



Draft Annual Report 2016 - 2017



LIST OF ACRONYMS

AQMP	Air Quality Management Plan
ART	Anti-Retroviral Treatment
DCAS	Department of Cultural Affairs and Sport
DEADP	Department of Environmental Affairs and Development Planning
DHS	Department of Human Settlements
DLG	Department of Local Government
DM	District Municipality
DSD	Department of Social Development
DWA	Department of Water Affairs
EPWP	Extended Public Works Programme
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HDI	Human Development Index
HSP	Human Settlement Plan
ICT	Information Communication and Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IIAMP	Integrated Infrastructure Asset Management Plan
IIF	Infrastructure Investment Framework
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
IYM	In-year Monitoring
JOC	Joint Operations Centre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LUPO	Land Use Planning Ordinance
MBRR	Municipal Budget and Reporting Regulations
MFIP	Municipal Finance Improvement Programme
MIG	Municipal Infrastructure Grant
MMC	Member of the Mayoral Committee
MMP	Maintenance Management Plan
MN:	Municipal Notice
MRF	Materials Recovery Facility
MSA	Municipal Systems Act

NDHS	National Department Human Settlements
NEMWA	National Environmental Management Waste Act
PMP	Pavement Management Plan
PMS	Performance Management Systems
PSG	Provincial Strategic Goal
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SOP	Standard Operating Procedure
SWMP	Stormwater Management Plan
TB	Tuberculosis
WDM	Water Demand Management
WSDP	Water Service Development Plan
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works



TABLE OF CONTENT

PAGE

Chapter 1: Mayors Foreword and Executive Summary	
1.1. Mayor's Foreword	1
1.2. Executive Summary	
1.2.1. Municipal Manager's Overview	3
1.2.2. Municipal Functions, Population And Environmental Overview	6
1.2.3. Service Delivery Overview	13
1.2.4. Financial Health Overview	18
1.2.5. Organisational Development Overview	23
1.2.6. Audit General's Report	23
1.2.7. Statutory Annual Report Process	24
Chapter 2: Governance	26
<i>Component A: Political and Administrative Governance</i>	
2.1. Political Governance	27
2.2. Administrative Governance	
2.2.1. Meeting the Requirements for Political and Administrative Governance	32
<i>Component B: Intergovernmental Relations</i>	
2.3. Intergovernmental Relations	37
<i>Component C: Public Accountability And Participation</i>	
2.4. Public Meetings: Ward Committee Establishment Programmes	43
2.5. IDP Participation and Alignment	52
<i>Component D: Corporate Governance</i>	
2.6. Risk Management	53
2.7. Anti-Corruption and Fraud	54
2.8. Supply Chain Management	54
2.9. Policies And By-Laws	55
2.10. Website	56
2.11. Public Satisfaction on Municipal Services	56
Chapter 3: Service Delivery Performance	
SDBIP Report	57
Chapter 4: Organisational Development Performance	
<i>Component A: Introduction To The Municipal Personnel</i>	
4.1. Employee Totals, Vacancies and Turnover	73
<i>Component B: Managing The Municipal Workforce</i>	
4.2. Policies	75
4.3. Injuries, Sickness and Suspensions	76
4.4. Performance Rewards	78
<i>Component C: Capacitating The Municipal Workforce</i>	
4.5. Skills Development and Training	79

<i>Component D: Managing The Workforce Expenditure</i>	
4.6. Employee Expenditure	82
Chapter 5: Financial Performance	
5.1. Annual Financial Statements	84
Chapter 6: Audit General Audit Findings	
6.1. Report from Audit Committee	208
6.2. Auditor General Report 2016/2017	211
6.3. Audit Action Plan	217
Appendixes	
A: Full list of Councillors and committee allocations	



CHAPTER 1

Mayor's Foreword
and Executive Summary



CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1. MAYORS FOREWORD



Executive Mayor
HM Jansen

This report reflects on our performance of the past 2016/2017 financial year. It is extremely valuable and helps us to benchmark our performance standards and to set new goals for improvement.

