

2014 / 2015 Annual Report



People at the centre of development

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CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY





1.1 MAYOR'S FOREWORD

Vision

Placing our people firmly at the centre of development, it is our vision *to create a stable living environment and sustainable living conditions for all citizens* - through good leadership, sound governance and financial management and the provision of cost effective, quality services.

Besides the delivery of basic services and sustaining the financial stability of the municipality, the 2014/2015 financial year saw a focussed direction towards implementing interventions promoting organisational health. Strategy implementation, performance monitoring and embedding a culture of risk management was therefore high on our development agenda – as it provided a means through which we could ensure achieving the objectives of the 2014/2015 Integrated Development Plan (IDP).

The IDP highlights eleven strategically aligned objectives which not only directed overall implementation of the broad local development plan, but also ensured alignment with other government spheres' development strategies.

Key Policy Developments

The revision of policies and strategies ensured continuity and relevance to our current reality. The implementation focus of such policies and strategies ensured the organisation maintaining effective, efficient and transparent systems of financial management and risk management. Our strategic direction in this regard aligned well to other government strategies promoting improved governance and accountability and was aimed to have a positive impact on building community trust.

Key Service Delivery Improvements

Key service delivery successes for the year include achieving the objective to improve service delivery in essential, basic services by providing refuse removal, access to water and sanitation, clean drinking water and provision of electricity to more households as well as reaching our committed target to provide for indigent households. The biggest service delivery challenge to overcome was to address the huge, inherited housing backlog and to provide for the backlog in the upgrading and/or maintenance of streets and roads.

Public Participation

The 2014/2015 focus to get communities involved in the affairs of the municipality mainly centred on implementation of the Public Participation Policy. Whilst the Ward Committee System still experiences some limitations, being reliant on the willingness of communities to actively participate, Langeberg Municipality ensured compliance with statutory requirements by providing an enabling participative environment, convening participation meetings, allowing written submissions and using various means of advertising and information dissemination.

including the external media, municipal newsletters and the official municipal website. The challenge to improve community participation in general, i.e. to increase community awareness on the availability of services, to engage communities in decision-making and to improve accountability to communities is, however, an ongoing challenge which will be a continued focus for 2015/2016.

Future Actions

Initiatives committed to improve service delivery over the next few years include addressing some of the challenges that hamper the eradication of current service backlogs. Approval and implementation of the proposed Revised Spatial Development Framework will as such provide the scope for informed development zoning, the provision of more housing and the realisation of other job creation developments in the area.

Agreements / Partnerships

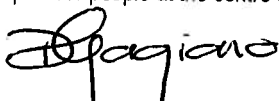
The Langeberg Municipality initiated various partnerships with its communities to improve service delivery and community engagement in decision making:

- *The Langeberg Substance and Alcohol Abuse Group (LSAAG)* assists with the implementation of social development interventions.
- *The Breede River Winelands Rural Development Association*, a well-rooted NPO and an established Section 21 Company, is a partnership between the Langeberg Municipality, farm workers, farmers and wine cellars, assisting with rural development issues and challenges.
- *The Local Economic Development Partnership*, a partnership between key stakeholders in the private sector and the Langeberg Municipality, assists with the implementation of Local Economic Development in a practical way

Conclusion

In conclusion, the 2014/2015 financial year can be summed up as one of hard earned successes, but also one that posed many challenges, some of which we have to carry forward to the 2015/2016 financial year to seek and find solutions for. As such, our communities can be proud of our diligence and persistence to build trust and to run a financially sound administration, as once again expressed by the Auditor General. The social challenges experienced in our area, however call for a more holistic effort and approach. The 2015/2016 year will see a stronger and targeted municipal focus on this problem. We therefore call on everyone residing in the Langeberg area to work together in finding solutions to also improve the health and strength of our communities in a meaningful way.

Nearing the end of this governing term, we are proud of our accomplishments. We have laid a strong foundation of clear, accountable actions and sound governance, setting the Langeberg Municipality on course for sustained service delivery, local growth and accessible development. Our aim, to touch the lives of all citizens living in the Langeberg municipal area, is clearly displayed in this Annual Report which is a testimony of our commitment to put "our people at the centre of development".



Alderman Diana Gagiano
Executive Mayor

1.2. EXECUTIVE SUMMARY

1.2.1. MUNICIPAL MANAGER'S OVERVIEW



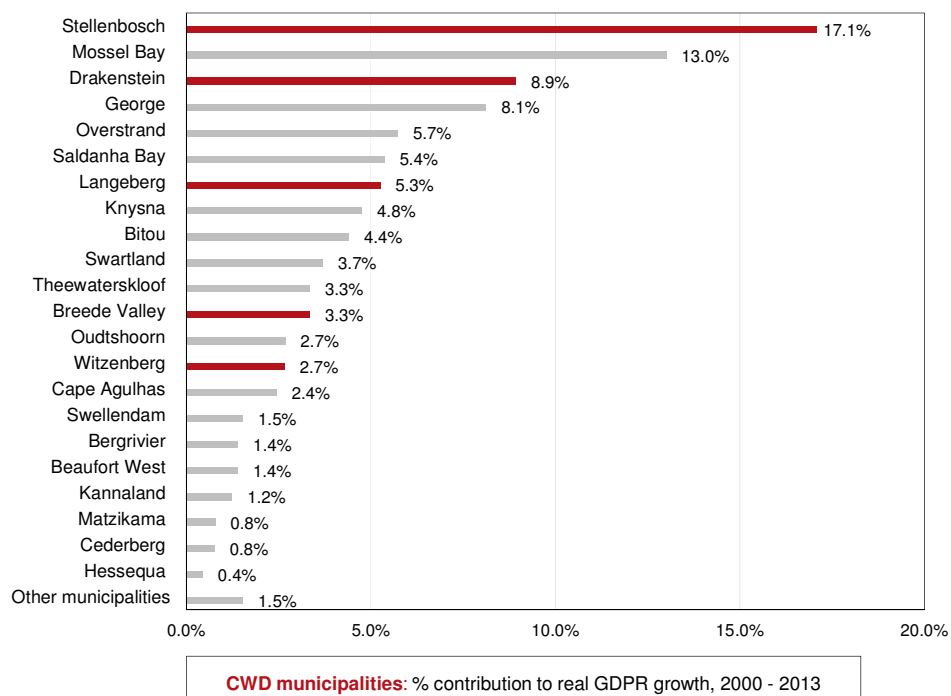
SA MOKWENI
Municipal Manager

Improved Service Delivery

The Langeberg Municipality continually strives towards the improvement of service delivery. For the period 2011 to 2013, the provision of electricity to households for example improved by 5.6% to 94.0%.

As the smallest municipality within the Cape Winelands Region, and one of the smaller municipalities within the Western Cape Province, it is especially Langeberg Municipality's contribution to economic growth that stands out as a commendable achievement. Langeberg is the second fastest growing municipality in the Cape Winelands District and is ranked 7th in the Province. The ranking is determined by considering both the size and growth of the municipal economies. The Municipality's percentage contribution to real GDP growth and size is 5.3%.

Graph 1: Municipal contribution to real GDP growth and size in the Province



Source: Quantec Research 2014 (MERO 2014)

Improved Efficiency and Effectiveness of Municipal Activities

Alignment of Services to IDP Indicators and Council Priorities

In terms of planning, compliance with the Accountability Cycle and Budget Process translated into balanced, efficient and economical use of resources and the achievement of quality and effective results. At management level, full conformance with the planning and budgetary cycle translated in a 95% alignment between the IDP/Budget and performance assessment, as determined by Provincial Government.

Likewise, in terms of measurement and monitoring, the determination, measurement and monitoring of pre-determined objectives (PDOs) achieved similar results. The majority of targets adhere to SMART principles and the municipality attains value for money through continuous improvement of its activities to ensure the achievement of Council's goals.

Service Delivery Performance

The table below compares the service delivery performance of the six municipalities within the Cape Winelands District for basic services.

Table 1: Access to basic services in the Cape Winelands District

Access to Basic Services in the Cape Winelands District										
Regional area	Water		Sanitation		Energy		Refuse Removal		Housing	
	2011	2013	2011	2013	2011	2013	2011	2013	2011	2013
Cape Winelands	97.2%	97.1%	90.9%	90.8%	92.8%	92.6%	80.0%	79.9%	82.9%	82.6%
Witzenberg	98.5%	98.4%	91.6%	91.6%	93.3%	92.6%	69.8%	69.9%	87.0%	86.7%
Drakenstein	98.6%	98.6%	93.6%	93.5%	95.0%	94.9%	69.8%	69.9%	85.8%	85.5%
Stellenbosch	94.8%	94.7%	90.7%	90.6%	92.9%	92.8%	87.0%	87.0%	75.6%	75.2%
Breede Valley	96.5%	96.4%	88.2%	88.1%	88.4%	88.2%	75.2%	75.2%	78.7%	78.3%
Langeberg	97.8%	97.8%	89.0%	88.8%	88.4%	94.0%	71.6%	71.7%	91.2%	91.0%

Source: Quantec 2014

Although Langeberg's delivery of basic services to households did not all show an improvement, most levels were sustained satisfactorily and/or scored above the lowest level within the district for the period 2011 to 2013:

- Refuse removal recorded an improved rate of 0.1%.
- The provision of electricity to households recorded a substantial improvement of 5.6%, the best performance within the district.
- Potable water was provided at a sustained rate whilst most of the other municipalities within the district dropped to a lower service level rate.
- The provision of housing dropped by 0.2%. Langeberg Municipality however still recorded 91% in 2013, the best performance within the district.

Besides integrated, aligned and budgeted planning, coupled with continuous service delivery monitoring, the municipality improved/maintained its service delivery performance by also strongly focussing on effective risk management, policy implementation, internal auditing and oversight. Whilst these measures provided the vehicle to manage and ensure improved performance, it is the vision of Council that navigated the road and committed

staff who drove to the destined goal, none without which Langeberg Municipality's performance achievements would have realised.

Financial Sustainability

Although still challenged in many ways, the Langeberg Municipality is financially stable and performed well in the year under review, as can be seen from the ratios in the financial overview under paragraph 1.2.4 below.

Efforts to Conserve Power and Water

Complementing the conservation measures residents are being requested to adopt in their own housekeeping, efforts to conserve power and water at all municipal offices and facilities include, amongst others, fixing of leaking taps, power saving lighting, switching off office computers at the end of working days and monitored printing of documents. Maintenance plans for all facilities have been developed to ensure timely and regular repairs. Due to a high occurrence of vandalism, the maintenance of municipal facilities still poses a major challenge, to be addressed in the next financial year.

Administrative Policies and Restrictive Administrative Measures

The world recession impacted on everyone. Langeberg Municipality too had to implement certain restrictive administrative measures to curb spending. For this purpose it was resolved not to burden the municipality with any additional external borrowing for the 2014/2015 financial year. Other measures included savings on subsistence and travelling, achieved through monitored implementation of a Fuel Card Policy and by attending external meetings of utmost importance only (and on approval granted by only the Municipal Manager). Improved monitoring also culminated in savings on telephone expenses.

Shared Services

Due to budget and resource constraints the function of Air Quality Control is shared with the Cape Winelands District Municipality. This challenge was referred to other spheres of government on several occasions and the municipality is awaiting promised support to develop an Air Quality Management Strategy and Implementation Plan for the Langeberg area.

Disaster Management is shared with the Cape Winelands District Municipality. The function is managed efficiently and effectively with a comprehensive plan, which in some circles of Provincial Government, is regarded as a best practice.

Library Services are shared with other spheres of Government for infrastructure development, mobile services, material and a contribution towards personnel salaries. The management of facilities and staff provision are at the expense of the municipality.

1.2.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Functions

The broad functions and powers of the municipality in relation to section 155/156 of the Constitution and Chapter 3 of the MSA are tabled in Appendix D.

In terms of basic service delivery, access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the municipality contributed as follows to the functions below:

Water: Access to potable water in Langeberg was recorded at 97.8% in 2013.

Sanitation: In 2013, an estimated 88.8% of households in Langeberg had access to basic sanitation services.

Energy: Langeberg Municipality's household access level to electricity was 94.0% in 2013.

Refuse removal: The household access level to refuse removal in the Langeberg municipal area was 71.7% in 2013.

Housing: In 2013, 91.0% of households in Langeberg had access to formal housing.

Roads: Road maintenance and construction is costly. Addressing inherited backlogs, coupled with funding constraints, remain a persistent challenge.

Local Economic Development: The largest contributing sectors to GDP within Langeberg Municipality are manufacturing (34.2%), agriculture, forestry and fishing (17.8%), wholesale and retail trade, catering and accommodation (12.3%) and finance, insurance, real estate and business services (11.6%). The smallest contributing sector is mining and quarrying (0.3%).

Table 2: Langeberg Municipality's sectoral contribution

Langeberg Municipality's Sectoral Contribution		
Real GDP growth % per sector		
Sector	Trend 2000 - 2013	Recovery 2010 - 2013
Agriculture	0.3	0.1
Manufacturing	4.7	1.1
Services	7.3	4.5

Source: Quantec Research 2014 (MERO 2014)

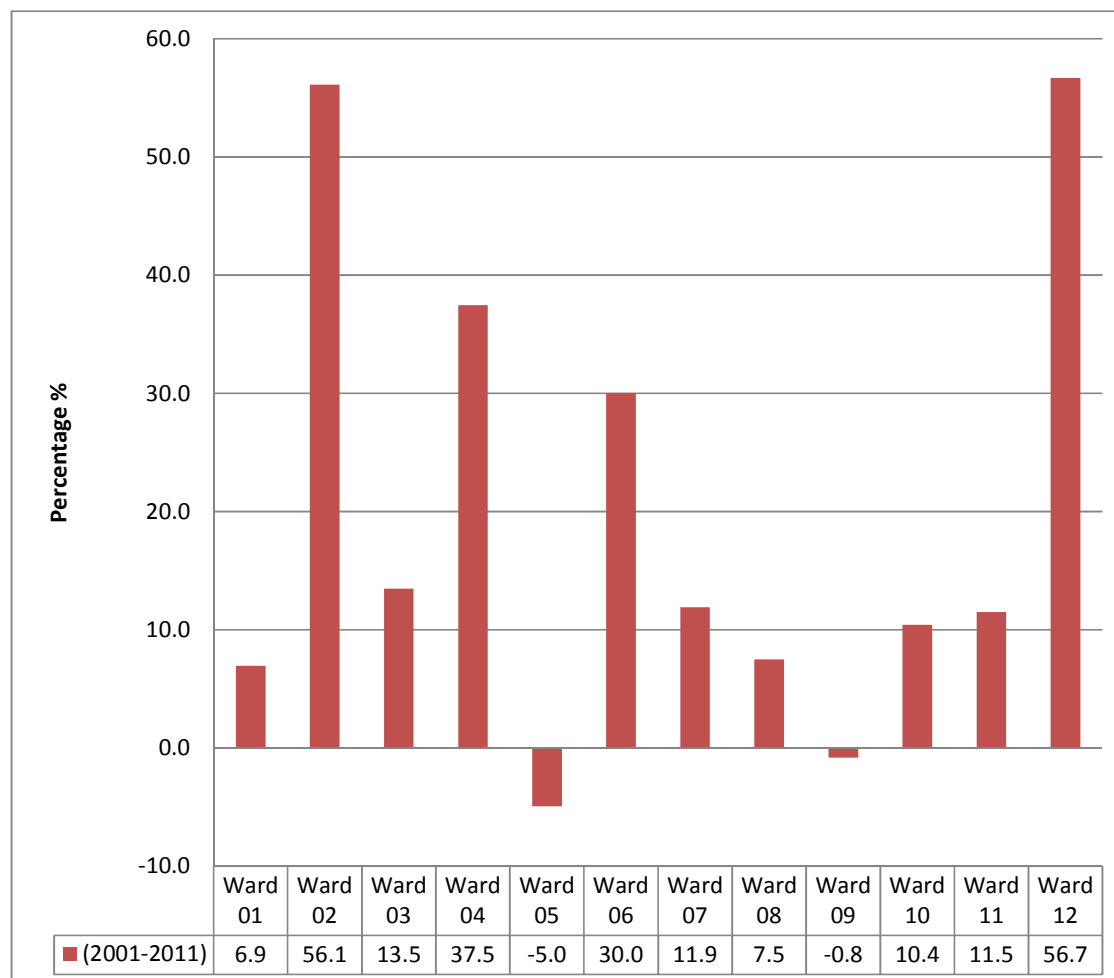
The services, manufacturing and agriculture sectors expanded by 7.3, 4.7 and 0.3 % respectively during the trend period (2000 - 2013). Most municipal economies experienced contractions in at least one of these sectors.

Population Profile

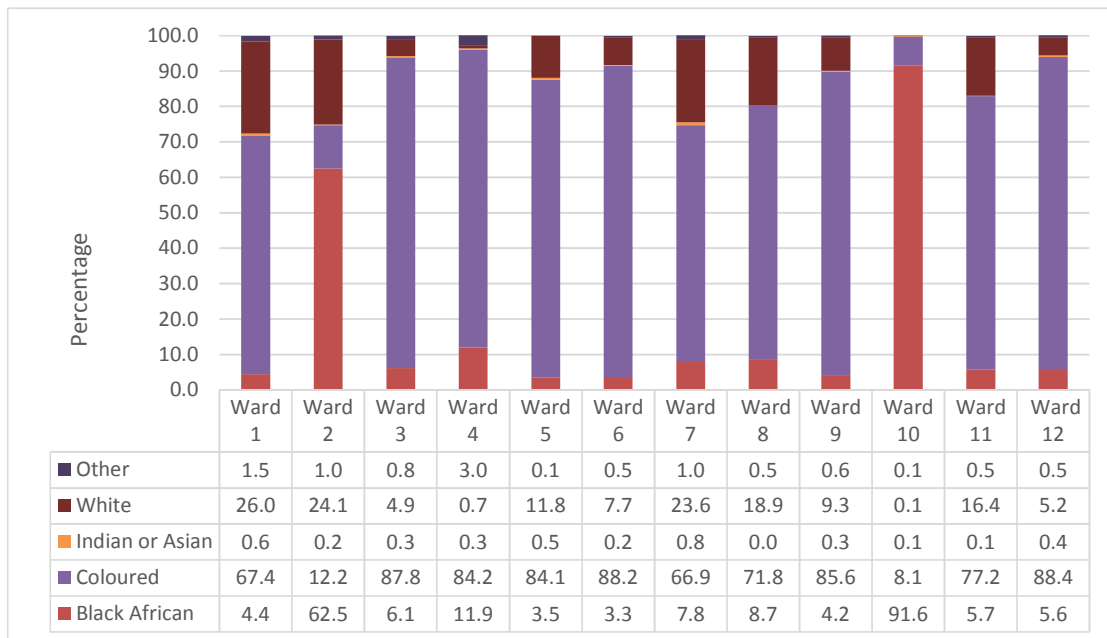
Langeberg's population size grew at an average annual rate of 1.7%, from 81 274 people in 2001 to 99 609 people in 2013. According to population forecasts by the Department of Social Development the Municipality is expected to have a population size of 103 294 by 2017.

The population increased across the wards with the exception of Wards 5 and 9, which decreased over the last ten year period. Ward 12 (56.7%), Ward 2 (56.1%) and Ward 6 (30%) have experienced faster growth during the indicated period.

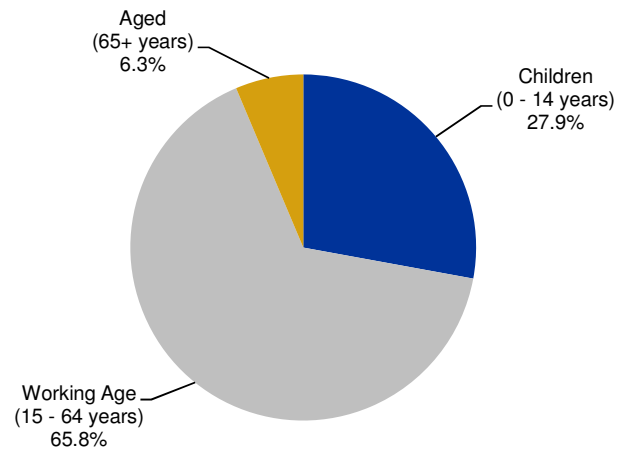
Graph 2: Population Growth in Langeberg Municipality



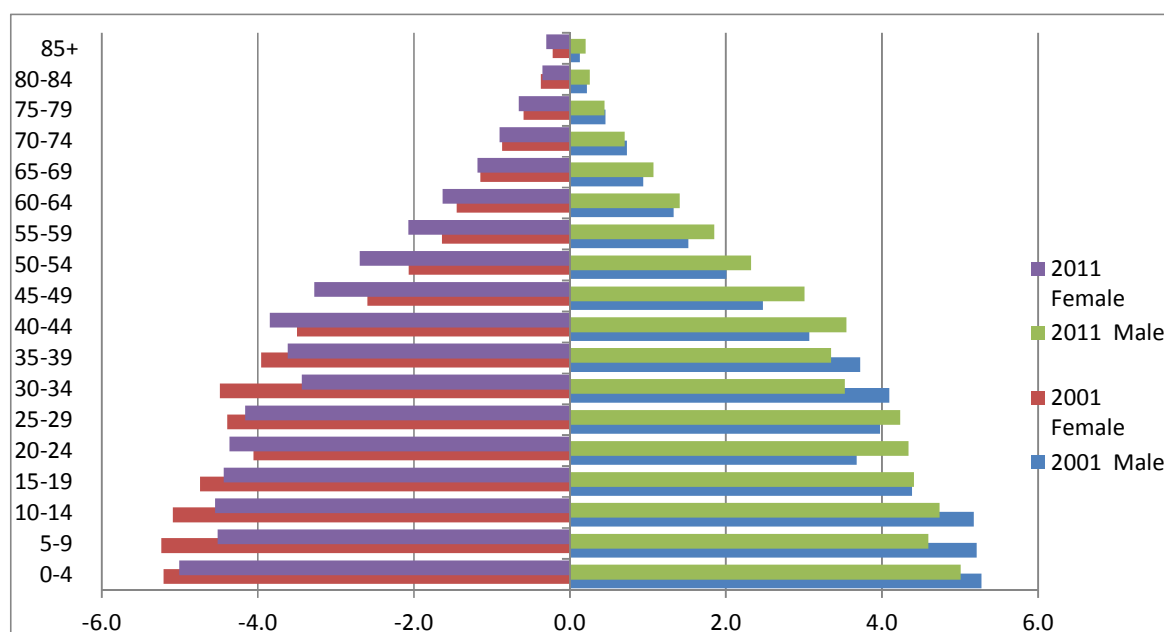
Composition: The majority population group is Coloured, followed by Black African, White and Indian/Asian across all wards, except Wards 2 and 10 where the majority is Black African.

Graph 3: Distribution of the population by population groups in Langeberg Municipal Wards

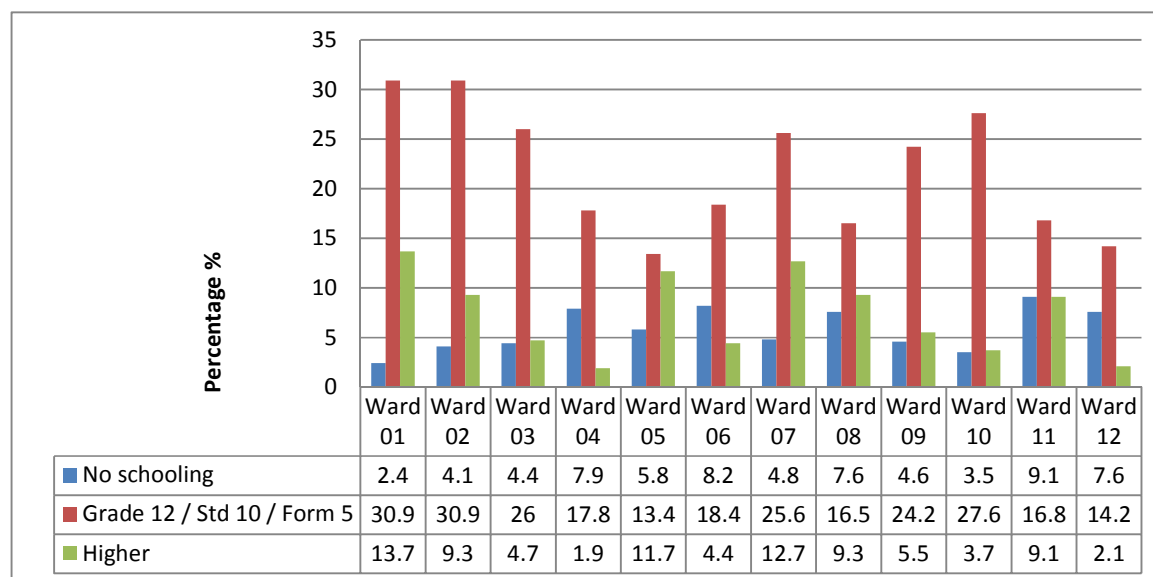
Age: Langeberg's population age distribution is as follows: Children (aged 0 - 14 years) 27.9%, Working age (aged 15 - 64 years) 65.8% and Aged (aged 65 years and above) 6.3%. This places the dependency ratio at 52.0, which implies that a large number of people will be reliant on the incomes of the working age population.

Graph 4: Langeberg Municipality: Population Age Distribution, 2013

The pyramid below indicates that the majority of the population is below the age of 45 years. The number of persons between the ages 0 – 14 years decreased between 2001 and 2011, while the number of persons between ages 40 – 60 years increased. It can therefore be expected that the number of aged persons will increase in Langeberg Municipality in future.

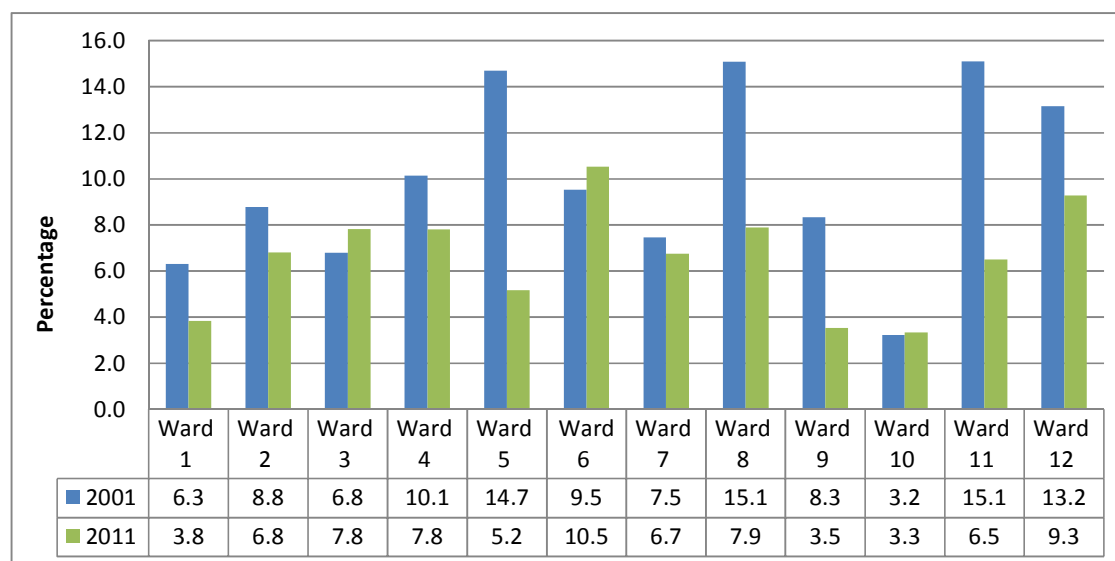
Graph 5: Distribution of the age and gender in Langeberg Municipality – Census 2001 and 2011

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

Graph 6: Distribution of the population aged 20 years and older by highest level of education in Langeberg Municipal Wards

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

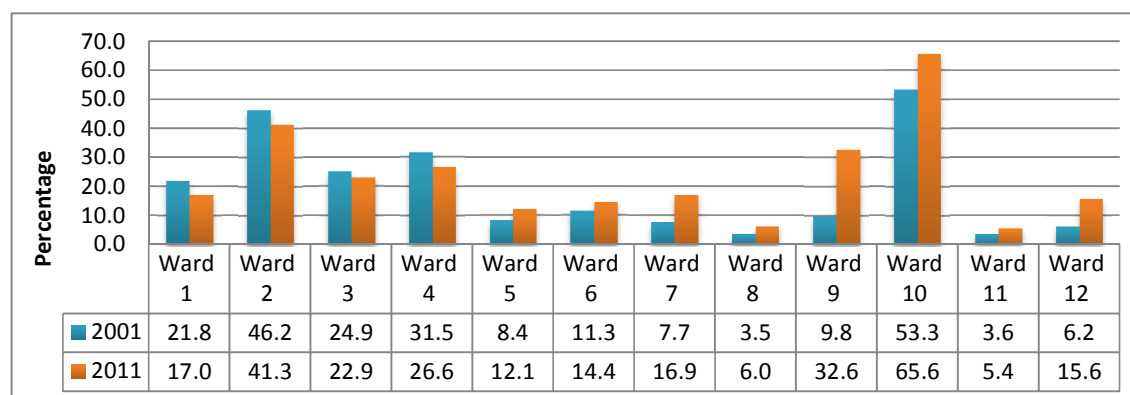
Graph 7: Distribution of the population aged 7-16 years not attending school in Langeberg Municipal Wards



Unemployment: 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 amount to an overwhelming 24%. In terms of youth unemployment, 15.1% of persons aged between 15-34 years are unemployed.

The overall unemployment rate remains relatively low in most 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. It must be noted however, that many people are only employed seasonally. Employment data can thus be misleading, depending on what time of year the census was conducted.

Graph 8: Unemployment Rate in Langeberg Municipal Wards



Source: Western Cape Department of Social Development, 2014

Households: According to Census 2011, 9.7% of households in Langeberg had no income, indicating that a portion of Langeberg's population lives in absolute poverty. A further 2.3% of Langeberg's households had an income of less than R400 per month. The high levels of poverty imply great strain on municipal resources to provide free basic services.

Table 3: Household income, 2011

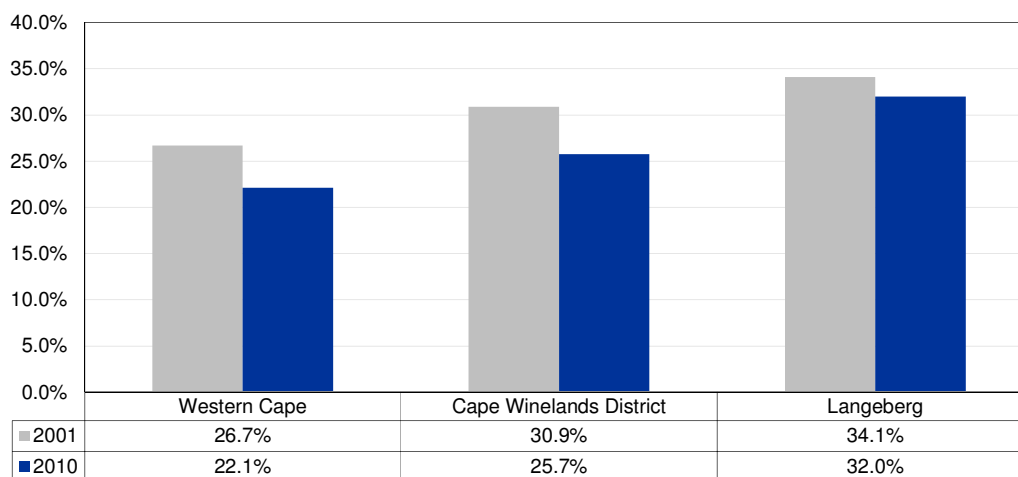
Cape Winelands District	No income	R1 - 4 800	R4 801 - 9 600	R9 601 - 19 600	R19 601 - 38 200	R38 201 - 76 400	R76 401 - 153 800	R153 801 - 307 600	R307 601 - 614 400	R614 001 - 1 228 800	R1 228 801 - 2 457 600	R2 457 601+
Witzenberg	6.4%	1.9%	4.0%	18.5%	25.8%	20.9%	10.4%	6.8%	3.9%	0.9%	0.3%	0.2%
Drakenstein	13.0%	1.7%	3.1%	10.7%	17.2%	18.4%	13.9%	11.0%	7.4%	2.5%	0.7%	0.4%
Stellenbosch	20.6%	2.1%	3.5%	10.2%	16.5%	15.5%	11.5%	8.5%	6.6%	3.3%	1.0%	0.7%
Breede Valley	12.0%	1.7%	2.9%	14.9%	22.2%	19.0%	12.6%	8.5%	4.7%	1.0%	0.3%	0.2%
Langeberg	9.7%	2.3%	4.4%	15.5%	24.9%	20.0%	11.0%	7.3%	3.6%	0.8%	0.2%	0.2%

Source: Statistics South Africa, Census 2011

The table above indicates that in 2011 the largest proportion of households in Langeberg earned between R9 601 and R307 600 per annum.

As seen from the graph below, the percentage of people living in poverty has declined since 2001. In 2010, the proportion of people in Langeberg living in poverty was 32.0%, down from 34.1% in 2001. Langeberg's poverty levels are, however, more severe compared to the District and the Province as a whole.

Graph 9: Percentage of households living in poverty 2001 and 2010



Source: IHS Global Insight, 2010

Implications of Langeberg Municipality's Population Reality

- **Unemployment:** 9.7% have no monthly income. Furthermore, close to a third of the population receive less than R1 600 per month, making the dependency on the municipality a great concern. The unemployment rate is a contributing factor and impacts negatively on economic growth.
- **Job losses:** The biggest net job losses occurred in the in the agriculture, forestry and fishing sector 984) from 2000 to 2011. The municipality's high level of job losses does not bode well for the municipality's revenue. It can be expected that more people will require indigent support as they become unemployed.
- **Poverty:** Although declining, poverty rates are still high within the municipal area implying a large number of indigent households placing strain on municipal resources to provide free basic services.

Environmental Reality and Natural Resources

The environmental management challenges at Langeberg can be summarized as follows:

Table 4: Environmental Affairs Status in Langeberg Municipality - 2014

Environmental Affairs Status in Langeberg Municipality - 2014	
Environmental category	Status
Spatial Development Framework (SDF)	The SDF has been prepared through the Built Environment Support Programme and has been approved on 29 May 2013. It is in line with Provincial and National directives. A revised framework must, however, still be adopted by Council in 2015/2016.
Biodiversity	27.5% of the land area within the Municipality is protected, including formally and informally protected areas. Critically endangered and endangered vegetation is generally found in the valleys of the Breede River and its tributaries. This is a concern for long term maintenance of water quality and quantity. Improved management of these areas and measures to protect riparian vegetation is a challenge and future municipal focus.
Water	Langeberg has a Blue Drop score of 51.6%, a challenge and focus for 2015/2016.
Waste disposal	Langeberg has landfill capacity constraints with serious budget implications. A number of landfill sites are being licensed for closure. This challenge will be a focus for the next financial year.
Air quality	Langeberg Municipality does not have an approved Air quality plan, has not yet embarked on a study on AQM and prefers that this function is exercised by the district as a shared service until assistance from the Provincial Government is secured to address this challenge.

