

## **FOREWORD BY THE EXECUTIVE MAYOR**

It is my privilege to issue the Langeberg Municipality's Annual Report for 2009/10 financial year.

The Langeberg Municipality has made a commitment to all its residents to improve the living standards in the municipal area. The political and administrative leadership identified the following aspects/areas to strengthen our commitment to the public:

1. Housing;
2. Economic development in order to create jobs and eradicate poverty;
3. Access to basic services, especially tarred roads, sanitation and potable water;
4. Communicating with our communities with regards to our policies, service delivery programs and achievements.

We acknowledge the fact that the Municipality is still faced with major challenges such as fighting poverty, unemployment, housing shortages, substance abuse and HIV/AIDS. All of these challenges are interrelated as they find their root causes in the socio-economic deprivation that the disadvantaged communities suffer in this region. Consequently, our priorities remain unchanged and are directed at addressing the root causes of these challenges.

I hereby wish to take this opportunity to thank the community for their involvement and continuous support. Without your input, our development initiatives would fail to address the challenges that we are facing. Although the Langeberg Municipality is faced with numerous challenges that need to be managed against the growing expectations of the community for improved service delivery, we will continue to strive to align and address these expectations through the successful implementation and management of our annual service delivery budget implementation plan.

My appreciation and acknowledgement goes out to all councillors for their dedication, significant input and valuable contributions. I also want to thank the Municipal Manager, Executive Management Team and dedicated officials who have contributed by preparing this report and for rendering a quality and effective service to our community.

It is an honor to present to you the Langeberg Municipality's Annual Report for the 2009/10 financial year as required in the terms of section 46 of the Local Government: Municipal Systems Act, 2000 and section 121 of the Local Government: Municipal Finance Management Act, 2003.

This annual report will provide you with an overview of the progress made in realizing our strategic objectives, the people who drove our efforts and the challenges and opportunities we have faced during the past financial year.

I thank you.

## **STATEMENT BY THE MUNICIPAL MANAGER:**

This annual report serves as a platform to account for the administrative performance of Langeberg Municipality.

This report encapsulates and reflects key successes, challenges and future plans towards creating a sustainable municipality and society that we can all be proud of.

Through this report, we highlight the high-level performance and report on Langeberg Municipality with respect to the programs and priorities outlined in the Integrated Development Plan (IDP) and Service Delivery Budget and Implementation Plan (SDBIP). Moreover, it reports on the diligent steps we have taken towards the achievement of national imperatives, inter alia, Millennium Development Goals, Local Government Turn-Around Strategy priorities and Local Government Key Performance Areas.

Some of the corporate governance successes have included the compilation of financial statements using GRAPP standards, the establishment of the Oversight Committee, the effective functioning of the Internal Audit Committee and improved public participation through Imbizos and Ward Based Planning. The Auditor General has given the Municipality an unqualified audit opinion.

The municipality maintained a clean record for infrastructure development inter alia, through the tarring of 4617 meters of roads compared to 2078 in the previous year and the repair of approximately 5302 potholes throughout the municipality. To guarantee the sustainable provision of water, 7842,50 water networks were upgraded. A record of 100% basic service provision including water, electricity, sewage and solid waste remained unchanged and now there are no bucket toilets in the Municipality. Housing delivery has progressed with 211 subsidised low cost RDP houses built and Additional 377 houses are under construction.. This is a remarkable improvement from the 84 houses built during 2008/09.

Numerous strategies were implemented toward poverty alleviation and job creation through EPWP and Local Economic Development. There was an increase in the number of jobs created through the EPWP during the 2009/10 financial year with a total of 1254 job opportunities created compared to 376 in 2008/09

The current financial health of the organization remains sound, with 99.78% of the capital and 101.75% of the operation budget spent recorded. Moreover, the revenue collection against billing was 99.69%, which is slightly short of the 100% target.

Capacity and skills development remains paramount and fundamental in service delivery. The vacancy rate has decreased in the last FY to 5.7% with Langeberg Municipality retaining its full staff complement at Section 57 management level. Our focus has always been the recruitment and development of staff. The municipal budget spent on implementing workplace skills plans has improved, moving from 88% in 2008/09 to 93% in 2009/10.

The responsibility of risk management is shared by the Executive Management Team and the necessary steps are taken to ensure that risks are identify and addressed timely. Internal audit as well as the audit committee are key role-players in applying risk management in the municipality. A successful workshop regarding fraud prevention and anti-corruption were also held which was attended by all Directors and Managers.

The Municipality has maintained a positive service delivery record and I believe the 2010 World Cup legacy will further strengthen our efforts to provide infrastructure, basic service delivery and sustainable economic growth.

## Vision

Together we strive for a unified, prosperous community where people are at the centre of development.

## Mission

### The Council will achieve its vision to:

- Establish a good and transparent Local Government
- Provide equal, sustainable and affordable services to all
- Enhance cooperation between all relevant stakeholders through community participation processes
- Establish and improve social and economic development for all
- Enhance sustainable environmental development

## The Value System

The eight *Batho Pele* Principles include:

- **Consultation** – the public should be consulted about the level and quality of public services they receive and, where possible, should be given a choice about the services offered.
- **Service Standards** – the public should be informed about what level and quality of public service they will receive, so that they are aware of what they can expect.
- **Courtesy** – the public should always be treated with courtesy and consideration.
- **Access** – all members of the public should have equal access to the services they are entitled to.
- **Information** – the public should have accurate information about the services they are entitled to receive.
- **Openness and Transparency** – the public should be told how administrations are run, how much they cost and who is in charge.
- **Redress** – if the promised service is not delivered the public should be offered an apology, a full explanation, and a speedy and effective remedy. When complaints are made, the public should receive a sympathetic and positive response.
- **Value for money** – public services should be provided economically and efficiently, in order to give the public the best possible value for money.

## OVERVIEW OF THE TOWNS OF THE LANGEBERG MUNICIPALITY

“The municipal area consist of 3 334 52 km2 which includes the towns Ashton, Bonnievale, McGregor, Montagu, Robertson and the surrounding rural areas.”



### McGregor

The village of McGregor was built in 1861. At that time the population totaled 50. In 1894, a village management board was established and in 1907 the village became a municipality. McGregor was originally known as Lady Grey, but the name was changed in 1905, to avoid confusion with Lady Grey near Aliwal North. It was renamed in honor of the Rev Andrew McGregor, who had been the Dutch Reformed Church minister of the Robertson District for forty years.



## **Ashton**

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

## **Bonnievale**

In 1902 a railway halt was constructed between Robertson and Swellendam which was named 'Vale'. In 1917 the halt received full status as a railway station and was then called Bonnievale. In 1922 a village management board was elected. The town received full municipal status in April 1953.

## **Montagu**

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

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

The Keisie is currently a major fruit-producing valley. However, the rural community is amongst the poorest in the region. Another challenge for the valley is sufficient water supplies to support any further development. Because the economy of the area depends largely on agriculture people are subject to seasonal income. Living standards are lowered to a large extent during the off-peak season. Problems within agriculture, such as the closure of production plants and factories, as well as surpluses in the wine industry, contribute to the poverty situation. The region's potential for tourism is well-known and recent studies have highlighted various options for development in this regard. It forms part of the well-known Route 62.

## Robertson

Robertson was founded in 1853 and was named after Dr. Robertson, then pastor at Swellendam.

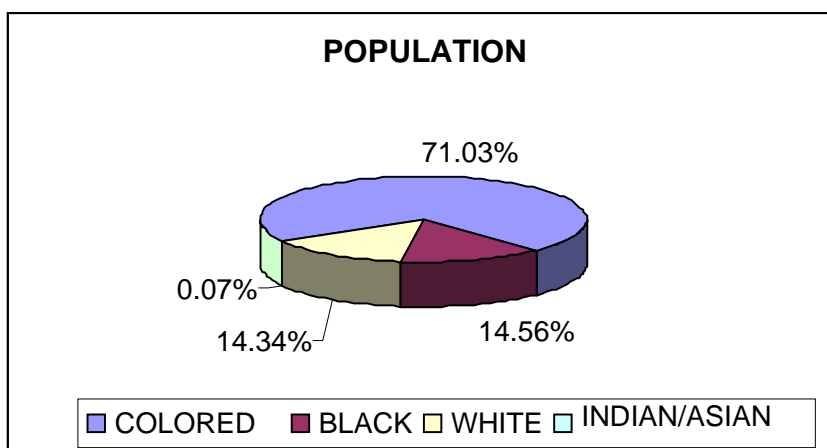
Robertson is one of the largest wine-producing regions in the Republic: its most famous product is dry white table wine. Because of the area's relatively low rainfall, there is intensive irrigation. About 25 km of irrigation canals, leading from the Langeberg Municipality, carry water that is pumped by electricity as far as Montagu. Robertson is South Africa's first irrigation district. Although the rural area is much larger than the urban areas, the majority of the population resides in urban areas. As the agriculture sector is currently experiencing economic difficulties, it is envisaged that more people will move to urban areas to seek employment. The spatial implication of this is that the residential need in the towns will increase with subsequent pressure on resources such as water and energy. Land needs to be identified for small-scale farmers. The area is characterized by low rainfall and therefore water is a fairly scarce commodity. Currently, rural and urban uses compete for this commodity.

## 1.2 Demographic Profile

### Information on individuals

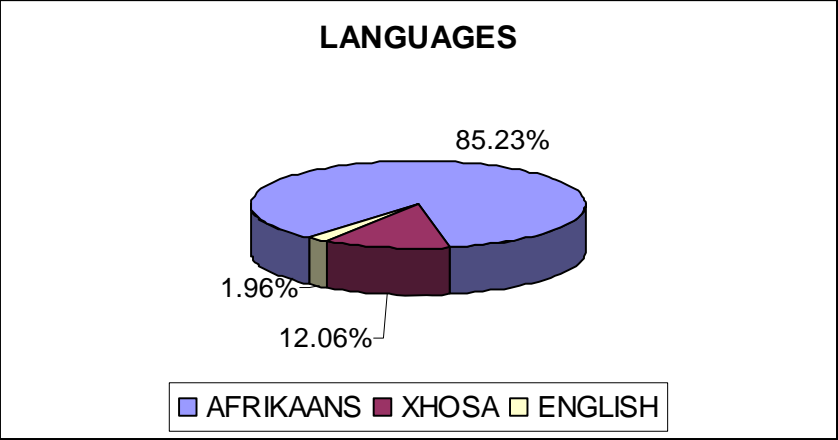
Population (2001 census survey):

The demographic profile of the Langeberg Municipal Area:



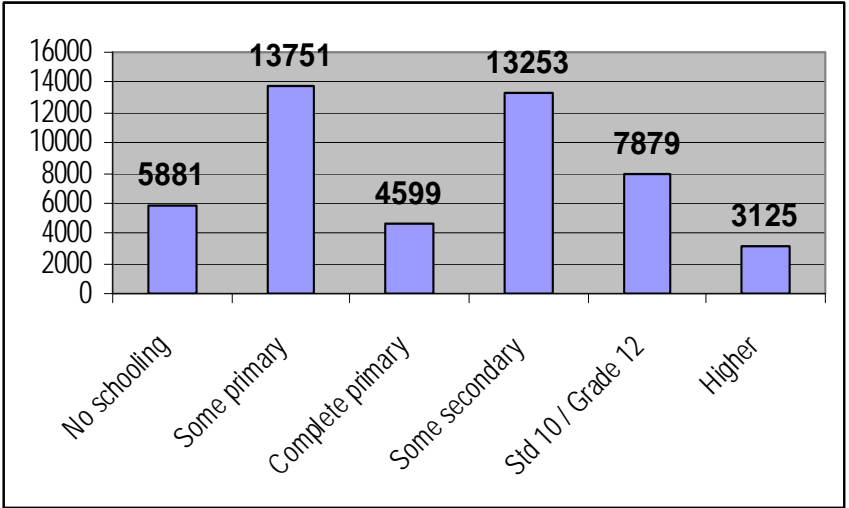
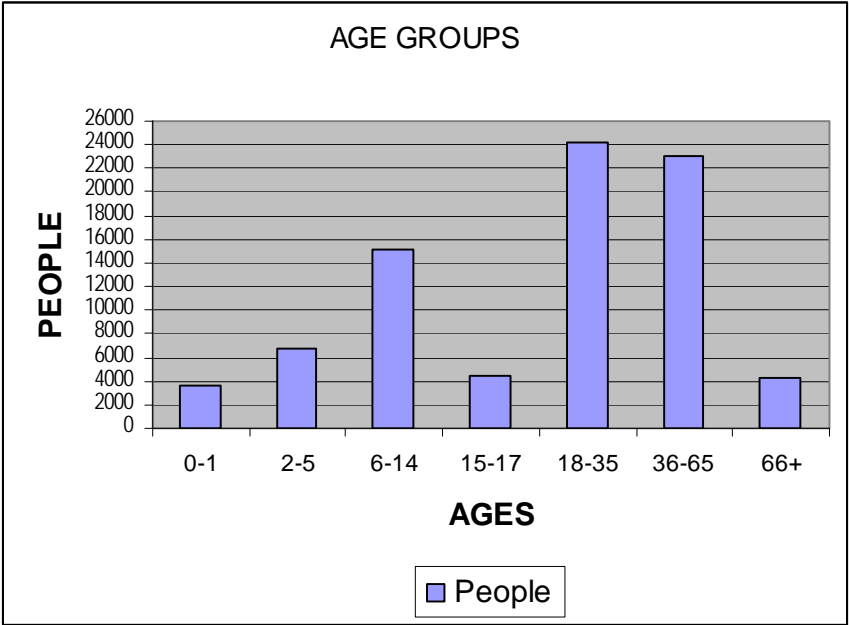
### Ethnic groups

Colored	57 730
Black	11 829
White	11 655
Indian/Asian	57
Total	81 271

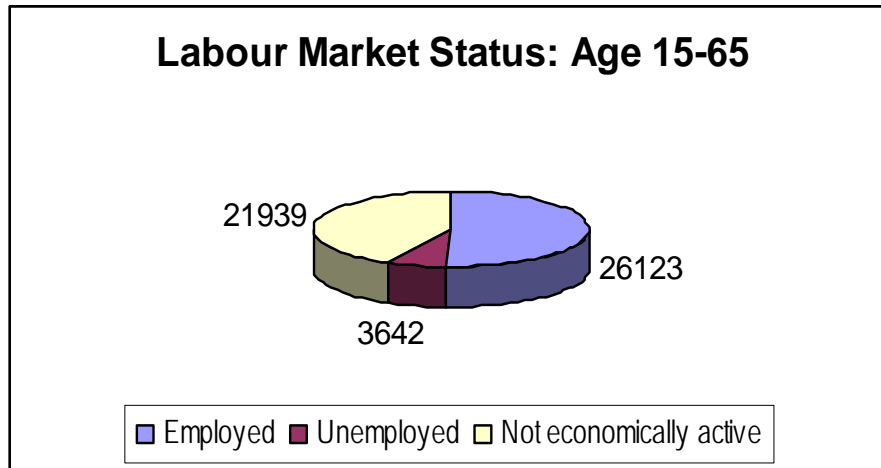


**Languages**

Afrikaans	85,23%
Xhosa	12,06%
English	1,96%



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



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

# CHAPTER 2

## SERVICE DELIVERY HIGHLIGHTS

This chapter highlights the high-level performance of Langeberg Municipality with respect to the program and priorities outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget and Implementation Plan (SDBIP).

Moreover, this chapter reports on key performance areas reflected in the Millennium Development Goals, Local Government Turn Around strategy priorities and Local Government Key Performance Areas.

### KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY

#### Water and Sewage:

- The target to reduce the level of water losses was exceeded, 9% water loss was recorded against the target of 20%.
- 100% of households have access to all basic household services.
- 100% of households with imputed expenditure of less than R 1,100 per month have access to all free basic services.
- To ensure sustainable supply of water, the 7,842,50 meters water networks were upgraded, a significant improvement from 2,650 meters in 2008/09.
- The new reservoirs in Montagu and McGregor were built and are now in operation.

#### Challenges:

Sewerage blockages increased by 2.69% from 1,823 to 1,872.

#### Electricity

- 100% of households in Langeberg have access to a basic level of electricity services.
- Over 265 RDP houses were electrified in the following areas:
  - 28 igloo houses
  - 67 relocation housing project in Nkqubela
  - 115 McGregor informal housing
  - 55 infill houses in Robertson
- Electrical loss (technical and non-technical) was at 7.31%, which was 0.19% above the 7.5% target.
- Energy saving target of 10% was achieved. A figure of 4.3% was recorded.
- Electricity infrastructure was upgraded with the installation of the Robertson Main Substation Phase 2 at a cost of R 11,600,000,00.
- The low-tension reticulation lines in Montagu were upgraded at a cost of R 145,278,54.
- Giep de Kok substation in Bonnievale was upgraded at a cost of R 176,021,11. The existing 300 kVA transformer was replaced with a 500 kVA transformer and the LV panel with a new panel and circuit breakers.
- 11 kV rural lines in Bonnievale were upgraded, replacing the 400m kV overhead lines at a cost of R 99,342,76.

- 11 kV ring main feeder was installed at Ashton at a cost of R 182,981,33.

#### **Roads:**

- The target of tarring 4,617 meters of road was achieved by the department and 4,617 meters of roads were tarred compared to 2,078 meters last year.
- There were approximately 5,302 potholes repaired during the financial year under review.

#### **Housing:**

Key highlights for housing during the 2009/10 financial year are:

- 211 subsidised low cost houses were built and additional 377 houses are under construction. This is a remarkable improvement from the 84 houses built during 2008/2009.
- The department met the target of facilitating 170 subsidies applications.

#### **Property Management Department**

- The building of new municipal offices and a civic hall in McGregor.
- The upgrading of the various departments at the Ashton Municipal Offices.
- The upgrading of the Bonnievale Offices – both the interior and the exterior.
- The replacement of the iron security gate with wooden sliding doors at Robertson offices
- The upgrading of the old Zolani Municipal Offices.

#### **Swimming Pools**

The municipality has two swimming pools in Robertson. The following Key Performance Areas were delivered during 2009/10.

<b>KEY PERFORMANCE AREAS</b>	<b>BASELINE 2008/2009</b>	<b>TARGET 2009/10</b>	<b>ACTUAL 2009/10</b>
Operating budget spent	375,314	402 237	350,080
Number of visitors	N/A	18,000	19,078
Drowning in municipal pools	N/A	0	1
Cleaning of the swimming pool	Daily	Daily	Daily
Revenue created through swimming pools	R 127,093,27	126,000	181,973,99
Daily tickets	N/A	21,000	85,237,00
Seasonal tickets	N/A	105,000	96,736,99

## Community Halls

Langeberg Municipality has and manages eleven community halls.

During the year under review, 1,441 functions and meetings were held in the municipal halls. This amounts to a slight increase from 1,395 during the previous financial year. No complaints were received from the public regarding the condition of the halls.

## Community Hall projects:

### Projects 2009/2010:

- Upgrading of the Robertson Civic Hall – roof, ceilings and kitchen.
- Tiling of the kitchen at Montagu Community Hall – Wilhelm Theys Avenue.
- Purchasing of a fridge, stove, the installation of a geyser, bain marie, food trolleys, tea urn for Happy Valley Hall – Bonnievale.
- Upgrading of the balcony at Ashton Town Hall.
- Erecting of burglar bars at Barnard Hall.

## Traffic and Licensing Services

The Langeberg Municipality's traffic and licensing department delivered a dedicated and superior law enforcement service through a partnership-approach with the communities.

The department created a safe and secure environment for all residents, citizens and visitors within the municipality through the provision of the following policing and law

KEY PERFORMANCE AREAS	BASELINE 2008/2009	TARGET 2009/10	ACTUAL 2009/10	REASON FOR VARIANCE (Negative)	CORRECTIVE ACTION
Road safety programs	N/A	Number of schools participating	20	N/A	N/A
Turn-around time for the processing of drivers' licenses and learner driver licenses	2 months	2 months	2 months	2 months	2 months
Number of drivers' licenses and learner driver licenses	3,017	N/A	13 430	N/A	N/A
Completion of the upgrading of the Robertson traffic facility	R 650,000,00 (R 215, 000,00 was carried over to 2009/2010).	R 215,000,00	----	R 215,000,00 was carried over to the 2009/2010 financial year.	Money was spent and the facility completed.

enforcement performance areas:

## Town Planning

It is encouraging to note that the performance of our systems and processes improved significantly during 2009/2010 year. While this meant that we processed building plans more quickly, the number of building plans we received dropped as the level of building activity in the municipality decreased slightly.

Category	2007/2008	2008/2009	2009/2010
Building plans approved	678	542	504
Encroachments approved	64	64	85
Encroachments not approved	53	0	2
Building plans not approved	5	64	74

### Revenue generated through building plan applications:

Applications outstanding 1st July 2009	Category	Number of new applications received 2008/2009	Total value of applications received Rand	Category	Number of new applications received 2009/2010	Total value of applications received Rand	Applications outstanding 30 <sup>th</sup> June 2010
Not known	Residential new	103	11,078,3 m <sup>2</sup> R 49,852,350	Residential new	68	13,286, 68m <sup>2</sup> = R 59,790,060	-
Not known	Residential additions	219	16,711,4 m <sup>2</sup> R 75,201,390	Residential additions	242	14,904, 94m <sup>2</sup> = R 67,072,230	-
Not known	Other residential	165	6,009 m <sup>2</sup> R 2,703,870	Other residential	166	1,336,56m <sup>2</sup> R 6,014,520	-
Not known	Commercial	43	8,612,2 m <sup>2</sup> R 38,754,855	Commercial	15	2,307,78 m <sup>2</sup> R 10,385,010	-
Not known	Industrial	29	7,830,5 m <sup>2</sup> R 35,237,250	Industrial	24	13,142,1 m <sup>2</sup> R 59,139,450	-
Not known	Minor	75	Not Known	Minor	45	-	-
	TOTAL	634	44,833,3 m <sup>2</sup> R 201,749,850	TOTAL	560	44,960, 06m <sup>2</sup> R 202,320, 270	23

## Disaster Management and Fire Services

- The Disaster Management Plan was revised within the legislated time frame and included in the Integrated Development Plan.
- The Disaster Mitigation Program and Fire Protection Plan was completed and implemented, the same achievement as in 2007/08.
- The department attained the average response time of 11.34 minutes to all fires incidents against the target of 14 minutes. This is a 26 minute improvement from the 2008/09 response time.
- During the 2009/10 financial year, the department effectively responded and extinguished all 305 reported fires compared to 172 fires in 2008/09 and the 168 fires during the 2006/07 financial year.
- Over 528 building plans were reviewed and scrutinised for fire safety compared to 619 the previous financial year.

## Bucket System Eradication

- There are currently no bucket toilets in Langeberg Municipality.

## Indigent Policy implementation:

- Approximately 5,778 indigents were identified during the 2009/10 financial year, compared to approximately 4,656 indigent households identified during 2008/09.

## Number of indigents per town

2008/09		2009/10	
Robertson	1,532	Robertson	1,878
McGregor	67	McGregor	124
Ashton	1,184	Ashton	1,483
Bonnievale	543	Bonnievale	776
Montagu	1,330	Montagu	1,517
<b>Total</b>	<b>4,656</b>	<b>Total</b>	<b>5,778</b>

- Outstanding amounts to the value of R 4,794,095,00 owed by indigents was written off during the 2009/10 financial year, compared to approximately R 4,794,095,77 in 2008/09 and R 374,996,95 for 2007/08 respectively.

## **KEY PERFORMANCE AREA 2: Local Economic Development**

The department implemented the following LED strategies and projects towards poverty alleviation and job creation:

### **Local Economic Development Projects: 2009/10**

#### **Arts and craft development**

Training	Beneficiaries	Female & youth	Male	Date
Canvas art training	23	17	6	30 November - 4 December 2009
Art product development	15	11	4	22-26 February 2010

Moreover, the department facilitated the seed funding applications and managed to secure funding for the following start up businesses.

- Nikelwa sewing business - Zolani
- George Business - Zolani
- KZTS Hair Salon - Ashton
- MA Kontrakteurs - Robertson
- Scheepers and Scheepers Internet Café - Ashton
- Simphiwe Garden Service - Zolani
- Hair by Choekie - Bonnievale
- Sews and Sews - Montagu
- I & E Shop - Robertson
- Masakhane Business - Zolani

### **Expanded public works program (EPWP)**

The EPWP is one of Langeberg Municipality's initiatives to bridge the gap between the growing Winelands economy and the large number of unskilled and unemployed people who have yet to fully enjoy the benefits of economic development in the area.

In the municipality, the program set a target of providing employment opportunities and training through the labor-intensive Municipal Infrastructure Grant and Langeberg funded infrastructure projects.

- Langeberg Municipality had four medium to large scale infrastructure and labor-intensive projects.
- There was an increase in the number of jobs created through the EPWP during the 2009/10 financial year with a total of 1,254 job opportunities created compared to 376 in 2008/09.

