regulations, as well as newly set requirements that came to light, some of the content became outdated. The assessment also indicates numerous amendments to the content to be done. DEADP, in the meanwhile, also compiled a Model Zoning Scheme which municipalities can adopt or amend to suit their circumstances. The content of this Model Zoning Scheme, when received, will be evaluated against the draft Scheme that was submitted to DEADP. Only then will a final decision be taken on which Scheme to adopt.



CHAPTER 4



Component A: Municipal Workforce

Number of Employees

The following **table 26** reflects the number of staff per category for the last three financial years:

Category	No of Employees (2011/12)	No of Employees (2012/13)	No of Employees (2013/14)
Legislators, senior officials, and managers	34	35	32
Clerks	116	118	127
Technicians and associate professionals	72	74	74
Craft and related trade workers	156	163	161
Elementary occupations	296	301	287
Total:	674	691	681

Table 27: Staff Category per Directorate

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and related Trade Workers	Elementary Occupations
Engineering Services	350	13	17	30	98	192
Chief Financial Officer	63	3	40	11	9	0
Strategy & Social Development Services	116	6	8	12	29	61
Corporate Services	147	8	60	20	25	34
Municipal Manager's Office	5	2	2	1	0	0
Total: 2013/14	681	32	127	74	161	287
Total: 2012/13	691	35	118	74	163	301
Total: 2011/12	674	34	116	72	156	296

Personnel Services

Personnel Services form an integral part of the Corporate Services' and Langeberg Municipality's service delivery success. Operational efficiency and professionalism is of utmost importance, especially how the department is managed and how it functions. The department is responsible for the key areas discussed below.

Recruitment and Selection

During 2013/14 **93** posts have been advertised, of which **82** were filled in 2013/14. Of these appointments, **76** were candidates from within the Langeberg municipal area.

The breakdown and representation regarding these appointments are as follows:

Table 28: Recruitment and Selection:

Category	Target 2011/12	Actual 2011/12	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14
Coloureds	50%	64.4%	50%	63.2%	50%	56.1%
Africans	30%	26.4%	30%	17.9%	30%	28%
Whites	20%	9.2%	20%	18.9%	20%	15.9%
Employees with Disabilities	4%	3.4%	4%	2.1%	4%	1.2%

Table 29: New Appointments per Employment Equity Categories: 2013/2014:

Directorate	African	Coloured	Indian	White	Total	Female	Male
Engineering Services	10	17	0	6	33	3	30
Chief Financial Officer	3	11	0	0	14	6	8
Strategy & Social Development	4	6	0	3	13	8	5
Corporate Services	4	12	0	4	20	14	6
Municipal Manager's Office	2	0	0	0	2	1	1
Total: 2013/14	23	46	0	13	82	32	50
Total: 2012/13	17	60	0	18	95	33	62
Total: 2011/12	23	56	0	8	87	20	67

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:

- Free medical tests by LA health medical fund;
- Debt counseling, garnishee orders and financial planning sessions;
- Promotional Health Talk on Circumcision.

Vacancy Rate

The vacancy rate increased to 7.8% in the 2013/14 financial year, compared to 6.9% in 2012/13 and 6.6% in the 2011/12 financial year.

Table 30: Vacancies per Job Category 2013/14:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations
Engineering Services	22	1	0	4	8	9
Chief Financial Officer	4	0	3	1	0	0
Strategy & Social Development	17	0	0	1	7	9
Corporate Services	14	0	1	7	2	4
Municipal Manager's Office	1	0		1	0	0
Total:2013/14	58	1	4	14	17	22
Total:2012/13	51	4	14	17	12	4
Total: 2011/12	48	7	9	12	13	7

Employment Equity

The municipality's Employment Equity Policy is designed to:

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

The municipality has consistently complied with the legal requirement of preparing the Employment Equity Plan and Report in 2013/14. The Employment Equity Plan was developed, and the Employment Equity Report submitted on the 30 September 2013.

Table 31: Total Employment Equity Statistics per Directorate as at 30 June 2014:

Directorate	African	Coloured	Indian	White	Total	Female	Male
Engineering Services	96	203	0	51	350	46	304
Chief Financial Officer	16	33	0	14	63	33	30
Strategy & Social Development	28	73	0	15	116	34	82
Corporate Services	35	91	0	21	147	88	59
Municipal Managers Office	3	0	0	2	5	2	3
Total: 2013/14	178	400	0	103	681	203	478
Total:2012/13	181	409	0	101	691	198	493
Total: 2011/12	183	393	0	98	674	189	485

Human Resources Policies

The following Human Resources policies have been implemented by the Langeberg Municipality:

- Employment Equity Policy
- Recruitment & Selection Policy
- Policy on Private work
- Policy on Temporary workers
- Long Service Recognition Policy
- Travel & Subsistence Allowance Policy
- Policy on Smoking
- HIV/AIDS Policy
- Policy on the Payment of Pro Rata Bonuses
- Policy on Personnel travelling between towns/ Relocation Allowance
- Policy on Exit Interviews
- Induction Policy
- Drug & Alcohol Abuse Policy
- Payment Policy
- Policy on the Employee Assistance Program
- Retirement Planning Policy
- Policy on Incapacity/ Poor Work Performance
- Overtime Policy
- Policy on Internal Bursaries
- Mentoring Policy
- Policy on the Code of Conduct and Political Activities of Municipal Employees
- Policy on the Motor Vehicle Traveling Allowance Scheme
- Policy on Internal Bursaries for Councillors

Promotions

The information below in **Table 32** compares the number of employees that have been promoted during the past three financial years:

Directorate	Number of Promotions 2011/12	Number of Promotions 2012/13	Number of Promotions 2013/14
Service Integration	8	3	N/A
Engineering Services	6	7	11
Chief Financial Officer	4	3	3
Strategy & Social Development	0	2	2
Corporate Services	0	4	2
Municipal Manager's Office	0	0	1
Total	18	19	19

Employees at the Langeberg Municipality are not promoted automatically. All internal employees must apply for posts as advertised.

Pension Funds

The Langeberg Municipality makes use of the following Pension and/or Retirement Funds:

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

Medical Aid Schemes

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

- BONITAS
- HOSMED
- Key Health
- LA Health
- SAMWUMED

Labour Relations

This department has the function of managing labour relations matters and dealing with occupational health and safety in the municipality.

Table 33: Labour Relations issues recorded/investigated during 2013/14:

Labour Relations issue	Number of Cases: 2011/12	Number of Cases: 2012/13	Number of Cases: 2013/14
Misconduct	101	113	154
Dismissals	12	14	20
Suspensions	6	5	9
Total Cases	119	132	183

Occupational Health and Safety

The department is also responsible to ensure that operations and activities within the municipality comply with the provisions of the Occupational Health and Safety Act, 1993 as well as 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 safe 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 34: Incidents/accidents recorded and/or investigated during 2013/14:

Directorate	Personal injury	Disease	Death
Engineering Services	61	0	0
Strategy and Social Development	7	0	0
Chief Financial Officer	0	0	0
Corporate Services	2	0	0
Municipal Manager's Office	0	0	0
Total 2013/14	70	0	0
Total 2012/13	82	0	0
Total 2011/12	88	0	0

Component B: Managing the Municipal Workforce

Section 57 Performance Bonuses

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

Name	Designation	Bonus Amount 2011/12	Bonus Amount 2012/13	Bonus Amount 2013/14
Mr IAB van der Westhuizen	Engineering Services	N/A	N/A	R 37 022.83
Mrs CO Matthys	Strategy & Social Development	N/A	N/A	R 37 022.83
Mr CF Hoffmann	Chief Financial Officer	R 105 832.32	R 74 844.64	R 40 054.07
Mr AWJ Everson	Corporate Services	R 105 832.32	R 74 844.64	R 40 054.07
Mr SA Mokweni	Municipal Manager	R 138 203.52	R 90 219.28	R 48 282.01
Total Bonuses		R 349 868.16	R 239 908.56	R 202 435.81

Improved Performance Management

In 2013/2014 the municipality adopted a performance framework within the organisation up until the level of supervision. Implementation and monitoring thereof will be a targeted and continued focus in 2014/2015.

Component C: Capacitating the Municipal Workforce

Skills Development

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2014 and approved on 30 April 2014.

For the year under review (2013/14), the Langeberg Municipality trained 196 employees compared to 231 in the 2012/13 financial year.

Table 35: Training per Job Category:

Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and Related Trade Workers	Elementary Occupations	Professionals
Engineering Services	113	0	0	11	47	55	0
Chief Financial Officer	1	0	0	0	1	0	0
Strategy & Social Development	45	1	1	2	13	28	0
Corporate Services	37	0	19	3	6	9	0
Municipal Manager's Office	0	0	0	0	0	0	0
Total:2013/14	196	1	20	16	67	92	0
Total:2012/13	231	31	34	36	62	68	0
Total:2011/12	204	11	14	26	56	97	0

Skills Development Budget

The information below indicates the quantum of municipal budget allocated to skills development and the percentage spent:

Financial Year	Budget	Expenditure	Percentage Spent
2013/2014	R 566 250.00	R 565 996.00	99.9%
2012/2013	R 580 000.00	R 580 000.00	100%
2011/2012	R 580 000.00	R 402 599.00	69.4%

MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, 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, in collaboration with various stakeholders and role players in the local government sphere, developed an outcome-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."

A total of 45 employees were identified to obtain the abovementioned qualification and prescribed competencies. 18 officials have already completed the training, 20 are currently busy and 10 still need to undergo the training.

Table 36 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 i.t.o. Regulation 14(4)(a) and (c)	Competency assessments completed i.t.o. 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 i.t.o. Regulation 14(4)(e)
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	31	15	4	15
Any other financial officials	12	1	-	1
Supply Chain Management Officials				
Heads of Supply Chain Management Units	0	0	-	0
Supply Chain Management Senior Managers	-	-	-	-
TOTAL	45	18	6	18

Induction

All new appointments are taken through the induction process. In the 2013/2014 financial year, sixty (60) newly appointed employees went through a one-day induction course, as compared to sixty seven (67) in 2012/13 and seventy two (72) in the 2011/12 financial year. The induction covered the following courses:

- Human Resources processes and procedures
- Labour Relations processes and procedures
- The organization's mission and values
- Organizational structure
- Legislative environment
- Rules for clean administration
- Training and development
- Safety in the workplace
- Work ethics
- Batho Pele Principles

Learnerships and Bursaries

A total of seven (7) learners were recorded to have received training through Learnerships in 2013/2014, compared to 6 Learnerships recorded in 2012/13 financial year.

The municipality granted fourteen (14) internal bursaries in the 2013/14 financial year compared to twenty (20) internal bursaries in 2012/13.

Table 37 : Bursaries per Directorate

Directorate	Number of Beneficiaries 2011/12	Number of Beneficiaries 2012/13	Number of Beneficiaries 2013/14
Service Integration	2	0	N/A
Engineering Services	4	12	2
Chief Financial Officer	6	4	2
Strategy & Social Development	0	2	3
Corporate Services	2	2	7
Municipal Manager's Office	3	0	0
Total	17	20	14

Component D: Managing the Municipal Workforce Expenditure

Personnel Expenditure

Table 38: Trends of Personnel Expenditure compared to Operating Expenditure:

Financial Year	Salaries	Expenditure	Percentage
2013/2014	R127 757 418	R440 893 748	28.98%
2012/2013	R 118 437 567	R 403 091 717	29.38%
2011/2012	R 108 706 604	R 380 162 067	28.59%



CHAPTER 5





These financial statements have been audited

FINANCIAL STATEMENTS

30 JUNE 2014

LANGE BERG MUNICIPALITY

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LANEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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)

PRINCIPAL 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
SALGBC Collective Agreements
SALGBC 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
Kortje, R R	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
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
Swanepeol, CB	Ordinary Councillor	ANC	Proportional
Nyamana, W S	Ordinary Councillor	ANC	Proportional
Vacant	Ordinary Councillor		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

31/08/2014

Date

LANEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014
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 2013/2014

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 implemented one new accounting standards in 2013/2014, namely GRAP 20 on Related Parties.

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 2014	30 June 2013
Surplus / (Deficit) for the year before Appropriations	21 365 594	33 871 688
Accumulated Surplus / (Deficit) at the end of the Year	458 116 621	431 174 623
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	29.28%	29.50%
Remuneration of Councillors	1.75%	1.75%
Debt Impairment	3.35%	2.70%
Depreciation and Amortisation	4.53%	4.14%
Collection costs	0.27%	0.29%
Impairments	0.05%	0.00%
Repairs and Maintenance	3.37%	2.99%
Actuarial losses	0.96%	0.07%
Unamortised Discount - Interest paid	0.03%	0.02%
Finance Charges	1.72%	1.79%
Bulk Purchases	41.92%	43.47%
Contracted services	0.27%	0.24%
Grants and Subsidies	0.00%	0.00%
Stock Adjustments	0.01%	0.00%
Operating Grant Expenditure	0.00%	0.00%
General Expenses	12.47%	12.82%
Loss on disposal of Property, Plant and Equipment	0.05%	0.22%

It should be noted that bulk purchases for water and electricity is 42% of the total expenditure for 2013/2014.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/2014 R	Actual 2012/2013 R	Percentage Variance %	Budgeted 2013/2014 R	Variance actual/ budgeted %
Opening surplus / (deficit)	431 174 623	395 018 757	9.15%	-	-
Operating income for the year (incl. gains in disposal of assets)	462 653 942	440 184 913	5.10%	481 932 724	-4.00%
Appropriations for the year	5 576 404	2 284 178	0.00%	-	-
	899 404 969	837 487 848	7.39%	481 932 724	86.62%
Expenditure:					
Operating expenditure for the year	441 288 348	406 313 225	8.61%	455 327 082	-3.08%
Closing surplus / (deficit)	458 116 621	431 174 623			
	899 404 969	837 487 848	7.39%	455 327 082	97.53%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 52 538 214 , and in percentage terms amounts to 90.33% 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 51 857 694 (2013/14) was financed as follows:

DETAILS	Actual 2013/2014 R	Budgeted 2013/2014 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	27 256 923	30 716 079	-13%	51.88%
External Loans				
Grants and Subsidies	25 281 290	26 695 707	-6%	48.12%
Leased Assets				
	52 538 213	57 411 786		100.00%

5. LONG-TERM LIABILITIES

	2014 R	2013 R
The outstanding amount of Long-term Liabilities as at 30 June was :	<u>33 564 440</u>	<u>37 290 700</u>
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.	<u>-</u>	<u>-</u>
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:	<u>60 593 489</u>	<u>50 803 769</u>
Provision for Post Retirement Benefits	47 581 193	39 158 817
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	7 775 009	7 220 591
Provision for Rehabilitation of Landfill-sites	5 237 287	4 424 361
Provision for Clearing of Alien Vegetation	-	-
	<u>60 593 489</u>	<u>50 803 769</u>

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	7 176 811	6 570 594
Current Employee benefits	Note number 7	12 416 115	12 368 908
Provisions	Note number 8	415 312	1 360 279
Payables from exchange transactions	Note number 9	44 299 793	41 215 130
Unspent Conditional Government Grants and Receipts	Note number 10	3 237 473	8 796 656
Unspent Public Contributions	Note number 11	994 430	387 849
Taxes	Note number 12.1	-	-
Current Portion of Long-term Liabilities	Note number 3	4 136 068	4 242 681
		<u>72 676 002</u>	<u>74 942 098</u>

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:	<u>545 165</u>	<u>303 858</u>
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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:	<u>497 978 107</u>	<u>465 211 960</u>
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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	50 000 000	60 000 000
Listed Investment	16 673	12 420
Unlisted Investments	92 950	78 197
	50 109 623	60 090 617

Refer to Note number 25 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

2 291 076	3 545 585
------------------	------------------

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 21	22 878 957	21 679 328
Receivables from exchange transactions	Note number 22	31 270 943	31 235 610
Receivables from non-exchange transactions	Note number 23	5 853 329	4 086 260
Unpaid Conditional Government Grants and Receipts	Note number 10	1 561 052	250 000
Operating Lease Asset	Note number 24	138 340	147 326
Taxes	Note number 12	1 508 200	644 589
Current Portion of Long-term Receivables	Note number 19	648 175	1 496 547
Cash and Cash Equivalents	Note number 24	61 196 915	71 282 129
		125 055 911	130 821 788

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 51.

15. DISCLOSURE ISSUES

Please refer to note number 46 to 55.

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 2014

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	2013 R
NET ASSETS AND LIABILITIES			
Net Assets		495 256 039	473 890 446
Capital Replacement Reserve	2	37 139 419	42 715 822
Accumulated Surplus		458 116 621	431 174 623
Non-Current Liabilities		89 234 293	83 007 727
Long-term Liabilities	3	28 640 804	32 203 958
Employee benefits	4	55 356 202	46 379 408
Non-Current Provisions	5	5 237 287	4 424 361
Current Liabilities		72 676 002	74 942 098
Consumer Deposits	6	7 176 811	6 570 594
Current Employee benefits	7	12 416 115	12 368 908
Provisions	8	415 312	1 360 279
Payables from exchange transactions	9	44 299 793	41 215 130
Unspent Conditional Government Grants and Receipts	10	3 237 473	8 796 656
Unspent Public Contributions	11	994 430	387 849
Current Portion of Long-term Liabilities	3	4 136 068	4 242 681
Total Net Assets and Liabilities		657 166 334	631 840 270
ASSETS			
Non-Current Assets		529 368 215	497 608 273
Property, Plant and Equipment	13	497 978 107	465 211 960
Investment Property	14	27 339 948	27 389 549
Intangible Assets	15	545 165	303 858
Heritage Assets	16	649 000	649 000
Capitalised Restoration cost	17	455 297	417 704
Non-Current Investments	18	109 623	90 617
Long-Term Receivables	19	2 291 076	3 545 585
Non-Current Assets held for sale	20	2 742 209	3 410 209
Current Assets		125 055 911	130 821 788
Inventory	21	22 878 957	21 679 328
Receivables from exchange transactions	22	31 270 943	31 235 610
Receivables from non-exchange transactions	23	5 853 329	4 086 260
Unpaid Conditional Government Grants and Receipts	10	1 561 052	250 000
Operating Lease Asset	24	138 340	147 326
Taxes	12.3	1 508 200	644 589
Current Portion of Long-term Receivables	19	648 175	1 496 547
Cash and Cash Equivalents	25	61 196 915	71 282 129
Total Assets		657 166 334	631 840 270

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013	2013	2013
	Notes	Actual	Restated	Correction of Error Refer Note 40	Previously reported
		R	R	R	R
REVENUE					
Revenue from Non-exchange Transactions		143 981 303	141 874 528	3 490 920	138 383 608
Taxation Revenue		32 283 527	29 806 702	-	29 806 702
Property rates	26	32 283 527	29 806 702	-	29 806 702
Transfer Revenue		100 541 294	103 388 371	551 813	102 836 558
Government Grants and Subsidies - Capital	27	25 489 676	24 405 390	-	24 405 390
Government Grants and Subsidies - Operating	27	75 036 718	78 982 981	551 813	78 431 168
Public Contributions and Donations		14 900	-	-	-
Other Revenue		11 156 482	8 679 455	2 939 107	5 740 349
Gain on Foreign Exchange transaction		-	-	-	-
Actuarial Gains	4	291 583	1 250 989	-	1 250 989
Fair Value Adjustments		19 005	39 068	-	39 068
Fines		10 845 894	4 018 426	2 939 107	1 079 319
Other Revenue		-	-	-	-
Impairment Reversal	34	-	3 331 913	-	3 331 913
Stock Adjustments		-	39 059	-	39 059
Revenue from Exchange Transactions		318 672 638	298 310 385	97 573	298 212 813
Service Charges	28	294 331 373	276 233 489	(3 639)	276 237 128
Rental of Facilities and Equipment		2 053 464	2 090 892	16 576	2 074 316
Interest Earned - external investments		2 843 597	3 306 307	(1 250 428)	4 556 735
Interest Earned - outstanding debtors		3 286 837	2 867 632	1 250 428	1 617 204
Licences and Permits		1 077 339	1 112 661	(126 877)	1 239 538
Agency Services		2 489 816	2 169 449	240 401	1 929 048
Other Income	29	12 522 330	10 469 470	(28 888)	10 498 358
Unamortised Discount - Interest		67 882	60 486	-	60 486
Gain on disposal of Property, Plant and Equipment		-	-	-	-
Total Revenue		462 653 942	440 184 913	3 588 493	436 596 421
EXPENDITURE					
Employee related costs	30	129 208 326	119 879 190	1 441 623	118 437 567
Remuneration of Councillors	31	7 714 307	7 099 118	-	7 099 118
Debt Impairment	32	14 798 877	10 951 284	2 400 228	8 551 056
Depreciation and Amortisation	33	19 970 964	16 814 127	60 322	16 753 805
Collection costs		1 179 389	1 192 386	-	1 192 386
Impairments	34	200 000	-	-	-
Repairs and Maintenance		14 855 602	12 142 007	44 112	12 097 894
Actuarial losses	4	4 230 244	273 486	(101 802)	375 288
Unamortised Discount - Interest paid		124 376	96 805	-	96 805
Finance Charges	35	7 569 829	7 264 105	114 274	7 149 831
Bulk Purchases	36	184 970 315	176 635 158	107 642	176 527 517
Contracted services		1 179 569	981 026	-	981 026
Grants and Subsidies	37	-	-	-	-
Stock Adjustments		33 146	-	-	-
Operating Grant Expenditure		-	-	(11 207 558)	11 207 558
General Expenses	38	55 018 706	52 082 710	10 013 461	42 069 249
Loss on disposal of Property, Plant and Equipment		234 697	901 823	349 205	552 618
Fair Value Adjustments		-	-	-	-
Total Expenditure		441 288 348	406 313 225	3 221 508	403 091 717
NET SURPLUS/(DEFICIT) FOR THE YEAR		21 365 594	33 871 688	366 985	33 504 703

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2012	45 000 000	396 567 706	441 567 706
Change in Accounting Policy (Refer Note 39)		-	-
Correction of error (Refer Note 40)		(1 548 949)	(1 548 949)
Restated balance at 01 JULY 2012	45 000 000	395 018 757	440 018 757
Net Surplus for the year		33 871 688	33 871 688
Transfer to/from CRR	25 815 080	(25 815 080)	-
Property, Plant and Equipment purchased	(28 099 257)	28 099 257	-
Balance at 30 JUNE 2013	42 715 822	431 174 623	473 890 446
Net Surplus for the year		21 365 594	21 365 594
Transfer to/from CRR	21 000 000	(21 000 000)	-
Property, Plant and Equipment purchased	(26 576 404)	26 576 404	-
Balance at 30 JUNE 2014	37 139 419	458 116 621	495 256 039

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

		30 JUNE 2014	30 JUNE 2013 Restated
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		341 136 748	318 730 307
Government - operating		73 622 193	75 718 495
Government - capital		19 007 962	29 529 200
Interest		2 788 989	3 733 977
Payments			
Suppliers and employees		(387 244 505)	(368 558 755)
Finance charges		(3 328 813)	(3 432 324)
Transfers and Grants			
Cash generated by operations	41	45 982 573	55 720 900
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(52 002 669)	(52 130 051)
Proceeds on Disposals		260 400	-
Purchase of Intangible Assets	15	(330 391)	(39 145)
Decrease/(Increase) in Long-term Receivables	19	(607 987)	(3 130 863)
Decrease/(Increase) in Non-current Investments	18	-	-
Net Cash from Investing Activities		(52 680 648)	(55 300 059)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(3 993 357)	(3 545 007)
New loans raised		-	-
(Decrease)/Increase in Consumer Deposits		606 217	491 112
Net Cash from Financing Activities		(3 387 140)	(3 053 895)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		(10 085 214)	(2 633 054)
Cash and Cash Equivalents at the beginning of the year		71 282 129	73 915 183
Cash and Cash Equivalents at the end of the year	42	61 196 915	71 282 129
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(10 085 214)	(2 633 054)