Vision

Our vision *to create a stable living environment and sustainable living conditions for all citizens* was well attained in 2016/2017. Through strong leadership, good governance and sound management of our finances, our people were firmly placed at the centre of the quality services we have delivered in 2016/2017.

We serviced more indigent households, invested greatly in electricity infrastructure and focussed on improving our organisation's health to achieve our planned goals for 2016/2017.

Our 2016/2017 IDP highlights eleven objectives which steered overall implementation of our planned local development. It also shows how our actions successfully aligned with the plans and development strategies of other government spheres.

Key Policy Developments

The revision of policies and strategies ensure relevance to our current reality and ensures that the organisation maintains effective, efficient and transparent management systems. This is a strategy of Langeberg Council which aims to promote improved governance and accountability. As such, an action plan to remedy identified public participation challenges was developed and implemented for our wards.

Key Service Delivery Improvements

We proudly provide for the basic needs of our people and provided refuse removal, water and sanitation, clean drinking water and electricity to more households. Although faced with bleak economic conditions for growth and employment and increasing pressure on municipal finances, we also provided for more indigent households. However, although we serviced more households, we could not service all.

Public Participation

The Municipality ensured compliance to statutory requirements and provided an enabling participative environment by convening participation meetings, allowing written submissions and using various means of advertising and information exchange. The external media, municipal newsletters and the official municipal website were fully exploited for this purpose throughout 2016/2017, as is well proven in this report.

Public Participation is a key performance area for the Municipality and is included in the performance agreements of senior management. The Municipality has a Public Participation unit with nine (9) officials responsible for public participation as well as one (1) official responsible for Ward Committees.

Regular Councillor Community Report Back Meetings were held.

Service delivery is a standing item on the Ward Committee agenda. A template to report service delivery issues was designed for Ward Committee members to complete, submit and report on.

Efforts to actively involve communities in the participation process in 2016/2017 included:

- Vibrant programmes and services rolled out to get communities participating and reaping benefits. These programmes are highlighted throughout this report.

- The Municipality partnered with its communities to improve service delivery and community engagement in decision making.

Future Actions

The adopted 2016/2017 IDP sets out the future development path, goals and actions of the Langeberg municipal area in full. New housing projects, road upgrades and extended library services are amongst many projects that have been approved and which residents can look forward to in the next financial year.

Conclusion

Our aim, to touch the lives of all citizens living in the municipal area, is clearly displayed in this Annual Report. It is a true testimony of our commitment to put “our people at the centre of Langeberg’s development”. May we build on our strengths and collectively address all challenges that may face us on our journey ahead.

Alderman HM Jansen
Executive Mayor

1.2. EXECUTIVE SUMMARY



1.2.1. MUNICIPAL MANAGER'S OVERVIEW

Although challenging, the 2016/2017 financial year saw many successes. With passion and a collaborative team effort we have addressed most of our challenges, and continued to promote good governance, accountability, financial health and improved service delivery to our citizens.

Improved Service Delivery

In 2016/2017, projects with the aim of improving service delivery included the completion of Ashbury Library in Montagu and the transfer station in Ashton. These were both roll-over projects from the previous financial year. New service delivery projects included the construction of a new solid waste drop-off facility in Bonnievale, the upgrade of the waste water treatment works in Montagu, new services installed, water services, road rehabilitation and the reconstruction of bridges.