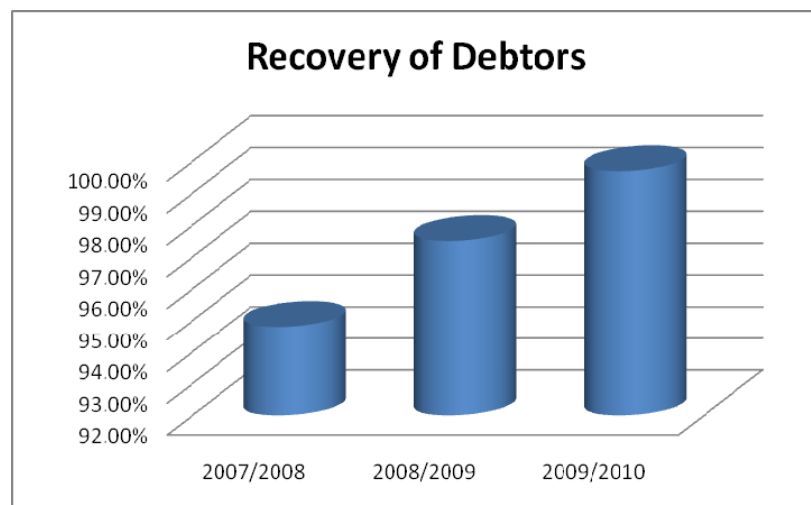
### KEY PERFORMANCE AREA 3: Municipal Financial Viability and Management

#### Financial viability:

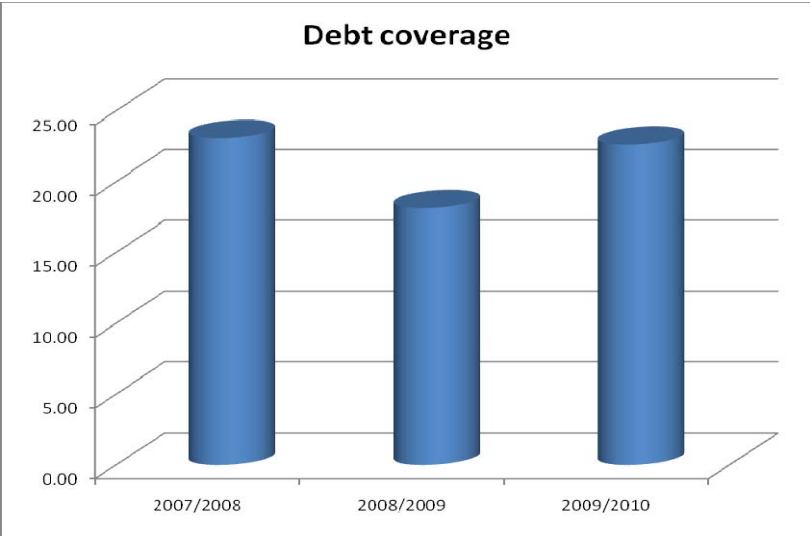
Langeberg Municipality measures and monitors its financial viability using general key performance indicators prescribed by Section 43 of the Municipal Systems Act No. 32.

NKPI	Baseline (08/09)	Target (09/10)	Actual (09/10)
Recover of debtors	97.5%	95-98%	99.69%
Debt coverage	18.14	N/A	22.64
Cost coverage	4.57	N/A	3.02
Outstanding debtors in relation to revenue	10.79%	N/A	10.35%

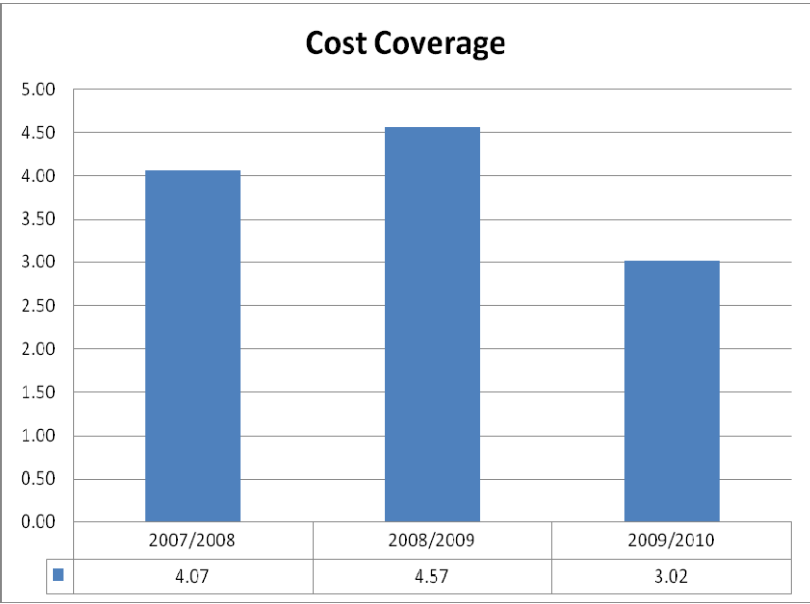
#### Recovery of Debtors:



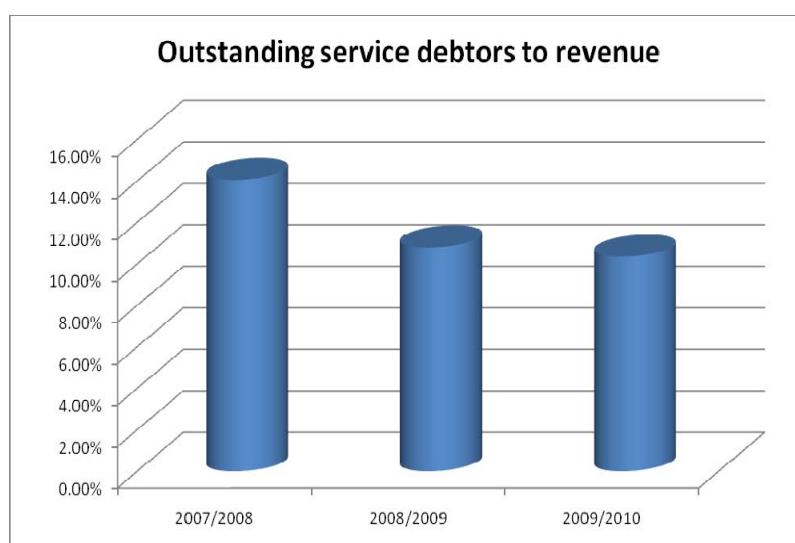
**Debt Coverage:**



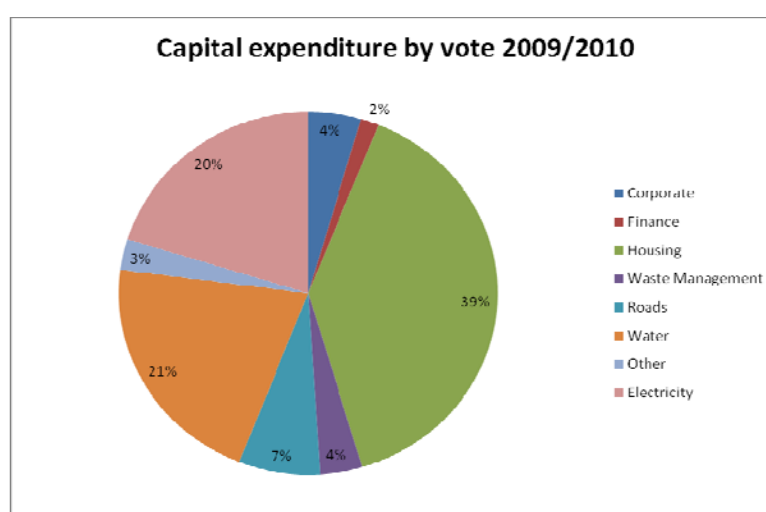
**Cost Coverage:**



### Outstanding service debtors revenue:



### Capital expenditure by municipality:



### Municipal budgets, expenditure and revenue sources:

	<b>% Variance between actual &amp; budgeted expenditure</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual spent</b>
Revenue	<b>0.99%</b>	<b>3 266 713</b>	<b>331 203 724</b>	<b>334 470 437</b>
Operating expenditure	<b>0.28%</b>	<b>862 611</b>	<b>306 146 814</b>	<b>307 009 425</b>
Capital expenditure	<b>-9.98%</b>	<b>-8 440 965</b>	<b>84 555 280</b>	<b>76 114 315</b>

## Long term contracts

Listed below are the major multi year contracts that the municipality concluded during the 2009/10 financial year.

Contractor	Project	Project Value
Metvalue	Valuation information transfer	R 18,175
R-Data	Financial System	R 343,456
Geodebt	Credit Control system	R 86,208
Dicky Payne* Waardeerders	Property Valuations	R 229,946

\*Siyakhula Valuers appointed for General Valuation to be implemented 1 July 2011.

## Compliance with MFMA:

KEY PERFORMANCE AREAS	BASELINE 2007/08	TARGET 2008/09	ACTUAL 2008/09
1. Compiling financial statements complying with MFMA and GRAP	31 August 2008	31 August 2009	31 August 2009
2. Compiling a medium term budget for 2009/10	24th March 2009	31st March 2010	23th March 2010
3. Determination of tariffs for approval by Council	<b>1st approval</b> 22nd May 2009 <b>2nd approval</b> 30th June 2009	31st May 2010	24th May 2010
4. Submission of financial reports in terms of MFMA	Within 10 working days of month end	Within 10 working days of month end	Within 10 working days of month end
5. Implement measures to ensure an unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report for 2008/2009
6. Verification of the Asset Register with the General Ledger	Asset Register = General Ledger	Asset Register = General Ledger	Asset Register = General Ledger
7. Perform a physical asset count whereby all movable assets are scanned and compared with the Asset Register		1 January 2010 – 30 April 2010	March – May 2010
8. Completion of General Valuations	(2) interim 8 Oct and 9 April	N/A	2 Interim valuations, October 2009 & June 2010

## KEY PERFORMANCE AREA 4: Municipal Transformation and Organizational Development

### *Filling of Section 57 posts:*

The Langeberg Municipality has a full staff complement at Section 57 level, allowing effective implementation of the service delivery strategy.

The Executive Management team, who are behind the achievement of the municipality's strategic goals during 2009/10, are:

- Mr. S. A. Mokweni – Municipal Manager
- Mr. M. J. Mhlom – Director Community Services
- Mr. J. de K. Jooste – Director Infrastructure Development
- Mr. C. F. Hoffmann – Chief Financial Officer
- Mr. A. W. J Everson – Director Corporate Services

### **Employment equity:**

During 2009/10, there has been considerable improvement in employment equity statistics for females, however African figures have significantly decreased from 50 to 35.

Table: Total Appointment Employment Equity statistics per directorate as of June 2010.

Directorate	African	Colored	Indian	White	Total	Female	Male
Infrastructure development	15	24	0	5	44	2	42
Community services	12	16	0	8	36	14	22
Chief financial officer	4	6	0	1	11	5	6
Corporate services	2	4	0	0	6	4	2
Municipal manager's office	2	2	0	0	4	3	1
<b>Total: 2009/10</b>	<b>35</b>	<b>52</b>	<b>0</b>	<b>14</b>	<b>101</b>	<b>28</b>	<b>73</b>
<b>Total: 2008/09</b>	<b>50</b>	<b>80</b>	<b>0</b>	<b>11</b>	<b>141</b>	<b>55</b>	<b>86</b>

### **Vacancy Rate:**

The vacancy rate has decreased in the last FY to 5.7%. Systems are in place, employees know what is expected from them and employees have realized the importance of keeping their jobs.

### **Learnerships and Bursaries:**

27 learnerships were recorded during the 2009/2010 financial year, compared to 22 in the 2008/2009 financial year. The municipality granted 25 internal bursaries, which is an improvement from the 20 in 2008/2009.

**Human Resource Management:**

- The leave system was updated with more report programs to inform employees in advance to take their allocated leave before they forfeited it. This ensured that only 14 days were forfeited in the whole financial year.
- A project was launched to ensure that all employees had dependant nomination forms for the pension funds on their files. This ensured that when employees passed away all the relevant documents were in place.
- Sessions were held where employees were informed about debt counseling. An organization named PEG Finance held these sessions.
- A database was created to keep a record of all the employees' training courses.

**Municipal budget spent on implementing workplace skills plan:**

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

<b>Financial Year</b>	<b>Budget</b>	<b>Expenditure</b>	<b>Percentage spent</b>
2009/2010	580,000,00	541,587,87	93
2008/2009	580,000,00	507,926,00	88
2007/2008	580,000,00	232,147,00	45
2006/2007	490,000,00	327,906,00	67

**Performance management:**

Significant strides were made in implementing Performance Management at both organizational and employee level.

- For the purpose of monitoring and evaluating the municipality's performance against the Service Delivery Budget and Implementation Plan, a corporate scorecard with high level objectives, indicators and targets was developed.
- Progress and performance against the scorecard was assessed every quarter and reported to the Mayoral Committee and Council.
- Section 57 Performance Agreements and Performance Plans were concluded in terms of the Municipal Regulations and were assessed on a quarterly basis.
- For objectivity and fairness, a Performance Evaluation Panel/Committee was established to evaluate Section 57 Annual Performance.
- The Oversight Committee was established for the sole purpose of adopting the Annual Report.

## Information Technology (IT)

The Following key achievements were accomplished by the Information Technology (IT) Department during 2009/2010:

- Implementation of Disaster Recovery System Phase 1.
- Implementation of Prepaid Redundant System (Suprima).
- Appointment of new Internet Service Provider (ISP) MTN Business.
- Install and setup of Wireless Network Connectivity to one vending site per five (5) towns in the Langeberg Municipal Area and also Langeberg Municipal Remote Offices.

## KEY PERFORMANCE AREA 5: Good Governance and Public Participation

### Ward committees:

The council has ten (10) fully functioning and effective wards and they are appointed for a period of two (2) years. Each ward committee has approximately ten members.

WARD COMMITTEE	CHAIRPERSON
Ward 1, Robertson	Cllr J. D. Burger
Ward 2, Robertson (Nkqubela)	Cllr S. W. Nyamana
Ward 3, Robertson	Cllr M. M. Carelse-Snyman
Ward 4, Bonnievale (Happy Valley)	Cllr E. J. Vollenhoven
Ward 5, McGregor	Cllr G. J. Fielies
Ward 6, Montagu (Ashbury)	Cllr M. W. H. du Preez (Speaker)
Ward 7, Montagu	Cllr J. Thomson
Ward 8, Bonnievale	Cllr S. W. van Eeden
Ward 9, Ashton	Cllr J. Adams
Ward 10, Ashton (Zolani)	Cllr N. E. Mpokotye

### Representative Forums:

Name of the Forum	Councilor
Economic development	Cllr E. J. Vollenhoven
Governance and intergovernmental relations	Cllr S. J. Ngonyama
Human Resources management	Cllr E. J. Vollenhoven
Municipal finance	Cllr C. J. Grootboom
Municipal services	Cllr G. J. Fielies
Social development	Cllr O. C. Simpson

## Section 79 Portfolio Committees and Chairpersons:

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

Table 3.4 Portfolio Committees as at 30 June 2010.

Committee	Chairperson
Corporate services	Cllr E. J. Vollenhoven
Finance	Cllr C. J. Grootboom
Infrastructure development	Cllr S. J. Ngonyama
Community services	Cllr O. C. Simpson
Housing (from July 2009)	Cllr W. S. Nyamana

## Portfolio Committee Meetings and Attendance 2008/09 and 2009/10:

Meetings	2008/09	% Attendance	2009/10	% Attendance
Portfolio committee meetings	39	83%	50	66.95%
Mayoral committee meetings	12	92%	10	81.25%
Special mayoral committee meetings	0	---	5	---
Council meetings	12	91%	11	85.83%
Special council meetings	4	86%	5	78%

## Ward Based Planning:

Langeberg municipality has an effective ward based planning, which ensures the participation and involvement of communities and the municipal budget process.

No funds were allocated for Ward Based Capital Projects within the 2009/2010 financial year. The ten Ward Based Capital Projects priorities for the 2008/2009 financial year were all finalized except for only one in ward 9 that is still ongoing. Monitoring is done by the ward committee members on a regular basis.

Ward Capital projects were identified and prioritized and included in the draft Budget which culminated in an IDP/Budget consultative process from 12 April to 23 April 2010. All Ward Councilors and Ward Committees were part of these consultative interactions with their respective communities.

**Deployment of Community Development Workers:**

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

**CLW and Respective Wards**

Name and Surname	Town/Area	Ward Deployed
Ms. Octavia Richards Liemens	Robertson	1 & 3
Ms. Lindiwe Kahla	Robertson–Nkqubela/Ashton-Zolani	2 & 10
Mr. Pieter Kortje	Bonnievale	4 & 8
Mr. Johannes Jansen	McGregor	5
Ms. Charmain Swanepoel	Montagu	6 & 7
Ms. Lucrecia Jansen	Ashton	9

**Anti-corruption:**

The municipality does not have a dedicated and responsible person for Anti-corruption and Fraud Prevention, however the Executive Management Team collectively takes responsibility for the function.

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

It should be noted that the following are done to prevent fraud:

- Setting an ethical culture
- Provide training to employees
- Implementing policies and procedures (for example the Disciplinary Code and Supply Chain Management Policy)
- Provide physical security for buildings
- Conduct employee vetting before employees are appointed

The following have been done to detect fraud:

- An internal audit unit has been established
- Management have taken steps against fraudulent actions
- Risks have been identified by the directors and an internal audit
- An audit committee has been established and approved the internal audit plan

**Municipal Imbizos:**

The Council accepted a Mayoral Imbizo Capital Budget Spending Program in September 2009 to present information on what was done during the 2008/2009 Financial Year and what will be done in the 2009/2010 financial year as per the program below:

## MAYORAL IMBIZOS: CAPITAL BUDGET SPENDING

DATE	WARDS	TOWN	VENUE
15 September 2009	Wards 1 & 3	Robertson	Robertson Civic Hall
8 September 2009	Wards 4 & 8	Bonnievale	Happy Valley Community Centre
10 September 2009	Ward 9	Ashton	Barnard Community Hall
21 September 2009	Wards 6 & 7	Montagu	Wilhelm Thys Avenue Civic Centre
7 September 2009	Ward 10	Zolani	Community Hall
05 October 2009	Ward 2 – no meeting due to non attendance	Nkqubela	Community Hall
06 October 2009	Ward 5 – no meeting due to non attendance	McGregor	Old Gym

### Oversight Committee:

The oversight committee was established and convened on the 23 March 2010 and 25 March 2010 to consider the Annual Report and recommended that the Council approve the annual report without reservations.

Members:	Name of the Political Party
Cllr R. de Jong	DA
Cllr S. W. Nyamana	ANC
Mr J. R. Swanepoel	WCC
Mr T. Van der Merwe	ID

### Internal Audit

To maintain the oversight of internal controls, financial reporting and compliance with regulatory matters, Langeberg Municipality's Audit Committee has been functional from 1 August, 2006 and members were appointed for a period of 3 years according to the terms in Section 166 (1) of Act 56 of 2003 – Local Government: Municipal Finance Management Act, 2003.

During 2009/2010 the Audit Committee had 2 members, and the third committee member position was vacant. The Committee convened 5 meetings compared to 5 meetings in the 2008/09 financial year.

Audit Committee members	Number of meetings in 2008/09	Committee member attendance	Number of meetings: 2009/10	Committee member attendance
Dr. B. van Rensburg Chairperson:	5	Attended 5	5	Attended 5
Mr. P. Dreyer	5	Attended 5	5	Attended 4

## **HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT**

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

## **GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS**

Council Members  
Mayoral Committee Members  
Section 79 Portfolio Committees and Chairpersons  
Portfolio committee member attendance  
Office of the Speaker  
Ward Committees  
Representative Forums  
Executive Management  
Organisational Realignment  
Co-operative Governance and Intergovernmental Relations  
Corporate Governance  
Public Participation: Imbizos  
Community Liaison Workers  
Anti-corruption and anti-fraud  
Internal Auditing  
Audit Committee  
Bylaws  
Communications

## Human Resources and Organisational Management

### Personnel Services

Personnel Services form an integral part of the Corporate Services and Langeberg Municipality. It is therefore imperative that this department is managed professionally and efficiently. The department is responsible for the following key areas:

#### Recruitment and Selection:

During the 2009/10 financial year, the municipality made 101 new appointments compared to 141 new appointments in the 2008/2009 financial year. In this financial year 94.05% of the appointments came from within the Langeberg Municipal area compared to 93.7% in the 2008/09 financial year.

The breakdown and representation regarding the appointments are as follows:

Category	Target 2008/09	Actual 2008/09	Target 2009/10	Actual 2009/10
Coloreds	50%	56.7%	50%	51.5%
Africans	30%	35.5%	30%	34.7%
Whites	20%	7.8%	20%	13.8%
Employees with Disabilities	4%	2%	4%	1.9%

#### New appointments per employment equity categories: 2009/2010

Directorate	African	Colored	Indian	White	Total	Female	Male
Infrastructure Development	15	24	0	5	44	2	42
Community Services	12	16	0	8	36	14	22
Chief Financial Officer	4	6	0	1	11	5	6
Corporate Services	2	4	0	0	6	4	2
Municipal Manager's Office	2	2	0	0	4	3	1
<b>Total: 2009/10</b>	<b>35</b>	<b>52</b>	<b>0</b>	<b>14</b>	<b>101</b>	<b>28</b>	<b>73</b>

#### New appointments per employment equity categories: 2008/2009

Directorate	African	Colored	Indian	White	Total	Female	Male
Infrastructure Development	14	25	0	5	44	6	38
Community Services	21	28	0	2	51	25	26
Chief Financial Officer	4	13	0	1	18	7	11

Corporate Services	3	4	0	1	<b>8</b>	5	3
Municipal Manager's Office	8	10	0	2	<b>20</b>	12	8
<b>Total:</b>	<b>50</b>	<b>80</b>	<b>0</b>	<b>11</b>	<b>141</b>	<b>55</b>	<b>86</b>

### Challenges:

Employee wellness is becoming a critical part of human resources. Therefore, the human resources officers are going to be trained so they know how to handle this situation in the organization. Employee wellness is important as it ensures that you have a healthy workforce, which in turn will have a positive impact on service delivery.

### Vacancy Rate:

The vacancy rate decreased in the last FY to 5.7%. Systems are in place, employees know what is expected from them and employees have realized the importance of keeping their jobs.

### Vacancies per Job Category:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations
Infrastructure Development	<b>11</b>	1	0	7	2	1
Corporate Services	<b>2</b>	1	0	0	0	1
Chief Financial Officer	<b>2</b>	1	0	1	0	0
Community Services	<b>8</b>	1	0	0	4	3
Municipal Manager's Office	<b>0</b>	0	0	0	0	0
<b>Total: 2009/10</b>	<b>23</b>	<b>4</b>	<b>0</b>	<b>8</b>	<b>6</b>	<b>5</b>
<b>Total: 2008/09</b>	<b>65</b>	<b>9</b>	<b>8</b>	<b>15</b>	<b>12</b>	<b>21</b>

### Employment Equity

Table: Total employment equity statistics per directorate as of June 2010

Directorate	African	Colored	Indian	White	Total	Female	Male
Infrastructure Development	71	162	0	43	<b>276</b>	23	253
Community Services	83	170	0	26	<b>279</b>	89	190
Chief Financial Officer	15	31	0	15	<b>61</b>	30	31
Corporate Services	12	29	0	10	<b>51</b>	30	21
Municipal Manager's Office	5	4	0	7	<b>16</b>	10	6
<b>Total: 2009/10</b>	<b>186</b>	<b>396</b>	<b>0</b>	<b>101</b>	<b>683</b>	<b>182</b>	<b>501</b>

<b>Total: 2008/09</b>	<b>171</b>	<b>386</b>	<b>0</b>	<b>93</b>	<b>650</b>	<b>172</b>	<b>478</b>
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## Skills Development

The Skills Development Plan was compiled in June 2009 and approved on 25 June 2009 as prescribed by legislation.

During 2009/10, the municipality trained 202 employees, compared to 229 employees in the 2008/2009 financial year.

A total of R 759 897.70 was paid for the Skills Levy, of which 50% was reclaimed. This translates to a total of R 379 948.85.

## Training per Job Category:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations	Professionals
Infrastructure Development	139	7		2	28	102	
Corporate Services	22	1	14		7		
Chief Financial Officer	22	2	20				
Community Services	19	3	2		2	12	
Municipal Manager's Office							
<b>Total: 2009/10</b>	<b>202</b>	<b>13</b>	<b>36</b>	<b>2</b>	<b>37</b>	<b>114</b>	<b>0</b>
<b>Total: 2008/09</b>	<b>229</b>	<b>11</b>	<b>61</b>	<b>10</b>	<b>10</b>	<b>137</b>	<b>0</b>

## Skills Development Budget

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

Financial Year	Budget	Expenditure	Percentage Spent
2009/2010	580000.00	541587.87	93
2008/2009	580000.00	507926.00	88
2007/2008	580000.00	232147.00	45
2006/2007	490000.00	327906.00	67

## Induction

Eighty (80) newly appointed employees went through a one-day induction course compared to 113 employees in the last financial year. The decrease is attributed to the decrease in available vacancies. The induction covered the following courses:

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

#### **Human Resources Policies:**

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

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

#### **Personnel Expenditure:**

Trends of Personnel Expenditure to Operating Expenditure (last five years).