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	1 196 915	4 875 109	(3 678 194)	
Call investment deposits	60 000 000	70 000 000	(10 000 000)	Decrease in cash generated from operations.
Consumer debtors	37 124 272	21 751 951	15 372 321	Increase in consumer debtors.
Other Receivables	3 207 592	7 500 000	(4 292 408)	
Current portion of long-term receivables	648 175	2 500 000	(1 851 825)	
Inventory	22 878 957	15 000 000	7 878 957	Low Cost houses not handed over and not completed classified as Inventory.
Total current assets	<u>125 055 911</u>	<u>121 627 060</u>	<u>3 428 850</u>	
Non current assets				
Long-term receivables	2 291 076	2 200 000	91 076	
Investments	109 623	61 549	48 074	
Investment property	27 339 948	26 500 000	839 948	
Property, plant and equipment	501 175 613	523 065 524	(21 889 911)	Under expenditure on capital budget.
Biological Assets	-	-	-	
Intangible Assets	545 165	700 000	(154 835)	
Heritage Assets	649 000	-	649 000	
Total non current assets	<u>532 110 423</u>	<u>552 527 073</u>	<u>(20 416 650)</u>	
TOTAL ASSETS	<u>657 166 334</u>	<u>674 154 133</u>	<u>(16 987 799)</u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	4 136 068	3 160 111	975 957	
Consumer deposits	7 176 811	7 500 000	(323 189)	
Trade and other payables	48 531 695	43 514 000	5 017 695	Trade and Other payables realised higher than what was anticipated with the approval of the budget.
Provisions and Employee Benefits	12 831 427	26 000 000	(13 168 573)	
Total current liabilities	<u>72 676 002</u>	<u>80 174 111</u>	<u>(7 498 109)</u>	
Non current liabilities				
Borrowing	28 640 804	27 490 144	1 150 660	
Provisions and Employee Benefits	60 593 489	58 229 667	2 363 823	
Total non current liabilities	<u>89 234 293</u>	<u>85 719 811</u>	<u>3 514 483</u>	
TOTAL LIABILITIES	<u>161 910 295</u>	<u>165 893 922</u>	<u>(3 983 627)</u>	
NET ASSETS	<u>495 256 039</u>	<u>508 260 211</u>	<u>(13 004 173)</u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	458 116 621	467 218 304	(9 101 684)	Accumulated Surplus realised lower than what was anticipated with the approval of the budget.
Reserves	37 139 419	41 041 907	(3 902 488)	
TOTAL COMMUNITY WEALTH/EQUITY	<u>495 256 039</u>	<u>508 260 211</u>	<u>(13 004 172)</u>	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	9 061 000	(4 185 891)	4 875 109	Decrease in cash generated from operations.
Call investment deposits	85 000 000	(15 000 000)	70 000 000	Decrease in cash generated from operations.
Consumer debtors	21 751 951	-	21 751 951	
Other Receivables	7 500 000	-	7 500 000	
Current portion of long-term receivables	2 500 000	-	2 500 000	
Inventory	15 000 000	-	15 000 000	
Total current assets	<u>140 812 951</u>	<u>(19 185 891)</u>	<u>121 627 060</u>	
Non current assets				
Long-term receivables	2 200 000	-	2 200 000	
Investments	61 549	-	61 549	
Investment property	26 500 000	-	26 500 000	
Property, plant and equipment	498 009 998	25 055 526	523 065 524	During the adjustments budget the actual figures for 2012/2013 was taken in account as this was not known with the compilation of the original budget.
Biological Assets	-	-	-	
Intangible Assets	800 000	(100 000)	700 000	
Heritage Assets	-	-	-	
Total non current assets	<u>527 571 547</u>	<u>24 955 526</u>	<u>552 527 073</u>	
TOTAL ASSETS	<u><u>668 384 498</u></u>	<u><u>5 769 635</u></u>	<u><u>674 154 133</u></u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 160 111	-	3 160 111	
Consumer deposits	7 500 000	-	7 500 000	
Trade and other payables	43 514 000	-	43 514 000	
Provisions and Employee Benefits	26 000 000	-	26 000 000	
Total current liabilities	<u>80 174 111</u>	<u>-</u>	<u>80 174 111</u>	
Non current liabilities				
Borrowing	27 490 144	-	27 490 144	
Provisions and Employee Benefits	58 229 667	-	58 229 667	
Total non current liabilities	<u>85 719 811</u>	<u>-</u>	<u>85 719 811</u>	
TOTAL LIABILITIES	<u><u>165 893 922</u></u>	<u><u>-</u></u>	<u><u>165 893 922</u></u>	
NET ASSETS	<u><u>502 490 576</u></u>	<u><u>5 769 635</u></u>	<u><u>508 260 211</u></u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	473 480 336	(6 262 032)	467 218 304	
Reserves	29 010 240	12 031 667	41 041 907	
TOTAL COMMUNITY WEALTH/EQUITY	<u><u>502 490 576</u></u>	<u><u>5 769 635</u></u>	<u><u>508 260 211</u></u>	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	32 283 527	32 426 480	(142 953)	
Property rates - penalties & collection charges		-	-	
Service charges	294 331 373	313 104 220	(18 772 847)	Decrease in electricity sales
Rental of facilities and equipment	2 053 464	2 516 100	(462 636)	
Interest earned - external investments	2 843 597	2 000 600	842 997	
Interest earned - outstanding debtors	3 286 837	1 710 720	1 576 117	
Dividends received		-	-	
Actuarial Gains	291 583		291 583	
Fair Value Adjustments	19 005		19 005	
Fines	10 845 894	2 142 610	8 703 284	Correct implementation of GRAP 23 and IGRAP 1 on Traffic Fines
Impairment Reversal	-		-	
Stock Adjustments	-		-	
Licences and permits	1 077 339	1 369 670	(292 331)	
Agency services	2 489 816	2 126 090	363 726	
Government Grants and Subsidies	100 526 394	108 819 743	(8 293 350)	Under spending of R6.9M on Human Settlements Development Grant (Did not receive entire allocation)
Other revenue	12 605 112	15 716 490	(3 111 378)	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	462 653 942	481 932 723	(19 278 782)	
EXPENDITURE BY TYPE				
Employee related costs	129 208 326	131 927 160	(2 718 834)	Saving on employee related costs
Remuneration of councillors	7 714 307	7 967 430	(253 123)	
Debt impairment	14 798 877	7 923 690	6 875 187	Implementation of IGRAP 1.
Depreciation & asset impairment	19 970 964	17 627 930	2 343 034	
Finance charges	7 569 829	6 779 750	790 079	
Bulk purchases	184 970 315	195 454 720	(10 484 405)	Decrease in consumer demand for electricity
Other materials	14 855 602	13 660 797	1 194 805	
Contracted services	1 179 569	1 488 620	(309 051)	
Grants and subsidies paid	-	86 790	(86 790)	
Other expenditure	60 785 861	72 410 195	(11 624 334)	Saving on general expenses
Loss on disposal of PPE	234 697	-	234 697	
Total Operating Expenditure	441 288 348	455 327 082	(14 038 734)	
Operating Surplus for the year	21 365 594	26 605 642	(5 240 048)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	2014 R (Final Virements)	2014 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	32 426 480	-	32 426 480	-	32 426 480	
Property rates - penalties & collection charges		-	-	-	-	
Service charges	316 034 220	(2 930 000)	313 104 220	-	313 104 220	
Rental of facilities and equipment	1 809 970	706 130	2 516 100	-	2 516 100	
Interest earned - external investments	4 213 600	(2 213 000)	2 000 600	-	2 000 600	
Interest earned - outstanding debtors	1 710 720	-	1 710 720	-	1 710 720	
Dividends received		-	-	-	-	
Fines	2 167 610	(25 000)	2 142 610	-	2 142 610	
Licences and permits	1 414 670	(45 000)	1 369 670	-	1 369 670	
Agency services	1 265 090	861 000	2 126 090	-	2 126 090	
Transfers recognised	82 081 000	26 738 743	108 819 743	-	108 819 743	On the budget schedules Transfers Recognised Capital was disclosed under a separate line item.
Other revenue	14 201 790	1 514 700	15 716 490	-	15 716 490	
Gains on disposal of PPE	-	-	-	-	-	
Total Operating Revenue	457 325 150	24 607 573	481 932 723	-	481 932 723	
EXPENDITURE BY TYPE						
Employee related costs	128 729 940	3 197 220	131 927 160	-	131 927 160	
Remuneration of councillors	7 967 430	-	7 967 430	-	7 967 430	
Debt impairment	7 923 690	-	7 923 690	-	7 923 690	
Depreciation & asset impairment	17 367 310	260 620	17 627 930	-	17 627 930	
Finance charges	6 697 650	82 100	6 779 750	-	6 779 750	
Bulk purchases	201 454 720	(6 000 000)	195 454 720	-	195 454 720	The demand for electricity realised lower than what was anticipated in the original budget.
Other materials		-	-	-	-	
Contracted services	2 188 620	(700 000)	1 488 620	(189 172)	1 299 447	
Grants and subsidies paid	86 790	-	86 790	-	86 790	
Other expenditure	83 596 900	2 474 092	86 070 992	189 172	86 260 164	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	456 013 050	-685 968	455 327 082	0	455 327 081	
Operating Surplus for the year	1 312 100	25 293 542	26 605 642	(0)	26 605 642	

LANEGERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	341 136 748	318 786 453	22 350 295	Decrease in cash generated from operations.
Government - operating	73 622 193	82 445 055	(8 822 862)	Under spending of R6.9M on Human Settlements Development Grant (Did not receive entire allocation)
Government - capital	19 007 962	22 733 945	(3 725 983)	Under expenditure on capital budget
Interest	2 788 989	2 000 600	788 389	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(387 244 505)	(357 097 138)	(30 147 367)	Decrease in cash generated from operations.
Finance charges	(3 328 813)	(6 779 750)	3 450 937	
Transfers and Grants	-	(86 790)	86 790	
NET CASH FROM/(USED) OPERATING ACTIVITIES	45 982 573	62 002 375	(16 019 802)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	260 400	-	260 400	
Decrease/(increase) in non-current receivables	(607 987)	-	(607 987)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(52 333 060)	(57 411 786)	5 078 726	Underspending on capital projects.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(52 680 648)	(57 411 786)	4 731 138	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	(3 993 357)	-	(3 993 357)	
Increase/(decrease) in consumer deposits	606 217	2 162 502	(1 556 285)	
Payments				
Repayment of borrowing	-	(3 160 111)	3 160 111	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 387 140)	(997 609)	-2 389 531	
NET INCREASE/(DECREASE) IN CASH HELD	(10 085 214)	3 592 980	(13 678 194)	
Cash and Cash Equivalents at the beginning of the year	71 282 129	71 282 129	0	
Cash and Cash Equivalents at the end of the year	61 196 915	74 875 109	(13 678 194)	

LANEGERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	319 606 236	(819 783)	318 786 453	
Government - operating	81 015 740	1 429 315	82 445 055	
Government - capital	21 365 360	1 368 585	22 733 945	
Interest	4 213 600	(2 213 000)	2 000 600	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(358 328 858)	1 231 720	(357 097 138)	
Finance charges	(6 697 650)	(82 100)	(6 779 750)	
Transfers and Grants	(86 790)	-	(86 790)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	61 087 638	914 737	62 002 375	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(53 589 730)	(3 822 056)	(57 411 786)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(53 589 730)	(3 822 056)	(57 411 786)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	2 162 502	-	2 162 502	
Payments				
Repayment of borrowing	(3 160 111)	-	(3 160 111)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(997 609)	-	(997 609)	
NET INCREASE/(DECREASE) IN CASH HELD	6 500 299	(2 907 319)	3 592 980	
Cash and Cash Equivalents at the beginning of the year	87 560 701	(16 278 572)	71 282 129	
Cash and Cash Equivalents at the end of the year	94 061 000	(19 185 891)	74 875 109	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.7. 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 – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly</p>	Unknown

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<p>controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 100 (Revised – April 2011)	<p>Discontinued Operations (Formerly known as Non-current assets held for Sale and Discontinued Operations).</p> <p>The recognition of – and disclosure requirements for Non-current assets held for sale will be removed and incorporated into Property, Plant and Equipment; Investment Properties or Intangible Assets.</p>	
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected, as no such transactions nor events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected, as no such transactions</p>	1 April 2015

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	nor events are expected in the foreseeable future.	
GRAP 107 (Original – Nov 2010)	<p>Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected, as no such transactions nor events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

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

1.8. RESERVES

1.8.1 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.

1.9. LEASES

1.9.1 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.9.2 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.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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 UNSPENT PUBLIC CONTRIBUTIONS

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

- Unspent public contributions 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 the public contribution 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.

1.12. 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 receivable:

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

1.13. 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 resources embodying economic benefit 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).

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 benefit 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- (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.

1.14. 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 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.

1.15. 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.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 *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, it's deemed cost is the carrying amount of the asset(s) given up.

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

1.16.2 *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.

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.

1.16.3 *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. The annual depreciation rates are based on the following estimated useful lives

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	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	1-15
		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.

1.16.4 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.

1.16.5 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.

1.16.6 Capitalised Restoration Cost

The Municipality treats the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.16.1 to 1.16.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method and depreciated in full in the following reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.17. INTANGIBLE ASSETS

1.17.1 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.

1.17.2 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.

1.17.3 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:

Intangible Assets	Years
Computer Software	2-7
Computer Software Licenses	2-7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.17.4 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.

1.17.5 Application of deemed cost (Directive 7)

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

1.18. INVESTMENT PROPERTY

1.18.1 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.

1.18.2 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.

1.18.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

<u>Investment Property</u>	Years
Buildings	1-100
1.18.4 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.	
1.18.5 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.	
1.19 HERITAGE ASSETS	
1.19.1 Initial Recognition	
A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.	
A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.	
A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.	
1.19.2 Subsequent Measurement – Cost Model	
After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.	
1.19.3 Depreciation and Impairment	
Heritage assets are not depreciated.	
Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.	
An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.	
1.19.4 De-recognition	
Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19.5 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 2010.

1.20. NON-CURRENT ASSETS HELD FOR SALE

1.20.1 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.

1.20.2 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.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.21.2 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.22. 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.

1.23. INVENTORIES

1.23.1 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.

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.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.23.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.24. 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.

1.24.1 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

1.24.2 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.

1.24.2.1 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 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 assets'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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.24.2.2 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.

1.24.2.3 Cash and Cash Equivalents

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

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

1.24.3 De-recognition of Financial Instruments

1.24.3.1 Financial Assets

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

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

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, 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.

1.24.3.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.24.4 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.

1.25. REVENUE

1.25.1 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. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes. All unpaid receivables relating to traffic fines as at 30 June 2013 was written off in the 2013/2014 financial year.

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

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

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

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,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.25.3 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.

1.26. TRANSFER OF FUNCTION (Municipality as the acquirer)

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

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

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.
- The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:
 - (a) identifying the acquirer (Municipality);
 - (b) determining the acquisition date;
 - (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
 - (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

1.27. RELATED PARTIES

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.

1.28. 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.

1.29. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.30. 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.

1.31. 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, 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.

1.32. PRESENTATION OF BUDGET INFORMATION

GRAP 24: Presentation of Budget Information is applied.

1.33. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 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. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Pre-paid electricity estimation:

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.34. 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.

1.35. CAPITAL COMMITMENTS

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

1.36. EVENTS AFTER REPORTING DATE

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

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

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

1.37. 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.

2	NET ASSET RESERVES	2014 R	2013 R
	Capital Replacement Reserve	37 139 419	42 715 822
	Total Net Asset Reserves	37 139 419	42 715 822
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	31 730 018	34 960 063
	Capitalised Lease Liability - At amortised cost	1 834 421	2 330 637
		33 564 440	37 290 700
	Current Portion transferred to Current Liabilities	4 136 068	4 242 681
	Annuity Loans - At amortised cost	3 274 162	3 522 662
	Capitalised Lease Liability - At amortised cost	861 906	720 019
		29 428 372	33 048 019
	Unamortised charges on loans	(787 568)	(844 061)
	Balance 1 July	844 061	880 380
	Adjustment for the period	(56 494)	(36 319)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	28 640 804	32 203 958
	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	6 342 903	6 497 788
	Payable within two to five years	25 125 198	25 299 267
	Payable after five years	13 505 708	19 674 542
		44 973 809	51 471 597
	Less: Future finance obligations	(13 243 790)	(16 511 534)
	Present value of annuity obligations	31 730 018	34 960 063
	Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2023.		
	The obligations under finance leases are scheduled below:		Minimum lease payments
	Amounts payable under finance leases:		
	Payable within one year	1 037 583	966 349
	Payable within two to five years	1 038 432	1 843 312
	Payable after five years	-	-
		2 076 015	2 809 661
	Less: Future finance obligations	(241 594)	(479 024)
	Present value of lease obligations	1 834 421	2 330 637

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 B283 - F041011906	10.50%	0%	36 months	2015/11/30
MINOLCO	Minolta B283 - F041015012	10.50%	0%	36 months	2015/11/30
MINOLCO	Minolta B223 - G041101050	10.50%	0%	36 months	2016/03/31
SASFIN	Xerox WC5330 - 3322715985	15.00%	0%	36 months	2015/07/25
SASFIN	Xerox WC7535 - 3906110325	8.50%	0%	36 months	2015/12/04
SASFIN	Xerox CQ9303 - 3661801750	8.50%	0%	36 months	2016/03/25
SASFIN	Xerox CQ9303 - 3661794673	8.50%	0%	36 months	2016/03/25
SASFIN	TASKalfa (Black) - N493215179	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215430	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13192	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215409	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13124	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215435	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12198	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493214896	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493113657	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12209	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215170	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215209	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12204	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12189	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215219	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215400	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215388	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493113664	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13169	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215003	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493214906	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215361	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13140	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Colour) - N2K3205727	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Colour) - N2K2803951	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Colour) - N2K2705329	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (FS 1135 MFP) - NR73674	6.00%	0%	24 months	2016/06/25
SASFIN	TASKalfa (FS 1135 MFP) - NR72531	6.00%	0%	24 months	2016/06/25
SASFIN	TASKalfa (FS 1135 MFP) - NR72531	6.00%	0%	24 months	2016/06/25

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

4	EMPLOYEE BENEFITS	2014 R	2013 R
	Post Retirement Benefits - Refer to Note 4.1	47 581 193	39 158 817
	Long Service Awards - Refer to Note 4.2	7 775 009	7 220 591
	Total Non-current Employee Benefit Liabilities	55 356 202	46 379 408
	<u>Post Retirement Benefits</u>	2014 R	2013 R
	Balance 1 July	40 489 701	38 093 900
	Contribution for the year	2 297 883	1 952 776
	Interest Cost	3 493 189	2 977 342
	Expenditure for the year	(1 407 828)	(1 283 328)
	Actuarial Loss / (Gain)	4 230 244	(1 250 989)
	Total post retirement benefits 30 June	49 103 189	40 489 701
	Less: Transfer of Current Portion - Note 7	(1 521 996)	(1 330 884)
	Balance 30 June	47 581 193	39 158 817
	<u>Long Service Awards</u>		
	Balance 1 July	8 234 260	7 275 691
	Contribution for the year	683 791	629 313
	Interest Cost	565 708	458 416
	Expenditure for the year	(721 230)	(402 646)
	Actuarial Loss / (Gain)	(291 583)	273 486
	Total long service 30 June	8 470 946	8 234 260
	Less: Transfer of Current Portion - Note 7	(695 937)	(1 013 669)
	Balance 30 June	7 775 009	7 220 591
	Balance previously reported (Note 4)		6 475 246
	Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company - Refer to note 40.2		1 767 474
	Correction of Error Current Interest Cost		114 274
	Correction of Error Current Service Cost		(20 932)
	Correction of Error Actuarial Loss		(101 802)
			8 234 260
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	48 723 961	45 369 591
	Contribution for the year	2 981 674	2 582 089
	Interest cost	4 058 897	3 435 758
	Expenditure for the year	(2 129 058)	(1 685 974)
	Net Actuarial Loss / (Gain)	3 938 661	(977 503)
	Total employee benefits 30 June	57 574 135	48 723 961
	Less: Transfer of Current Portion - Note 7	(2 217 933)	(2 344 553)
	Balance 30 June	55 356 202	46 379 408

4.1 Post Retirement Benefits

	2014	2013
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	177	171
In-service (employee) non-members	502	516
Continuation members (e.g. Retirees, widows, orphans)	53	51
Total Members	732	738

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

In-service members	28 192 606	22 129 363
Continuation members	20 910 583	18 360 338
Total Liability	49 103 189	40 489 701

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

	2012 R	2011 R	2010 R
In-service members	21 696 401	18 509 610	15 153 335
Continuation members	16 397 499	13 304 398	13 012 335
Total Liability	38 093 900	31 814 008	28 165 670

	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Experience adjustments were calculated as follows:				
Liabilities: (Gain) / loss	2.680	(0.825)	(0.861)	(1.843)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000

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

Bonitas;
Hosmed
LA Health
Samwumed; and
Keyhealth.

	2014 %	2013 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	9.00%	8.77%
Health Care Cost Inflation Rate	8.17%	7.74%
Net Effective Discount Rate	0.77%	0.96%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

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.

4

EMPLOYEE BENEFITS (CONTINUE)

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	49 103 189	40 489 701
Net liability/(asset)	49 103 189	40 489 701

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	40 489 701	38 093 900
Total expenses	4 383 244	3 646 790
Current service cost	2 297 883	1 952 776
Interest Cost	3 493 189	2 977 342
Benefits Paid	(1 407 828)	(1 283 328)
Actuarial Loss / (Gain)	4 230 244	(1 250 989)
Present value of fund obligation at the end of the year	49 103 189	40 489 701
Less: Transfer of Current Portion - Note 7	(1 521 996)	(1 330 884)
Balance 30 June	47 581 193	39 158 817

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	28.193	20.911	49.103	-

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%	33.391	23.044	56.435	15%
Health care inflation	-1%	23.903	19.046	42.949	-13%
Discount rate	1%	23.709	19.074	42.783	-13%
Discount rate	-1%	33.953	23.049	57.002	16%
Post-retirement mortality	-1 year	29.152	21.804	50.956	4%
Average retirement age	-1 year	30.512	20.911	51.423	5%
Withdrawal Rate	-50%	21.57	20.911	42.481	-13%

4 EMPLOYEE BENEFITS (CONTINUE)

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		2 297 900	3 493 200	5 791 100	-
Health care inflation	1%	2 688 700	3 979 700	6 668 400	15%
Health care inflation	-1%	1 953 400	3 066 900	5 020 300	-13%
Post-retirement mortality	-1 year	2 371 800	3 624 600	5 996 400	4%
Average retirement age	-1 year	2 561 000	3 662 000	6 223 000	7%
Withdrawal Rate	-50%	2 594 700	3 678 400	6 273 100	8%
				2014	2013

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.