1.2.3. SERVICE DELIVERY OVERVIEW

Basic Service Delivery Achievements

Graph 10: Proportion of Households with Access to Basic Services

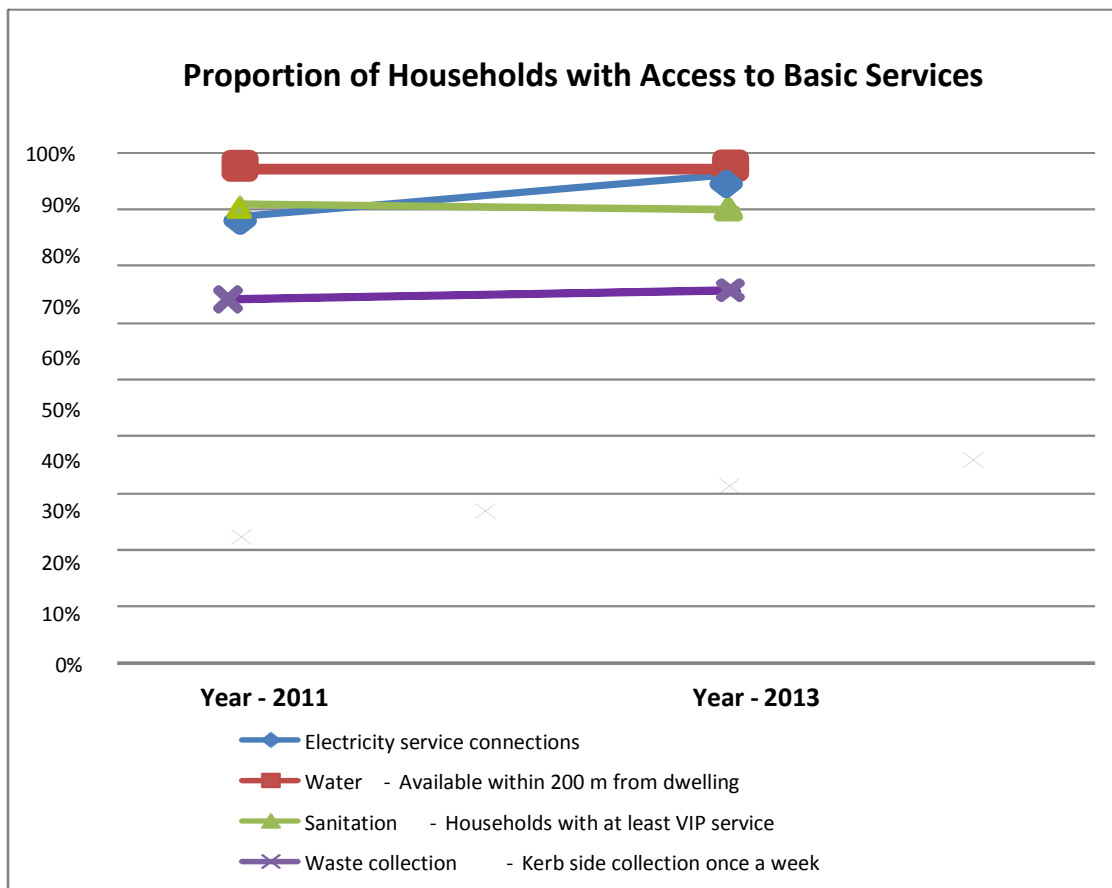


Table 5: Access to basic services in the Langeberg Municipality

Access to Basic Services in the Langeberg Municipality										
	Water		Sanitation		Energy		Refuse Removal		Housing	
Year	2011	2013	2011	2013	2011	2013	2011	2013	2011	2013
Langeberg Municipality	97.8%	97.8%	89.0%	88.8%	88.4%	94.0%	71.6%	71.7%	91.2%	91.0%

Source: Quantec 2014

Table 6: Status on the Delivery of Basic Services

Basic Services	Master Plan (Yes/No)	Number of Households		Are services available in informal areas			Projects to address backlogs in 2015/2016
		On Minimum Standard	Below minimum standard	Yes/No (If yes, on what standard)	Number of households with access	Number of households with no access	
Potable Water	Yes	15000	-	Yes, on minimum standard	441	631	
Electricity	Yes	17758	-	Yes, as per Dept. of Energy (minimum standard)	244	828	
Sanitation	Yes	15121	-	Yes, on minimum standard	441	631	
Roads & Transport	Yes		-	Yes, on minimum standard			Addressed i.t.o. Pavement Management System which is attached hereto as an Annexure
Storm water & Drainage	Yes		-	Yes, on minimum standard			
Waste Management & Waste Removal	Yes	15061	-	Yes, on minimum standard	242	830	

Basic Service Delivery Challenges

It is the aim of Langeberg Municipality to further the sustainable development of our local area and all its communities by rendering basic services to all households. Our current reality is, however, quite constraining. The municipality is faced with the following challenges, all of which hamper delivery of equitable, basic services to all residents:

- Due to budget constraints, Langeberg Municipality is severely challenged to address its inherited backlogs for basic service delivery and urgently requires alternative funding and/or assistance/support for the maintenance of existing water, electricity and sewerage infrastructure as well as the eradication of those service backlogs that still exist on farms.
- Improving basic service delivery in fast growing informal settlements
- Controlling influx into informal settlements
- Addressing funding constraints for the installation of bulk services in new housing developments
- Addressing the unavailability of municipal land for the provision of future housing developments.

Service Delivery to Indigents

Langeberg Municipality serviced indigent households in 2014/2015, providing 6Kl of water to 7248 households, 50kWh free basic electricity to 7495 households, free basic refuse removal to 6917 households and free basic sanitation to 6910 households.

Due to the inaccessible terrain of specific informal settlements all indigent households could not be fully serviced. Relocation to more acceptable areas is a focus for 2015/2016.

1.2.4. **FINANCIAL HEALTH OVERVIEW**

Financial Sustainability

Langeberg Municipality's low income base, growing poverty and unstable employment reality affect its financial sustainability to a great extent. However, above average economic growth boosts investor confidence and sound financial management ensures future government grant contributions. Langeberg Municipality managed well to sustain its financial position.

Table 7: Financial Overview

Financial overview- Year 2014/2015			
	R'000		
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	98 876	122 916	105 888
Taxes, Levies and tariffs	370 582	364 682	368 735
Other	30 484	40 067	54 285
Sub Total	499 942	513 838	528 909
<i>Less Expenditure</i>	492 772	511 441	515 985
Net total*	7170	2397	12 924
<i>* Note: surplus/(deficit)</i>			

The following table highlights some key financial management challenges experienced in 2014/2015 and interventions identified as a 2015/2016 development focus:

Table 8: Key Financial Challenges and Interventions

Key Financial Challenges and Interventions	
Challenges	Interventions
SCM: Verification of false information supplied by suppliers	<ul style="list-style-type: none"> Updating of the Suppliers Database to ensure that no duplicate suppliers are registered thereon Ensure implementation of the SCM Policy i.t.o. action taken against suppliers providing false information Develop staff capacity, to give effect to all Supply Chain Management functions as prescribed in the SCM regulations
Improving the current turnaround time in populating financial information for financial reporting purposes	Upgrading of the PROMUN financial system to its full capacity, to timely generate financial information for improved financial reporting

Financial Health

Based on the operating ratios provided below as well as endorsed by the opinion of the Auditor General, the Langeberg Municipality is of sound financial health.

Table 9: Operating Ratios

Operating Ratios				
Detail	%	Expected Norm	Variance from norm	Comment
Employee Cost	26.85	30	3,15	Saving on employer cost
Repairs & Maintenance	2.85	20	17,15	Not in position to spend 20% on repair
Finance Charges & Impairment	4,66	10	5,34	No new loans taken up, interest charges decreasing as loans are repaid

Table 10: Total Capital Expenditure

Total Capital Expenditure: Year ... to Year ...				
R'000				
Detail	Year: 2012/2013	Year: 2013/2014	Year: 2014/2015	Comments on variations between Actual and Adjustment Budgets
Original Budget	49 712	53 910	54 440	Under Expenditure on Capital Budget
Adjustment Budget	58 788	57 411	58 818	
Actual	52 169	52 538	52 531	

Risk Assessment

The organisational risk for 2014/2015 has been assessed and a Risk Register developed. The municipality's five top risks and mitigation measures follow below:

Table 11: Five Top Risks and Mitigating Measures

Langeberg Municipality's Five Top Risks	Mitigating Measures Implemented
Engineering: Deterioration of streets network	Appointment of PSP for multi-year period for implementation of Pavement Management System. Continuous implementation of PMS
Engineering: Loss of income - Electricity losses	Continuous monitoring and analysis of electricity losses
Sustainable Integrated Human Settlements: Uncontrolled influx into informal settlements that causes serious socio-economic problems and non-availability of basic services	Appoint service provider to compile bylaws Approve and promulgate bylaws Implement law enforcement measures Monitor new influx Plan transfer / relocation area Obtain funding for installation of basic services
Corporate Services: Vandalism of Municipal property, facilities and installations	Appointment of staff. Availing of funds to install proper alarm systems, fencing, lighting etc.

Financial Services - SCM : Duplicate Supplier information on Suppliers database	Suppliers to be registered on the suppliers' database annually. The suppliers' database to be checked on quarterly basis.
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1.2.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Langeberg Municipality has a responsive organisational structure which was reviewed and approved in 2014. The vacancy rate within the municipality amounts to 6.2% of the budgeted posts. This low rate supports the service delivery mandate.

The municipality has a capacitated administrative leadership. The Municipal Manager and S57 staff meet the minimum requirements in terms of the National Qualifications Framework and all five Senior Management positions have been filled.

All legal requirements pertaining to competency and contractual requirements have been met. S57 employees have completed the Minimum Competency Training and the employment contracts of the Municipal Manager and S57 staff have been submitted to the Department of Local Government.

1.2.6. AUDITOR GENERAL REPORT

The Auditor General awarded the Langeberg Municipality a clean audit for the 2013/2014 financial year. This 3rd consecutive expression of confidence in Langeberg Municipality assures our citizens and all stakeholders that this municipality has laid a solid foundation for sound financial management and accountability.

The notes to the Auditor General's audit opinion for 2013/2014 have been addressed.

Langeberg Municipality has taken pertinent steps to accomplish a clean audit for a 4th consecutive time. These steps can be summed up as:

- Laying a solid legislative foundation through policy development and implementation;
- Improving the organisation's general legislative compliance by implementing a strategy of targeted interventions;
- Embedding a culture of risk management throughout the organisation;
- Improving the effectiveness of performance management and oversight measures;
- Ensuring organisational and staff development to implement and embrace these changes towards good governance.

1.2.7. STATUTORY ANNUAL REPORT PROCESS

The annual reporting process follows in Table 12 below:

Table 12: Annual Report Process

Annual Report Process		
No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan confirms in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

It is important to achieve the above deadlines. Preparing the Annual Report near the end of the financial year provides the next budget process with a wide range of data from the outset. Of equal importance is the alignment between the IDP, Budget and Performance Management System, as it confirms in-year reporting formats and ensures that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.

However difficult, achieving these deadlines of the Annual Report process should be the closely guarded aim of Council, administration and communities alike, not only to achieve legislative compliance, but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another, and like the inside of a clock, within specific time-frames. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants, which in turn influences future municipal service delivery.

Legislative Compliance of the Annual Report Process

The table below shows that Langeberg Municipality fully complied with the required legislative timeframes of this Annual Report Process.

Table 13: Legislative Compliance of the Annual Report Process

	Applicable Legislation	Comment
Annual Report tabled to Council within 7 months after end of financial year	MFMA Section 121(1)	The Annual Report was tabled in Council on 08/12/2015 - within 7 months after the end of the financial year
Annual Report made public for public comment	MFMA Section 127(5)	Communities were invited to make comments on the AR on 08/12/2015. The advert was published at www.langeberg.gov.za
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	The Annual Report was placed on the municipal website on 11/12/2015.
Annual Report submitted to Provincial Treasury	MFMA Section 127(5)	The Annual Report was submitted to PT on 11/12/2015.

Langeberg Municipality still faces many challenges, but remains committed to address these hurdles with a continued focus on the task at hand to achieve Council's objectives and to realise a better future, quality of life and prospects for all the residents in the municipal area,

It is a privilege to present this 2014/2015 Annual Report.



SA Mokweni
Municipal Manager

CHAPTER 2

GOVERNANCE



CHAPTER 2: GOVERNANCE

In terms of Section 40 of the Constitution, the South African government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must comply and adhere to the principles of the Constitution and must conduct their activities within the provisions of the Constitution. Langeberg Municipality represents the local sphere of government.

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 2014/15 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. Chapter 2 seeks to report on how Langeberg Municipality met these requirements with regard to handling its governance structures, intergovernmental relations, community participation and organisational management.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of its community.

Langeberg Municipality makes a clear distinction between the politically elected structure, namely Council, which is responsible for the oversight and legislative function, and the Administration.

The Council is chaired by the Speaker. The executive is headed by the Executive Mayor together with the Mayoral Committee, who are full-time office bearers involved in the day-to-day running of Council from a political perspective.

The Administration is headed by the Municipal Manager, who is the organisation's Accounting Officer.

Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making are clear and unambiguous.

2.1 POLITICAL GOVERNANCE

In accordance with the MFMA Section 52 (a), the Mayor provides general political guidance over the fiscal and financial affairs of the municipality. To assist the Mayor with the exercise of political governance at Langeberg Municipality, a Portfolio Committee System exists.

An established Oversight Committee comprises of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Oversight Committee Report will be published separately in accordance with MFMA guidance.



In addition, the Langeberg Municipality also has an Audit Committee, which provides opinions and recommendations on financial processes and performance as well as comments to the Oversight Committee on the Annual Report.

Political decisions are made by the Executive Mayor, in terms of powers delegated to her by law, and by Council at general monthly Council Meetings or Special Council Meetings that are called when decisions cannot wait for scheduled monthly meetings.

The Council of Langeberg Municipality comprises of 12 Ward Councillors and 8 proportional representatives. **Appendix A** provides a full list of Councillors and committee allocations.

The table below provides a graphic illustration of Council's executive structure.

Table 14: Political Structure of Langeberg Municipality

Political Structure of Langeberg Municipality	
 <p>ALDERMAN D GAGIANO Executive Mayor</p>	
 <p>COUNCILLOR KI KLAAS Deputy Mayor</p>	



COUNCILLOR DA HULL
Speaker



COUNCILLOR J KRIEL
Chief Whip

EXECUTIVE MAYORAL COMMITTEE



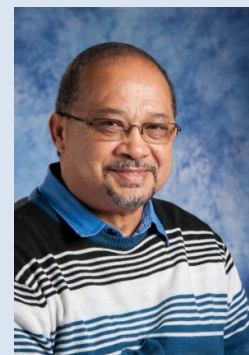
CLR SW VAN EEDEN



CLR EMJ KOTJE



CLR NP CROUWCAMP



CLR EMJ SCHEFFERS

2.2 ADMINISTRATIVE GOVERNANCE

The MFMA, Section 60 (b) states: “The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance and advice on compliance with this Act to political structures, political office-bearers and officials of the municipality and any entity under the sole or shared control of the municipality.”

Tables 15 and 16 below provide more detail concerning the roles of Municipal Manager and the Directors of Langeberg Municipality. The Directors report to the Municipal Manager under the Municipal Systems Act Section 57. This top administrative structure forms the Langeberg Municipality’s Senior Management Team who work together closely in their thematic and service group roles to make the greatest impact on service delivery.

All these Section 57 posts have been approved and four posts remained filled in 2014/2015. The functions of the vacant post have been shared between the Director: Engineering Services and the Director: Strategy and Social Development. The Municipal Manager and Section 57 staff meet the minimum requirements in terms of the National Qualifications Framework.

All legal requirements pertaining to competency and contractual requirements have been met. S57 employees have completed the Minimum Competency Training and the employment contracts of the Municipal Manager and S57 staff have been submitted to the Department of Local Government.

Table 15: Top Administrative Structure – Tier 1

TOP ADMINISTRATIVE STRUCTURE TIER 1	
	FUNCTIONS
 <p>SA MOKWENI MUNICIPAL MANAGER</p>	<ul style="list-style-type: none"> • Accounting officer of municipality • Strategic • Sound financial management • Improvement of communication and stakeholder management

Table 16: Top Administrative Structure – Tier 2

TOP ADMINISTRATIVE STRUCTURE TIER 2	
DIRECTOR: CORPORATE SERVICES Mr AWJ EVERSON 	FUNCTIONS <ul style="list-style-type: none"> • General Administration • Human Resources • Labour Relations • Property Administration • Community Halls & Libraries • Traffic Services
CHIEF FINANCIAL OFFICER Mr CF HOFFMAN 	<ul style="list-style-type: none"> • Income & Expenditure • Budget & Support Services • Supply Chain Management
DIRECTOR: ENGINEERING SERVICES Mr IAB VAN DER WESTHUIZEN 	<ul style="list-style-type: none"> • Electric Engineering Services • Water & Sanitation • Civil Engineering Services • Solid Waste • Existing Housing • Town Planning
DIRECTOR: STRATEGY & SOCIAL DEVELOPMENT Mrs CO MATTHYS 	<ul style="list-style-type: none"> • Information Technology • Communications • IDP • Performance Management • Special Projects • Local Economic Development • Parks & Recreational Facilities • Disaster Management
* denotes officials on fixed term performance contracts reporting to the Municipal Manager under the Municipal Systems Act Section 57.	

MEETING THE REQUIREMENTS OF POLITICAL AND ADMINISTRATIVE GOVERNANCE

This section reports on how Langeberg Municipality met the requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability with regard to handling its governance structures.

Sustainability and Productivity: The municipality's political and administrative governance structures remained productive throughout 2014/2015 and complied well with legislative requirements. The following meetings were held:

Table 17: Council, Mayco and Portfolio Meetings 2014/2015

Council, Mayco and Portfolio Meetings 2014/2015						
Meetings	2012/13	Attendance	2013/14	Attendance	2014/15	Attendance
Portfolio Committee Meetings	37	96%	41	87%	71	85%
Mayoral Committee Meetings	8	93%	6	94%	6	100%
Special Mayoral Committee Meetings	3	100%	4	92%	1	100%
Council Meetings	7	88%	10	91%	6	91%
Special Council Meetings	6	99%	3	73%	8	85%

Table 18: Ward Committee Meetings held in 2014/2015

Ward Committee	Chairperson	Number of meetings held in 2013/2014	Number of meetings held in 2014/2015
Ward 1, Robertson	Cllr JD Burger	10	10
Ward 2, Robertson (Nkqubela)	Cllr SP Maflika till 28 Feb 2015/ AJ Shibili from 6 May 2015	10	10
Ward 3, Robertson	Cllr E Turner	10	10
Ward 4, Bonnievale (Happy Valley)	Cllr RR Kortjé	10	10
Ward 5, McGregor	Cllr DA Hull	10	10
Ward 6, Robertson	Cllr DB Janse	10	10
Ward 7, Montagu	Cllr J Kriel	10	10
Ward 8, Bonnievale	Cllr SW van Eeden	10	10
Ward 9, Ashton	Cllr TS de Koker	10	10
Ward 10, Ashton (Zolani)	Cllr EM Zwedala till 30 April 2015	10	10
Ward 11, Ashton (Rural)	Cllr JDF van Zyl	10	10
Ward 12, Montagu	Cllr EMJ Scheffers	10	10

Table 19: Audit Committee Meetings and Attendance

Audit Committee Members	Number of Meetings in 2013/2014	Member Attendance in 2013/2014	Number of Meetings in 2014/2015	Member Attendance in 2014/2015
Mr. JJ Mostert – Chairman	5	5	5	5
Mr. A Amod	5	3	5	3
Mr. K Pretorius	5	4	5	5
Mr. W van Deventer	5	5	5	5

Municipal Public Accounts Committee

The MPAC met on:

- 05 August 2014
- 25 September 2014
- 05 November 2015
- 27 January 2015
- 11 February 2015
- 24 March 2015
- 19 May 2015

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

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

Table 20: Governance Structures and Measures of Accountability

Governance Structures	Measures of Accountability
Council	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	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 financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion

Governance Structures	Measures of Accountability
The municipality reports its annual performance financial status 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 kept
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 events, 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 and an average of 6600 per month in 2014/2015.

Effective and Efficient Governance means that governance structures and processes ensure that community needs are met, with the best use of resources.

Table 21: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitor 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 Adjusted SDBIP tabled to Council
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 have a stake in it and do not feel excluded from mainstream society. 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, as well as both genders.

Consensus Orientation: To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and also how it can be achieved. Langeberg's orientation towards reaching broad consensus unfolds through its scheduled and consultative IDP, Budget and Ward Based Planning processes.

Responsiveness: In trying to serve all stakeholders within a responsible time-frame, the governance structures of Langeberg Municipality adhere to set Council schedules, approved process plans and reporting cycles determined by Provincial and National Government spheres. This is maintained through administrative compliance monitoring and oversight.

Participation: 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.

Community Participation in the development or revision of policies and strategies are achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments.

Table 22: Website Uploads for Community Reviews and Comments in 2014/2015

WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2014/2015	
Document	Date
Draft SDF open for community comments	19 July 2014
Tourism Strategy Final Draft	19 September 2014
Draft Social Development Strategy	22 October 2014
Tabling of Draft Annual Report 2013/2014	2 December 2014
Cash Management and Investment Policy	13 January 2015
Public Notice Calling for Inspection of Valuation Roll of Properties and Lodging of Objections MN15	16 February 2015
Tree Management Policy Final Draft	19 February 2015
Municipal Budget, Integrated Development Plan, Policies and determination of tariffs for the financial year: 01 July 2014 to 30 June 2015	25 March 2014
IDP open for comment	1 April 2015

Transparency and the Rule of Law: Table 22 indicates the dates on which Langeberg Municipality invited the community to participate in the development of Municipal directives and documents, as advertised on the municipal website in 2014/2015.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

The MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution Section 41.

Langeberg Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the municipality maintains good co-operative and inter-governmental relations with the Cape Winelands District Municipality, neighbouring municipalities, Provincial and National Government and other government agencies. Maintaining good relations with other government spheres makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development and capacity building roll-outs which strengthen local government in its quest to improve service delivery.

2.3 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 participation in government programmes and roll-outs, in order to benefit the development of Langeberg Municipality's administration, local area and communities, are tabled below.

Table 23 A, B, C: IGR Engagements participated in by Langeberg Municipality in 2014/2015

A. IGR ENGAGEMENTS FOR THE MUNICIPAL MANAGER			
Meeting	Attended by Langeberg Municipality	Hosted in	Date
Meeting with Department of Cultural Affairs and Sport: MOA signing for McGregor and Nkqubela projects	Municipal Manager Director: Strategy & Social Development Manager: Parks and Amenities	Robertson	01/07/2014
Department of Environmental Affairs and Development Planning: Municipal Outreach Programme	Municipal Manager Director: Engineering Services Manager: Civil Engineering Services Manager: Project Management Manager: Housing Administration Asst. Manager: Solid Waste	Robertson	29/07/2014
SALGA: Introduction to Local Government for AG Trainee Auditors Workshops 5, 6 August 2014	MM	Cape Town	5 & 6 /08/2014
MinMay Tech Meeting Special WCMMF	MM	Goudini Spa	11/08/2014
Premier's Coordinating	MM	Goudini Spa	12/08/2014
Dept. of Cooperative Governance: Community Work Programme Presentation	Executive Management Team Senior Management Team Ward Committees	Robertson	26/08/2014

A. IGR ENGAGEMENTS FOR THE MUNICIPAL MANAGER			
Meeting	Attended by Langeberg Municipality	Hosted in	Date
Provincial Local Government Turn-Around Strategy Steering Committee Meeting	Municipal Manager Director: Strategy & Social Development	Robertson	15/09/2014
WC Municipal Managers Forum	Municipal Manager	Grabouw	03/11/2014
COGTA	Municipal Manager Director: Strategy & Social Development	Ashton	06/02/2015
MGRO 2 Engagement	Municipal Manager Director: Strategy & Social Development	Ashton	16/02/2015
MinMayTech meeting	Municipal Manager	Langebaan	16/03/2015
Premier's Coordinating Forum	Municipal Manager	Langebaan	17/03/2015
DCF meeting	Municipal Manager	Worcester	18/03/2015
LGTAS Steering Committee Meeting 2015	Municipal Manager Director: Strategy & Social Development	Robertson	15/04/2015
2015 LGMTEC 3 Engagement	Municipal Manager Director: Strategy & Social Development	Robertson	05/05/2015
Department of Human Settlements	Municipal Manager	Cape Town	25/05/2015
MinMayTech	Municipal Manager	Worcester	08/06/2015
MinMay	Municipal Manager	Worcester	09/06/2015

B. IGR ENGAGEMENTS FOR THE DEPARTMENT: ENGINEERING SERVICES			
Meeting	Attended by Langeberg Municipality	Hosted in	Date
Dept. Local Government (Western Cape Development Plan)	Director Engineering Services	Cape Town	16-Sep-14
Dept. Local Government (Western Cape Development Plan)	Director Engineering Services	Worcester	09-Oct-14
Municipal Governance Review & Outlook (MGR&O)	Director Engineering Services	Robertson	14-Nov-14
IDP Indaba	Director Engineering Services	Stellenbosch	18 & 19 Feb 2015
Dept. Human Settlements Workshop (with Min Madikizela)	Director Engineering Services	Century City Cape Town	25-May-15
Dept. Human Settlements re McGregor Housing Project - "Annex A"	Director Engineering Services	Cape Town	27-May-15
Spatial Planning Land Use Management Act (SPLUMA)	Director Engineering Services	Franschhoek	24 & 25 June 2015

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: STRATEGY AND SOCIAL DEVELOPMENT			
Meeting	Attended by Langeberg Municipality	Hosted in	Date
Provincial Local Government Turn-Around Strategy Steering Committee Meeting	Director: Strategy & Social Development	Robertson	15/09/2014
Premier's Coordinating Forum	Director: Strategy & Social Development	Grabouw	04/11/2014
Dept. LG: Directorate Corporate Governance – MGRO visits	All Directors	Ashton	14/11/2014
District IDP Manager Forum	Director: Strategy & Social Development IDP Coordinator	Stellenbosch	21/11/2014
COGTA Meeting	Director: Strategy & Social Development	Robertson	09/11/2014
MGRO 2 Engagement	Director: Strategy & Social Development	Ashton	16/02/2015
IDP Indaba 2 from 18	Director: Strategy IDP Coordinator	Stellenbosch	18/02/2015
LGTAS Steering Committee Meeting 2015	Director: Strategy & Social Development	Robertson	15/04/2015
2015 LGMTEC 3 Engagement	Director: Strategy & Social Development	Robertson	05/05/2015

D. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	Attended by Langeberg Municipality	Hosted in	Date
District Public Participation Communication Forum	Communication Officer	Worcester	8 August 2014
Public Participation Workshop	IDP Practitioner	Rawsonville	27-28 November 2014
District Public Participation Communication Forum	Communication Officer	Stellenbosch	13 February 2015
Provincial Library Services	Manager Community Facilities	Cape Town	4 – 5 September 2014
Salga Western Cape PEC	Manager Community Facilities	Wolseley	12 March 2015
Provincial Library Services	Manager Community Facilities	Goudini-Spa, Rawsonville	11 – 13 March 2015
Thusong Service Centre	Manager Administrative Support	Mosselbay	24 & 25 November 2014
Thusong Service Centre	Manager Administrative Support	Hermanus	5 March 2015
RTMCC	Acting Manager Traffic Services	Gene Louw College	July 2014

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The MSA Section 15 (b) requires a municipality to establish and organise its administration and to facilitate a culture of accountability amongst its staff. Section 16 (i) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18 (i) (d) requires a municipality to supply its community with information concerning municipal governance, management and development.

This section reports on how Langeberg Municipality met the above legislative requirements, through a discussion of the characteristics which accountability and participative governance must adhere to.

Sustainable Participation: The Ward Committee System provides Langeberg Municipality with a powerful governance structure through which public accountability and community participation are promoted and strengthened. Being fully capacitated and institutionalised in each of the twelve wards, the foundation has been laid to sustain a fully functional system for a continuous, two-way information flow and engagement between the municipality and the community. The Ward Committee Chairpersons per ward are set out in the table below.

Table 24: Ward Committee Chairpersons per Ward in 2014/2015

Ward Committee	Chairperson
Ward 1 – Robertson	Cllr JD Burger
Ward 2 – Robertson Nkqubela	Cllr SP Mafilika (until 28/02/15) Cllr AJ Shibili
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 (until 30 April 2015)
Ward 11 – Ashton Rural	Cllr JDF van Zyl
Ward 12 - Montagu	Cllr EMJ Scheffers

2.4 PUBLIC MEETINGS

Effectiveness and efficiency: In order to produce results that meet the needs of the Langeberg communities, thereby ensuring participative effectiveness and efficiency, community consultation took place on various issues throughout the year.

The table below reflects the Ward based Planning sessions held throughout the area in 2014/2015.

Table 25: Ward Based Planning Sessions in 2014/2015

Ward	Date	Venue
All Wards	22 November 2014	Kallie De Wet Sport Centre

Equity and Inclusiveness: In order to facilitate inclusive participation in mainstream society, Ward Committees reached out to communities, creating opportunities to improve and/or maintain their well-being.

The table below reflects the Ward Committee Outreach Programmes in 2014/2015.

Table 26: Ward Committee Outreach Programmes in 2014/2015

Ward	Date	Programmes
1	14 & 15 Nov 2014	Ward Committee Summit
	11 Feb 2015	Demarcation Board Consultative meetings
	12 Feb 2015	Meeting with Superintendent Dept. Health
	09 Apr 2015	CWDM IDP Workshop
	14 Apr 2015	Budget IDP Workshop
	12&19 May 2015	Provincial Parliament Workshop and Consultative Meeting
2	14 & 15 Nov 2014	Ward Committee Summit
	11 Feb 2015	Demarcation Board Consultative meetings
	12 Feb 2015	Meeting with Superintendent Dept. Health
	09 Apr 2015	CWDM IDP Workshop
	14 Apr 2015	Budget IDP Workshop
	12 & 19 May 2015	Provincial Parliament Workshop and Consultative Meeting
3	14 & 15 Nov 2014	Ward Committee Summit
	11 Feb 2015	Demarcation Board Consultative meetings
	12 Feb 2015	Meeting with Superintendent Dept. Health
	09 Apr 2015	CWDM IDP Workshop
	14 Apr 2015	Budget IDP Workshop
	12&19 May 2015	Provincial Parliament Workshop and Consultative Meeting
4	14 & 15 Nov 2014	Ward Committee Summit
	11 Feb 2015	Demarcation Board Consultative meetings
	12 Feb 2015	Meeting with Superintendent Dept. Health
	09 Apr 2015	CWDM IDP Workshop
	16 Apr 2015	Budget IDP Workshop
	12&19 May 2015	Provincial Parliament Workshop and Consultative Meeting

Ward	Date	Programmes
5	14 &15 Nov 2014 11 Feb 2015 12 Feb 2015 19 March 2015 09 Apr 2015 14 Apr 2015 12&19 May 2015	Ward Committee Summit Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CDW - Outreach Event CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting
6	14 &15 Nov 2014 11 Feb 2015 12 Feb 2015 09 Apr 2015 14 Apr 2015 12&19 May 2015 20 June 2015	Ward Committee Summit Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting Outreach Event CCMA & Dept. Labour
7	14 &15 Nov 2014 20/21 Aug 2015 11 Feb 2015 12 Feb 2015 09 Apr 2015 16 Apr 2015 12&19 May 2015	Ward Committee Summit Thusong Outreach Montagu Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting
8	14 &15 Nov 2014 11 Feb 2015 12 Feb 2015 09 Apr 2015 16 Apr 2015 12&19 May 2015	Ward Committee Summit Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting
9	14 &15 Nov 2014 02 Dec 2014 11 Feb 2015 12 Feb 2015 09 Apr 2015 16 Apr 2015 12&19 May 2015	Ward Committee Summit SASSA Outreach Event Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting
10	14 &15 Nov 2014 02 Dec 2014	Ward Committee Summit SASSA Outreach Event

Ward	Date	Programmes
	11 Feb 2015 12 Feb 2015 16 Apr 2015 12&19 May 2015	Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting
11	20/21 Aug 2015 14 & 15 Nov 2014 02 Dec 2014 11 Feb 2015 12 Feb 2015 09 Apr 2015 16 Apr 2015 12&19 May 2015	Thusong Outreach Montagu Ward Committee Summit SASSA Outreach Event Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultation
12	20/21 Aug 2015 14 & 15 Nov 2014 11 Feb 2015 12 Feb 2015 09 Apr 2015 16 Apr 2015 12&19 May 2015	Thusong Outreach Montagu Ward Committee Summit Demarcation Board Consultative meetings Meeting with Superintendent Dept. Health CWDM IDP Workshop Budget IDP Workshop Provincial Parliament Workshop and Consultative Meeting

Consensus Orientation: To be consensus orientated, Langeberg Municipality strives towards reaching broad consensus on what is in the best interest of the community and also how it can be achieved. The IDP process served this purpose.

The table below reflects the IDP Community Input Meetings held in 2014/2015.

Table 27: IDP Community Input Meetings held in 2014/2015

IDP Community Input Meetings held in 2014/2015			
Date	Ward/s & Chairperson	Town	Venue
25 Sep 2014	12 – Cllr Scheffers	Montagu (Ashbury)	Kabouterland Hall
1 Oct 2014	3 – Cllr Turner	Robertson	Hospital Avenue Community Hall
7 Oct 2014	5 – Cllr Hull	McGregor	McGregor Town Hall
8 Oct 2014	1 – Cllr Burger	Robertson	Robertson Town Hall
9 Oct 2014	9 – Cllr De Koker	Ashton	Barnard Community Hall
9 Oct 2014	10 – Cllr Zwedala	Ashton/Zolani	Rholihlala Community Hall
13 Oct 2014	7 – Cllr Kriel	Ashton	Hofmeyer Hall

IDP Community Input Meetings held in 2014/2015			
Date	Ward/s & Chairperson	Town	Venue
14 Oct 2014	2 – Cllr Maflika	Robertson/Nkqubela	Nkqubela Community Hall
15 Oct 2014	4 – Cllr Kortje	Bonnievale (Happy Valley)	Happy Valley Community Hall
21 Oct 2014	11 – Cllr van Zyl	Ashton	Ashton Town Hall
22 Oct 2014	6 – Cllr Janse	Robertson	Rooiberg Hall
23 Oct 2014	8 – Cllr Van Eeden	Bonnievale	Chris v Zyl Hall

Transparency: In order to be transparent, stakeholders and communities were informed of decisions and actions that affected them directly. Ward Committees gave regular feedback to their communities.

The table below reflects the Ward Committee – Community (Feedback) Meetings held in 2014/2015.

Table 28: Ward Committee – Community (Feedback) Meetings held in 2014/2015

Ward Committee – Community (Feedback) Meetings held in 2014/2015					
Ward	Date				
	Jul/Aug/Sept 2014	October 2014	Jan/Feb 2015	March/April 2015	May/June 2015
1	12/08	08/10	20/01	22/04	-
2	05/08	14/10	-	23/04	08/06
3	20/08 & 17/09	01/10	18/02	16/04	-
4	-	15/10	19/02	19/03	-
5	-	07/10	12/02	19/03	-
6	06/08	22/10	24/02	22/04	26/05
7	31/07 & 18/09	13/10	05/02	15/04	-
8	18/08,	23/10	25/02	-	25/05
9	11/09	09/10	-	23/04	14/05
10	16/09	09/10	-	22/04	18/06
11	16/09	21/10	24/02	21/04	-
12	01/07 & 25/09	-	09/02	21/04	11/05

The tables following below reflect the Ward Block Meetings held in 2014/2015.