<b>Financial Year</b>	<b>Salaries</b>	<b>Expenditure</b>	<b>Percentage</b>
2009/2010	R95,449,951	301,614,167	31.65%
2008/2009	R77,273,859	243,160,641	31.78%

2007/2008	R69,212,825	194,122,257	35.65%
2006/2007	R58,212,401	179,078,541	32.51%
2005/2006	R50,587,873	140,961,382	35.89%

## Promotions

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

Directorate	Number of Promotions 2009/10	Number of Promotions 2009/10
Infrastructure Development	16	14
Community Services	9	6
Chief Financial Officer	6	1
Corporate Services	0	0
Municipal Manager's Office	2	1
<b>Total</b>	<b>33</b>	<b>22</b>

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

## Section 57 Performance Bonuses:

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

Name	Designation	Bonus Amount 2008/09	Bonus Amount 2009/10
Mr. J. de K. Jooste	Infrastructure Development	R59 674.66	R58 164.84
Mr. M. J. Mhlom	Community Services	R59 674.66	R58 164.84
Mr. C. F. Hoffmann	Chief Financial Officer	R59 674.66	R64 627.60
Mr. A. W. J. Everson	Corporate Services	R77 577.06	R64 627.60
Mr. S. A. Mokweni	Municipal Manager	R103 854.39	R104 440.31
<b>Total Bonuses</b>		<b>R360 455.43</b>	<b>R350 025.19</b>

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

Category	Amount 2007/08	Amount 2008/09	Amount 2009/10
Councilor Consumer Account Arrears	R0.00	R860.67	R0.00

Councilor Arrear Arrangements	R0.00	R0.00	R0.00
Councilor Accounts in Disputes	R0.00	R0.00	R0.00
Staff Arrears (Directors & Managers)	R0.00	R0.00	R0.00
Other Staff	R88 512.70 (R59 626.91 Land sales incl.)	R94 441.53 (R52 201.36 Land sales incl.)	

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

#### **Pension Funds:**

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

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

#### **Medical Aid Schemes:**

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

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

#### **Learnerships and Bursaries:**

27 Learnerships were recorded during the 2009/2010 financial year, compared to 22 in the 2008/2009 financial year. The municipality granted 25 internal bursaries, which is an improvement compared to the 20 in 2008/2009.

#### **Bursaries per Directorate:**

Directorate	Number of Beneficiaries	
	2008/09	2009/10
Infrastructure Development	4	2
Community Services	6	12
Chief Financial Officer	7	6
Corporate Services	1	3
Municipal Manager's Office	2	2
<b>Total</b>	<b>20</b>	<b>25</b>

### Employee Productivity: Sick leave

The number of days' sick leave taken by employees has service delivery and cost implications for a municipality. Langeberg Municipality monitors sick leave to identify certain patterns or trends and takes proactive corrective action.

### Number of Employees:

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

Category	No. of Employees (2007/08)	No. of Employees (2008/09)	No. of Employees (2009/10)
Legislators, senior officials, and managers	32	34	36
Clerks	70	85	116
Technicians and associate professionals	110	107	92
Craft and related trade workers	92	115	123
Elementary occupations	306	309	316
<b>Total:</b>	<b>610</b>	<b>650</b>	<b>683</b>

### Staff Category per Directorate:

Directorate	Total	Legislators, senior officials and managers	Clerks	Technicians and associate professionals	Craft and related trade workers	Elementary occupations
Infrastructure Development	<b>276</b>	13	16	37	74	136
Corporate Services	<b>51</b>	5	18	7	4	17
Chief Financial Officer	<b>61</b>	2	43	13	3	0
Community Services	<b>279</b>	11	33	30	42	163
Municipal Manager's Office	<b>16</b>	5	6	5	0	0
<b>Total:</b>	<b>683</b>	<b>36</b>	<b>116</b>	<b>92</b>	<b>123</b>	<b>316</b>

## Labor Relations

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

With regard to the management of discipline, all misconduct cases were thoroughly investigated and dealt with in a procedurally and substantively fair manner, as all employees prosecuted were found guilty as charged and issued with an appropriate sanction, including dismissal. All appeals lodged against the finding and sanctions of the disciplinary proceedings were dismissed, whilst disputes concerning unfair dismissals and unfair labor practices were found in favor of the municipality by the Bargaining Council. Complaints/grievances received from employees were addressed amicably, as no complaint/grievance was referred in terms of the procedure to the Bargaining Council to be dealt with externally. The department therefore has a 100% success rate with regard to the handling of disciplinary cases, appeals, grievances and subsequent disputes emanating therefrom. The department is also promoting and maintaining sound labor relations by rendering appropriate advice/guidance on labor relations and matters to managers, supervisors and employees, as well as consulting with unions on matters of mutual interest, when required.

82 cases of misconduct have been dealt with by means of disciplinary investigations and disciplinary hearings. 13 employees have been dismissed, whilst the others were imposed sanctions such as suspension without pay, transfer to another position and final written warnings or written warnings. 9 employees have been suspended, pending the outcome of the disciplinary proceedings.

Labor relations issue	Number of Cases: 2008/09	Number of Cases: 2009/10
Misconduct	64	82
Dismissals	12	13
Suspensions	11	9
<b>Total Cases</b>	<b>87</b>	<b>104</b>

## Occupational Health and Safety:

Furthermore, the department is responsible for ensuring that the operations and activities within the municipality comply with the provisions of the Occupational Health and Safety Act, 1993, and the different regulations promulgated in the terms of said Act. To this end, health and safety committee meetings are held, safety inspections conducted in the various working areas within the municipality and safety procedures developed and implemented, where necessary. In order to minimize incidents in the workplace, the department will perform Hazard Identification and Risk Assessment (HIRA), ensure that incident/accident investigations are conducted promptly and that safety rules, procedures and standards are enforced to prevent the reoccurrence of incidents in the workplace.

Occupational injuries recorded during 2009/10 are as follows:

Directorate	Personal injury	Disease	Death
Infrastructure Development	29	0	0
Community Services	26	0	0
Chief Financial Officer	1	0	0
Corporate Services	0	0	0
Municipal Manager's Office	0	0	0
<b>Total: 2009/10</b>	<b>56</b>	<b>0</b>	<b>0</b>
<b>Total: 2008/09</b>	<b>53</b>	<b>0</b>	<b>0</b>

## GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS:

This section of the annual report explains the framework of the institutional structures and resources that the Council established during the 2009/2010 financial year so as to implement its strategies.

### Council Structure:

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

### Council Members:

<u>RAADSLEDE/COUNCILLORS</u>	<u>POLITIEKE PARTY/POLITICAL PARTY</u>
Rdl/Cllr J. Adams	DA - <u>DEMOKRATIESE ALLIANSIE</u>
Rdl/Cllr J. D. Burger	DA - <u>DEMOKRATIESE ALLIANSIE</u>
Rdl/Cllr M. M. Carelse-Snyman	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr R. H. de Jong	DA - <u>DEMOKRATIESE ALLIANSIE</u>
Rdl/Cllr L. H. de Koker	DA - <u>DEMOKRATIESE ALLIANSIE</u>
Rdl/Cllr M. W. H. du Preez	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr G. J. Fielies	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr C. J. Grootboom	PDM - <u>PEOPLE'S DEMOCRATIC MOVEMENT</u>
Rdl/Cllr W. P. Horne	OD - <u>ONAFHANKLIKE DEMOKRATE</u>
Cllr/Rdl M. P. Janse	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr A. N. Mhlambeni	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr E. N. Mpokotye	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr S. J. Ngonyama	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr W. S. Nyamana	ANC - <u>AFRICAN NATIONAL CONGRESS</u>
Rdl/Cllr O. C. Simpson	WCC - <u>WESTERN CAPE COMMUNITY PARTY</u>
Rdl/Cllr J. Thomson	DA - <u>DEMOKRATIESE ALLIANSIE</u>
Rdl/Cllr T. M. van der Merwe	OD - <u>ONAFHANKLIKE DEMOKRATE</u>
Rdl/Cllr S. W. van Eeden	DA - <u>DEMOKRATIESE ALLIANSIE</u>
Rdl/Cllr P. A. Bothman	OD - <u>ONAFHANKLIKE DEMOKRATE</u>
Rdl/Cllr E. J. Vollenhoven	ANC - <u>AFRICAN NATIONAL CONGRESS</u>

### **Mayoral Committee Members:**

Councillor John Ngonyama  
Cllr Christopher Grootboom  
Cllr Errol Vollenhoven  
Cllr Owenita Simpson

## **MAYORAL COMMITTEE**



### **Section 79 Portfolio Committees and Chairpersons:**

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

Table 3.4 Portfolio Committees as at 30 June 2010

<b>Committee</b>	<b>Chairperson</b>
Corporate Services	Cllr E. J. Vollenhoven
Finance	Cllr C. J. Grootboom
Infrastructure Development	Cllr S. J. Ngonyama

Community Services	Cllr O. C. Simpson
Housing (from July 2009)	Cllr W. S. Nyamana

**Portfolio Committee Meetings and Attendance 2008/09 and 2009/10:**

Meetings	2008/09	% Attendance	2009/10	% Attendance
<b>Portfolio Committee Meetings</b>	39	83%	50	66.95%
<b>Mayoral Committee Meetings</b>	12	92%	10	81.25%
<b>Special Mayoral Committee Meetings</b>	0	---	5	---
<b>Council Meetings</b>	12	91%	11	85.83%
<b>Special Council Meetings</b>	4	86%	5	78%

**Office of the Speaker:**

Cllr M. W. H. Du Preez is the speaker of the council. The role of the speaker is to:

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

**Ward Committees:**

The council has ten (10) wards and they are appointed for a period of two (2) years. Each ward committee has approximately ten members.

The role of the ward committees is:

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

WARD COMMITTEE	CHAIRPERSON
Ward 1, Robertson	Cllr J. D. Burger
Ward 2, Robertson (Nkqubela)	Cllr S. W. Nyamana
Ward 3, Robertson	Cllr M. M. Carelse-Snyman
Ward 4, Bonnievale (Happy Valley)	Cllr E. J. Vollenhoven
Ward 5, McGregor	Cllr G. J. Fielies
Ward 6, Montagu (Ashbury)	Cllr M. W. H. du Preez (Speaker)
Ward 7, Montagu	Cllr J. Thomson
Ward 8, Bonnievale	Cllr S. W. van Eeden
Ward 9, Ashton	Cllr J. Adams
Ward 10, Ashton (Zolani)	Cllr N. E. Mpokotye

#### **Councilor attendance at Ward Committee Meetings:**

- An attendance register forms part of the Ward Committee agenda.
- Ward Committee meetings are monitored on a regular basis by the Speaker, Manager General Administration and Ward Committee Coordinator. The attached table represents the ward committee meetings held from July 2009 to June 2010.
- Ward committee meetings are scheduled on a monthly basis and Special Meetings occur as requested by ward councilors. **A total of 97 ward committee meetings were held during the 2009/2010 financial year**, compared to the **57 ward committee meetings held in the 2008/2009 financial year**.

#### **Representative Forums:**

Name of the Forum	Councilor
Economic Development	Cllr E. J. Vollenhoven
Governance and Intergovernmental Relations	Cllr S. J. Ngonyama
Human Resources Management	Cllr E. J. Vollenhoven
Municipal Finance	Cllr C. J. Grootboom
Municipal Services	Cllr G. J. Fielies
Social Development	Cllr O. C. Simpson

#### **Executive Management:**

The Executive Management team is the key force behind the achievement of the municipality's strategic goals. During 2009/2010 the administration implemented the macro design illustrated below.

Mr. S. A. Mokweni – Municipal Manager  
 Mr. M. J. Mhlom – Director Community Services  
 Mr. J. de K. Jooste – Director Infrastructure Development  
 Mr. C. F. Hoffmann – Chief Financial Officer  
 Mr. A. W. J. Everson – Director Corporate Services

## Executive Management Organogram:

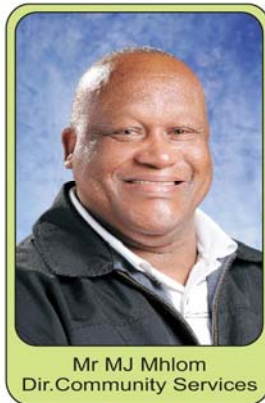
# EXECUTIVE MANAGEMENT TEAM



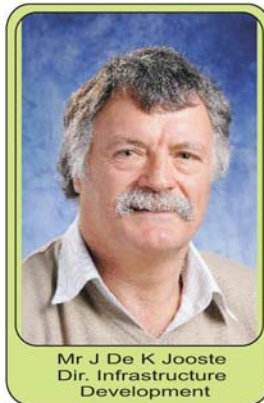
Mr SA Mokweni  
Executive Service



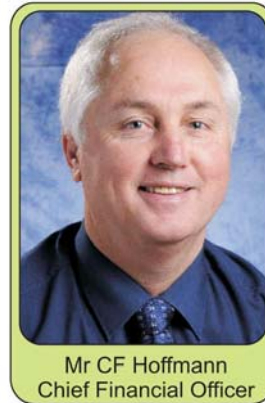
Mr AWJ Everson  
Dir. Corporate Services



Mr MJ Mhlom  
Dir. Community Services



Mr J De K Jooste  
Dir. Infrastructure  
Development



Mr CF Hoffmann  
Chief Financial Officer



Ms CO Matthys  
Snr Manager: Executive  
Support Services

## Co-operative Governance and Intergovernmental Relations

The Municipality had the following intergovernmental engagements.

- 🚧 Home Affairs: ID Distribution Campaign, March 2010.
- 🚧 Assistance with Community Outreach Program SASSA on farms in the Langeberg Municipality from 13 to 17 October 2009.
- 🚧 Waste management public participation workshop in Wards 1 and 3 on 14 September 2009.
- 🚧 Information session with all ten Ward Councilors and Ward Committee members on 17 October 2009 to address the role and function of ward committee members and code of conduct.
- 🚧 Sitting of the Demarcation Board in February 2010 with all ten wards regarding the redemarcation of wards.
- 🚧 The Attendance of four Community Liaison Workers at the SALGA EPWP Workshop on 11 March 2010.
- 🚧 Assistance and gathering of information for disabled persons in the Langeberg Municipality.
- 🚧 Assistance with the Community Satisfaction Survey conducted by RAPS for the period 24 July to 7 August 2009.
- 🚧 Assistance and administrative support with the compilation of Skills Audits with all Departments in the Langeberg Municipality.

Attending of a Provincial Public Participation Task Team Meeting by the Manager General Administration and Ward Committee Coordinator on 29 April 2010 in Stellenbosch to discuss the following:

- National, Provincial and District programs
- District report on ward committee and public participation activities
- Citizen Satisfaction Survey
- Ward committee event

### **Corporate Governance: Public Participation: Imbizos**

#### **Municipal Imbizos:**

The council accepted a Mayoral Imbizo Capital Budget Spending Program in September 2009 to present information on what was done during the 2008/2009 Financial Year and what will be done in the 2009/2010 financial year as per the program below:

#### **MAYORAL IMBIZOS: CAPITAL BUDGET SPENDING**

DATE	WARDS	TOWN	VENUE
15 September 2009	Wards 1 & 3	Robertson	Robertson Civic Hall
8 September 2009	Wards 4 & 8	Bonnievale	Happy Valley Community Centre
10 September 2009	Ward 9	Ashton	Barnard Community Hall
21 September 2009	Wards 6 & 7	Montagu	Wilhelm Thys Avenue Civic Centre
07 September 2009	Ward 10	Zolani	Community Hall
05 October 2009	Ward 2	Non attendance	
06 October 2009	Ward 5	Non attendance	

#### **Budget Imbizo: 2010/11-2012/13**

During the month of April 2010, information and consultative meetings were held in all ten wards. Community Liaison Workers assisted with the distribution of flyers and load hailing with the Traffic Department in all ten wards. All the interested organizations and the individuals of all sectors were invited to attend the above-mentioned scheduled meetings per ward.

#### **Budget/Tariff/IDP Consultative Community Meetings**

DATE	WARD	TOWN	VENUE	OFFICIAL/ COUNCILOR DEPLOYED
12 April 2010	1	Robertson	Town Hall	C. F. Hoffmann; Cllr Simpson; C. Matthys; O. G. Richards Liemens
21 April 2010	2	Robertson	Nkqubela Hall	J. Mhlom; Cllr Simpson; J. Mfutwana; Ms. L. Kahla

13 April 2010	3	Robertson	Civic Centre	Mayor; C. F. Hoffmann; C. Matthys; Ms. O. G. Richards Liemens
19 April 2010	4	Bonnievale	Happy Valley Community Center	Cllr Vollenhoven; Mr. Jooste; C. Matthys; P. Kortje; Mr A.W.J Everson
22 April 2010	5	McGregor	Methodist Church	Mayor; C. Hoffman; C. Matthys; J. Jansen; Mr A.W.J Everson
12 April 2010	6	Montagu	Wilhelm Thys Avenue Hall	Cllr Grootboom; J. Mhlom; C. Swanepoel; J. Mfutwana
13 April 2010	7	Montagu	Hoffmeyer Hall	Cllr Grootboom; J. Mhlom; C. Swanepoel; J. Mfutwana
20 April 2010	8	Bonnievale	Chris Van Zyl Hall	Cllr Vollenhoven; Mr. Jooste; C. Matthys; P. Kortje
19 April 2010	9	Ashton	Town Hall	Cllr Vollenhoven; Mr. J. Mhlom; J. Mfutwana; L. Kahla; Mr A.W.J Everson
19 April 2010	10	Ashton	Zolani Community Hall	Cllr Vollenhoven; Mr. J. Mhlom; J. Mfutwana; L. Kahla

The Ward Councilors and Community Liaison Workers also attended a workshop in Worcester to address EPWP Ward Based Projects of which will be rolled out in September/October 2010.

A Household Survey was also conducted in March 2010 for all ten wards in the Municipality which will be processed soon.

Notification of a call centre number to report complaints during office or after office hours was issued per ward.

- A monthly report and analysis of service delivery complaints completed and progress thereof are also provided per ward.

### **Community Liaison Workers:**

#### **Roles of the CLWs**

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

These are some of the Key Performance Areas (KPA's) for CLWs:

- Community profile to be compiled for the Langeberg Municipality.
- Assistance at Ward Committee Activities.
- Assistance during Community Meetings.
- Assistance at Ward Committee Elections.

- Assistance during Ward Based Planning.
- Communicate municipal and government projects in communities.
- Co-ordinate so communities can develop and submit proposals for inclusion in the IDP and other government plans.
- Co-ordinate inter-governmental and inter-departmental programs.
- Maintain communication with Community Based Organizations (CBOs).
- Inform communities of problems with service delivery.
- Assistance with the implementation of community projects.
- Monitoring and reporting back on community projects.
- Act as resourceful and dedicated public servants (Customer Services).

### **Functions performed by CLWS**

- Minute taking during ward committee and community meetings.
- Logistic arrangements for provincial and national events. (Public participation processes).
- Assistance during roll out of Ward Based Planning.
- Dealing with public enquiries and complaints. (Training received on Customer Care Management Program).
- Public address systems announcements in suburbs with Traffic Department regarding ward activities.
- Issuing of Hawkers' Licenses.
- Creation of database for Community Based Organizations.
- Creation of skills audit.
- Filling of documents (Housing Department).
- Assist with applications for Indigent Subsidies (Finance Department).
- Administrative assistance for Ward Council Members.
- Logistic assistance for Rural Development Department.
- Projects in respect of the Youth Advisory Centre (YAC).
- Logistic assistance for GCIS projects (Inter-governmental).
- Distribution of pamphlets for Tourism, Ward Committees, Finance Departments.
- CLWs were involved during the IDP/Budget process.

### **Details of CLWs and ward allocations.**

<b>NAME OF CLW</b>	<b>WARD</b>	<b>AREA</b>
Lucreatia Jansen (2 wards)	Wards 9, 10	Zolani + Ashton
Charmain Swanepoel (2 wards)	Wards 6, 7	Ashbury + Montagu
Lindiwe Kahla	Ward 8	Bonnievale
Pieter Kortje	Ward 4	Happy Valley, Bonnievale
Octavia Richards-Liemens (3 wards)	Wards 1,2,3	Nkqubela + Robertson
Johannes Jansen	Ward 5	McGregor

### **Anti-corruption and anti-fraud:**

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

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

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

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

The following are being done to detect fraud:

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

### **Performance Management Committee**

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

In addition, Section 67 (1) (d) makes it mandatory for the municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in respect of the monitoring, measuring and evaluating of the performance of staff members.

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

For the purpose of evaluating the annual performance of the Municipal Manager, the panel was composed of the following members:

- Executive Mayor: Sonwabo John Ngonyama
- Councilor: Owenita Simpson
- Councilor: Errol Vollenhoven
- Municipal Manager: Dr. Kabanyane (Drakenstein Municipality)
- Dr. Ben Van Rensburg (Internal Audit Committee: Chairperson)

For the purpose of evaluating the annual performance of Directors, the panel was composed of the following members:

- Executive Mayor: Sonwabo John Ngonyama
- Municipal Manager: Soyisile Andreas Mokweni (Langeberg Municipality)
- Councilor: Owenita Simpson
- Councilor: Errol Vollenhoven
- Municipal Manager: Dr. Kabanyane (Drakenstein Municipality)
- Dr. Ben Van Rensburg (Internal Audit Committee: Chairperson)

The annual performance evaluations were conducted on 11 November 2009. Accordingly, the table below depicts the results of the evaluations and the recommended bonuses to be paid against the assessment results. These are submitted for Council approval.

### **Oversight Committee:**

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

In terms of MFMA Circular Number 32, in order to approve the Annual Report without reservations, the Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality in the financial year reported upon. Approval means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable in the community.

The oversight committee convened on the 23 March 2010 and 25 March 2010 to consider the Annual Report and recommended that the Council approve the annual report without reservations.

#### **Members:**

Cllr R. de Jong	-	DA
Cllr S. W. Nyamana	-	ANC
Mr J. R. Swanepoel	-	WCC - Chairman
Mr T. Van der Merwe	-	ID

### **Internal Audit**

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

The Audit Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters. The committee should mainly make recommendations to the management, including, the following:

- Review the effectiveness of the Council's system of internal control and risk management.
- Review the financial reporting.
- Review the financial statements.
- Review the Internal Audit function.
- Review the Auditor General's report.
- Review the Council's compliance with legislation and regulation.
- Review the compliance with the Council's Code of Conduct and ethics.
- Performance Management.

During 2009/2010 the Audit Committee had 2 members, and the third committee member position was vacant. The Committee convened 5 meetings compared to 5 meetings in the 2008/09 financial year.

<b>Audit Committee Members</b>	<b>Number of Meetings: 2008/09</b>	<b>Committee Member Attendance</b>	<b>Number of Meetings: 2009/10</b>	<b>Committee Member Attendance</b>
Dr. B. van Rensburg Chairperson	5	Attended 5	5	Attended 5
Mr. P. Dreyer	5	Attended 5	5	Attended 4

## **Bylaws**

The following bylaws were adopted:

- Bylaw relating to the keeping of animals.
- Bylaw relating to the keeping of bees.
- Bylaw relating to the control of cemeteries.
- Irrigation and water bylaw.
- Bylaw relating to the keeping of pigeons and birds.
- Bylaw relating to the keeping of poultry.
- Public Amenities bylaw.
- Bylaw relating to sewerage and sanitation services.
- Bylaw relating to streets.