664 675

Key actuarial assumptions used:

2014 2013
% %

i) Rate of interest

Discount rate	7.98%	7.31%
General Salary Inflation (long-term)	7.10%	6.79%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.82%	0.49%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

2014 2013
R R

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

Present value of fund obligations

8 470 946 8 234 260

Net liability

8 470 946 8 234 260

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

	2012 R	2011 R	2010 R
Total Liability	7 275 691	4 853 520	4 016 492

2014 2013 2012 2011
Rm Rm Rm Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	217 727	163 567	(102 179)	102,483
Assets: Gain / (loss)	0.000	0.000	0.000	0.000

Reconciliation of present value of fund obligation:

2014 2013
R R

Present value of fund obligation at the beginning of the year

8 234 260 7 275 691

Total expenses

528 269 685 083

Current service cost

683 791 629 313

Interest Cost

565 708 458 416

Benefits Paid

(721 230) (402 646)

Actuarial Loss / (Gain)

(291 583) 273 486

Present value of fund obligation at the end of the year

8 470 946 8 234 260

Less: Transfer of Current Portion - Note 7

(695 937) (1 013 669)

Balance 30 June

7 775 009 7 220 591

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		8 471	-
General salary inflation	1%	9 046	7%
General salary inflation	-1%	7 950	-6%
Discount rate	1%	7 926	-6%
Discount rate	-1%	9 085	7%
Average retirement age	-2 years	7 327	-14%
Average retirement age	+2 years	9 827	16%
Withdrawal rates	-50%	10 164	20%

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		706 500	650 200	1 356 700	-
Health care inflation	1%	767 900	694 300	1 462 200	8%
Health care inflation	-1%	651 900	607 100	1 259 000	-7%
Discount rate	1%	650 000	681 000	1 331 000	-2%
Discount rate	-1%	771 400	610 000	1 381 400	2%
Post-retirement mortality	-2 years	621 600	557 200	1 178 800	-13%
Average retirement age	+2 years	802 500	756 700	1 559 200	15%
Withdrawal Rate	-50%	948 000	783 600	1 731 600	28%

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 claimed 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 disclosures has been made as defined in GRAP 25.31.

<u>CAPE JOINT PENSION FUND</u>	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2013	3 226 863	3 198 799	1

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).

Contributions paid recognised in the Statement of Financial Performance

31 501

103 716

<u>CAPE RETIREMENT FUND</u>	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2013	12 980 423	12 948 998	543

4 EMPLOYEE BENEFITS (CONTINUE)

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.1% (30 June 2012 - 108.0%).

Contributions paid recognised in the Statement of Financial Performance	18 424 208	16 736 699
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DEFINED CONTRIBUTION FUNDS

Council contributes 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 of Langeberg Municipality
<u>South African Local Authorities Pension Fund</u>	July 2013	10 680 700	10 439 200	27
<u>Municipal Councillors Pension Fund</u>	June 2012	1 172 149	1 183 539	-
<u>SAMWU National Provident Fund</u>	June 2008	2 771 505	2 455 947	102

Note: The results of the actuarial valuations dated 30 June 2008 for SAMWU National Provident Fund and 30 June 2012 for Municipal Councillors Pension Funds are not yet available.

Contributions paid recognised in the Statement of Financial Performance		
Sala Pension Fund	1 228 464	1 108 197
Municipal Councillors Pension Fund	-	-
SAMWU National Provident Fund	2 504 667	2 681 411
	<u>3 733 131</u>	<u>3 789 608</u>

5	NON-CURRENT PROVISIONS	2014 R	2013 R
	Provision for Rehabilitation of Landfill-sites	5 237 287	4 424 361
	Total Non-current Provisions	5 237 287	4 424 361

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. 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, Bonnievale and Ashton

<u>Landfill Sites</u>	2014 R	2013 R
Balance 1 July	5 070 541	4 387 785
Contribution for the year	455 297	417 702
Expenditure incurred (Interest)	126 761	265 054
Total provision 30 June	5 652 599	5 070 541
Less: Transfer of Current Portion to Current Provisions - Note 8	(415 312)	(646 180)
Balance 30 June	5 237 287	4 424 361

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	Bonnievale	McGregor	Ashton
Area (m²)	11 333	9 100	7 639	43 840
Rehabilitation volume (m³)	11 106	7 098	7 639	43 840
Fence (m)				
Total Cost	1 202 092	719 098	415 312	3 316 099

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>Decommission date</u>	<u>Cost of rehabilitation</u> <u>2014 R</u>
Montagu	2013	1 202 092
Bonnievale	2021	719 098
McGregor	2012	415 312
Ashton	2014	3 316 099

6	CONSUMER DEPOSITS		
	Municipal services	7 176 811	6 570 594
	Total Consumer Deposits	7 176 811	6 570 594
	Guarantees held in lieu of Electricity and Water Deposits	2 488 940	2 388 361

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	1 521 996	1 330 884
Current Portion of Long-Service Provisions - Note 4	695 937	1 013 669
Staff Leave	6 400 341	6 444 028
Performance Bonuses	314 808	287 686
Bonuses	3 483 033	3 292 640
Total Current Employee Benefits	12 416 115	12 368 908
Balance previously reported (Note 7)		12 062 638
Correction of error - Refer to note 40.2		306 270
		12 368 908

The movement in current employee benefits is reconciled as follows:

Staff Leave

Balance at beginning of year	6 444 028	6 391 979
Contribution to current portion	3 290 779	2 262 335
Expenditure incurred	(3 334 467)	(2 210 286)
Balance at end of year	6 400 341	6 444 028

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.

2014	2013
R	R

Performance Bonuses

Balance at beginning of year	287 686	605 392
Contribution / (Reversal) to current portion	229 558	(2 953)
Expenditure incurred	(202 436)	(314 753)
Balance at end of year	314 808	287 686

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

2014	2013
R	R

Bonuses

Balance at beginning of year	3 292 640	3 041 415
Contribution to current portion	6 559 823	5 962 706
Expenditure incurred	(6 369 430)	(5 711 480)
Balance at end of year	3 483 033	3 292 640

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.

8	PROVISIONS	2014	2013
	SALA Pension Fund	-	-
	Cape Joint Pension Fund	-	714 099
	Current Portion of Rehabilitation of Landfill-sites - Note 5	415 312	646 180
	Total Provisions	415 312	1 360 279
	<u>SALA Pension Fund</u>		
	Balance at beginning of year	(0)	1 470 110
	Expenditure incurred (Interest)	-	251 531
	Expenditure incurred	-	(1 721 641)
	Balance at end of year	(0)	(0)
	<u>Cape Joint Pension Fund</u>		
	Balance at beginning of year	714 099	552 777
	Contribution - interest	22 324	161 323
	Expenditure incurred	(736 423)	
	Balance at end of year	-	714 099
9	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	33 748 388	35 041 091
	Payments received in advance	4 203 023	3 154 434
	Retentions and Guarantees	2 765 383	629 648
	Sundry Deposits	3 551 960	2 335 404
	Sundry Creditors	31 039	54 553
	Total Trade Payables	44 299 793	41 215 130
	Balance previously reported		40 829 847
	Correction of error - Refer to note 40.8		385 282
			41 215 130

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.

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2014 R	2013 R
	Unspent Grants	3 237 473	8 796 656
	National Government Grants	106 913	156 196
	Provincial Government Grants	2 110 502	7 620 402
	District Municipality	1 020 058	1 020 058
	Less: Unpaid Grants	1 561 052	250 000
	National Government Grants	249 920	250 000
	Provincial Government Grants	1 311 132	0
	District Municipality	-	-
	Total Conditional Grants and Receipts	1 676 421	8 546 656
	Reconciliation of total grants and receipts		
	Balance previously reported		9 661 673
	Correction of error - Refer to note 40.11		(865 016)
			8 796 656

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. An application was sent to National Treasury that the unspent grants at 30 June 2014 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of 2014/2015 financial year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11	UNSPENT PUBLIC CONTRIBUTIONS	2014	2013
11.1	Silwer Strand Home Owners Association	62 849	62 849
	Uitsig:Parmalat	310 100	325 000
	Robertson Arts and Crafts Project	621 481	
	Total Unspent Public Contributions	994 430	387 849
	Reconciliation of public contributions		
	<u>Silwer Strand Home Owners Association</u>		
	Opening balance	62 849	62 849
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	62 849	62 849
	The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.		
11.2	<u>Uitsig:Parmalat</u>		
	Opening balance	325 000	-
	Contributions received	-	325 000
	Conditions met - Transferred to revenue	(14 900)	-
	Closing balance	310 100	325 000
	Parmalat contributed 325 000 to the municipality to be spent in the Uitsig Area.		
11.3	<u>Robertson Arts and Crafts Project</u>		
	Opening balance	-	-
	Contributions received	621 481	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	621 481	-
	The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.		
12	TAXES		
12.1	VAT PAYABLE		
	VAT Payable	10 513	214 110
	VAT output in suspense	5 956 515	6 199 905
	Less: VAT portion of receivables	(3 525 806)	(3 212 352)
	Total Vat payable	2 441 223	3 201 663
12.2	VAT RECEIVABLE		
	VAT input in suspense	3 949 423	3 846 251
	Total VAT receivable	3 949 423	3 846 251
12.3	NET VAT RECEIVABLE/(PAYABLE)	1 508 200	644 589
	Balance previously reported		539 810
	Correction of error - Refer to note 40.10		104 779
			644 589
	VAT is receivable/payable on the cash basis.		

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2014

Reconciliation of Carrying Value	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Retained Opening Balance Original Cost	Retained Opening Residual Value	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value				
							Additions Original Cost	Additions Residual Values	Deposits / Transfer Original Cost	Deposits / Transfer Residual Values	Adjustments	Closing Balance Cost	Opening Balance	Adjustments		Additions	Deposits / Transfer	Adjustments	Closing Balance
Land and Buildings	80 071 740	-	(370 000)	-	88 701 740	-	846 317	-	-	-	-	89 546 057	7 201 961	-203 172	1 288 369	-	8 287 158	81 280 899	
Land	53 903 934	-	-	-	53 903 934	-	-	-	-	-	-	53 903 934	157 642	-157 642	-	-	-	53 903 934	
Buildings	36 167 806	-	(370 000)	-	34 797 806	-	846 317	-	-	-	-	35 644 123	7 044 319	-45 530	1 288 369	-	8 287 158	27 366 965	
Infrastructure	384 620 962	-	(244 960)	-	384 376 002	-	411 600 954	-	3 000	-	-	425 533 956	91 755 650	-12 916	10 930 755	-	102 673 489	322 860 467	
Electricity	100 219 972	-	(238 960)	-	99 981 012	-	8 619 626	-	-	-	-	108 600 538	28 948 937	-12 865	2 838 129	-	31 774 201	76 826 336	
Housing	6 870 851	-	-	-	6 870 851	-	-	-	3 000	-	-	6 867 851	894 586	-	92 206	-	986 792	5 891 059	
Roads	103 626 072	-	-	-	103 626 072	-	10 520 946	-	-	-	-	114 146 918	29 129 416	-	3 520 755	-	32 650 747	81 488 109	
Sewerage	37 275 518	-	-	-	37 275 518	-	18 759 825	-	-	-	-	56 026 342	11 257 076	-	1 619 789	-	12 876 845	43 158 498	
Waste Management	19 994 642	-	-	-	19 994 642	-	-	-	-	-	-	19 994 642	3 202 945	-	571 685	-	3 774 630	16 220 012	
Water	84 112 067	-	-	-	84 112 067	-	16 345 894	-	-	-	-	100 457 951	18 322 640	-	2 288 210	-	20 610 850	79 847 101	
Work in Progress	32 521 839	-	(6 000)	-	32 515 839	-	-13 085 126	-	-	-	-	19 430 714	51	-51	-	-	-	19 430 714	
Community Assets	71 779 609	-	(6 000)	-	71 773 609	-	1 189 960	-	-	-	-	72 963 569	14 309 884	677	2 183 566	-	16 494 126	56 469 443	
Airfield	252 720	-	-	-	252 720	-	125 588	-	-	-	-	378 308	30 416	-	6 133	-	36 549	341 759	
Cemeteries	2 461 739	-	-	-	2 461 739	-	100 008	-	-	-	-	2 561 747	789 367	-	130 543	-	929 910	1 631 837	
Clinics	4 527 337	-	-	-	4 527 337	-	-	-	-	-	-	4 527 337	754 904	-	44 780	-	799 883	3 727 654	
Community halls	12 219 251	-	(6 000)	-	12 213 251	-	161 888	-	-	-	-	12 374 949	1 807 551	677	308 894	-	2 117 122	10 267 826	
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	229 867	-	35 421	-	265 087	486 057	
Libraries	6 616 317	-	-	-	6 616 317	-	178 867	-	-	-	-	6 776 184	2 087 438	-	301 286	-	2 388 724	4 406 461	
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	95 703	-	9 631	-	1 055 934	510 907	
Other	10 471 045	-	-	-	10 471 045	-	-	-	-	-	-	10 471 045	680 820	-	386 094	-	1 056 914	9 414 131	
Parks & Gardens	11 821 722	-	-	-	11 821 722	-	130 055	-	-	-	-	11 951 777	1 446 623	-	160 863	-	1 607 487	10 344 290	
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 197 851	-	76 303	-	1 274 155	719 156	
Sport fields & stadia	16 316 905	-	-	-	16 316 905	-	284 188	-	-	-	-	16 601 083	3 809 195	-	619 331	-	4 428 526	12 172 567	
Swimming pools	3 605 195	-	-	-	3 605 195	-	-	-	-	-	-	3 605 195	1 360 349	-	124 287	-	1 484 636	2 120 559	
Work in Progress	116 683	-	-	-	116 683	-	209 556	-	-	-	-	326 239	-	-	-	-	-	326 239	
Leased Assets	2 412 985	-	-	-	2 412 985	-	205 150	-	12 242	-	-	2 605 893	16 940	66 151	620 179	(11 148)	-	692 122	1 913 771
Office Equipment (Lease)	2 412 985	-	-	-	2 412 985	-	205 150	-	12 242	-	-	2 605 893	16 940	66 151	620 179	(11 148)	-	692 122	1 913 771
Other Assets	48 601 524	7 547 383	(49 667)	-	48 551 858	7 547 383	8 064 059	741 381	41 164	-	-	64 863 517	25 051 171	-34 728	4 391 706	(18 160)	-	29 388 990	35 473 527
Computer hardware/equipment	7 194 173	1	-	-	7 194 173	1	3 019 260	-	27 365	-	-	10 186 078	3 883 139	-	1 100 596	(9 265)	-	4 974 480	5 211 599
Furniture & office equipment	5 806 111	87	-	-	5 806 111	87	1 479 391	-	7 745	-	-	7 277 845	2 645 754	-	891 737	(5 929)	-	3 531 562	3 746 283
General Vehicles	15 697 168	-	-	-	15 697 168	-	1 934 710	533 441	-	-	-	23 657 733	9 060 622	-	891 673	-	-	9 952 285	13 615 438
Other	242 357	-	(49 667)	-	192 690	-	150 112	207 941	-	-	-34 728	550 743	186 797	-	20 871	-	-	172 940	377 803
Other Buildings	1 139 382	-	-	-	1 139 382	-	-	-	-	-	-	1 139 382	446 255	-	61 099	-	-	507 354	632 027
Specialised Vehicles	4 085 150	975 880	-	-	4 085 150	975 880	-	-	-	-	-	5 061 031	1 885 965	-	220 566	-	-	2 106 531	2 954 500
Plant & Equipment	14 437 183	1 168 999	-	-	14 437 183	1 168 999	1 480 586	-	6 064	-	-	17 090 705	6 942 639	-	1 205 164	(2 976)	-	8 144 828	8 935 877
	596 486 820	7 547 383	(670 627)	-	595 816 194	7 547 383	51 486 440	741 381	56 405	-	-	655 514 992	138 335 606	-183 988	19 414 576	(29 308)	-	157 536 885	497 978 107

13 PROPERTY PLANT AND EQUIPMENT

13.2 30 JUNE 2013

Reconciliation of Carrying Value	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions		Disposals / Transfer		Deposals / Transfer		Adjustments		Closing Balance	Opening Balance	Adjustments	Additions	Disposals / Transfer	Adjustments	Closing Balance	Carrying Value
							Original Cost	Residual Values	Original Cost	Residual Values	Original Cost	Residual Values	Original Cost	Residual Values								
Land and Buildings	86 011 387	-	-	-	86 011 387	-	3 639 741	-	-	-	-	-	(1 134 000)	88 517 129	6 558 031	(126 115)	623 235	-	(77 007)	6 978 094	81 539 025	
Land	54 843 579	-	-	-	54 843 579	-	79 355	-	-	-	-	-	(954 000)	53 989 934	-	(153 778)	3 864	-	(3 864)	-153 778	54 122 712	
Buildings	31 167 808	-	-	-	31 167 808	-	3 560 387	-	-	-	-	-	(180 000)	34 548 195	6 558 031	27 663	619 370	-	(73 192)	7 131 872	27 416 323	
Infrastructure	347 643 132	-	-	-	347 643 132	-	38 089 045	-	-	(1 842)	-	-	(484 682)	385 245 653	85 915 804	-8 277	9 173 204	1 445	(3 336 552)	91 742 734	233 502 919	
Electricity	95 058 942	-	-	-	95 058 942	-	5 399 534	-	-	-	-	-	(449 682)	100 008 794	26 605 137	(8 277)	2 343 851	-	(4 639)	28 836 072	71 072 722	
Housing	7 339 851	-	-	-	7 339 851	-	-	-	-	-	-	-	(29 000)	7 310 851	774 268	-	120 317	-	894 586	6 416 265	6 107 722	
Roads	102 076 609	-	-	-	102 076 609	-	1 583 188	-	-	-	-	-	103 659 797	25 954 074	-	3 164 137	-	29 118 210	-	11 257 076	74 541 587	
Sewerage	36 533 769	-	-	-	36 533 769	-	741 749	-	-	-	-	-	37 275 518	13 473 787	-	934 802	-	(3 151 514)	-	16 843 350	16 843 350	
Waste Management	20 059 342	-	-	-	20 059 342	-	-	-	-	-	-	-	20 057 500	2 831 257	-	564 737	1 445	(180 389)	-	65 789 428	65 789 428	
Water	76 980 132	-	-	-	76 980 132	-	7 131 935	-	-	(1 842)	-	-	84 112 067	16 277 280	-	-	2 045 359	-	-	18 322 640	32 821 125	
Work in Progress	9 594 487	-	-	-	9 594 487	-	23 232 538	-	-	-	-	-	(6 000)	32 821 125	-	-	-	-	-	-	32 821 125	
Community Assets	67 002 858	-	-	-	67 002 858	-	4 803 793	-	-	-	-	-	(1 217 131)	70 589 519	12 100 091	-	2 167 613	-	(144 455)	14 123 249	56 466 270	
Airfield	252 720	-	-	-	252 720	-	-	-	-	-	-	-	-	252 720	19 920	-	10 487	-	-	30 416	222 303	
Cemeteries	1 921 100	-	-	-	1 921 100	-	50 539	-	-	-	-	-	1 971 739	622 080	-	177 287	-	799 367	-	1 172 372	1 921 100	
Churches	5 593 337	-	-	-	5 593 337	-	-	-	-	-	-	-	(1 211 131)	4 382 205	844 864	-	55 182	-	(145 131)	754 904	3 627 302	
Community halls	11 533 927	-	-	-	11 533 927	-	685 324	-	-	-	-	-	(6 000)	12 213 251	-	486 225	-	677	-	2 103 161	10 110 089	
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	-	-	192 452	-	37 215	-	229 667	-	531 478	761 145	
Libraries	3 835 495	-	-	-	3 835 495	-	109 887	-	-	-	-	-	-	1 942 212	96 482	-	145 225	-	2 087 438	-	1 889 044	
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	-	-	16 421	10 219	-	49 739	-	95 703	-	620 538	
Parks	1 018 417	-	-	-	1 018 417	-	349 331	-	-	-	-	-	-	1 897 749	18 836	-	40 739	-	1 159 174	-	1 159 174	
Parks & Gardens	11 667 545	-	-	-	11 667 545	-	154 177	-	-	-	-	-	-	11 821 722	1 229 726	-	216 898	-	208 575	-	10 375 089	
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	-	-	1 993 311	1 007 641	-	1 467 831	-	1 467 831	-	759 459	
Sport fields & stadia	15 674 023	-	-	-	15 674 023	-	642 882	-	-	-	-	-	-	16 316 905	3 090 880	-	718 514	-	(0)	3 809 195	12 507 711	
Swimming pools	3 581 261	-	-	-	3 581 261	-	23 934	-	-	-	-	-	-	3 605 195	1 199 348	-	160 401	-	-	1 360 349	3 581 261	
Work in Progress	8 554 338	-	-	-	8 554 338	-	2 787 518	-	-	-	-	-	-	11 341 856	-	-	-	-	-	-	11 341 856	
Leased Assets	1 042 531	-	-	-	1 042 531	-	2 400 744	-	-	(1 030 289)	-	-	-	2 412 985	567 825	-	109 845	660 730	66 151	83 091	2 329 894	
Office Equipment (Lease)	1 042 531	-	-	-	1 042 531	-	2 400 744	-	-	(1 030 289)	-	-	-	2 412 985	567 825	-	109 845	660 730	66 151	83 091	2 329 894	
Other Assets	45 112 643	7 085 856	191 624	-191 624	45 304 267	6 894 231	4 942 320	655 151	(182 346)	(2 000)	(1 013 334)	56 598 290	22 017 432	(31 742)	4 179 191	23 107	(917 327)	25 224 448	31 373 843	31 373 843		
Computer hardware/equipment	6 289 178	-	-	-	6 289 178	-	924 611	1	(16 151)	-	(3 465)	7 194 174	3 253 341	-	641 524	8 262	(3 465)	3 883 139	-	3 311 025	3 311 025	
Furniture & office equipment	5 368 154	-	-	-	5 368 154	-	83	4	(18 131)	-	(6 064)	6 452 471	1 940 942	-	723 280	1 786	(6 064)	2 856 372	-	3 796 100	3 796 100	
General Vehicles	14 998 010	-	-	-	14 998 010	-	594 089	655 145	-	(2 000)	(686 320)	20 453 307	8 421 209	-	1 295 114	-	(686 320)	9 050 003	-	11 403 304	11 403 304	
Other	835 672	-	-	-	835 672	-	-	-	-	-	-	(310 109)	691 987	575 959	(31 742)	29 625	-	(213 787)	3 650 004	-	331 914	
Other Buildings	1 139 382	-	-	-	1 139 382	-	-	-	-	-	-	1 139 382	379 532	-	67 302	-	(578)	446 265	-	693 125	693 125	
Specialised Vehicles	4 104 980	-	-	-	4 104 980	-	-	-	-	-	-	5 061 031	1 591 081	-	314 895	-	(20 000)	1 885 965	-	1 731 065	1 731 065	
Plant & Equipment	12 277 267	-	-	-	12 277 267	-	2 315 112	1	(148 064)	-	(7 375)	15 605 939	5 855 369	-	1 107 461	13 059	(7 131)	6 942 639	-	8 663 300	8 663 300	
	546 812 351	7 085 856	191 624	(191 624)	547 004 175	6 894 231	53 875 543	655 151	(1 214 477)	(2 000)	(3 849 147)	603 363 576	127 159 184	(156 134)	16 253 087	665 232	(4 409 239)	138 151 616	-	465 211 960	465 211 960	

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

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

	2014 R	2013 R
14 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	27 389 549	27 014 467
Cost	29 024 905	28 598 905
Under Construction	-	-
Accumulated Depreciation	(1 635 357)	(1 584 438)
Accumulated Impairment	-	-
Acquisitions	-	-
Disposals	-	(14 000)
Depreciation for the year	(49 601)	(50 918)
Impairment	-	-
Transfers to Inventory - cost	-	-
Transfers to Inventory - accumulated depreciation	-	-
Transfers Assets Held for Sale	-	-
Transfers from Property, Plant and equipment - cost	-	440 000
Transfers from Property, Plant and equipment - accumulated depreciation	-	-
Net Carrying amount at 30 June	27 339 948	27 389 549
Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 684 958)	(1 635 357)
Accumulated Impairment	-	-
Balance previously reported		26 951 138
Correction of error - Refer to note 40.5		438 411
		27 389 549

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	694 734	994 542
Operating expenditure incurred on properties	4 390 653	3 437 020

15	INTANGIBLE ASSETS	2014 R	2013 R
	Computer Software		
	Net Carrying amount at 1 July	303 858	516 048
	Cost	2 599 216	2 560 071
	Accumulated Amortisation	(2 295 358)	(2 044 023)
	Accumulated Impairment		
	Acquisitions	330 391	39 145
	Amortisation	(89 084)	(251 335)
	Impairments	-	-
	Disposals	-	-
	Net Carrying amount at 30 June	545 165	303 858
	Cost	2 929 607	2 599 216
	Accumulated Amortisation	(2 384 442)	(2 295 358)
	Accumulated Impairment	-	-

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

<u>Description</u>	<u>Remaining Amortisation Period</u>	Carrying Value	
		2014 R	2013 R
Microsoft Office	2	545 165	303 858

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	HERITAGE ASSETS	R	R
	Net Carrying amount at 1 July	649 000	649 000
	Acquisitions	-	-
	Disposals	-	-
	Impairments	-	-
	Reversal of Impairment losses	-	-
	Transfers from Property, Plant and equipment	-	-
	Net Carrying amount at 30 June	649 000	649 000
	Cost	649 000	649 000
	Accumulated Impairment	-	-
	Balance previously reported		939 000
	Correction of error - Refer to note 40.4		(290 000)
			649 000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

Third party payments received for losses and impairments incurred:

Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impaired	-	-
Surplus/Deficit	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17	CAPITALISED RESTORATION COST	2014 R	2013 R
	Net Carrying amount at 1 July	417 704	200 054
	Cost	4 426 625	4 008 921
	Accumulated Depreciation	(4 008 921)	(3 808 867)
	Accumulated Impairments	-	-
	Acquisitions / Additions	455 297	417 703
	Under Construction - Cost	-	-
	Disposals	-	-
	Depreciation for the year	(417 703)	(200 054)
	Impairment for the year	-	-
	Net Carrying amount at 30 June	455 297	417 704
	Cost	4 881 921	4 426 625
	Accumulated Depreciation	(4 426 624)	(4 008 921)
	Accumulated Impairments	-	-

18	NON-CURRENT INVESTMENTS		
	Listed Investments	16 673	12 420
	Unlisted Investments	92 950	78 197
	Total Non-Current Investments	109 623	90 617

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 10275 Capevin Shares and Unlisted Shares represent 1028 KVV Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	61.75	46.00
The market value per share at year end: KVV Shares	8.50	9.10
The market value per share at year end: Capevin Shares	8.20	6.70

19	LONG-TERM RECEIVABLES	2014 R	2013 R
	Provincial Government Housing Loans - At amortised cost	682 185	3 137 775
	Staff Study loans - At amortised cost	121 878	128 913
	Services connections - At amortised cost	888 593	510 299
	Land Sales - At amortised cost	1 106 814	1 146 492
	Short-term Installments	139 780	118 653
	Agreements with Consumer Debtors	15 081 485	12 370 617
		18 020 736	17 412 748
	Less: Current portion transferred to current receivables	(648 175)	(1 496 547)
		17 372 561	15 916 202
	Less: Provision for Impairment	(15 081 485)	(12 370 617)
	Total Long Term Receivables	2 291 076	3 545 585
	HOUSING LOANS		
	Balance previously reported		3 451 815
	Correction of error - Refer to note 40.24		93 770
			3 545 585

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.