Table 29: Ward 1 - Block Meetings held in 2014/2015

Ward 1 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Jacobus Rossouw	-	-	Meeting held	29 June 2015
2	Jacobus H. Louw	-	-	Meeting held	-
3	Gideon Joubert	Meeting held	-	Meeting held	24 June 2015
4	Braganza Koen	Meeting held	-	Meeting held	Sick
5	Mr Frieslaar	Meeting held	-	VACANT	VACANT
6	Anita Joseph	-	-	Meeting held	24 June 2015
7	Piet Veldsman	-	-	Meeting held	25 June 2015
8	Annelene Abrahams	Meeting held	-	Meeting held	04 June 2015
9	Robert Human	-	-	Meeting held	-
10	Thelma Prins	Meeting held	-	Meeting held	30 June 2015

Table 30: Ward 2 - Block Meetings held in 2014/2015

Ward 2 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Mokhe J Kwinana	-	-	Meeting held	Death in family
2	Vuyani Jaxa	-	-	Meeting held	9/07/2015
3	Mabuti Booyesen	-	Meeting held	Meeting held	04/07/2015
4	Nomvula Silolo	-	-	Meeting held	18/06/2015
5	Beauty Thayi	-	Meeting held	Meeting held	Meeting postponed
6	Fundile M Mlata		Meeting held	Meeting held	Door- to-door meetings
7	Marlon Viljoen	Meeting held		Meeting held	Week of 06/07/2015
8	Alwyn Du Plessis	-	-	Meeting held	23/06/2015
9	Frederick j Strauss	-	-	Meeting held	04/06/2015
10	Jakobus Joubert	-	Meeting held	Meeting held	23 Junie 2015

Table 31: Ward 3 - Block Meetings held in 2014/2015

Ward 3 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Martin Abrahams	-	-	Meeting held	23 June 2015
2	Pieter Pietersen	-	-	Meeting held	26 June 2015
3	Jakob Tobias	Meeting held	-	Meeting held	30 June 2015
4	Susan Hartzenberg	Meeting held	-	Meeting held	19 June 2015
5	Ferdenand Van Wyk	Meeting held	-	Meeting held	25 till 29 June 2015
6	Mieggal Saayman	-	-	Meeting held	25 June 2015
7	Jacobus Damons	-	-	Meeting held	23 June 2015
8	Joan Rhoma	-	-	Meeting held	23 June 2015
9	Pauline Hess	-	-	Meeting held	23 June 2015
10	Andries Hektoer	Meeting held	-	Meeting held	30 June 2015

Table 32: Ward 4 - Block Meetings held in 2014/2015

Ward 4 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Azalm Ross	8/07/2014 & 9/09/2014	-	Meeting held	19 June 2015
2	Robert Arries	16/08/2014	10/10/2014	Meeting held	-
3	Luyanda Mlonyeni X Sithonga	01/08/2014 -	16/10/2014 -	- Meeting held	- 23 June 2015
4	Namalizo Kahla	16/08/2014	10/10/2014	Meeting held	23 June 2015
5	Brendolien Siegelaa	21/09/2014	23/10/2014	Meeting held	18 June 2015
6	Patrick Lucas	10/09/2014	08/11/2014	Meeting held	25 June 2015
7	Sandra Marais	20/08/2014	05/11/2014	Meeting held	24 June 2015
8	Eva Lombaard	13/08/2014	05/11/2014	Meeting held	22 June 2015
9	Pauline Paulse	14/09/2014	09/11/2014	Meeting held	21 June 2015
10	Allan Lombaard	15/09/2014	10/11/2014	Meeting held	-

Table 33: Ward 5 - Block Meetings held in 2014/2015

Ward 5 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Barbara Jacobs	-	-	-	25 June 2015
2	Booi Zozi	27/08/2014	-	Meeting held	06 July 2015
3	Henrieta Knapp	27/08/2014	-	Meeting held	30 June 2015
4	Mitchell Stanfliet	27/08/2014	-	Meeting held	30 June 2015
5	Perston Hull	26/08/2014	-	-	06 July 2015
6	Evon Arendorff	-	-	Meeting held	28 May 2015
7	Isak Muller	-	-	-	30 June 2015
8	Susanna Pillay	-	13/11/2014	-	30 June 2015
9	Hendrik Joubert	-	-	-	01 June 2015
10	Frans Brits	-	-	-	01 June 2015

Table 34: Ward 6 - Block Meetings held in 2014/2015

A. Ward 6 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Israel van Stade Godfrey Paulse	1	1	-	-
2	Richard Smith Johannes Jantjies	1	-	Meeting held	26 June 2015
3	Johannes Jantjies Luther-Roy Stofbergh	1	1	Meeting held	28 June 2015
4	Luther-Roy Stofbergh Betty Farao	1	1	Meeting held	24 June 2015
5	Bettie Farao Elizabeth George	1	1	Meeting held	-
6	Elizabeth George Israel van Stade	-	-	Meeting held	29 June 2015
7	Gert Olkkers	1	1	Meeting held	25 June 2015
8	Lea Booysen	1	1	Meeting held	26 April 2015
9	Muriel Pietersen Ruben Stevens	1	1	Meeting held	30 June 2015
10	Ruben Stevens Muriel Pietersen	-	-	-	28 June 2015

Table 35: Ward 7 - Block Meetings held in 2014/2015

Ward 7 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Gert Lubbe	-	-	-	-
2	Ernest Oosthuizen	-	-	-	-
3	Michel Maasdorp	-	-	-	16 July 2015
4	Mbonisi Octavius Mgada	-	-	-	-

Ward 7 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
5	Gaylian Fortuin	-	-	-	20 July 2015
6	Francois Pieterse	-	-	-	-
7	Johan Neethling	-	-	-	-
8	Charl van Rensburg	-	-	Meeting held	19 & 27 May 2015 09 June 2015
9	Pieter Stemmet	-	-	-	-
10	Martha Hendricks	-	-	-	23 July 2015

Table 36: Ward 8 - Block Meetings held in 2014/2015

Ward 8 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Vacant	-	-	-	-
2	Andre Gagiano	-	-	-	-
3	Vacant	-	-	-	-
4	Pieter Albertyn	-	-	-	03 and 10 June 2015
5	Abraham Filander	-	-	Meeting held	-
6	Freddie Erasmus	-	-	Meeting held	-
7	Samuel Jacobs	-	-	Meeting held	Meeting held
8	Hansie Wolfaard	-	-	-	Meeting held
9	Johannes Els	-	-	-	-
10	Vacant	-	-	-	-

Table 37: Ward 9 - Block Meetings held in 2014/2015

Ward 9 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Mauriena Adams Dennis Jacobs	-	16/10/2014	-	08 July 2015
2	Ashley Gertse	27/08/2014	-	Meeting held	25 May 2015
3	Hendrik van der Bank	17/08/2014	-	Meeting held	07 July 2015
4	Jakobus Koker	-	-	-	08 July 2015
5	Dennis Jacobs Mauriena Adams	19/08/2014	-	-	19 April 2015
6	Yvonne Davids Edean Solomons	-	-	-	10 July 2015
7	Sonia Brooks Yvonne Davids	18/09/2014	-	-	24 July 2015
8	Magdalena le Roux	18/09/2014	-	Meeting held	13 May 2015
9	Edean Solomons Sonia Brooks	-	-	Meeting held	10 June 2015
10	Kenneth Burger	-	-	Meeting held	09 July 2015

Table 38: Ward 10 - Block Meetings held in 2014/2015

Ward 10 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Sayinile Teacher Ndabeni	07 September 2014	-	-	28 June 2015
2	Phumla Tokwe	After Ward Committee Meeting	-	Meeting held	28 June 2015
3	Nomawonge Mase	After Ward Committee Meeting	-	-	05 July 2015
4	Septimus Sogiba	09 September 2014	-	-	02 July 2015
5	Xola Tsheni	After the Ward Committee Meeting	-	-	08 July 2015
6	Khaka Mpiko	03 September 2014	-	-	01 July 2015
7	Nzimakazi Mkhethwana	07 September 2014	-	Meeting held	11 July 2015
8	Thenjiswa Zenzile	07 September 2014	-	Meeting held	05 July 2015
9	Nomfundo Mzondi	04 September 2014	-	-	11 July 2015
10	Zolile Kompela	04 September 2014	-	-	11 July 2015

Table 39: Ward 11 - Block Meetings held in 2014/2015

Ward 11 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	H Mangenene Jacobus de Kock	-	14/10/2014	-	08 July 2015
2	Piet Engelbreg Hendrik Tredoux	20/08/2014	-	-	23 July 2015
3	Sarah Doms	-	-	-	16 July 2015
4	Abraham Jacobs Susara Viljoen	09/09/2014	-	-	15 July 2015
5	Penelope Retief	-	-	-	14 July 2015
6	Abraham Jacobs	-	-	-	08 June 2015
7	H Mangenene	-	-	-	08 July 2015
8	Roslin Fuller	-	-	-	03 July 2015
9	H Volschenck	-	-	-	13 July 2015
10	Piet Engelbreg	-	-	-	01 July 2015

Table 40: Ward 12 - Block Meetings held in 2014/2015

Ward 12 - Block Meetings held in 2014/2015					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Spasina Herder	17 July 2014	-	-	22 July 2015
2	Michael Havi	24 July 2014	-	-	22 July 2015
3	Marquarite Jones	23 July 2014	20 October 2014	-	16 July 2015
4	Lea Conradie	23 July 2014	-	Meeting held	21 July 2015
5	Dawid de Koker	4 July 2014	-	-	20 July 2015
6	Alfredauw Wewers	14 July 2014	-	Meeting held	22 July 2015
7	Ella Johnson	17 July 2014	22 October 2014	-	20 July 2015
8	Koert Ewertson	24 July 2014	20 October 2014	-	15 July 2015
9	Anna Willemse	-	-	Meeting held	16 July 2015
10	Daniel Julies	-	-	-	22 July 2015

Rule of Law: The Langeberg Municipality ensures impartiality in legislative enforcement through the implementation of its adopted Community Participation Policy and Ward Committee System reporting procedures.

2.5 IDP PARTICIPATION AND ALIGNMENT

The table below confirms Langeberg municipality's IDP participation and alignment.

Table 41: IDP Participation and Alignment Criteria

IDP Participation and Alignment Criteria*	
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000 refers.	

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The MFMA Section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

By managing its risks, Langeberg Municipality maximises value by setting clear and realistic objectives, develop appropriate strategies, understands the intrinsic and associated risks of its actions and directs resources towards managing such risks on the basis of cost benefit principles.

Langeberg Municipality bases its risk management on pre-identified and regularly reviewed operational risks. A Risk Register has been compiled, together with mitigating measures. An adopted Risk Management Policy regulated the implementation of risk management processes and procedures throughout 2014/2015.

Refer to Table 11 for Langeberg Municipality's top risks in 2014/2015.

2.7 ANTI-CORRUPTION AND FRAUD

Langeberg Municipality's anti-corruption and fraud preventative measures include:

- Continuous promotion of an ethical culture
- Ongoing staff training
- Implementation of a Policy on Fraud and Anti-corruption
- Provision of effective security measures at municipal buildings
- Procedures of employee vetting before appointment
- An approved Internal Audit Plan and a functional Internal Auditing Unit and Audit Committee

During 2014/2015, the Audit Committee had four members and convened 5 meetings for the purpose of providing oversight of internal controls, financial reporting, compliance with regulatory matters and approving the Internal Audit Plan.

The municipality displays a culture of zero-tolerance towards fraud and corruption and takes immediate action against fraudulent and corruptive actions.

2.8 SUPPLY CHAIN MANAGEMENT

The MFMA, Section 110-119, the Supply Chain Management Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Langeberg Municipality adopted a Supply Chain Management Policy, based on the model prescribed by National Treasury. Implementation of the policy ensures that legal requirements are met. Certain areas of under-performance were highlighted as risks and remedial action were taken and implemented.

The municipality have Bid Specification, Bid Evaluation and Bid Adjudication Committees to ensure that fair and just supply chain processes and outcomes are achieved.

The following staff served on the Bid Adjudication Committee in 2014/2015:

Table 42: Langeberg Municipality's Bid Adjudication Committee

Langeberg Municipality's Bid Adjudication Committee	
Name	Position
Mr CF Hoffmann	Chief Financial Officer
Mr AWJ Everson	Director: Corporate Services
Mr IAB van der Westhuizen	Director: Engineering Services
Mr B Brown	Deputy Chief Financial Officer
Ms S Kotzé	Manager: Administrative Support
Mr S Ngcongolo	Senior Practitioner: Supply Chain Management

2.9 POLICIES AND BY-LAWS

The Municipal Systems Act 2000, Section 11(3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the boundaries of the municipality. The table below provides the policies and by-laws which have been passed by Langeberg Municipality in 2014/2015.

Table 43: Policies Adopted in 2014/2015

Policies adopted in 2014/2015		
	Policy	Council Resolution
A3023	<u>TREE MANAGEMENT POLICY ~ FINAL ADOPTION (9/2/1/9) : (MANAGER PARKS AND AMENITIES)</u>	<u>This item served before Council on 25 August 2014</u> <u>Unanimously Resolved</u> That the Tree Management Policy be approved and adopted.
A3063	<u>SUBMISSION OF COMMUNITY PARTICIPATION POLICY FOR APPROVAL (9/2/1/9) (DIRECTORATE: STRATEGY AND SOCIAL DEVELOPMENT)</u>	<u>This item served before Council on 1 December 2014</u> <u>Unanimously Resolved</u> That the Community Participation Policy be approved and adopted by Council.

Table 44: By-law Passed in 2014/2015

By-Law Passed in 2014/2015		
By-Law Passed		Council Resolution
A3138	<u>PASSING OF PROPOSED BY-LAW ON MUNICIPAL LAND USE PLANNING (MANAGER TOWN PLANNING); (1/3/1/1/190)</u>	<p><u>This item served before a Special Council Meeting on 17 June 2015</u></p> <p><u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> 1. That the contents of the report be noted. 2. That in terms of section 156(2) of the Constitution read with section 11(3)(m) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) the by-law on municipal land use planning, <u>attached to this report</u>, be passed. 3. That in terms of section 13(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the by-law on municipal land use planning, attached as Annexure A, be published.

2.10 WEBSITE

The municipality's website address is <http://www.langeberg.gov.za>. All information is regularly updated on the website. The table below reflects on documents which must be published on the website, as required by law and confirms Langeberg Municipality's 2014/2015 status on it.

Table 45: Documents required to be published on the Municipality's Website

Documents required to be published on the Municipality's Website	Yes/No
Current Annual and Adjustments Budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2013/2014)	Yes
The Annual Report (2014/2015) published/to be published	Yes
All current Performance Agreements required in terms of Section 57(1)(b) of the MSA and resulting scorecards	Yes
All supply chain management contracts above the prescribed value	Yes
All quarterly reports tabled in the Council in terms of section 52(d) during 2014/15	Yes

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality did not commission any Household Satisfaction Surveys in 2014/2015. Complaints and inputs lodged on the website and SMS System were, however, regarded as community feedback and data was fully incorporated in the 2015/2016 IDP.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)



Table 46: A,B,C,D,E,F,G,H &J: Organisational Performance Scorecard

Energy efficiency for sustainable future

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL19	Municipal Financial Viability and Management	Limit unaccounted electricity to 7.5%	% of electricity unaccounted for	7.50%	7.50%	6.51%	B		
TL33	Basic Service Delivery	Spend the total amount budgeted for Electrical Engineering Capital Projects	% of Electrical Engineering Capital Budget spent	100%	100%	85.97%	O	Not all projects were completed by 30 June 2015	Control measures to be put in place to improve expenditure
TL48	Basic Service Delivery	Number of formal households with access to the basic level of electricity	Number of formal households with access to electricity	17,050	17,050	12833	G2		Quarterly verification of number of residential properties to be done

Institutional Development and Corporate governance

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL13	Municipal Transformation and Institutional Development	% of the municipal budget spent on implementing its WSP by June 2014	100 % of the municipal budget spent on implementing its WSP by June 2014	1%	100%	99.35%	O		
TL14	Good Governance and Public Participation	Number of people from the EE target groups to be appointed in the 3 highest levels of management in compliance with the approved EE plan	Number of people from the EE target groups appointed in the highest 3 levels of management	1	1	0	R		No appointment was made. Director Community Services post has been re-advertised in the new financial year.
TL15	Good Governance and Public Participation	Report monthly to the Municipal Manager on all property contracts	Monthly reports on the property contracts submitted to the Municipal Manager	12	12	12	G		

Provision of a clean environment

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL17	Good Governance and Public Participation	Report quarterly on compliance with the National Waste Management Strategy	Number of reports submitted	4	4	4	G		
TL18	Basic Service Delivery	Increase tonnage of domestic waste recycled	Tonnage	780	720	2632.74	B		
TL32	Basic Service Delivery	Spend the total amount budgeted for Solid Waste Capital Projects	% of Cleansing Capital Budget Spent	100%	100%	99.14%	O	All projects in the financial year were completed	No corrective measures needed

Sustainable integrated human settlement

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL25	Basic Service Delivery	% of budget spent on installation of services	% of Capital Budget Spent	100%	100%	103.10%	G2		
TL34	Basic Service Delivery	Spend the total amount budgeted for Housing Capital Projects	% of Housing Capital Budget Spent	100%	100%	103.10%	G2		

- Top level 25 and 34 in the Top level SDBIP refers to the installation of services in MC Gregor .They are inter connected because of the installation of services for housing. Due to the interrelatedness of the KPI it will be consolidated next financial year.

Sustainable civil engineering infrastructure services

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL20	Municipal Financial Viability and Management	Achieve Blue Drop Status	Blue Drop Status achieved	50%	50%	0%	R		Manager: Water & Sanitation: Results still outstanding (June 2015)
TL21	Municipal Financial Viability and Management	Microbiological quality of water to comply with SANS standards	% of water quality	90%	90%	100%	G2		
TL22	Municipal Financial Viability and Management	Limit unaccounted water to 18%	% of water unaccounted for	18%	18%	13.11%	B		
TL23	Municipal Financial Viability and Management	Quality of effluent in terms of SANS standards	% quality	80%	80%	68%	O		Control measures to put in place to improve the quality of effluent
TL24	Municipal Financial Viability and Management	Achieve Green Drop Status	Green Drop Status achieved	50%	50%	0%	R		Manager: PMU: No assessment done in 2014/15
TL26	Basic Service Delivery	Construct Bonnievale reservoir and related pipe work	Bonnievale Reservoir and related pipe work constructed by June 2015	100%	100%	100%	G		
TL29	Basic Service Delivery	Spend the total amount budgeted for Sewerage Capital Projects	% of Sewerage Capital Budget Spent	100%	100%	24.29%	R		Jet Vac was not delivered by 30 June 2015. The funds were transferred to 2015-16 budget
TL30	Basic Service Delivery	Spend the total amount budgeted for the maintenance / rehabilitation /upgrading of existing roads	% of Budget spent on the maintenance / rehabilitation /upgrading of existing roads	100%	100%	97.15%	O	All projects in the financial year were completed	No corrective measures needed

TL31	Basic Service Delivery	Spend the total amount budgeted for Water Capital Projects	% of Water Capital Budget Spent	100%	100%	100.07%	G		
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Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL46	Basic Service Delivery	Number of formal households with access to the basic level of water	Number of formal households with access to water	14,660	14,660	12833	G		Quarterly verification of number of residential properties to be done
TL47	Basic Service Delivery	Number of formal households with access to the basic level of sanitation	Number of formal households with access to sanitation	14,950	14,950	12833	G		Quarterly verification of number of residential properties to be done
TL49	Basic Service Delivery	Number of informal households with access to the basic level of water	Number of informal households with access to water	55	800	502	R		Housing department to visit all informal areas and report by month end on number of household with access
TL50	Basic Service Delivery	Number of informal households with access to the basic level of sanitation	Number of informal households with access to sanitation	75	800	502	R		Housing department to visit all informal areas and report by month end on number of household with access
TL51	Basic Service Delivery	Number of informal households with access to the basic level of electricity	Number of informal households with access to electricity	265	265	403	O		Housing department to visit all informal areas and report by month end on number of household with access

Sound Financial Management

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL9	Municipal Financial Viability and Management	% of Capital Budget Spent on capital projects as identified in the SDBIP	95% of Capital Budget spent excl orders	95%	95%	89.01%	O		
TL35	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	2.2	2.25	G2		
TL36	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations	Debt coverage (Total operating revenue- operating grants received)/debt service payments due within the year)	60	60	52.58	O		When a long term loan is taken up, the ratio will decrease
TL37	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	12	11.32	O		When outstanding amounts reduce due to better collection and/or writing off unrecoverable amounts, as foreseen, the ratio will improve
TL38	Municipal Financial Viability and Management	Achieve a payment percentage of at least 100%	Payment %	100%	100%	99.28%	O	Outstanding amounts have been handed over for collection	A more realistic target should be set
TL39	Municipal Financial Viability and Management	Maintain the asset register in terms of GRAP	% of asset register maintained	100%	100%	100%	G		

Social and Community Development

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL16	Good Governance and Public Participation	Conduct monthly ward committee meetings to ensure a functional ward committee system	Number of monthly ward committee meetings	120	120	120	G	A Ward Based Planning (WBP) and Summit was held and all the wards attended the event	
TL42	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	6,000	6,000	7,248	G2		
TL43	Basic Service Delivery	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	6,000	6,000	6,910	G2		
TL44	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	6,000	6,000	7,495	G2		
TL45	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	6,000	6,000	6,917	G2		

Growth and economic development

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL10	Local Economic Development	Create job opportunities through Implementing an expanded public works programme	Number of temporary job opportunities created	220	220	528	G2		

Good governance

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL1	Good Governance and Public Participation	Conduct two (2) formal evaluations of directors in terms of their signed agreements	No of formal evaluations completed	2	2	2	G		
TL2	Good Governance and Public Participation	Oversee the compilation of the IDP and the submission to Council for approval by end of March 2015	IDP submitted to Council	1	1	1	G		
TL3	Good Governance and Public Participation	Oversee the compilation of the annual budget and the submission to Council for approval by end of May 2015	Budget submitted to council for approval	1	1	1	G		
TL4	Good Governance and Public Participation	Oversee the submission of monthly reports in terms of Sect 71 of the MFMA before the 10th of the following month	No of Sect 71 reports submitted	12	12	12	G		
TL5	Good Governance and Public Participation	Oversee the submission of the Mid-Year Performance Report in terms of Sect 72 of the MFMA by end of January	Mid-Year report submitted to Council	1	1	1	G		

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL6	Good Governance and Public Participation	Oversee the submission of the Annual and Oversight Report to Council by March 2015	Annual report and Oversight Report submitted to Council	1	1	1	G		
TL7	Good Governance and Public Participation	Submit the Top Layer SDBIP to the Mayor for approval within 14 days after the annual budget has been approved	Top Layer SDBIP submitted to the Mayor	1	1	1	G		
TL8	Good Governance and Public Participation	Develop and update an Audit Action Plan by end of March 2015	Management Action Plan	1	1	1	G		
TL27	Good Governance and Public Participation	Comply with implementation and reporting requirements on MIG	100% Compliance with implementation and reporting requirements on MIG	100%	100%	100%	G		
TL28	Good Governance and Public Participation	Submit monthly Grant progress reports to the relevant national and provincial department before the 10th working day of every month	Number of months reports are submitted to relevant departments	12	12	12	G		
TL40	Good Governance and Public Participation	Maintain a clean audit opinion	Audit Opinion	1	1	1	G		

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL4 1	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		

Promote public safety

Ref	National KPA	KPI	Unit of Measurement	Annual Target	Year-To-Date As At June 2015				
					Target	Actual	R	Performance Comment	Corrective Measures
TL11	Good Governance and Public Participation	Review and submit the Disaster Management Plan for assessment by the District by end May annually	Plan reviewed	1	1	1	G		
TL12	Municipal Transformation and Institutional Development	Implement a Disaster Recovery Site by June 2015	Disaster recovery site fully implemented	1	1	1	G		

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

For Langeberg Municipality to reach its objectives to efficiently and effectively render required services to the community, it must maintain a knowledgeable and skilled workforce and have a sound staffing policy with transparent processes and procedures. The establishment must be staffed with the employees best suited for particular posts and sound labour practices and employment equity must rule the process.

The human resources management function within the Langeberg Municipality is responsible for the administration of the municipal workforce and ensures that the municipality maintains effective and efficient functionality of required and legislatively compliant human resource processes and procedures.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, VACANCIES AND TURNOVER

The tables below provide the employee totals, vacancy rate and staff turnover for 2014/2015. Although 145 posts are vacant, only 59 of those posts are budgeted for.

Langeberg Municipality employed a total of 16 staff members with disabilities in 2014/2015 and a total of 4 financial management Interns.

Table 47: Employee Totals for 2014/2015

Employee Totals for 2014/2015				
Description	2014/2015			
	Number of approved posts	Number of Employees	Number of Vacancies	Vacancy %
Water	76	70	6	7.9
Sanitation	28	25	3	10.8
Electricity	73	65	8	10
Waste Management	108	83	25	23.2
Storm water Drainage	27	25	2	7.5
Roads	43	41	2	4.7
Transport	0	0	0	0
Planning	14	11	3	21.5
Strategic Planning	7	3	4	57.2
IT	4	4	0	0
LED	4	4	0	0
Community & Social Development	56	52	4	7.2
Environmental Protection	105	96	9	8.6
Security and Safety	35	30	5	14.3
Corporate Services and Other	260	186	74	28.5
Totals	840	695	145	17.3

Table 48: Turnover Rate for 2014/2015

Staff Turn-Over Rate			
Financial Year	Total number of appointments as at beginning of financial year	Number of terminations during financial year	% Turn-over Rate
2012/2013	674	49	7.2
2013/2014	691	69	9.9
2014/2015	681	57	8.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act 1998.

This section reports on all the measures necessary for the effective and efficient management of the Langeberg Municipality's workforce and includes the regulatory environment and policy development, injuries and sickness, discipline, performance and rewards.

4.2 POLICIES

Langeberg Municipality is keen on providing a stable, regulated working environment to its staff and regards policy development important and of high priority. The table below reflects the status of available HR policies at Langeberg Municipality in 2014/2015.

Table 49: HR Policies and Plans

Policies and Plans			
No.	Name of Policy/Plan	Completed %	Adopted by Council (yes/no)
1	Affirmative Action	Part of EE Policy	Yes
2	Code of Conduct for Employees	100	N/A
3	Disciplinary Code and Procedures	100	N/A
4	Dress Code	100	N/A
5	Employment Equity	100	Yes
6	Exit Management	100	N/A
7	Grievance Procedures	100	N/A
8	HIV/AIDS	100	Yes
9	Human Resource and Development	100	Yes
10	Job Evaluation	100	N/A
11	Leave	100	N/A
12	Occupational Health and Safety	100	Yes
13	Official Working Hours and Overtime	100	N/A
14	Private Work	100	Yes
15	Recruitment, Selection and Appointments	100	Yes
16	Resettlement	100	Yes
17	Skills Development	100	Yes
18	Smoking	100	Yes
19	Travel and Subsistence	100	Yes

Policies and Plans			
No.	Name of Policy/Plan	Completed %	Adopted by Council (yes/no)
20	Organisational Structure (Macro and Micro)	100	Yes
21	Vehicle	100	Yes

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 50: Number of Injuries on Duty

Number of injuries on Duty					
Type of Injury	Number of days Injury Leave taken	Number of Employees using Injury Leave	% of Employees using Sick Leave	Average amount of Injury Leave Days per Employee	Total estimated cost R'000
Required basic medical attention only	302	37	0	8.2	-
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0

Table 51: Number and Period of Suspensions

Nature of Misconduct	Date of Suspension	Details of Disciplinary action taken or Status of case and reasons why not finalised	Date Finalised
Gross Dishonesty	25/03/2014	Resigned	01/07/2014
Gross Dishonesty	20/02/ 2015	Resigned	30/04/2015
Gross Dishonesty	20/02/2015	Dismissal	01/05/ 2015
Gross Dishonesty	20/02/2015	Dismissal	01/05/2015
Gross Dishonesty & Conflict of Interests	23/05/2013	Dismissal	23/06/2015
Gross Dishonesty & Breaching Political Activity Policy	29/04/ 2015	Disciplinary hearing initially scheduled for 15 May 2015, but postponed on request by union to 25 June 2015. Hearing has taken place, but could not continue due to point <i>in limine</i> raised by union. Hearing is now scheduled for 28 August 2015.	

Table 52: Disciplinary Action taken on cases of Financial Misconduct

Nature of alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Gross Negligence – R 155 952	Final written warning	10 September 2014
Negligence – Loss to be determined by Director	Written warning	16 February 2015
Gross Negligence – Loss to be determined by Director	Dismissal	19 June 2015

4.4 PERFORMANCE REWARDS

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.

Table 53: Section 57 Performance Bonuses

Section 57 Performance Bonuses					
Name	Designation	Bonus Amount 2011/12	Bonus Amount 2012/13	Bonus Amount 2013/14	Bonus Amount 2014/2015
Mr IAB van der Westhuizen	Engineering Services	N/A	N/A	R 37 022.83	R 53 942.23
Me CO Matthys	Strategy & Social Development	N/A	N/A	R 37 022.83	R 53 942.23
Mr CF Hoffmann	Chief Financial Officer	R 105 832.32	R 74 844.64	R 40 054.07	R 58 306.51
Mr AWJ Everson	Corporate Services	R 105 832.32	R 74 844.64	R 40 054.07	R 58 306.51
Mr SA Mokweni	Municipal Manager	R 138 203.52	R 90 219.28	R 48 282.01	R 70 283.93
Total Bonuses		R 349 868.16	R 239 908.56	R 202 435.81	R 294 781.41

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.5 SKILLS DEVELOPMENT AND TRAINING

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2015 and approved on 30 April 2015.

For the year under review (2014/2015), the Langeberg Municipality trained **307** employees, compared to 196 employees in 2013/2014 and 231 in the 2012/2013 financial year.

Table 54: Training per Job Category

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	82	0	1	10	35	36	0
Chief Financial Officer	8	1	7	0	0	0	0
Strategy & Social Development	103	0	0	1	15	87	0
Corporate Services	114	1	64	31	4	14	0
Municipal Manager's Office	0	0	0	0	0	0	0
Total: 2014/15	307	2	72	42	54	137	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

Financial Competency Development Progress

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 important for 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.

The table below provides details of the financial competency development progress and training needs of Langeberg Municipality thus far:

Table 55: Financial Competency Development Progress Report

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	29	21	3	21
Any other financial officials	7	5	0	5
Supply Chain Management Officials				
Heads of Supply Chain Management Units	0	0	-	0
Supply Chain Management Senior Managers	-	-	-	-

SKILLS DEVELOPMENT BUDGET AND EXPENDITURE

The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Organisational and staff development will continue to be a targeted focus in 2015/2016.

A total of twenty one (21) learners were recorded to have received training through Learnerships in 2014/2015, compared to seven (7) Learnerships recorded in 2013/14 financial year.

A total of 5 bursaries were awarded in 2014/2015.

Table 56: Bursaries per Directorate

Bursaries per Directorate				
Directorate	Number of Beneficiaries 2011/12	Number of Beneficiaries 2012/13	Number of Beneficiaries 2013/14	Number of Beneficiaries 2014/2015
Service Integration	2	0	N/A	N/A
Engineering Services	4	12	2	1
Chief Financial Officer	6	4	2	0
Strategy & Social Development	0	2	3	3
Corporate Services	2	2	7	1
Municipal Manager's Office	3	0	0	0
Total	17	20	14	5

The table below indicates the quantum of municipal budget allocated to skills development and the percentage spent over the past four years.

Table 57: Budget Allocations for Skills Development

Budget Allocations for Skills Development			
Financial Year	Budget	Expenditure	Percentage Spent
2014/2015	R 644 540.00	R 640 334.93	99.35
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

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Workforce expenditure is controlled within the approved establishment, against the budget and anticipated vacancy rates arising from turnover. The municipality seeks to obtain value for money from the workforce by monitoring absenteeism and staff performance.

4.6. EMPLOYEE EXPENDITURE

Table 58: Employees whose salary levels exceed the grade determined by job evaluation

Employees whose salary levels exceed the grade determined by Job Evaluation				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Senior Clerk	14	T6	93072-120828	Personal to incumbent
Housing Administrator	1	T9	142632-185160	Personal to incumbent
Clerk	9	T5	78852-102360	Personal to incumbent
Controller	1	T10	160596-208452	Personal to incumbent
Electrician	4	T10	160596-208452	Personal to incumbent
Plumber	2	T9	142632-185160	Personal to incumbent
Supervisor	10	T7	112548-146064	Personal to incumbent

Table 59: Trends of Personnel Expenditure compared to Operating expenditure

Trends of Personnel Expenditure compared to Operating Expenditure			
Financial Year	Salaries	Expenditure	Percentage
2014/2015	R138 520 695	R474 122 052	29.22%
2013/2014	R129 208 326	R440 959 037	29.30%
2012/2013	R119 879 190	R406 313 225	29.50%

CHAPTER 5

FINANCIAL PERFORMANCE





These financial statements have been audited

FINANCIAL STATEMENTS

30 JUNE 2015

LANGEBERG MUNICIPALITY

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LANEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 Hoffmann

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 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 LANGE BERG 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
Shibili, A J	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
DE Koker, HC	Ordinary Councillor	CI	Proportional
Goodwin, J P	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

31/08/2015
Date

LANGEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANGEBERG MUNICIPALITY for the fiscal year 2014/2015.

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 revised accounting standard in 2014/2015, namely GRAP 100 on Discontinued Operations.

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 2015	30 June 2014
Surplus / (Deficit) for the year before Appropriations	12 923 965	30 998 343
Accumulated Surplus / (Deficit) at the end of the Year	471 551 113	452 227 659
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	26.85%	31.81%
Remuneration of Councillors	1.61%	1.90%
Debt Impairment	4.14%	3.64%
Depreciation and Amortisation	3.94%	5.00%
Collection costs	0.23%	0.29%
Impairments	2.67%	0.05%
Repairs and Maintenance	2.85%	3.66%
Actuarial losses	0.01%	1.04%
Unamortised Discount - Interest paid	0.02%	0.03%
Finance Charges	1.81%	2.08%
Bulk Purchases	41.46%	45.53%
Contracted services	0.38%	0.29%
Grants and Subsidies	0.02%	0.00%
Stock Adjustments	0.07%	0.01%
Operating Grant Expenditure	0.00%	0.00%
General Expenses	13.89%	10.86%
Loss on disposal of Property, Plant and Equipment	0.02%	0.06%

It should be noted that bulk purchases for water and electricity is 41.46 of the total expenditure for 2014/2015.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2015 are as follows:

DETAILS	Actual 2014/2015 R	Actual 2013/2014 R	Percentage Variance %	Budgeted 2014/2015 R	Variance actual/ budgeted %
Opening surplus / (deficit)	452 227 659	415 652 913	8.80%	-	-
Operating income for the year (incl. gains in disposal of assets)	528 908 739	462 689 511	14.31%	513 967 106	2.91%
Appropriations for the year	6 399 488	5 576 404	0.00%	-	-
	987 535 886	883 918 827	11.72%	513 967 106	92.14%
Expenditure:					
Operating expenditure for the year	515 984 773	431 691 168	19.53%	511 569 993	0.86%
Closing surplus / (deficit)	471 551 113	452 227 659			
	987 535 886	883 918 827	11.72%	511 569 993	93.04%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 52 531 460 , and in percentage terms amounts to 89% 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 52 531 460 (2014/15) was financed as follows:

DETAILS	Actual 2014/2015 R	Budgeted 2014/2015 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	29 683 870	34 615 200	-17%	56.51%
External Loans				
Grants and Subsidies	22 718 920	24 203 234	-7%	43.25%
Leased Assets	128 671		100%	0.24%
	52 531 460	58 818 434		100.00%

5. LONG-TERM LIABILITIES

	2015 R	2014 R
The outstanding amount of Long-term Liabilities as at 30 June was :	29 473 883	33 458 270

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

- -

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

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

Non-current Provisions and Employee Benefits at 30 June are made up as follows:

	109 194 827	75 868 911
Provision for Post Retirement Benefits	50 752 310	47 581 193
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	7 900 019	7 775 009
Provision for Rehabilitation of Landfill-sites	50 542 498	20 512 709
Provision for Clearing of Alien Vegetation	-	-
	109 194 827	75 868 911

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	7 987 509	7 176 811
Current Employee benefits	Note number 7	11 839 926	12 416 115
Provisions	Note number 8	4 708 926	1 929 373
Payables from exchange transactions	Note number 9	56 893 989	46 435 915
Unspent Conditional Government Grants and Receipts	Note number 10	9 857 121	3 283 798
Unspent Public Contributions	Note number 11	684 330	994 430
Taxes	Note number 12.3	193 643	-
Current Portion of Long-term Liabilities	Note number 3	4 341 168	4 099 770
		96 506 612	76 336 212

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:	470 433	545 165
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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:	535 505 283	500 720 902
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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	24 868 724	50 000 000
Listed Investment	115 524	100 885
Unlisted Investments	5 654	8 738
	24 989 903	50 109 623

Refer to Note number 25 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

1 406 699	2 291 076
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12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 21	20 128 498	33 772 396
Receivables from exchange transactions	Note number 22	37 928 391	31 268 171
Receivables from non-exchange transactions	Note number 23	4 854 039	5 853 329
Unpaid Conditional Government Grants and Receipts	Note number 10	-	249 920
Operating Lease Asset	Note number 24	83 672	138 928
Taxes	Note number 12	-	1 511 382
Current Portion of Long-term Receivables	Note number 19	614 506	648 175
Cash and Cash Equivalents	Note number 25	82 633 526	61 196 915
		146 242 631	134 639 216

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 Note number 27 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 56.