## **Communication:**

- Adverts
- Newsletters
- Annual report printing

**LANGEBERG MUNICIPALITY**  
**DRAFT ANNUAL FINANCIAL STATEMENTS**  
**for the year ended**  
**30 June 2010**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 65, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**S A MOKWENI**  
**MUNICIPAL MANAGER**

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**DATE**

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

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**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**OTHER INFORMATION**

<b>Nature of Business</b>	Langeberg Municipality is a medium capacity, local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).	
<b>Country of Origin and Legal Form</b>	South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)	
<b>Councillors</b>	Executive Mayor	S J Ngonyama
	Deputy Mayor	C J Grootboom
	Speaker	M W H du Preez
	Member of Mayco	E J Vollenhoven
	Member of Mayco	O C Simpson
	Councillor	J Adams
	Councillor	J D Burger
	Councillor	M Carelse-Snyman
	Alderman	R de Jong
	Councillor	L H de Koker
	Councillor	G R Fielies
	Councillor	P W Horne to 18/6/2010
	Councillor	M P Janse
	Councillor	A N Mhlambeni
	Councillor	N E Mpokotye
	Councillor	W S Nyamana
	Councillor	J Thomson
	Councillor	T M van der Merwe
	Councillor	S W van Eeden
	Councillor	F F van Wyk to 23/3/2010
	Councillor	PA Bothman from 2/4/2010
	Councillor	HF Mangenengene from 21/7/2010
<b>Directors</b>	Municipal Manager	S A Mokweni
	Chief Financial Officer	C F Hoffmann
	Director: Infrastructure Development	J de K Jooste
	Director: Community Services	M J Mhlom
	Director: Corporate Services	A W J Everson
<b>Principal Bankers</b>	ABSA P O Box 4453 Tyger Valley 7536	
<b>Auditors</b>	Auditor-General of South Africa P O Box 446 Pretoria 0001	
<b>Attorneys</b>	Muller Baard du Toit P O Box 41 Robertson 6705	

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**OTHER INFORMATION**

<b>Attorneys Continued</b>	Van Zyl & Hofmeyr P O Box 8 Montagu 6720
	Van Niekerk & Linde P O Box 49 Bonnievale 6730
<b>Registered Office</b>	28 Main Road Ashton 6715
<b>Relevant Legislation</b>	The Constitution of the Republic of south Africa (Act 108 of 1996) Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Regulations

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Note	2010 R	2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		401 290 979	373 829 967
Capital replacement reserve	2	36 340 353	32 992 064
Capitalisation reserve	2	28 811 377	31 522 164
Government grant reserve	2	122 483 340	83 574 741
Accumulated Surplus		213 655 910	225 740 998
<b>Non-current liabilities</b>		76 970 675	75 602 790
Long-term liabilities	3	42 466 159	45 521 793
Finance leases liabilities	4	76 440	310 185
Non-current provisions	5	3 651 376	3 342 318
Employee Benefits	6	30 776 699	26 428 494
<b>Current liabilities</b>		62 959 787	51 727 263
Employee Benefits	6	11 352 505	9 217 911
Consumer deposits	7	4 942 210	4 598 639
Provisions	8	1 728 673	1 050 816
Trade payables	9	28 164 119	27 273 107
Unspent conditional grants and receipts	10	10 364 866	5 089 927
VAT Payable	11	4 525 626	2 747 293
Short-term loans	12	-	-
Current portion of long-term liabilities	3	1 653 333	1 570 939
Current portion of finance leases liabilities	4	228 454	178 631
<b>Total Net Assets and Liabilities</b>		<b>541 221 441</b>	<b>501 160 020</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		419 943 632	377 263 165
Property, plant and equipment	13	399 102 853	357 001 791
Non-current assets held for sale	14	-	-
Investment property	15	17 975 479	17 977 979
Intangible Assets	16	1 144 027	1 112 750
Investments	18	6 318	4 685
Long-term receivables	19	1 714 954	1 165 960
<b>Current assets</b>		121 277 809	123 896 855
Inventory	20	10 619 181	8 634 622
Trade receivables from exchange transactions	21	16 819 867	12 600 103
Other receivables - Non exchange transactions	22	3 861 214	2 510 927
Conditional grants receivable	10	10 710 805	1 505 566
Current portion of long-term debtors	19	1 984 451	2 542 374
Cash and cash equivalents	23	77 282 291	96 103 264
<b>Total Assets</b>		<b>541 221 441</b>	<b>501 160 020</b>

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>REVENUE</b>			
<u>REVENUE FROM NON-EXCHANGE TRANSACTIONS</u>			
Property rates	24	22 470 346	20 323 699
Property rates - penalties imposed and collection charges		217 756	230 923
Government grants and subsidies	26	80 029 472	50 202 239
Fines		2 101 095	3 125 430
<u>REVENUE FROM EXCHANGE TRANSACTIONS</u>			
Service charges	25	208 816 112	165 229 142
Rental of facilities and equipment		1 369 844	1 077 335
Interest earned - external investments		7 338 969	10 789 908
Interest earned - outstanding receivables		1 078 880	1 385 766
Dividends received		-	-
Licences and permits		788 522	1 120 388
Income for agency services		1 472 329	1 911 063
Other income	27	8 787 112	11 589 830
Changes in fair values			1 346 799
Gains on disposal of property, plant and equipment		-	-
<b>Total Revenue</b>		<b>334 470 437</b>	<b>268 332 523</b>
<b>EXPENDITURE</b>			
Employee related costs	28	92 865 759	78 176 721
Remuneration of Councillors	29	4 995 472	4 730 734
Bad debts		5 231 860	6 414 120
Collection costs		911 009	714 633
Depreciation	13, 15	21 986 188	20 592 351
Amortisation - Intangible Assets	16	292 174	194 823
Repairs and maintenance		9 024 038	10 616 905
Interest paid	30	8 041 666	8 881 080
Bulk purchases	31	98 707 237	71 344 891
Contracted services		1 524 235	2 757 519
Grants and subsidies paid	32	13 206 376	9 748 267
Operating Grant Expenditure		1 146 042	969 446
General expenses	34	36 817 201	32 515 543
Changes in Fair Value (Loss)		1 745 690	
Loss on disposal of property, plant and equipment		10 514 479	4 891 171
<b>Total Expenditure</b>		<b>307 009 425</b>	<b>252 548 205</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>27 461 012</b>	<b>15 784 318</b>
<b>Refer to Appendix E(1) for explanation of variances</b>			

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	<u>Housing Development Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R
<b>2009</b>						
<b>Balance at 30 June 2008</b>	<b>3 051 267</b>	<b>29 451 578</b>	<b>34 565 829</b>	<b>74 850 080</b>	<b>216 126 896</b>	<b>358 045 649</b>
Net surplus/(deficit) for the year	-	-	-	-	15 784 318	15 784 318
Transfer to/from CRR	-	25 000 000	-	-	(25 000 000)	-
Property, plant and equipment purchased	-	(21 459 514)	-	-	21 459 514	-
Capital grants used to purchase PPE	-	-	-	13 506 765	(13 506 765)	-
Capital grants used to purchase Intangible Assets	-	-	-	38 340	(38 340)	-
Transfer to/(from) Housing Development Fund	(3 051 267)	-	-	-	3 051 267	-
Asset disposals	-	-	(210)	(4 684)	4 893	-
Offsetting of depreciation	-	-	(3 043 455)	(4 807 301)	7 850 756	-
Offsetting of amortization - Intangible Assets	-	-	-	(8 459)	8 459	-
<b>Balance at 30 June 2009</b>	<b>0.00</b>	<b>32 992 064</b>	<b>31 522 164</b>	<b>83 574 741</b>	<b>225 740 998</b>	<b>373 829 967</b>
<b>2010</b>						
<b>Balance at 30 June 2009</b>	<b>0</b>	<b>32 992 064</b>	<b>31 522 164</b>	<b>83 574 741</b>	<b>225 740 998</b>	<b>373 829 967</b>
Net surplus/(deficit) for the year	-	-	-	-	27 461 012	27 461 012
Transfer to/from CRR	-	25 000 000	-	-	(25 000 000)	-
Property, plant and equipment purchased	-	(21 562 726)	-	-	21 562 726	-
Intangible Assets purchased	-	(88 986)	-	-	88 986	-
Capital grants used to purchase PPE	-	-	-	42 605 001	(42 605 001)	-
Capital grants used to purchase Intangible Assets	-	-	-	234 467	(234 467)	-
Asset disposals	-	-	(111 222)	(16 498)	127 720	-
Offsetting of depreciation	-	-	(2 599 566)	(3 875 915)	6 475 480	-
Offsetting of amortization - Intangible Assets	-	-	-	(38 457)	38 457	-
<b>Balance at 30 June 2010</b>	<b>0.00</b>	<b>36 340 353</b>	<b>28 811 377</b>	<b>122 483 340</b>	<b>213 655 910</b>	<b>401 290 979</b>

**LANGEBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		320 617 311	258 480 114
Property Rates		21 756 924	19 718 144
Sales of goods and services		205 801 731	166 660 460
Grants		76 099 172	50 164 443
Other receipts		16 959 483	21 937 067
Cash paid to suppliers and employees		(261 006 612)	(203 569 587)
Employee cost		(92 865 759)	(78 176 721)
Cash paid to suppliers		(144 199 326)	(100 888 438)
Other payments		(23 941 527)	(24 504 428)
Cash generated from/(utilised in) operations	35	59 610 699	54 910 526
Interest received		7 338 969	10 789 908
Interest paid		(8 041 666)	(8 881 080)
Increase in consumer deposits		343 571	262 117
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>59 251 574</b>	<b>57 081 471</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(75 790 863)	(46 217 527)
Proceeds on disposal of fixed assets		1 191 634	21 383
Purchase of in Intangible Assets		(323 452)	(804 253)
Purchase of Investment Properties		-	(112 000)
(Increase)/decrease in long-term receivables		8 929	1 405 898
(Increase)/decrease in non-current investments		(1 634)	(203)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(74 915 386)</b>	<b>(45 706 703)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(3 157 161)	16 059 184
Proceeds from borrowings		-	18 648 515
Repayment of borrowings		(2 973 239)	(2 990 571)
New leases raised		41 373	559 211
Leases repaid		(225 295)	(157 970)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(3 157 161)</b>	<b>16 059 184</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(18 820 973)</b>	<b>27 433 952</b>
Cash and cash equivalents at the beginning of the year	36	96 103 264	68 669 312
Cash and cash equivalents at the end of the year	36	77 282 291	96 103 264
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(18 820 973)</b>	<b>27 433 952</b>

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**ACCOUNTING POLICY FOR THE YEAR ENDEDD: 30 JUNE 2010**

**1. Summary of significant accounting policies for the year ended 30 June 2010**

**1.1. Basis of preparation**

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

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

The exemptions as set out in Government Gazette 30013 were taken by the municipality. Full compliance with GRAP will therefore only be required for the year ended 30 June 2011.

Accounting Policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These Accounting Policies and the applicable disclosures have been based on International Public Sector Accounting Standards (IPSAS) and the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

**1.2. Presentation currency**

These annual financial statements are presented in South African Rand.

**1.3. Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

**1.4. Offsetting**

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

**1.5. Going concern assumption**

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

**1.6. Comparative information**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year 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.

**1.7. Budget information**

A reconciliation between the approved budget surplus and statement of financial performance surplus/deficit was included as a note to the financial statements.

**1.8. The following Standards have been issued, but are not yet effective:**

GRAP No	Description	Effective date	Anticipated impact on financial statements
18	Segment Reporting	Unknown	Disclosure only
21	Impairment of non-cash generating assets	Unknown	No material impact. Requirements of GRAP 21 are similar to the

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			requirements of IAS 36 (Impairment of assets) and IPSA 21 (Impairment of non-cash generating assets), applied by the municipality during the 2008/09 financial year.
23	Revenue from non-exchange transactions	Unknown	Disclosure only
24	Presentation of Budget Information in Financial Statements	Unknown	Disclosure only
25	Employee Benefits	Unknown	New standard of GRAP dealing with the requirements around accounting and disclosure of employee benefits including short term, long term and post retirement benefits. The impact of this is currently being assessed by management.
26	Impairment of cash generating assets	Unknown	No impact. Requirements of GRAP 26 are similar to the requirements of IAS 36 (Impairment of assets) applied by the municipality during the 2008/09 financial year.
103	Heritage Assets	Unknown	New standard of GRAP dealing with the recognition, subsequent measurement, presentation and disclosure of heritage assets. The impact is currently being assessed by management.
104	Financial Instruments	Unknown	New standard of GRAP dealing with the recognition, subsequent measurement, presentation and disclosure of heritage assets. The impact is currently being assessed by management.
	Improvements to the Standards of GRAP	Proposed effective date 1 April 2011	Improvements are proposed to the following standards of GRAP: 1-4, 9-14, 16-17, 19 and 100 as part of the ASB's improvement project. The impact of this is currently being assessed by management.

**1.9. Significant judgements and sources of estimation uncertainty**

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of the reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of the municipality's trade and other receivables is based on incurred losses in accordance with the provisions of IAS 39. The historical loss experience of the municipality, based on observable data through the passage of time, is used to estimate the impairment of trade and other receivables. Any changes in the payment status of

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customers in a specific group or national or local economic conditions that correlate with defaults on the assets in the group will have an impact on the impairment of trade and other receivables.

**Allowance for slow moving, damaged and obsolete inventory**

An allowance for inventory, to write down to the lower of cost or net realisable value (or current replacement cost where inventory is held in distribution or for consumption in the production process at no charge or a nominal charge). Management has made estimates of the selling price and direct cost to sell inventory items.

**Provisions**

The provisions raised by the municipality are detailed in note 5. These provisions represent management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

**Useful lives and residual values**

The estimation of the useful lives and residual values of assets is based on management's judgement. Management considers the condition and use of the individual assets to determine the remaining period over which the asset is expected to be available for use by the municipality or the number of production or similar units expected to be obtained from the asset. Any material adjustment to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

**Impairment testing**

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The municipality applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

**Determination of the recoverable amount of a cash-generating unit**

Where impairment indicators exist, the determination of the recoverable amount of a cash generating unit requires management to make assumptions to determine the fair value less costs to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

**Determination of the recoverable serviced amount of non-cash-generating assets**

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less costs to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating asset.

**Finance and operating leases**

In determining lease classification the municipality evaluated whether leases are clearly operating leases or finance leases. Based on qualitative factors it is concluded whether leases are finance or operating leases.

**Post-retirement benefits**

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The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

**Post-retirement medical benefits and long service awards**

The assumptions used to calculate the municipality's obligation with regards to post-retirement medical benefits, ex gratia pension payments and long service awards as more fully described in note 6. Any changes to these assumptions will have an impact on the liability at the reporting date and the related expenses to be recognised in the Statement of Financial Performance.

**Allowance for doubtful debt**

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

**1.10. The accumulated surplus / (deficit) consists of the following reserves:**

- Capital Replacement Reserve (CRR)
- Capitalisation Reserve
- Government Grant Reserve
- Housing Development Fund
- Accumulated Surplus / (Deficit) due to the results of operations

**1.10.1. Capital Replacement Reserve ( CRR)**

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/ (deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Chief Financial Officer determines the annual contribution to the CRR.

**1.10.2. Capitalisation Reserve**

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of **property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/ (deficit)** in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/ (deficit). When an item of property, plant and

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equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

**1.10.3. Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

**1.10.4. Housing Development Fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. **Loans** from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4) (d) (ii) (aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments backing up this fund is recorded as part of interest earned in the Statement of Financial Performance and is then transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

**1.10.5. Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

**1.11. Employee Benefits**

**Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absences occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal constructive obligation to make such payments as a result of past performance.

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**Long-term employee benefits**

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

**Defined contribution plans**

A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

**Defined benefit plans**

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

***Post Retirement Medical obligations***

The Municipality provides post-retirement healthcare benefits to its retirees. 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 expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

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

***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 at year-end and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

## **1.12. Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of expenditures expected to be required to settle the obligation; using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying benefits or service potential will be required, to settle the obligation.

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 deficits. 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; and

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

## **1.13. Leases**

### **1.13.1. 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 held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability is 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, equipment or intangibles. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

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Finance charges are charged directly to surplus or deficit. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**1.13.2. Municipality as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**1.14. Property Plant and Equipment**

**1.14.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

**1.14.2. Subsequent Measurement – Cost Model**

Property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

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**1.14.3. Depreciation and Impairment**

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. 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 depreciation rates are based on the following estimated useful lives:

	<i><b>Years</b></i>		<i><b>Years</b></i>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and Equipment	2-5
Security	5	Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

**1.14.4. Derecognition**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/ (Deficit) directly in the Statement of Changes in Net Assets.

*The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 17 on property, plant and equipment:*

- *Application of the components approach in respect of infrastructure assets*
- *Review of useful life of item of PPE recognised in the annual financial statements.*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements.*

**1.15. Intangible Assets**

**1.15.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. 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.

Intangible assets are initially recognised at cost.

Where an intangible 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.

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

**1.15.2. Subsequent Measurement – Cost Model**

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

**1.15.3. Amortisation and impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer Software                      5 years

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**1.15.4. Derecognition**

Intangible assets are derecognised when the asset is disposed of 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.

*The Municipality has elected not to make use of the transitional provision of Directive 4 relating to GRAP 102 on intangible assets as the municipality is in full compliance with the requirements of this Standard.*

**1.16. Investment Property**

**1.16.1. Initial Recognition**

Investment property, which is property (land and/or buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production and/or supply of goods and services, or the sale of an asset in the ordinary course of operations.

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

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

**1.16.2. Subsequent Measurement – Fair value Model**

Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every four years, valuations by external independent valuers. Any gain or loss arising from change in the fair value of the investment property is included in surplus or deficit for the period in which it arises.

*The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 16 on investment property:*

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- The entire standard to the extent that the property is accounted for in terms of GRAP 17.
- Disclosure of the fair value of investment property if the cost model is applied.

**1.17. Non-Current Assets Held for Sale**

**1.17.1. Initial Recognition**

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

**1.17.2. Subsequent Measurement**

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

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

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

**1.18. Inventories**

**1.18.1. Initial Recognition**

Inventories consist of 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 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.

**1.18.2. 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.

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 first-in-first-out (FIFO) method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

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.

## **1.19. Financial Instruments**

### **1.19.1. Initial recognition and measurement**

Financial instruments are recognised initially when the municipality becomes a party to the contractual provision of the instruments.

The municipality classifies financial instruments or their components, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

### **1.19.2. Subsequent Measurement**

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in value being included in surplus or deficit for the period.

Net gains and losses on the financial instruments at fair value through surplus or deficit exclude dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Amortised cost refers to the initial carrying amount, plus interest less repayments.

Held to maturity investments are subsequently measured at amortised cost, using the effective interest method less accumulated impairment losses.

Available for sale financial assets are subsequently measured at fair value. This excludes investments in residual interests for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. Amortised cost refers to the initial carrying amount, plus interest and less repayments.

### **1.19.3. Fair value determination**

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The fair value of quoted investments is based on current bid prices.

### **1.19.4. Impairment of financial assets**

At each reporting date the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that the financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the effective interest rate computed at initial recognition.

An impairment of trade receivables, long term receivables and other receivables is accounted for by reducing the carrying amount through use of an allowance account (provision for debt impairment account), and the amount of the loss is recognised in surplus or deficit within operating expenses.

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**1.19.5. Available-for-sale financial assets**

Available-for-sale financial assets are initially and subsequently measured at fair value.

Gains and losses arising from changes in fair value of an available for sale financial asset are recognised in net assets until the asset is disposed of or determined to be impaired.

**Financial Assets**

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Investment in Short term Fixed Deposits included in Cash and Cash Equivalents
- Long-term Receivables
- Trade Receivables
- Other Receivables
- Unpaid conditional grants and receipts
- Cash and Cash Equivalents

The Financial Assets of the municipality are presently classified as follows into two categories:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Available for sale
Investments in Short term Fixed Deposits	Loans and receivables
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Unpaid conditional grants and receipts	Loans and receivables
Bank Balances and Cash	Loans and receivables

**Financial Liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Provisions
- Payables
- Bank Overdraft
- Current Portion of Long-term Liabilities
- Consumer Deposits
- Finance lease liabilities

Financial liabilities are not measured at fair value through profit or loss therefore measured as "other financial liabilities".

**Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus and deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue, all outstanding amounts in respect of indigents) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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An impairment of trade receivables is accounted for by reducing the carrying amount of the asset through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

**Consumer Debtors** are stated at cost less a provision for bad debts. The provision is made by assessing the recoverability of consumer debtors collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

#### **Trade Payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are highly measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Bank overdraft**

Bank overdrafts are recorded based on the facility utilised. Finance charges on the 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.

#### **Borrowings / Long term liabilities**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

#### **Accrued Leave Pay**

Liability for annual leave is recognised as it accrues to employees. Provision is based on the total accrued leave days at year-end.

#### **Unutilised Conditional Grants**

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested 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.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

#### **1.19.6. Derecognition**

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**Financial assets**

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

- the rights to receive cash or cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay under a “pass-through” arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

*The requirement that financial assets and liabilities (previously instruments) should initially be measured at fair value has been exempted in terms of General notice 552 of 2007.*

**1.20. Value Added Tax**

The Municipality accounts for Value Added Tax on revenue and expenditure on the cash basis.

**1.21. Impairment of Tangible and Intangible Assets**

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

**1.22. Revenue from Exchange Transactions**

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

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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Revenue from the sale of electricity and water prepaid meter cards are recognised at the point of sale.

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

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

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.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

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

- The municipality has transferred to the buyer 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.
- The amount of revenue can be measured reliably.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from public contributions 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 is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

#### **1.23. Revenue from non-exchange transactions**

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

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

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Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

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.

**Conditional Grants and Receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.24. Related parties**

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arm's length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the municipality.

**1.25. 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 the 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.

**1.26. 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), and the Public Office Bearers Act (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.

**1.27. Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would 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.

**1.28. Other Exemptions Taken not Elsewhere Disclosed in This Policy**

*The Municipality has elected to make use of the following additional transitional provision of Directive 4:*

- *Classification, measurement and disclosure of non-current assets held for sale.*

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**NOTES TO THE FINANCIAL STATEMENTS**

	2010 R	2009 R
<b>2 NETT ASSET RESERVES</b>		
RESERVES	187 635 069	148 088 969
Capital Replacement Reserve	36 340 353	32 992 064
Capitalisation Reserve	28 811 377	31 522 164
Government Grant Reserve	122 483 340	83 574 741
<b>Total Nett Asset Reserve Assets and Liabilities</b>	<b>187 635 069</b>	<b>148 088 969</b>
<b>3 LONG-TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	44 119 493	47 092 732
Less : Current portion transferred to current liabilities	(1 653 333)	(1 570 939)
<b>Total External Loans - At amortised cost</b>	<b>42 466 159</b>	<b>45 521 793</b>
The municipality has not defaulted on any of the long term liability payments.		
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:		
1) Extension - Municipal Offices	288 000	288 000
2) Vehicle Testing Station	298 000	298 000
3) Paving	157 000	157 000
4) Electrification - Industrial Area	40 000	40 000
	<b>783 000</b>	<b>783 000</b>
The outstanding amounts on the above loans are.	<b>487 915</b>	<b>513 093</b>
Debtors to the value of R 2 500 000 is ceded to the Development Bank of South Africa as security for the following loans: (Loan WC 13452)		
1) Bulk Water Supply	2 301 237	2 301 237
2) Moveable Assets	150 000	150 000
3) Infrastructure Development	3 065 550	3 065 550
	<b>5 516 787</b>	<b>5 516 787</b>
The outstanding amounts on the above loans are.	<b>2 621 553</b>	<b>2 891 449</b>
Debtors to the value of R 650 000 is ceded to the Development Bank of South Africa as security for the following loans: (Loan WC 13586)		
1) Moveable Assets	390 000	390 000
2) Infrastructure Development	1 080 000	1 080 000
	<b>1 470 000</b>	<b>1 470 000</b>
The outstanding amounts on the above loans are.	<b>488 350</b>	<b>534 860</b>
<b>4 FINANCIAL LEASE LIABILITY</b>		
Capitalised Lease Liability - At amortised cost	304 894	488 816
Less : Current portion transferred to current liabilities	(228 454)	(178 631)
<b>Total Financial Lease Liability - At amortised cost</b>	<b>76 440</b>	<b>310 185</b>
The obligations under finance leases are scheduled below:		
	<b>Minimum</b>	<b>lease payments</b>
Amounts payable under finance leases:		
Payable within one year	254 728	178 631
Payable within two to five years	80 302	200 710
	335 030	379 341
Less: Future finance obligations	30 135	5 274
<b>Present value of lease obligations</b>	<b>304 894</b>	<b>374 067</b>
Less: Amounts due for settlement within 12 months	(228 454)	(178 631)
<b>Amount due for settlement after 12 months</b>	<b>76 440</b>	<b>195 436</b>
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.		
Leases are secured by property, plant and equipment. - Note 13		
The municipality has not defaulted on any of the financial lease liability payments.		
<b>5 NON-CURRENT PROVISIONS</b>		
Rehabilitation of Landfill-sites	3 651 376	3 342 318
<b>Total</b>	<b>3 651 376</b>	<b>3 342 318</b>
Opening balance	3 645 369	3 600 540
Contribution for the year	309 059	44 829
	3 954 428	3 645 369
Less: Transfer of current portion to current provisions - Note 8	(303 051)	(303 051)
<b>Closing balance</b>	<b>3 651 376</b>	<b>3 342 318</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**6 EMPLOYEE BENEFITS**

	2010 R	2009 R
Accumulated leave Accrual	6 027 149	5 503 602
Performance Bonus	423 198	338 849
Annual Bonus Accrual	2 606 918	2 266 609
Long Service Awards	4 016 492	3 633 984
Post Retirement Medical	28 165 670	23 903 360
Provision for Backpay	889 778	
	<b>42 129 204</b>	<b>35 646 405</b>

Less: Transfer of current portion to current provisions

Accumulated leave Accrual	6 027 149	5 503 602
Performance Bonus	423 198	338 849
Annual Bonus	2 606 918	2 266 609
Long Service Awards	462 935	271 478
Post Retirement Medical	942 528	837 372
Provision for Backpay	889 778	
Current Portion	<b>11 352 505</b>	<b>9 217 911</b>