19 LONG-TERM RECEIVABLES (CONTINUE)

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.

	2014 R	2013 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	12 370 617	9 742 612
Contribution to provision/(Reversal of provision)	2 710 868	2 628 004
Bad Debts Written Off	-	-
Balance at end of year	15 081 485	12 370 617

20 **NON-CURRENT ASSETS HELD FOR SALE**

Land and Buildings	2 742 209	3 410 209
	2 742 209	3 410 209
Balance previously reported		3 460 209
Correction of error - Refer to note 40.6		(50 000)
		3 410 209

The disposal group consists of residential and commercial sites throughout the entire Municipal area. Interest was shown by the public to purchase these residential and commercial sites. It has been made available in public after council approval.

Impairment loss recognised as non-currents held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

200 000

21 **INVENTORY**

Maintenance Materials - At cost	11 706 214	10 233 564
Compost – at cost	-	-
Water – at cost	85 100	69 035
Low Cost Housing	11 087 642	11 376 728
Total Inventory	22 878 957	21 679 328

Consumable stores materials written down due to damages as identified during the annual stores counts.

13 486 **24 257**

Consumable stores materials surpluses identified during the annual stores counts.

2 055 **2 420**

Inventory recognised as an expense during the year

8 862 490 **7 565 193**

Write down of inventory to the lower of Cost or Net Realisable Value

72 013 **50 298**

22 **RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2014 R	2013 R
Electricity	15 732 725	17 751 185
Water	5 536 652	5 251 522
Refuse	3 031 218	3 016 454
Sewerage	3 862 025	3 838 384
Housing Rentals	1 868 771	534 340
Other Receivables	743 932	712 836
Other	15 154 900	13 306 834
Total Receivables from Exchange Transactions	45 930 223	44 411 554
Less: Provision for Impairment	(14 659 280)	(13 175 944)
Total Net Receivables from Exchange Transactions	31 270 943	31 235 610

Balance previously reported

31 309 093

Correction of error - Refer to note 40.9

(73 484)
31 235 610

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

22	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2014	2013
	Ageing of Receivables from Exchange Transactions:		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	13 821 440	15 092 661
	31 - 60 Days	268 556	447 312
	61 - 90 Days	113 042	268 175
	+ 90 Days	1 529 687	1 943 036
	Total	15 732 725	17 751 185
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	2 779 228	2 628 603
	31 - 60 Days	406 161	409 975
	61 - 90 Days	283 368	260 791
	+ 90 Days	2 067 896	1 952 153
	Total	5 536 652	5 251 522
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	1 083 434	1 101 973
	31 - 60 Days	173 924	178 830
	61 - 90 Days	116 247	129 569
	+ 90 Days	1 657 612	1 606 081
	Total	3 031 218	3 016 454
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	1 351 168	1 385 226
	31 - 60 Days	224 516	231 905
	61 - 90 Days	149 407	166 485
	+ 90 Days	2 136 934	2 054 768
	Total	3 862 025	3 838 384
	<u>(Other): Ageing</u>		
	Current (0 - 30 days)	14 414 767	12 850 408
	31 - 60 Days	77 602	116 527
	61 - 90 Days	1 480 014	50 237
	+ 90 Days	1 795 220	1 536 838
	Total	17 767 602	14 554 010
	<u>(Total): Ageing</u>		
	Current (0 - 30 days)	33 450 037	33 058 872
	31 - 60 Days	1 150 760	1 384 549
	61 - 90 Days	2 142 078	875 257
	+ 90 Days	9 187 348	9 092 876
	Total	45 930 223	44 411 554
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	13 175 944	13 816 530
	Contribution to provision/(Reversal of provision)	6 004 937	5 960 446
	Bad Debts Written Off	(4 521 602)	(6 601 032)
	Balance at end of year	14 659 280	13 175 944
	The Provision for Impairment could be allocated between the different classes of receivables as follows:		
	Electricity	3 002 592	3 427 705
	Water	3 315 893	3 162 953
	Refuse	2 103 222	2 062 827
	Sewerage	2 733 184	2 676 799
	Other	3 504 389	1 845 660
	Total	14 659 280	13 175 944

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

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2014 R	2013 R
Rates	7 108 575	7 244 039
Other Receivables	13 664 981	7 895 606
Accrued Interest	355 792	301 184
Availability charges	4 603 447	4 318 684
Other	464 202	524 209
Fines	8 241 540	2 751 530
Total Receivables from Non-Exchange Transactions	20 773 556	15 139 646
Less: Provision for Impairment	(14 920 227)	(11 053 385)
Total Net Receivables from Non-Exchange Transactions	5 853 329	4 086 260
Balance previously reported		3 629 819
Correction of error - Refer to note 40.23		456 441
		4 086 260

Trade Receivables with a total outstanding balance of R 15 081 485 (2013 - R 12 370 617) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	1 925 082	1 912 323
31 - 60 Days	184 126	192 336
61 - 90 Days	146 507	168 148
+ 90 Days	4 852 859	4 971 233
Total	7 108 575	7 244 039

Reconciliation of Provision for Bad Debts

Balance at beginning of year	11 053 385	8 303 896
Contribution to provision/(Reversal of provision)	6 677 886	5 011 153
Bad Debts Written Off	(2 811 045)	(2 261 663)
Balance at end of year	14 920 227	11 053 385

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.

24

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

Balance on 1 July	147 326	73 241
Movement during the year	(8 986)	74 085
Balance on 30 June	138 340	147 326
Balance previously reported (Note 24)		127 530
Correction of Error: Lease Contracts not included in Lease Register 2011/2012 - Refer to note 40.7		3 220
Correction of Error: Lease Contracts not included in Lease Register 2012/2012 - Refer to note 40.7		16 576
		147 326

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	983 155	889 487
1 to 5 Years	470 148	817 843
More than 5 Years	103 697	688
Total Operating Lease Arrangements	1 557 000	1 708 017

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.

25

CASH AND CASH EQUIVALENTS

2014

2013

Assets

Call Investments Deposits	50 000 000	60 000 000
Bank Accounts	11 189 405	11 274 412
Cash Floats	7 510	7 717
Total Cash and Cash Equivalents - Assets	61 196 915	71 282 129

Liabilities

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

Cash and cash equivalents comprises of 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:

Current Accounts

2014

**2013
R**

Primary Bank account	11 187 105	11 272 112
Traffic bank account	2 300	2 300
	11 189 405	11 274 412

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	11 272 112	3 904 456
Cash book balance at end of year	11 187 105	11 272 112

Bank statement balance at beginning of year	11 377 775	3 671 466
Bank statement balance at end of year	11 574 315	11 377 775

Traffic bank account

Montagu ABSA - Account Number 406 272 8351

Cash book balance at beginning of year	2 300	2 300
Cash book balance at end of year	2 300	2 300

Bank statement balance at beginning of year	1 250	1 400
Bank statement balance at end of year	7 200	1 250

Call Investment Deposits

Call investment deposits consist of the following accounts:

ABSA	Account Number 20 72488246	-
Investec	Account Number 458195	20 000 000
Nedbank	Account Number 03/7881034971/000008	30 000 000
Standard Bank	Account Number 288467698	-
		50 000 000
		60 000 000

26

PROPERTY RATES

2014

2013

Actual

Rateable Land and Buildings

39 896 536

37 064 317

Residential, Commercial Property, State

39 896 536

37 064 317

Less: Rebates

(7 613 009)

(7 257 616)

Total Assessment Rates

32 283 527

29 806 702

Valuations

Rateable Land and Buildings

Residential

4 669 495 043

4 611 761 996

Agricultural

4 714 599 086

4 714 599 086

Government

241 355 315

241 355 315

Business & Commercial

1 201 736 273

1 201 736 273

Municipal

345 084 024

345 084 024

Exempt Properties

302 544 424

302 544 424

Total Assessment Rates

11 474 814 165

11 417 081 118

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

Rates:

Residential

0.0046c/R

0.0043c/R

Commercial, Industrial & Government

0.0068c/R

0.0063c/R

Public Benefit Organisations

0.0010c/R

0.0010c/R

Agricultural

0.0010c/R

0.0009c/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.

27	GOVERNMENT GRANTS AND SUBSIDIES	2014 R	2013 R
	Unconditional Grants	53 157 679	51 279 300
	Equitable Share	53 157 679	51 279 300
	Conditional Grants	47 368 715	52 109 071
	Grants and donations	1 200 746	1 158 627
	Subsidies	46 167 969	50 950 444
	Total Government Grants and Subsidies	100 526 394	103 388 371
	Government Grants and Subsidies - Capital	25 489 676	24 405 390
	Government Grants and Subsidies - Operating	75 036 718	78 982 981
		100 526 394	103 388 371
	Balance previously reported		78 431 168
	Correction of error -Operating Revenue Recognition of LG SETA expenditure Refer to note 40.18		551 813
			78 982 981

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	53 157 679	51 831 113
Executive & Council	309 550	392 000
Budget & Treasury	1 519 578	1 304 035
Corporate Services	781 022	385 965
Planning & Development	984 164	964 868
Health	-	-
Community & Social Services	6 423 821	8 489 548
Housing	16 839 950	17 645 494
Public Safety	-	-
Sport & Recreation	336 047	-
Environmental Protection	-	-
Waste Management	-	2 569 574
Waste Water Management	4 882 213	11 409 206
Road Transport	375 661	1 012 244
Water	14 416 791	6 001 901
Electricity	499 920	1 382 422
	100 526 394	103 388 371

The municipality does not expect any significant changes to the level of grants.

	2014	2013
27.1 Equitable share		
Opening balance	-	-
Grants received	53 157 679	51 279 300
Conditions met - Operating	(53 157 679)	(51 279 300)
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.

27.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	1 300 000	1 250 000
Conditions met - Operating	(1 300 000)	(1 250 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

27	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2014 R	2013 R
27.3	Municipal Systems Improvement Grant		
	Opening balance	-	-
	Grants received	890 000	800 000
	Conditions met - Operating	(108 978)	(414 035)
	Conditions met - Capital	(781 022)	(385 965)
	Conditions still to be met	-	-
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
27.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	(0)	802 213
	Grants received	19 299 000	18 376 000
	Conditions met - Operating	(2 364 630)	(2 350 462)
	Conditions met - Capital	(16 934 370)	(16 827 752)
	Conditions to be met	(0)	(0)
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
27.5	Housing Grants		
	Opening balance	5 199 543	2 314 736
	Grants received	10 721 186	20 530 301
	Conditions met - Operating	(11 229 420)	(16 926 458)
	Conditions met - Capital	(5 610 530)	(719 036)
	Conditions to be met	(919 221)	5 199 543
27.6	Integrated National Electrification Grant		
	Opening balance	(250 000)	632 422
	Grants received	500 000	500 000
	Conditions met - Operating	(48 947)	(189 161)
	Conditions met - Capital	(450 973)	(1 193 261)
	Conditions to be met	(249 920)	(250 000)
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
27.7	Other Grants		
	Opening balance	3 597 113	3 240 114
	Grants received	6 762 291	12 523 145
	Conditions met - Operating	(6 827 065)	(6 886 769)
	Conditions met - Capital	(1 712 780)	(5 279 377)
	Conditions to be met	1 819 559	3 597 113
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
27.8	Total Grants		
	Opening balance	8 546 656	6 989 484
	Grants received	93 656 156	105 258 746
	Conditions met - Operating	(75 036 718)	(79 296 184)
	Conditions met - Capital	(25 489 676)	(24 405 390)
	Conditions to be met	1 676 418	8 546 656
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	3 237 473	8 796 656
	Unpaid Conditional Government Grants and Receipts	(1 561 052)	(250 000)
		1 676 421	8 546 656

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SERVICE CHARGES

Electricity	244 085 874	230 707 612
Water	31 303 006	26 044 334
Refuse removal	16 807 369	15 341 859
Sewerage and Sanitation Charges	21 430 933	19 773 389
	<u>313 627 182</u>	<u>291 867 195</u>
Less: Rebates	(19 295 809)	(15 633 706)
Total Service Charges	<u>294 331 373</u>	<u>276 233 489</u>
Balance previously reported		276 237 128
Correction of error - Internal Charges incorrectly recognised 40.26		(3 639)
		<u>276 233 489</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.

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OTHER INCOME

Availability fees	2 056 638	2 736 599
Building plans	601 477	384 052
Bulk service levies	1 946 576	407 310
Cemeteries	353 971	325 612
Commission	178 982	148 889
Connection fees	1 939 850	1 455 489
Fire brigade fees	82 961	53 347
Insurance claims	923 763	608 776
Photo copies	59 771	65 029
Planning application fees	416 504	261 267
Re-connection fees	141 885	271 466
Valuation certificates	145 539	116 786
Sundry income	3 674 414	3 634 848
Total Other Income	<u>12 522 330</u>	<u>10 469 470</u>
Balance previously reported		10 498 358
Correction of error - Raising Receivable for staff bursaries 40.25		(28 888)
		<u>10 469 470</u>

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EMPLOYEE RELATED COSTS

	2014 R	2013 R
Salaries and Wages	81 095 762	75 448 634
Bargaining Council Levy	-	-
Bonus	6 747 607	5 977 411
Contributions for UIF, pensions and medical aids	19 010 335	17 824 790
Group Life Insurance	361 040	368 683
Housing Subsidy	446 174	568 792
Leave Reserve Fund	3 290 779	2 262 335
Long service awards	669 223	623 143
Overtime	5 623 691	5 407 989
Post Employment Health	2 297 883	1 952 776
Travel, motor car, telephone, assistance and other allowances	9 665 830	9 444 636
	<hr/>	<hr/>
	129 208 326	119 879 190
	<hr/>	<hr/>
Less: Employee Costs allocated elsewhere	-	-
	<hr/>	<hr/>
Total Employee Related Costs	129 208 326	119 879 190
	<hr/>	<hr/>
Balance previously reported (Note 30)		118 437 567
Corretion of Error - Refer to note 40.15		1 441 623
		<hr/>
		119 879 190
		<hr/>

KEY MANAGEMENT PERSONNEL

The Municipal Manager and 2 directors are appointed on a 5-year fixed term contract, the other 2 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager: Mr S A Mokweni

Annual Remuneration	1 094 256	994 440
Performance Bonuses	48 282	90 219
Car Allowance	108 000	108 000
Other Allowances	-	24 550
Contributions to Medical and Pension Funds	203 423	192 869
	<hr/>	<hr/>
Total	1 453 961	1 410 078
	<hr/>	<hr/>

Remuneration of the Director Infrastructure Development : Mr J de K Jooste

Annual Remuneration	-	706 734
Performance Bonuses	-	74 845
Car Allowance	-	156 869
Other Allowances	-	30 943
Contributions to Medical and Pension Funds	-	194 038
	<hr/>	<hr/>
Total	-	1 163 429
	<hr/>	<hr/>

Remuneration of the Director Corporate Services: Mr A W J Everson

Annual Remuneration	852 592	759 587
Performance Bonuses	40 054	74 845
Car Allowance	151 568	131 568
Other Allowances	-	47 978
Contributions to Medical and Pension Funds	161 970	157 179
	<hr/>	<hr/>
Total	1 206 184	1 171 157
	<hr/>	<hr/>

Remuneration of the Director Financial Services: Mr C F Hoffman

Annual Remuneration	860 000	647 241
Performance Bonuses	40 054	74 845
Car Allowance	71 445	128 222
Other Allowances	12 604	78 653
Contributions to Medical and Pension Funds	222 081	242 196
	<hr/>	<hr/>
Total	1 206 184	1 171 157
	<hr/>	<hr/>

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)

	2014	2013
Remuneration of the Director Strategy and Social Development: Mrs C O Matthys		
Annual Remuneration	798 387	703 371
Performance Bonuses	37 023	-
Car Allowance	117 351	159 982
Other Allowances	-	22 460
Contributions to Medical and Pension Funds	163 106	133 676
Total	1 115 867	1 019 489

Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen

Annual Remuneration	879 617	626 670
Performance Bonuses	37 023	-
Car Allowance	12 971	10 800
Other Allowances	-	-
Contributions to Medical and Pension Funds	186 256	124 552
Total	1 115 867	762 022

The Director Engineering Services was appointed on 01 October 2012 and the remuneration for 2012/2013 is only for nine months.

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REMUNERATION OF COUNCILLORS

	2014 R	2013 R
Mayor	733 049	698 894
Deputy Mayor	570 329	538 636
Speaker	566 729	536 643
Mayoral Committee Members (4 councillors)	2 150 292	2 037 913
Councillors (15 councillors 1 vacant seat)	3 693 908	3 287 031
Total Councillors' Remuneration	7 714 307	7 099 118

In-kind Benefits

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.

Remuneration of the Mayor: D Gagaiano

Allowance	461 840	434 830
Transport Allowance	125 927	125 927
Cell Phone Allowance	20 868	19 872
Pension Fund	90 059	84 792
Mobile Data Card	3 600	-
Other Allowances	30 755	33 473
Total	733 049	698 894

Remuneration of the Deputy Mayor: KI Klaas

Allowance	396 536	422 125
Transport Allowance	72 000	12 000
Cell Phone Allowance	20 868	19 872
Pension Fund	77 325	82 314
Mobile Data Card	3 600	-
Other Allowances	-	2 325
Total	570 329	538 636

Remuneration of the Speaker: DA Hull

Allowance	356 646	335 038
Transport Allowance	116 069	116 069
Cell Phone Allowance	20 868	19 872
Pension Fund	69 546	65 332
Mobile Data Card	3 600	-
Other Allowances	-	332
Total	566 729	536 643

REMUNERATION OF COUNCILLORS (CONTINUE)

	2014	2013
Remuneration of Member of Mayoral Committee: SW van Eeden		
Allowance	344 718	324 454
Transport Allowance	96 440	96 440
Cell Phone Allowance	20 868	19 872
Pension Fund	67 220	63 268
Mobile Data Card	3 600	
Other Allowances	7 487	16 910
Total	540 333	520 944
Remuneration of Member of Mayoral Committee: NP Crouwcamp		
Allowance	333 977	313 720
Transport Allowance	109 267	109 267
Cell Phone Allowance	20 868	19 872
Pension Fund	65 126	61 175
Mobile Data Card	3 600	
Other Allowances	-	1 500
Total	532 838	505 534
Remuneration of Member of Mayoral Committee: EMJ Scheepers		
Allowance	347 723	324 453
Transport Allowance	79 161	79 160
Cell Phone Allowance	20 868	19 872
Pension Fund	67 806	63 268
Mobile Data Card	3 600	
Other Allowances	25 125	19 133
Total	544 283	505 886
Remuneration of Member of Mayoral Committee: RR Kortje		
Allowance	360 142	339 885
Transport Allowance	78 000	78 000
Cell Phone Allowance	20 868	19 872
Pension Fund	70 228	66 277
Mobile Data Card	3 600	
Other Allowances	-	1 515
Total	532 838	505 549
Remuneration of Member of Council: J Kriel		
Allowance	159 641	149 958
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	12 396
Pension Fund	-	
Mobile Data Card	3 600	
Other Allowances	-	
Total	227 816	206 061
Remuneration of Member of Council: TS De Koker		
Allowance	183 531	158 837
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	12 180
Pension Fund	35 789	30 973
Mobile Data Card	3 600	
Other Allowances	72	319
Total	285 503	243 952
Remuneration of Member of Council: E Turner		
Allowance	217 256	187 746
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	12 180
Pension Fund	-	
Mobile Data Card	3 600	
Other Allowances	-	
Total	285 431	243 633

REMUNERATION OF COUNCILLORS (CONTINUE)

	2014	2013
Remuneration of Member of Council: JDF Van Zyl		
Allowance	188 425	163 730
Transport Allowance	35 796	35 796
Cell Phone Allowance	20 868	12 396
Pension Fund	36 743	31 927
Mobile Data Card	3 600	
Other Allowances	-	
Total	285 431	243 849
Remuneration of Member of Council: NJ Mgoqi		
Allowance	135 318	127 215
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	12 396
Pension Fund	26 387	24 807
Mobile Data Card	3 600	
Other Allowances	-	
Total	227 816	206 061
Remuneration of Member of Council: ME Zwedala		
Allowance	143 223	132 108
Transport Allowance	35 794	35 794
Cell Phone Allowance	20 868	12 396
Pension Fund	27 929	25 761
Mobile Data Card	3 600	
Other Allowances	-	250
Total	231 414	206 310
Remuneration of Member of Council: DB Janse		
Allowance	213 112	174 431
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	12 180
Pension Fund	41 557	34 014
Mobile Data Card	3 600	
Other Allowances	-	
Total	322 844	264 333
Remuneration of Member of Council: R Johnson		
Allowance	135 318	127 215
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	12 396
Pension Fund	26 387	24 807
Mobile Data Card	3 600	
Other Allowances	-	
Total	227 816	206 061

REMUNERATION OF COUNCILLORS (CONTINUE)