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 2015

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R	Restated 2014 R
NET ASSETS AND LIABILITIES			
Net Assets		500 933 586	488 009 621
Capital Replacement Reserve	2	29 382 473	35 781 962
Accumulated Surplus		471 551 113	452 227 659
Non-Current Liabilities		133 563 908	104 439 844
Long-term Liabilities	3	24 369 081	28 570 933
Employee benefits	4	58 652 329	55 356 202
Non-Current Provisions	5	50 542 498	20 512 709
Current Liabilities		96 506 612	76 336 212
Consumer Deposits	6	7 987 509	7 176 811
Current Employee benefits	7	11 839 926	12 416 115
Provisions	8	4 708 926	1 929 373
Payables from exchange transactions	9	56 893 989	46 435 915
Unspent Conditional Government Grants and Receipts	10	9 857 121	3 283 798
Unspent Public Contributions	11	684 330	994 430
Taxes	12	193 643	-
Current Portion of Long-term Liabilities	3	4 341 168	4 099 770
Total Net Assets and Liabilities		731 004 107	668 785 677
ASSETS			
Non-Current Assets		584 761 476	534 146 460
Property, Plant and Equipment	13	535 505 283	500 720 902
Investment Property	14	27 290 366	27 339 948
Intangible Assets	15	470 433	545 165
Heritage Assets	16	260 000	649 000
Capitalised Restoration cost	17	19 707 516	2 490 747
Non-Current Investments	18	121 178	109 623
Long-Term Receivables	19	1 406 699	2 291 076
Non-Current Assets held for sale	20	-	-
Current Assets		146 242 631	134 639 216
Inventory	21	20 128 498	33 772 396
Receivables from exchange transactions	22	37 928 391	31 268 171
Receivables from non-exchange transactions	23	4 854 039	5 853 329
Unpaid Conditional Government Grants and Receipts	10	-	249 920
Operating Lease Asset	24	83 672	138 928
Taxes	12	-	1 511 382
Current Portion of Long-term Receivables	19	614 506	648 175
Cash and Cash Equivalents	25	82 633 526	61 196 915
Total Assets		731 004 107	668 785 677

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014	2014	2014
	Notes	Actual	Restated	Correction of Error Refer Note 40	Previously reported
		R	R	R	R
REVENUE					
Revenue from Non-exchange Transactions		164 286 775	143 981 303	-	143 981 303
Taxation Revenue		34 519 573	32 283 527	-	32 283 527
Property rates	26	34 519 573	32 283 527	-	32 283 527
Transfer Revenue		105 888 485	100 541 294	-	100 541 294
Government Grants and Subsidies - Capital	27	22 718 920	25 489 676	-	25 489 676
Government Grants and Subsidies - Operating	27	82 859 465	75 036 718	-	75 036 718
Public Contributions and Donations		310 100	14 900	-	14 900
Other Revenue		23 878 717	11 156 482	-	11 156 482
Actuarial Gains	4	2 042 666	291 583	-	291 583
Fair Value Adjustments		11 556	19 005	-	19 005
Fines		21 824 496	10 845 894	-	10 845 894
Revenue from Exchange Transactions		364 621 964	318 708 207	35 569	318 672 638
Service Charges	28	334 215 461	294 331 373	-	294 331 373
Rental of Facilities and Equipment		2 324 132	2 054 640	1 176	2 053 464
Interest Earned - external investments		3 221 916	2 843 597	-	2 843 597
Interest Earned - outstanding debtors		1 715 825	1 826 688	(1 460 149)	3 286 837
Licences and Permits		1 151 313	1 077 339	-	1 077 339
Agency Services		2 826 789	2 489 816	-	2 489 816
Other Income	29	18 479 944	13 995 188	1 472 858	12 522 330
Unamortised Discount - Interest		73 730	67 882	-	67 882
Gain on disposal of Property, Plant and Equipment		612 853	21 684	21 684	-
Total Revenue		528 908 739	462 689 511	35 569	462 653 942
EXPENDITURE					
Employee related costs	30	138 553 555	129 233 081	24 755	129 208 326
Remuneration of Councillors	31	8 331 452	7 714 307	-	7 714 307
Debt Impairment	32	21 362 238	14 798 877	-	14 798 877
Depreciation and Amortisation	33	20 342 192	20 329 953	358 988	19 970 964
Collection costs		1 204 601	1 179 389	-	1 179 389
Impairments	34	13 782 844	200 000	-	200 000
Repairs and Maintenance		14 702 435	14 855 602	-	14 855 602
Actuarial losses	4	45 963	4 230 244	-	4 230 244
Unamortised Discount - Interest paid		97 664	124 376	-	124 376
Finance Charges	35	9 348 223	8 458 255	888 426	7 569 829
Bulk Purchases	36	213 946 138	184 990 600	20 284	184 970 315
Contracted services		1 983 148	1 179 569	-	1 179 569
Grants and Subsidies	37	120 000	-	-	-
Stock Adjustments		381 983	33 146	-	33 146
General Expenses	38	71 692 776	44 129 061	(10 889 645)	55 018 706
Loss on disposal of Property, Plant and Equipment		89 562	234 708	11	234 697
Total Expenditure		515 984 773	431 691 168	(9 597 180)	441 288 348
NET SURPLUS/(DEFICIT) FOR THE YEAR		12 923 965	30 998 343	9 632 749	21 365 594

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2013	42 715 822	431 174 623	473 890 446
Change in Accounting Policy (Refer Note 39)	-	-	-
Correction of error (Refer Note 40)	-	(15 521 711)	(15 521 711)
Restated balance at 01 JULY 2013	42 715 822	415 652 913	458 368 735
Net Surplus for the year	-	30 998 343	30 998 343
Correction of error (Refer Note 40)	(1 357 457)	-	(1 357 457)
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	35 781 962	452 227 659	488 009 621
Net Surplus for the year		12 923 965	12 923 965
Transfer to/from CRR	23 237 859	(23 237 859)	-
Property, Plant and Equipment purchased	(29 637 348)	29 637 348	-
Balance at 30 JUNE 2015	29 382 473	471 551 113	500 933 586

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

		30 JUNE 2015	RESTATED 30 JUNE 2014
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		389 416 292	344 650 601
Government - operating		83 996 930	73 622 193
Government - capital		28 579 909	19 007 962
Interest		2 438 575	2 788 989
Payments			
Suppliers and employees		(424 871 454)	(391 539 341)
Finance charges		(3 191 405)	(3 328 813)
Transfers and Grants		(120 000)	-
Cash generated by operations	41	76 248 848	45 201 591
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(52 349 791)	(51 831 674)
Proceeds on Disposals		879 626	262 400
Purchase of Intangible Assets	15	(53 000)	(330 391)
Net Cash from Investing Activities		(51 523 165)	(51 899 665)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(4 099 770)	(3 993 357)
(Decrease)/Increase in Consumer Deposits		810 698	606 217
Net Cash from Financing Activities		(3 289 071)	(3 387 140)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		21 436 612	(10 085 214)
Cash and Cash Equivalents at the beginning of the year		61 196 915	71 282 129
Cash and Cash Equivalents at the end of the year	42	82 633 526	61 196 915
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		21 436 612	(10 085 214)

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	57 764 802	12 268 455	45 496 347	
Call investment deposits	24 868 724	55 000 000	(30 131 276)	Investments could not be made by 30 June 2015.
Consumer debtors	42 782 430	28 809 232	13 973 198	
Other Receivables	83 672	3 900 000	(3 816 329)	
Current portion of long-term receivables	614 506	1 250 000	(635 494)	
Inventory	20 128 498	13 250 000	6 878 498	
Total current assets	146 242 631	114 477 687	31 764 944	
Non current assets				
Long-term receivables	1 406 699	3 650 000	(2 243 301)	
Investments	121 178	105 000	16 178	
Investment property	27 290 366	26 916 088	374 278	
Property, plant and equipment	555 212 799	541 026 948	14 185 851	Under expenditure as many projects could not be completed by 30 June 2015 and the review of useful lives of assets.
Biological Assets			-	
Intangible Assets	470 433	555 762	(85 330)	
Heritage Assets	260 000	3 460 000	(3 200 000)	
Total non current assets	584 761 476	575 713 798	9 047 677	
TOTAL ASSETS	731 004 107	690 191 485	40 812 622	
LIABILITIES				
Current liabilities				
Bank overdraft		-	-	
Borrowing	4 341 168	3 229 460	1 111 708	
Consumer deposits	7 987 509	7 620 594	366 915	
Trade and other payables	67 629 083	68 361 736	(732 653)	
Provisions and Employee Benefits	16 548 852	3 469 101	13 079 751	
Total current liabilities	96 506 612	82 680 891	13 825 721	
Non current liabilities				
Borrowing	24 369 081	29 004 248	(4 635 167)	
Provisions and Employee Benefits	109 194 827	68 778 049	40 416 778	
Total non current liabilities	133 563 908	97 782 297	35 781 611	
TOTAL LIABILITIES	230 070 521	180 463 188	49 607 332	
NET ASSETS	500 933 586	509 728 297	(8 794 711)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	471 551 113	469 047 590	2 503 523	
Reserves	29 382 473	40 680 707	(11 298 234)	
TOTAL COMMUNITY WEALTH/EQUITY	500 933 586	509 728 297	(8 794 711)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	13 551 696	(1 283 241)	12 268 455	
Call investment deposits	65 000 000	(10 000 000)	55 000 000	
Consumer debtors	28 809 232	-	28 809 232	
Other Receivables	3 900 000	-	3 900 000	
Current portion of long-term receivables	1 250 000	-	1 250 000	
Inventory	13 250 000	-	13 250 000	
Total current assets	<u>125 760 928</u>	<u>(11 283 241)</u>	<u>114 477 687</u>	
Non current assets				
Long-term receivables	3 650 000	-	3 650 000	
Investments	105 000	-	105 000	
Investment property	26 916 088	-	26 916 088	
 Property, plant and equipment	536 648 684	4 378 264	541 026 948	
Biological Assets	-	-	-	
Intangible Assets	555 762	-	555 762	
Heritage Assets	3 460 000	-	3 460 000	
Total non current assets	<u>571 335 534</u>	<u>4 378 264</u>	<u>575 713 798</u>	
TOTAL ASSETS	<u><u>697 096 463</u></u>	<u><u>(6 904 977)</u></u>	<u><u>690 191 485</u></u>	
LIABILITIES				
Current liabilities				
Bank overdraft		-	-	
Borrowing	3 229 460	-	3 229 460	
Consumer deposits	7 620 594	-	7 620 594	
Trade and other payables	64 609 000	3 752 736	68 361 736	
Provisions and Employee Benefits	3 469 101	-	3 469 101	
Total current liabilities	<u>78 928 155</u>	<u>3 752 736</u>	<u>82 680 891</u>	
Non current liabilities				
Borrowing	29 004 248	-	29 004 248	
Provisions and Employee Benefits	68 778 049	-	68 778 049	
Total non current liabilities	<u>97 782 297</u>	<u>-</u>	<u>97 782 297</u>	
TOTAL LIABILITIES	<u><u>176 710 452</u></u>	<u><u>3 752 736</u></u>	<u><u>180 463 188</u></u>	
NET ASSETS	<u><u>520 386 010</u></u>	<u><u>(10 657 713)</u></u>	<u><u>509 728 297</u></u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	479 705 303	(10 657 713)	469 047 590	
Reserves	40 680 707	-	40 680 707	
TOTAL COMMUNITY WEALTH/EQUITY	<u><u>520 386 010</u></u>	<u><u>(10 657 713)</u></u>	<u><u>509 728 297</u></u>	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	34 519 573	33 246 310	1 273 263	
Property rates - penalties & collection charges		445 710	(445 710)	
Service charges	334 215 461	330 990 270	3 225 191	
Rental of facilities and equipment	2 324 132	2 763 320	(439 188)	
Interest earned - external investments	3 221 916	2 813 250	408 666	
Interest earned - outstanding debtors	1 715 825	3 554 390	(1 838 565)	
Dividends received		-	-	
Actuarial Gains	2 042 666	-	2 042 666	
Fair Value Adjustments	11 556	-	11 556	
Fines	21 824 496	12 275 480	9 549 016	Increase in fines issued.
Impairment Reversal	-	-	-	
Stock Adjustments	-	-	-	
Licences and permits	1 151 313	1 560 310	(408 997)	
Agency services	2 826 789	2 257 920	568 869	
Government Grants and Subsidies	105 578 385	109 088 416	(3 510 032)	
Other revenue	18 863 774	14 842 680	4 021 094	
Gains on disposal of PPE	612 853	-	612 853	
Total Operating Revenue	528 908 739	513 838 056	15 070 682	
EXPENDITURE BY TYPE				
Employee related costs	138 553 555	151 096 948	(12 543 393)	Savings on employee related costs.
Remuneration of councillors	8 331 452	8 403 570	(72 118)	
Debt impairment	21 362 238	16 240 670	5 121 568	Due to IGRAP 1 traffic fines debt impairment.
Depreciation & asset impairment	20 342 192	20 111 840	230 352	
Finance charges	9 348 223	8 049 540	1 298 683	
Bulk purchases	213 946 138	206 805 400	7 140 738	Demand for electricity reduced.
Other materials	14 702 435	-	14 702 435	Included in other expenditure on budget schedules.
Contracted services	1 983 148	1 900 000	83 148	
Grants and subsidies paid	120 000	120 000	-	
Other expenditure	87 205 831	98 712 976	(11 507 145)	Other materials included as per budget schedules.
Loss on disposal of PPE	89 562	-	89 562	
Total Operating Expenditure	515 984 773	511 440 943	4 543 830	
Operating Surplus for the year	12 923 965	2 397 113	10 526 852	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	2015 R (Final Virements)	2015 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	34 146 310	(900 000)	33 246 310	445 710	33 692 020	
Property rates - penalties & collection charges	445 710	-	445 710	(445 710)	-	
Service charges	335 990 270	(5 000 000)	330 990 270	-	330 990 270	
Rental of facilities and equipment	2 672 320	91 000	2 763 320	-	2 763 320	
Interest earned - external investments	3 513 250	(700 000)	2 813 250	-	2 813 250	
Interest earned - outstanding debtors	3 154 390	400 000	3 554 390	-	3 554 390	
Dividends received	-	-	-	-	-	
Fines	2 275 480	10 000 000	12 275 480	-	12 275 480	
Licences and permits	1 418 310	142 000	1 560 310	-	1 560 310	
Agency services	2 257 920	-	2 257 920	-	2 257 920	
Transfers recognised	98 875 590	10 212 826	109 088 416	-	109 088 416	
Other revenue	15 192 680	(350 000)	14 842 680	129 050	14 971 730	
Gains on disposal of PPE	-	-	-	-	-	
Total Operating Revenue	499 942 230	13 895 826	513 838 056	129 050	513 967 106	
EXPENDITURE BY TYPE						
Employee related costs	150 244 480	852 468	151 096 948	0	151 096 948	
Remuneration of councillors	8 403 570	-	8 403 570	-	8 403 570	
Debt impairment	8 240 670	8 000 000	16 240 670	-	16 240 670	
Depreciation & asset impairment	20 111 840	-	20 111 840	-	20 111 840	
Finance charges	8 049 540	-	8 049 540	-	8 049 540	
Bulk purchases	211 805 400	(5 000 000)	206 805 400	-	206 805 400	
Other materials	-	-	-	-	-	
Contracted services	1 900 000	-	1 900 000	29 996	1 929 996	
Grants and subsidies paid	100 000	20 000	120 000	-	120 000	
Other expenditure	83 916 590	14 796 386	98 712 976	99 053	98 812 029	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	492 772 090	18 668 853	511 440 943	129 050	511 569 993	
Operating Surplus/(Deficit) for the year	7 170 140	(4 773 027)	2 397 113	0	2 397 113	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	389 416 292	351 595 430	37 820 862	
Government - operating	83 996 930	84 999 620	(1 002 690)	
Government - capital	28 579 909	28 848 970	(269 061)	
Interest	2 438 575	3 513 250	(1 074 675)	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(424 871 454)	(399 248 688)	(25 622 766)	
Finance charges	(3 191 405)	(2 903 410)	(287 995)	
Transfers and Grants	(120 000)	(100 000)	(20 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 248 848	66 705 172	9 543 676	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	879 626	-	879 626	
Decrease/(increase) in non-current receivables	-	1 450 000	(1 450 000)	
Decrease/(increase) in non-current investments	-	43 451	(43 451)	
Payments				
Capital assets	(52 402 791)	(59 018 434)	6 615 643	Under expenditure as many projects could not be completed by 30 June 2015.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(51 523 165)	(57 524 983)	6 001 818	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	(4 099 770)	-	(4 099 770)	
Increase/(decrease) in consumer deposits	810 698	120 594	690 104	
Payments				
Repayment of borrowing	-	(3 229 460)	3 229 460	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 289 071)	(3 108 866)	-180 205	
NET INCREASE/(DECREASE) IN CASH HELD	21 436 612	6 071 323	15 365 289	
Cash and Cash Equivalents at the beginning of the year	61 196 915	61 197 132	(217)	
Cash and Cash Equivalents at the end of the year	82 633 526	67 268 455	15 365 071	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	351 595 430	-	351 595 430	
Government - operating	77 796 620	7 203 000	84 999 620	
Government - capital	21 078 970	7 770 000	28 848 970	
Interest	3 513 250	-	3 513 250	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(395 248 688)	(4 000 000)	(399 248 688)	
Finance charges	(2 903 410)	-	(2 903 410)	
Transfers and Grants	(100 000)	-	(100 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	55 732 172	10 973 000	66 705 172	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	1 450 000	-	1 450 000	
Decrease/(increase) in non-current investments	43 451	-	43 451	
Payments				
Capital assets	(50 440 170)	(8 578 264)	(59 018 434)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(48 946 719)	(8 578 264)	(57 524 983)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	120 594	-	120 594	
Payments				
Repayment of borrowing	(3 229 460)	-	(3 229 460)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 108 866)	-	(3 108 866)	
NET INCREASE/(DECREASE) IN CASH HELD	3 676 587	2 394 736	6 071 323	
Cash and Cash Equivalents at the beginning of the year	74 875 109	(13 677 977)	61 197 132	
Cash and Cash Equivalents at the end of the year	78 551 696	(11 283 241)	67 268 455	

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.

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.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

1.5 AMENDED DISCLOSURE POLICY

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

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

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

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

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

Standard	Description	Effective Date
Directive 11	<p>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing it's measurement bases.</p>	1 April 2015

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

<p>GRAP 18 (Original – Feb 2011)</p>	<p>Segment Reporting</p> <p>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>	<p>1 April 2015</p>
<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure</p> <p>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>	<p>Unknown</p>
<p>GRAP 32 (Original – Aug 2013)</p>	<p>Service Concession Arrangements: Grantor</p> <p>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 significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>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 or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>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 or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>
<p>GRAP 107 (Original – Nov 2010)</p>	<p>Mergers</p> <p>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 or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>
<p>GRAP 108 (Original – Sept 2013)</p>	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<p>Unknown</p>
<p>GRAP 109 (Original – July 2015)</p>	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
<p>IGRAP 11</p>	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p>	<p>1 April 2015</p>

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	No significant impact is expected as the Municipality does not have any SPE's at this stage.	
IGRAP 12	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). No significant impact is expected as the Municipality does not have any JCE's at this stage.	1 April 2015
IGRAP17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	IGRAP17

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

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (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) is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

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

1.10.2 Municipality as Lessor

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.12 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.

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.

1.13. 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.

1.14. 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 de-recognised.

1.15. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(c) *Ex gratia Gratuities*

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(d) *Accrued Leave Pay*

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

(e) *Staff Bonuses*

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

(f) Performance bonuses

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

(g) Pension and retirement fund obligations

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

1.16. BORROWING COSTS

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

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 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.

1.17.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

1.17.3 Depreciation and Impairment

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

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	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		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

1.17.4 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.

1.17.5 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 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.17.6 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 1.17.1 to 1.17.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method.

1.18. INTANGIBLE ASSETS

1.18.1 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.18.2 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.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

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

1.18.4 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.

1.18.5 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. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.19. INVESTMENT PROPERTY

1.19.1 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.

1.19.2 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.

1.19.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

1.19.4 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.

1.19.5 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 2009.

1.20 HERITAGE ASSETS

1.20.1 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.

1.20.2 Subsequent Measurement – Cost Model

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

1.20.3 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.

1.20.4 De-recognition

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

1.20.5 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 2009.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

b) Internal sources of information

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2 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.

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

(a) External sources of information

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

(b) Internal sources of information

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

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

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

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

1.22. INVENTORIES

1.22.1 *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.

1.22.2 *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.

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. 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 payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1 Initial Recognition

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

1.23.2 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.

1.23.2.1 Trade and Other Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (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.

1.23.2.2 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.

1.23.2.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

1.23.2.4 *Non-Current Investments*

Investments which include investments in SANLAM, KVV and Capevin are stated at fair value 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 Statement of Financial Performance in the period that the impairment is identified.

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

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

1.23.3 ***De-recognition of Financial Instruments***

1.23.3.1 *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.

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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.

1.23.3.2 *Financial Liabilities*

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

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

1.23.4 ***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.

1.24. **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.24.1 *Initial Recognition*

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

1.24.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount.

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

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future.

Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

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

1.24.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

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

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

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2014 was written off in the 2014/2015 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).

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

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

All unclaimed deposits are initially recognised as a liability until 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.

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

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

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

1.25.2 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.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

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

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

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

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

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

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

1.27. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

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

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

1.28. 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.

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.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.32. 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:

1.33.1. *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.

1.33.2. 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.

1.33.3. Property, plant and equipment:

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

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

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

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

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

- cost of items with a similar nature currently in the Municipality's asset register;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

1.33.4. 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.

1.33.5. Investment Property:

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

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

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

1.33.6. 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.

1.33.7. 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. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.33.8. 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 7 days worth of unused electricity.

1.33.9. Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

1.33.10. Provision for Staff leave

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

1.33.11. Provision for Performance bonuses

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- 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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2	NET ASSET RESERVES	2015 R	2014 R
	Capital Replacement Reserve	29 382 473	35 781 962
	Total Net Asset Reserves	29 382 473	35 781 962
	Balance previously reported (Note 2)		37 139 419
	Correction of error - Refer to note 40.9		(1 357 457)
	Restated balance		35 781 962
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	28 436 941	31 730 018
	Capitalised Lease Liability - At amortised cost	1 036 942	1 728 252
		29 473 883	33 458 270
	Current Portion transferred to Current Liabilities	4 341 168	4 099 770
	Annuity Loans - At amortised cost	3 456 422	3 274 162
	Capitalised Lease Liability - At amortised cost	884 745	825 608
		25 132 715	29 358 500
	Unamortised charges on loans	(763 634)	(787 568)
	Balance 1 July	787 568	844 061
	Adjustment for the period	(23 934)	(56 494)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	24 369 081	28 570 933
	Balance previously reported (Note 3)		33 564 440
	Correction of error - Refer to note 40.2		(106 170)
	Restated balance		33 458 270
	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	6 342 881	6 342 903
	Payable within two to five years	25 084 338	25 125 198
	Payable after five years	13 505 708	13 505 708
		44 932 926	44 973 809
	Less: Future finance obligations	(16 495 985)	(13 243 790)
	Present value of annuity obligations	28 436 941	31 730 018
	Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.		
	The obligations under finance leases are scheduled below:	Minimum lease payments	
	Amounts payable under finance leases:		
	Payable within one year	884 745	825 608
	Payable within two to five years	152 196	902 644
	Payable after five years	-	-
		1 036 942	1 728 252
	Less: Future finance obligations	-	-
	Present value of lease obligations	1 036 942	1 728 252

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

LONG TERM LIABILITIES (CONTINUE)

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>Lease Term</u>	<u>Maturity Date</u>
MINOLCO	Minolta B283 - F041011906	10.50%	36 months	2015-11-30
MINOLCO	Minolta B283 - F041015012	10.50%	36 months	2015-11-30
MINOLCO	Minolta B223 - G041101050	10.50%	36 months	2016-03-31
SASFIN	Xerox WC5330 - 3322715985	15.00%	36 months	2015-07-25
SASFIN	Xerox WC7535 - 3906110325	8.50%	36 months	2015-12-04
SASFIN	Xerox CQ9303 - 3661801750	8.50%	36 months	2016-03-25
SASFIN	Xerox CQ9303 - 3661794673	8.50%	36 months	2016-03-25
SASFIN	TASKalfa (Black) - N493215179	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215430	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Z13192	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215409	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Z13124	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215435	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Y12198	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493214896	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493113657	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Y12209	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215170	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215209	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Y12204	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Y12189	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215219	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215400	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215388	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493113664	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Z13169	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215003	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493214906	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N493215361	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Black) - N492Z13140	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Colour) - N2K3205727	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Colour) - N2K2803951	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (Colour) - N2K2705329	14.50%	36 months	2016-06-25
SASFIN	TASKalfa (FS 1135 MFP) - NR73259193	14.50%	36 months	2016-08-25
SASFIN	TASKalfa (FS 1135 MFP) - NR72530468	14.50%	36 months	2016-08-25
SASFIN	TASKalfa (FS 1135 MFP) - NR7367446	15.25%	24 months	2016-06-25
SASFIN	TASKalfa (FS 1135 MFP) - NR72531587	15.25%	24 months	2016-06-25
SASFIN	TASKalfa (FS 1135 MFP) - NR72531588	15.25%	24 months	2016-06-25
SASFIN	TASKalfa (3510i) - LH44702656	15.25%	36 months	2018-07-25
SASFIN	TASKalfa (3510i) - LH44702656	15.25%	36 months	2018-07-25

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	2015 R	2014 R
	Post Retirement Benefits - Refer to Note 4.1	50 752 310	47 581 193
	Long Service Awards - Refer to Note 4.2	7 900 019	7 775 009
	Total Non-current Employee Benefit Liabilities	58 652 329	55 356 202
	<u>Post Retirement Benefits</u>	2015 R	2014 R
	Balance 1 July	49 103 189	40 489 701
	Contribution for the year	2 542 884	2 297 883
	Interest Cost	4 353 222	3 493 189
	Expenditure for the year	(1 568 275)	(1 407 828)
	Actuarial Loss / (Gain)	(2 042 666)	4 230 244
	Total post retirement benefits 30 June	52 388 354	49 103 189
	Less: Transfer of Current Portion - Note 7	(1 636 044)	(1 521 996)
	Balance 30 June	50 752 310	47 581 193
	<u>Long Service Awards</u>		
	Balance 1 July	8 470 946	8 234 260
	Contribution for the year	706 504	683 791
	Interest Cost	648 522	565 708
	Expenditure for the year	(592 268)	(721 230)
	Actuarial Loss / (Gain)	45 963	(291 583)
	Total long service 30 June	9 279 667	8 470 946
	Less: Transfer of Current Portion - Note 7	(1 379 648)	(695 937)
	Balance 30 June	7 900 019	7 775 009
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	57 574 135	48 723 961
	Contribution for the year	3 249 388	2 981 674
	Interest cost	5 001 744	4 058 897
	Expenditure for the year	(2 160 543)	(2 129 058)
	Net Actuarial Loss / (Gain)	(1 996 703)	3 938 661
	Total employee benefits 30 June	61 668 021	57 574 135
	Less: Transfer of Current Portion - Note 7	(3 015 692)	(2 217 933)
	Balance 30 June	58 652 329	55 356 202

EMPLOYEE BENEFITS (CONTINUE)

4.1 Post Retirement Benefits

	2015	2014
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	171	177
In-service (employee) non-members	508	502
Continuation members (e.g. Retirees, widows, orphans)	57	53
Total Members	736	732
The liability in respect of past service has been estimated to be as follows:		
In-service members	29 611 793	28 192 606
Continuation members	22 776 561	20 910 583
Total Liability	52 388 354	49 103 189

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

	2013 R	2012 R	2011 R
In-service members	22 129 363	21 696 401	18 509 610
Continuation members	18 360 338	16 397 499	13 304 398
Total Liability	40 489 701	38 093 900	31 814 008

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(1.925)	2.680	(0.825)	(0.861)	(1.843)
Assets: Gain / (loss)	0.000	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.

	2015 %	2014 %
Key actuarial assumptions used:		

The Projected Unit Credit Method has been used to value the liabilities.

i) **Rate of interest**

Discount rate	8.92%	9.00%
Health Care Cost Inflation Rate	8.04%	8.17%
Net Effective Discount Rate	0.82%	0.77%

The discount rate used is a composite of all government bonds and 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)

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

	2015 R	2014 R
Present value of fund obligations	52 388 354	49 103 189
Net liability/(asset)	52 388 354	49 103 189

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	49 103 189	40 489 701
Total expenses	5 327 831	4 383 244
Current service cost	2 542 884	2 297 883
Interest Cost	4 353 222	3 493 189
Benefits Paid	(1 568 275)	(1 407 828)
Actuarial Loss / (Gain)	(2 042 666)	4 230 244
Present value of fund obligation at the end of the year	52 388 354	49 103 189
Less: Transfer of Current Portion - Note 7	(1 636 044)	(1 521 996)
Balance 30 June	50 752 310	47 581 193

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	29.612	22.777	52.389	-

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%	35.524	25.076	60.600	16%
Health care inflation	-1%	24.821	20.784	45.605	-13%
Discount rate	1%	24.859	20.815	45.674	-13%
Discount rate	-1%	35.720	25.080	60.800	16%
Post-retirement mortality	-1 year	30.616	23.728	54.344	4%
Average retirement age	-1 year	31.889	22.777	54.666	4%
Withdrawal Rate	-10%	22.481	22.777	45.258	-14%

4 EMPLOYEE BENEFITS (CONTINUE)

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The following are estimates for the 2015/2016 financial year:

Future Service Cost	2 461 100
Interest Cost	4 601 500

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		2 461 100	4 601 500	7 062 600	-
Health care inflation	1%	3 043 600	5 333 900	8 377 500	19%
Health care inflation	-1%	2 002 500	3 996 400	5 998 900	-15%
Discount rate	1%	2 025 400	4 451 500	6 476 900	-8%
Discount rate	-1%	3 030 900	4 751 600	7 782 500	10%
Post-retirement mortality	-1 year	2 542 600	4 776 000	7 318 600	4%
Average retirement age	-1 year	2 613 200	4 804 600	7 417 800	5%
Withdrawal Rate	-50%	1 859 400	3 965 400	5 824 800	-18%

2015 2014

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.

679	664
-----	-----

Key actuarial assumptions used:

2015 2014
% %

i) Rate of interest

Discount rate	7.94%	7.98%
General Salary Inflation (long-term)	7.02%	7.10%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.86%	0.82%

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

2015 2014
R R

The Projected Unit Credit Method has been used to value the liabilities.

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

Present value of fund obligations	9 279 667	8 470 946
Net liability	9 279 667	8 470 946

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

	2013	2012 R	2011 R
Total Liability	8 234 260	7 275 691	4 853 520

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

EMPLOYEE BENEFITS (CONTINUE)

	2015	2014	2013	2012	2011
	Rm	Rm	Rm	Rm	Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	175 329	217 727	163 567	(102 179)	102 483
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

	2015	2014
	R	R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	8 470 946	8 234 260
Total expenses	762 758	528 269
Current service cost	706 504	683 791
Interest Cost	648 522	565 708
Benefits Paid	(592 268)	(721 230)
Actuarial Loss / (Gain)	45 963	(291 583)
Present value of fund obligation at the end of the year	9 279 667	8 470 946
Less: Transfer of Current Portion - Note 7	(1 379 648)	(695 937)
Balance 30 June	7 900 019	7 775 009

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		9 280	-
General salary inflation	1%	9 885	7%
General salary inflation	-1%	8 732	-6%
Discount rate	1%	8 706	-6%
Discount rate	-1%	9 925	7%
Average retirement age	2 yrs	7 995	-14%
Average retirement age	+2 yrs	10 707	15%
Withdrawal rates	-50%	11 024	19%

2016
R

The following are estimates for the 2015/2016 financial year:

Future Service Cost	808 300
Interest Cost	683 400

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		808 300	683 400	1 491 700	-
General salary inflation	1%	879 300	731 300	1 610 600	8%
General salary inflation	-1%	745 100	640 100	1 385 200	-7%
Discount rate	1%	749 700	718 300	1 468 000	-2%
Discount rate	-1%	875 200	642 100	1 517 300	2%
Average retirement age	2 yrs	706 900	581 400	1 288 300	-14%
Average retirement age	+2 yrs	918 100	796 900	1 715 000	15%
Withdrawal rates	-50%	1 082 000	822 000	1 904 000	28%

EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

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

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator 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>	<u>Last Actuarial Valuation</u>	<u>Total Assets R'000</u>	<u>Total Liabilities R'000</u>	<u>Contributing members of Langeberg Municipality</u>
The contribution rate payable is 9% by members and 18% by Council.	June 2014	3 631 518	3 608 175	1

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% (period 30 June 2009 - 31 January 2012) and 23.06 % (period 1 February 2012 - 30 June 2014) by their councils. The actuarial valuation report at 30 June 2014 disclosed an actuarial valuation amounting to R3,631,518,000 (30 June 2013 : R3,226,863,000), with a nett accumulated surplus of R23,343,000 (2013 : R10,030,000 (deficit)), with a funding level of 104.4% (30 June 2013 : 99.7%). The actuarial valuation report at 30 June 2014 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R566,689,000 (30 June 2013 : R483,618,000), net investment reserve of R0 (30 June 2013 : R787,000) and a funding level of 100% (2012 : 99.8%). The actuary concluded that :

- The Pensioner Account has a surplus of R127.3 million and a funding level of 106.2%. The surplus in the Pensioner Account at the valuation date is sufficient to increase the pension increase target from 60% to 70% of price inflation. However, caution is advisable given lower investment returns after the valuation date.
- The balance of the DB Section for DB active members has a surplus of R23.3 million and a funding level of 101.7%.
- The DC Section has a funding level of 100.0% and no surplus.
- There is a future service contribution rate shortfall of 8.98% of salary in respect of 32 remaining DB active members after the transfer of DB active members to the DC Section.
- The Trustees granted a pension increase of 5% effective 1 January 2015 and a bonus of 50% of monthly pension payable in December 2014. Pro-rata pension increases and bonus apply for pensions in payment for less than one year. The pension increase and bonus are affordable given the healthy funding level of the Pensioner Account and the excellent investment returns achieved over the last three years. The actuary certified that the Fund is in a sound financial condition as at 30 June 2014, the nature of the assets is suitable for the Fund and the Fund's investment strategy is suitable, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this asset class. Furthermore the assets are appropriately matched relative to the term and nature of the liabilities and the risk benefits for the remaining active members of the DB Section are partially re-insured. This may result in volatile death benefit experience for the Fund. It would be more appropriate to re-insure the full value of these death benefits. Finally the risk benefits of the DC Section are fully re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance

32 624

31 501

<u>CAPE RETIREMENT FUND</u>	<u>Last Actuarial Valuation</u>	<u>Total Assets R'000</u>	<u>Total Liabilities R'000</u>	<u>Contributing members of Langeberg Municipality</u>
The contribution rate payable is 9% by members and 18% by Council.	June 2014	17 172 854	16 488 416	565

EMPLOYEE BENEFITS (CONTINUE)

The statutory valuation performed as at 30 June 2014 revealed that the assets of the fund amounted to R17,172,854,000 (30 June 2013: R13,607,813,000), with funding levels of 112.6% and 99.9% (30 June 2013 100.2% and 105.1%) for the Share Account and the Pensions Account respectively. The Presevation Pension Account showed a surplus of R0 and was 100% funded for both 2014 & 2013. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance	18 658 764	18 424 208
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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.

	<u>Last Actuarial Valuation</u>	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
South African Local Authorities Pension Fund	July 2014	12 658 200	12 658 200	24
SAMWU National Provident Fund	June 2008	2 455 947	2 455 947	93

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2014 revealed that the assets of the fund amounted to R12,658,200,000 (30 June 2013 : R10,439,200,000), with funding levels of 100% (30 June 2013: 100%). The highest contribution rate paid by the members was 9% and by Council 19.18%. It is the actuary's opinion that :

- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date. The Municipal Councilors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R1,183,539,452 (30 June 2009 : R1,123,672,020), with funding levels of 100% (30 June 2009: 100%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund has a funding level of 99.5% as at the 30 June 2012 and is therefore technically not financially sound. However they regarded the deficit of R6,407,706 made as relatively insignificant in the context of the Fund. The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2,455,947,000 (30 June 2005 : R1,511,461,000), with funding levels of 100% (30 June 2005: 100%). The investment smoothing reserve has increased from 1.2% of the market value of assets (or 1.25% of members' Fund Credits) at the previous valuation date to 4.6% of the market value of assets (or 5.5% of members' Fund Credits) at the current valuation date. The actuary certified that based on the 2011 valuation the Fund's assets are sufficient to cover the members' Fund Credits and Risk Benefits Reserve and to provide for an investment smoothing reserve of 5.5% of members' Fund Credits as at 30 June 2011. In addition, there is a substantial surplus of some R413 million. The Fund is therefore in a very sound financial position.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	1 176 531	1 228 464
SAMWU National Provident Fund	2 587 064	2 504 667
	3 763 595	3 733 131

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5	NON-CURRENT PROVISIONS	2015 R	2014 R
	Provision for Rehabilitation of Landfill-sites	50 542 498	20 512 709
	Total Non-current Provisions	50 542 498	20 512 709

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 and Montagu 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 Bonnievale and Ashton

<u>Landfill Sites</u>	2015 R	2014 R
Balance 1 July	22 442 082	21 500 657
Contribution for the year	31 631 133	(133 608)
Expenditure incurred (Interest)	1 178 209	1 075 033
Total provision 30 June	55 251 425	22 442 082
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 8	<u>(4 708 926)</u>	<u>(1 929 373)</u>
Balance 30 June	50 542 498	20 512 709
 Balance previously reported (Note 5)		5 652 599
Correction of error - Refer to note 40.20		16 789 483
Restated balance		22 442 082

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)	17 190	28 890	35 752	44 685
Rehabilitation volume (m³)	17 190	22 320	35 752	41 553
Fence (m)				
Total cost of rehabilitation	8 063 657	12 590 551	15 480 974	19 116 243
Decommission date	2015	2020	2 015	2 016

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:

6	CONSUMER DEPOSITS		
	Municipal services	7 987 509	7 176 811
	Total Consumer Deposits	7 987 509	7 176 811
	Guarantees held in lieu of Electricity and Water Deposits	2 456 421	2 488 940

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

7	CURRENT EMPLOYEE BENEFITS	2015	2014
	Current Portion of Post Retirement Benefits - Note 4	1 636 044	1 521 996
	Current Portion of Long-Service Provisions - Note 4	1 379 648	695 937
	Staff Leave	4 738 668	6 400 341
	Performance Bonuses	314 955	314 808
	Bonuses	3 770 610	3 483 033
	Total Current Employee Benefits	11 839 926	12 416 115

The movement in current employee benefits is reconciled as follows:

Staff Leave

Balance at beginning of year	6 400 341	6 444 028
Contribution to current portion	3 866 447	3 290 779
Expenditure incurred	(5 528 120)	(3 334 467)
Balance at end of year	4 738 668	6 400 341

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.