Non Current Portion

	<b>30 776 699</b>	<b>26 428 494</b>
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	Balance at beginning of year	Charged against Statement of Financial Performance	Payments made	Balance at end of year
<b>30 June 2010</b>				
Accumulated leave	5 503 602	999 918	(476 371)	6 027 149
Performance Bonus	338 849	434 373	(350 025)	423 198
Annual Bonus	2 266 609	5 190 121	(4 849 813)	2 606 918
Long Service Awards	3 633 984	653 986	(271 478)	4 016 492
Post Retirement Medical	23 903 360	5 099 682	(837 372)	28 165 670
Provision for Backpay		889 778		889 778
<b>Total</b>	<b>35 646 405</b>	<b>13 267 858</b>	<b>(6 785 059)</b>	<b>42 129 204</b>

	Balance at beginning of year	Charged against Statement of Financial Performance	Payments made	Balance at end of year
<b>30 June 2009</b>				
Accumulated leave	4 705 086	1 344 672	(546 156)	5 503 602
Performance Bonus	336 350	362 955	(360 456)	338 849
Annual Bonus	1 951 325	4 000 687	(3 685 403)	2 266 609
Long Service Awards	3 443 004	567 997	(377 017)	3 633 984
Post Retirement Medical	22 336 903	2 333 989	(767 532)	23 903 360
<b>Total</b>	<b>32 772 668</b>	<b>8 610 300</b>	<b>(5 736 564)</b>	<b>35 646 405</b>

**Other defined benefit plan information**

**Post Employment Health Care Benefits**

The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	173	142
Continuation members (e.g. retirees, widows)	45	46
<b>Total</b>	<b>218</b>	<b>188</b>

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

In-service members	15 153 335	12 079 972
Continuation members	13 012 335	11 823 388
<b>Total</b>	<b>28 165 670</b>	<b>23 903 360</b>

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	2010 R	2009 R
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes: Bonitas; Hosmed LA Health Munimed, and SAMWU Medical Aid		
The Future-service Cost for the ensuing year is estimated to be	1 412 903	1 097 399
Interest- Cost for the next year is estimated to be	2 554 745	2 155 885
<b>Amounts recognised in Statement of Financial Position</b>		
Present value of fund obligations	28 165 670	23 903 360
Fair value of plan assets	-	-
<b>Net liability / (asset)</b>	<b>28 165 670</b>	<b>23 903 360</b>
<b>Amounts recognised in Statement of Financial Performance</b>		
Current service cost	1 097 399	1 040 792
Interest Cost	2 155 885	2 374 971
Actuarial (gains) / losses	1 846 398	(1 081 774)
	<b>5 099 682</b>	<b>2 333 989</b>
<b>Reconciliation of present value of defined benefit obligation:</b>		
Present value of fund obligation at the beginning of the year	23 903 360	22 336 903
Amounts recognised in Statement of Financial Performance	5 099 682	2 333 989
Benefits Paid	(837 372)	(767 532)
Present value of fund obligation at the end of the year	<b>28 165 670</b>	<b>23 903 360</b>
<b>Key assumptions used:</b>		
Discount rate	9.22%	9.18%
Health Care Cost Inflation Rate	7.27%	7.81%
Net Effective Discount Rate	1.82%	1.27%
<b>Sensitivity analysis</b>		
The effect of a one percent movement in the assumed rate of Health Care Cost Inflation is as follows:		
	Amount	Percentage Change
<b>Increase</b>		
Effect on the aggregate of the Current-Service and Interest cost	3,787,200	16.00%
Effect on the Defined Benefit Obligation	32 297 000	15.00%
<b>Decrease</b>		
Effect on the aggregate of the Current-Service and Interest cost	2,818,700	-13.00%
Effect on the Defined Benefit Obligation	24 758 000	-12.00%
<b><u>Provision for Long Service Awards</u></b>		
The Long Service Awards plans are defined benefit plans. As at year end, 650 employees were eligible for Long Service Bonuses.		
The liability in respect of Long Service Awards has been estimated to be as follows:	<b>4 016 492</b>	<b>3 663 984</b>
The Future-service Cost for the ensuing year is estimated to be	495,974	431 007
Interest- Cost for the next year is estimated to be	342,126	322 054
<b>Amounts recognised in Statement of Financial Position</b>		
Present value of fund obligations	4 016 492	3 663 984
Fair value of plan assets	-	-
<b>Net liability / (asset)</b>	<b>4 016 492</b>	<b>3 663 984</b>
<b>Amounts recognised in Statement of Financial Performance</b>		
Current service cost	431 007	475 146
Interest Cost	322 054	357 673
Actuarial (gains) / losses	(99 075)	(264 822)
	<b>653 986</b>	<b>567 997</b>
<b>Reconciliation of present value of defined benefit obligation:</b>		
Present value of fund obligation at the beginning of the year	3 633 984	3 443 004
Amounts recognised in Statement of Financial Performance	653 986	567 997
Benefits Paid	(271 478)	(377 017)
Present value of fund obligation at the end of the year	<b>4 016 492</b>	<b>3 633 984</b>

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2010 R	2009 R
<b>Key assumptions used:</b>		
Discount rate	9.03%	9.20%
General Salary Inflation Rate	6.40%	6.61%
Net Effective Discount Rate	2.47%	2.43%

**7 CONSUMER DEPOSITS**

Municipal Services	4 942 210	4 598 639
<b>Total Consumer Deposits</b>	<b>4 942 210</b>	<b>4 598 639</b>

The fair value of consumer deposits approximate their carrying value.

**8 PROVISIONS**

Provision for SALA Pension Fund	956 670	747 765
Accrued Contribution	634 110	531 913
Accrued Interest	322 560	215 852
Provision-Contribution to CJPF	468 952	-
Accrued Contribution	468 952	-
Accrued Interest	-	-
Current portion of rehabilitation of landfill sites provision - Note 5	303 051	303 051
<b>Total Provisions</b>	<b>1 728 673</b>	<b>1 050 816</b>

The movement in current provisions are reconciled as follows: -

	<u>Current portion Landfill Site</u>	<u>Cape Joint Pension</u>	<u>SALA Pension Fund</u>
Balance at beginning of year	303 051		747 765
Transfer from non-current	-		
Contributions to provision	-	352 542	208 905
Expenditure incurred	-		
<b>Balance at end of year</b>	<b>303 051</b>	<b>352 542</b>	<b>956 670</b>

**9 TRADE PAYABLES**

**Sundry Payables: Exchange transactions**

Trade payables	23 067 060	22 553 959
Income received in advance	3 221 154	2 387 735
Insurance Claims	-	430 707
Suspense	-	235 502
Retentions and Guarentees	225 978	166 747
Deposits: Other	1 649 928	1 498 457
<b>Total Creditors</b>	<b>28 164 119</b>	<b>27 273 107</b>

Payables being paid within 30 days are being recognised net of discounts.

The municipality has not defaulted on any of the trade payable payments.

**10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

***Conditional Grants from other spheres of Government***

Unspent Grants	10 364 866	5 089 927
Less: Grants receivable	10 710 805	1 505 566
<b>Total Conditional Grants and Receipts</b>	<b>(345 939)</b>	<b>3 584 362</b>

See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised (Note 26).

**11 VAT PAYABLE**

<b>4 525 626</b>	<b>2 747 293</b>
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

**12 SHORT-TERM LOANS**

The Municipality has no short term loans

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**13 PROPERTY, PLANT AND EQUIPMENT**

**30 June 2010**

<b>Reconciliation of Carrying Value</b>	<b><u>Land and Buildings</u></b>	<b><u>Infrastructure</u></b>	<b><u>Community</u></b>	<b><u>Leased Assets</u></b>	<b><u>Other</u></b>	<b><u>Work in Progress</u></b>	<b><u>Total</u></b>
	<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>		<b>R</b>
<b>Carrying values at 1 July 2009</b>	<b>68 618 906</b>	<b>172 108 417</b>	<b>62 281 979</b>	<b>442 103</b>	<b>53 550 386</b>		<b>357 001 791</b>
<b>Cost</b>	111 879 571	239 312 996	77 129 323	785 811	87 844 271		516 951 971
<b>Accumulated depreciation</b>	(43 260 665)	(67 204 579)	(14 847 343)	(343 708)	(34 293 885)		(159 950 180)
Acquisitions	23 928 549	43 020 920	2 948 194	41 373	5 461 067	390 760	75 790 863
Transfers	-	5 739 000	64 961		(5 803 961)		-
Depreciation **	(2 689 096)	(12 346 485)	(1 339 084)	(207 431)	(5 401 592)		(21 983 688)
Carrying value of disposals	(9 307 281)	(2 225)	-	-	(2 396 607)		(11 706 113)
Cost/revaluation	(19 540 000)	(2 849)			(3 393 180)		(22 936 029)
Accumulated depreciation	10 232 719	624			996 573		11 229 916
<b>Carrying values at 30 June 2010</b>	<b>80 551 078</b>	<b>208 519 626</b>	<b>63 956 050</b>	<b>276 044</b>	<b>45 409 294</b>	<b>390 760</b>	<b>399 102 853</b>
<b>Carrying values at 30 June 2010</b>	<b>80 551 078</b>	<b>208 519 627</b>	<b>63 956 050</b>	<b>276 044</b>	<b>45 409 294</b>		<b>399 102 853</b>
<b>Cost</b>	116 268 120	288 966 313	80 153 045	827 184	83 201 384	390 760	569 806 806
<b>Accumulated depreciation</b>	(35 717 042)	(80 446 687)	(16 196 994)	(551 139)	(37 792 090)		(170 703 952)

**30 June 2009**

<b>Reconciliation of Carrying Value</b>	<b><u>Land and Buildings</u></b>	<b><u>Infrastructure</u></b>	<b><u>Community</u></b>	<b><u>Leased Assets</u></b>	<b><u>Other</u></b>		<b><u>Total</u></b>
	<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>		<b>R</b>
<b>Carrying values at 1 July 2008</b>	<b>71 731 847</b>	<b>153 451 906</b>	<b>61 480 314</b>	<b>81 502</b>	<b>49 664 549</b>		<b>336 410 119</b>
<b>Cost</b>	116 024 190	209 404 240	75 027 707	226 600	79 160 928		479 843 665
<b>Accumulated depreciation</b>	(44 292 343)	(55 952 334)	(13 547 393)	(145 098)	(29 496 379)		(143 433 547)
Acquisitions	4 893 381	29 908 756	2 101 616	559 211	8 754 564		46 217 527
Depreciation	(3 117 149)	(11 252 245)	(1 299 950)	(198 610)	(4 845 347)		(20 713 301)
Carrying value of disposals	(4 889 174)	-	-	-	(23 380)		(4 912 554)
Cost/revaluation	(9 038 000)	-	-	-	(71 221)		(9 109 221)
Accumulated depreciation	4 148 826	-	-	-	47 841		4 196 667
<b>Carrying values at 30 June 2009</b>	<b>68 618 906</b>	<b>172 108 417</b>	<b>62 281 979</b>	<b>442 103</b>	<b>53 550 386</b>		<b>357 001 791</b>
<b>Carrying values at 30 June 2009</b>	<b>68 618 906</b>	<b>172 108 417</b>	<b>62 281 979</b>	<b>442 103</b>	<b>53 550 386</b>		<b>357 001 791</b>
<b>Cost</b>	111 879 571	239 312 996	77 129 323	785 811	87 844 271		516 951 971
<b>Accumulated depreciation</b>	(43 260 665)	(67 204 579)	(14 847 343)	(343 708)	(34 293 885)		(159 950 180)

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**13 PROPERTY, PLANT AND EQUIPMENT (continued)**

The leased property, plant and equipment is secured as set out in Note 4.

The Municipality has taken advantage of the transitional provisions set out in GRAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise will be completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.**

- Property, Plant and Equipment (GRAP 17) Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Property, Plant and Equipment (GRAP 17) Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GRAP 17) Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Property, Plant and Equipment (GRAP 17) Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]
- Impairments of Assets (AC 128) Entire Standard
- Intangible Assets (GRAP 102) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432).

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2010**  
**R**

**2009**  
**R**

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

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.**

- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100) Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]

**15 INVESTMENT PROPERTY**

<b>Cost</b>	18 008 000	18 008 000
<b>Balance 30 June 2009</b>	18 008 000	17 896 000
Acquisitions for the year - At cost	-	112 000
<b>Less: Accumulated Depreciation</b>	32 521	30 021
<b>Balance 30 June 2009</b>	30 021	27 521
Depreciation for the year	2 500	2 500
<b>Total Investment Properties</b>	<b>17 975 479</b>	<b>17 977 979</b>

The fair value of the investment properties has not been determined in terms of the exemption in terms of the transitional provisions.

Revenue to the amount of R Nil was earned from the Investment Properties, which is a return of nil %.

**16 INTANGIBLE ASSETS**

<b>Cost</b>	1 740 126	1 416 674
<b>Balance 30 June 2009</b>	1 416 674	612 421
Acquisitions for the year - At cost	323 452	804 253
<b>Less: Accumulated Amortisation</b>	596 099	303 924
<b>Balance 30 June 2009</b>	303 924	109 101
Amortisation for the year	292 174	194 823
<b>Total Intangible Assets</b>	<b>1 144 027</b>	<b>1 112 750</b>

**Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.**

- Intangible Assets (GRAP 102) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432).

**17 BIOLOGICAL ASSETS**

The Municipality has no biological assets

**18 INVESTMENTS**

**Financial Instruments**

**Listed**

Sanlam Shares held at fair value, available for sale 270 shares

<b>Total Investments</b>	6 318	4 685
	<b>6 318</b>	<b>4 685</b>

The marker value per share at year end

**23.40**      **17.35**

**19 LONG-TERM RECEIVABLES**

Provincial Government Housing Loans - At amortised cost	3 008 103	2 924 766
Provincial Government Library Services	-	3 898 905
Staff Study loans - At amortised cost	165 472	115 644
Services connections - At amortised cost	523 498	474 581
Land Sales - At amortised cost	581 897	619 789
Agreements with Consumer Debtors	8 970 408	9 612 187
	<b>13 249 380</b>	<b>17 645 873</b>
<b>Less: Provision for debt impairment</b>	<b>(9 549 975)</b>	<b>(13 937 538)</b>
Provincial Government Library Services	-	(3 898 905)
Land Sales - At amortised cost	(579 566)	(426 446)
Agreements with Consumer Debtors	(8 970 408)	(9 612 187)
	<b>3 699 405</b>	<b>3 708 334</b>
<b>Less : Current portion transferred to current receivables</b>	<b>(1 984 451)</b>	<b>(2 542 374)</b>
<b>Total</b>	<b>1 714 954</b>	<b>1 165 960</b>

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**20 INVENTORY**

	2010 R	2009 R
Consumable Stores - Stationery and materials	10 552 658	8 634 622
Water - At cost	53 898	-
Compost - At cost	12 625	-
<b>Total Inventory</b>	<b>10 619 181</b>	<b>8 634 622</b>

Consumable stores will be utilised by the municipality in their daily operations and is recorded at cost

**21 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Water	5 677 673	4 002 621
Electricity	11 273 773	8 718 839
Housing Rentals	634 764	710 271
Refuse	2 122 524	2 691 030
Sanitation	2 689 306	3 456 222
Other Arrears	1 331 387	1 429 153
Prepaid Expenses	293 090	-
<b>Total : Trade receivables from exchange transactions</b>	<b>24 022 517</b>	<b>21 008 136</b>
Less: Provision for debt impairment	(7 202 649)	(8 408 032)
Water	(2 090 108)	(2 131 195)
Electricity	(1 071 098)	(970 878)
Housing Rentals	(578 353)	(664 771)
Refuse	(1 153 193)	(1 644 115)
Sanitation	(1 505 531)	(2 112 182)
Other Arrears	(804 366)	(884 892)
<b>Total</b>	<b>16 819 867</b>	<b>12 600 103</b>
Debtor accounts written off during the year:	<b>11 371 064</b>	<b>4 148 495</b>

The carrying amount of trade and other receivables approximate their fair value, due to their short term maturity.

Trade receivables are secured by consumer deposits.

<b>4 942 210</b>	<b>4 598 639</b>
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**(Electricity, Water, Refuse, Sanitation and Other): Ageing**

Current (0 – 30 days)	12 550 404	9 794 812
31 - 60 Days	3 508 378	1 670 234
61 - 90 Days	959 318	997 142
+ 90 Days	7 004 417	8 545 948
<b>Total</b>	<b>24 022 517</b>	<b>21 008 135</b>

**Summary of Debtors by Customer Classification**

**30 June 2010**

	<b>Residential</b>	<b>Industrial/ Commercial</b>	<b>National and Provincial Government</b>
	R	R	R
Current (0 – 30 days)	3 298 816	8 594 462	657 126
31 - 60 Days	950 479	2 504 690	53 209
61 - 90 Days	735 227	200 291	23 800
+ 90 Days	5 624 810	1 222 458	157 149
Sub-total	10 609 331	12 521 901	891 285
Less: Provision for debt impairment	(6 027 523)	(1 028 416)	(146 710)
<b>Total debtors by customer classification</b>	<b>4 581 808</b>	<b>11 493 485</b>	<b>744 575</b>

**30 June 2009**

	R	R	R
Current (0 – 30 days)	3 016 455	6 734 717	43 640
31 - 60 Days	1 024 143	644 512	1 578
61 - 90 Days	741 999	253 778	1 364
+ 90 Days	7 251 389	1 254 644	39 915
Sub-total	12 033 986	8 887 652	86 498
Less: Provision for debt impairment	(7 325 150)	(1 060 620)	(22 262)
<b>Total debtors by customer classification</b>	<b>4 708 836</b>	<b>7 827 031</b>	<b>64 236</b>

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

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**22 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	2010 R	2009 R
Taxes - Rates	4 774 374	4 060 952
Availability Charges	2 613 581	2 143 205
Accrued Interest	1 375 658	-
Other Debtors	393 836	669 454
<b>Other Receivables from Non-Exchange Transactions</b>	<b>9 157 449</b>	<b>6 873 612</b>
Less: Provision for debt impairment	(5 296 235)	(4 362 685)
Taxes - Rates	(3 015 375)	(2 516 923)
Availability Charges	(2 248 759)	(1 823 571)
Other Debtors	(32 101)	(22 192)
<b>Total</b>	<b>3 861 214</b>	<b>2 510 927</b>

**Rates: Ageing**

Current (0 – 30 days)	1 305 865	1 114 764
31 - 60 Days	268 340	220 236
61 - 90 Days	107 688	122 629
+ 90 Days	3 092 482	2 603 323
<b>Total</b>	<b>4 774 374</b>	<b>4 060 952</b>

**Availability Charges: Ageing**

Current (0 – 30 days)	172 507	134 444
31 - 60 Days	74 705	72 646
61 - 90 Days	63 545	57 946
+ 90 Days	2 302 825	1 878 169
<b>Total</b>	<b>2 613 581</b>	<b>2 143 205</b>

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.

The fair value of other receivables approximate their carrying value.

**PROVISION FOR DEBT IMPAIRMENT**

Balance at beginning of year	26 708 255	24 442 631
Charged against Statement of Financial Performance	6 711 667	6 414 120
Amounts written off	-11 371 064	-4 148 495
<b>Balance at end of year</b>	<b>22 048 859</b>	<b>26 708 255</b>

**23 CASH AND CASH EQUIVALENTS**

**Assets**

Call Investment Deposits	75 000 000	92 146 276
Primary Bank Account	2 274 074	3 949 482
Cash Floats	8 217	7 507
<b>Total Cash and Cash Equivalents - Assets</b>	<b>77 282 291</b>	<b>96 103 264</b>

The effective interest rate was 7.82% (2009: 6.98%).

**The Municipality has the following bank accounts: -**

**Current Account (Primary Bank Account)**

ABSA - Account Number 1050000008 (Primary Account)	2 363 202	8 467 487
ABSA - Account Number 4062728351	850	3 100
	<b>2 364 052</b>	<b>8 470 587</b>

Cash book balance at beginning of year	3 949 482	17 575 502
Cash book balance at end of year	2 274 074	3 949 482

Bank statement balance at beginning of year - (overdrawn)	8 470 587	30 105 298
Bank statement balance at end of year - (overdrawn)	2 364 052	8 470 587

**The Municipality has the following investments: -**

Nedbank - Account Number 18662451/9998	-	31 974
Nedbank - Account Number 03/7881034971/000008	25 000 000	31 277 260
Standard bank - Account Number 288478061-001	30 000 000	30 590 301
ABSA - Account Number 20 6978 9534	20 000 000	30 246 740
	<b>75 000 000</b>	<b>92 146 276</b>

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2010 R</b>	<b>2009 R</b>
Amount ringfenced in investments -Fixed and Call- Accounts in order to fund the Capital Replacement Reserve	36 340 353	32 992 064
Amount ringfenced in investments -Fixed and Call- Accounts- in order to fund the Unspent Conditional Grants	10 364 866	5 089 927
The effective interest rate was 6.98% (2009: 6.98%).		
Investments made to serve as collateral security for staff housing loans.	-	31 974

**24 PROPERTY RATES**

**Actual**

Property Rates Levied	29 309 675	25 924 823
Less: Income Foregone	(6 839 329)	(5 601 124)
<b>Total Assessment Rates</b>	<b>22 470 346</b>	<b>20 323 699</b>

**Valuations**

	<b><u>01 July 2009</u></b>	<b><u>01 July 2008</u></b>
Taxable properties	6 015 464 730	5 946 719 730
<b>Total Property Valuations</b>	<b>6 015 464 730</b>	<b>5 946 719 730</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2007. The basic rate was 0,96 sent per Rand on land and buildings (2008/2009 = 0,89c/R). There are 16 689 properties of which 13501 are residential. Pensioners qualify for discounts of 40%

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate on outstanding monthly instalments.

**25 SERVICE CHARGES**

Sale of electricity	154 145 359	118 556 472
Sale of Water	26 830 115	20 814 939
Waste Management charges	12 269 343	14 813 424
Waste Water Management charges	15 571 296	11 044 307
<b>Total Service Charges</b>	<b>208 816 112</b>	<b>165 229 142</b>

**Electricity**

Units bought/generated	294 154 313	277 957 301
Units sold	272 645 176	260 178 449
Units lost in distribution	21 509 137	17 778 852
Units lost in distribution (%)	7.312%	6.396%
Cost per unit bought/generated (cents)	R 0.419	R 0.347
Loss in Distribution (at cost)	R 9 007 106	R 6 162 145

**Water**

Units bought/treated	7 264 600	7 068 340
Units sold	6 320 140	5 128 221
Units lost in distribution	944 460	1 940 119
Units lost in distribution (%)	13.001%	27.448%
Cost per unit sold (cents)	R 3.817	R 3.942
Loss in Distribution (at selling price)	R 3 605 317	R 7 647 895

**26 GOVERNMENT GRANTS AND SUBSIDIES**

**UNCONDITIONAL GRANTS**

<b>Operating Grants</b>	<b>33 363 266</b>	<b>27 025 097</b>
Equitable Share	33 363 266	27 025 097

In terms of the Constitution, this grant is an unconditional grant. The grant is primarily used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 6 kl water and indigent households receive between 20 and 50 kwh electricity free every month.

**CONDITIONAL GRANTS**

<b>Operating Grants</b>	<b>3 826 738</b>	<b>3 242 280</b>
Finance Management Grant	682 566	798 779
Municipal Systems Improvement Grant	463 477	798 232
Other	2 680 696	1 645 269

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	2010 R	2009 R
<b>Capital Grants</b>	<b>42 839 468</b>	<b>19 934 862</b>
Municipal Infrastructure Grant	14 776 257	7 669 165
Housing Grant	24 039 425	10 713 700
Finance Management Grant	398 925	
Municipal Systems Improvement Grant	439 027	
Other	3 185 834	1 551 997
<b>Total Government Grants and Subsidies</b>	<b>80 029 472</b>	<b>50 202 239</b>

(See Appendix "F" for a reconciliation of all grants).

**27 OTHER INCOME**

Administration Cost	110 533	106 306
Availability Fees	2 032 000	1 675 164
Building Plans	466 362	747 250
Cemetery Plots	233 488	228 962
Cleaning Erven	557	-
Commission	114 857	98 350
Compost	19 586	51 502
Connection Costs	1 654 898	2 298 504
Contribution Bulk Services	609 994	1 439 104
Dumping at Landfill Site	367 195	353 933
Development Levies	17 010	62 933
Fire Fighting Charges	39 875	37 288
Hawker Plots	17 377	27 386
Insurance Claims	1 187 129	
Opening & Closing	5 828	9 264
Photostats	61 832	44 836
Plan copies	311	728
Planning Applications	140 951	181 831
Planning Encroachments	9 899	5 845
Previous years corrections	133 004	212 243
Private Work	16 235	13 479
Reconnections	251 684	302 864
Recycling-material Library	10 307	-
Refuse Bags	2 791	2 075
Repairs	231 094	178 580
Repairs - Private	13 772	39 046
Search Fees	-	83
Subdivisions	6 285	10 950
Sundry Income	320 027	770 827
Surplus Cash	9 705	2 442
Tanker	520 647	1 051 509
Transfer Cost	132 130	59 337
Valuation Certificates	49 750	42 304
Housing Income		1 534 908
<b>Total Other Income</b>	<b>8 787 112</b>	<b>11 589 830</b>

**28 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	62 645 302	50 759 473
Employee related costs - Contributions for UIF, pensions and medical aids	13 663 660	12 255 997
Travel, motor car, accommodation, subsistence and other allowances	3 875 801	4 119 944
Housing benefits and allowances	598 794	769 920
Overtime Payments	4 127 946	3 067 597
Bonus	5 624 495	4 783 814
Staff Leave	999 918	869 757
Contribution to employee benefits -Long Service Awards - Note 6	159 529	475 146
Contribution to employee benefits - Post Retirement Medical	1 170 313	1 075 073
<b>Total Employee Related Costs</b>	<b>92 865 759</b>	<b>78 176 721</b>

The contribution to employee benefits - Post Retirement Medical includes contributions to the provision as well as the monthly contributions to the medical schemes on behalf of the retired employees.