	2014	2013
Remuneration of Member of Council: EJ Vollenhoven		
Allowance	124 767	116 664
Transport Allowance	36 972	36 972
Cell Phone Allowance	20 868	12 396
Pension Fund	24 330	22 749
Mobile Data Card	3 600	
Other Allowances	22 192	15 840
Total	232 728	204 621
Remuneration of Member of Council: SP Mafilika		
Allowance	140 211	132 108
Transport Allowance	35 796	35 796
Cell Phone Allowance	20 868	12 396
Pension Fund	27 341	25 761
Mobile Data Card	3 600	
Other Allowances	-	
Total	227 816	206 061
Remuneration of Member of Council: CJ Grootboom		
Allowance	204 399	179 705
Transport Allowance	16 706	16 706
Cell Phone Allowance	20 868	12 180
Pension Fund	39 858	35 042
Mobile Data Card	3 600	
Other Allowances	4 000	
Total	289 431	243 633
Remuneration of Member of Council: JRO Swanepoel		
Allowance	163 241	149 958
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	12 396
Pension Fund	-	
Mobile Data Card	3 600	
Other Allowances	-	
Total	231 416	206 061
Remuneration of Member of Council: CB Swanepoel (20 September 2013 to 30 June 2014)		
Allowance	132 756	
Transport Allowance	-	
Cell Phone Allowance	16 283	
Pension Fund	25 887	
Mobile Data Card	2 810	
Other Allowances	-	
Total	177 737	-

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REMUNERATION OF COUNCILLORS (CONTINUE)

	2014	2013
Remuneration of Member of Council: WS Nyamana		
Allowance	134 997	126 894
Transport Allowance	40 363	40 363
Cell Phone Allowance	20 868	12 396
Pension Fund	26 324	24 744
Mobile Data Card	3 600	
Other Allowances	1 663	1 663
Total	227 816	206 061
Remuneration of Member of Council: JD Burger		
Allowance	188 504	164 238
Transport Allowance	35 700	35 188
Cell Phone Allowance	20 868	12 180
Pension Fund	36 758	32 026
Mobile Data Card	3 600	
Other Allowances	-	
Total	285 431	243 633
Remuneration of Member of Council: AN Mhlambeni (01 July 2013 to 24 August 2013)		
Allowance	25 507	153 043
Transport Allowance	1 217	7 304
Cell Phone Allowance	2 066	12 396
Pension Fund	4 974	29 844
Mobile Data Card	-	
Other Allowances	579	3 474
Total	34 344	206 061

Change in accounting policy - Refer to note 39.1

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DEBT IMPAIRMENT

Long term Receivables - Note 19	2 710 868	2 333 568
Trade Receivables from exchange transactions - Note 22	5 230 412	5 188 853
Trade Receivables from non-exchange transactions - Note 23	6 857 596	3 428 863
Total Contribution to Debt Impairment	14 798 877	10 951 284
Balance previously reported (Note 32)		8 551 056
Correction of Error Refer to note 40.23		2 400 228
		10 951 284

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
33	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	19 414 576	16 311 820
	Capitalised Restoration Cost	417 703	200 054
	Investment Property	49 601	50 918
	Intangible Assets	89 084	251 335
		<u>19 970 964</u>	<u>16 814 127</u>
	Balance previously reported (Note 33)		16 753 805
	Correction of book value of assets where the useful lives were incorrectly recorded - Refer to note 40.22		60 322
			<u>16 814 127</u>
34	IMPAIRMENTS		
	Non-Current Assets held for sale	<u>200 000</u>	<u>-</u>
35	FINANCE CHARGES		
	Interest paid	31 572	164 246
	Landfill site	126 761	265 054
	Long service awards	565 708	458 417
	Long-term Liabilities	3 352 599	3 399 048
	Post Employment Health	3 493 189	2 977 341
	Total finance charges	<u>7 569 829</u>	<u>7 264 105</u>
	Balance previously reported (Note 35)		7 149 831
	Correction on LSA Finance Charges - Refer to note 40.16		114 274
			<u>7 264 105</u>
36	BULK PURCHASES		
	Electricity	182 086 115	173 526 712
	Water	2 884 201	3 108 446
	Total Bulk Purchases	<u>184 970 315</u>	<u>176 635 158</u>
	Balance previously reported		176 527 517
	Correction of error Water Bulk Purchases was recorded in the incorrect period- Refer to note 40.14		107 642
			<u>176 635 158</u>

38	GENERAL EXPENSES	2014 R	2013 R
	Advertisement Cost	831 479	700 218
	Audit fees	2 252 816	1 864 590
	Bank charges	776 101	644 329
	Bursaries - Internal	159 071	74 543
	Cell phone	597 406	748 573
	Chemicals	3 619 396	4 225 223
	Computer services	1 468 202	1 539 513
	Connections	394 271	414 140
	Data lines	2 525 164	2 225 965
	Delegation Fees	153 780	359 709
	Development Projects	434 930	408 609
	Fuel	6 925 716	5 974 821
	Insurance (Premiums & Claims cost)	1 336 424	6 345 402
	IoD Insurance	1 303 186	1 248 411
	Membership fees	1 206 793	1 003 100
	Postage	633 805	504 649
	Poverty Alleviation Projects	2 465 999	1 626 465
	Printing & Stationary	1 026 532	1 091 655
	Professional Services	4 006 551	2 264 693
	Protective Clothing	801 822	594 587
	Refuse bags	488 500	357 538
	Rehabilitation	841 579	746 510
	Skills Development Levy	1 233 073	934 834
	Subsidy New Electrical connections	-	-
	Tourism Marketing	1 203 264	821 274
	Training cost	804 990	881 432
	Transfer cost	227 616	367 974
	Valuation cost	518 433	357 774
	Other	16 781 809	13 756 183
	General Expenses	55 018 706	52 082 710
	Balance previously reported (Note 38)		42 069 249
	Correction of error - Refer to note 40.17		10 013 461
			52 082 710

39 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

39.1 RELATED PARTIES

The municipality adopted the disclosure requirements of GRAP 20 on Related parties which states the municipality must disclose the remuneration of management per person and in aggregate, management in the case of Langeberg Municipality as defined in GRAP 20.12 is members of the governing body which is council and the senior management team which is the Accounting Officer and Directors.

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CORRECTION OF ERROR IN TERMS OF GRAP 3

40.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))

Balance previously reported	396 567 706
Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company	(1 767 474)
Revenue Recognition on LG SETA grant prior to 30 June 2012	313 203
Asset Disposal not recorded	31 535
Asset Disposal not recorded	(49 664)
Asset not recorded on Asset Register	34 238
Derecognition of Assets	(236 683)
Lease contracts not accounted for	3 220
Transfer Heritage Asset to Property, Plant and Equipment	(27 663)
Correction of Asset Class	153 778
Accounting for traffic fines in accordance with GRAP 23	365 926
Recognising Operating Expenditure incorrectly done against Suspense Vote	(210 151)
Recognising Operating Expenditure incorrectly done against Suspense Vote	(237 416)
Recognising Operating Expenditure incorrectly done against Suspense Vote	(796)
Raising Receivable for Bursaries awarded to staff	78 998
	395 018 758

40.2 EMPLOYEE BENEFITS: LONG SERVICE AWARDS

Balance previously reported 30 June 2012	5 508 217
Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company	1 767 474
Restated Balance as at 01 July 2012	7 275 691
Balance previously reported 30 June 2013	6 475 246
Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company	1 767 474
Correction of Error Current Interest Cost	114 274
Correction of Error Current Service Cost	(20 932)
Correction of Error Actuarial Loss	(101 802)
Restated Balance as at 30 June 2013	8 234 260

CURRENT EMPLOYEE BENEFITS

Balance previously reported	707 399
Adjustment as result of correction on current Portion Note 7	306 270
Restated Balance as at 30 June 2013	1 013 669

Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company

Correction of error - Refer to note 7

40.3 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	465 814 358
Derecognition of Assets	(236 683)
Asset not recorded on Asset Register	34 238
Transfer Heritage Asset to Property, Plant and Equipment	262 337
Asset Disposal not recorded	(49 664)
Asset Disposal not recorded	31 535
Asset Disposal not recorded	207
Correction of Asset Class	153 777
Restated Opening Balance 01 July 2012	466 010 106
Transfer from Property, Plant and Equipment	(376 000)
Transfer from Property, Plant and Equipment to Investment Property	(440 000)
Correction of depreciation on book value of assets	17 854
Restated Balance as at 30 June 2013	465 211 960

Correction of error - Refer to note 13

40.4 HERITAGE ASSETS

Balance previously reported	939 000
Asset incorrectly classified as Heritage Asset	(290 000)
Restated Balance as at 30 June 2013	649 000

Major part of the asset is used for office accommodation and must be classified as Property, Plant and Equipment

Correction of error - Refer to note 16

40.5 INVESTMENT PROPERTY

Balance previously reported	26 951 138
Transfer from Property, Plant and Equipment	440 000
Depreciation was incorrectly allocated against Property, Plant and Equipment	(1 589)
Restated Balance as at 30 June 2013	27 389 549

Depreciation was incorrectly allocated against Property, Plant and Equipment

Correction of error - Refer to note 14

40.6 NON CURRENT ASSETS HELD FOR SALE

Balance previously reported	3 460 209
Asset was sold in 2012/2013 financial year	(50 000)
Restated Balance as at 30 June 2013	3 410 209

Asset was sold in 2012/2013 financial year

Correction of error - Refer to note 20

40.7 OPERATING LEASE ASSET

Balance previously reported	127 530
Contracts up to 30 June 2012 not included	3 220
Contracts up to 30 June 2013 not included	16 576
Restated Balance as at 30 June 2013	147 326

Lease contracts was not included in initial calculation

Correction of error - Refer to note 24

40.8 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	40 829 847
Water Bulk Purchases account not accrued for in 2012/2013	113 197
Water Bulk Purchases account not accrued for in 2012/2013	8 346
WCA accrual not accounted for in 2012/2013	115 276
Accrual not accounted for in 2012/2013	6 825
Retentions and Guarentees not recorded	(356 048)
Restated Balance as at 30 June 2013	40 717 443

Accruals not accounted for in 2012/2013

Correction of error - Refer to note 9

40.9 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	31 309 093
VAT on Retention previously disclosed under Receivables from Exchange Transactions	(73 484)
Restated Balance as at 30 June 2013	31 235 610

Retention not accounted for in 2012/2013

Correction of error - Refer to note 22

40.10 TAXES

Balance previously reported	539 810
VAT on Retention previously disclosed under Receivables from Exchange Transactions	73 484
VAT on Retention not accounted for	17 394
VAT on unrecorded accrual not accounted for	13 901
Restated Balance as at 30 June 2013	644 589

VAT on unrecorded accrual not accounted for

Correction of error - Refer to note 12.3

40.11 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Balance previously reported	9 661 673
Revenue Recognition on LG SETA grant prior to 30 June 2012	(313 203)
Revenue Recognition on LG SETA grant for 2012/2013	(551 813)
Restated Balance as at 30 June 2013	8 796 656

Revenue Recognition on Grant Expenditure not accounted for

Correction of error - Refer to note 10

40.12 ACTUARIAL LOSSES

Balance previously reported	375 288
Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company	(101 802)
Restated Balance as at 30 June 2013	273 486

Correction of error - Refer to note 4

40.13 AGENCY SERVICES

Balance previously reported	1 929 048
Correction of Error as the municipality can only recognise the % portion due to it for rendering an Agency Function.	240 401
Restated Balance as at 30 June 2013	2 169 449

Correction of error - Refer to Statement of Financial Performance

40.14 BULK PURCHASES

Balance previously reported	176 527 517
Water Bulk Purchases accrual not accounted for in 2012/2013	107 642
Restated Balance as at 30 June 2013	176 635 158

Correction of error - Refer to note 36

40.15 EMPLOYEE RELATED COSTS

Balance previously reported	118 437 567
Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company	(20 932)
Reclassify FMG grant expenditure as Employee Related Costs	497 686
Reclassify EPWP grant expenditure as Employee Related Costs	964 868
Restated Balance as at 30 June 2013	119 879 190

Correction of error - Refer to note 30

40.16 FINANCE CHARGES

Balance previously reported	7 149 831
Correction of Error: LSA pay out is on total cost to company but the provision was based on basic salaries hence a correction to base the provision on total cost to company	114 274
Restated Balance as at 30 June 2013	7 264 105

Correction of error - Refer to note 35

40.17 GENERAL EXPENSES

Balance previously reported	42 069 249
Correct Accounting treatment of Agency Fees Expenditure	120 348
Raising Receivable for Bursaries awarded to staff	(43 659)
Internal Municipal Charges incorrectly allocated to General Expenses	(3 639)
WCA accrual not accounted for in 2012/2013	115 276
Reclassify FMG grant expenditure as General Expenditure	660 941
Reclassify Housing grant expenditure as General Expenditure	9 132 194
Reclassify CDW grant expenditure as General Expenditure	32 000
Restated Balance as at 30 June 2013	52 082 710

Correction of error - Refer to note 38

40.18 GOVERNMENT GRANTS AND SUBSIDIES - OPERATING

Balance previously reported	78 431 168
Revenue Recognition on LG SETA grant for 2012/2013	551 813
Restated Balance as at 30 June 2013	78 982 981

Correction of error - Refer to note 27

40.19 OPERATING GRANT EXPENDITURE

Balance previously reported	11 207 558
Retentions and Guarantees not recorded VAT exclusive	124 244
Reclassify FMG grant expenditure as General Expenditure	(660 941)
Reclassify FMG grant expenditure as Employee Related Costs	(497 686)
Reclassify Housing grant expenditure as General Expenditure	(9 132 194)
Reclassify EPWP grant expenditure as Employee Related Costs	(964 868)
Reclassify CDW grant expenditure as General Expenditure	(32 000)
Reclassify INEP grant expenditure as Repairs and Maintenance	(44 112)
Restated Balance as at 30 June 2013	0

Correction of error - Refer to notes 9, 30, 38 and 40.31

40.20 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	2 074 316
Lease Contracts up to 30 June 2013 not included	16 576
Restated Balance as at 30 June 2013	2 090 892

Correction of error - Refer to note 24

40.21 LICENCES AND PERMITS

Balance previously reported	1 239 538
Correction on Accounting Treatment of Agency Services	(126 877)
Restated Balance as at 30 June 2013	1 112 661

Correction of error - Refer to note 40.13

40.22 DEPRECIATION AND AMORTIZATION

Balance previously reported	16 753 805
Correction of Book Values on Assets where depreciation charges was recorded incorrectly	60 322
Restated Balance as at 30 June 2013	16 814 127

Correction of error - Refer to note 33

40.23 RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Balance previously reported	3 629 819
Adjustment against the opening balance of Unappropriated Surplus (01/07/2012)	365 926
Reversal of incorrect receivable	(261 468)
Recognising traffic fines receivable	3 191 065
Allocations of traffic fines receipts against receivable	(929 402)
Provision for Impairment	(1 634 270)
Sub Total	3 995 745
Reversal of incorrect receivable	187 577
Recognising traffic fines receivable	3 154 230
Allocations of traffic fines receipts against receivable	(402 700)
Provision for Impairment	(2 400 228)
Impairment of Traffic Fines (Provision for Impairment)	2 261 663
Impairment of Traffic Fines (Non - Exchange Receivable)	(2 261 663)
Recognising Operating Expenditure incorrectly done against Suspense Vote	(210 151)
Recognising Operating Expenditure incorrectly done against Suspense Vote	(237 416)
Recognising Operating Expenditure incorrectly done against Suspense Vote	(796)
Restated Balance as at 30 June 2013	4 086 260

With the implementation of IGRAP 1 it was noticed that GRAP 23 was implemented incorrectly and a prior period correction was done.

Correction of error - Refer to note 23

40.24 LONG TERM RECEIVABLES

Balance previously reported	3 451 815
Raising Receivable for Bursaries awarded to staff	93 770
Restated Balance as at 30 June 2013	3 545 585

Correction of error - Refer to note 19

40.25 OTHER INCOME

Balance previously reported	10 498 358
Raising Receivable for Bursaries awarded to staff	(28 888)
Restated Balance as at 30 June 2013	10 469 470

Correction of error - Refer to note 29

40.26 SERVICE CHARGES

Balance previously reported	276 237 128
Internal Municipal Charges incorrectly allocated to General Expenses	(3 639)
Restated Balance as at 30 June 2013	276 233 489

Correction of error - Refer to note 28

40.27 FINES

Balance previously reported	1 079 319
Recognising traffic fines receivable	2 939 107
Restated Balance as at 30 June 2013	4 018 426

Correction of error - Refer to note 40.23

40.28 INTEREST EARNED - EXTERNAL INVESTMENTS

Balance previously reported	4 556 735
Interest Earned on outstanding debtors was incorrectly linked to Interest Earned - External Investments	(1 250 428)
Restated Balance as at 30 June 2013	3 306 307

Correction of Error Refer to Statement of Financial Performance

40.28 INTEREST EARNED - OUTSTANDING DEBTORS

Balance previously reported	1 617 204
Interest Earned on outstanding debtors was incorrectly linked to Interest Earned - External Investments	1 250 428
Restated Balance as at 30 June 2013	2 867 632

Correction of Error Refer to Statement of Financial Performance

40.29 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	552 618
Correction on Loss on Sale of Assets derecognised in 2012/2013	349 205
Restated Balance as at 30 June 2013	901 823

Correction of Error Refer to Statement of Financial Performance

40.30 CASH FLOW FROM INVESTING ACTIVITIES

Decrease/(Increase) in Non-current Investments	
Balance previously reported	(39 068)
Decrease/(Increase) in Non-current Investments	39 068
Restated Balance as at 30 June 2013	-

Correction of Error Refer to Cash Flow Statement

40.31 REPAIRS AND MAINTENANCE

Balance previously reported	12 097 894
Reclassify INEP grant expenditure as Repairs and Maintenance	44 112
Restated Balance as at 30 June 2013	12 142 007

Correction of Error Refer to Statement of Financial Performance

41	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2014	2013
		R	R
	Surplus/(Deficit) for the year	21 365 594	33 871 688
	Adjustments for:		
	Depreciation/Amortisation	19 970 964	16 814 127
	Loss on disposal of property, plant and equipment	234 697	901 823
	(Gains) on disposal of property, plant and equipment	-	-
	Fair Value Adjustments	(19 005)	(39 068)
	Impairment Loss	200 000	-
	Impairment (Reversals)	-	(3 331 913)
	Contributions to Non-Current Provisions	7 167 332	6 282 900
	Debt Impairment	15 393 692	13 599 603
	Actuarial Losses	-	-
	Actuarial (Gains)	3 938 661	(977 503)
	Unamortised discount	56 494	36 319
	Bad debt written-off	(7 332 646)	(8 862 695)
	Finance charges	61 946	(60 624)
	Operating lease income accrued	8 986	(74 085)
	Operating Surplus/(Deficit) before changes in working capital	61 046 715	58 160 572
	Changes in working capital	(15 064 141)	(2 439 672)
	Increase/(Decrease) in Payables from exchange transactions	3 084 663	7 134 584
	Increase/(Decrease) in Provisions	(714 099)	(1 308 787)
	Increase/(Decrease) in Employee benefits	(1 955 230)	(1 700 406)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(5 559 184)	2 120 375
	Increase/(Decrease) in Unspent Public Contributions	606 581	325 000
	Increase/(Decrease) in Taxes	(863 611)	(1 487 520)
	(Increase)/Decrease in Inventory	(1 199 629)	(8 335 248)
	(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(7 152 579)	1 062 330
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(1 311 052)	(250 000)
	Cash generated/(absorbed) by operations	45 982 573	55 720 900
42	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 25	50 000 000	60 000 000
	Cash Floats - Note 25	7 510	7 717
	Bank - Note 25	11 189 405	11 274 412
	Total cash and cash equivalents	61 196 915	71 282 129
43	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 42	61 196 915	71 282 129
	Investments - Note 18	109 623	90 617
		61 306 537	71 372 746
	Less:	3 237 473	8 796 656
	Unspent Committed Conditional Grants - Note 10	3 237 473	8 796 656
	VAT - Note 12	-	-
	Resources available for working capital requirements	58 069 065	62 576 090
	Allocated to:		
	Capital Replacement Reserve	37 139 419	42 715 822
	Employee Benefits	13 938 111	13 699 792
	Non-Current Provisions	5 237 287	4 424 361
	Resources available for working capital requirements	1 754 247	1 736 115

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	33 564 440	37 290 700
Used to finance property, plant and equipment - at cost	(33 564 440)	(37 290 700)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45 BUDGET COMPARISONS

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (%)
45.1 Operational				
Revenue by source				
Property Rates	32 283 527	32 426 480	(142 953)	0%
Government Grants and Subsidies - Capital	25 489 676	26 339 557	(849 881)	-3%
Government Grants and Subsidies - Operating	75 036 718	82 480 187	(7 443 469)	-9%
Public Contributions and Donations	14 900	325 000	(310 100)	-95%
Gain on Foreign Exchange Transaction	-	-	-	0%
Actuarial Gains	291 583	-	291 583	0%
Fair Value Adjustments	19 005	-	19 005	0%
Fines	10 845 894	2 142 610	8 703 284	406%
Impairment Reversal	-	-	-	0%
Stock Adjustments	-	-	-	0%
Service Charges	294 331 373	313 104 220	(18 772 847)	-6%
Rental of Facilities and Equipment	2 053 464	2 516 100	(462 636)	-18%
Interest Earned - external investments	2 843 597	2 000 600	842 997	42%
Interest Earned - outstanding debtors	3 286 837	2 925 120	361 717	12%
Licences and Permits	1 077 339	1 335 450	(258 111)	-19%
Agency Services	2 489 816	2 126 090	363 726	17%
Other Income	12 522 330	14 211 310	(1 688 980)	-12%
Unamortised Discount - Interest	67 882	-	67 882	0%
Gain on disposal of Property, Plant and Equipment	-	-	-	0%
	462 653 942	481 932 724	(19 278 782)	-4%
Expenditure by nature				
Employee related costs	129 208 326	132 962 292	(3 753 966)	-3%
Remuneration of Councillors	7 714 307	7 967 430	(253 123)	-3%
Debt Impairment	14 798 877	7 923 690	6 875 187	87%
Depreciation and Amortisation	19 970 964	17 627 930	2 343 034	13%
Collection costs	1 179 389	1 075 000	104 389	10%
Impairments	200 000	-	200 000	0%
Repairs and Maintenance	14 855 602	13 660 797	1 194 805	9%
Actuarial losses	4 230 244	-	4 230 244	0%
Unamortised Discount - Interest paid	124 376	-	124 376	0%
Finance Charges	7 569 829	6 779 750	790 079	12%
Bulk Purchases	184 970 315	195 454 720	(10 484 405)	-5%
Contracted services	1 179 569	1 299 448	(119 879)	-9%
Grants and Subsidies	-	86 790	(86 790)	-100%
Stock Adjustments	33 146	(120 600)	153 746	0%
Operating Grant Expenditure	-	-	-	0%
General Expenses	55 018 706	70 609 835	(15 591 129)	-22%
Loss on disposal of Property, Plant and Equipment	234 697	-	234 697	0%
Fair Value Adjustments	-	-	-	0%
	441 288 348	455 327 082	(14 038 734)	-3%
Net Surplus for the year	21 365 594	26 605 642	(5 240 048)	-20%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Comparison between last approved budget and final budget:

	2014 R (Approved Budget)	2014 R (Final Budget)	2014 R (Variance)	2014 R (%)	Explanation for Variances
Operational					
Revenue by source					
Property Rates	32 426 480	32 426 480	-	0%	
Property rates - penalties & collection charges	-	-	-	0%	
Government Grants and Subsidies - Capital	26 339 557	26 339 557	-	0%	
Government Grants and Subsidies - Operating	82 480 187	82 480 187	-	0%	
Public Contributions and Donations	325 000	325 000	-	0%	
Gain on Foreign Exchange Transaction	-	-	-	0%	
Actuarial Gains	-	-	-	0%	
Fair Value Adjustments	-	-	-	0%	
Fines	2 142 610	2 142 610	-	0%	
Impairment Reversal	-	-	-	0%	
Stock Adjustments	-	-	-	0%	
Service Charges	313 104 220	313 104 220	-	0%	
Rental of Facilities and Equipment	2 516 100	2 516 100	-	0%	
Interest Earned - external investments	2 000 600	2 000 600	-	0%	
Interest Earned - outstanding debtors	2 925 120	2 925 120	-	0%	
Licences and Permits	1 369 670	1 335 450	34 220	3%	
Agency Services	2 126 090	2 126 090	-	0%	
Other Income	14 177 090	14 211 310	(34 220)	0%	
Unamortised Discount - Interest	-	-	-	0%	
Gain on disposal of Property, Plant and Equipment	-	-	-	0%	
	<u>481 932 724</u>	<u>481 932 724</u>	<u>-</u>	<u>0%</u>	
Expenditure by nature					
Employee related costs	131 927 160	132 962 292	(1 035 132)	0%	
Remuneration of Councillors	7 967 430	7 967 430	-	0%	
Debt Impairment	7 923 690	7 923 690	-	0%	
Depreciation and Amortisation	17 627 930	17 627 930	-	0%	
Collection costs	1 075 000	1 075 000	-	0%	
Impairments	-	-	-	0%	
Repairs and Maintenance	13 541 965	13 660 797	(118 832)	-1%	
Actuarial losses	-	-	-	0%	
Unamortised Discount - Interest paid	-	-	-	0%	
Finance Charges	6 779 750	6 779 750	-	0%	
Bulk Purchases	195 454 720	195 454 720	-	0%	
Contracted services	1 488 620	1 299 448	189 172	15%	
Grants and Subsidies	86 790	86 790	-	0%	
Stock Adjustments	-	-120 600	120 600	-100%	
Operating Grant Expenditure	20 112 492	-	20 112 492	100%	
General Expenses	51 341 535	70 609 835	(19 268 300)	-27%	
Loss on disposal of Property, Plant and Equipment	-	-	-	0%	
Fair Value Adjustments	-	-	-	0%	
	<u>455 327 082</u>	<u>455 327 082</u>	<u>(0)</u>	<u>0%</u>	
Net Surplus for the year	<u>26 605 642</u>	<u>26 605 642</u>	<u>0</u>	<u>0%</u>	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Comparison between last approved budget and final budget: (CONTINUE)

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (%)
45.2 Expenditure by Vote				
Corporate services	42 461 974	35 700 850	6 761 124	19%
Engineering Services	310 066 045	328 735 412	(18 669 367)	-6%
Executive & Council	22 965 699	25 536 303	(2 570 604)	-10%
Finance	24 798 271	20 497 937	4 300 334	21%
Strategy & Social Development	40 996 358	44 856 580	(3 860 222)	-9%
	441 288 348	455 327 082	(14 038 734)	-3%

Comparison between last approved budget and final budget:

	2014 R (Approved Budget)	2014 R (Final Budget)	2014 R (Variance)	2014 R (%)	Explanation for Variances
Expenditure by Vote					
Corporate services	35 735 250	35 700 850	34 400	0%	
Engineering Services	328 570 310	328 735 412	(165 102)	0%	
Executive & Council	25 862 903	25 536 303	326 600	1%	
Finance	20 140 937	20 497 937	(357 000)	-2%	
Strategy & Social Development	45 017 682	44 856 580	161 102	0%	
	455 327 082	455 327 082	(0)	0%	

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (%)
45.3 Capital expenditure by vote				
Corporate Services	4 048 477	4 721 631	(673 154)	-14%
Engineering Services	42 277 520	45 771 605	(3 494 085)	-8%
Executive & Council	680 518	1 000 000	(319 482)	-32%
Finance	-	-	-	0%
Service Intergration	-	-	-	0%
Strategy & Social Development	5 531 697	5 918 550	(386 853)	-7%
	52 538 213	57 411 786	(4 873 573)	-8%

Comparison between last approved budget and final budget:

	2014 R (Approved Budget)	2014 R (Final Budget)	2014 R (Variance)	2014 R (%)	Explanation for Variances
Capital expenditure by vote					
Corporate Services	4 721 631	4 721 631	-	0%	
Engineering Services	45 771 605	45 771 605	-	0%	
Executive & Council	1 000 000	1 000 000	-	0%	
Finance	-	-	-	0%	
Service Intergration	-	-	-	0%	
Strategy & Social Development	5 918 550	5 918 550	-	0%	
	57 411 786	57 411 786	-	0%	

46

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2014
R

2013
R

46.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance

-

-

Unauthorised expenditure for the year - capital

-

-

Unauthorised expenditure for the year - operating

11 061 458

-

Written off by council

-

-

Transfer to receivables for recovery

-

-

Unauthorised expenditure awaiting authorisation

11 061 458

-

Unauthorised expenditure on operating votes is mainly attributable to the actuarial loss on the employee benefits and the implementation of IGRAP 1 relating to Traffic Fines.

Incident

Disciplinary steps/criminal proceedings

None

46.2 Fruitless and wasteful expenditure

2014
R

2013
R

Two reported incidents are being investigated

465 952

46.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance

-

-

Irregular expenditure for the year

-

-

Written off by council

-

-

Transfer to receivables for recovery

-

-

Irregular expenditure awaiting further action

-

-

46.4 Material Losses

2014

2013

Water distribution losses

- Kilo litres disinfected/purified/purchased

7 431 280

7 941 360

- Kilo litres lost during distribution

850 810

1 445 900

- Percentage lost during distribution

11.45%

18.21%

Electricity distribution losses

- Units purchased (Kwh)

281 339 860

289 880 332

- Units lost during distribution (Kwh)

17 983 223

21 361 110

- Percentage lost during distribution

6.39%

7.37%

47	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2014 R	2013 R
47.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1 199 114	998 217
	Amount paid - current year	(1 199 114)	(998 217)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
47.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	29 528	258 975
	Current year audit fee	2 252 816	1 864 590
	External Audit - Auditor-General	2 210 391	1 816 376
	Audit Committee	42 425	48 214
	Amount paid - current year	(2 282 343)	(2 094 038)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	29 528
47.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	2 580 626	6 067 935
	Amounts received - current year	43 335 553	40 768 437
	Amounts received - previous years	(2 580 626)	(6 067 935)
	Amounts claimed - current year	(39 037 499)	(38 187 811)
	Closing balance - Receivable	4 298 055	2 580 626
	Vat in suspense due to cash basis of accounting		
	Input VAT	3 949 423	3 846 251
	Output VAT	(5 956 515)	(6 199 905)
	Receivable	(2 007 092)	(2 353 654)
	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.		
47.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(15 663 966)	(13 378 457)
	Amount paid - current year	15 663 966	13 378 457
	Balance unpaid (included in creditors)	-	-
47.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(18 175 613)	17 063 438
	Amount paid - current year	18 175 613	(17 063 438)
	Balance unpaid (included in creditors)	-	-

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

47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

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

	2014 R Outstanding more than 90 days	2013 R Outstanding more than 90 days
NYAMANA, W		732
VOLLENHOVEN, EJ (E J & R A VOLLENHOVEN)	-	627
SWANEPOEL, J R O		42 463
SWANEPOEL, J R O (J RO SWANEPOEL, C S SWANEPOEL & D C ESTERH)		4 343
Total Councillor Arrear Consumer Accounts	-	46 807

47.7 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)

	<u>Type of deviation</u>				
	Amount	Single Supplier	Impossible	Impracticable	Emergency
July	2 304 605	17	-	53	5
August	1 007 405	11	-	64	10
September	395 114	5	-	44	5
October	999 878	8	-	52	14
November	1 293 001	7	-	65	10
December	1 831 894	5	-	65	14
January	844 736	7	-	73	14
February	1 826 074	33	-	29	13
March	1 200 939	3	-	87	16
April	2 059 750	9	-	86	8
May	865 704	8	-	53	9
June	969 042	2	-	78	13
	15 598 141	115	-	749	131

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
Van Niekerk & Linde	(Owner) A.D Rossouw	Spouse	S. Rossouw	Teacher - WCED	R 780 404
Total Client Services LTD	(Director) Mr Sipoyo	Spouse	N.T Sipoyo	Manager - Dept of Transport (W/C)	R 45 657
Annnandale motors BK	(Owner) D.R Wagner	Spouse	E Wagner	Admin clerk - Langeberg Mun	R 117 328
Willie Rayners	(Owner) W Rayners	Child	I. Rayners	Supervisor - Water Work Langeberg Municipality	R 566
Mark Berry Environment Consultants	(Shareholder) M. Berry	Spouse	T. Berry	State Adv - NPA	R 52 000
Graham & Rhona Beck Skills Center	(Manager) M. Hoffman	Spouse	F. Hoffman	SAPS	R 97 019
TRO-MA FIRST AID SOLUTIONS CC T/A SOUTHERN CROSS	Owner - R Theron	Spouse	G Theron	Ass Director- Dept of Justice	R 17 950
BERRY BRIGHT TRADE & INVEST 1043 CC	Owner - N Buirman	Spouse	CC Buirman	SAPS	R 41 473
MUBESKO AFRICA	Manager - H. Niehaus	Spouse	S. Niehaus	Manager - Dept of Health - N/C	R 51 300
LUMBER & LAWN	Director -	Spouse	J Van Zyl	Teacher - WCED	R 20 677
TMM MANAGEMENT	Director - TM Mgoqi	Parent	N.J Mgoqi	Councilor - Langeberg Municipality	R 203 913

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

47.8 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

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

48

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2014 R	2013 R
Approved and contracted for:	16 608 687	10 979 040
Infrastructure	16 608 687	10 979 040
Community	-	-
Other	-	-
Approved but not yet contracted for	37 831 483	42 930 690
Infrastructure	23 011 483	21 959 790
Community	6 530 000	9 945 900
Other	8 290 000	11 025 000
Total	54 440 170	53 909 730

In addition to the capital commitments approved and contracted for disclosed in terms of GRAP, 37 831 483 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	33 361 200	28 844 370
Government Grants	21 078 970	25 065 360
Other Grants	-	-
Total	54 440 170	53 909 730

49

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:

1% (2013 - 0.5%) Increase in interest rates	285 297	349 184
0.5% (2013 - 0.5%) Decrease in interest rates	(142 648)	(174 592)

(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 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 to 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 Debt Collection Policy.

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 based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	20 773 556	100.00%	15 139 646
<u>Exchange Receivables</u>				
Electricity	34%	15 732 725	39.97%	17 751 185
Water	12%	5 536 652	11.82%	5 251 522
Refuse	7%	3 031 218	6.79%	3 016 454
Sewerage	8%	3 862 025	8.64%	3 838 384
Other	39%	17 767 602	32.77%	14 554 010
	100.00%	45 930 223	100.00%	44 411 554

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 22 and 23 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:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	14 920 227	100.00%	11 053 385
<u>Exchange Receivables</u>				
Electricity	20%	3 002 592	26.01%	3 427 705
Water	23%	3 315 893	24.01%	3 162 953
Refuse	14%	2 103 222	15.66%	2 062 827
Sewerage	19%	2 733 184	20.32%	2 676 799
Other	24%	3 504 389	14.01%	1 845 660
	100.00%	14 659 280	100%	13 175 944

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2014 %	2014 R	2013 %	2013 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	100.00%	59 515	100.00%	-
<u>Exchange Receivables</u>				
Electricity	1%	28 375	39.90%	2 634 057
Water	16%	727 646	11.81%	779 261
Refuse	14%	622 022	6.78%	447 605
Sewerage	18%	833 411	8.63%	569 569
Other	51%	2 310 148	32.88%	2 170 540
	100.00%	4 521 602	100.00%	6 601 032

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.

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	2 939 251	5 042 132
Receivables from exchange transactions	31 270 943	31 235 610
Receivables from non-exchange transactions	13 664 981	7 895 606
Cash and Cash Equivalents	61 196 915	71 282 129
Non-Current Investments	109 623	90 617
Unpaid conditional grants and subsidies	1 561 052	250 000
	110 742 764	115 796 094

(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
2014				
Long Term liabilities	7 380 486	26 163 630	13 505 708	-
Capital repayments	4 290 003	19 703 915	11 417 387	-
Interest	3 090 484	6 459 715	2 088 321	-
Trade and Other Payables	37 331 387	-	-	-
Unspent conditional government grants and receipts	3 237 473	-	-	-
Cash and Cash Equivalents	-	-	-	-
	47 949 346	26 163 630	13 505 708	-

49 FINANCIAL RISK MANAGEMENT (CONTINUE)

2013	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	7 464 137	27 142 579	19 674 542	-
Capital repayments	4 326 773	19 605 632	17 107 541	-
Interest	3 137 364	7 536 947	2 567 001	-
Trade and Other Payables	37 431 048	-	-	-
Unspent conditional government grants and receipts	8 796 656	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>53 691 841</u>	<u>27 142 579</u>	<u>19 674 542</u>	<u>-</u>

50 FINANCIAL INSTRUMENTS

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 below.

50.1 Financial Assets

Classification

Investments

Fixed Deposits	Financial instruments at amortised cost	-	-
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Long-term Receivables

Provincial Government Housing Loans - At amortised cost		682 185	3 137 775
Staff Study loans - At amortised cost		121 878	128 913
Services connections - At amortised cost		888 593	510 299
Land Sales - At amortised cost		1 106 814	1 146 492
Short-term Installments		139 780	118 653
Agreements with Consumer Debtors		-	-

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	31 270 943	31 235 610
Receivables from non-exchange transactions	Financial instruments at amortised cost	13 664 981	7 895 606

Other Receivables

Government Subsidies and Grants	Financial instruments at amortised cost	1 561 052	250 000
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Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	50 000 000	60 000 000
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Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	11 189 405	11 274 412
Cash Floats and Advances	Financial instruments at amortised cost	7 510	7 717
		<u>110 633 142</u>	<u>115 705 477</u>

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost		<u>110 633 142</u>	<u>115 705 477</u>
At amortised cost		<u>110 633 142</u>	<u>115 705 477</u>

50	FINANCIAL INSTRUMENTS (CONTINUE)		2014	2013
50.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	28 455 857	31 437 401
	Capitalised Lease Liability	Financial instruments at amortised cost	972 515	1 610 618
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	33 748 388	35 041 091
	Retentions and Guarantees	Financial instruments at amortised cost	2 765 383	629 648
	Sundry Deposits	Financial instruments at amortised cost	3 551 960	2 335 404
	Sundry Creditors	Financial instruments at amortised cost	31 039	54 553
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	-	-
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 274 162	3 522 662
	Capitalised Lease Liability	Financial instruments at amortised cost	861 906	720 019
			73 661 209	75 351 396
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		73 661 209	75 351 396

51 **EVENTS AFTER THE REPORTING DATE**

2014

On 26 August 2014 the municipality suffered a loss as the Robertson Museum which is a Heritage Asset with a historical cost of R 389 000 was damaged while undergoing renovations.

2013

On the 7th of August 2012 the municipality suffered flood damage which caused damage to the Sewerage and Electricity Infrastructure.

52 **IN-KIND DONATIONS AND ASSISTANCE**

2014

2013

The municipality received in-kind donations for the year under review to the amount of R68 700.

53 **PRIVATE PUBLIC PARTNERSHIPS**

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

54 **CONTINGENT LIABILITY**

2014

There is currently a claim against council for R 2.5 M instituted by the family of a person who was injured on the municipal dumping site and later died.

It was previously reported that IMATU had applied to the Constitutional Court for leave to appeal the wage curve judgement as delivered by the Labour Appeal Court earlier this year. The matter has been considered by the Constitutional Court and the Registrar of Court has notified IMATU that the Court has denied their application for leave to appeal. The matter will therefore not be heard by the Court and this effectively brings the wage curve dispute to a close.

2013

"Contingencies arising from pending litigation on wage curve agreement"

On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system.

Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised.

As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation.

CONTINGENT ASSET

2014

2013

55

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.

55.1 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 19 to the Annual Financial Statements.

55.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

55.3 Other related party transactions

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

LANGEBERG MUNICIPALITY															
APPENDIX A SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2014															
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 30/06/2013	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2014	Closing Balance (outstanding capital) 30/06/2014	Current Liability	Non-current Liability	Payments made in advance	Interest Payable Till 30/06/2014
ANNUITY LOANS															
DBSA	10287/102	61000738	31/03/2016	10.00%	84 018		7 605	32 304	-2 052	1 428	58 695	27 240	30 028		1 428
DBSA	10287/202	61000739	30/09/2015	12.00%	11 760		1 253	5 431	-344	217	7 475	4 696	2 561		217
DBSA	10422/102	61001087	31/03/2018	15.00%	486 251		67 748	136 334	-17 547	14 926	414 045	79 320	319 799		14 926
DBSA	10422/203	61001088	30/09/2018	14.00%	294 174		38 568	75 843	-9 950	8 620	255 569	42 707	204 242		8 620
DBSA	11124/103	61001404	30/06/2019	16.00%	1 157 326		180 457	307 376			1 030 408	148 110	882 298		
DBSA	11174/102	61001426	31/12/2018	16.50%	383 683		61 491	108 884			336 290	55 562	280 728		
DBSA	11192/101	61001436	31/12/2018	15.75%	3 237 316		494 932	902 142			2 830 106	474 081	2 356 025		
DBSA (Loan Fund)	11328/101	61001531	30/06/2014	13.22%	11 894		1 198	13 092			0	-	0		
DBSA (Public Debt Commissioner)	12349/101	61002370	31/12/2012	13.30%	0		-	-			0	-	0		
DBSA (Public Debt Commissioner)	12350/101	61002371	30/06/2014	13.75%	126 822		13 289	140 111			-0	-	-0		
DBSA	13341/102	61003137	31/12/2019	16.50%	2 797 618		451 438	718 266			2 530 790	312 847	2 217 943		
DBSA	13452/102	61003173	30/06/2020	7.675%	805 433		55 558	170 620	0		690 371	115 062	575 309		
DBSA	13452/301	61003178	31/12/2019	7.675%	1 006 429		69 223	224 058			851 594	154 835	696 758		
DBSA	13566/101	61003228	31/12/2020	9.112%	348 822		27 905	74 414			302 312	46 510	255 803		
DBSA	13760/101	61003271	31/12/2020	8.642%	1 587 450		119 773	331 433			1 375 790	211 660	1 164 130		
DBSA	99999/1	61004211	31/12/2024	8.642%	735 800		56 179	120 162	0		671 817	63 983	607 835		
Pensionfund	E39		31/12/2012	15.10%	-0		-	-	-		-0	-0	-		
ABSA Bank	20912		31/12/2012	15.25%	-0		-	-	-360 547	386 608	20 374 757	1 537 550	18 450 599		386 608
DBSA	102290/1	61000517	31/03/2027	7.758%	21 886 246		1 432 959	2 970 509							
TOTAL ANNUITY LOANS					34 960 063	-	3 079 578	6 330 981	-390 440	411 798	31 730 018	3 274 162	28 044 058	-	411 798

LANGEBERG MUNICIPALITY															
APPENDIX A SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2014															
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 30/06/2013	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2014	Closing Balance (outstanding capital) 30/06/2014	Current Liability Short-term portion	Non-current Liability Balance at reporting date	Payments made in advance	Interest Payable Till 30/06/2014
LEASE LIABILITIES															
NASHUA	V 4499204844		28/02/2013	10.00%	0	-	-	-			0	-	0		
NASHUA	V 4499204836		28/02/2013	10.00%	0	-	-	-			0	-	0		
MINOLTA	B283 - F041011906		30/11/2015	10.50%	25 770	-	2 239	12 120			15 890	10 970	4 920		
MINOLTA	B283 - F041015012		30/11/2015	10.50%	25 770	-	2 239	12 120			15 890	10 970	4 920		
MINOLTA	B223 - G041101050		31/03/2016	10.50%	29 698	-	2 654	12 480			19 872	10 909	8 963		
XEROX	WC5330 - 3322715985		25/07/2015	15.00%	49 584	-	6 008	28 020	-285	-331	27 526	25 551	1 975	331	
XEROX	WC7535 - 3906110325		04/12/2015	8.50%	59 434	-	4 309	27 180	-1 588	-1 728	36 423	24 892	11 531	1 728	
XEROX	CO8303 - 3661801750		25/03/2016	8.50%	159 885	-	11 575	65 700	-723	-787	105 697	58 909	46 788	787	
XEROX	CO8303 - 3661794673		25/03/2016	8.50%	159 885	-	11 575	65 700	-723	-787	105 697	58 909	46 788	787	
TASKalfa (Black)	N493215179		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215430		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492213192		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215409		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492213124		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215435		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492212198		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493214896		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493113657		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492212209		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215170		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215209		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492112204		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492112189		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215219		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215400		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215388		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493113664		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492213169		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215003		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493214906		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N493215361		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Black)	N492213140		25/06/2016	14.50%	62 498	-	7 062	25 507		1 259	45 313	20 442	24 871	1 259	
TASKalfa (Colour)	N2K3205227		25/06/2016	14.50%	127 717	-	14 432	52 124		2 574	92 598	41 774	50 824	2 574	
TASKalfa (Colour)	N2K2803951		25/06/2016	14.50%	127 717	-	14 432	52 124		2 574	92 598	41 774	50 824	2 574	
TASKalfa (Colour)	N2K2105329		25/06/2016	14.50%	127 717	-	14 432	52 124		2 574	92 598	41 774	50 824	2 574	
TASKalfa (FS 1135 MFP)	NR7367446		25/06/2016	6.00%	-	68 383	969	8 200		1 405	62 476	21 768	40 709	1 405	
TASKalfa (FS 1135 MFP)	NR72531567		25/06/2016	6.00%	-	68 383	969	8 200		1 405	62 476	21 768	40 709	1 405	
TASKalfa (FS 1135 MFP)	NR72531568		25/06/2016	6.00%	-	68 383	969	8 200		1 405	62 476	21 768	40 709	1 405	
TOTAL LEASE LIABILITIES					2 330 637	205 150	249 235	991 189	-3 319	37 268	1 834 421	861 906	972 515	44 533	-
TOTAL LIABILITIES					37 290 700	205 150	3 328 813	7 322 169	-393 759	449 067	33 564 440	4 136 068	29 016 573	44 533	411 798

**APPENDIX B - Unaudited
 LANGE BERG MUNICIPALITY
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2014
 MUNICIPAL VOTES CLASSIFICATION**

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
18 782 665	(34 026 501)	(15 243 836)	Corporate Services	22 467 798	(42 461 974)	(19 994 176)
351 194 026	(296 176 569)	55 017 457	Engineering Services	365 875 110	(310 066 045)	55 809 066
713 715	(22 185 134)	(21 471 419)	Executive & Council	403 496	(22 965 699)	(22 562 203)
67 407 478	(18 570 051)	48 837 427	Finance	70 825 478	(24 798 271)	46 027 207
2 087 029	(35 354 969)	(33 267 941)	Strategy & Social Development	3 082 059	(40 996 358)	(37 914 300)
440 184 913	(406 313 225)	33 871 688	Sub Total	462 653 942	(441 288 348)	21 365 594
-	-	-		-	-	-
440 184 913	(406 313 225)	33 871 688	Total	462 653 942	(441 288 348)	21 365 594