	2015 R	2014 R
<u>Performance Bonuses</u>		
Balance at beginning of year	314 808	287 686
Contribution / (Reversal) to current portion	314 955	229 558
Expenditure incurred	(314 808)	(202 436)
Balance at end of year	314 955	314 808

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

	2015 R	2014 R
<u>Bonuses</u>		
Balance at beginning of year	3 483 033	3 292 640
Contribution to current portion	6 876 740	6 559 823
Expenditure incurred	(6 589 162)	(6 369 430)
Balance at end of year	3 770 610	3 483 033

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	2015	2014
	Current Portion of Rehabilitation of Landfill-sites - Note 5	4 708 926	1 929 373
	Total Provisions	4 708 926	1 929 373
	<u>Cape Joint Pension Fund</u>		
	Balance at beginning of year	-	714 099
	Contribution - interest	-	22 324
	Expenditure incurred	-	(736 423)
	Balance at end of year	-	-
9	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	42 063 266	33 796 282
	Payments received in advance	4 257 160	4 203 023
	Retentions and Guarantees	3 211 485	2 765 383
	Sundry Deposits	7 334 515	5 640 189
	Sundry Creditors	27 563	31 039
	Total Trade Payables	56 893 989	46 435 915
	Balance previously reported		44 299 793
	Correction of error - Refer to note 40.6		2 136 123
	Restated balance		46 435 915

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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2015 R	2014 R
	Unspent Grants	9 857 121	3 283 798
	National Government Grants	6 825 480	106 913
	Provincial Government Grants	2 019 641	2 156 827
	District Municipality	1 011 999	1 020 058
	Less: Unpaid Grants	-	249 920
	National Government Grants	-	249 920
	Total Conditional Grants and Receipts	9 857 121	3 033 878
	Reconciliation of total grants and receipts		
	Balance previously reported		1 676 421
	Correction of error - Refer to note 40.8		1 357 457
	Restated balance		3 033 878

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 2015 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of 2015/2016 financial year.

11	UNSPENT PUBLIC CONTRIBUTIONS	2015	2014
11.1	Silwer Strand Home Owners Association	62 849	62 849
	Uitsig:Parmalat	-	310 100
	Robertson Arts and Crafts Project	621 481	621 481
	Total Unspent Public Contributions	684 330	994 430
	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	310 100	325 000
	Contributions received	-	-
	Conditions met - Transferred to revenue	(310 100)	(14 900)
	Closing balance	-	310 100
	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	621 481	-
	Contributions received	-	621 481
	Conditions met - Transferred to revenue	-	-
	Closing balance	621 481	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.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12	TAXES	2015	2014
12.1	VAT PAYABLE		
	VAT Payable	2 127 912	10 513
	VAT output in suspense	6 567 227	5 956 515
	Less: VAT portion of receivables	(3 741 080)	(3 525 806)
	Total Vat payable	<u><u>4 954 059</u></u>	<u><u>2 441 223</u></u>
12.2	VAT RECEIVABLE		
	VAT input in suspense	4 760 416	3 952 605
	Total VAT receivable	<u><u>4 760 416</u></u>	<u><u>3 952 605</u></u>
12.3	NET VAT RECEIVABLE/(PAYABLE)	<u><u>(193 643)</u></u>	<u><u>1 511 382</u></u>
	Balance previously reported		1 508 200
	Correction of error - Refer to note 40.1		3 182
	Restated balance		<u><u>1 511 382</u></u>
	VAT is receivable/payable on the cash basis.		

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2015

Reconciliation of Carrying Value	Cost											Accumulated Depreciation and Impairment Losses											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 Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	91 814 057	-	-	-	91 814 057	-	4 171 189	-	-102 000	-	-	95 883 246	8 333 818	203 340	-	832 497	-	-	-	9 166 315	203 340	86 513 591	
Land	56 119 934	-	-	-	56 119 934	-	680 000	-	-102 000	-	-	56 697 934	-	200 000	-	-	-	-	-	-	200 000	56 497 934	
Buildings	35 694 123	-	-	-	35 694 123	-	3 491 189	-	-	-	-	39 185 312	8 333 818	3 340	-	832 497	-	-	-	9 166 315	3 340	30 015 657	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	425 363 956	-	-	-	425 363 956	-	38 238 813	-	-7 969	-	-	463 594 800	102 391 952	-	-	11 243 003	(5 987)	-	-	113 628 968	-	349 965 831	
Electricity	108 600 538	-	-	-	108 600 538	-	13 211 727	-	-	-	-	121 812 265	31 492 994	-	-	2 804 458	-	-	-	34 297 452	-	87 514 813	
Housing	6 867 851	-	-	-	6 867 851	-	-	-	-	-	-	6 867 851	986 792	-	-	71 634	-	-	-	1 058 426	-	5 809 424	
Roads	114 146 918	-	-	-	114 146 918	-	1 005 605	-	-	-	-	115 152 523	32 650 171	-	-	3 481 453	-	-	-	36 131 623	-	79 020 899	
Sewerage	56 035 342	-	-	-	56 035 342	-	165 116	-	-6 127	-	-	56 194 331	12 876 845	-	-	1 686 844	(4 457)	-	-	14 559 232	-	41 635 100	
Waste Management	19 994 642	-	-	-	19 994 642	-	-	-	-1 842	-	-	19 992 800	3 774 630	-	-	565 907	(1 529)	-	-	4 339 008	-	15 653 792	
Water	100 457 951	-	-	-	100 457 951	-	30 160 220	-	-	-	-	130 618 171	20 610 520	-	-	2 632 707	-	-	-	23 243 227	-	107 374 943	
Work in Progress	19 260 714	-	-	-	19 260 714	-	-6 303 855	-	-	-	-	12 956 859	-	-	-	-	-	-	-	-	-	12 956 859	
Community Assets	73 793 199	-	-	-	73 793 199	-	1 492 175	-	-	-	-	75 285 373	16 602 888	-	-	1 856 417	-	-	-	18 459 304	-	56 826 069	
Airfield	378 308	-	-	-	378 308	-	-	-	-	-	-	378 308	36 549	-	-	9 161	-	-	-	45 710	-	332 598	
Cemeteries	2 561 747	-	-	-	2 561 747	-	-	-	-	-	-	2 561 747	929 910	-	-	101 262	-	-	-	1 031 172	-	1 530 575	
Clinics	5 593 337	-	-	-	5 593 337	-	-	-	-	-	-	5 593 337	944 815	-	-	89 614	-	-	-	1 034 429	-	4 558 908	
Community halls	12 374 949	-	-	-	12 374 949	-	-	-	-	-	-	12 374 949	2 117 122	-	-	160 871	-	-	-	2 277 994	-	10 096 955	
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	265 087	-	-	34 072	-	-	-	299 159	-	461 986	
Libraries	6 795 184	-	-	-	6 795 184	-	682 902	-	-	-	-	7 478 087	2 388 724	-	-	219 454	-	-	-	2 698 178	-	4 869 909	
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	105 334	-	-	9 190	-	-	-	114 524	-	501 717	
Other	10 471 045	-	-	-	10 471 045	-	104 724	-	-	-	-	10 575 770	1 056 914	-	-	364 432	-	-	-	1 421 346	-	9 154 424	
Parks & Gardens	11 951 777	-	-	-	11 951 777	-	24 200	-	-	-	-	11 975 977	1 607 487	-	-	127 708	-	-	-	1 735 194	-	10 240 782	
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 274 155	-	-	66 566	-	-	-	1 340 121	-	652 590	
Sport fields & stadia	16 401 093	-	184 556	-	16 585 649	-	63 482	-	-	-	-	16 649 131	4 428 526	-	-	538 653	-	-	-	4 967 179	-	11 681 952	
Swimming pools	3 568 824	-	-	-	3 568 824	-	188 748	-	-	-	-	3 757 573	1 448 266	-	-	135 434	-	-	-	1 583 700	-	2 173 873	
Work in Progress	326 239	-	(184 556)	-	141 683	-	428 118	-	-	-	-	569 800	-	-	-	-	-	-	-	-	-	569 800	
Leased Assets	2 495 699	-	-	-	2 495 699	-	128 670	-	-	-	-	2 624 369	687 526	-	-	549 811	-	-	-	1 237 337	-	1 387 032	
Office Equipment (Lease)	2 495 699	-	-	-	2 495 699	-	128 670	-	-	-	-	2 624 369	687 526	-	-	549 811	-	-	-	1 237 337	-	1 387 032	
Other Assets	56 214 064	8 288 764	-	-	56 214 064	8 288 764	9 549 708	701 906	-2 422 594	-113 901	-	72 217 946	29 029 310	-	-	4 658 605	(2 284 141)	1 413	-	31 403 774	1 413	40 812 759	
Computer hardware/equipment	10 186 077	1	-	-	10 186 077	1	3 380 917	-	(981 124)	-	-	12 585 872	4 974 480	-	-	1 239 640	(908 120)	1 413	-	5 305 999	1 413	7 278 459	
Furniture & office equipment	6 917 066	87	-	-	6 917 066	87	1 027 486	-	(550 759)	-	-	7 393 879	3 170 881	-	-	1 000 360	(537 086)	-	-	3 634 155	-	3 759 725	
General Vehicles	17 631 877	5 935 855	-	-	17 631 877	5 935 855	2 263 992	647 569	(496 364)	(92 741)	-	25 880 169	9 952 295	-	-	947 877	(471 671)	-	-	10 428 501	-	15 461 668	
Other	342 806	207 941	-	-	342 806	207 941	-	-	(51 754)	-	-	488 992	172 939	-	-	20 316	(51 744)	-	-	141 511	-	357 481	
Other Buildings	1 139 382	-	-	-	1 139 382	-	-	-	(6 776)	-	-	1 132 606	507 354	-	-	45 898	(5 024)	-	-	548 228	-	584 378	
Specialised Vehicles	4 085 150	975 880	-	-	4 085 150	975 880	-	-	(160 853)	(21 160)	-	4 879 018	2 106 531	-	-	198 224	(139 560)	-	-	2 165 196	-	2 713 823	
Plant & Equipment	15 911 705	1 168 999	-	-	15 911 705	1 168 999	2 877 312	54 336	(174 944)	-	-	19 837 410	8 144 830	-	-	1 206 289	(170 935)	-	-	9 180 184	-	10 657 226	
	649 680 974	8 288 764	-	-	649 680 974	8 288 764	53 580 555	701 906	(2 532 562)	(113 901)	-	709 605 735	157 045 494	203 340	-	19 140 332	(2 290 127)	1 413	-	173 895 699	204 753	535 505 283	

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2014

Reconciliation of Carrying Value	Cost											Accumulated Depreciation and Impairment Losses											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 Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance		
	R	R	R	R	R	R	R	R	R	R		R	R		R	R	R	R	R	R	R		
Land and Buildings	89 271 740	-	1 698 000	-	90 969 740	-	846 317	-	-	-	(2 000)	91 814 057	7 201 961	-	(156 512)	1 288 369	-	203 340	-	8 333 818	203 340	83 276 899	
Land	54 103 934	-	2 018 000	-	56 121 934	-	-	-	-	-	(2 000)	56 119 934	157 642	-	(157 642)	-	-	200 000	-	-	200 000	55 919 934	
Buildings	35 167 806	-	(320 000)	-	34 847 806	-	846 317	-	-	-	-	35 694 123	7 044 319	-	1 130	1 288 369	-	3 340	-	8 333 818	3 340	27 356 965	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	384 620 962	-	(414 960)	-	384 206 002	-	41 160 954	-	(3 000)	-	-	425 363 956	91 755 650	-	(12 916)	10 930 755	-	-	(281 537)	102 391 952	-	322 972 004	
Electricity	100 219 972	-	(238 960)	-	99 981 012	-	8 619 526	-	-	-	-	108 600 538	28 948 937	-	(12 865)	2 838 129	-	-	(281 207)	31 492 994	-	77 107 544	
Housing	6 870 851	-	-	-	6 870 851	-	-	-	(3 000)	-	-	6 867 851	894 586	-	-	92 206	-	-	-	986 792	-	5 881 059	
Roads	103 626 072	-	-	-	103 626 072	-	10 520 846	-	-	-	-	114 146 918	29 129 416	-	-	3 520 755	-	-	-	32 650 171	-	81 496 747	
Sewerage	37 275 518	-	-	-	37 275 518	-	18 759 825	-	-	-	-	56 035 342	11 257 076	-	-	1 619 769	-	-	-	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	-	16 345 884	-	-	-	-	100 457 951	18 322 640	-	-	2 288 210	-	-	(330)	20 610 520	-	79 847 431	
Work in Progress	32 521 839	-	(176 000)	-	32 345 839	-	(13 085 126)	-	-	-	-	19 260 714	51	-	(51)	-	-	-	-	-	-	19 260 714	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Assets	71 579 609	-	1 023 629	-	72 603 238	-	1 189 960	-	-	-	-	73 793 199	14 309 884	-	109 439	2 183 566	-	-	(1)	16 602 888	-	57 190 311	
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	799 367	-	-	130 543	-	-	-	929 910	-	1 631 837	
Clinics	4 527 337	-	1 066 000	-	5 593 337	-	-	-	-	-	-	5 593 337	754 904	-	145 131	44 780	-	-	-	944 815	-	4 648 522	
Community halls	12 219 251	-	(6 000)	-	12 213 251	-	161 698	-	-	-	-	12 374 949	1 807 551	-	677	308 894	-	-	-	2 117 122	-	10 257 826	
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	229 667	-	-	35 421	-	-	-	265 087	-	496 057	
Libraries	6 616 317	-	-	-	6 616 317	-	178 867	-	-	-	-	6 795 184	2 067 438	-	-	301 286	-	-	-	2 388 724	-	4 406 461	
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	95 703	-	-	9 631	-	-	-	105 334	-	510 907	
Other	10 471 045	-	-	-	10 471 045	-	-	-	-	-	-	10 471 045	690 820	-	-	366 094	-	-	-	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	16 116 905	-	-	-	16 116 905	-	284 188	-	-	-	-	16 401 093	3 809 195	-	-	619 331	-	-	-	4 428 526	-	11 972 567	
Swimming pools	3 605 195	-	(36 371)	-	3 568 824	-	-	-	-	-	-	3 568 824	1 360 349	-	(36 369)	124 287	-	-	(1)	1 448 266	-	2 120 558	
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)	-	(110 194)	2 495 699	16 940	-	66 151	620 179	(11 148)	-	(4 596)	687 526	-	1 808 173	
Office Equipment (Lease)	2 412 985	-	-	-	2 412 985	-	205 150	-	(12 242)	-	(110 194)	2 495 699	16 940	-	66 151	620 179	(11 148)	-	(4 596)	687 526	-	1 808 173	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Assets	48 601 524	7 547 383	(49 664)	-	48 551 861	7 547 383	8 064 057	741 381	(41 164)	-	(360 692)	64 502 826	25 051 171	-	(34 729)	4 391 708	(18 160)	-	(360 681)	29 029 310	-	35 473 516	
Computer hardware/equipment	7 194 173	1	-	-	7 194 173	1	3 019 260	-	(27 355)	-	-	10 186 078	3 883 139	-	-	1 100 596	(9 255)	-	-	4 974 480	-	5 211 599	
Furniture & office equipment	5 806 111	87	-	-	5 806 111	87	1 479 391	-	(7 745)	-	(360 692)	6 917 153	2 645 754	-	-	891 737	(5 929)	-	(360 681)	3 170 881	-	3 746 272	
General Vehicles	15 697 168	5 402 415	-	-	15 697 168	5 402 415	1 934 710	533 441	-	-	-	23 567 733	9 060 622	-	-	891 673	-	-	-	9 952 295	-	13 615 438	
Other	242 357	-	(49 664)	-	192 693	-	150 112	207 941	-	-	-	550 746	186 797	-	(34 729)	20 871	-	-	-	172 939	-	377 807	
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	1 480 584	-	(6 064)	-	-	17 080 703	6 942 639	-	-	1 205 166	(2 976)	-	-	8 144 830	-	8 935 873	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	596 486 820	7 547 383	2 257 006	-	598 743 826	7 547 383	51 466 438	741 381	(56 405)	-	(472 886)	657 969 736	138 335 606	-	(28 567)	19 414 578	(29 308)	203 340	(646 814)	157 045 494	203 340	500 720 902	

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

CHANGE IN ESTIMATE

Effect of changes in accounting estimates

During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect of current as well as future periods are as follows:

	2015	2016	2017
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	759 184	759 184	759 184
Increase/(Decrease) in Accumulated Depreciation:PPE	(759 184)	(759 184)	(759 184)

14 INVESTMENT PROPERTY

Net Carrying amount at 1 July

	2015 R	2014 R
Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 684 958)	(1 635 357)
Depreciation for the year	(49 581)	(49 601)

Net Carrying amount at 30 June

Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 734 539)	(1 684 958)

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	1 015 185	694 734
Operating expenditure incurred on properties	4 182 279	4 390 653

15	INTANGIBLE ASSETS	2015 R	2014 R
	Computer Software and Servitudes		
	Net Carrying amount at 1 July	545 165	303 858
	Cost	2 929 607	2 599 216
	Accumulated Amortisation	(2 384 442)	(2 295 358)
	Acquisitions	53 000	330 391
	Amortisation	(127 732)	(89 084)
	Net Carrying amount at 30 June	470 433	545 165
	Cost	2 982 607	2 929 607
	Accumulated Amortisation	(2 512 174)	(2 384 442)

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

	Carrying Value	
Description	2015 R	2014 R
Microsoft Office	417 433	545 165
Servitude Bonnievale	53 000	-
Total	470 433	545 165

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
	Impairments	(389 000)	-
	Net Carrying amount at 30 June	260 000	649 000
	Cost	649 000	649 000
	Accumulated Impairment	(389 000)	-

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

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

No third party payments received for losses and impairments incurred on the museum as at 30 June 2015:

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 2015

17	CAPITALISED RESTORATION COST	2015 R	2014 R
	Net Carrying amount at 1 July	2 490 747	3 624 447
	Cost	20 131 830	20 202 703
	Accumulated Depreciation	(17 641 082)	(16 578 257)
	Acquisitions / Additions	31 633 746	-
	Disposals	-	(70 874)
	Depreciation for the year	(1 024 547)	(1 062 826)
	Impairment for the year	(13 392 431)	-
	Net Carrying amount at 30 June	19 707 516	2 490 747
	Cost	51 765 576	20 131 830
	Accumulated Depreciation	(18 665 629)	(17 641 082)
	Accumulated Impairments	(13 392 431)	-
	Balance previously reported (Note 17)		455 297
	Correction of error - Refer to note 40.21		2 035 450
	Restated balance		2 490 747

The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.

18	NON-CURRENT INVESTMENTS		
	Listed Investments	115 524	100 885
	Unlisted Investments	5 654	8 738
	Total Non-Current Investments	121 178	109 623
	Balance previously reported (Note 18)		109 623
	Listed Investments		84 212
	Unlisted Investments		(84 212)
	Restated balance		109 623

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 KWV Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	66.34	61.75
The market value per share at year end: KWV Shares	5.50	8.50
The market value per share at year end: Capevin Shares	9.50	8.20

19	LONG-TERM RECEIVABLES	2015 R	2014 R
	Provincial Government Housing Loans - At amortised cost	572 545	682 185
	Staff Study loans - At amortised cost	46 318	121 878
	Services connections - At amortised cost	879 377	888 593
	Land Sales - At amortised cost	402 726	1 106 814
	Short-term Installments	120 239	139 780
	Agreements with Consumer Debtors	14 613 545	15 081 485
		16 634 750	18 020 736
	Less: Current portion transferred to current receivables	(614 506)	(648 175)
		16 020 244	17 372 561
	Less: Provision for Impairment	(14 613 545)	(15 081 485)
	Total Long Term Receivables	1 406 699	2 291 076

HOUSING LOANS

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.

	2015 R	2014 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	15 081 485	12 370 617
Contribution to provision/(Reversal of provision)	(467 940)	2 710 868
Bad Debts Written Off	-	-
Balance at end of year	14 613 545	15 081 485

20 NON-CURRENT ASSETS HELD FOR SALE

Land and Buildings	-	-
Total Non-Current Assets Held for Sale	-	-
Balance previously reported		2 742 209
Change in accounting policy - Refer to note 39.1		(2 742 209)
Restated balance		-

21 INVENTORY

Maintenance Materials - At cost	10 837 074	11 706 214
Compost – at cost	22 021	49 786
Water – at cost	108 786	85 100
Low Cost Housing	9 160 617	21 931 296
Total Inventory	20 128 498	33 772 396
Balance previously reported (Note 21)		22 878 957
Correction of Error - Refer to note 40.4		10 893 439
Restated balance		33 772 396
Consumable stores materials written down due to damages as identified during the annual stores counts.	333 410	13 486
Consumable stores materials surpluses identified during the annual stores counts.	(1 269)	(2 055)
Inventory recognised as an expense during the year	20 057 663	8 864 545
Write down of inventory to the lower of Cost or Net Realisable Value	49 842	21 715

22

RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2015 R	2014 R
Electricity	18 255 224	15 732 725
Water	7 116 460	5 536 652
Refuse	3 678 934	3 031 218
Sewerage	4 763 691	3 862 025
Housing Rentals	1 893 770	1 868 771
Other Receivables	1 816 860	741 160
Prepaid Expenses	94 755	-
Other	17 211 109	15 154 900
Total Receivables from Exchange Transactions	54 830 805	45 927 451
Less: Provision for Impairment	(16 902 414)	(14 659 280)
Total Net Receivables from Exchange Transactions	37 928 391	31 268 171
Balance previously reported		31 270 943
Correction of error - Refer to note 40.5		(2 772)
Restated balance		31 268 171

Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	15 781 360	13 821 440
31 - 60 Days	384 080	268 556
61 - 90 Days	144 891	113 042
+ 90 Days	1 944 894	1 529 687
Total	18 255 224	15 732 725

(Water): Ageing

Current (0 - 30 days)	3 347 134	2 779 228
31 - 60 Days	1 132 896	406 161
61 - 90 Days	463 488	283 368
+ 90 Days	2 172 942	2 067 896
Total	7 116 460	5 536 652

(Refuse): Ageing

Current (0 - 30 days)	1 216 777	1 083 434
31 - 60 Days	713 632	173 924
61 - 90 Days	177 196	116 247
+ 90 Days	1 571 329	1 657 612
Total	3 678 934	3 031 218

(Sewerage): Ageing

Current (0 - 30 days)	1 497 274	1 351 168
31 - 60 Days	970 446	224 516
61 - 90 Days	232 438	149 407
+ 90 Days	2 063 534	2 136 934
Total	4 763 691	3 862 025

(Other): Ageing

Current (0 - 30 days)	17 644 269	14 411 995
31 - 60 Days	136 616	77 602
61 - 90 Days	63 389	1 480 014
+ 90 Days	3 077 465	1 795 220
Total	20 921 740	17 764 830

(Total): Ageing

Current (0 - 30 days)	39 486 814	33 447 265
31 - 60 Days	3 337 670	1 150 760
61 - 90 Days	1 081 402	2 142 078
+ 90 Days	10 830 164	9 187 348
Total	54 736 049	45 927 451

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

2015

2014

Reconciliation of Provision for Bad Debts

Balance at beginning of year	14 659 280	13 175 944
Contribution to provision/(Reversal of provision)	4 730 381	6 004 937
Bad Debts Written Off	(2 487 247)	(4 521 602)
Balance at end of year	16 902 414	14 659 280

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

Electricity	3 378 144	3 002 592
Water	4 225 998	3 315 893
Refuse	2 551 411	2 103 222
Sewerage	3 398 040	2 733 184
Other	3 348 822	3 504 389
	16 902 414	14 659 280

2015

	Gross balance	Allowance for doubtful debt	Net balance
Electricity	18 255 224	(3 378 144)	14 877 080
Water	7 116 460	(4 225 998)	2 890 462
Refuse	3 678 934	(2 551 411)	1 127 524
Sewerage	4 763 691	(3 398 040)	1 365 652
Other	21 016 495	(3 348 822)	17 667 673
Balance at end of year	54 830 805	(16 902 414)	37 928 391

2014

	Gross balance	Allowance for doubtful debt	Net balance
Electricity	15 732 725	(3 002 592)	12 730 133
Water	5 536 652	(3 315 893)	2 220 760
Refuse	3 031 218	(2 103 222)	927 995
Sewerage	3 862 025	(2 733 184)	1 128 841
Other	17 764 830	(3 504 389)	14 260 441
Balance at end of year	45 927 451	(14 659 280)	31 268 171

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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2015 R	2014 R
	Rates	7 932 678	7 108 575
	Fines	15 467 100	8 241 540
	Other Receivables	4 673 538	5 423 441
	Accrued Interest	117 530	355 792
	Availability charges	4 326 948	4 603 447
	Other	229 060	464 202
	Total Receivables from Non-Exchange Transactions	28 073 316	20 773 556
	Less: Provision for Impairment	(23 219 277)	(14 920 227)
	Total Net Receivables from Non-Exchange Transactions	4 854 039	5 853 329

Trade Receivables with a total outstanding balance of R 14 613 545 (2014 - R 15 081 485) 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)	2 065 637	1 925 082
31 - 60 Days	258 644	184 126
61 - 90 Days	141 541	146 507
+ 90 Days	5 466 856	4 852 859
Total	7 932 678	7 108 575

Reconciliation of Provision for Bad Debts

Balance at beginning of year	14 920 227	11 053 385
Contribution to provision/(Reversal of provision)	17 569 031	6 677 886
Bad Debts Written Off	(9 269 981)	(2 811 045)
Balance at end of year	23 219 277	14 920 227

2015	Gross balance	Allowance for doubtful debt	Net balance
Rates	7 932 678	(5 846 287)	2 086 391
Fines	15 467 100	(13 298 583)	2 168 517
Other Receivables	4 673 538	(4 074 406)	599 132
Balance at end of year	28 073 316	(23 219 277)	4 854 039

2014	Gross balance	Allowance for doubtful debt	Net balance
Rates	7 108 575	(4 956 674)	2 151 901
Fines	8 241 540	(5 612 109)	2 629 431
Other Receivables	5 423 441	(4 351 444)	1 071 997
Balance at end of year	20 773 556	(14 920 227)	5 853 329

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.

	2015	2014
24 OPERATING LEASE ARRANGEMENTS		
The Municipality as Lessor (Asset)		
Balance on 1 July	138 928	146 737
Movement during the year	(55 257)	(7 809)
Balance on 30 June	83 672	138 928
Balance previously reported (Note 24)		138 340
Correction of Error: Lease Contracts not included in Lease Register 2012/2013 - Refer to note 40.3		(589)
Correction of Error: Lease Contracts not included in Lease Register 2013/2014 - Refer to note 40.3		1 177
Restated balance		138 928
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	527 339	1 085 603
1 to 5 Years	438 484	934 991
More than 5 Years	72 865	103 697
Total Operating Lease Arrangements	1 038 688	2 124 291

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.

CASH AND CASH EQUIVALENTS

2015

2014

Assets

Call Investments Deposits	24 868 724	50 000 000
Bank Accounts	57 756 592	11 189 405
Cash Floats	8 210	7 510
Total Cash and Cash Equivalents - Assets	82 633 526	61 196 915

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 does not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

2015

2014

Current Accounts

Primary Bank account	57 754 292	11 187 105
Traffic bank account	2 300	2 300
	57 756 592	11 189 405

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	11 187 105	11 272 112
Cash book balance at end of year	57 754 292	11 187 105
Bank statement balance at beginning of year	11 574 320	11 377 775
Bank statement balance at end of year	57 512 148	11 574 320

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	7 200	1 250
Bank statement balance at end of year	5 400	7 200

Call Investment Deposits

Call investment deposits consist of the following accounts:

Investec	Account Number 458195	-	20 000 000
Nedbank	Account Number 03/7881034971/000008	-	30 000 000
ABSA	Account Number 92 99946707	24 868 724	-
		24 868 724	50 000 000

PROPERTY RATES

2015

2014

Actual

Rateable Land and Buildings

43 229 736

39 896 536

Residential, Commercial Property, State

43 229 736

39 896 536

Less: Rebates

(8 710 163)

(7 613 009)

Total Assessment Rates

34 519 573

32 283 527

Valuations

Rateable Land and Buildings

Residential

4 667 149 348

4 669 495 043

Agricultural

4 769 914 447

4 714 599 086

Government

242 047 715

241 355 315

Business & Commercial

1 208 057 240

1 201 736 273

Municipal

316 956 174

345 084 024

Exempt Properties

308 707 424

302 544 424

Total Assessment Rates

11 512 832 348

11 474 814 165

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

Rates:

Residential

0.0050c/R

0.0046c/R

Commercial, Industrial & Government

0.0073c/R

0.0068c/R

Public Benefit Organisations

0.0011c/R

0.0010c/R

Agricultural

0.0011c/R

0.0010c/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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

27	GOVERNMENT GRANTS AND SUBSIDIES	2015 R	2014 R
	Unconditional Grants	55 756 000	53 157 679
	Equitable Share	55 756 000	53 157 679
	Conditional Grants	49 822 385	47 368 715
	Grants and donations	1 078 540	1 200 746
	Subsidies	48 743 846	46 167 969
	Total Government Grants and Subsidies	105 578 385	100 526 394
	Government Grants and Subsidies - Capital	22 718 920	25 489 676
	Government Grants and Subsidies - Operating	82 859 465	75 036 718
		105 578 385	100 526 394

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	55 756 000	53 157 679
Executive & Council	380 646	309 550
Budget & Treasury	1 749 182	1 519 578
Corporate Services	934 000	781 022
Planning & Development	1 451 407	984 164
Health	-	-
Community & Social Services	7 752 536	6 423 821
Housing	14 681 675	16 839 950
Public Safety	-	-
Sport & Recreation	663 952	336 047
Environmental Protection	-	-
Waste Management	-	-
Waste Water Management	3 412 781	4 882 213
Road Transport	246 429	375 661
Water	17 666 677	14 416 791
Electricity	883 101	499 920
	105 578 385	100 526 394

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

27.1	Equitable share	2015	2014
	Opening balance	-	-
	Grants received	55 756 000	53 157 679
	Conditions met - Operating	(55 756 000)	(53 157 679)
	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)	2015	2014
	Opening balance	-	-
	Grants received	1 450 000	1 300 000
	Conditions met - Operating	(1 175 298)	(1 300 000)
	Conditions met - Capital	(274 702)	-
	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).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

27	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2015 R	2014 R
27.3	Municipal Systems Improvement Grant		
	Opening balance	-	-
	Grants received	934 000	890 000
	Conditions met - Operating	(114 700)	(108 978)
	Conditions met - Capital	(819 300)	(781 022)
	Conditions still to be met	<u>-</u>	<u>-</u>
	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	-	-
	Grants received	20 686 000	19 299 000
	Conditions met - Operating	(2 540 048)	(2 364 630)
	Conditions met - Capital	(18 143 197)	(16 934 370)
	Conditions to be met	<u>2 755</u>	<u>-</u>
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
27.5	Housing Grants		
	Opening balance	1 464 237	5 199 543
	Grants received	14 814 853	11 747 186
	Transfer	-	1 357 458
	Conditions met - Operating	(14 681 675)	(11 229 420)
	Conditions met - Capital	-	(5 610 530)
	Conditions to be met	<u>1 597 415</u>	<u>1 464 237</u>
27.6	Integrated National Electrification Grant		
	Opening balance	(249 920)	(250 000)
	Grants received	2 200 000	500 000
	Transfer	(525 859)	-
	Conditions met - Operating	(288 732)	(48 947)
	Conditions met - Capital	(594 369)	(450 973)
	Conditions to be met	<u>541 119</u>	<u>(249 920)</u>
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
27.7	Other Grants		
	Opening balance	1 819 559	3 597 113
	Grants received	17 086 633	6 762 291
	Transfer	-	-
	Conditions met - Operating	(8 303 013)	(6 827 065)
	Conditions met - Capital	(2 887 351)	(1 712 780)
	Conditions to be met	<u>7 715 828</u>	<u>1 819 559</u>
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
27.8	Total Grants		
	Opening balance	3 033 878	8 546 656
	Grants received	112 927 487	93 656 156
	Transfer	(525 859)	1 357 460
	Conditions met - Operating	(82 859 465)	(75 036 718)
	Conditions met - Capital	(22 718 920)	(25 489 676)
	Conditions to be met	<u>9 857 121</u>	<u>3 033 878</u>
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	9 857 121	3 283 798
	Unpaid Conditional Government Grants and Receipts	-	(249 920)
		<u>9 857 121</u>	<u>3 033 878</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
28	SERVICE CHARGES		
	Electricity	279 051 196	244 085 874
	Water	35 038 792	31 303 006
	Refuse removal	18 248 511	16 807 369
	Sewerage and Sanitation Charges	23 256 366	21 430 933
		<hr/>	<hr/>
		355 594 865	313 627 182
	Less: Rebates	(21 379 404)	(19 295 809)
		<hr/>	<hr/>
	Total Service Charges	334 215 461	294 331 373
		<hr/>	<hr/>
29	OTHER INCOME		
	Availability fees	2 187 336	2 056 638
	Building plans	650 936	601 477
	Bulk service levies	695 577	1 946 576
	Cemeteries	351 778	353 971
	Commission	196 016	178 982
	Connection fees	1 696 111	1 939 850
	Fire brigade fees	45 610	82 961
	Insurance claims	1 583 292	923 763
	Photo copies	59 493	59 771
	Planning application fees	444 970	416 504
	Re-connection fees	162 836	141 885
	Valuation certificates	114 293	145 539
	Contributed assets	1 804 000	96 097
	Sundry income	8 487 696	5 051 175
		<hr/>	<hr/>
	Total Other Income	18 479 944	13 995 188
		<hr/>	<hr/>
	Balance previously reported		12 522 330
	Corretion of Error - Refer to note 40.18		1 472 858
			<hr/>
	Restated balance		13 995 188
			<hr/>

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EMPLOYEE RELATED COSTS

	2015 R	2014 R
Salaries and Wages	87 639 871	81 120 517
Bonus	7 134 006	6 747 607
Contributions for UIF, pensions and medical aids	20 164 824	18 995 767
Group Life Insurance	329 418	361 040
Housing Subsidy	473 213	446 174
Leave Reserve Fund	3 866 447	3 290 779
Long service awards	706 504	683 791
Overtime	5 682 531	5 623 691
Post Employment Health	2 542 884	2 297 883
Travel, motor car, telephone, assistance and other allowances	10 013 856	9 665 830
	<hr/>	<hr/>
	138 553 555	129 233 081
	<hr/>	<hr/>
Less: Employee Costs allocated elsewhere	-	-
	<hr/>	<hr/>
Total Employee Related Costs	138 553 555	129 233 081
	<hr/>	<hr/>
Balance previously reported (Note 30)		129 208 326
Corretion of Error - Refer to note 40.13		24 755
		<hr/>
Restated balance		129 233 081
		<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	1 180 613	1 094 256
Performance Bonuses	70 284	48 282
Car Allowance	108 000	108 000
Contributions to Medical and Pension Funds	212 511	203 423
	<hr/>	<hr/>
Total	1 571 408	1 453 961
	<hr/>	<hr/>

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

Annual Remuneration	-	-
Performance Bonuses	20 027	-
Car Allowance	-	-
Contributions to Medical and Pension Funds	-	-
	<hr/>	<hr/>
Total	20 027	-
	<hr/>	<hr/>

The payment was made in respect of an outstanding performance bonus for 2013/2014, Mr De K Jooste left the service of council in May 2013.