The Municipality pays for the medical aid of retired officials. There are currently forty six retired officials who qualify for this benefit.

**KEY MANAGEMENT PERSONNEL**

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

***MUNICIPAL MANAGER: S A MOKWENI***

From 5 April 2007

	2010 R	2009 R
Salary	623 864	525 405
Travel Allowance	143 000	153 988
Risk Allowance		
Performance Bonus	104 440	103 854
Pension	112 295	95 283
Medical Aid	19 015	16 686
Equipment Allowance		
Housing Allowance		
U.I.F.		
Entertainment Allowance		
Sundry	21 683	
Compensating Allowance		
Travelling	21 450	12 906
Subsistence	3 505	714
<b>Total</b>	<b>1 049 252</b>	<b>908 836</b>

***CHIEF FINANCIAL OFFICER: C F HOFFMANN***

From 1 June 2007

Salary	444 000	410 000
Travel Allowance	128 222	140 780
Performance Bonus	64 628	59 675
Pension	80 231	74 087
Medical Aid	23 116	21 409
Housing	57 124	
Office allowance	11 384	
Compensating Allowance		
Travelling	5 298	10 900
Subsistence	598	1 089
<b>Total</b>	<b>814 599</b>	<b>717 940</b>

***DIRECTOR: INFRASTRUCTURE DEVELOPMENT: J DE K JOOSTE***

From 7 December 2001

Salary	425 000	346 560
Travel Allowance	156 869	158 513
Performance Bonus	58 165	59 675
Pension	102 000	83 175
Medical Contribution	32 584	29 314
Leave Payout		
Entertainment Allowance		28 715
Sundry	27 623	1 074
Compensating Allowance		
Travelling	3 307	4 434
Subsistence	391	115
<b>Total</b>	<b>805 938</b>	<b>711 575</b>

***DIRECTOR: COMMUNITY DEVELOPMENT : M J MHLOM***

From 1 February 2007

Salary	480 000	420 000
Travel Allowance	134 321	123 603
Housing Allowance		
Performance Bonus	58 165	59 675
Pension	86 400	75 600
Medical Contribution	15 919	13 421
Equipment Allowance	12 545	7 144
Office Allowance	14 891	6 509
Entertainment Allowance		
Sundry		
Compensating Allowance		
Travelling	5 742	2 462
Subsistence	3 204	2 717
<b>Total</b>	<b>811 187</b>	<b>711 131</b>

***DIRECTOR: CORPORATE SERVICES: A W J EVERSON***

From 1 June 2007

Salary	488 625	416 800
Travel Allowance	133 138	125 613
Performance Bonus	64 628	77 577
Pension	87 952	75 024
Medical Contribution	25 445	22 349
Leave Payout		24 857
Equipment Allowance	541	6 491
Office Allowance	8 917	
Compensating Allowance		
Travelling	6 911	15 463
Subsistence	1 873	813
<b>Total</b>	<b>818 029</b>	<b>764 987</b>

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b><i>DIRECTOR: STRATEGIC SERVICES AND ECONOMIC DEVELOPMENT: P R ESAU</i></b>		
From 1 October 2006		
Salary		104 103
Travel Allowance		39 186
Leave Payout		11 668
Sundry		21 442
<b>Total</b>	<b>-</b>	<b>176 399</b>

**29 REMUNERATION OF COUNCILLORS**

***EXECUTIVE MAYOR: S J NGONYAMA***

Allowance	353 816	365 056
Transport	138 752	129 674
Telephone/Cell phone	17 100	15 984
Pension fund	53 072	36 571
Housing	9 367	6929
U.I.F.	1 123	125.2
	<b>573 231</b>	<b>554 339</b>

***DEPUTY EXECUTIVE MAYOR: C J GROOTBOOM***

Allowance	320 580	289 852
Transport	63 645	103 739
Telephone/Cell phone	17 100	15 984
Pension fund	48 087	28 469
Sundry		5 178
Housing	11 692	
U.I.F.	1 123	125
Compensating Allowance		
Subsistence		213
	<b>462 228</b>	<b>443 560</b>

***SPEAKER: M W H DU PREEZ***

Allowance	333 004	311 219
Transport	111 001	103 739
Telephone/Cell phone	17 100	15 984
U.I.F.	1 123	125
Compensating Allowance		
Travelling		858
Subsistence	628	1 446
	<b>462 856</b>	<b>433 371</b>

***MEMBER OF EXECUTIVE MAYORAL COMMITTEE: O SIMPSON***

Allowance	265 363	271 910
Transport	104 064	97 255
Telephone/Cell phone	17 100	15 984
Pension fund	39 804	26 946
Housing	7 023	4 737
U.I.F.	1 123	125
	<b>434 477</b>	<b>416 957</b>

***MEMBER OF EXECUTIVE MAYORAL COMMITTEE: E J VOLLENHOVEN***

From 10 August 2007		
Allowance	265 363	275 048
Transport	93 291	92 685
Telephone/Cell phone	17 100	15 984
Pension fund	39 804	26 946
Medical aid	13 792	5 733
Housing	3 773	3806
U.I.F.	1 123	125.2
Compensating Allowance		
Travelling	1 745	
Subsistence	4 267	
	<b>440 259</b>	<b>420 327</b>

***OTHER COUNCILLORS***

Allowance	1 632 044	1 589 306
Transport	589 202	563 839
Telephone/Cell phone	158 875	149 927
Pension fund	162 888	99 349
Medical aid	57 956	45 887
Housing	18 823	10 906
Compensating Allowance		
Travelling	612	2 486
Subsistence	2 022	479
	<b>2 622 422</b>	<b>2 462 179</b>

**Total Councillors' Remuneration**

<b>4 995 472</b>	<b>4 730 734</b>
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***In-kind Benefits***

The Executive Mayor, Deputy Executive Mayor, Mayoral Committee members and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

NOTES TO THE FINANCIAL STATEMENTS	2010 R	2009 R
<b>30 INTEREST PAID</b>		
Long-term liabilities	5 563 727	6 148 436
Employee benefits	2 477 939	2 732 644
<b>Total Interest on External Borrowings</b>	<b>8 041 666</b>	<b>8 881 080</b>
<b>31 BULK PURCHASES</b>		
Water	1 495 792	1 089 587
Electricity	97 211 445	70 255 304
<b>Total Bulk Purchases</b>	<b>98 707 237</b>	<b>71 344 891</b>
<b>32 GRANTS AND SUBSIDIES PAID</b>		
Free Basic Services	13 206 376	9 748 267
<b>Total Grants and Subsidies</b>	<b>13 206 376</b>	<b>9 748 267</b>
<b>33 Changes in Fair Value (Loss)</b>		
<b>34 GENERAL EXPENSES</b>		
Advertisement Cost	475 859	563 482
Audit Fees	1 530 706	1 322 671
Bake For Profit	65 836	92 197
Bank Fees	462 292	592 527
Books & Ordinances	36 678	65 974
Bouquet / Wreath	750	200
Bursaries	153 967	105 143
Catalyst	31 150	-
Cell phone	734 171	455 859
Chemicals	2 518 003	2 283 238
Cleaning Materials	84 822	89 961
Cleaning Projects	1 632	58 656
Composting	2 665	68 200
Connections	375 941	746 336
Contractors	59 000	373 141
Delegation Fees	285 388	184 416
Demolition of Buildings	-	96 949
Development Projects	217 333	166 991
Development Projects	279 021	236 146
Disinfectant	36 594	19 695
Education / Advisory Centre	49 898	10 899
Emergency Aid	6 595	15 338
Entertainment	130 030	62 510
Events	6 759	35 630
Expenditure-Grants Received	189 200	85 632
Fuel	3 847 448	3 622 319
Integrated Information System	-	110 466
IDP Forums	-	40 511
Grant-in-aid	210 075	176 185
Hiking Trails	64 672	141 301
Insurance Claims	255 529	34 263
Insurance Premiums	875 664	1 002 768
International Relations	25 141	46 325
Irrigation Taxes	11 025	10 500
Jamborees	48 417	18 323
Licenses	5 357	9 111
Licenses/Maintenance Fees	1 140 540	800 620
Machine Rent	-	19 182
Magazines en News Papers	19 978	19 210
Marketing & Branding	179 312	196 495
Medical Examinations	38 421	1 131
Membership Fees	489 198	413 432
MSIG	-	240 962
Municipal Services	9 265 448	7 688 703
Music Rights	11 138	8 286
New Graves	151 230	174 626
Out of Pocket Expenditure	211 000	-
Pauper Burials	43 663	24 986
Pest Control	1 145	1 865
Planting of trees and shrubs	41 614	32 175
Poison	2 206	6 844
Postage	755 072	1 524 746
Poverty Alleviation Projects	2 112 845	-
Previous years corrections	470	40
Printing - Annual Report	-	91 336

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**GENERAL EXPENSES (CONTINUED)**

	<b>2010 R</b>	<b>2009 R</b>
Printing - News Letter	34 461	41 582
Printing & Stationary	940 342	1 189 235
Professional Services	1 183 652	554 111
Public Participation	103 578	236
Rebate: Developers	565	302
Refreshments	193 302	174 486
Refuse Bags	508 571	521 934
Refuse Drums	15 296	12 950
Rehabilitation	414 578	390 040
Rent - Fax machine	11 540	2 522
Rent - Photostat Machine	40 025	134 352
S A B S Fees – Tests Station	11 687	10 595
Security	35 288	371 708
Services	26 430	71 684
Shop Stewards	13 582	46 097
Skills Development Expenditure	380 337	507 927
Skills Development Levy (SARS)	767 292	655 370
Spatial Development Framework	28 800	118 791
Speed Humps	-	13 528
Stationary	11 956	-
Subsidy New connections Electr	225 675	36 789
Sundry Expenditure	67 724	171 231
Telephone	1 038 010	601 793
Tests - Sewage Water	90 000	69 500
Tourism Marketing	789 118	692 171
Town Planning Cost	1 218	22 588
Traffic Signs	44 153	80 795
Training	362 696	39 902
Transfer Fees	221 614	125 080
Transport	3 003	166
Uniforms / Protective Clothing	310 775	311 720
Vacancies – Furniture Transport	41 835	19 950
Vacancies – Interview Cost	10 038	21 934
Valuation Costs	271 628	455 846
Vehicle Tracking	13 939	-
Water Tests	95 230	85 810
Web Site	28 039	29 858
Weed killer	83 961	138 985
Workman's Compensation Insurance	856 368	605 472
<b>Total General Expenses</b>	<b>36 817 201</b>	<b>32 515 543</b>

**35 CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the year	27 461 012	15 784 318
Adjustment for:-		
Depreciation	21 986 188	20 592 351
Amortisation of Intangible Assets	292 174	194 823
Loss (Gain) on disposal of property, plant and equipment	10 514 479	4 891 171
Contribution to employee benefits	6 482 799	2 873 736
Contribution to provisions	986 915	916 043
Investment income	(7 338 969)	(10 789 908)
Interest paid	8 041 666	8 881 080
<b>Operating surplus before working capital changes:</b>	<b>68 426 264</b>	<b>43 343 616</b>
(Increase)/decrease in inventories	(1 984 559)	446 575
(Increase)/decrease in receivables	(4 219 764)	(3 605 508)
(Increase)/decrease in other receivables	(1 350 287)	(267 659)
(Decrease)/increase in unspent conditional grants and receipts	5 274 939	(1 554 022)
Decrease/(increase) in unpaid conditional grants and receipts	(9 205 239)	(542 330)
Increase(decrease) in trade payables	891 012	14 610 595
(Increase)/decrease in VAT payable	1 778 333	2 479 259
<b>Cash generated by/(utilised in) operations</b>	<b>59 610 699</b>	<b>54 910 526</b>

**36 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following :

Bank balances and cash	77 282 291	68 669 312
Bank overdraft	-	-
<b>Total cash and cash equivalents</b>	<b>77 282 291</b>	<b>68 669 312</b>

**LANGEBERG MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**2010**  
**R**                      **2009**  
**R**

**37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term liabilities - Note 3	44 119 493	47 581 548
Used to finance property, plant and equipment – at cost	44 119 493	47 581 548
Total	-	-

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

**38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**UNAUTHORISED EXPENDITURE**

Reconciliation of unauthorised expenditure

Opening balance	-	
Unauthorised expenditure current year	12 459 543	
Approved by Council or condoned	(12 459 543)	
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	-	-

**The housing capital budget was exceeded.**

2 211 680                      -

Housing is priority number 1 and there are huge needs for houses in our municipal area. We have commence with building work where all projects have been approved. The Municipal Manager and Council are aware of it.

We are busy determining how many houses can be built to stay within the approved budget.

Though the Contract Agreement for the Bonnievale Housing Project was only signed in this financial year, we on approval of this project in the previous financial year started with building work.

**The corporate services operating budget was exceeded as a result of the loss on the transfer of the Gelukshoop farm. (Small farmers project)**

381 474

The Department: Environmental Affairs and Development Planning approved the rezoning application for the Silverstrand Golf and River Estate, subject to a number of conditions. Item 2.4 of the ROD stipulated the following:

*“A provision that 33 ha of medium to high potential agricultural land with water, which presently belongs to the Municipality, to be provided elsewhere for small farmers, free of charge, shall be made available through a formal contract by the Municipality”*

It was for this reason that the developer purchased the farm Gelukshoop in the Bonnievale area which was then transferred to the Municipality, free of charge, because the beneficiaries had not yet been identified. After a lengthy consultation process the farm was allocated to the Bonnievale Workers Empowerment Trust. This transfer also occurred without any cost to the Municipality.

With the acquisition of the farm from the developer and the transfer thereof at R nil to the municipality the donation was recognised as income in the statement of financial performance and the farm was included in the asset register of the municipality. The market value of the farm (price paid by the developer) was used for the abovementioned transaction in the financial records of the municipality. The transfer thereof at R nil from the municipalities to the beneficiaries, constitutes an expense (loss on disposal of asset) in terms of GRAP. As the timing of the transfer was not known at the time of compiling the budget for 2009/2010, this transaction was not included in the budget.

**The housing operating budget was exceeded as a result of the transfer of RDP houses.**

7 398 473

When new RDP houses are constructed from government grants, the government grant is recognised as income in the statement of financial performance if the conditions of the grant were met (the expenditure are incurred), and the houses is included in the asset register of the municipality. The income from this grant is then transferred in the statement of changes in net assets to the government grant reserve.

The houses are transferred to the beneficiaries at a later stage at R nil. This transaction constitutes an expense (loss on disposal of asset). This expense is then recovered in the statement of changes in net assets from the government grant reserve.

**The water operating budget was exceeded as a result of the unexpected growth in demand.**

83 054

**The electricity operating budget was exceeded as a result of the unexpected growth in demand.**

2 281 214                      -

**The workshop operating budget was exceeded as a result of the appointment of additional personnel.**

103 649

**TOTAL UNAUTHORISED EXPENDITURE**

12 459 543

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2010**  
**R**                      **2009**  
**R**

**IRREGULAR EXPENDITURE**

Reconciliation of irregular expenditure

Opening Balance	-
Irregular expenditure current year	1 443 035
Condoned or written off by Council	
Transfer to receivables for recovery – not condoned	
Irregular expenditure awaiting condonement	<u><u>1 443 035</u></u>

**Purchase of 19m³ refuse removal compactor truck from Central Motors Suid Kaap (Edms) Bpk**

1 443 035

Tender number 39 of 2009 for the supply and delivery of a 19m³ refuse removal compactor truck was awarded to Central Motors Suid Kaap (Edms) Bpk, of which the director Mr Koch indicated in the tender documents that he is a 'part-time councillor' of the Swellendam Municipality. In terms of section 44 of the Municipal Supply Chain Management Regulations and the Supply Chain Management policy the contract should not have been awarded to the company as the director is a person who is in the service of the state.

TOTAL IRREGULAR EXPENDITURE

1 443 035

**There were no other unauthorised, irregular, fruitless- or wasteful expenditure during the year.**

**39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**39.1 Contributions to organized local government**

Opening balance	-	-
Council subscriptions	486 135	410 579
Amount paid - current year	(486 135)	(410 579)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>

**39.2 Audit fees**

Opening balance	-	-
Current year audit fee	1 530 706	1 322 671
Amount paid - current year	(1 530 706)	(1 322 671)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>

**39.3 Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contributions	13 057 458	10 809 222
Amount paid - current year	(13 057 458)	(10 809 222)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>

**39.4 PAYE**

Opening balance	-	-
Current year payroll deductions and Council Contributions	7 905 050	6 908 667
Amount paid - current year	(7 905 050)	(6 908 667)
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>

**39.5 UIF**

Opening balance	-	-
Current year payroll deductions and Council Contributions	606 202	520 936
Amount paid - current year	(606 202)	(520 936)
<b>Balance unpaid (included in creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>

**39.6 Councillor's arrear consumer accounts**

There were no Councillors who were in arrears for more than 90 days during the year.

**39.7 VAT**

VAT input receivables and VAT output payables are shown in note 11. All VAT returns have been submitted by the due date throughout the year.

**39.8 Non-Compliance with Chapter 111 of the Municipal Finance Management Act**

The following purchases were made during the year from entities where persons in service

Purchases from Central Motors Suid Kaap (Edms) Bpk, of which the director Mr Koch is a 'part-time councillor' of the Swellendam Municipality.

1 443 035

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2010**  
**R**                      **2009**  
**R**

**40 CONTINGENT LIABILITY**

**LEGAL DISPUTES**

During the year a dispute arose between the municipality and a contractor (Yethu Projects (Pty) Ltd) regarding non performance in terms of the contract for the construction of low cost houses. As a result of this dispute the contractor issued a final payment certificate for R909 919 (incl. VAT). The municipality conducted its own inspection of the construction project and determined that the actual amount outstanding was R663 736 (incl. VAT) and made payment to the contractor. This payment was rejected by the contractor and the cheque was returned to the municipality. In turn the contractor then lodged a claim for an amount of R2 091 894 plus interest thereon at prime plus 0.2% via its attorneys.

The amount of R 663 736 is included in the outstanding creditors as at 30 June 2010, as it is the amount that is regarded as the true expense.

Yethu Projects (Pty) Ltd is in liquidation and the dispute will be finalised by the liquidator. Although the claim by Yethu Projects (Pty) Ltd is for R 2 091 894, it is believed that the amount payable will be between R 663 736 and R 807 759.

As this claim is finalised by the liquidator it is anticipated that no legal will be payable.

**41 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure:

- Approved and contracted for

*Infrastructure*

*Community*

*Other*

	1 700 000	11 800 000
	1 700 000	11 800 000
	-	-
	-	-

This expenditure will be financed from:

- External Loans

- Capital Replacement Reserve

- Government Grants

- Other

- District Council Grants

1 700 000      11 800 000

-                      -

-                      -

**1 700 000      11 800 000**

**42 RETIREMENT BENEFIT INFORMATION**

Some employees contribute to the Cape Joint Municipal Pension Fund or SAMWU National Provident Fund which is defined contribution funds. Some employees contribute to the South African Local Authorities Pension Fund or the Cape Joint Municipal Pension Fund which is a defined benefit 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. Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2006.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The relevant law requires every fund to do an actuarial valuation at least every three years.

	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing Members
Cape Joint Pension Fund	June 2009	3 323 529	3 102 920	2
South African Local Authorities Pension Fund	June 2009	5 022 610	4 763 630	41
Cape Joint Retirement Fund	June 2009	6 906 092	6 369 956	479
SAMWU Provident Fund (*)	June 2007	873 969	2 764 426	144
Municipal Councillors Pension Fund (**)	June 2006	737 970	1 240 342	14

NOTE (\*): From an interim valuation report.

NOTE (\*\*): June 2009 results were unavailable, results are as at 30 June 2008 from the audited financial statements

An amount of R10 498 662 (2008/9 = R 8 563 936) was contributed by Council in respect of Councillors' and employees' retirement funding. These contributions have been expensed.

**LANGEBERG MUNICIPALITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

			2010 R	2009 R
<b>43</b>	<b>COMPARISON WITH THE BUDGET</b>			
<b>43.1</b>	<b>CAPITAL BUDGET</b>	BUDGET	ACTUAL	VARIANCE % VARIANCE
	Executive & Council	653 290	687 642	-34 352 -5.26%
	Corporate Services	3 400 000	3 386 512	13 488 0.40%
	Finance	1 200 000	1 186 642	13 358 1.11%
	Local Economic Development	800 000	0	800 000 100.00%
	Planning & Development	0	0	0
	Community & Social Services	4 421 000	886 932	3 534 068 79.94%
	Housing	27 723 340	29 935 020	-2 211 680 -7.98%
	Public Safety	215 000	211 013	3 987 1.85%
	Sport & Recreation	1 300 000	153 407	1 146 593 88.20%
	Waste Management	3 715 550	2 746 989	968 561 26.07%
	Waste Water Management	155 000	154 939	61 0.04%
	Road Transport	7 700 000	5 281 821	2 418 179 31.40%
	Water	16 647 000	16 080 040	566 960 3.41%
	Electricity	16 625 100	15 361 986	1 263 114 7.60%
	Leased Assets	0	41 373	-41 373
	<b>TOTAL</b>	<b>84 555 280</b>	<b>76 114 315</b>	<b>8 440 965 9.98%</b>
<b>43.2</b>	<b>OPERATING BUDGET</b>	BUDGET	ACTUAL	VARIANCE % VARIANCE
	EXPENDITURE			
	Employee Related Costs	93 823 808	92 865 759	958 049 1.02%
	Remuneration of Councillors	5 403 694	4 995 472	408 222 7.55%
	Bad debts	7 086 555	5 231 860	1 854 695 26.17%
	Collection costs	1 057 750	911 009	146 741 13.87%
	Depreciation	26 756 729	21 986 188	4 770 541 17.83%
	Amortisation - Intangible Assets	275 400	292 174	-16 774 -6.09%
	Repairs and maintenance	12 835 006	9 024 038	3 810 968 29.69%
	Interest paid	7 877 396	8 041 666	-164 270 -2.09%
	Bulk purchases	91 121 693	98 707 237	-7 585 544 -8.32%
	Contracted services	2 132 136	1 524 235	607 901 28.51%
	Grants and subsidies paid	15 741 404	13 206 376	2 535 028 16.10%
	Operating Grant Expenditure	2 030 444	1 146 042	884 402 43.56%
	General expenses	40 004 799	36 817 201	3 187 598 7.97%
	Changes in Fair Value ( Loss )	0	1 745 690	-1 745 690
	Loss on disposal of property, plant & equipment	0	10 514 479	-10 514 479
	<b>TOTAL EXPENDITURE</b>	<b>306 146 814</b>	<b>307 009 425</b>	<b>-862 611 -0.28%</b>
	REVENUE	BUDGET	ACTUAL	VARIANCE % VARIANCE
	Property rates	29 603 432	29 309 675	-293 757 -0.99%
	Property rates - rebate	-7 938 275	-6 839 329	1 098 946 -13.84%
	Property rates - penalties imposed and collection charges	200 000	217 756	17 756 8.88%
	Service charges	195 757 550	208 816 112	13 058 562 6.67%
	Rental of facilities and equipment	1 400 603	1 369 844	-30 759 -2.20%
	Interest earned - external investments	9 300 000	7 338 969	-1 961 031 -21.09%
	Interest earned - outstanding debtors	1 500 000	1 078 880	-421 120 -28.07%
	Fines	3 158 300	2 101 095	-1 057 205 -33.47%
	Licences and permits	790 041	788 522	-1 519 -0.19%
	Income for agency services	991 000	1 472 329	481 329 48.57%
	Government grants and subsidies	84 635 261	80 029 472	-4 605 789 -5.44%
	Other income	9 805 812	8 787 112	-1 018 700 -10.39%
	Changes in fair values	0	0	0
	Gains on disposal of property, plant and equipment	2 000 000	0	-2 000 000 -100.00%
	<b>TOTAL REVENUE</b>	<b>331 203 724</b>	<b>334 470 437</b>	<b>3 266 713 0.99%</b>
	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>25 056 910</b>	<b>27 461 012</b>	<b>2 404 102 9.59%</b>

**LANGEBERG MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**2010  
R**

**2009  
R**

**44 FINANCIAL INSTRUMENTS**

**44.1 Classification of Financial Instruments**

**FINANCIAL ASSETS:**

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

**Financial Assets**

**100 000 348      127 081 875**

**Available for sale**

**6 318      4 685**

**Investments**

Note 18

6 318      4 685

Listed Investments

6 318      4 685

**Loans & Receivables**

**75 000 000      92 146 276**

**Short-term Investment Deposits**

Note 23

75 000 000      92 146 276

Fixed Deposits

75 000 000      92 146 276

**Loans and receivables**

**24 994 030      34 930 915**

**Long-term Receivables**

Note 19

1 714 954      13 320 521

Provincial Government Housing Loans

1 023 652      2 924 766

Staff Study loans - At amortised cost

165 472      115 644

Services connections - At amortised cost

523 498      474 581

Land Sales - At amortised cost

2 331      193 343

Agreements

-      9 612 187

**Other Receivables from Non-Exchange transactions**

Note 22

2 485 556      2 510 927

Assessment Rates

1 758 999      1 544 030

Availability Charges

364 823      319 635

Other Debtors

361 735      647 263

**Trade Receivables from Exchange transactions**

Note 21

16 526 778      12 600 103

Water

3 587 565      1 871 426

Electricity

10 202 675      7 747 962

Housing Rentals

56 410      45 500

Refuse

969 331      1 046 915

Sanitation

1 183 775      1 344 040

Other Arrears

527 021      544 261

**Current Portion of Long-term Receivables**

Note 19

1 984 451      2 542 374

Provincial Government Housing Loans

1 984 451      2 542 374

**Cash and cash equivalents**

Note 23

2 282 291      3 956 989

Bank Balances

2 274 074      3 949 482

Cash Floats and Advances

8 217      7 507

**FINANCIAL LIABILITIES:**

In accordance with IAS 39.09 the financial Liabilities of the municipality are classified as follows:

**Other Financial Liabilities**

**44 424 387      47 581 548**

**Long-term Liabilities**

42 542 599      45 831 978

Annuity Loans

Note 3

42 466 159      45 521 793

Other Loans

Note 4

76 440      310 185

**Current Portion of Long-term Liabilities**

1 881 788      1 749 570

Annuity Loans

Note 3

1 653 333      1 570 939

Other Loans

Note 4

228 454      178 631

**Employee Benefits**

Note 6

13 073 756      11 743 045

Bonus

2 606 918      2 266 609

Performance Bonus

423 198      338 849

Accumulated leave

6 027 149      5 503 602

Long Service Awards

4 016 492      3 633 984

**Provisions**

Note 8

1 728 673      1 050 816

Provision for SALA Pension Fund

956 670      747 765

Provision-Contribution to CJPF

468 952      -

Current Portion of Rehabilitation of Land-fill Sites

303 051      303 051

**Non-Current Provisions**

Note 5

3 651 376      3 342 318

Rehabilitation of Landfill-sites

3 651 376      3 342 318

**LANGEBERG MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**Consumer Deposits**

Note 7

Electricity and Water

**2010**

**R**

4 942 210

**2009**

**R**

4 598 639

4 942 210	4 598 639
-----------	-----------

**Creditors**

Note 9

Trade payables  
Payments received in advance  
Retentions and Guarantees  
Deposits: Other

28 164 119

27 273 108

23 067 060	22 553 959
3 221 154	2 387 735
225 978	166 747
1 649 928	1 498 457

**Cash and cash equivalents**

Note 23

Bank overdraft

-	-
-	-

**44.2 Fair Value of Financial Instruments**

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the Fair Value of Derivative Instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the Fair Value of Financial Guarantee Contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

**Quoted Prices**

Financial Assets in this category include Listed Redeemable Notes, Bills of Exchange and Debentures. Financial Liabilities include Bills of Exchange and Perpetual Notes.