APPENDIX C - Unaudited LANGEBERG MUNICIPALITY SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2014 GENERAL FINANCE STATISTIC CLASSIFICATIONS						
2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
1 105 715	(27 315 773)	(26 210 058)	Executive & Council	418 396	(27 632 978)	(27 214 582)
67 407 478	(18 570 051)	48 837 427	Budget & Treasury	70 825 478	(24 798 271)	46 027 207
3 107 403	(19 016 844)	(15 909 441)	Corporate Services	2 160 276	(20 880 818)	(18 720 542)
1 664 082	(5 769 806)	(4 105 724)	Planning & Development	2 071 928	(6 548 632)	(4 476 704)
9 306 164	(15 248 170)	(5 942 006)	Community & Social Services	7 828 712	(20 759 145)	(12 930 433)
18 169 660	(12 939 654)	5 230 006	Housing	17 207 592	(14 084 839)	3 122 753
7 417 899	(15 885 021)	(8 467 122)	Public Safety	14 565 264	(21 472 828)	(6 907 563)
214 075	(2 877 610)	(2 663 535)	Sport & Recreation	525 484	(3 387 865)	(2 862 381)
139 285	(12 095 275)	(11 955 990)	Environmental Protection	154 996	(12 262 387)	(12 107 391)
23 695 073	(22 539 704)	1 155 369	Waste Management	18 919 770	(21 199 622)	(2 279 852)
35 298 478	(11 308 417)	23 990 062	Waste Water Management	28 993 890	(12 000 841)	16 993 049
1 024 174	(14 682 060)	(13 657 886)	Road Transport	403 815	(16 095 918)	(15 692 103)
35 056 277	(29 232 010)	5 824 267	Water	48 862 673	(29 406 424)	19 456 248
236 579 151	(198 832 832)	37 746 319	Electricity	249 715 667	(210 757 779)	38 957 888
						-
440 184 913	(406 313 225)	33 871 688	Total	462 653 942	(441 288 348)	21 365 594

**APPENDIX D - Unaudited
LANGEBERG 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 2013	Prior Period Error	30 JUNE 2013	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2014
	R	R		R	R	R	R	R
<u>National Government Grants</u>								
MSIG	0	-	0	890 000	-	108 978	781 022	0
Zolani Taxi Rank	-0	-	-0	-	-	-	-	-0
Masterplans	54 386	-	54 386	-	-	-	-	54 386
MIG	-0	-	-0	19 299 000	3	2 364 633	16 934 370	-0
Equitable Share	-	-	-	53 091 000	66 679	53 157 679	-	-
FMG	0	-	0	1 300 000	-	1 300 000	-	0
INEP	-250 000	-	-250 000	500 000	-	48 947	450 973	-249 920
EPWP	35 132	-	35 132	1 000 000	-	984 164	-	50 968
Emergency Relief Flood Damage	66 679	-	66 679	104 000	-66 679	12 580	89 860	1 559
<u>Provincial Government Grants</u>								
Library services	1 551 356	-	1 551 356	5 375 000	-	5 130 767	1 075 053	720 536
Main roads	-	-	-	172 000	-	172 000	-	-
Masakhane	353 117	-	353 117	-	-	-	-	353 117
Housing Consumer Education	8 581	-	8 581	-	-	-	-	8 581
Housing Emergency Grant	197 755	-	197 755	-	-	-	-	197 755
Job creation	128 050	-	128 050	-	-	-	-	128 050
Social Development	-0	-	-0	-	-	-	-	-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	938 596	-865 016	73 580	235 970	-	309 550	-	-
Housing	176 777	-	176 777	9 695 186	1 026 000	11 229 420	979 674	-1 311 132
CDW Operational Support Grant	-	-	-	-	-	-	-	-
Public Transport Infrastructure	174 756	-	174 756	-	-	-	101 220	73 536
Thusong Service Centre Operational Support Grant	-	-	-	218 000	-	218 000	-	-
Acceleration of Housing Delivery	4 630 856	-	4 630 856	-	-	-	4 630 856	0
Department of Sport	-	-	-	500 000	-	-	336 047	163 953
Western Cape Financial Management Grant	-	-	-	250 000	-	-	110 600	139 400
<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
Landfil site	332 400	-	332 400	-	-	-	-	332 400
Tarring of Streets	-	-	-	-	-	-	-	-
Cleanest Town	41 416	-	41 416	-	-	-	-	41 416
Total	9 411 673	-865 016	8 546 656	92 630 156	1 026 003	75 036 718	25 489 676	1 676 421

**Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)**

Description	2013/2014								2012/2013			
	Original Budget	Budget Adjustments (i.e. MFMIA S29)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of MFMIA S2 of MFMIA	Balance to be recovered	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	73 019	(1 061)	71 957	73 118		1 161	101.6%	100.1%				71 621
Executive and council	551	-	551	418		(132)	76.0%	76.0%				1 106
Budget and treasury office	70 630	(1 373)	69 257	70 539		1 283	101.9%	99.9%				67 407
Corporate services	1 838	312	2 150	2 160		11	100.5%	117.5%				3 107
Community and public safety	37 443	2 968	40 409	40 127		(281)	99.3%	107.2%				35 108
Community and social services	9 223	228	9 451	7 829		(1 622)	82.8%	84.9%				9 306
Sport and recreation	690	-	690	525		(165)	76.1%	76.1%				214
Public safety	4 943	-	5 724	14 585		8 641	254.5%	294.7%				7 418
Housing	22 597	1 957	24 544	17 208		(7 336)	70.1%	76.2%				18 170
Health	-	-	-	-		-	-	-				-
Economic and environmental services	3 295	314	3 609	2 631		(978)	72.9%	79.8%				2 328
Planning and development	2 864	35	2 899	2 072		(827)	71.5%	72.3%				1 664
Road transport	201	-	279	404		(76)	84.1%	200.5%				1 024
Environmental protection	230	-	480	155		(75)	67.5%	67.5%				139
Trading services	367 975	(2 017)	365 958	346 492		(19 466)	94.7%	94.2%				330 629
Electricity	269 252	(2 700)	266 552	249 716		(16 836)	93.7%	92.7%				236 579
Water	52 365	-	52 365	48 863		(3 503)	93.3%	92.5%				35 056
Waste water management	28 434	-	28 434	28 994		560	102.0%	102.0%				35 298
Waste management	17 924	683	18 607	18 920		313	101.7%	105.6%				23 695
Other	-	-	-	-		-	-	-				-
Total Revenue - Standard	481 731	201	481 933	462 388		(19 343)	95.9%	96.0%				440 185
Expenditure - Standard												
Governance and administration	71 288	319	71 606	73 026	5 256	1 420	102.0%	102.4%	-	-	-	64 903
Executive and council	32 377	(968)	31 409	27 633	-	(3 836)	87.8%	85.3%	-	-	-	27 316
Budget and treasury office	18 907	1 234	20 141	24 512	4 371	4 371	121.7%	129.6%	-	-	-	18 570
Corporate services	20 003	(7)	19 996	20 861	865	865	104.4%	104.4%	-	-	-	19 017
Community and public safety	63 032	(227)	64 524	59 005	5 275	(5 119)	92.1%	91.6%	-	-	-	46 990
Community and social services	23 682	(3)	23 679	20 759	-	(2 919)	87.7%	87.7%	-	-	-	15 248
Sport and recreation	3 290	147	3 437	3 388	-	(9)	99.7%	104.2%	-	-	-	2 678
Public safety	16 576	(378)	16 198	21 473	5 275	5 275	132.6%	129.5%	-	-	-	15 885
Housing	21 544	7	21 551	14 065	-	(7 486)	65.4%	65.4%	-	-	-	12 940
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	36 894	(1 489)	35 405	34 780	40	(625)	98.2%	94.3%	-	-	-	32 282
Planning and development	7 008	(116)	6 892	6 422	-	(468)	93.2%	91.6%	-	-	-	5 505
Road transport	16 306	(250)	16 056	16 096	40	40	100.2%	98.7%	-	-	-	14 682
Environmental protection	13 590	(1 121)	12 469	12 862	-	(197)	96.4%	90.3%	-	-	-	12 095
Trading services	283 074	417	283 491	273 491	1 333	(10 000)	96.5%	96.6%	-	-	-	262 178
Electricity	226 447	(5 145)	221 302	210 758	-	(10 544)	95.2%	93.1%	-	-	-	198 833
Water	28 969	1 277	30 246	29 006	-	(839)	101.5%	101.5%	-	-	-	29 232
Waste water management	9 464	1 507	11 371	12 001	630	630	105.5%	128.8%	-	-	-	11 308
Waste management	18 195	2 378	20 573	21 326	753	753	103.7%	117.2%	-	-	-	22 805
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	456 307	(980)	455 327	441 002	11 934	(14 323)	96.9%	96.6%	-	-	-	406 313
Surplus/(Deficit) for the year	25 424	1 182	26 606	21 386	-	(3 240)	80.3%	84.0%	-	-	-	33 872

**Appendix E2 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Municipal Vote Classification)**

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)												
Vote Description	2013/2014											2012/2013
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	
R thousand												
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
FINANCE	70 630	(1 373)	69 257	70 825		1 569	102.3%	100.3%				67 407
EXECUTIVE & COUNCIL	226	-	226	403		178	178.8%	155.4%				714
STRATEGY & SOCIAL DEVELOPMENT	1 983	1 336	3 319	3 082		(237)	92.9%	155.4%				2 087
CORPORATE SERVICES	14 436	1 321	15 757	22 468		6 711	142.6%	155.6%				18 783
SERVICE INTERGRATION	25 696	(25 696)	-	-		-	-	-				-
ENGINEERING SERVICES	368 761	24 613	393 374	365 875		(27 499)	93.0%	99.2%				351 194
Total Revenue by Vote	481 731	201	481 933	462 654		(19 279)	96.0%	96.0%				440 185
Expenditure by Vote to be appropriated												
FINANCE	18 907	1 591	20 498	24 798	4 300	4 300	121.0%	131.2%				18 570
EXECUTIVE & COUNCIL	26 008	(472)	25 536	22 966	-	(2 571)	89.9%	88.3%				22 185
STRATEGY & SOCIAL DEVELOPMENT	24 031	20 825	44 857	40 966	-	(3 860)	91.4%	170.6%				35 090
CORPORATE SERVICES	35 988	(287)	35 701	42 462	6 761	6 761	118.9%	118.0%				34 027
SERVICE INTERGRATION	46 280	(46 280)	-	-	-	-	-	-				-
ENGINEERING SERVICES	305 093	23 643	328 735	310 066	-	(18 669)	94.3%	101.6%				296 442
Total Expenditure by Vote	456 307	(980)	455 327	441 288	11 061	(14 039)	96.9%	96.7%	-	-	-	406 313
Surplus/(Deficit) for the year	25 424	1 182	26 606	21 366		(5 240)	80.3%	84.0%				

**Appendix E3 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)**

Description	2013/2014							2012/2013				
	Original Budget	Budget Adjustments (11.0 MFMA 42b)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Related Audited Outcome
R thousand												
Revenue By Source	1	2	3	4	5	6	7	8	9	10	11	12
Property rates	32 428	-	32 426	32 284		(143)	99.6%	99.6%				29 807
Property rates - penalties & collection charges	-	-	-	-		-	-	-				343
Service charges - electricity revenue	260 228	(3 000)	257 228	240 873	(16 455)	93.6%	92.5%	92.5%	228 409			228 409
Service charges - water revenue	34 190	-	34 190	31 002	(3 188)	90.7%	90.7%	90.7%	25 531			25 531
Service charges - sanitation revenue	11 707	-	11 707	12 466	759	106.5%	106.5%	106.5%	12 439			12 439
Service charges - refuse revenue	9 810	70	9 880	9 991	111	101.1%	101.8%	101.8%	9 855			9 855
Service charges - other	-	-	-	-	-	-	-	-	-			-
Rental of facilities and equipment	2 216	300	2 516	2 053	(463)	81.6%	92.7%	92.7%	2 091			2 091
Interest earned - external investments	4 214	(2 213)	2 001	2 844	843	142.1%	67.5%	67.5%	3 306			3 306
Interest earned - outstanding debtors	1 711	-	1 711	3 287	1 576	192.1%	192.1%	192.1%	2 524			2 524
Dividends received	-	-	-	-	-	-	-	-	-			-
Fines	2 168	(25)	2 143	10 846	8 703	506.2%	500.4%	500.4%	4 018			4 018
Licences and permits	1 415	(46)	1 370	1 077	(292)	76.2%	76.2%	76.2%	1 128			1 128
Agency services	1 265	861	2 126	2 480	364	117.1%	196.8%	196.8%	2 169			2 169
Transfers recognised - operational	81 016	1 464	82 480	75 052	(7 428)	91.0%	92.6%	92.6%	78 983			78 983
Other revenue	14 202	1 515	15 716	12 901	(2 816)	82.1%	90.8%	90.8%	15 176			15 176
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-			-
Total Revenue (excluding capital transfers and contributions)	456 666	(1 073)	455 593	437 164	(18 429)	96.0%	95.7%	95.7%				415 780
Expenditure By Type												
Employee related costs	128 934	2 973	131 927	129 208	-	(2 719)	97.9%	100.2%				118 417
Remuneration of councillors	7 967	7 714	7 967	7 714	-	(253)	96.8%	96.8%				7 039
Debt impairment	7 924	-	7 924	14 799	6 875	6 875	186.8%	186.8%				10 951
Depreciation & asset impairment	17 367	261	17 628	19 971	2 343	6 875	113.3%	115.0%				16 814
Finance charges	6 688	62	6 750	7 570	790	790	111.7%	113.0%				7 264
Bank purchases	201 455	(6 000)	195 455	184 970	(10 484)	(10 484)	94.6%	91.8%				176 635
Other materials	-	-	-	-	-	-	-	-				-
Contracted services	2 189	(700)	1 489	1 180	(309)	(309)	79.2%	53.9%				981
Transfers and grants	67	-	67	75 641	(75 574)	(75 574)	87.5%	90.4%				67 250
Other expenditure	83 667	2 404	86 071	83 641	235	(10 430)	87.5%	90.4%				67 250
Loss on disposal of PPE	-	-	-	235	235	235	#DIV/0!	#DIV/0!				902
Total Expenditure	456 307	(930)	455 377	441 288	10 243	(14 039)	96.5%	96.7%	-	-	-	406 313
Surplus/(Deficit)	359	(130)	266	(4 124)		(4 390)	-1549.3%	-1149.7%				9 466
Transfers recognised - capital	1 065	25 274	26 340	25 460		(880)	96.8%	2392.8%				24 405
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	1 424	25 142	26 606	21 366		(5 240)	80.3%	1500.4%				33 872
Taxation	-	-	-	-		-	-	-				-
Surplus/(Deficit) after taxation	1 424	25 142	26 606	21 366		(5 240)	80.3%	1500.4%				33 872
Attributable to monies	-	-	-	-		-	-	-				-
Surplus/(Deficit) attributable to municipality	1 424	25 142	26 606	21 366		(5 240)	80.3%	1500.4%				33 872
Share of surplus/(deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	1 424	25 142	26 606	21 366		(5 240)	80.3%	1500.4%				33 872
Explanations for material Variances												
Decrease in demand for electricity due to increase in electricity tariffs												
Decrease in demand for water due to increase in water tariffs												
Increase in demand for electricity due to increase in electricity tariffs												
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Explanations for material variances

Decrease in demand for electricity due to increase in electricity tariffs

Decrease in demand for water due to increase in water tariffs

Under spending of R6.9M on Human Settlements Development Grant (Did not receive entire allocation)

Increased employee related cost in final adjusted budget, expected an over expenditure on overtime for engineering services

First time adoption of GRAP1

Decrease in demand for electricity due to increase in electricity tariffs

Savings on Professional services and purchases of Chemicals

**Appendix E4 - Unaudited
Langeberg Municipality**

- Capital Expenditure by Vote, Standard Classification and Funding

Vote Description	2013/2014											2012/2013			
	Original Budget	Total Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome			
Capital expenditure - Vote	1	2	3	4	5	6	7	8	9	10	11	12			
Multi-year expenditure															
Vote 1 - FINANCE												120			
Vote 2 - EXECUTIVE & COUNCIL												1 965			
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT												1 684			
Vote 4 - CORPORATE SERVICES												6 190			
Vote 5 - SERVICE INTERGRATION												-			
Vote 6 - ENGINEERING SERVICES												-			
Capital multi-year expenditure												-			
Single-year expenditure												-			
Vote 1 - FINANCE												-			
Vote 2 - EXECUTIVE & COUNCIL												-			
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT												-			
Vote 4 - CORPORATE SERVICES												-			
Vote 5 - SERVICE INTERGRATION												-			
Vote 6 - ENGINEERING SERVICES												-			
Capital single-year expenditure												42 211			
	53 910	3 502	57 412	52 538	-	(4 874)	92%	97%	-	-	-	52 169			
Total Capital Expenditure - Vote	53 910	3 502	57 412	52 538	-	(4 874)	92%	97%	-	-	-	52 169			
Capital Expenditure - Standard															
Governance and administration	5 210	1 189	6 399	5 877	-	(522)	92%	113%	-	-	-	4 811			
Executive and council	1 000	19	1 019	699	-	(320)	69%	70%	-	-	-	2 415			
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	120			
Corporate services	4 210	1 171	5 381	5 178	-	(202)	96%	123%	-	-	-	2 277			
Community and public safety	9 946	4 152	14 098	11 090	103	(3 008)	79%	112%	-	-	-	8 485			
Community and social services	2 976	(776)	2 200	2 303	103	103	105%	77%	-	-	-	4 264			
Sport and recreation	1 240	-	1 240	594	-	(646)	48%	48%	-	-	-	667			
Public safety	30	115	145	112	-	(33)	77%	374%	-	-	-	133			
Housing	5 700	4 813	10 513	8 081	-	(2 432)	77%	142%	-	-	-	3 420			
Health	-	0	0	-	-	(0)	-	-	-	-	-	(0)			
Economic and environmental services	5 815	620	6 435	6 045	50	(390)	94%	104%	-	-	-	3 898			
Planning and development	670	341	1 011	810	-	(201)	80%	121%	-	-	-	-			
Road transport	4 500	279	4 779	4 828	50	50	107%	107%	-	-	-	3 616			
Environmental protection	645	-	645	407	-	(238)	63%	63%	-	-	-	82			
Trading services	32 939	(2 459)	30 480	29 526	-	(953)	97%	90%	-	-	-	34 974			
Electricity	8 028	395	8 423	7 899	-	(524)	94%	98%	-	-	-	7 570			
Water	16 436	(64)	16 371	16 366	-	(6)	100%	100%	-	-	-	12 146			
Waste water management	3 445	64	3 509	3 327	-	(182)	95%	97%	-	-	-	10 249			
Waste management	5 030	(2 854)	2 176	1 934	-	(241)	89%	38%	-	-	-	5 009			
Other												-			
Total Capital Expenditure - Standard	53 910	3 502	57 412	52 538	153	(4 874)	92%	97%	-	-	-	52 169			
Funded BY:															
National Government	18 148	91	18 239	18 158		(81)	100%	100%				20 223			
Provincial Government	6 917	1 183	8 100	7 123		(977)	88%	103%				2 904			
District Municipality	-	-	-	-		-	-	-				-			
Other transfers and grants	-	-	-	-		-	-	-				-			
Transfers recognised - capital	25 065	1 274	26 340	25 281		(1 058)	96%	101%				23 127			
Public contributions & donations	-	-	-	-		-	-	-				-			
Borrowing	-	-	-	-		-	-	-				-			
Internally generated funds	28 844	2 228	31 072	27 257		(3 815)	88%	94%				29 042			
Total Capital Funding	53 910	3 502	57 412	52 538		(4 874)	92%	97%				52 169			

**Appendix E5 - Unaudited
Langeberg Municipality
- Cash Flows**

Reconciliation of Table A7 Budgeted Cash Flows		2013/2014							2012/2013
Description	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
R thousand	1	2	3	4	5	6	7	8	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	319 972	(1 185)	318 786	341 137	22 350	107.0%	106.6%	318 769	
Government - operating	81 016	1 429	82 445	73 622	(8 823)	89.3%	90.9%	75 718	R7.9M of Human Settlements Development Grant allocation not received
Government - capital	21 365	1 369	22 734	19 008	(3 726)	83.6%	89.0%	29 529	R4.6M for Acceleration of Housing Delivery received in 2012/2013
Interest	4 214	(2 213)	2 001	2 789	788	139.4%	66.2%	3 734	
Dividends	-	-	-	-	-	-	-	-	
Payments									
Suppliers and employees	(358 623)	1 526	(357 097)	(387 245)	(30 147)	108.4%	108.0%	(388 559)	
Finance charges	(6 698)	(82)	(6 780)	(3 329)	3 451	49.1%	49.7%	(3 432)	
Transfers and Grants	(87)	-	(87)	-	87	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	61 159	843	62 002	45 983	(16 020)	74.2%	75.2%	55 760	
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	260	260	#DIV/0!	#DIV/0!	-	
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	(608)	(608)	#DIV/0!	#DIV/0!	(3 131)	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	(39)	
Payments									
Capital assets	(53 910)	(3 502)	(57 412)	(52 333)	5 079	91.2%	97.1%	(52 169)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(53 910)	(3 502)	(57 412)	(52 681)	4 731	91.8%	97.7%	(55 339)	
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	
Borrowing long term/financing	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	2 163	-	2 163	606	(1 556)	28.0%	28.0%	491	
Payments									
Repayment of borrowing	(3 160)	-	(3 160)	(3 993)	(833)	126.4%	126.4%	(3 545)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(998)	-	(998)	(3 387)	(2 390)	339.5%	339.5%	(3 054)	
NET INCREASE/ (DECREASE) IN CASH HELD	6 252	(2 659)	3 593	(10 085)				(2 633)	
Cash/cash equivalents at the year begin:	71 282		71 282	71 282				73 915	
Cash/cash equivalents at the year end:	77 534		74 875	61 197	(13 678)	81.7%	78.9%	71 282	

Explanations for material Variances



CHAPTER 6



LANGEBERG MUNICIPALITY

REPORT OF THE AUDIT COMMITTEE – 2013/2014

The audit committee reports in terms of its responsibilities as prescribed by section 166 of the MFMA.

Members of the audit committee are:

JJ Mostert – chairperson
A Amod
W van Deventer
K Pretorius

All the members of the audit committee have appropriate experience and qualifications to perform the necessary duties as members of the committee.

During the year under review 5 meetings were held on the following dates:

26 August 2013
10 September 2013
4 December 2013
26 March 2014
18 June 2014

According to the internal audit plan and the execution thereof, the committee did not identify any significant deficiencies in internal control.

The internal audit unit was also evaluated by the chairperson during the year under review and came to the conclusion that it operates effectively.

The audit committee charter was also reviewed and approved.

The audit committee have:

- Reviewed and approved the draft annual financial statements for the 2013/2014 financial year;
- Reviewed and discussed the Auditor-General's audit report for the 2013/2014 financial year;
- Reviewed and discussed the Auditor-General's management letter and the response to it by management of the municipality;
- Reviewed adjustments made from the audit.

The audit committee agrees with the conclusions made by the Auditor-General with respect to the adequacy and correctness of the 2013/2014 annual financial statements for the Langeberg Municipality.

We therefore recommend that the audited annual financial statements together with the audit report by the Auditor-General, be adopted and approved by the council for the year ended 30 June 2014.

A handwritten signature in black ink, appearing to be 'JJ Mostert', is written over a horizontal line.

JJ Mostert
Chairperson
27 November 2014

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Langeberg Municipality set out on pages 6 to 92, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (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 the Langeberg Municipality as at 30 June 2014, 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 40 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of the Langeberg Municipality at, and for the year ended, 30 June 2013.

Material impairments

9. As disclosed in notes 19, 22 and 23 to the financial statements, the municipality has provided for impairment of long-term receivables, receivables from exchange transactions and receivables from non-exchange transactions of R15 million, R14,7 million and R14,9 million respectively, as management's impairment assessment indicated that these debtors would default on their accounts.

Additional matters

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

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

12. The supplementary information set out on pages 93 to 102 did not form part of the financial statements and was 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

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected strategic objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Strategic objective: Energy efficiency for sustainable future on page 40
 - Strategic objective: Sustainable civil engineering infrastructure services on pages 48 to 50
 - Strategic objective: Sustainable integrated human settlement on pages 50 to 51.
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned strategic objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives.