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

Annual Remuneration	950 687	852 592
Performance Bonuses	58 307	40 054
Car Allowance	123 500	151 568
Contributions to Medical and Pension Funds	171 124	161 970
	<hr/>	<hr/>
Total	1 303 617	1 206 184
	<hr/>	<hr/>

Remuneration of the Director Financial Services: Mr C F Hoffman

Annual Remuneration	996 902	860 000
Performance Bonuses	58 307	40 054
Car Allowance	25 946	71 445
Other Allowances	-	12 604
Contributions to Medical and Pension Funds	222 462	222 081
	<hr/>	<hr/>
Total	1 303 617	1 206 184
	<hr/>	<hr/>

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)

	2015	2014
Remuneration of the Director Strategy and Social Development: Mrs C O Matthys		
Annual Remuneration	891 510	798 387
Performance Bonuses	53 942	37 023
Car Allowance	91 686	117 351
Contributions to Medical and Pension Funds	170 588	163 106
Total	1 207 726	1 115 867

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

Annual Remuneration	941 696	879 617
Performance Bonuses	53 942	37 023
Car Allowance	11 542	12 971
Contributions to Medical and Pension Funds	200 546	186 256
Total	1 207 726	1 115 867

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REMUNERATION OF COUNCILLORS

	2015 R	2014 R
Mayor	763 273	733 049
Deputy Mayor	601 857	570 329
Speaker	601 223	566 729
Mayoral Committee Members (4 councillors)	2 260 298	2 150 292
Councillors (16 councillors)	4 104 801	3 693 908
Total Councillors' Remuneration	8 331 452	7 714 307

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	495 873	461 840
Transport Allowance	125 927	125 927
Cell Phone Allowance	20 868	20 868
Pension Fund	96 695	90 059
Mobile Data Card	3 600	3 600
Other Allowances	20 310	30 755
Total	763 273	733 049

Remuneration of the Deputy Mayor: Kl Klaas

Allowance	423 762	396 536
Transport Allowance	68 700	72 000
Cell Phone Allowance	20 868	20 868
Pension Fund	82 634	77 325
Mobile Data Card	3 600	3 600
Other Allowances	2 293	-
Total	601 857	570 329

Remuneration of the Speaker: DA Hull

Allowance	383 872	356 646
Transport Allowance	116 069	116 069
Cell Phone Allowance	20 868	20 868
Pension Fund	74 855	69 546
Mobile Data Card	3 600	3 600
Other Allowances	1 959	-
Total	601 223	566 729

REMUNERATION OF COUNCILLORS (CONTINUE)

	2015	2014
Remuneration of Member of Mayoral Committee: SW van Eeden		
Allowance	370 236	344 718
Transport Allowance	96 440	96 440
Cell Phone Allowance	20 868	20 868
Pension Fund	72 196	67 220
Mobile Data Card	3 600	3 600
Other Allowances	3 645	7 487
Total	566 985	540 333
Remuneration of Member of Mayoral Committee: NP Crouwcamp		
Allowance	359 502	333 977
Transport Allowance	109 267	109 267
Cell Phone Allowance	20 868	20 868
Pension Fund	70 103	65 126
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	563 340	532 838
Remuneration of Member of Mayoral Committee: EMJ Scheffers		
Allowance	371 468	347 723
Transport Allowance	54 286	79 161
Cell Phone Allowance	20 868	20 868
Pension Fund	72 436	67 806
Mobile Data Card	3 600	3 600
Other Allowances	43 368	25 125
Total	566 026	544 283
Remuneration of Member of Mayoral Committee: RR Kortje		
Allowance	385 667	360 142
Transport Allowance	78 000	78 000
Cell Phone Allowance	20 868	20 868
Pension Fund	75 205	70 228
Mobile Data Card	3 600	3 600
Other Allowances	607	-
Total	563 947	532 838
Remuneration of Member of Council: J Kriel		
Allowance	171 841	159 641
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	20 868
Pension Fund	-	-
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	240 016	227 816
Remuneration of Member of Council: TS De Koker		
Allowance	196 633	183 531
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	20 868
Pension Fund	38 344	35 789
Mobile Data Card	3 600	3 600
Other Allowances	1 400	72
Total	302 488	285 503
Remuneration of Member of Council: E Turner		
Allowance	232 913	217 256
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	20 868
Pension Fund	-	-
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	301 088	285 431

REMUNERATION OF COUNCILLORS (CONTINUE)

	2015	2014
Remuneration of Member of Council: JDF Van Zyl		
Allowance	201 526	188 425
Transport Allowance	35 796	35 796
Cell Phone Allowance	20 868	20 868
Pension Fund	39 298	36 743
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	301 088	285 431
Remuneration of Member of Council: NJ Mgoqi		
Allowance	145 527	135 318
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	20 868
Pension Fund	28 378	26 387
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	240 016	227 816
Remuneration of Member of Council: ME Zwedala (01 July 2014 to 30 April 2015)		
Allowance	127 861	143 223
Transport Allowance	27 130	35 794
Cell Phone Allowance	17 390	20 868
Pension Fund	24 932	27 929
Mobile Data Card	3 000	3 600
Other Allowances	-	-
Total	200 313	231 414
Remuneration of Member of Council: DB Janse		
Allowance	198 060	213 112
Transport Allowance	42 230	43 707
Cell Phone Allowance	20 868	20 868
Pension Fund	38 622	41 557
Mobile Data Card	3 600	3 600
Other Allowances	1 201	-
Total	304 581	322 844
Remuneration of Member of Council: R Johnson		
Allowance	145 527	135 318
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	20 868
Pension Fund	28 378	26 387
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	240 016	227 816

REMUNERATION OF COUNCILLORS (CONTINUE)

	2015	2014
Remuneration of Member of Council: EJ Vollenhoven		
Allowance	146 788	124 767
Transport Allowance	32 413	36 972
Cell Phone Allowance	20 868	20 868
Pension Fund	28 624	24 330
Mobile Data Card	3 600	3 600
Other Allowances	8 951	22 192
Total	241 244	232 728
Remuneration of Member of Council: SP Mafilika (01 July 2014 to 28 February 2015)		
Allowance	116 843	140 211
Transport Allowance	29 830	35 796
Cell Phone Allowance	17 390	20 868
Pension Fund	22 784	27 341
Mobile Data Card	3 000	3 600
Other Allowances	-	-
Total	189 847	227 816
Remuneration of Member of Council: CJ Grootboom		
Allowance	217 501	204 399
Transport Allowance	16 706	16 706
Cell Phone Allowance	20 868	20 868
Pension Fund	42 413	39 858
Mobile Data Card	3 600	3 600
Other Allowances	1 097	4 000
Total	302 185	289 431
Remuneration of Member of Council: JRO Swanepoel (01 July 2014 to 02 October 2014)		
Allowance	53 514	163 241
Transport Allowance	14 569	43 707
Cell Phone Allowance	6 956	20 868
Pension Fund	-	-
Mobile Data Card	1 200	3 600
Other Allowances	-	-
Total	76 239	231 416
Remuneration of Member of Council: CB Swanepoel		
Allowance	180 375	132 756
Transport Allowance	-	-
Cell Phone Allowance	20 868	16 283
Pension Fund	35 173	25 887
Mobile Data Card	3 600	2 810
Other Allowances	-	-
Total	240 016	177 737

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REMUNERATION OF COUNCILLORS (CONTINUE)

	2015	2014
Remuneration of Member of Council: WS Nyamana		
Allowance	145 206	134 997
Transport Allowance	40 363	40 363
Cell Phone Allowance	20 868	20 868
Pension Fund	28 315	26 324
Mobile Data Card	3 600	3 600
Other Allowances	1 664	1 663
Total	240 016	227 816
Remuneration of Member of Council: JD Burger		
Allowance	201 607	188 504
Transport Allowance	35 700	35 700
Cell Phone Allowance	20 868	20 868
Pension Fund	39 313	36 758
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	301 088	285 431
Remuneration of Member of Council: AN Mhlambeni (01 July 2013 to 24 August 2013)		
Allowance	-	25 507
Transport Allowance	-	1 217
Cell Phone Allowance	-	2 066
Pension Fund	-	4 974
Mobile Data Card	-	-
Other Allowances	-	579
Total	-	34 344
Remuneration of Member of Council: HC De Koker (12 August 2014 to 30 June 2015)		
Allowance	140 933	-
Transport Allowance	38 817	-
Cell Phone Allowance	18 533	-
Pension Fund	11 684	-
Mobile Data Card	3 197	-
Other Allowances	1 597	-
Total	214 761	-
Remuneration of Member of Council: JP Goodwin (24 October 2014 to 30 June 2015)		
Allowance	122 717	-
Transport Allowance	12 500	-
Cell Phone Allowance	14 312	-
Pension Fund	12 616	-
Mobile Data Card	2 469	-
Other Allowances	-	-
Total	164 614	-
Remuneration of Member of Council: AJ Shibili (06 May 2015 to 30 June 2015)		
Allowance	27 592	-
Transport Allowance	-	-
Cell Phone Allowance	3 192	-
Pension Fund	5 380	-
Mobile Data Card	551	-
Other Allowances	291	-
Total	37 006	-
DEBT IMPAIRMENT		
Long term Receivables - Note 19	(467 940)	2 710 868
Trade Receivables from exchange transactions - Note 22	4 730 381	6 004 937
Trade Receivables from non-exchange transactions - Note 23	17 569 031	6 857 596
Total Contribution to Debt Impairment	21 831 472	15 573 402
Less: portion Relating to VAT - note 12	(469 235)	(774 525)
Total Debt Impairment	21 362 238	14 798 877

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
33	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	19 140 332	19 128 442
	Capitalised Restoration Cost	1 024 547	1 062 826
	Investment Property	49 581	49 601
	Intangible Assets	127 732	89 084
		<u>20 342 192</u>	<u>20 329 953</u>
	Balance previously reported (Note 33)		19 970 964
	Depreciation charges on assets incorrectly calculated - Refer to note 40.12		358 988
	Restated balance		<u>20 329 953</u>
34	IMPAIRMENTS		
	Property, Plant and Equipment Refer to note 13	1 413	200 000
	Heritage Assets Refer to note 16	389 000	-
	Capitalised Restoration Cost Refer to note 17	13 392 431	-
	Total Impairments	<u>13 782 844</u>	<u>200 000</u>
35	FINANCE CHARGES		
	Interest paid	-	31 572
	Landfill site	1 175 596	1 012 298
	Long service awards	648 522	565 708
	Long-term Liabilities	3 170 883	3 355 488
	Post Employment Health	4 353 222	3 493 189
	Total finance charges	<u>9 348 223</u>	<u>8 458 255</u>
	Balance previously reported (Note 35)		7 569 829
	Correction of error - Refer to note 40.14		888 426
	Restated balance		<u>8 458 255</u>
36	BULK PURCHASES		
	Electricity	210 198 409	182 108 768
	Water	3 747 729	2 881 832
	Total Bulk Purchases	<u>213 946 138</u>	<u>184 990 600</u>
	Balance previously reported		184 970 315
	Correction of error Accrual not raised in 2013/2014- Refer to note 40.11		20 284
	Restated balance		<u>184 990 600</u>
37	GRANTS AND SUBSIDIES		
	Destitute Grants	120 000	-
	Total Grants and Subsidies	<u>120 000</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

38	GENERAL EXPENSES	2015 R	2014 R
	Advertisement Cost	834 879	831 479
	Audit fees	2 568 182	2 252 816
	Bank charges	664 902	776 101
	Bursaries - Internal	76 522	159 071
	Cell phone	637 749	597 406
	Chemicals	4 379 681	3 619 396
	Computer services	1 677 133	1 468 202
	Connections	315 951	394 271
	Data lines	2 769 753	2 525 164
	Delegation Fees	391 375	153 780
	Development Projects	425 587	434 930
	Fuel	6 814 020	6 925 716
	Insurance (Premiums & Claims cost)	1 574 997	1 336 424
	IoD Insurance	1 304 444	1 303 186
	Membership fees	1 642 413	1 206 793
	Postage	928 263	633 805
	Poverty Alleviation Projects	778 652	2 465 999
	Printing & Stationary	1 141 193	1 026 532
	Professional Services	2 691 440	4 006 551
	Protective Clothing	803 026	801 822
	Refuse bags	446 831	488 500
	Rehabilitation	542 087	841 579
	Skills Development Levy	1 104 944	1 233 073
	Subsidy New Electrical connections	-	-
	Tourism Marketing	877 151	1 203 264
	Training cost	890 038	804 990
	Transfer cost	175 307	227 616
	Valuation cost	2 743 232	518 433
	Housing expenditure	27 452 193	385 982
	Other	5 040 830	5 506 183
	Total General Expenses	71 692 776	44 129 061
	Balance previously reported (Note 38)		55 018 706
	Correction of error - Refer to note 40.16		(10 889 645)
	Restated balance		44 129 061

39 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

39.1 GRAP 100 DISCONTINUED OPERATIONS

The Municipality implemented the revised GRAP 100 on Discontinued Operations. Paragraph 16 (b) states that any changes in which the way non-current assets held for sale are classified on the statement of financial position and the notes, are applied retrospectively by adjusting the comparative information presented for the different asset and liability line items on the statement of financial position and paragraph 16 (a) states that any changes in which non-current assets held for sale are measured and applied prospectively at the beginning of the year in which the amendments are adopted.

Balance previously reported	2 742 209
Transfer Cost to Property, Plant and Equipment	(3 134 000)
Transfer Accumulated Depreciation to Property, Plant and Equipment	191 791
Impairment Prior Period Error 2013/2014	(3 340)
Transfer Accumulated Impairment to Property, Plant and Equipment	203 340
Restated Balance as at 30 June 2014	-

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CORRECTION OF ERROR IN TERMS OF GRAP 3

40.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))

Balance previously reported	431 174 623
Costs relate to feasibility studies and must be expensed	(170 000)
Impairment of asset	(3 340)
Proceeds on land sales correction	(2 124 622)
Correction of provision for landfill sites	(13 223 373)
Correction operating leases	(589)
Asset Impairment	(2)
Correction cost of inventory	215
Restated Balance as at 01 July 2013	415 652 913

40.2 LONG TERM LIABILITIES

Balance previously reported	33 564 440
Initial recognition of three finance lease was overstated	(144 890)
Lease liability reduction of three finance lease was overstated	15 822
Lease liability reduction of three finance leases	(3 122)
Recognition of two finance lease omitted in 2013/2014	34 696
Lease liability reduction of two finance leases omitted	(9 365)
Correction payment made in advance	691
Restated Balance as at 30 June 2014	33 458 270

Correction of error - Refer to note 3

40.3 OPERATING LEASE ASSET

Balance previously reported	138 340
Operating lease contracts omitted in 2012/2013	(589)
Operating lease contracts omitted in 2013/2014	1 177
Restated Balance as at 30 June 2014	138 928

Correction of error - Refer to note 24

40.4 INVENTORY

Balance previously reported	22 878 957
Adjustment on compost inventory	49 786
Low cost housing inventory understated	10 843 653
Restated Balance as at 30 June 2014	33 772 396

Correction of error - Refer to note 21

40.5 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	31 270 943
Correction payments made in advance	(2 772)
Restated Balance as at 30 June 2014	31 268 171

Correction of error - Refer to note 22

40.6 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	44 299 793
Employee related cost due to employee	24 755
Accrual not raised	23 139
Proceeds on land sales correction	2 088 229
Restated Balance as at 30 June 2014	46 435 915

Correction of error - Refer to note 9

40.7 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	497 978 107
Transfer from non-current assets held for sale	3 134 000
Impairment on swimming pool	(36 371)
Initial recognition of three finance lease was overstated	(144 890)
Recognition of two finance lease omitted in 2013/2014	34 696
Write off of computer licences	(360 692)
Asset sold in 2013/2014	(2 000)
Costs relate to feasibility studies and must be expensed	(170 000)
Correction on accumulated depreciation on assets	491 393
Accumulated impairment transferred from non-current assets held for sale	(203 340)
Restated Balance as at 30 June 2014	500 720 902

Correction of error - Refer to note 13

40.8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Balance previously reported	1 676 421
Over expenditure on housing allocation of previous years allocated to Capital Replacement Reserve	1 357 457
Restated Balance as at 30 June 2014	3 033 878

Correction of error - Refer to note 10

40.9 CAPITAL REPLACEMENT RESERVE

Balance previously reported	37 139 419
Over expenditure on housing allocation of previous years allocated to Capital Replacement Reserve	(1 357 457)
Restated Balance as at 30 June 2014	35 781 962

Correction of error - Refer to note 2

40.10 TAXES

Balance previously reported	1 508 200
Vat on accruals not raised in 2013/2014	3 182
Restated Balance as at 30 June 2014	1 511 382

Correction of error - Refer to note 12

40.11 BULK PURCHASES

Balance previously reported	184 970 315
Payment for 2014/2015 was included in 2013/2014	(2 369)
Accruals not raised in 2013/2014	22 653
Restated Balance as at 30 June 2014	184 990 600

Correction of error - Refer to note 36

40.12 DEPRECIATION AND AMORTISATION

Balance previously reported	19 970 964
Depreciation charges on assets incorrectly calculated	(286 134)
Depreciation on landfills sites understated	645 122
Restated Balance as at 30 June 2014	20 329 953

Correction of error - Refer to note 33

40.13 EMPLOYEE RELATED COSTS

Balance previously reported	129 208 326
Employee related cost due to employee	24 755
Restated Balance as at 30 June 2014	129 233 081

Correction of error - Refer to note 30

40.14 FINANCE CHARGES

Balance previously reported	7 569 829
Finance charges finance leases omitted in 2013/2014	2 889
Interest charges on landfill sites understated	885 537
Restated Balance as at 30 June 2014	8 458 255

Correction of error - Refer to note 35

40.15 GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	-
Correction on Gain on Sale of Assets derecognised in 2013/2014	21 684
Restated Balance as at 30 June 2014	21 684

Correction of Error Refer to Statement of Financial Performance

40.16 GENERAL EXPENSES

Balance previously reported	55 018 706
Rental of fax machines	3 580
Adjustment on compost inventory	(49 786)
Low cost housing inventory understated	(10 843 438)
Restated Balance as at 30 June 2014	44 129 061

Correction of error - Refer to note 38

40.17 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	234 697
Correction on Gain on Loss of Assets derecognised in 2013/2014	11
Restated Balance as at 30 June 2014	234 708

Correction of Error Refer to Statement of Financial Performance

40.18 OTHER INCOME

Balance previously reported	12 522 330
Proceeds on land sales correction	12 709
Interest on the primary bank was incorrectly linked to Interest earned out outstanding debtors	1 460 149
Restated Balance as at 30 June 2014	13 995 188

Correction of error - Refer to note 29

40.19 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	2 053 464
Operating lease contracts omitted in 2013/2014	1 177
Restated Balance as at 30 June 2014	2 054 641

Correction of Error Refer to Statement of Financial Performance

40.20 NON-CURRENT PROVISIONS

Balance previously reported	5 652 599
Provision understated in 2012/2013	16 430 116
Provision understated in 2013/2014	359 367
Restated Balance as at 30 June 2014	22 442 082

Correction of error - Refer to note 5

40.21 CAPITALISED RESORATION COST

Balance previously reported	455 297
Asset understated in 2012/2013	3 206 743
Asset understated in 2013/2014	(1 171 293)
Restated Balance as at 30 June 2014	2 490 747

Correction of error - Refer to note 17

40.22 INTEREST EARNED ON OUTSTANDING DEBTORS

Balance previously reported	3 286 837
Interest on the primary bank was incorrectly linked to Interest earned out outstanding debtors	(1 460 149)
Restated Balance as at 30 June 2014	1 826 688

Correction of Error Refer to Statement of Financial Performance

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RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2015	2014
		R
Surplus/(Deficit) for the year	12 923 965	30 998 343
Adjustments for:		
Depreciation/Amortisation	20 342 192	20 329 965
Loss on disposal of property, plant and equipment	89 562	234 697
Contributed Assets	(1 804 000)	(96 097)
(Gains) on disposal of property, plant and equipment	(612 853)	-
Fair Value Adjustments	(11 556)	(19 005)
Impairment Loss	13 782 844	200 000
Contributions to Non-Current Provisions	9 426 728	7 981 996
Debt Impairment	21 831 472	15 393 692
Actuarial Losses	45 963	4 230 244
Actuarial (Gains)	(2 042 666)	(291 583)
Unamortised discount	23 934	56 494
Bad debt written-off	(11 757 228)	(7 332 646)
Finance charges	(13 288)	61 946
Operating lease income accrued	55 257	7 809
Operating Surplus/(Deficit) before changes in working capital	62 280 327	71 755 854
Changes in working capital	13 968 521	(26 554 263)
Increase/(Decrease) in Payables from exchange transactions	10 458 074	3 096 164
Increase/(Decrease) in Provisions	-	(714 099)
Increase/(Decrease) in Employee benefits	(3 534 492)	(1 955 230)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	6 573 323	(6 870 316)
Increase/(Decrease) in Unspent Public Contributions	(310 100)	606 581
Increase/(Decrease) in Taxes	1 705 025	(866 793)
(Increase)/Decrease in Inventory	13 643 898	(12 092 854)
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(16 203 114)	(7 149 807)
Decrease/(Increase) in Long-term Receivables	1 385 986	(607 987)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	249 920	80
Cash generated/(absorbed) by operations	76 248 848	45 201 591

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42	CASH AND CASH EQUIVALENTS	2015	2014
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 25	24 868 724	50 000 000
	Cash Floats - Note 25	8 210	7 510
	Bank - Note 25	57 756 592	11 189 405
	Total cash and cash equivalents	82 633 526	61 196 915
43	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 42	82 633 526	61 196 915
	Investments - Note 18	121 178	109 623
		82 754 705	61 306 537
	Less:	10 050 764	3 283 798
	Unspent Committed Conditional Grants - Note 10	9 857 121	3 283 798
	VAT - Note 12	193 643	-
	Resources available for working capital requirements	72 703 941	58 022 740
	Allocated to:		
	Capital Replacement Reserve	29 382 473	35 781 962
	Employee Benefits	13 475 970	13 938 111
	Current Provisions	4 708 926	1 929 373
	Resources available for working capital requirements	25 136 572	6 373 294

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

44	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2015	2014
	Long-term Liabilities - Note 3	29 473 883	33 458 270
	Used to finance property, plant and equipment - at cost	(29 473 883)	(33 458 270)
		-	-
	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	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (%)
45.1	Operational				
	Revenue by source				
	Property Rates	34 519 573	33 246 310	1 273 263	4%
	Government Grants and Subsidies - Capital	22 718 920	24 203 233	(1 484 313)	-6%
	Government Grants and Subsidies - Operating	82 859 465	84 885 184	(2 025 719)	-2%
	Public Contributions and Donations	310 100	-	310 100	100%
	Gain on Foreign Exchange Transaction	-	-	-	0%
	Actuarial Gains	2 042 666	-	2 042 666	100%
	Fair Value Adjustments	11 556	-	11 556	100%
	Fines	21 824 496	12 275 480	9 549 016	78%
	Impairment Reversal	-	-	-	0%
	Stock Adjustments	-	129 050	(129 050)	-100%
	Service Charges	334 215 461	330 990 270	3 225 191	1%
	Rental of Facilities and Equipment	2 324 132	2 763 320	(439 188)	-16%
	Interest Earned - external investments	3 221 916	2 813 250	408 666	15%
	Interest Earned - outstanding debtors	1 715 825	2 310 400	(594 575)	-26%
	Licences and Permits	1 151 313	1 560 310	(408 997)	-26%
	Agency Services	2 826 789	2 257 920	568 869	25%
	Other Income	18 479 944	16 462 380	2 017 564	12%
	Unamortised Discount - Interest	73 730	70 000	3 730	5%
	Gain on disposal of Property, Plant and Equipment	612 853	-	612 853	100%
		528 908 739	513 967 106	14 941 632	3%
	Expenditure by nature				
	Employee related costs	138 553 555	151 096 948	(12 543 393)	-8%
	Remuneration of Councillors	8 331 452	8 403 570	(72 118)	-1%
	Debt Impairment	21 362 238	16 240 670	5 121 568	32%
	Depreciation and Amortisation	20 342 192	20 111 840	230 352	1%
	Collection costs	1 204 601	1 550 250	(345 649)	-22%
	Impairments	13 782 844	-	13 782 844	100%
	Repairs and Maintenance	14 702 435	15 800 960	(1 098 525)	-7%
	Actuarial losses	45 963	6 401 560	(6 355 597)	-99%
	Unamortised Discount - Interest paid	97 664	80 000	17 664	22%
	Finance Charges	9 348 223	8 049 540	1 298 683	16%
	Bulk Purchases	213 946 138	206 805 400	7 140 738	3%
	Contracted services	1 983 148	1 929 996	53 152	3%
	Grants and Subsidies	120 000	120 000	-	0%
	Stock Adjustments	381 983	-	381 983	100%
	Operating Grant Expenditure	-	-	-	0%
	General Expenses	71 692 776	74 979 259	(3 286 483)	-4%
	Loss on disposal of Property, Plant and Equipment	89 562	-	89 562	100%
	Fair Value Adjustments	-	-	-	0%
		515 984 773	511 569 993	4 414 780	1%
	Net Surplus for the year	12 923 965	2 397 113	10 526 852	439%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Comparison between last approved budget and final budget:

	2015 R	2015 R	2015 R	2015 R	Explanation for Variances
	(Approved Budget)	(Final Budget)	(Variance)	(%)	
Operational					
Revenue by source					
Property Rates	33 692 020	33 246 310	445 710	1%	
Property rates - penalties & collection charges	-	-	-	0%	
Government Grants and Subsidies - Capital	24 203 233	24 203 233	-	0%	
Government Grants and Subsidies - Operating	84 885 184	84 885 184	-	0%	
Public Contributions and Donations	-	-	-	0%	
Gain on Foreign Exchange Transaction	-	-	-	0%	
Actuarial Gains	-	-	-	0%	
Fair Value Adjustments	-	-	-	0%	
Fines	12 275 480	12 275 480	-	0%	
Impairment Reversal	-	-	-	0%	
Stock Adjustments	-	129 050	-129 050	-100%	
Service Charges	330 990 270	330 990 270	-	0%	
Rental of Facilities and Equipment	2 763 320	2 763 320	-	0%	
Interest Earned - external investments	2 813 250	2 813 250	-	0%	
Interest Earned - outstanding debtors	3 554 390	2 310 400	1 243 990	54%	
Licences and Permits	1 560 310	1 560 310	-	0%	
Agency Services	2 257 920	2 257 920	-	0%	
Other Income	14 772 680	16 462 380	-1 689 700	-10%	
Unamortised Discount - Interest	70 000	70 000	-	0%	
Gain on disposal of Property, Plant and Equipment	-	-	-	0%	
	513 838 056	513 967 106	(129 050)	0%	
Expenditure by nature					
Employee related costs	151 096 948	151 096 948	-0	0%	
Remuneration of Councillors	8 403 570	8 403 570	-	0%	
Debt Impairment	16 240 670	16 240 670	-	0%	
Depreciation and Amortisation	20 111 840	20 111 840	-	0%	
Collection costs	1 550 250	1 550 250	-	0%	
Impairments	-	-	-	0%	
Repairs and Maintenance	15 800 960	15 800 960	-	0%	
Actuarial losses	6 401 560	6 401 560	-	0%	
Unamortised Discount - Interest paid	80 000	80 000	-	0%	
Finance Charges	8 049 540	8 049 540	-	0%	
Bulk Purchases	206 805 400	206 805 400	-	0%	
Contracted services	1 900 000	1 929 996	-29 996	-2%	
Grants and Subsidies	120 000	120 000	-	0%	
Stock Adjustments	-	-	-	0%	
Operating Grant Expenditure	-	-	-	0%	
General Expenses	74 880 206	74 979 259	-99 053	0%	
Loss on disposal of Property, Plant and Equipment	-	-	-	0%	
Fair Value Adjustments	-	-	-	0%	
	511 440 943	511 569 993	(129 050)	0%	
Net Surplus for the year	2 397 113	2 397 113	(0)	0%	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (%)
45.2 Expenditure by Vote				
Corporate Services	55 538 181	51 329 965	4 208 216	8%
Engineering Services	371 151 737	356 166 290	14 985 447	4%
Executive & Council	23 994 559	28 155 950	(4 161 391)	-15%
Finance	24 211 780	31 642 810	(7 431 030)	-23%
Strategy & Social Development	41 088 516	44 145 929	(3 057 413)	-7%
	515 984 773	511 440 944	4 543 829	1%

Comparison between last approved budget and final budget:

	2015 R (Approved Budget)	2015 R (Final Budget)	2015 R (Variance)	2015 R (%)	Explanation for Variances
Expenditure by Vote					
Corporate Services	51 309 965	51 329 965	(20 000)	0%	
Engineering Services	356 926 290	356 166 290	760 000	0%	
Executive & Council	27 985 950	28 155 950	(170 000)	-1%	
Finance	31 669 810	31 642 810	27 000	0%	
Strategy & Social Development	43 548 929	44 145 929	(597 000)	-1%	
	511 440 944	511 440 944	-	0%	

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (%)
45.3 Capital expenditure by vote				
Corporate Services	3 386 743	3 638 521	(251 778)	-7%
Engineering Services	43 120 695	48 229 960	(5 109 265)	-11%
Executive & Council	-	-	-	0%
Finance	274 702	300 000	(25 298)	-8%
Strategy & Social Development	5 749 321	6 649 953	(900 632)	-14%
	52 531 460	58 818 434	(6 286 974)	-11%

Comparison between last approved budget and final budget:

	2015 R (Approved Budget)	2015 R (Final Budget)	2015 R (Variance)	2015 R (%)	Explanation for Variances
Capital expenditure by vote					
Corporate Services	3 638 521	3 638 521	-	0%	
Engineering Services	48 229 960	48 229 960	-	0%	
Executive & Council	-	-	-	0%	
Finance	300 000	300 000	-	0%	
Strategy & Social Development	6 649 953	6 649 953	-	0%	
	58 818 434	58 818 434	-	0%	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

46	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2015	2014
		R	R
46.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	11 061 458	-
	Unauthorised expenditure for the year - capital	-	-
	Unauthorised expenditure for the year - operating	19 193 663	11 061 458
	Written off by council	(11 061 458)	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	<u>19 193 663</u>	<u>11 061 458</u>

Unauthorised expenditure on operating votes is mainly attributable to the provision for debt impairment on traffic fines, impairment on landfill sites and low cost housing inventory handed over 2014/2015.

Incident	Disciplinary steps/criminal proceedings
<i>None</i>	

46.2	<u>Fruitless and wasteful expenditure</u>	2015	2014
		R	R
	<i>Two reported incidents are being investigated</i>	465 952	465 952

46.3	<u>Irregular expenditure</u>		
	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	<u>-</u>	<u>-</u>

46.4	<u>Material Losses</u>	2015	2014
	Water distribution losses		
	- Kilo litres disinfected/purified/purchased	8 012 290	7 431 280
	- Kilo litres lost during distribution	1 050 770	850 810
	- Percentage lost during distribution	13.11%	11.45%
	Electricity distribution losses		
	- Units purchased (Kwh)	294 775 957	281 339 860
	- Units lost during distribution (Kwh)	19 199 610	17 983 223
	- Percentage lost during distribution	6.51%	6.39%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2015 R	2014 R
47.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1 635 799	1 199 114
	Amount paid - current year	(1 635 799)	(1 199 114)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
47.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	29 528
	Current year audit fee	2 568 182	2 252 816
	External Audit - Auditor-General	2 501 601	2 210 391
	Audit Committee	66 581	42 425
	Amount paid - current year	(2 543 295)	(2 282 343)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	24 887	-
47.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	4 298 055	2 580 626
	Amounts received - current year	43 603 876	43 335 553
	Amounts received - previous years	(4 298 055)	(2 580 626)
	Amounts claimed - current year	(48 961 955)	(39 037 499)
	Closing balance - (Paid)/Claimed	(5 358 079)	4 298 055
	Vat in suspense due to cash basis of accounting		
	Input VAT	4 760 416	3 952 605
	Output VAT	(6 567 227)	(5 956 515)
	Receivable	(1 806 811)	(2 003 910)
	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	(16 535 471)	(15 663 966)
	Amount paid - current year	16 535 471	15 663 966
	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	(19 296 637)	(18 175 613)
	Amount paid - current year	19 296 637	18 175 613
	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:

	2015 R	2014 R
	Outstanding more than 90 days	Outstanding more than 90 days
No councillor in arrears at 30 June 2015 for more than 90 days		
Total Councillor Arrear Consumer Accounts	-	-

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)

	Amount	Single Supplier	Type of deviation		Emergency
			Impossible	Impracticable	
July	2 255 879	11	-	80	7
August	1 836 932	4	-	57	13
September	2 121 603	10	-	66	31
October	782 416	5	-	70	10
November	1 197 699	3	-	69	4
December	515 347	3	-	47	13
January	1 337 976	8	-	37	19
February	982 126	1	-	61	28
March	1 047 423	5	-	71	12
April	1 617 061	3	-	58	12
May	381 276	1	-	36	8
June	1 184 671	5	-	57	36
	15 260 409	59	-	709	193

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
Annandale Motors BK	Owner	Spouse	E Wagner	Admin Clerk-Langeberg Municipality	R 68 118
Stemwet (PTY) LTD T/A Montagu Bande SUPA QUICK	Owner	Spouse	M Stemmet	Teacher-Department of Education	R 29 603
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education	R 33 501
MUBESKO AFRICA	Manager	Spouse	S Niehaus	Manager-Department of Health	R 242 090
RHODE BROS STEEL PROJECT CC	Owner	Spouse	D Rhode	Police Officer	R 27 588
VAN NIEKER & LINDE	Owner	Spouse	S Rossouw	Teacher-Department of Education	R 190 558

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

48

CAPITAL COMMITMENTS

2015
R

2014
R

Commitments in respect of capital expenditure:

Approved and contracted for:

11 164 211

16 608 687

Infrastructure

11 164 211

16 608 687

Approved but not yet contracted for

40 459 509

37 831 483

Infrastructure

20 327 159

23 011 483

Community

5 789 000

6 530 000

Other

14 343 350

8 290 000

Total

51 623 720

54 440 170

In addition to the capital commitments approved and contracted for disclosed in terms of GRAP, R40 459 509 (2014: R37 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

22 401 900

33 361 200

Government Grants

29 221 820

21 078 970

Other Grants

-

-

Total

51 623 720

54 440 170

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 not engage in any foreign currency 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% (2014 - 1%) Increase in interest rates	291 757	(213 642)
0.5% (2014 - 0.5%) Decrease in interest rates	(145 879)	106 821

(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:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	28 073 316	100.00%	20 773 556
<u>Exchange Receivables</u>				
Electricity	33.35%	18 255 224	34.26%	15 732 725
Water	13.00%	7 116 460	12.06%	5 536 652
Refuse	6.72%	3 678 934	6.60%	3 031 218
Sewerage	8.70%	4 763 691	8.41%	3 862 025
Other	38.22%	20 921 740	38.68%	17 764 830
	100.00%	54 736 049	100.00%	45 927 451

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:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	23 219 277	100.00%	14 920 227
<u>Exchange Receivables</u>				
Electricity	19.99%	3 378 144	20.48%	3 002 592
Water	25.00%	4 225 998	22.62%	3 315 893
Refuse	15.09%	2 551 411	14.35%	2 103 222
Sewerage	20.10%	3 398 040	18.64%	2 733 184
Other	19.81%	3 348 822	23.91%	3 504 389
	100.00%	16 902 414	100%	14 659 280

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2015 %	2015 R	2014 %	2014 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	9 269 981	100.00%	2 811 045
<u>Exchange Receivables</u>				
Electricity	1.35%	33 615	0.63%	28 375
Water	18.38%	457 098	16.09%	727 646
Refuse	15.61%	388 215	13.76%	622 022
Sewerage	21.00%	522 216	18.43%	833 411
Other	43.67%	1 086 104	51.09%	2 310 148
	100.00%	2 487 247	100.00%	4 521 602

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.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	2 021 205	2 939 251
Receivables from exchange transactions	37 928 391	31 268 171
Cash and Cash Equivalents	82 633 526	61 196 915
Non-Current Investments	121 178	109 623
	122 704 301	95 513 959

(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
2015				
Long Term liabilities	7 227 626	25 236 534	13 505 708	-
Capital repayments	4 407 092	19 858 048	12 082 310	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	49 425 344	-	-	-
	56 652 970	25 236 534	13 505 708	-

49 FINANCIAL RISK MANAGEMENT (CONTINUE)

2014	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	7 168 511	26 027 842	13 505 708	-
Capital repayments	4 078 027	19 568 127	11 417 387	-
Interest	3 090 484	6 459 715	2 088 321	-
Trade and Other Payables	39 467 510	-	-	-
	46 636 021	26 027 842	13 505 708	-

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 bellow.