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

**44.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 3, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 23 and the Statement of Changes in Net Assets respectively.

**Gearing Ratio**

The gearing ratio at the year-end was as follows:

Debt  
Net Assets  
Debt to Net Assets ratio

**2010**

**2009**

R 42 694 614	R 45 700 424
R 401 290 979	R 373 829 967
10.64%	12.22%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 5.

Net Assets includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

LANGEBERG MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE FINANCIAL STATEMENTS

2010  
R

2009  
R

**44.4 Financial Risk Management Objectives**

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and in the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

**44.5 Significant Accounting Policies**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

**44.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. Potential concentrations of credit risk and interest rate risk consists mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**44.7 Interest Rate Risk Management**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction limits per financial institution.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance account.

In the case of debtors whose accounts become in arrears, it is endeavoured 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 deemed most appropriate under the circumstances.

**LANGEBERG MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**44 FINANCIAL INSTRUMENTS (Continued)**

**44.8 Effective Interest Rates and Repricing Analysis**

In accordance with IAS 32.67(a) and (b) refer to Appendix A for the indication of the average effective interest rates of Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice. The following indicates the income-earning Financial Assets:

**30 June 2010**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	23	8 - 12%	75 000 000	75 000 000				
Bank Balances and Cash	23	8 - 12%	8 217	8 217				
<b>Total Variable Rate Instruments</b>			<b>75 008 217</b>	<b>75 008 217</b>	-	-	-	-

**30 June 2009**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	23	8 - 12%	92 146 276	92 146 276				
Bank Balances and Cash	23	8 - 12%	3 956 989	3 956 989				
<b>Total Variable Rate Instruments</b>			<b>96 103 264</b>	<b>96 103 264</b>	-	-	-	-

**44.9 Other Price Risks**

The municipality is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The municipality does not actively trade these investments.

**LANGEBERG MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**44 FINANCIAL INSTRUMENTS (Continued)**

**44.10 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**30 June 2010**

Description	Note ref in AFS	Average effective Interest Rate	Carry amount	Contractual cash flows	6 Months or less	6 - 12 Months	1 - 2 Years	3 - 5 Years	More than 5 Years
				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>
DBSA	3	10.00%	146 462	29 593	7 473	7 847	16 890	61 786	52 466
DBSA	3	12.00%	21 915	5 228	1 299	1 377	3 007	11 440	4 792
DBSA	3	15.00%	622 763	128 325	17 455	18 765	41 857	168 867	375 820
DBSA	3	14.00%	370 001	73 566	10 883	11 644	25 791	102 042	219 641
DBSA	3	16.00%	1 438 887	293 108	31 443	33 958	76 284	313 814	983 388
DBSA	3	16.50%	487 915	105 936	12 715	13 764	31 028	128 889	301 520
DBSA	3	15.75%	4 144 873	876 877	112 030	120 852	271 006	1 109 440	2 531 545
DBSA (Public Debt Commissioner)	3	13.30%	187 779	52 609	13 817	14 736	32 477	126 748	-
DBSA (Public Debt Commissioner)	3	13.75%	420 035	175 564	58 904	62 954	139 190	158 987	-
DBSA (Loan Fund)	3	16.15%	77 788	23 264	5 351	5 783	13 004	53 651	-
DBSA (Loan Fund)	3	16.15%	3 312	2 003	734	793	1 784	-	-
DBSA	3	16.50%	3 384 222	2 054 918	748 260	809 992	1 825 970	-	-
DBSA	3	14.22%	1 150 618	219 090	27 730	29 702	65 890	261 815	765 482
DBSA	3	14.22%	1 470 934	268 404	29 611	31 717	70 359	279 574	1 059 673
DBSA	3	14.39%	488 350	93 599	11 660	12 499	27 762	110 678	325 750
DBSA	3	13.92%	2 222 429	440 616	65 616	70 183	155 361	613 728	1 317 541
DBSA	3	13.92%	927 747	167 198	19 023	20 347	45 042	177 932	665 402
DBSA	3	13.92%	-	-	-	-	-	-	-
Cogmanskloof Irrigation Board	3		-	-	-	-	-	-	-
Pensionfund	3	15.10%	324 919	-	-	-	-	-	324 919
ABSA Bank	3	15.25%	12 844	3 048	545	586	1 310	5 312	5 090
DBSA	3	13.01%	26 138 349	10 800 895	3 699 756	3 940 481	8 666 805	9 831 307	-
Finance Leases	0	12.00%	304 894	144 761	115 924	112 531	64 151	12 289	-

LANGEBERG MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE FINANCIAL STATEMENTS

44 FINANCIAL INSTRUMENTS (Continued)

30 June 2009

Description	Note ref in AFS	Average effective Interest Rate	Carry amount	Contractual cash flows	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%		R	R	R	R		R
DBSA	3	10.00%	170 407	34 430	8 695	9 130	19 651	71 887	61 044
DBSA	3	12.00%	25 560	6 098	1 515	1 606	3 507	13 343	5 589
DBSA	3	15.00%	661 289	136 264	18 535	19 925	44 446	179 313	399 069
DBSA	3	14.00%	391 731	77 886	11 522	12 328	27 306	108 034	232 540
DBSA	3	16.00%	1 507 581	307 101	32 944	35 579	79 926	328 796	1 030 336
DBSA	3	16.50%	513 093	111 402	13 371	14 474	32 629	135 540	317 079
DBSA	3	15.75%	4 367 260	923 925	118 041	127 337	285 546	1 168 965	2 667 371
DBSA	3	13.29%	-	-	-	-	-	-	-
DBSA	3	13.22%	46 786	13 083	3 449	3 677	8 100	31 560	-
DBSA	3	13.30%	247 555	102 752	34 914	37 236	82 064	93 342	-
DBSA	3	13.75%	494 572	140 019	36 008	38 483	85 086	334 995	-
DBSA	3	16.15%	144 387	87 332	32 007	34 592	77 788	-	-
DBSA	3	16.15%	6 147	3 718	1 363	1 473	3 312	-	-
DBSA	3	16.50%	3 526 033	731 683	74 944	81 126	182 884	759 696	2 427 383
DBSA	3	14.22%	1 265 679	230 951	25 479	27 291	60 541	240 562	911 806
DBSA	3	14.22%	1 625 769	309 563	39 181	41 967	93 099	369 932	1 081 589
DBSA	3	14.39%	534 859	107 849	15 439	16 549	36 757	146 541	319 573
DBSA	3	13.92%	2 434 089	438 671	49 911	53 385	118 176	466 832	1 745 786
DBSA	3	13.92%	986 384	158 348	10 517	11 249	24 901	98 366	841 351
DBSA	3	13.92%	95 000	101 612	95 000	-	-	-	-
C B R	3	-	37 686	-	-	-	-	-	37 686
Pensionfund	3	15.10%	324 919	76 775	13 856	14 902	33 265	134 467	128 428
ABSA Bank	3	15.25%	16 887	7 223	2 324	2 501	5 589	6 473	-
DBSA	0	13.01%	27 675 417	4 016 667	207 633	221 142	486 387	1 887 580	24 872 675
Finance Leases	0	12.00%	488 816	232 086	86 714	91 917	200 710	109 475	-

All other financial liabilities are due and payable in less than 12 months.

**LANGEBERG MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

**2010  
R**

**2009  
R**

**44 FINANCIAL INSTRUMENTS (Continued)**

**44.11 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of obtaining collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Ongoing credit evaluation is performed customers that default with the payment of consumer accounts and, where appropriate, consumer deposits are adjusted. Consumer debtors are presented net of an allowance for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured 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

Long-term Receivables and Other Debtors are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The following table represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	<b>2010 R</b>	<b>2009 R</b>
The maximum credit and interest risk exposure in respect of the		
Long-term Receivables	13 249 380	17 645 873
Trade Receivables from Exchange transactions	24 022 517	21 008 136
Other Receivables from Non-Exchange transactions	9 157 449	6 873 612
Fixed Term Investment Deposits	75 000 000	92 146 276
Bank and Cash Balances	8 217	3 956 989
<b>Maximum Credit and Interest Risk Exposure</b>	<b>121 437 562</b>	<b>141 630 884</b>

**45 EVENTS AFTER THE REPORTING DATE**

None

**46 CONTINGENT LIABILITY**

None

**47 RELATED PARTIES**

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

**LANGEBERG MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**NOTES TO THE FINANCIAL STATEMENTS**

	2010 R	2009 R
<b>48</b>	<b><u>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice</u></b>	

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

- Segment Reporting (AC115) Entire Standard
- Operating Segments (AC146) Entire Standard
- Construction Contracts (AC109) Entire Standard
- Business Combinations (AC140) Entire Standard

- Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.

**49** **Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP).**

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2010. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliable financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix "G".

**50** **Deviations in terms of paragraph 36 of the Supply Chain Management Regulations**

In terms of paragraph 36 of the Supply Chain Management Regulations the Accounting Officer may –

- (a) Dispense with the official procurement processes established by this Policy and procure any required goods or services through any convenient process, which may include direct
  - (i) In the event of an **emergency**, one written quotation is to be obtained;
  - (ii) If the required goods or services are available from a **sole provider** only, one written quotation is to be obtained. Documentary proof must be provided that the service provider is actually a sole provider.
  - (iii) In respect of repairs to motor vehicles, machinery and equipment that need to be **stripped to quote**, only one written quotation is to be obtained;
  - (iv) For the acquisition of **special works of art** or historical objects where specifications are difficult to compile; or
  - (v) Acquisition of **animals** for game reserves.
  - (vi) in any other exceptional case where it is **impractical or impossible** to follow the official procurement processes.
- (b) Ratify any minor breaches of the procurement processes by official or committee acting in terms of delegated powers or duties, which are purely of a technical nature.

The Accounting Officer must record the reasons for any deviations in terms of subparagraph (a) and (b) of this Policy and report them to the next meeting of the Council and include as a note to the annual

	2010	2009
The following number deviations were approved by the accounting officer:		
Emergency	248	219
Sole provider	312	110
Stripped to quote	-	138
Acquisition of special works of art or historical objects	-	-
Acquisition of animals for game reserves.	-	-
Impractical or impossible	171	124
Ratify any minor breaches	-	-
<b>TOTAL DEVIATIONS</b>	<b>731</b>	<b>591</b>

Detailed lists of these deviations have been submitted to Council and is available at the municipal offices for inspection.

**APPENDIX A**

**LANGEBERG MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

EXTERNAL LOANS	Rate	Period	Balance at 30/06/09	Received during the period	Redeemed written off during the period	Adjustments	Balance at 30/06/10
			R	R	R	R	R
<b>ANNUITY LOAN</b>							
DBSA	10.0%	1996/2016	159 832		13 369		146 463
DBSA	12.0%	1995-2015	24 031		2 115		21 916
DBSA	15.0%	1998-2018	661 290		38 526		622 764
DBSA	14.0%	1998-2018	391 731		21 730		370 001
DBSA	16.0%	1999-2019	1 507 581		68 693		1 438 888
DBSA	16.5%	1999-2018	513 094		25 178		487 915
DBSA	15.8%	1999-2018	4 367 260		222 388		4 144 873
DBSA (Loan Fund)	13.2%	1994-2014	46 786		7 130		39 656
DBSA (Public Debt Commissioner)	13.3%	1983-2012	247 555		59 776		187 779
DBSA (Public Debt Commissioner)	13.8%	1984-2014	494 572		74 537		420 035
DBSA (Loan Fund)	16.2%	1991-2011	144 387		66 598		77 788
DBSA (Loan Fund)	16.2%	1991-2011	6 147		2 835		3 312
DBSA	16.5%	2000-2019	3 526 034		141 811		3 384 222
DBSA	14.2%	2000-2020	1 265 680		115 062		1 150 619
DBSA	14.2%	2000-2019	1 625 769		154 835		1 470 934
DBSA	14.4%	1999-2018	534 860		46 510		488 350
DBSA	13.9%	2001-2020	2 434 090		211 660		2 222 430
DBSA	13.9%	45657	991 731		63 983		927 748
DBSA	13.9%	40178	95 000		95 000		-
Cogmanskloof Irrigation Board		08/93-07/17	37 686		-		37 686
Pensionfund	15.1%	1982-12/12	324 920		-		324 920
ABSA Bank	15.3%	1983-12/12	16 798		3 953		12 845
DBSA	13.0%	31/03/2027	27 675 899		1 537 550		26 138 349
<b>Total annuity loans</b>			<b>47 092 733</b>	<b>-</b>	<b>2 973 240</b>	<b>-</b>	<b>44 119 493</b>
<b>LEASE LIABILITY</b>							
Finance Leases	± 12.0%	2009	488 816	41 373	225 295		304 894
<b>Total Lease Liabilities</b>			<b>488 816</b>	<b>41 373</b>	<b>225 295</b>		<b>304 894</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>47 581 548</b>	<b>41 373</b>	<b>3 198 535</b>		<b>44 424 387</b>

**APPENDIX B**  
**LANGEBERG MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Erven	15 077 700	-		2 125 000	12 952 700	-	-	-	-	12 952 700
Erven & houses	80 900 200	-		17 415 000	63 485 200	42 631 788	2 142 076	10 232 719	34 541 145	28 944 055
Housing projects	15 811 057	23 912 785		-	39 723 842	618 338	527 035	-	1 145 372	38 578 470
Wendy Huise	90 614	15 763		-	106 377	10 539	19 985	-	30 525	75 852
	<b>111 879 571</b>	<b>23 928 549</b>	<b>-</b>	<b>19 540 000</b>	<b>116 268 120</b>	<b>43 260 665</b>	<b>2 689 096</b>	<b>10 232 719</b>	<b>35 717 042</b>	<b>80 551 078</b>
<b>Infrastructure</b>										
Bridges	824 905	298 348		-	1 123 253	1 020	41 449	-	42 469	1 080 784
Electricity Meters	2 385 169	265 168		-	2 650 337	172 071	111 702	-	283 773	2 366 565
Electricity Network	29 803 968	16 352 634		-	46 156 602	10 220 373	1 478 457	-	11 698 830	34 457 772
Gabions in rivers	-	113 561		-	113 561	-	-	-	-	113 561
Kerbing	302 000	-		-	302 000	174 769	14 350	-	189 119	112 881
Landfill sites	10 112 337	709 311		-	10 821 648	2 943 725	493 732	-	3 437 457	7 384 191
Load control equipment	1 361 368	-		-	1 361 368	670 136	68 068	-	738 204	623 164
Main Roads	1 795 895	-		-	1 795 895	776 256	105 297	-	881 554	914 342
Networks	53 369 040	1 060 000		-	54 429 040	16 754 443	2 639 983	-	19 394 426	35 034 614
Parking areas	2 493 539	-		-	2 493 539	349 733	124 677	-	474 410	2 019 129
Pavements	5 227 332	6 914		-	5 234 247	1 068 365	258 959	-	1 327 324	3 906 922
Reservoirs \$ dams	12 376 485	565 098		-	12 941 583	3 072 194	602 743	-	3 674 937	9 266 646
Road signs	109 409	-		-	109 409	22 246	7 678	-	29 924	79 485
Rumble Humps	-	81 836		-	81 836	-	5 412	-	5 412	76 425
Sewerage network	18 556 085	1 444 398		-	20 000 483	4 644 281	874 127	-	5 518 408	14 482 075
Sewerage pumps	177 202	10 035		-	187 237	51 319	13 705	-	65 024	122 213
Sewerage treatment	33 964 583	-		-	33 964 583	5 584 189	1 698 228	-	7 282 417	26 682 166
Sewerage treatment works	108 868	60 904		-	169 772	16 345	5 443	-	21 788	147 983
Storm water networks	6 016 112	55 411		-	6 071 523	1 135 337	301 032	-	1 436 369	4 635 154
Street lights	690 444	148 610		-	839 055	62 698	31 812	-	94 509	744 545
Streets	20 398 606	7 395 985		-	27 794 591	6 130 555	1 784 300	-	7 914 855	19 879 736
Sub stations	37 283 744	-		-	37 283 744	10 875 024	1 235 257	-	12 110 281	25 173 463
Switchgear	1 109 498	-		-	1 109 498	195 819	53 785	-	249 604	859 894
Transformer buildings	76 202	-		-	76 202	30 330	2 540	-	32 870	43 332
Water Provision	418 426	6 297 441		-	6 715 867	1 425	51 269	-	52 693	6 663 174
Water pumps	311 614	231 920		2 849	540 685	20 737	29 612	624	49 726	490 959
Water treatment	6 675 407	7 923 346		-	14 598 753	3 127 435	312 871	-	3 440 306	11 158 448
	<b>245 948 242</b>	<b>43 020 920</b>	<b>-</b>	<b>2 849</b>	<b>288 966 313</b>	<b>68 100 825</b>	<b>12 346 485</b>	<b>624</b>	<b>80 446 687</b>	<b>208 519 627</b>

**APPENDIX B (Continued)**  
**LANGEBERG MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Community Assets</b>										
Clinic's Land	68 000	-		-	68 000	-	-	-	-	68 000
Clinics Buildings	5 791 337	-		-	5 791 337	2 351 025	192 777	-	2 543 802	3 247 535
Crèche's Buildings	2 029 807	-		-	2 029 807	669 850	67 660	-	737 510	1 292 298
Crèche's Land	173 088	-		-	173 088	15 469	-	-	15 469	157 618
Buildings	691 000	-		-	691 000	-	-	-	-	691 000
Camping sites	832 066	-		-	832 066	396 862	22 303	-	419 165	412 901
Cemeteries	1 145 361	274 907		-	1 420 268	220 284	36 722	-	257 006	1 163 263
Commonage	23 627 077	-		-	23 627 077	79 141	-79 141	-	-	23 627 077
Community halls Buildings	6 572 744	2 099 251		-	8 671 995	2 913 443	200 238	-	3 113 681	5 558 314
Craft Stalls	2 000	-		-	2 000	-	-	-	-	2 000
Craft Stalls Buildings	369 136	-		-	369 136	98 318	12 305	-	110 623	258 513
Festive lights	-	234 427		-	234 427	-	4 207	-	4 207	230 221
Fire fighting buildings	761 145	-		-	761 145	61 131	25 371	-	86 502	674 642
Golf courses/squash Building	210 000	-		-	210 000	85 030	10 500	-	95 530	114 470
Hiking Trails	1 014 883	-		-	1 014 883	189 836	50 744	-	240 580	774 303
Libraries Buildings	3 380 676	79 405		-	3 460 080	1 465 414	106 878	-	1 572 292	1 887 788
Libraries Land	295 000	-		-	295 000	-	-	-	-	295 000
Museums Buildings	1 112 000	-		-	1 112 000	415 744	37 066	-	452 810	659 190
Museums Land	367 000	-		-	367 000	-	-	-	-	367 000
Parks Buildings	1 665 367	17 590		-	1 682 956	352 033	88 381	-	440 415	1 242 542
Parks Land	9 235 000	-		-	9 235 000	-	-	-	-	9 235 000
Spatial planning	548 959	-		-	548 959	161 230	18 298	-	179 528	369 431
Sport fields Buildings	7 490 050	235 294		-	7 725 343	3 274 454	359 693	-	3 634 147	4 091 196
Sport fields Land	3 921 000	-		-	3 921 000	-	-	-	-	3 921 000
Swimming pools Buildings	3 197 200	-		-	3 197 200	1 713 094	158 601	-	1 871 695	1 325 504
Swimming pools equipment	117 539	7 320		-	124 859	17 945	19 661	-	37 605	87 254
Tennis courts	136 418	-		-	136 418	82 607	6 821	-	89 427	46 990
	<b>77 204 851</b>	<b>2 948 194</b>	<b>-</b>	<b>-</b>	<b>80 153 045</b>	<b>14 857 910</b>	<b>1 339 084</b>	<b>-</b>	<b>16 196 994</b>	<b>63 956 050</b>
<b>Leased Assets</b>										
Office Equipment (Leased)	785 811	41 373		-	827 184	343 708	207 431	-	551 139	276 044
	<b>785 811</b>	<b>41 373</b>	<b>-</b>	<b>-</b>	<b>827 184</b>	<b>343 708</b>	<b>207 431</b>	<b>-</b>	<b>551 139</b>	<b>276 044</b>