Additional matters

19. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual performance report on pages 40 and 48 to 51 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of strategic objective: Sustainable civil engineering infrastructure services and strategic objective: Sustainable integrated human settlement. As management subsequently corrected the misstatements, I did not raise any material findings on the reliability of the reported performance information.

Compliance with legislation

22. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with the specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

23. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town

28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACTION PLAN ON 2013/2014 EXTERNAL AUDIT FINDINGS

No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date –
1	<p>COMAF 1 Heritage Assets: During the physical verification of heritage assets, the audit identified the following museum in Robertson that had collapse while undergoing renovations on 26 Aug 2014:</p> <p>The museum was a heritage asset, and therefore of cultural significance to the community. Although not material quantitatively because of the significance to the community it is considered to be qualitatively material in its nature. Per paragraph 27 of GARP 14, if non-adjusting events after reporting date are material, non-disclosure could influence the economic decisions of a user taken on the basis of the financial statement. Events after reporting date in the financial statements are understated by R389 000.00</p>	<p>Management should consider reviewing its procedures for identifying events after reporting date to ensure that all events up to date of submission of the financial statements are considered for disclosure in the financial statements. Furthermore, management should update the financial statement to include the abovementioned disclosure as required by paragraph 27 of GRAP 14</p>	<p>Management agrees with the audit finding as raised. In terms of GRAP .03 is this a non-adjusting event as the event occurred between the reporting date and the date when the financial statements will be authorised for issue and therefore GRAP.27 will be applicable which states the following: Disclosure of non-adjusting events after the reporting date: 27 If non-adjusting events after the reporting date are material, non-disclosure could influence the economic decisions of users taken on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting date: (a) the nature of the event (b) an estimate of its financial effect of a statement that such an estimate cannot be made</p>	<p>Mr CF Hoffmann Mr B Brown</p>	<p>The disclosure in Note 51 in the financial statement will be updated as follows: On 26 August 2014 the municipality suffers a loss as the Robertson museum which is a Heritage Assets with a historical cost of R389 000.00 was damaged while undergoing renovations</p>
No	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date –
2	<p>COMAF 2 Accounting policy not consistent with treatment : The audit identified that accounting policy 1.16.6, capitalised restoration cost, indicates that depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful life of the assets. During testing performed on</p>	<p>Management should amend the accounting policy for capitalized restoration cost to ensure that it is in line with the accounting treatment thereof</p>	<p>Management agrees with the audit finding as raised. Management is of the view that the asset will only be used for one reporting period based on the use of the landfill sites at the reporting date. This management assumption was applied in the preparation of the financial but not disclosed in the</p>	<p>Mr CF Hoffmann Mr B Brown</p>	<p>The accounting policy in the financial statements will be updated</p>

	<p>depreciation it was noted that capitalised restoration costs are depreciated 100%.</p> <p>The accounting policy was not adequately reviewed to ensure that it is in line with the accounting treatment for capitalised restoration cost.</p> <p>Users of the financial statements may not be able to make informed decisions based on information that is inconsistent within the financial statements</p>		<p>accounting policy</p> <p>The accounting policy in the financial statements will be updated as follows:</p> <p>The accounting policy in the financial statements will be updated as follows:</p> <p>The annual depreciation rates are based on the following estimated useful lives:</p> <p>Landfill sites 1-15</p> <p>1.16.6 Capitalised Restoration Cost</p> <p>The Municipality treats the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.16.1 to 1.16.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method and depreciated in full in the following reporting period.</p>		
No	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date –
3	<p><u>COMAF 3</u></p> <p>Non-current assets held for sale –</p> <p>The audit identified the following properties classified as non-current assets held for sale that were not in the name of the municipality per the title deed: Furthermore, the following properties classified as non-current assets held for sale were recorded at an amount greater than the valuation roll which was deemed to be the fair value. The terms of the sales are such that the buyer is billed for the selling cost of the related properties, and therefore the costs to sell from the municipality perspective is zero: Management do not perform regular</p>	<p>Management should reconcile the records of non-current assets held for sale to the sales information as at 30 June 2014, and review the carrying amounts to ensure that it is in line with the requirements of GRAP 100. Once management has assessed the entire population for further errors, management should adjust the financial statements in order to rectify the</p>	<p>Management agrees with the audit finding as raised as far as it relates to GRAP 100.17 and not GRAP 100.20. GRAP 100.17 states the following:</p> <p>Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.</p> <p>After assessing the entire population the following errors were discovered.</p>	<p>Mr B Brown Mr CF Hoffmann</p>	<p>The financial statements will be adjusted and will be provided to AG on 07 November 2014</p>

	reconciliations between the non-current assets held for sale register and the valuation roll and sales documentation to determine whether assets that were sold were removed from the fixed asset register, and that all assets remaining are recorded at the correct amounts.	identified misstatements.	4 properties were sold and needs to be derecognised The value of 2 properties needs to be adjusted to be in line with GRAP 100.17 The financial statements will be adjusted to account for the above and will be provided to the AG on 07 November 2014. Attach is the summary tha the entire population was checked. Correct journal entries were made		
4	<u>COMAF 4</u> Excessive overtime: overtime was worked in excess of the permitted hours per the BCEA for employees. This is inadequate communication between the user department and the HR department to ensure that the amount of overtime worked is managed to prescripts. The municipality could suffer financial loss in the form of penalties and fines from the Department of Labour due to non-compliance with the BCEA. Lack of monitoring and supervision could also lead to excessive overtime being paid out. This matter was reported in the prior year (2012/2013) and no steps have been taken to date to implement the recommendations provided	It is recommended that management adheres to the conditions set by the BCEA and the policy framework. Furthermore, officials should be held accountable by the leadership for not adhering to its action plan to address prior year findings	It need to be mentioned that the Municipality is well aware of the stipulations of Section 10 of the BCEA, Act 75 of 1997, and as far possible try to limit the work of overtime to the essential. There are however circumstances which makes the working of overtime a reality. Please also see the approval of the Municipal Manager as per the attached memorandum dated 6 January 2014, dealing with the overtime for the 2013/2014 financial year, thus applicable from 1 July 2013 till 30 June 2014	Mr CF Hoffmann Mr A Everson	No remedial actions needed
5	<u>COMAF 5-</u> Awards made to employees in the service of the state Regulation 44 of the Municipal Supply Chain Management Regulations, 2005 (SCM Regulations), states that the supply chain management policy of a municipality or municipal entity must, irrespective of the procurement process followed, state that the municipality or municipal entity may not make award	The suppliers submitted a false declaration and management did not have the means to confirm whether the supplier was in the state of the state. Proper remedial action will be taken as per the Supply Chain management Policy	Management should take action against the supplier for providing a false declaration and consider no longer doing business with the supplier in the future. Furthermore, if management continues to transact with the supplier knowing that the supplier is in service of the state this may lead to material non-compliance in future years.	Mr CF Hoffmann Mr S Ngcongolo	Proper action will be taken as per the Supply Chain Management policy

	<p>to a person – (a) who is in the service of the state (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state.</p> <p>The supplier submitted a false declaration and management did not have the means to confirm whether the supplier was in service of the state.</p> <p>The municipality may not be awarding quotations and tenders to suppliers in a fair and equitable manner.</p>				
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date –
6	<p>COMAF 6 Employee interest-</p> <p>Regulation 13(c) of the Municipality Supply Chain Management Regulations, 2005 (SCM Regulations), requires a supply chain management policy to state that the municipality may not consider a written quotation or bid unless the provider who submitted the quotation or bid has indicated: i) Whether he/she is in the service of the state or has been in the service of the state for the previous twelve (12) months</p> <p>ii) If the provider is not a natural person, whether any of its directors, managers, principal shareholders or shareholders is in the service of the state, or has been in the service of the state in the previous twelve (12) months</p> <p>iii) Whether the spouse, child or parent of the provider or a or a director, manager, stakeholder or stakeholder of a provider who is a company or cc, is in the service of the state for the previous twelve (12) months.</p>	<p>Management should investigate employees to determine whether they have any undeclared interests in potential suppliers of the municipality. If the expenditure is found to be irregular, management should disclose it as such in the comparative notes to the financial statements</p>	<p>The Late Graham Beck, in the interest of improving the living conditions of the Citizens of Langeberg, built a Skills Centre to be used by the Citizens of this municipal area. As a facility for the community the Municipality was seen to be a major stakeholder for the skills centre. Consequently, Mr Dave van Schalkwyk was nominated to serve on the Skills Centre Committee.</p> <p>With an attempt to do fundraising they resolved to register a non-profit company, hence Dave was listed as a Director. He did not draw any remuneration from the skills centre except for serving in an ex - officio capacity.</p> <p>When it was realised that his directorship would prevent the municipality from using the centre, he resigned on 3 July 2013. The municipality is using this facility as a training venue and the money paid to the skills centre is for the cost of catering for our staff while they are attending classes there. It is the University of Stellenbosch that has been contracted to conduct the courses.</p>	<p>Mr CF Hoffmann Mr S Ngcongolo</p>	<p>No remedial actions needed</p>

	<p>The municipality accepted a written quotation from the following supplier; Graham and Rhona Beck Skills Centre, during the prior year (2012-2013) even though at the time of the award one of the directors of the suppliers was an employee of the municipality, notwithstanding that payment was only made after the employment resigned from the municipality. It should be noted that no payments were made in the current year.</p> <p>The said employee did not declare that he was a director of a company that does not business with the municipality. Furthermore, the declaration of interest was falsely submitted to indicate that the supplier was not in service of the municipality.</p> <p>The municipality may not be awarding quotations and tenders to suppliers in a fair and equitable manner.</p>		<p>Having regard to the aforementioned, I am of the view that Regulation 44 of the SCM is not applicable in the case of Mr D van Schalkwyk. This regulation is intended to prevent persons who are in the service of the state to do business with the state whilst on the payroll of State. Which is not the case with Dave who served on that board to protect the interest of the municipality.</p>		
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date –
7	<p><u>COMAF 7</u></p> <p>Actual achievements reported do not agree to the source –</p> <p>During the audit of predetermined objectives the portfolio of evidence for the following indicator listed in table 1 did not agree to the actual achievements reported in the annual performance report</p> <p>In respect of TL88 management reported the percentage budget spent whereas the indicator specifies completion of the project. Since progress certificates were not used to report on the indicator, it was not possible to determine percentage of completion of the project</p>	<p>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. Furthermore, management should adjust the annual performance report to reflect the actual achievement.</p>	<p>In the 14/15 SDBIP the unit of measurement for the KPI of building of the Bonnievale Reservoir, must change to % of capital budget spent.</p> <p>In the new 14/15 FY controls will be put in place to ensure that on a monthly basis the PMO officer assist Departments with loading and verifying the supporting evidence on the system.</p> <p>The information reported is verified monthly by the Compliance officer to ensure completeness, accuracy and relevance to the KPI.</p> <p>Compliance Officer and Performance Management officer will regularly visit the departments and help them compile the PoE.</p>	Mrs I Datson	<p>Monthly checking if information loaded on system as supporting documentation</p> <p>Monthly verification of correctness of information</p>

	<p>In respect of TL66, management included approved orders as part of the expenditure figures, however, the expenditure was not incurred as at year end, i.e. 30 June 2014.</p> <p>In respect of TL62 the engineering department measured water losses on a month to month basis and did not report the figure on an annual basis.</p>		Internal Audit to quarterly audit the SDBIP reports and comment on the correctness and validity of information provided per KPI.		
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date
8	<p>COMAF 8 –</p> <p>No performance target set for rehabilitation and construction for new roads –</p> <p>The audit of predetermined objectives revealed that the municipality did not set key performance targets in its Integrated Development Plan (IDP) and Service Delivery Plan (SDBIP) that relate to the construction of new roads and upgrading of roads.</p> <p>The municipality plans in line with its approved Pavement Maintenance Plan and in the plan the construction of new roads and rehabilitation of roads is not a priority as these are based on demand and this demand is not annual demand which makes it impractical to have such an indicator.</p> <p>The municipality's development priorities/targets were note in line with national development priorities and focus areas.</p> <p>This was reported in the prior year (2012-13), however, due to the reasons above management has not set key performance indicators for the construction of new roads and upgrading of roads due to impracticability thereof</p>	It is recommended that the municipality set targets regarding rehabilitation and construction of new roads as to be in line with the national development priorities in order for backlogs in respect of roads infrastructure to be managed effectively on a national level	<p>The municipality does budget for the rehabilitation and the building of new roads. KPI number 91 in APR is evidence of that.</p> <p>The approved Pavement Management System of the Municipality indicate that we should be spending at least R9 million per annum for the next 20 years to get our roads to a good standard, but due to insufficient funds during the 2013/2014 financial year, only Muskadel Road was completed as part of the Pavement Management System.</p> <p>The rehabilitation of existing streets has been identified as one of the priorities in the Pavement Management System.</p> <p>The maintenance/rehabilitation of existing streets (including the cost of the backlog in maintenance/rehabilitation) are clearly identified and managed by means of the Pavement Management System to ensure that limited resources are spend in the most cost-effective way</p> <p>Targets for the construction of new streets cannot be set by the municipality for the reasons as explained above. Targets for the rehabilitation/maintenance of</p>	Mr I van der Westhuizen	<p>Rehabilitation/maintenance of existing streets will be done according to the Pavement Management system</p> <p>New streets will be constructed on demand</p>

			existing streets are set in the PMS but are dependent on the availability of funds.		
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date –
9	<p><u>COMAF 9</u></p> <p>Financial Instruments (Amounts not disclosed)</p> <p>Paragraph 17 of Generally Recognised Accounting Practice 1 – <i>Presentation of financial statements</i> (GRAP 1) states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. Management did not adequately review the qualitative notes to the financial statements to ensure that the information disclosed agrees to the detailed notes to the financial statements.</p>	<p>Management should implement manual controls to identify amounts in qualitative notes to the financial statements that need to be reconciled and agreed to the amounts per the detailed notes and this task should be delegated to an official in the finance unit. Furthermore, management should adjust the financial statements to reflect the appropriate amounts as per above.</p>	<p>Management will put measures in place to ensure that all disclosure notes in the Annual Financial Statements are checked for correct linking and casting and that it balances back to all relevant notes.</p> <p>At each future reporting date processes will be put in place to check and verify that disclosure notes balances back to relevant notes and that it is checked and reviewed by a person other than the compiler of the AFS.</p>	<p>Mr CF Hoffmann</p> <p>Mr B Brown</p>	<p>It is disclosed in the AFS</p>
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date -
10	<p><u>COMAF 10</u></p> <p>Non-compliance with laws and regulations (Unauthorised Expenditure)</p> <p>Section 15(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that a municipality may, except where otherwise provided in this Act, incur expenditure only within the limits of the</p>	<p>It is recommended that management consider the potential impact of non-cash items during the adjustment budget process to ensure that unauthorised expenditure is not incurred or minimised.</p>	<p>Management agrees with the audit finding as raised but wish to state the following:</p> <p>It is extremely challenging to budget for certain non-cash items like actuarial losses as the outcome is based on actuarial valuations at financial position date and projections and forecasts is not known at the time the budget is compiled and approved.</p>	<p>Mr CF Hoffmann</p> <p>Mr B Brown</p>	<p>It is disclosed in the AFS</p>

	<p>amounts appropriated for the different votes in an approved budget.</p> <p>As disclosed in note 46.1, <i>Unauthorised expenditure</i>, expenditure to the amount of R10 666 858 was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.</p> <p>Non-cash adjustments arising from the implementation of IGRAP 1 relating to traffic fines and actuarial losses on employee benefits were not budgeted for and as a result an overspending occurred on these votes.</p> <p>The municipality may not be able to manage its finances adequately which could result in incorrect financial decisions taken thereby affecting service delivery. Furthermore, this results in non-compliance with section 62(1)(d) of the MFMA.</p>		<p>The year under review was the first year IGRAP 1 was applicable, the effect of the implementation was not known at the time of the budget compilation and approval.</p> <p>Management will consider the potential impact of non-cash items during the adjustment budget process to ensure that unauthorised expenditure is not incurred or minimised.</p>		
11	<p><u>COMAF 11</u></p> <p>Non-compliance with laws and regulations (Fruitless and Wasteful Expenditure)</p> <p>Section 62(1)(d) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that the accounting officer of a municipality must take all reasonable steps to ensure that fruitless and wasteful expenditure is prevented.</p> <p>As disclosed in note 46.2, <i>Fruitless and wasteful expenditure</i>, expenditure to the amount of R465 952 was incurred, therefore reasonable steps were not taken to prevent fruitless and wasteful expenditure as required by section 62(1)(d) of the MFMA.</p> <p>Two instances arose where an employees was found</p>	<p>It is recommended that management put preventative measures in place to avoid instances where employee negligence results in fruitless and wasteful expenditure.</p>	<p>Management agrees with the audit finding as raised but wish to state the following:</p> <p>Controls are in place to prevent fruitless and waste and wasteful expenditure, but in certain instances it is only detected after it has been incurred and in that instances the necessary applicable controls are in place to look at ways to recover it.</p> <p>Management will consider improved preventative controls to ensure that fruitless and waste expenditure is not incurred or minimised.</p>	<p>Mr CF Hoffmann Mr B Brown</p>	<p>It is disclosed in the AFS</p>

	<p>to have acted negligently in their duties which resulted in the municipality incurring expenditure in vein that could have been avoided had these employees acted with due care. These employees are currently under investigation to determine whether the expenditure can be recovered.</p> <p>The municipality may incur financial loss as a result of expenditure incurred in vein that could have been avoided had reasonable care been exercised.</p>				
12	<p>COMAF 12</p> <p>Paragraph 17 of Generally Recognised Accounting Practice 1 – Presentation of financial statements (GRAP 1) states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.</p> <p>The audit identified a commitment that was disclosed in the note 48, Capital Commitments recorded at an incorrect amount. VAT was erroneously taken into account on a contract when the note for commitments was calculated.</p> <p>Commitments are overstated by R1 740 261.</p>	<p>Management should review the notes to the financial statements to ensure that information reflected therein agrees to the supporting schedules. Furthermore, management should amend the financial statements to accurately reflect commitments in respect of capital expenditure.</p>	<p>Management agrees with the audit finding as raised.</p>	<p>Mr CF Hoffmann Mr B Brown</p>	<p>Processes will be put in place to check and verify that the required notes balance to the schedules.</p>
IT	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date -

1.	<p>User access management: User access control is the systematic process of managing the access of users to an application and network. The process includes the creation, approval, disabling, modifying, removal and monitoring of user accounts user accounts and related user privileges with a set of user access management procedures. Suprima is a feeder system into Promun therefore during the 2014 financial year management focused on the design of controls for monitoring system administrator activities and review of user access rights on Suprima. Management finalised the design of these controls during July 2014 and planned to implement the controls during the 2015 financial year.</p> <p>The municipality's user base is small and is well known to the IT manager. As a result, management considered the existing process sufficient to mitigate the risks associated with password resets.</p>	<p>Management should ensure that: System administrator activities on the applications are reviewed for appropriateness on a regular basis and evidence of these reviews should be retained for audit purposes. Management should consider the review of exception reports to identify suspicious system administrator activity on the applications. User access to the applications is reviewed on a regular basis to ensure that users' access is in line with current job responsibilities. Evidence of review should be retained for audit purposes. In addition a formal process for resetting network domain user passwords should be followed to ensure that the authenticity of the password request is confirmed and that the user's identify is sufficiently verified.</p>	<p>Management agrees with the finding and the internal control deficiency. Exception reports for Promun can be generated. The Finance Manager: I & E will review these exception reports on a regular basis to identify any suspicious system administrator activity and also to identify any users that may have inappropriate/excessive access to the system. The recommendation will also be implemented for the Active Directory environment. Since no financial transactions are processed on Suprima, the primary controls for monitoring of user and system administrator access will be implemented on the Promun system. The user management policy will be updated to reflect this.</p> <p>Management agrees with the finding and the internal control deficiency. The process for password resets will be formalised to ensure that requests for password resets are documented. The updated process will be included in the user management policy and will be communicated to all users.</p>	<p>Mr E Prins Mrs C Matthys</p>	<p>An assessment of the corrective actions agreed upon by management will be performed after three months or as per the due date</p>
	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date -
2.	<p>Security management - Security management ensures that security controls are implemented to prevent unauthorised access to the network and information systems that generate the information used to prepare the financial statements. An AD migration from Windows 2003 to Windows 2008/2012 took place in February 2014 and not all of the password settings were transferred to the new version during the migration.</p>	<p>Management should review system password settings and amend settings where these are not in line with IT security policy requirements.</p> <p>Management should periodically review the firewall configuration. These reviews should provide an indication of key firewall security risks faced by the organisation and be aligned to the</p>	<p>Management agrees with the finding and the internal control deficiency. The password complexity and lockout duration settings have been updated as per the recommendation.</p> <p>A standard operating procedure for the firewall will be documented and will include procedures for reviewing the firewall configuration. A firewall audit will be performed and recommendations will also be</p>	<p>Mr E Prins Mrs C Matthys</p>	<p>The corrective actions agreed upon by management will be followed-up during the next audit.</p>

	<p>The firewall has been implemented in June 2014 and the municipality is still in the process of formalising management processes around the firewall.</p>	<p>firewall configuration settings that have been implemented. Evidence of these reviews should be maintained for audit purposes.</p> <p>The DRP should be amended to make provision for the firewall environment and should, at a minimum, include the following:</p> <ul style="list-style-type: none"> • Disaster definitions • Definition of responsibilities and contact details of the firewall administrator and/or vendor • Firewall recovery/installation procedures (including the specific firewall version and firewall baseline standards) • Contingency processing alternative exists in the event that the firewall is not restored within the recovery time objectives. <p>In addition management should restrict the range of internal and external IP addresses that are allowed to log on to the firewall for administrative purposes.</p>	<p>considered for inclusion in the standard operating procedure.</p> <p>The existing disaster recovery plan will be updated to make provision for the firewall. Once the DRP site is completed, disaster recovery tests will be performed and will include testing of the firewall.</p> <p>The range of internal and external IP addresses that are allowed to log on to the firewall will be restricted. A standard operating procedure for the firewall will be documented and will include the restricted range of IP addresses.</p>		
	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date -
3.	<p><u>IT service continuity</u></p> <p>IT service continuity is the process of managing the availability of hardware, system software, application software and data to enable an organisation to recover/re-establish information systems services in the event of a disaster. The process includes IT continuity planning, disaster recovery plans and</p>	<p>Management should ensure that the backup policy is updated to reflect current processes, approved and implemented into daily operations. In addition, where failed backups are re-run to ensure that they are successful, evidence of the successful backups should be maintained for audit</p>	<p>Management is in agreement with the finding and internal control deficiency.</p> <p>The backup software configuration has already been amended to ensure that full backups of virtual servers (snapshots) are performed and that all scheduled backups are successfully run.</p> <p>The backup policy will also be updated to reflect the</p>	<p>Mr E Prins</p> <p>Mrs C Matthys</p>	<p>The corrective actions agreed upon by management will be followed-up during the next audit.</p>

	backups.	<p>purposes.</p> <p>Management should develop a project plan to monitor and track the completion of the disaster recovery site. Once DRP site is completed, the DRP should be formally tested according to predefined key performance criteria. Evidence of testing should be formally approved by appropriate management</p>	<p>new process that is being followed for backups.</p> <p>A Project Manager was appointed in 2014/15 financial year to manage the implementation of the disaster recovery site. A project plan will be put in place to monitor and track the progress of the disaster recovery site implementation according to agreed mile stones and timelines, and will also make provision for testing of the DRP once the site is completed.</p>		
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Ashton Municipal Offices

28 Main Road
6715
023 615 8000

Bonnievale Municipal Offices

Hoofweg
6730
023 616 8000

McGregor Municipal Offices

24 Voortrekker Road
6708
023 625 1630

Montagu Municipal Offices

03 Piet Retief Street
6720
023 614 8000

Robertson Municipal Offices

52 Church Street
6705
023 626 8200



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Langeberg Municipality