50.1	Financial Assets	Classification	2015 R	2014 R
	Investments			
	Non-Current Investments	Financial instruments at fair value	121 178	109 623
	Fixed Deposits	Financial instruments at amortised cost	-	-
	Long-term Receivables			
	Provincial Government Housing Loans - At amortised cost		572 545	682 185
	Staff Study loans - At amortised cost		46 318	121 878
	Services connections - At amortised cost		879 377	888 593
	Land Sales - At amortised cost		402 726	1 106 814
	Short-term Installments		120 239	139 780
	Agreements with Consumer Debtors		-	-
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	37 928 391	31 268 171
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	-	249 920
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	24 868 724	50 000 000
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	57 756 592	11 189 405
	Cash Floats and Advances	Financial instruments at amortised cost	8 210	7 510
			122 704 301	95 763 879
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		122 704 301	95 763 879
	At amortised cost		122 704 301	95 763 879

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

50	FINANCIAL INSTRUMENTS (CONTINUE)		2015	2014
50.2	<u>Financial Liability</u>	<u>Classification</u>		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	24 980 518	28 455 857
	Capitalised Lease Liability	Financial instruments at amortised cost	152 196	902 644
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	42 063 266	33 796 282
	Retentions and Guarantees	Financial instruments at amortised cost	3 211 485	2 765 383
	Sundry Deposits	Financial instruments at amortised cost	7 334 515	5 640 189
	Sundry Creditors	Financial instruments at amortised cost	27 563	31 039
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 456 422	3 274 162
	Capitalised Lease Liability	Financial instruments at amortised cost	884 745	825 608
			82 110 712	75 691 163
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		82 110 712	75 691 163
51	STATUTORY RECEIVABLES		2015	2014
	In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:			
	Taxes			
	VAT Receivable		-	1 511 382
	Receivables from Non-Exchange Transactions			
	Rates		2 086 391	2 151 901
	Fines		2 168 517	2 629 431
			4 254 908	6 292 714
52	EVENTS AFTER THE REPORTING DATE			
	2015			
	On 27 July 2015 the Bonnievale stores was set alight by the public, the damage to the buildings and vehicles are estimated at R 4 480 000. The municipality intends to take up a loan of R 40 000 000 in 2015/2016 to fund capital expenditure.			
	2014			
	On 26 August 2014 the municipality suffered losses when the Robertson Museum which is classified as a Heritage Asset collapsed during building alterations, the historical cost of the building is R 389 000.			
53	IN-KIND DONATIONS AND ASSISTANCE			
	2015			
	2014			

54 PRIVATE PUBLIC PARTNERSHIPS

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

55 CONTINGENT LIABILITY

2015

There is currently a claim against council instituted by the family of a person who was injured by a municipal trailer.

The claim instituted against council for R 2.5 M by the family of a person who was injured on the municipal dumping site and later died in 2014 was turned down by the insurers of the municipality.

2014

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

CONTINGENT ASSET

2015

2014

The municipality has instituted legal action against the contractor who did the alterations to the Robertson Museum when it collapsed on 26 August 2014. The claim is for the reinstatement of the asset as it was.

56 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.

56.1 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.

56.2 Compensation of key management personnel

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

56.3 Other related party transactions

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

<p style="text-align: center;">LANEGERG MUNICIPALITY LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2015</p>														
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2014	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2015	Closing Balance (outstanding capital) 30/06/2015	Current Liability Short-term portion	Non-current Liability Balance at reporting date	Interest Payable Till 30/06/2015
ANNUITY LOANS														
DBSA	10287/102	61000738	31/03/2016	10.00%	58 695	-	5 064	32 304	-1 428	749	30 776	30 028	0	749
DBSA	10287/202	61000739	30/09/2015	12.00%	7 475	-	735	5 431	-217	77	2 638	2 561	-0	77
DBSA	10422/102	61001087	31/03/2018	15.00%	414 045	-	57 014	136 334	-14 926	11 960	331 759	91 550	228 249	11 960
DBSA	10422/203	61001088	30/09/2018	14.00%	255 569	-	33 136	75 843	-8 620	7 129	211 371	48 826	155 416	7 129
DBSA	11124/103	61001404	30/06/2019	16.00%	1 030 408	-	159 265	307 376	-	-	882 298	172 405	709 892	-
DBSA	11174/102	61001426	31/12/2018	16.50%	336 290	-	53 322	108 884	-	-	280 728	64 995	215 733	-
DBSA	11192/101	61001436	31/12/2018	15.75%	2 830 106	-	428 062	902 142	-	-	2 356 025	550 786	1 805 240	-
DBSA (Loan Fund)	11328/101	61001531	30/06/2014	13.22%	0	-	-	-	-	-	0	-0	0	-
DBSA (Public Debt Commissioner)	12350/101	61002371	30/06/2014	13.75%	-0	-	-	-	-	-	-0	0	-0	-
DBSA	13341/102	61003137	31/12/2019	16.50%	2 530 790	-	405 419	718 266	-	-	2 217 943	365 672	1 852 271	-
DBSA	13452/102	61003173	30/06/2020	7.992%	690 371	-	52 247	167 309	-	-	575 309	115 062	460 247	-
DBSA	13452/301	61003178	31/12/2019	7.992%	851 594	-	64 193	219 029	-	-	696 758	154 835	541 923	-
DBSA	13586/101	61003228	31/12/2020	9.462%	302 312	-	27 049	73 559	-	-	255 803	46 510	209 293	-
DBSA	13760/101	61003271	31/12/2020	8.992%	1 375 790	-	116 879	328 539	-	-	1 164 130	211 660	952 470	-
DBSA	99999/1	61004211	31/12/2024	8.992%	671 817	-	57 957	121 939	0	-	607 835	63 983	543 852	-
DBSA	102290/1	61000517	31/03/2027	8.108%	20 374 757	-	1 551 321	3 088 871	-386 608	372 969	18 823 568	1 537 550	16 913 049	372 969
TOTAL ANNUITY LOANS					31 730 018	-	3 011 664	6 285 826	-411 798	392 883	28 436 941	3 456 422	24 587 636	392 883
LEASE LIABILITIES														

<p style="text-align: center;">LANGEBERG MUNICIPALITY LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2015</p>														
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2014	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2015	Closing Balance (outstanding capital) 30/06/2015	Current Liability Short-term portion	Non-current Liability Balance at reporting date	Interest Payable Till 30/06/2015
MINOLTA	B283 - F041011906		30/11/2015	10.50%	15 890	-	1 150	12 120	-	-	4 920	4 920	-0	-
MINOLTA	B283 - F041015012		30/11/2015	10.50%	15 890	-	1 150	12 120	-	-	4 920	4 920	-0	-
MINOLTA	B223 - G041101050		31/03/2016	10.50%	19 872	-	1 571	12 480	-	-	8 963	8 963	-	-
XEROX	WC5330 - 3322715985		25/07/2015	15.00%	27 526	-	2 469	28 020	-53	-	1 922	1 922	-0	-
XEROX	WC7535 - 3906110325		04/12/2015	8.50%	36 423	-	2 288	27 180	-153	-	11 378	11 378	-0	-
XEROX	CQ9303 - 3661801750		25/03/2016	8.50%	105 697	-	6 791	65 700	-70	-	46 718	46 718	0	-
XEROX	CQ9303 - 3661794673		25/03/2016	8.50%	105 697	-	6 791	65 700	-70	-	46 718	46 718	0	-
TASKalfa (Black)	N493215179		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215430		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Z13192		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215409		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Z13124		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215435		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Y12198		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493214896		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493113657		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Y12209		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215170		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215209		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Y12204		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Y12189		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215219		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215400		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215388		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493113664		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Z13169		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215003		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493214906		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N493215361		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Black)	N492Z13140		25/07/2016	14.50%	45 313	-	5 065	25 507	195	-	25 066	23 612	1 455	-
TASKalfa (Colour)	N2K3205727		25/07/2016	14.50%	92 598	-	10 350	52 124	399	-	51 223	48 251	2 973	-
TASKalfa (Colour)	N2K2803951		25/07/2016	14.50%	92 598	-	10 350	52 124	399	-	51 223	48 251	2 973	-
TASKalfa (Colour)	N2K2705329		25/07/2016	14.50%	92 598	-	10 350	52 124	399	-	51 223	48 251	2 973	-
TASKalfa (FS 1135 MFP)	NR73259193		25/08/2016	14.50%	13 010	-	1 474	7 080	54	-	7 458	6 476	982	-
TASKalfa (FS 1135 MFP)	NR72530468		25/08/2016	14.50%	13 010	-	1 474	7 080	54	-	7 458	6 476	982	-
TASKalfa (FS 1135 MFP)	NR7367446		25/03/2017	15.25%	18 413	-	2 349	8 280	60	-	12 542	6 901	5 641	-
TASKalfa (FS 1135 MFP)	NR72531587		25/03/2017	15.25%	18 413	-	2 349	8 280	60	-	12 542	6 901	5 641	-
TASKalfa (FS 1135 MFP)	NR72531588		25/03/2017	15.25%	18 413	-	2 349	8 280	60	-	12 542	6 901	5 641	-
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	-	64 335	-	-	-	-	64 335	18 867	45 468	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	-	64 335	-	-	-	-	64 335	18 867	45 468	-
TOTAL LEASE LIABILITIES					1 728 252	128 670	179 741	1 005 349	5 627	-	1 036 942	884 745	152 196	-
TOTAL LIABILITIES					33 458 270	128 670	3 191 405	7 291 175	-406 171	392 883	29 473 883	4 341 168	24 739 832	392 883

APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2015
MUNICIPAL VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
22 503 367	(42 457 378)	(19 954 011)	Corporate Services	37 307 308	(55 538 181)	(18 230 873)
365 875 110	(299 556 690)	66 318 420	Engineering Services	406 734 241	(371 151 737)	35 582 505
403 496	(22 972 168)	(22 568 672)	Executive & Council	498 949	(23 994 559)	(23 495 609)
70 825 479	(24 823 027)	46 002 452	Finance	79 952 472	(24 211 780)	55 740 690
3 082 059	(41 881 905)	(38 799 846)	Strategy & Social Development	4 415 769	(41 088 516)	(36 672 747)
462 689 511	(431 691 168)	30 998 343	Sub Total	528 908 739	(515 984 773)	12 923 965
-	-	-		-	-	-
462 689 511	(431 691 168)	30 998 343	Total	528 908 739	(515 984 773)	12 923 965

APPENDIX C - Unaudited LANGEBERG MUNICIPALITY SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2015 GENERAL FINANCE STATISTIC CLASSIFICATIONS						
2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
418 396	(27 639 448)	(27 221 052)	Executive & Council	809 957	(29 713 875)	(28 903 918)
70 825 479	(24 823 027)	46 002 452	Budget & Treasury	79 952 472	(24 211 780)	55 740 690
2 195 845	(20 876 232)	(18 680 388)	Corporate Services	4 796 206	(23 003 550)	(18 207 344)
2 071 928	(7 434 168)	(5 362 241)	Planning & Development	2 710 831	(8 664 271)	(5 953 440)
7 828 712	(20 759 145)	(12 930 433)	Community & Social Services	8 850 504	(17 607 796)	(8 757 292)
17 207 592	(3 241 401)	13 966 191	Housing	14 906 932	(30 488 668)	(15 581 736)
14 565 264	(21 472 828)	(6 907 563)	Public Safety	26 065 312	(32 928 594)	(6 863 282)
525 484	(3 387 864)	(2 862 379)	Sport & Recreation	876 217	(3 354 605)	(2 478 388)
154 996	(12 262 387)	(12 107 391)	Environmental Protection	278 070	(13 502 912)	(13 224 841)
18 919 770	(21 794 958)	(2 875 188)	Waste Management	20 117 059	(34 570 305)	(14 453 246)
28 993 890	(12 000 841)	16 993 049	Waste Water Management	29 243 345	(13 000 327)	16 243 017
403 815	(16 095 918)	(15 692 103)	Road Transport	317 966	(16 574 225)	(16 256 259)
48 862 673	(29 425 801)	19 436 871	Water	56 263 184	(31 106 829)	25 156 355
249 715 667	(210 477 150)	39 238 518	Electricity	283 720 683	(237 257 036)	46 463 647
						-
462 689 511	(431 691 168)	30 998 343	Total	528 908 739	(515 984 773)	12 923 965

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

Restated								
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2014	Prior Period Error	30 JUNE 2014	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2015
	R	R	R	R	R	R	R	R
<u>National Government Grants</u>								
MSIG	0	-	0	934 000	-	114 700	819 300	0
Zolani Taxi Rank	-0	-	-0	-	-	-	-	-0
Masterplans	54 386	-	54 386	-	-	-	-	54 386
MIG	-0	-	-0	20 686 000	-	2 540 048	18 143 197	2 755
Equitable Share	-	-	-	55 756 000	-	55 756 000	-	-
FMG	0	-	0	1 450 000	-	1 175 298	274 702	0
INEP	-249 920	-	-249 920	2 200 000	525 859	288 732	594 369	541 119
EPWP	50 968	-	50 968	1 440 000	-	1 443 348	-	47 619
Emergency Relief Flood Damage	1 559	-	1 559	6 270 000	-	18 105	129 323	6 124 130
Department of Water Affairs	-	-	-	451 683	-	-	396 213	55 470
<u>Provincial Government Grants</u>								
Library services	720 536	-	720 536	6 810 000	-	5 832 674	1 697 862	-0
Main roads	-	-	-	99 000	-	99 000	-	-
Masakhane	353 117	-	353 117	-	-	-	-	353 117
Housing Consumer Education	8 581	-	8 581	-	-	160	-	8 421
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	-	-	-	350 646	-	350 646	-	-
Housing	-1 311 132	1 357 458	46 326	14 814 853	-	14 681 515	-	179 664
CDW Operational Support Grant	-	-	-	-	-	-	-	-
Public Transport Infrastructure	73 536	-	73 536	-	-	-	-	73 536
Thusong Service Centre Operational Support Grant	-	-	-	222 000	-	222 000	-	-
Acceleration of Housing Delivery	0	-	0	-	-	-	-	0
Department of Sport	163 953	-	163 953	500 000	-	-	663 953	0
Western Cape Financial Management Grant	139 400	-	139 400	443 304	-	299 181	-	283 523
Municipal Capacity Building Grant	-	-	-	500 000	-	30 000	-	470 000
<u>District Municipality Grants</u>								
ID Documents	33 260	-	33 260	-	-	-	-	33 260
Route 62 projects	37 377	-	37 377	-	-	-	-	37 377
PIMS	56 147	-	56 147	-	-	-	-	56 147
Pre-paid Watermeters	108 527	-	108 527	-	-	-	-	108 527
Ward Committees	150 000	-	150 000	-	-	-	-	150 000
PIMS	17 560	-	17 560	-	-	-	-	17 560
McGregor Dam	25 000	-	25 000	-	-	-	-	25 000
Bakery Project	218 371	-	218 371	-	-	8 059	-	210 312
Landfill site	332 400	-	332 400	-	-	-	-	332 400
Tarring of Streets	-	-	-	-	-	-	-	-
Cleanest Town	41 416	-	41 416	-	-	-	-	41 416
Total	1 676 421	1 357 458	3 033 879	112 927 486	525 859	82 859 465	22 718 920	9 857 121

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

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

Description R thousand	2014/2015								2013/2014			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	77 146	(93)	77 054	85 565		8 511	111.0%	110.9%				73 154
Executive and council	240	500	740	810		70	109.5%	337.9%				418
Budget and treasury office	74 519	(613)	73 906	79 959		6 052	108.2%	107.3%				70 539
Corporate services	2 388	20	2 408	4 796		2 388	199.2%	200.9%				2 196
<i>Community and public safety</i>	25 515	18 288	43 803	50 699		6 896	115.7%	198.7%				40 127
Community and social services	8 474	741	9 214	8 851		(364)	96.1%	104.4%				7 829
Sport and recreation	702	244	946	876		(70)	92.6%	124.8%				525
Public safety	6 079	10 140	16 219	26 065		9 846	160.7%	428.8%				14 565
Housing	10 260	7 164	17 424	14 907		(2 517)	85.6%	145.3%				17 208
Health	-	-	-	-		-	-	-				-
<i>Economic and environmental services</i>	4 687	(380)	4 307	3 307		(1 000)	76.8%	70.6%				2 631
Planning and development	4 313	(597)	3 716	2 711		(1 005)	72.9%	62.9%				2 072
Road transport	130	217	347	318		(29)	91.7%	244.2%				404
Environmental protection	244	-	244	278		34	113.9%	113.9%				155
<i>Trading services</i>	392 594	(3 920)	388 674	389 344		670	100.2%	99.2%				346 492
Electricity	286 278	(4 000)	282 278	283 721		1 442	100.5%	99.1%				249 716
Water	56 900	-	56 900	56 263		(637)	98.9%	98.9%				48 863
Waste water management	29 486	-	29 486	29 243		(243)	99.2%	99.2%				28 994
Waste management	19 930	80	20 010	20 117		108	100.5%	100.9%				18 920
<i>Other</i>	-	-	-	-		-	-	-				-
Total Revenue - Standard	499 942	13 896	513 838	528 915		15 077	102.9%	105.8%				462 404

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

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

Description	2014/2015								2013/2014			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
Expenditure - Standard												
Governance and administration	83 917	7 875	91 792	76 935	(14 856)	(14 856)	83.8%	91.7%	5 195	5 195	-	73 053
Executive and council	37 359	604	37 962	29 714	(8 249)	(8 249)	78.3%	79.5%	(122)	(122)	-	27 639
Budget and treasury office	24 467	7 202	31 670	24 218	(7 452)	(7 452)	76.5%	99.0%	4 306	4 306	-	24 537
Corporate services	22 090	69	22 159	23 004	844	844	103.8%	104.1%	1 011	1 011	-	20 876
Community and public safety	57 802	15 319	73 120	84 380	11 259	11 259	115.4%	146.0%	5 872	5 872	-	48 861
Community and social services	22 589	(89)	22 500	17 608	(4 892)	(4 892)	78.3%	77.9%	(65)	(65)	-	20 759
Sport and recreation	3 830	195	4 025	3 355	(671)	(671)	83.3%	87.6%	-	-	-	3 388
Public safety	18 236	8 060	26 296	32 929	6 632	6 632	125.2%	180.6%	5 937	5 937	-	21 473
Housing	13 146	7 153	20 299	30 489	10 190	10 190	150.2%	231.9%	-	-	-	3 241
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	39 781	(654)	39 127	37 566	(1 561)	(1 561)	96.0%	94.4%	-	-	-	34 780
Planning and development	9 014	(624)	8 390	7 489	(901)	(901)	89.3%	83.1%	-	-	-	6 422
Road transport	16 973	(150)	16 823	16 574	(249)	(249)	98.5%	97.7%	-	-	-	16 096
Environmental protection	13 794	120	13 914	13 503	(412)	(412)	97.0%	97.9%	-	-	-	12 262
Trading services	311 273	(3 871)	307 402	317 110	9 708	9 708	103.2%	101.9%	-	-	-	274 711
Electricity	238 756	(3 742)	235 014	237 257	2 243	2 243	101.0%	99.4%	-	-	-	210 477
Water	36 108	-	36 108	31 107	(5 001)	(5 001)	86.1%	86.1%	-	-	-	29 426
Waste water management	12 783	-	12 783	13 000	218	218	101.7%	101.7%	-	-	-	12 001
Waste management	23 626	(129)	23 497	35 746	12 249	12 249	152.1%	151.3%	-	-	-	22 807
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	492 772	18 669	511 441	515 991	4 550	4 550	100.9%	104.7%	11 067	11 067	-	431 405
Surplus/(Deficit) for the year	7 170	(4 773)	2 397	12 924	-	10 527	539.1%	180.2%	-	-	-	30 998

**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 R thousand	2014/2015								2013/2014			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	74 519	(613)	73 906	79 959		6 052	108.2%	107.3%				70 539
Vote 2 - EXECUTIVE & COUNCIL	240	500	740	499		(241)	67.5%	208.2%				403
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	4 618	(380)	4 238	4 416		177	104.2%	95.6%				3 082
Vote 4 - CORPORATE SERVICES	15 041	10 901	25 941	37 307		11 366	143.8%	248.0%				22 503
Vote 5 - ENGINEERING SERVICES	405 525	3 488	409 013	406 734		(2 278)	99.4%	100.3%				365 875
Total Revenue by Vote	499 942	13 896	513 838	528 915		15 077	102.9%	105.8%				462 404
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	24 467	7 202	31 670	24 218	(7 452)	(7 452)	76.5%	99.0%	4 306	4 306	–	24 537
Vote 2 - EXECUTIVE & COUNCIL	27 384	602	27 986	23 995	(3 991)	(3 991)	85.7%	87.6%	–	–	–	22 972
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	44 581	(1 032)	43 549	39 913	(3 636)	(3 636)	91.7%	89.5%	–	–	–	40 870
Vote 4 - CORPORATE SERVICES	42 550	8 760	51 310	55 538	4 228	4 228	108.2%	130.5%	6 761	6 761	–	42 457
Vote 5 - ENGINEERING SERVICES	353 790	3 137	356 926	372 327	15 401	15 401	104.3%	105.2%	–	–	–	300 569
Total Expenditure by Vote	492 772	18 669	511 441	515 991	4 550	4 550	100.9%	104.7%	11 067	11 067	–	431 405
Surplus/(Deficit) for the year	7 170	(4 773)	2 397	12 924		10 527	539.1%	180.2%				

Appendix E3 - Unaudited

Langeberg Municipality

- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

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

Description	2014/2015								2013/2014			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	34 146	(900)	33 246	34 520		1 273	103.8%	101.1%				32 284
Property rates - penalties & collection charges	446	-	446	294		(152)	66.0%	66.0%				394
Service charges - electricity revenue	276 358	(5 000)	271 358	275 445		4 087	101.5%	99.7%				240 873
Service charges - water revenue	36 397	-	36 397	34 766		(1 631)	95.5%	95.5%				31 002
Service charges - sanitation revenue	12 504	-	12 504	13 365		861	106.9%	106.9%				12 466
Service charges - refuse revenue	10 732	-	10 732	10 640		(92)	99.1%	99.1%				9 991
Service charges - other	-	-	-	-		-	-	-				-
Rental of facilities and equipment	2 672	91	2 763	2 324		(439)	84.1%	87.0%				2 055
Interest earned - external investments	3 513	(700)	2 813	3 222		409	114.5%	91.7%				2 844
Interest earned - outstanding debtors	1 865	1 690	3 554	3 277		(277)	92.2%	175.7%				2 893
Dividends received	-	-	-	-		-	-	-				-
Fines	2 275	10 000	12 275	21 824		9 549	177.8%	959.1%				10 846
Licences and permits	1 455	106	1 560	1 151		(409)	73.8%	79.1%				1 077
Agency services	2 258	-	2 258	2 827		569	125.2%	125.2%				2 490
Transfers recognised - operational	77 797	7 089	84 885	82 906		(1 979)	97.7%	106.6%				72 109
Other revenue	16 446	(1 603)	14 843	19 069		4 226	128.5%	115.9%				12 642
Gains on disposal of PPE	-	-	-	613		613	#DIV/0!	#DIV/0!				22
Total Revenue (excluding capital transfers and contributions)	478 863	10 772	489 635	506 242		16 608	103.4%	105.7%				433 986
Expenditure By Type												
Employee related costs	148 804	2 292	151 097	138 554	(12 543)	(12 543)	91.7%	93.1%	(1 731)	(1 731)	-	129 233
Remuneration of councillors	8 404	-	8 404	8 331	(72)	(72)	99.1%	99.1%	-	-	-	7 714
Debt impairment	8 241	8 000	16 241	21 362	5 122	5 122	131.5%	259.2%	6 777	6 777	-	14 799
Depreciation & asset impairment	20 112	-	20 112	34 125	14 013	14 013	169.7%	169.7%	1 514	1 514	-	20 530
Finance charges	8 050	-	8 050	9 348	1 298	1 298	116.1%	116.1%	92	92	-	8 458
Bulk purchases	211 805	(5 000)	206 805	213 946	7 141	7 141	103.5%	101.0%	-	-	-	184 991
Other materials	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1 900	-	1 900	1 983	83	83	104.4%	104.4%	(33)	(33)	-	1 180
Transfers and grants	100	20	120	120	-	-	100.0%	120.0%	-	-	-	-
Other expenditure	85 357	13 356	98 713	88 132	(10 581)	(10 581)	89.3%	103.3%	4 231	4 231	-	64 266
Loss on disposal of PPE	-	-	-	90	90	90	#DIV/0!	#DIV/0!	217	217	-	235
Total Expenditure	492 772	18 669	511 441	515 991	4 550	4 550	100.9%	104.7%	11 067	11 067	-	431 405
Surplus/(Deficit)	(13 909)	(7 897)	(21 806)	(9 748)		12 058	44.7%	70.1%				2 581
Transfers recognised - capital	21 079	3 124	24 203	22 672		(1 531)	93.7%	107.6%				28 417
Contributions recognised - capital	-	-	-	-		-	-	-				-
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	7 170	(4 773)	2 397	12 924		10 527	539.1%	180.2%				30 998
Taxation	-	-	-	-		-	-	-				-
Surplus/(Deficit) after taxation	7 170	(4 773)	2 397	12 924		10 527	539.1%	180.2%				30 998
Attributable to minorities	-	-	-	-		-	-	-				-
Surplus/(Deficit) attributable to municipality	7 170	(4 773)	2 397	12 924		10 527	539.1%	180.2%				30 998
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	7 170	(4 773)	2 397	12 924		10 527	539.1%	180.2%				30 998

Explanation 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.

Due to iGRAP 1 on Traffic Fines

Appendix E4 - Unaudited
Langeberg Municipality
- Capital Expenditure by Vote, Standard Classification and Funding

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

Vote Description	2014/2015								2013/2014			
	Original Budget	Total Budget	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported unauthorised	Expenditure	Balance to be	Restated
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Single-year expenditure												
Vote 1 - FINANCE	300	–	300	275	(25)	(25)	92%	92%	–	–	–	–
Vote 2 - EXECUTIVE & COUNCIL	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	5 430	1 220	6 650	5 749	(901)	(901)	86%	106%	–	–	–	6 262
Vote 4 - CORPORATE SERVICES	2 100	1 539	3 639	3 387	(252)	(252)	93%	161%	–	–	–	3 840
Vote 5 - ENGINEERING SERVICES	46 610	1 620	48 230	43 121	(5 109)	(5 109)	89%	93%	–	–	–	42 435
Capital single-year expenditure	54 440	4 378	58 818	52 531	(6 287)	(6 287)	89%	96%	–	–	–	52 538
Total Capital Expenditure - Vote	54 440	4 378	58 818	52 531	(6 287)	(6 287)	89%	96%	–	–	–	52 538
Capital Expenditure - Standard												
Governance and administration	4 500	54	4 554	4 536	–	(18)	100%	101%	–	–	–	5 877
Executive and council	–	–	–	–	–	–	–	–	–	–	–	699
Budget and treasury office	300	–	300	275	–	(25)	92%	92%	–	–	–	–
Corporate services	4 200	54	4 254	4 261	–	7	100%	101%	–	–	–	5 178
Community and public safety	6 530	1 204	7 734	7 355	–	(380)	95%	113%	–	–	–	11 090
Community and social services	1 550	2 255	3 805	3 484	–	(320)	92%	225%	–	–	–	2 303
Sport and recreation	580	420	1 000	854	–	(146)	85%	147%	–	–	–	594
Public safety	–	30	30	26	–	(4)	87%	#DIV/0!	–	–	–	112
Housing	4 400	(1 500)	2 900	2 990	–	90	103%	68%	–	–	–	8 081
Health	–	–	–	–	–	–	–	–	–	–	–	(0)
Economic and environmental services	3 790	765	4 555	3 321	–	(1 234)	73%	88%	–	–	–	6 045
Planning and development	1 200	–	1 200	510	–	(690)	43%	43%	–	–	–	810
Road transport	2 590	765	3 355	2 810	–	(545)	84%	109%	–	–	–	4 828
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	407
Trading services	39 620	2 355	41 975	37 321	–	(4 654)	89%	94%	–	–	–	29 526
Electricity	12 535	1 445	13 979	12 018	–	(1 961)	86%	96%	–	–	–	7 899
Water	18 750	2 120	20 870	20 885	–	14	100%	111%	–	–	–	16 366
Waste water management	4 895	(1 210)	3 685	1 007	–	(2 678)	27%	21%	–	–	–	3 327
Waste management	3 440	–	3 440	3 411	–	(29)	99%	99%	–	–	–	1 934
Other	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	54 440	4 378	58 818	52 531	–	(6 287)	89%	96%	–	–	–	52 538
Funded by:												
National Government	19 879	1 506	21 385	19 961	–	(1 424)	93%	100%	–	–	–	18 158
Provincial Government	800	1 618	2 418	2 362	–	(57)	98%	295%	–	–	–	7 123
District Municipality	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	400	–	400	396	–	(4)	99%	99%	–	–	–	–
Transfers recognised - capital	21 079	3 124	24 203	22 719	–	(1 484)	94%	108%	–	–	–	25 281
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	33 361	1 254	34 615	29 813	–	(4 803)	86%	89%	–	–	–	27 257
Total Capital Funding	54 440	4 378	58 818	52 531	–	(6 287)	89%	96%	–	–	–	52 538

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

Reconciliation of Table A7 Budgeted Cash Flows

Description	2014/2015							2013/2014
	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	351 595	–	351 595	389 416	37 821	110.8%	110.8%	344 651
Government - operating	77 797	7 203	85 000	83 997	(1 003)	98.8%	108.0%	73 622
Government - capital	21 079	7 770	28 849	28 580	(269)	99.1%	135.6%	19 008
Interest	3 513	–	3 513	2 439	(1 075)	69.4%	69.4%	2 789
Dividends	–	–	–	–	–	–	–	–
Payments								
Suppliers and employees	(395 249)	(4 000)	(399 249)	(424 871)	(25 623)	106.4%	107.5%	(391 539)
Finance charges	(2 903)	–	(2 903)	(3 191)	(288)	109.9%	109.9%	(3 329)
Transfers and Grants	(100)	–	(100)	(120)	(20)	120.0%	120.0%	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	55 732	10 973	66 705	76 249	9 544	114.3%	136.8%	45 202
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	880	880	#DIV/0!	#DIV/0!	262
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	1 450	–	1 450	–	(1 450)	–	–	–
Decrease (increase) in non-current investments	43	–	43	–	(43)	–	–	–
Payments								
Capital assets	(50 440)	(8 578)	(59 018)	(52 403)	6 616	88.8%	103.9%	(52 162)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(48 947)	(8 578)	(57 525)	(51 523)	6 002	89.6%	105.3%	(51 900)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	121	–	121	811	690	672.3%	672.3%	606
Payments								
Repayment of borrowing	(3 229)	–	(3 229)	(4 100)	(870)	126.9%	126.9%	(3 993)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 109)	–	(3 109)	(3 289)	(180)	105.8%	105.8%	(3 387)
NET INCREASE/ (DECREASE) IN CASH HELD	3 677	2 395	6 071	21 437				(10 085)
Cash/cash equivalents at the year begin:	74 875	(13 678)	61 197	61 197				71 282
Cash/cash equivalents at the year end:	78 552	(11 283)	67 268	82 634	15 365	122.8%	105.2%	61 197

Explanations for material Variances

Under expenditure as many projects could not be completed by 30 June 2015.

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS



LANGEBERG MUNICIPALITY

REPORT OF THE AUDIT COMMITTEE – 2014/2015

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 2014
23 September 2014
24 November 2014
31 March 2015
24 June 2015

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 annual financial statements for the 2014/2015 financial year;
- Reviewed and discussed the Auditor-General's audit report for the 2014/2015 financial year on 24 November 2015;
- 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 2014/2015 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 2015.



J Mostert
Chairperson
30 November 2015

Report of the auditor-general to the Western Cape Provincial Parliament and the council on Langeberg Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Langeberg Municipality set out on pages 80 to 188, which comprise the statement of financial position as at 30 June 2015, 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.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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 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 municipality'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 municipality'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 2015 and its financial performance and cash flows for the year then ended, in accordance with 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 2014 have been restated as a result of errors discovered during the 2014-15 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material impairments

9. As disclosed in notes 19, 22 and 23 to the financial statements, the municipality has provided impairment of long-term receivables, receivables from exchange transactions and receivables from non-exchange transactions of R14,6 million, R16,9 million and R23,2 million, respectively.

Additional matters

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

Unaudited disclosure note

11. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with this legislation. 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 in appendices A to E5 on pages 189 to 199 does not form part of the financial statements and is presented as additional information. I have not audited these appendices and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, compliance with legislation and 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 2015:
- Strategic objective: Energy efficiency for sustainable future on page 52.
 - Strategic objective: Sustainable integrated human settlement on pages 54.
 - Strategic objective: Sustainable civil engineering infrastructure services on pages 55 and 56.
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 was consistent with the planned 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 identify material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives as detailed in paragraph 14 of this report.

Additional matters

19. Although I identified 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 52 and 54 to 56 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: Energy efficiency for sustainable future, and strategic objective: Sustainable civil engineering infrastructure services. As management subsequently corrected the misstatements, I did not identify 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 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, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACTION PLAN ON 2014/2015 EXTERNAL AUDIT FINDINGS

Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date								
<p>(COMAF 1) Incorrect classification of vacant land</p> <p>Audit finding</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.</p> <p>During the physical verification of assets, the audit identified the following vacant piece of land which was incorrectly classified under community assets in the asset register:</p> <table><tr><th>Asset ID</th><th>Description</th><th>Asset classification</th><th>Value</th></tr><tr><td>11978</td><td>Krieket Veld</td><td>Community assets</td><td>R200 000</td></tr></table> <p>The land was earmarked for the development of a cricket field in 2012, however, due to a lack of funding this did</p>	Asset ID	Description	Asset classification	Value	11978	Krieket Veld	Community assets	R200 000	<p>It is recommended that management establish procedures and processes to ensure appropriate classification assets, specifically where management decisions are made which affect the proposed intention of assets.</p>	<p>Management agrees with the finding as raised.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management agrees with the recommendation and the necessary controls and procedures will be implemented.</p> <p>In future annually a memorandum will be written to the management team to indicate where changes of intention occurred for the year under review with regards to immovable assets.</p> <p>Only the classification disclosure in note 13 will be updated where Community Assets will be decreased by R 200 000 and; Land and Buildings will be increased by R 200 000 as per attached.</p>	<p>Mr CF Hoffmann</p> <p>Mr B Brown</p>	<p>Management comments are noted, an extract of the amended financial statements has been inspected where the corrections have been made. The corrections will be reported in the management report as an internal control deficiency.</p> <p>Resolved</p>
Asset ID	Description	Asset classification	Value									
11978	Krieket Veld	Community assets	R200 000									

<p>not materialise. Management failed to reclassify the asset to land and buildings.</p> <p>Consequently land and buildings are understated and community assets overstated by R200 000.</p>				
<p>(COMAF 2) Tracking devices not uniquely identifiable</p> <p>During the physical verification of assets, the audit identified that vehicle tracking devices did not have unique asset ID attached to them, although they are allocated a unique asset ID as per the asset register.</p> <p>Management did not barcode the tracking devices or use an alternative means to uniquely identify the assets, as they were of the opinion that the devices were too small to barcode. Each device also resides inside a vehicle, and is not seen as being separate from that vehicle for verification purposes.</p> <p>There is a risk that tracking devices may be misappropriated due to them not being uniquely identifiable.</p>	<p>Management should barcode all assets or use alternative methods of uniquely identifying new assets in order to exercise adequate asset management. Since each tracking device is linked to a particular vehicle, it is suggested that the vehicle registration number is recorded in the asset register, to assist with the identification of tracking devices to the vehicles.</p>	<p>Management agrees with the finding as far as it relates that the assets were not bar coded. As these items are vehicle tracking devices they could not be bar coded due to the size and the fact that the service provider installs it in a place that is not known to anybody except the service provider.</p> <p>The internal control deficiency as raised by the Auditor General is noted. The Asset Section has a list of all the tracking devices that was installed in the 2014/2015 financial year.</p> <p>Management agrees with the recommendation and the asset register has been updated with the vehicle registration numbers where all the vehicle tracking devices has been installed.</p> <p>The asset register has been updated with the vehicle registration numbers of the 54 vehicles where the tracking devices has been installed as per attached.</p>	<p>Mr CF Hoffmann Mr B Brown</p>	<p>Management comments are noted, the amended asset register has been inspected where the corrections have been made. The corrections will be reported in the management report as an internal control deficiency.</p> <p>Resolved</p>
<p>(COMAF 3) Excessive overtime worked by employees</p> <p>In terms of section 10(1)(b) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) (BCEA), an employer may not require or permit an employee to work more than 10 hours of overtime per week.</p>	<p>It is recommended that management relook at the actions stipulated in the action plan, to adequately address the root cause of why the finding occurs. This will enable management to</p>	<p>Management will investigate the issue and the necessary feedback will be given. Management will also relook its action plan to ensure that the municipality comply with the BCEA.</p>	<p>Mr A Everson Mr I van de Westhuizen</p>	<p>January 2016</p>

Overtime was worked in excess of the permitted hours per the BCEA for the following employees:

<u>Empl oyee No.</u>	<u>Employee name</u>	<u>Department</u>	<u>Overti me allow ed</u>	<u>Overtim e hours worked</u>	<u>Mon th</u>
229	JJ SWART	Civil engineering services	40	64	Oct-14
869	I FORTUIN	Civil engineering services	40	80	Jan-15
123	ST MTHETHO	Civil engineering services	40	56	Apr-15
51655	CC KLOPPERS (shift)	Civil engineering services	40	52	Feb-15
52010	KG TUKAYI (shift)	Civil engineering services	40	86	Sep-14
333014	J SLINGERS (shift)	Civil engineering services	40	96	Nov-14
52352	B ORDMAN (shift)	Civil engineering services	40	64	Nov-14
771002	D PRINS (shift)	Civil engineering services	40	64	May-15
50338	MJ DODA	Civil engineering services	40	64	Nov-14

more effectively address the internal control deficiencies.