**APPENDIX B (Continued)**  
**LANGEBERG MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Other Assets</b>										
Air conditioners	206 236	85 417		-	291 653	66 697	47 819	-	114 516	177 138
Alarms / security systems	26 663	6 203		-	32 866	21 228	3 090	-	24 319	8 548
Angle grinder	10 167	6 599		2 408	14 358	8 670	1 332	2 408	7 594	6 765
Beds / bedding	17 043	-		-	17 043	8 916	3 405	-	12 321	4 723
Buildings	136 769	-		-	136 769	13 993	4 559	-	18 552	118 217
Cabinets	473 790	112 994		-	586 785	313 441	71 000	-	384 442	202 343
Cell phone	170 527	-		88 848	81 680	130 308	18 217	80 503	68 022	13 658
Chairs	448 880	52 811		3 611	498 080	222 792	76 676	2 978	296 490	201 591
Co-Driver Units	18 649	-		-	18 649	2 647	3 729	-	6 376	12 273
Compactors	1 924 029	22 644		63 516	1 883 157	658 961	190 594	53 534	796 021	1 087 135
Compressors	193 378	-		-	193 378	165 035	9 064	-	174 099	19 279
Computer Equipment	2 829 699	907 425		185 810	3 551 314	1 747 030	464 189	175 491	2 035 728	1 515 585
Computer Software	-	21 548		-	21 548	-	2 127	-	2 127	19 421
Concrete mixers	78 306	-		1 000	77 306	41 196	9 130	917	49 410	27 897
Containers	-	109 445		-	109 445	-	2 459	-	2 459	106 986
Curtains	113 013	6 880		-	119 893	12 659	11 948	-	24 608	95 286
Digital Cameras	21 219	7 830		-	29 049	15 417	3 095	-	18 511	10 537
Drills	48 967	9 836		1 000	57 804	22 251	7 124	1 000	28 375	29 428
Electric equipment	518 912	85 193		3 623	600 481	124 625	103 221	2 862	224 983	375 498
Electricity Engineering equipment	506 658	17 180		5 106	518 732	219 484	82 112	5 106	296 490	222 242
Emergency Equipment	324 055	-		-	324 055	122 617	64 788	-	187 405	136 651
Engineering equipment	488 477	3 158		2 000	489 634	245 242	62 524	1 691	306 075	183 559
Farm implements	204 990	-		-	204 990	204 990	-	-	204 990	-
Farms	9 329 000	-		2 421 000	6 908 000	107 423	301 146	178 303	230 266	6 677 734
Fire Arms	3 000	-		-	3 000	3 000	-	-	3 000	-
Fire fighting vehicles	5 073 618	-		-	5 073 618	1 033 286	424 458	-	1 457 744	3 615 875
Forklift	-	196 105		-	196 105	-	1 580	-	1 580	194 526
General	115 914	23 125		4 948	134 091	35 945	21 697	4 948	52 694	81 397
General equipment	100 652	25 174		2 000	123 825	63 207	16 503	2 000	77 710	46 115
General tools	79 759	9 551		-	89 310	77 458	1 066	-	78 524	10 786
Generators	462 012	7 200		-	469 212	112 256	63 198	-	175 453	293 759
Informal Housing	941 811	-		-	941 811	93 693	47 090	-	140 784	801 027
Irrigation equipment	18 824	-		-	18 824	18 824	-	-	18 824	-
Kitchen Equipment	16 527	18 237		-	34 763	1 042	4 216	-	5 259	29 505
Ladders	123 386	6 419		-	129 804	113 464	4 293	-	117 757	12 047
LAN / WAN Equipment	325 892	15 440		9 981	331 351	199 563	39 426	9 303	229 686	101 665
<b>Subtotal carried forward</b>	<b>25 350 823</b>	<b>1 756 413</b>	<b>-</b>	<b>2 794 851</b>	<b>24 312 385</b>	<b>6 227 361</b>	<b>2 166 875</b>	<b>521 044</b>	<b>7 873 192</b>	<b>16 439 193</b>

**APPENDIX B (Continued)**  
**LANGEBERG MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Other Assets Continued</b>										
<b>Subtotal brought forward</b>	25 350 823	1 756 413	-	2 794 851	24 312 385	6 227 361	2 166 875	521 044	7 873 192	16 439 193
Land	24 596 014	804 812		-	25 400 826	12 131 563	694 626	-	12 826 189	12 574 636
Lawn Mowers	448 767	42 239		12 832	478 173	260 221	65 219	10 232	315 208	162 965
Light delivery vehicles	4 787 489	153 348		246 621	4 694 216	3 180 078	494 417	244 377	3 430 118	1 264 097
Loaders	3 342 905	-		-	3 342 905	955 751	220 860	-	1 176 611	2 166 294
Lorries	7 909 475	1 467 425		258 907	9 117 994	4 080 614	778 923	151 658	4 707 879	4 410 115
Master Planning	1 020 974	-		-	1 020 974	107 014	51 048	-	158 062	862 912
Master Planning: Housing	-	316 410		-	316 410	-	-	-	-	316 410
Notice Boards	32 178	3 828		-	36 005	8 978	4 169	-	13 147	22 859
Office dividers	4 583	-		-	4 583	1 283	916	-	2 199	2 384
Office machine	119 127	53 378		3 573	168 931	82 690	18 894	3 573	98 011	70 920
Paintings	2 085	-		-	2 085	711	416	-	1 126	959
Passenger vehicles	256 070	-		-	256 070	77 988	45 614	-	123 602	132 468
Printers	523 273	12 363		30 388	505 248	396 865	43 429	29 789	410 504	94 744
Public Toilets	861 000	-		-	861 000	260 726	23 233	-	283 959	577 041
Radio Communication	456 877	-		-	456 877	191 597	91 368	-	282 964	173 912
Refuse removal equipment	466 309	-		-	466 309	61 851	46 628	-	108 479	357 830
Rollers	41 167	-		-	41 167	32 359	2 987	-	35 346	5 821
Saws	34 253	15 826		-	50 080	19 641	6 086	-	25 727	24 353
Sewerage Equipment	24 237	26 223		-	50 460	3 587	3 743	-	7 331	43 129
Shelves	9 421	2 156		-	11 577	6 736	1 734	-	8 470	3 107
Stores Buildings	2 528 907	3 348		-	2 532 255	791 386	84 342	-	875 728	1 656 527
Stores Land	1 020 000	-		-	1 020 000	-	-	-	-	1 020 000
Tables / Desks	446 265	130 762		-	577 027	236 583	79 233	-	315 815	261 212
Tank on Vehicles	128 603	-		-	128 603	52 252	12 860	-	65 112	63 491
Tractors	1 700 418	200 000		20 000	1 880 418	919 772	151 797	14 144	1 057 424	822 993
Traffic buildings	1 983 101	211 013		-	2 194 114	1 303 000	22 903	-	1 325 903	868 210
Traffic equipment	429 474	-		500	428 974	358 223	41 536	449	399 311	29 663
Trailers	731 280	158 820		5 400	884 700	304 712	49 724	2 982	351 454	533 246
Two way radio's	341 703	3 920		14 097	331 525	161 213	56 524	12 989	204 747	126 778
UPS	292 902	-		5 011	287 891	255 573	23 227	4 417	274 383	13 509
Vehicles	1 202 640	-		-	1 202 640	885 477	113 298	-	998 774	203 866
Welding equipment	5 548	-		-	5 548	5 548	-	-	5 548	-
White Boards	3 113	-		-	3 113	1 854	392	-	2 245	868
Workshop	2 721	-		-	2 721	908	91	-	998	1 723
Workshop Equipment	29 797	98 784		1 000	127 581	22 957	4 481	917	26 521	101 059
	<b>81 133 496</b>	<b>5 461 067</b>	<b>-</b>	<b>3 393 180</b>	<b>83 201 384</b>	<b>33 387 071</b>	<b>5 401 592</b>	<b>996 573</b>	<b>37 792 090</b>	<b>45 409 294</b>
<b>Work in Progress</b>		390 760			390 760				-	390 760
<b>Total</b>	<b>516 951 971</b>	<b>75 790 863</b>	<b>-</b>	<b>22 936 029</b>	<b>569 806 806</b>	<b>159 950 180</b>	<b>21 983 688</b>	<b>11 229 916</b>	<b>170 703 952</b>	<b>399 102 853</b>

**APPENDIX C**  
**LANGEBERG MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
Executive & Council	1 756 616	139 903	45 579	1 850 940	1 003 300	175 498	37 272	1 141 527	709 414
Corporate Services	100 010 456	1 075 642	2 850 778	98 235 321	22 497 541	1 796 121	308 382	23 985 281	74 250 040
Finance	3 346 114	976 082	166 388	4 155 808	2 065 159	523 073	161 279	2 426 954	1 728 854
Planning & Development	7 793 921	349 793	117 509	8 026 205	2 708 713	783 832	107 443	3 385 101	4 641 104
Community & Social Services	10 946 872	3 010 474	6 071	13 951 276	4 039 397	466 654	6 071	4 499 981	9 451 295
Housing	104 214 962	27 498 011	19 148 440	112 564 533	41 955 894	2 655 402	10 139 693	34 471 603	78 092 930
Public Safety	10 511 479	244 926	31 606	10 724 799	2 971 910	887 856	27 125	3 832 641	6 892 157
Sport & Recreation	16 622 467	447 359	338 295	16 731 531	7 046 703	960 537	222 546	7 784 694	8 946 837
Waste Management	17 231 712	2 588 169	1 200	19 818 681	6 128 038	1 217 706	1 200	7 344 544	12 474 137
Waste Water Management	54 144 516	1 545 019	72 756	55 616 779	11 096 802	2 655 871	72 756	13 679 916	41 936 862
Road Transport	40 406 049	5 134 857	46 516	45 494 390	10 556 784	2 797 976	37 940	13 316 821	32 177 570
Water	73 609 632	16 050 275	58 611	89 601 297	23 346 938	3 683 276	56 385	26 973 829	62 627 468
Electricity	76 207 739	16 620 200	52 279	92 775 661	24 466 304	3 368 954	51 825	27 783 433	64 992 227
Other	149 436	110 151	-	259 587	66 695	10 933	-	77 628	181 959
<b>TOTAL</b>	<b>516 951 971</b>	<b>75 790 863</b>	<b>22 936 029</b>	<b>569 806 806</b>	<b>159 950 180</b>	<b>21 983 688</b>	<b>11 229 916</b>	<b>170 703 952</b>	<b>399 102 853</b>

**APPENDIX D**  
**LANEBERG MUNICIPALITY:SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
17 788 896	31 120 590	(13 331 694)	Executive & Council	1 969 290	25 554 790	(23 585 500)
481 559	8 633 285	(8 151 726)	Corporate Services	283 815	11 474 879	(11 191 064)
37 721 502	20 225 644	17 495 858	Finance	62 123 462	34 553 057	27 570 405
			Local Economic Development	588	539 107	(538 519)
1 572 081	9 799 115	(8 227 034)	Planning & Development	655 494	9 881 642	(9 226 148)
1 994 690	9 708 949	(7 714 259)	Community & Social Services	1 382 178	8 853 993	(7 471 815)
12 900 270	10 429 616	2 470 654	Housing	24 660 098	15 315 802	9 344 296
6 047 294	9 357 505	(3 310 210)	Public Safety	4 479 031	11 088 158	(6 609 127)
255 980	11 419 715	(11 163 736)	Sport & Recreation	474 318	12 656 663	(12 182 344)
16 686 147	12 798 545	3 887 603	Environmental Protection	18 182 623	16 689 131	1 493 492
17 617 955	16 381 091	1 236 863	Waste Management	14 751 280	13 734 280	1 017 001
93 804	12 315 130	(12 221 326)	Road Transport	1 832 205	13 774 212	(11 942 007)
27 838 978	21 174 596	6 664 381	Water	45 203 526	24 126 074	21 077 452
126 441 016	96 339 917	30 101 099	Electricity	158 241 435	123 179 242	35 062 193
178 580	498 186	(319 606)	Other	231 094	670 423	(439 329)
<b>267 618 752</b>	<b>270 201 883</b>	<b>(2 583 132)</b>	Sub Total	<b>334 470 437</b>	<b>322 091 451</b>	<b>12 378 986</b>
-	(11 094 752)	11 094 752	Less Inter-Dep Charges	-	(15 082 026)	15 082 026
<b>267 618 752</b>	<b>259 107 132</b>	<b>8 511 620</b>	<b>Total</b>	<b>334 470 437</b>	<b>307 009 425</b>	<b>27 461 012</b>
		-	Add: Share of Associate			-
		<b>8 511 620</b>				<b>27 461 012</b>

**APPENDIX E(1)**  
**LANGEBERG MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010**

<b>REVENUE</b>	<b>2010 Actual (R)</b>	<b>2010 Budget (R)</b>	<b>2010 Variance (R)</b>	<b>2010 Variance (%)</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Property rates	29 309 675	29 603 432	(293 757)	-0.99%	
Property rates - rebate	(6 839 329)	(7 938 275)	1 098 946	-13.84%	Less applications than expected.
Property rates - penalties imposed	217 756	200 000	17 756	8.88%	
Service charges	208 816 112	195 757 550	13 058 562	6.67%	
Rental of facilities and equipment	1 369 844	1 400 603	(30 759)	-2.20%	
Interest earned - external investments	7 338 969	9 300 000	(1 961 031)	-21.09%	Decline in interest rate.
Interest earned - outstanding debtors	1 078 880	1 500 000	(421 120)	-28.07%	Decline in interest rate.
Dividends received	-	-	-	0.00%	
Fines	2 101 095	3 158 300	(1 057 205)	-33.47%	
Licences and permits	788 522	790 041	(1 519)	-0.19%	
Income for agency services	1 472 329	991 000	481 329	48.57%	Increase in transactions.
Government grants and subsidies	80 029 472	84 635 261	(4 605 789)	-5.44%	
Other income	8 787 112	9 805 812	(1 018 700)	-10.39%	Less electricity connections than expected, Houses not transferred, substantial less development levy received.
Change in Fair Value	-	-	-	0.00%	
Gains on disposal of property, plant and equipment	-	2 000 000	(2 000 000)	-100.00%	Net loss on disposals.
<b>Total Revenue</b>	<b>334 470 437</b>	<b>331 203 724</b>	<b>3 266 713</b>	<b>0.99%</b>	
<b>EXPENDITURE</b>					
Executive & Council	25 554 790	29 221 666	(3 666 876)	-12.55%	
Corporate Services	11 474 879	11 093 405	381 474	3.44%	Loss on the transfer of the Gelukshoop farm. (Small farmers project)
Finance	34 553 057	36 507 854	(1 954 797)	-5.35%	
LED	539 107	890 873	(351 766)	-39.49%	
Planning & Development	9 881 642	10 572 728	(691 086)	-6.54%	
Community & Social Services	8 853 993	9 491 258	(637 265)	-6.71%	
Housing	15 315 802	7 917 329	7 398 473	93.45%	Loss on houses transferred to beneficiaries.
Public Safety	11 088 158	11 894 550	(806 392)	-6.78%	
Sport & Recreation	12 656 663	12 973 570	(316 907)	-2.44%	
Waste Water Management	16 689 131	17 137 196	(448 065)	-2.61%	
Waste Management	13 734 280	13 877 561	(143 281)	-1.03%	
Road Transport	13 774 212	14 302 130	(527 918)	-3.69%	
Water	24 126 074	24 043 020	83 054	0.35%	Unexpected growth in demand.
Electricity	123 179 242	120 898 028	2 281 214	1.89%	Unexpected growth in demand.
Other	670 423	566 774	103 649	18.29%	The appointment of additional personel.
Less : Interdepartmental Charges	(15 082 026)	(15 241 128)	159 102	-1.04%	
<b>Total Expenditure</b>	<b>307 009 425</b>	<b>306 146 814</b>	<b>862 611</b>	<b>0.28%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>27 461 012</b>	<b>25 056 910</b>	<b>2 404 102</b>	<b>9.59%</b>	

**APPENDIX E(2)**

**LANGEBERG MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010  
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**

	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>2010 Variance</u>	<u>2010 Variance</u>	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
Executive & Council	687 642	653 290	34 352	5.26%	Although the tender for the construction of the Thusong centre was awarded, the successful tenderer withdrew his tender.
Corporate Services	3 386 512	3 400 000	(13 488)	-0.40%	
Finance	1 186 642	1 200 000	(13 358)	-1.11%	The Disaster Recovery project continued into the 2009/2010 financial year. The unspent funds were rolled over to the 2009/2010 financial year.
Local Economic Development	-	800 000	(800 000)	-100.00%	Tenders were invited for the construction of a taxi rank in Zolani. As only one responsive tender was received, it was resolved not to award the tender, but to readvertise the process.
Community & Social Services	886 932	4 421 000	(3 534 068)	-79.94%	Although the tender for the construction of the Thusong centre was awarded, the successful tenderer withdrew his tender.
Housing	29 935 020	27 723 340	2 211 680	7.98%	More houses built than budgeted for.
Public Safety	211 013	215 000	(3 987)	-1.85%	The extension to the Traffic Offices in Robertson continued into 2009/2010 financial year.
Sport & Recreation	153 407	1 300 000	(1 146 593)	-88.20%	The tenders received for the Cogmanskloof pavilion exceed the available budget to such an extent that it was impossible to continue with the project. Funds have been provided for in the 2010/2011 and 2011/2012 capital budgets for the construction of the pavilion.
Waste Management	2 746 989	3 715 550	(968 561)	-26.07%	The construction of the Recycling Plant continued into 2009/2010 financial year.
Waste Water Management	154 939	155 000	(61)	-0.04%	
Road Transport	5 281 821	7 700 000	(2 418 179)	-31.40%	The Municipal Infrastructure Grant for flood damage repairs were only received during March and April 2010. Some of the damage was to capital assets that need to be replaced. The planning and tender processes for these replacements could not be completed by 30 June 2010 and the remainder of the funds was rolled over to 2010/2011 budget.
Water	16 080 040	16 647 000	(566 960)	-3.41%	
Electricity	15 361 986	16 625 100	(1 263 114)	-7.60%	The upgrading of the Robertson Main Electricity Substation is a two year project, the remaining funds were rolled over to the 2010/2011 budget.
Leased Assets	41 373	-	41 373	0.00%	
<b>Total</b>	<b>76 114 315</b>	<b>84 555 280</b>	<b>(8 440 965)</b>	<b>-9.98%</b>	

**APPENDIX F**

**LANGEBERG MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003, FOR THE YEAR ENDED 30 JUNE 2010**

<b>Grant Description</b>	<b>Balance at 30-Jun-09</b>	<b>Contributions during year</b>	<b>Operating expenditure during year Transferred to Revenue</b>	<b>Capital expenditure during year Transferred to Revenue</b>	<b>Transfers</b>	<b>Balance at 30 June 2010</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Re-election of Ward Committees	150 000					150 000
Beatification Main Road Ashton		290 405	290 405			-
Municipal Systems Improvement Grant	561 975	735 000	463 477	439 027		394 471
Library		813 931	813 931			-
Main Roads	-	72 000	72 000			-
CWDM I/D Documents Campaign-R2	81 677		48 417			33 260
Route 62 Projects CWDM	37 377					37 377
PIMS:Performance Management	76 935					76 935
PIMS:Project Management Training	17 560					17 560
Developmentt McGregor Bridge (Silwer Strand)	235 526					235 526
Neighbourhood Development Grant		800 000				800 000
DPLG - Masterplan - Civil Services	54 386					54 386
Safety Report McGregor Dam	25 000					25 000
Bakery Project	287 656		65 836			221 821
Werkskepping Projekte	128 050					128 050
Thusong Centre	1 500 000	1 500 000				3 000 000
Robertson Masakhane project	353 117					353 117
Scaife Homes Sanitation	167 671					167 671
National Treasury - Finance Management Grant	433 471	750 000	682 566	398 925		101 980
28 Semi-Detached Houses	17 903					17 903
Housing Consumer Education CWD	42 250	240 755				283 005
MIIU-EIA - Landfill Site	332 400					332 400
Pre-paid Watermeters	108 527					108 527
Masibambane Programme	45 000	95 000				140 000
Flood Damage	-	6 481 000	963 934	2 250 296		3 266 770
Equitable Share	-	33 363 266	33 363 266			-
Training - SETA	433 446	363 834	378 174			419 106
<b>Unspent conditional grants and receipts - End of year</b>	<b>5 089 927</b>	<b>45 505 191</b>	<b>37 142 004</b>	<b>3 088 248</b>	<b>-</b>	<b>10 364 866</b>
MIG Projects	1 395 566	15 379 000		14 776 257		792 823
Housing	-	14 404 981		24 039 425		9 634 444
Investigation Grant	110 000	110 000				-
INEP Grant - Electrification	-			24 105		24 105
Tarring of Streets – CWDM		700 000		700 000		-
Cleanest Town Award				211 433		211 433
Community Development Workers			48 000			48 000
<b>Conditional grants receivable - End of year</b>	<b>1 505 566</b>	<b>30 593 981</b>	<b>48 000</b>	<b>39 751 220</b>	<b>-</b>	<b>10 710 805</b>
	<b>6 595 493</b>	<b>76 099 172</b>	<b>37 190 004</b>	<b>42 839 468</b>	<b>-</b>	<b>(345 939)</b>

**LANGEBERG MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**APPENDIX G**

**FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES**

<b>Name of municipality:</b>	Langeberg Municipality	<b>Demarcation Code:</b>	WC 026
<b>Name of preparer:</b>	Mr. CF Hoffman (Chief Financial Officer)	<b>Date completed:</b>	30 March 2010
<b>Contact Details:</b>	023 6158032	<b>Financial period:</b>	09/10
<b>Capacity category:</b>	<b>Medium Capacity</b>	<b>(delete whichever not applicable)</b>	

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b>
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> <li>Preparation of GRAP compliant financial statements.</li> <li>Challenges as listed below.</li> </ul>	CFO	<i>Completed</i>
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> <li>Obtain a thorough understanding of the format of the cash flow statement.</li> <li>No challenges to overcome.</li> </ul>	CFO	<i>Completed</i>
Accounting policies, changes in accounting estimates and errors (GRAP 3)	<ul style="list-style-type: none"> <li>A draft accounting policy has been prepared</li> <li>The municipality has appointed external specialists to assist with the implementation of GRAP and to capacitate the preparers of the financial statements with the disclosure requirements of GRAP 3.</li> <li>The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements.</li> </ul>	CFO	Completed  Par 14, 19 and 30-31 will be implemented on 1 July 2009
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> <li>The municipality is not involved in any foreign currency transactions.</li> </ul>	CFO	Completed
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any entities in which it has a controlling interest.</li> </ul>	CFO	Completed
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> <li>The municipality has established through a review that it does not have any entities over which it has significant influence.</li> </ul>	CFO	Completed

**LANGEBERG MUNICIPALITY  
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**APPENDIX G**

**FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES**

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b>
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> <li>The municipality must still complete the review to establish if it is involved in any public private partnerships which may constitute a joint venture.</li> </ul>	CFO	Completed
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> <li>The municipality will review all revenue sources in order to establish compliance with this Standard.</li> <li>External specialists have been appointed to assist with the review.</li> <li>The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed.</li> </ul>	CFO	Completed
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> <li>The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard.</li> </ul>	CFO	Completed
Inventories (GRAP 12)	<ul style="list-style-type: none"> <li>The municipality will review the Standard in order to understand its requirements.</li> <li>The municipality's costing systems will be reviewed in order to establish if its current reporting capability is sufficient to comply with the requirements of the Standard.</li> <li>Any adjustments required to the costing system will made.</li> </ul>	CFO	Completed
Leases (GRAP 13)	<ul style="list-style-type: none"> <li>The municipality is currently in the process of reviewing all its operating lease agreements in order to establish if some of these should be classified as finance leases.</li> <li>The municipality must ensure that all assets financed through finance leases are included in the fixed asset register.</li> <li>The municipality must review all its lease agreements in order to establish if any of these payments should be "smoothed" as per the Standard.</li> </ul>	CFO	Completed  Completed  Completed
Events after the Reporting Date (GRAP 14)	<ul style="list-style-type: none"> <li>The preparers of the financial statements will have discussions with senior officials and its lawyers in order to determine if any events after reporting date has occurred.</li> </ul>	CFO	Completed

## APPENDIX G

[illegible]

**LANGEBERG MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**APPENDIX G**

**FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES**

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b>
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> <li>The municipality has appointed external specialists to assist with the identification of potential provisions, liabilities and contingent assets.</li> </ul>	CFO	Completed
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> <li>The municipality requires capacity building on this Standard in order to fully understand its requirements.</li> </ul>	CFO	AFS 30 June 2011
Agriculture (GRAP 101)	<ul style="list-style-type: none"> <li>The municipality has appointed external specialists to assist with the identification of potential biological assets.</li> <li>The biological assets need to be verified and valued.</li> <li>The municipality's costing system needs to be amended in order comply with the requirements of the Standard.</li> <li>An accounting policy needs to be drafted for the treatment of agricultural assets.</li> </ul>	CFO	Completed
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> <li>The municipality has appointed external specialists to assist with the identification of potential intangible assets.</li> <li>The asset register needs to be adjusted in order capture all intangible assets.</li> <li>An accounting policy needs to be drafted for the treatment of intangible assets.</li> </ul>	CFO	AFS 30 June 2011
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	CFO	Completed
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> <li>Not applicable to this municipality.</li> </ul>		
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> <li>The municipality is in the process of preparing the request for quotation for the appointment of actuaries to value all employee benefits.</li> <li>Once the value of the potential liability is calculated, the municipality must determine a phasing-in policy for the provision of the total liability.</li> </ul>	CFO	Completed

**LANGEBERG MUNICIPALITY  
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**APPENDIX G**

**FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES**

<b>Financial reporting standard</b>	<b>Milestones to be achieved to comply with the standard</b> <i>[include the key challenges that have to be overcome]</i>	<b>Person responsible</b>	<b>Estimate date of compliance</b>
Accounting for Government Grants and Disclosure of Government Assistance (IAS 20/AC 134)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	CFO	Completed
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	CFO	Completed
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	CFO	AFS 30 June 2011
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	CFO	AFS 30 June 2011
Impairment of non-cash-generating Assets (IPSAS 21)	<ul style="list-style-type: none"> <li>The municipality needs training and clarification on the impact and requirements of this Standard.</li> </ul>	CFO	AFS 30 June 2011