Management should also ensure that there are consequences for those staff not adhering to instructions that have been issued, without the necessary pre-approval for deviation from instructions.

<p>The communication between the user department and the HR department was not effective, as instructions from the HR department to ensure that the amount of overtime worked was managed according to the prescripts, was not adhered to.</p> <p>Lack of monitoring and supervision could also lead to excessive overtime being paid out.</p> <p>This matter was reported in the previous two financial years (2012/13 and 2013/14) and steps taken to date have proved inadequate to prevent the recurrence of the finding.</p>																
<p>(COMAF 4) Call deposit incorrectly disclosed</p> <p>The audit identified a typing error in note 25 – <i>Cash and cash equivalents</i> where a call deposit with ABSA (Account number 92 99946707) was incorrectly disclosed as being with Standard Bank (Account 288467698). Below is the extract from the financial statements:</p> <table><tr><td>Call Investment Deposits</td><td></td><td>2015</td></tr><tr><td colspan="3">Call Investment deposits consist of the following accounts:</td></tr><tr><td>Standard Bank</td><td>Account Number 288467698</td><td>R24 868 724</td></tr><tr><td>ABSA</td><td>Account Number 92 99946707</td><td>-</td></tr></table> <p>The typing error arose due to human error when inputting the information into the financial statements. The financial statements template used include comparative figures since 2010, and therefore old lines for investments were not hidden when the note was</p>	Call Investment Deposits		2015	Call Investment deposits consist of the following accounts:			Standard Bank	Account Number 288467698	R24 868 724	ABSA	Account Number 92 99946707	-	<p>Management should implement adequate review controls to ensure that amounts disclosed in the detailed notes with additional narratives, are accurately reflected.</p> <p>Management should also consider hiding the inactive lines in the excel financial statements template, so that only the relevant information for the current and comparative years are disclosed. This would also assist in limiting the possibility of typing errors in those instances.</p> <p>Furthermore, management should adjust the financial statements to reflect the investment amount next to the correct financial institution (ABSA), as well as remove the inactive lines where no amounts are reflected for both the current and comparative years.</p>	<p>Management agrees with the recommendation and the necessary controls and procedures will be implemented as raised by the Auditor-General.</p> <p>Only the classification disclosure in note 25 will be updated where the investment will reflect against the correct financial institution which is ABSA and inactive lines will be deleted</p>	<p>Mr C Hoffmann Mr B Brown</p>	<p>Resolved</p>
Call Investment Deposits		2015														
Call Investment deposits consist of the following accounts:																
Standard Bank	Account Number 288467698	R24 868 724														
ABSA	Account Number 92 99946707	-														

<p>prepared in 2015. The investment information is correctly reflected in the general ledger.</p> <p>Note 25 – <i>Cash and cash equivalents</i> therefore contain inaccurate information, as the call deposit has been reflected against the incorrect financial institution.</p>				
Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
<p>(COMAF 6) Standard operating procedures (SOP's) incorrectly documented</p> <p>Section 62(1)(c)(i) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.</p> <p>While performing the walkthroughs for the audit of predetermined objectives it was identified that the approved documented standard operating procedures for the following indicators do not agree to the method of calculation:</p>	<p>Management should ensure that the approved standard operating procedures are updated to agree to the procedures performed by the user departments to ensure that data and information relating to the above indicators are collected and collated accurately and consistently.</p>	<p>Management agrees with the finding and request permission to correct the SOP to reflect that the Capex reports are generated by the Promum system and the system populates the year-to-date percentage expenditure.</p> <p>Capex report is generated by Budget offices and circulated to the all Managers by the 10th working day. Line managers and Directors then completed the Ignite system and use the information from the Capex report to report on expenditure.</p>	<p>Ms C Matthys PMO</p>	<p>PMO to assist with developing SOP's in Engineering Department 31 March 2016</p>

Strategic objective	Key performance indicator	Process per SOPs	Process per walkthrough				
Energy efficiency for sustainable future	Spend the total amount budgeted for Electrical Engineering Capital projects	This report is submitted to the Director: Engineering which continues to populate the year-to-date percentage expenditure.	The Capex reports are generated by the Promum system and the system populates the year-to-date percentage expenditure.				
Sustainable civil engineering infrastructure services	Spend the total amount budgeted for Sewerage Capital projects	This report is submitted to the Director: Engineering which continues to populate the year-to-date percentage expenditure.	The Capex reports are generated by the Promum system and the system populates the year-to-date percentage expenditure.				
Sustainable civil engineering infrastructure	Spend the total amount budgeted for the maintenance/rehabilitation/upgrading existing roads	This report is submitted to the Director: Engineering which continues to populate the year-to-date	The Capex reports are generated by the Promum system and the system populates the year-to-				

services		percentage expenditure.	date percentage expenditure				
Sustainable civil engineering infrastructure services	Spend the total amount budgeted for Water Capital Projects	This report is submitted to the Director: Engineering which continues to populate the year-to-date percentage expenditure.	The Capex reports are generated by the Promum system and the system populates the year-to-date percentage expenditure.				
<p>The above indicators are new indicators for the 2014-15 financial year and management did not adequately review and update the approved standard operating procedures to be in line with the actual method of calculation.</p> <p>This may result in errors in the reported performance information as data may not be collected and collated consistently</p>							
<p>(COMAF 7) – Actual achievements not based on year-end information</p> <p>Section 45(b) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), states that the results of performance measurements must be audited annually by the Auditor-General.</p> <p>Chapter 5.2 of the National Treasury's <i>Framework for Managing Programme Performance Information</i> (FMPPI)</p>				<p>Management should ensure that all actual achievements reported in the annual performance report are supported by valid, accurate and complete source information for audit purposes and such information is reviewed to ensure that it is up to date.</p>	<p>Management is in agreement with the finding and seek permission to correct the reporting on TL46, 47 and 48.</p> <p>Management subsequently requested the IT department to generate a new report from June 2015 from backup tapes and a list was provided to AG for verification.</p>	<p>Ms C Matthys Mr C F Hoffmann (CFO)</p>	<p>Quarterly verification of number of Residential Properties</p>

<p>requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.</p> <p>During the audit of predetermined objectives the actual performance of the key performance indicators (KPI's) in the table below, as reported per the annual performance report (APR), were found to be misstated due to the following errors identified:</p> <ul style="list-style-type: none"> (i) The reported figures were based on the May 2015 monthly free basic service monitoring report instead of the year-end report, i.e. 30 June 2015. (ii) The reported figures included data for informal households as well as formal households. Informal households are already reported in separate KPI's within the annual performance report. (iii) The reported figures also included instances of other types of commercial property, not only households as defined in the SOP's. 	<p>Management should further correct the reported performance information to agree to the information available at year-end.</p>	<p>The number of residential properties should be corrected to reflect 12 833.</p>		
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Ref	Key Performance Indicators	Planned target	Actual performance	Audited				
TL4 6	Number of formal households with access to the basic level of water	14 660	15 000	Not determinable				
TL4 7	Number of formal households with access to the basic level of sanitation	14 950	15 121	Not determinable				
TL4 8	Number of formal households with access to the basic level of electricity	17 050	17 758	Not determinable				
<p>The above errors were caused by the following:</p> <p>(i) In order to update the Promun system for the new financial year in respect of debtors linked to the free basic services tariff, the listing as at 30 June 2015 was deleted from the system and was not available when the year-end monthly free basic services report was required for the annual performance report (APR). Management therefore used the May 2015 report.</p> <p>(ii) The monthly free basic services monitoring report contains both formal and informal households and was not customised to report on only formal households.</p>								

<p>(iii) The category of tariff used to report on formal households with access to basic services include both residential and commercial properties whereas the KPI is meant to report only on residential properties, since commercial properties are not considered households per the approved SOP's.</p> <p>The reported performance information is therefore not accurately reported which leads to the reported performance being misstated in the APR. Due to the above limitation caused by the 30 June 2015 report not being available, we were not able to calculate a reasonable figure by alternative means.</p>				
<p>(COMAF 8) Actual achievements reported do not agree to the source</p> <p>Section 45(b) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), states that the results of performance measurements must be audited annually by the Auditor-General.</p> <p>Chapter 5.2 of the National Treasury's <i>Framework for Managing Programme Performance Information</i> (FMPPi) requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.</p> <p>During the audit of predetermined objectives the actual performance of the following key performance indicators (KPI's) reported per the annual performance report could not be agreed to any supporting portfolio of evidence since a detailed listing of informal households is not maintained:</p>	<p>Management should ensure that all actual achievements reported in the annual performance report are supported by valid, accurate and complete source information for audit purposes.</p> <p>Furthermore, management should maintain a detailed listing of informal households on a monthly basis in order to manage and report on the abovementioned KPIs.</p>	<p>Management agrees with the finding and request permission to amend the actual with the number provided but management disagrees as it is incorrect to state that the municipality has not implemented processes to manage and report individually on informal households receiving access to basic services.</p> <p>Reporting was submitted to the Manager: Housing but not to the Director: Engineering Services. It however remains a difficult task to move into informal areas to do counts of the households as there is no formal layout plan, land in some cases are being invaded illegally without informing the municipality even shacks sold illegally and none of these activities are reported to the municipality.</p>	<p>Mr I van der Westhuizen Ms C Matthys</p>	<p>Housing department officials to do count of shacks in informal area every month- end and submit information to Manager and Director Engineering</p>

Ref	Key Performance indicators	Planned target	Actual performance	Audited				
TL49	Number of informal households with access to basic level to water	800	441	503				
TL50	Number of informal households with access to basic level to sanitation	800	411	503				
TL51	Number of informal households with access to basic level to electricity	265	265	405				
<p>Management has not implemented processes to manage and report individually on informal households receiving access to basic services. The processes at the housing department was not aligned to the needs of the performance management unit in order to adequately report on the KPIs relating to access to basic services for informal households.</p> <p>Consequently, audit was unable to verify whether the reported achievements above is valid, accurate or complete and no alternative procedures could be performed to determine the actual performance at year-end.</p>								
<p>(COMAF 9) Corrective measures not adequate</p> <p>Section 41(1)(d) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), states that a municipality must in terms of its performance management system and in accordance with any regulations and guidelines</p>					Management should ensure that the adequate correct measures are in place for the targets that were not met which will allow the municipality to put appropriate steps in place to ensure that performance is improved.	Management agrees with the finding and request permission to amend the actual with the number provided but management disagrees as it is incorrect to state that the municipality has not implemented processes to manage and report individually on	Mr I van der Westhuizen Ms C Matthys	Monthly submission of numbers by housing official on numbers of shacks in informal area.

that may be prescribed, take steps to improve performance with regard to those development priorities and objectives where performance targets are not met.

During the audit of predetermined objectives it was found that the corrective measures per the 2014-15 annual performance report (APR) for the following indicators were not credible, as the documented corrective measure does not indicate how performance will be improved:

Ref	Key Performance indicator	Target	Actual reported target	Corrective Measures as per APR
TL49	Number of informal households with access to basic level to water	800	441	The KPI is worded incorrectly and should read: Number of informal households with no access to basic level of water
TL50	Number of informal households with access to basic level to sanitation	800	411	The KPI is worded incorrectly and should read: Number of informal households with no access to basic level of sanitation
TL51	Number of informal households with access to basic access to electricity	265	265	The KPI is worded incorrectly and should read: Number of informal households with no access to basic level of electricity sanitation

informal households receiving access to basic services.

Reporting was submitted to the Manager: Housing but not to the Director: Engineering Services. It however remains a difficult task to move into informal areas to do counts of the households as there is no formal layout plan, land in some cases are being invaded illegally without informing the municipality even shacks sold illegally and none of these activities are reported to the municipality.

<p>Information provided by the user departments was not adequately reviewed to ensure that corrective measures are accurate.</p> <p>The municipality may not be able to adequately address past underperformance which may have an adverse effect on service delivery.</p>				
<p>(COMAF 10) Interest earned on primary bank account incorrectly classified</p> <p>Paragraph 48 of the Generally Recognised Accounting Practice (GRAP) Framework for the Preparation and Presentation of Financial Statements, on <i>reliability</i>, states that to be useful, information must also be reliable. Information has the quality of reliability when it is free from material error and bias and can be depended upon by users to represent faithfully that which it either purports to represent, or could reasonably be expected to represent.</p> <p>The audit identified interest from the primary bank account which was incorrectly classified under interest from outstanding debtors.</p> <p>The account in the general ledger for interest received was incorrectly mapped to interest earned – outstanding debtors in the financial statements and since the financial statements are formula driven the error was not identified.</p> <p>Interest earned – outstanding debtors is overstated and other income understated by R1 883 541 (2013-14: R1 460 149).</p>	<p>Management should implement adequate review controls to ensure that general ledger accounts are mapped correctly to the individual line items in the financial statements.</p> <p>Furthermore, management should adjust the financial statements for the current and prior years to reflect interest from the primary bank account as other income and not interest earned from outstanding debtors.</p>	<p>Management agrees with the finding as raised and the total population of Finance Revenue was examined.</p>	<p>Mr B Brown Mr C Hoffmann</p>	<p>Completed</p>

(COMAF 12) Construction contracts not registered on the CIDB website

In terms of section 22(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) (CIDBA), the Board must, within the first three years of its establishment, establish a register of projects to gather information on the nature, value and distribution of projects and provide the basis for the best practice project assessment scheme contemplated in section 23.

In terms of section 22(3) of the CIDBA, all construction contracts above the prescribed tender value must be registered in the register of projects.

During the audit of procurement and contract management sufficient appropriate audit evidence could not be obtained that the following contracts were registered in the register of projects:

Contract Identifier	Commodity Description	Supplier	Contract Value (R)
TE 11/2015	Upgrading of the Montagu waste water treatment	Khubeka Construction	20 966 908
TE 42/2014	Upgrading of storm water systems in Bonnievale - Phase 1	Shar Civils	5 962 685
TE 53/2014	Civil services	Entsha Henra CC	3 215 257

The officials responsible for the registration of contracts on the CIDB website resigned during the period under review, and no documentation was maintained as evidence that the projects were registered. It was

Management should ensure that employees that vacate their positions have adequately transferred all their information to an employee who shall be taking over that position. Furthermore, management should investigate these projects to determine whether they have been registered with the CIDB and if not, they should be duly registered.

Management agree with the audit finding.

As the person responsible to register the contracts on the website of CIDB has resigned, will the person that has been appointed be trained to register all contracts in future on the website of the CIDB. Steps have now been taken to register the projects as mentioned at CIDB and the necessary proof of registration will be provided.

The projects will be registered at CIDB while the person that has been appointed will be trained to register contracts in future on the website of CIDB.

Mr S Ngcongolo

Mr C Hoffmann

Supply Chain Management unit to load tenders on CIDB website as and when required

<p>therefore not possible to determine whether the construction contracts were registered in the register of projects.</p> <p>The CIDB may not be aware of the projects, and if it is not registered it will not be subject to a possible assessment in terms of best practice standards and guidelines determined by the CIDB which could result in substandard construction work going undetected and the municipality may incur financial loss as a result of penalties and fines.</p>				
<p>(COMAF 13) Incorrect disclosure of valuation roll information</p> <p>Paragraph 17 of Generally Recognised Accounting Practice (GRAP) 1 – <i>Presentation of financial statements</i> 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>Through comparison with the 2014-15 valuation roll, the following misstatements within the categories of rateable land and buildings as disclosed in note 26 – <i>Property Rates</i> were identified:</p>	<p>Management should implement adequate review controls to ensure that amounts disclosed in the detailed notes with additional narratives, are accurately reflected.</p>	<p>Management agrees with the finding as raised and the total population of the valuation roll was examined and the valuation roll was used as supporting schedule.</p>	<p>Ms L Sotshede Mr C Hoffmann</p>	<p>Completed</p>

Summary							
Category	Per note 26	Auditor's Recalculation	Difference				
Residential	R4 707 513 226	R4 667 149 348	R40 363 878				
Municipal	R345 084 024	R316 956 174	R28 127 850				
Government	R241 355 315	R242 047 715	(R692 400)				
Agriculture	R4 714 599 086	R4 769 914 447	(R55 315 361)				
Business	R1 201 736 273	R1 208 057 240	(R6 320 967)				
Exempt Properties	R302 544 424	R308 707 424	(R6 163 000)				
Total	R11 512 832 348	R11 512 832 348	-				
<p>Management did not adequately review the financial statements and agree disclosures to the supporting schedules.</p> <p>The disclosures contained in note 26 – <i>Property Rates</i> are misstated by the abovementioned amounts.</p>							

<p>(COMAF 14) Prevention of 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 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 R19 193 663 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>Unauthorised expenditure on operating votes is mainly attributable to the provision for debt impairment on traffic fines, impairment on landfill sites and low cost housing inventory handed over during the financial year. This is due to not being able to budget for certain non-cash items such as asset impairments as well as incorrect budgeting of cash and non-cash items such as debt impairments. It is also due to overspending on cash items which includes general expenditure and bulk purchases for engineering services.</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, which charges the accounting officer to take all reasonable steps to ensure that unauthorised expenditure is prevented</p>	<p>It is recommended that management consider the potential impact of these cash and non-cash items during the adjustment budget process to ensure that unauthorised expenditure is not incurred, or minimised. Management should also monitor expenditure to ensure that it is within the budget and therefore avoid overspending.</p>	<p>Management agrees with the finding as raised, but wish to state the following:</p> <ul style="list-style-type: none"> • The budget of the municipality is approved on vote level and in the case of Langeberg at directorate level. • The over expenditure is only on votes Corporate Services due to the provision for debt impairment on traffic fines and Engineering Services due the impairment on the landfill sites. • The municipality budgeted for non-cash items like actuarial losses and provision for bad debt, in the case of the provision for bad debt on traffic the amount budgeted was not sufficient due to the fact that there was a huge increase in fines issued and this information was only known close to 30 June 2015. • The impairment on the landfill sites was only known at 30 June 2015 when the provision calculation was done. 	<p>Mr C Hoffmann Mr B Brown</p>	<p>Budget in future for all possible non-cash Items</p> <p>Auditor's conclusion</p> <p>Management comments are noted and audit takes cognisance of the challenges faced in budgeting for non-cash items. Management should implement controls to identify possible non-cash items which have an impact on the budget and should strive to, as far as possible, adequately budget for these items. Similar transgressions in future financial periods could lead to material non-compliance with legislation and have an impact on the audit outcome.</p>
<p>(COMAF 15) Misstatements identified in financial risk management disclosure</p> <p>Paragraph 17 of the Generally Recognised Accounting Practice 1 - <i>Presentation of financial statements</i> (GRAP</p>	<p>Management should review all schedules and reports received in preparation of the disclosures to the financial statements to facilitate the accuracy and completeness of the amounts disclosed.</p>	<p>Management agrees with the finding as raised and the total population of the financial instruments was examined and the incorrect amount that was captured from the supporting schedule was corrected.</p>	<p>Mr B Brown Mr C Hoffmann</p>	<p>Completed</p>

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.

The audit identified the following misstatements in note 49 – *Financial risk management* in respect of capital repayments and interest. Furthermore the heading 'Between 5 and 10 years' was duplicated and it should read 'Between 1 and 5 years':

Amounts and wording as disclosed in note 49 – *Financial risk management*

2015	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	After 10 years
Long Term liabilities	7 227 626	25 236 534	13 505 708	-
Capital repayments	4 407 092	19 858 048	12 082 310	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	49 425 344	-	-	-
	56 652 970	25 236 534	13 505 708	-

Amounts and wording which should have been disclosed

2015	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	After 10 years
Long Term liabilities	7 227 626	25 236 534	13 505 708	-
Capital repayments	4 407 092	19 858 048	12 082 310	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	49 425 344	-	-	-
	56 652 970	25 236 534	13 505 708	-

The amount of interest was incorrectly captured from the supporting schedule to the note in the financial statements.

Consequently capital repayments between 5 and ten years was understated by R3 955 087 and interest between 5 and ten years overstated by R3 955 087.

Management should correct and update the amounts and wording as disclosed in note 49 – *Financial risk management* to the financial statements as per above.

(COMAF 18) Disclosures in terms of Supply Chain Management Regulation 45 misstated

Paragraph 17 of the 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.

Regulation 45 of the Municipal Supply Chain Management Regulations, 2005 (SCM Regulations) states that the notes to the annual financial statements of a municipality or a municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) The name of that person;
- (b) The capacity in which that person is in the service of the state; and
- (c) The amount of the award.

The audit identified the following misstatements in note 47.7 – *Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005*. Furthermore it was identified that the position of the person in service of the state for Annandale Motors below is incorrect. As per inspection of the declaration of persons in service of the state, E Wagner is the owner and not director as disclosed:

Management should implement adequate review controls to ensure that amounts disclosed in the detailed notes are accurately reflected.

Management should adjust the financial statements to accurately reflect the awards made to close family members of persons in service of the state as disclosed in note 47.7 – *Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005*.

Effect on financial statements

Note 47.7 will be updated as follow with the correct disclosure:

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
Annandale Motors BK	Owner	Spouse	E Wagner	Admin Clerk-Langeberg Municipality	R 68 118
Stemwel (PTY) LTD T/A Montagu Bande SUPA QUICK	Owner	Spouse	M Stemmet	Teacher-Department of Education	R 29 603
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education	R 33 501
MUBESKO AFRICA	Manager	Spouse	S Niehaus	Manager-Department of Health	R 242 090
RHODE BROS STEEL PROJECT CC	Owner	Spouse	D Rhode	Police Officer	R 27 588
VAN NIEKER & LINDE	Owner	Spouse	S Rossouw	Teacher-Department of Education	R 190 558

Mr C Hoffmann

Mr B Brown

Completed

[illegible]

<p>(Comaf 19)Non-compliance with laws and regulations</p> <p>1. Oversight report not adopted within two months of tabling of annual report</p> <p>In terms of section 129(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the municipal council, by no later than two months from the date on which the annual report was tabled in the council in terms of section 127 of the MFMA, adopted an oversight report containing the council's comments on the annual report, which included a statement whether the council</p> <p>a) has approved the annual report with or without reservations;</p> <p>b) has rejected the annual report; or</p> <p>c) has referred the annual report back for revision of those components that can be revised.</p> <p>The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2014-15 draft annual report was tabled, however, it was tabled within two months of the final annual report tabling.</p> <p>Council is in recess in January each year and therefore a draft annual report was tabled in council on 1 December 2014 containing all the required chapters in order to comply with section 127 of the MFMA, which requires the annual report to be tabled within 7 months after the</p>	<p>Management should relook at the dates required for the tabling of the annual report and the oversight reports, so as to comply with the legislation.</p>	<p>Management is in agreement with the finding</p> <p>For the 14/15 Annual report tabling, we will comply with the timeframes of the law</p>	<p>Ms C Matthys</p>	<p>January 2016</p>

end of the financial year. A final annual report was then tabled in February 2015, which was the same version tabled in December, and approved without reservations. The oversight report was then adopted by council on 24 February, being within two months of the tabling of the final annual report.										
<div>20 -Security management – Password settings not compliant to policy</div> <table><tr><th>Password Parameter</th><th>IT Security Policy</th><th>Promun</th></tr><tr><td>Password length</td><td>10</td><td>6</td></tr></table> <div>Weak password controls increase the risk of unauthorised access being gained to the application system and effecting changes that could compromise the integrity and availability of the data on the system</div>	Password Parameter	IT Security Policy	Promun	Password length	10	6	Management should ensure that the password settings of all systems are compliant with the settings that have been defined in the IT security policy.	Management agrees with the finding. The password settings have been updated on Promun accordingly during July 2015.	Mr E Prins Ms C Matthys	COMPLETED Auditor’s conclusion Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.
Password Parameter	IT Security Policy	Promun								
Password length	10	6								
<div>21 - No documented standard operating procedures for management of the firewall</div> <div>A baseline firewall configuration standard has been developed, however as previously reported, no standard operating procedures (SOPs) for managing the firewall environment have been documented.</div> <div>Without a documented and approved firewall SOP the firewall security and configuration may not be adequately or consistently management. This increases the risk of potential intruders external to the municipality being able to breach the firewall and gain access to systems and data within the municipality’s network.</div>	Management should document a standard operating procedure or baseline policy for the firewall environment. This should be approved and should, at a minimum, include the following: <ul style="list-style-type: none">• baseline configuration of the firewall• firewall change management procedures• Monitoring of firewall status and/or alerts• Reviews of firewall configuration• Access to the firewall• Review of the firewall rules	Management agrees with the finding and will consider appointing a consultant to assist with the development and implementation of a standard operating procedure to manage the firewall environment.	Mr E Prins Ms C Matthys	Appoint consultant to assist IT to develop SOP 31/03/2016 Auditor’s conclusion Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.						

<p>23 - IT service continuity – Disaster recovery procedures not adequately documented and tested</p> <p>A disaster recovery plan (DRP) for the municipality had been documented however it did not make provision for the recovery of the firewall environment. In addition, the disaster recovery site had not been completed and therefore no disaster recovery tests had been performed during the audit period.</p> <p>Without a fully commissioned and operational disaster recovery site the existing DRP cannot effectively be implemented and tested. This increases the risk of the municipality being unable to restore critical systems, data and business processes in the event of a service disruption or a disaster and may result in financial losses, reduced productivity and/or unavailability of critical business services.</p>	<p>Management should update the existing disaster recovery plan to include procedures to recover the firewall environment in the event of a disaster or disruption in service.</p> <p>The completion of the disaster recovery site should be prioritised and once the site has been fully commissioned management should ensure that disaster recovery tests are conducted on a regular basis. Evidence of these tests should be maintained and the disaster recovery plan should be updated with key learnings.</p>	<p>Management agrees with the finding</p>	<p>Mr E Prins Ms C Matthys</p>	<p>Disaster Recovery plan will be updated and include.</p> <p>The disaster recovery plan will be updated to include the firewall environment and will be approved by appropriate management. Disaster recovery tests will be performed once the DR site has been completed and results will be documented.</p> <p>28 February 2016</p> <p>Auditor's conclusion</p> <p>Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.</p>

<p>24- User access management – Non-compliance to IT Security Policy</p> <p>Although the documented IT security policy requires user access to be reviewed biannually, it was noted that the access of Promun users had only been reviewed once during the audit period.</p> <p>Processes and controls may not be consistently implemented, which increases the risk of users gaining unauthorized or excessive access to the systems without being detected and effecting changes that could compromise the integrity and availability of the data on the system</p>	<p>Management should update the existing IT security policy to reflect the processes that are currently being performed and should also implement controls to ensure compliance to documented policies and procedures.</p>	<p>Management agrees with the finding.</p>	<p>Mr. E Prins Mrs. C Matthys</p>	<p>The existing policy will be updated to reflect the annual review of user access as the daily operational processes are regarded to be adequate.</p> <p>31/03/2016</p> <p>Auditor's conclusion</p> <p>Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.</p> <p>Auditor's conclusion</p> <p>Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.</p>
<p>25- Lack of a documented user account management procedures for IGNITE</p> <p>No formal processes exist for the review of administrator activities and creation of new users on IGNITE.</p> <p>User account management procedures had not been documented to manage users' access to the IGNITE system. As a result, the following weaknesses were identified:</p>	<p>Management should develop a standard operating procedure for managing users' access to IGNITE that includes the following:</p> <p>User account creation and amendments Review of user access and administrator activities Termination of User access Password resets Segregation of Duties</p>	<p>Management agrees with the finding.</p>	<p>Mrs. C Matthys</p>	<p>Standard operating procedures for user access management will be updated to include the IGNITE system. A formal access request form will be also implemented for IGNITE. The IT department will ensure termination on application. Management will review privilege users monthly.</p>

<ul style="list-style-type: none"> Documentation of user access requests was not consistently completed and maintained for audit purposes. No processes were in place to review user access or monitor system administrator activities 	<p>The documented procedure should be approved and communicated to all users to ensure compliance.</p>			<p>31/03/2016</p> <p>Auditor's conclusion</p> <p>Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.</p>
<p>26 - EFT process – Lack of an EFT payment procedure</p> <p>During the review we found that there was no documented and approved policy or procedure for EFT payments at the municipality.</p> <p>It was also noted that a user who had left the service of the Municipality is still shown as an active user on the EFT payment system.</p> <p>The lack of an approved policy or procedure, users may not be held accountable for incorrect, inconsistent or fraudulent processes being followed when making EFT payments.</p>	<p>Management should document and approve an EFT procedure. The procedure should include but not be limited to the following:</p> <p>The type of source documents that will be used to input data to the system. The ACCESS and EDIT controls in place within the system. How transactions will be approved and reviewed in the system Users responsible for reconciliation of the systems output. The retention period for EFT data.</p>	<p>Management agrees with finding</p>	<p>Mr. Hoffmann Mr. C Franken</p>	<p>Develop EFT procedural manual 28/02/2016</p> <p>Active users from the bank should be submitted to the Accounting Officer to approve the active user list 31/03/2016</p> <p>Auditor's conclusion</p> <p>Management comments are noted. An assessment of the corrective actions agreed upon by management will be performed during the next audit cycle.</p>

LANGE BERG MUNICIPALITY
AUDIT OF 2013/2014: COMAF'S ISSUED BY THE AUDITOR GENERAL
AUDIT ACTION PLANS *COMAF'S TAKEN UP IN ACTION PLAN*

.ACTION PLAN ON 2013/2014 EXTERNAL AUDIT FINDINGS

No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
1	<p><u>COMAF 1</u> 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 ant 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:</p> <p>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>The disclosure in Note 51 in the financial statement will be updated as follows:</p> <p>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 damage while undergoing renovations</p>	<p>Mr CF Hoffmann Mr B Brown</p>	<p>Comaf Resolved, the disclosure updated</p>
No	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
2	<p><u>COMAF 2</u> Accounting policy not consistent with treatment :</p>	<p>Management should amend the accounting policy for capitalized</p>	<p>Management agrees with the audit finding as raised. Management is of the view that the asset will only be</p>	<p>Mr CF Hoffmann</p>	

LANGE BERG MUNICIPALITY
AUDIT OF 2013/2014: COMAF'S ISSUED BY THE AUDITOR GENERAL
AUDIT ACTION PLANS *COMAF'S TAKEN UP IN ACTION PLAN*

	<p>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 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>restoration cost the ensure that it is in line with the accounting treatment thereof</p>	<p>used for one reporting period based on the used of the landfill sites at the reporting date. This management assumption was applied in the preparation of the financial but not disclosed in the 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 style="text-align: right;">Years</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>	Mr B Brown	The accounting policy in the financial statements was updated
No	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
3	<p><u>COMAF 3</u></p> <p>Non-current assets held for sale – 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</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</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>	Mr B Brown Mr CF Hoffmann	The financial statements were adjusted

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	<p>the related properties, and therefore the costs to sell from the municipality perspective is zero:</p> <p>Management do not perform regular 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.</p>	<p>statements in order to rectify the identified misstatements.</p>	<p>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 that the entire population was checked. Correct journal entries were made</p>		
4	<p><u>COMAF 4</u></p> <p>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</p>	<p>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</p>	<p>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.</p> <p>There are however circumstances which makes the working of overtime a reality.</p> <p>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</p>	<p>Mr CF Hoffmann Mr A Everson</p>	<p>The overtime was discussed at the OMT meeting as an Agenda item. Managers and supervisors to try and minimise the overtime. Overtime to be on the RBAP and be audited regularly. Salaries department to be vigilant when and capture the actual overtime worked not applied.</p>
5	<p><u>COMAF 5-</u></p> <p>Awards made to employees in the service of the state</p> <p>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 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 suppliers submitted a false declaration and management did not have the means to confirm whether the supplier was in the state of the state.</p> <p>Proper remedial action will be taken as per the Supply Chain management Policy</p>	<p>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.</p>	<p>Mr CF Hoffmann Mr S Ngcongolo</p>	<p>SCM Unit does not have the access to the datas or system that have ALL the persons who are in the service of the state. However</p> <p>The Supply chain management will still use the supply chain policy (verify the supplier against Search Work system, suppliers complete declaration form, and send our database to PT)</p>

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	<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>				<p>to prevent the awards made to employees in service of the state (Reg 44)</p> <p>In case of deviations, priority to be on the suppliers that exist in the database. Which has been checked already</p>
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
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>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,</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>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</p>	<p>Mr CF Hoffmann Mr S Ngcongolo</p>	<p>Comaf resolved. No remedial actions needed</p>

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	<p>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>		the state to do business with the state whilst on the payroll of State. This is not the case with Dave who served on that board to protect the interest of the municipality.		
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
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>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>	<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> <p>Internal Audit to quarterly audit the SDBIP reports and comment on the correctness and validity of information provided per KPI.</p>	Mrs I Datson	<p>Monthly checking if information loaded on system as supporting documentation</p> <p>The PMS officer to verify the information on the POE files and the SOP for each KPI on the Top Layer SDBIP</p>

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8	<p><u>COMAF 8 –</u></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>	<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>	<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 existing streets are set in the PMS but are dependent on the availability of funds.</p>	<p>Mr I van der Westhuizen</p>	<p>Rehabilitation/maintenanc e of existing streets will be done according to the Pavement Management system</p> <p>New streets will be constructed on demand, the KPI has been amended as such on the amendments done after the adjustment budget</p>
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
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</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</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>Mr CF Hoffmann Mr B Brown</p>	<p>It is disclosed in the AFS</p>

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	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.	delegated to an official in the finance unit. Furthermore, management should adjust the financial statements to reflect the appropriate amounts as per above.	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.		
No.	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
10	<p><u>COMAF 10</u></p> <p>Non-compliance with laws and regulations (Unauthorised Expenditure) 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 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</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>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>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>	Mr CF Hoffmann Mr B Brown	It is disclosed in the AFS

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	delivery. Furthermore, this results in non-compliance with section 62(1)(d) of the MFMA.				
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 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>	It is recommended that management put preventative measures in place to avoid instances where employee negligence results in fruitless and wasteful expenditure.	<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</p> <p>Mr B Brown</p>	It is disclosed in the AFS. The investigating for these employees still in a progress, to determine whether the expenditure can be recovered
12	<p><u>COMAF 12</u></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>	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.	Management agrees with the audit finding as raised.	<p>Mr CF Hoffmann</p> <p>Mr B Brown</p>	Processes have been put in place to check and verify that the required notes balance to the schedules.

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	<p>The audit identified a commitment that was disclosed in the note 48, Capital Commitments recorded at an incorrect amount.</p> <p>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>				
<u>IT</u>	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
1.	<p>User access management:</p> <p>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:</p> <p>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.</p> <p>Management should consider the review of exception reports to identify suspicious system administrator activity on the applications.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p> <p>Mrs C Matthys</p>	<p>The email was sent by the System Administrator to all users that as from the 01 of November 2014, the users are requested to complete the form if you require your network account password to be reset or unlocked.</p> <p>The functions per user have been amended according to their users' needs and the process was done in May by IT and the relevant departments.</p>
	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
2.	<p><u>Security management</u> -</p> <p>Security management ensures that security controls are implemented to prevent unauthorised access to</p>	<p>Management should review system password settings and amend settings</p>	<p>Management agrees with the finding and the internal control deficiency.</p>	<p>Mr E Prins</p> <p>Mrs C Matthys</p>	<p>An ad migration from Windows 2003 to Windows 2008/2012 took</p>

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	<p>the network and information systems that generate the information used to prepare the financial statements.</p> <p>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>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>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 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>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 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>		<p>place in February 2014 and not all of the password settings were transferred to the new version during the migration. Password complexity and lock out duration updated 28 November 2014. Space Age Technologies has completed the formalizing of management processes around the firewall. Testing took place on 12 June 2015 but the result of the testing that was done has not yet been received the full implementation of the plan will be done by the 14th of August by the service provider.</p>
	Audit Finding	AG Recommendation	Management Response	Responsible person	Action / Progress to Date – 30 June 2015
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</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-</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</p>	<p>Mr E Prins</p> <p>Mrs C Matthys</p>	<p>Backup policy will be updated on completion and implementation of DR Site, as new backup</p>

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	<p>the event of a disaster. The process includes IT continuity planning, disaster recovery plans and backups. The following key audit findings were identified with regard to IT service continuity:</p> <ul style="list-style-type: none"> • The documented backup policy for Langeberg Municipality was out dated and reflected the previous backup process, which had not been used since January 2014. • Although monitoring email alerts were generated to indicate the success or failure of scheduled backups, evidence to confirm that failed backups were successfully rerun could not be obtained during the audit. • The DRP had not been tested in the period under review. 	<p>run to ensure that they are successful, evidence of the successful backups should be maintained for audit 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>(snapshots) are performed and that all scheduled backups are successfully run. The backup policy will also be updated to reflect the 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>		<p>strategy is part of the scope of implementation.</p> <p>The disaster recovery site report was checked and was tested on 12 June 2015. The result of the testing that was done has not yet been received. The service provider is busy with the last step on DR testing for the full implementation which will be done by the 14th of August 2015.</p>
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GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.

Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

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