The table below indicates some of the important infrastructure projects completed during the 2016/17 Municipal financial year, up to 30 June 2017:

Table 1: MIG Projects 2016/2017

Project	Actual expenditure during the 2016/17 financial year	% Complete (Construction)	Completion date
Upgrade of the waste water treatment works in Montagu	R 4 035 700	100% of the total budget spent	September 2016
Construction of solid waste transfer station in Bonnievale	R 4 214 260	100% of the total budget spent	January 2017
Construction of solid waste transfer station in Ashton	R 1 819 201	100% of the total budget spent	March 2017
Phase 2 of Ashbury Library in Montagu	R 4 457 680	98.28% of the total budget spent	30 May 2017

Improved Efficiency and Effectiveness of Municipal Activities

The Municipality improved its efforts to create effective and efficient service delivery integration.

To improve lives, the Thusong Programme provides integrated services and information from government to communities close to where they live. The Robertson Thusong Service Centre has been categorized as well-functioning, with an overall score of 90% for the 2015/2016 reporting year. With the aim to increase effectiveness and efficiency in 2016/2017, more services were made available to communities, with a programme funded by the budget.

Alignment of Services to IDP Indicators and Council Priorities

The 2016/17 IDP was reviewed in compliance with Section 34 of the Municipal Systems Act. Chapters 2 and 7 of the Reviewed 2016/17 IDP provide measurable targets which are linked to the strategic objectives and priorities of Council. Evidence of targets achieved is illustrated in the Municipality's SDBIP, which allows for easy tracking of performance.

Service Delivery Performance

The Municipality has infrastructure master plans in place to identify, prioritise and address existing service backlogs. All 2016/2017 municipal capital projects have been aligned to national and provincial targets.

Access to Basic Services in Langeberg Municipality

The table below illustrates the provision of basic services in the Municipality

Table 2: Access to Basic Services

Access to Basic Services in the Langeberg Municipality										
Year	Water		Sanitation		Energy		Refuse Removal		Housing	
	2011	2016	2011	2016	2011	2016	2011	2016	2011	2016
Langeberg Municipality	24 975	27 919	22 445	26 896	23 665	26 288	18 010	22 527	22 791	25 363

Source: Stats SA, Census 2011 & Municipal Questionnaire

Financial Sustainability

The Municipality tabled surplus budgets over the 2016/17 MTREF and made a coordinated effort to put forth a funded budget.

Efforts to Conserve Water and Energy

Water Conservation/Water Demand Management measures at the Municipality have improved significantly in 2016/2017. Unaccounted water losses (UAW) was reported to be 8,23 % in the last quarter of the reporting year. A current water meter audit will also indicate where illegal water connections were made.

The Municipality invested considerably in new electricity infrastructure, to ensure it meets the demand for energy in the area. These improved services and new infrastructure contributed to better monitoring. Unaccounted electricity losses remained at 5.90% from the third quarter to the last quarter.

Policies and Restrictive Measures

The Municipality implemented administrative measures to curb spending on fuel, the attendance of external meetings, remuneration for overtime work, telephone bills as well as printing costs through strict implementation and monitoring of existing and relevant policies.

Shared Services

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

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

The Municipality remains committed to achieve Council's objectives which are all aimed at improving the lives and prospects of our residents. And to subsequently realise a better future and quality of life for all living in the Langeberg municipal area.

I am privileged and honoured to present this 2016/2017 Annual Report.

SA Mokweni
Municipal Manager

1.2.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

MUNICIPAL FUNCTIONS

The broad functions and powers of the Municipality are in accordance with Section 155/156 of the Constitution and Chapter 3 of the MSA.

Basic Services

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the Municipality contributed as follows to the functions below in 2016/2017:

Water: 21 923 households had access to potable water

Sanitation: Basic sanitation services were rendered to 21 733 households

Energy: Electricity was provided to 26 928 households

Refuse removal: Refuse removal services were delivered to 21 801 households

Housing: 25 363 households had access to formal housing.

Roads: Extensive road and bridge construction projects are current and will continue in the next reporting year.

Local Economic Development

Economic growth at the municipal level is essential for the attainment of economic development, the reduction of poverty and improved accessibility (forward and backwards linkages between the first and second economy). Fostering this growth requires an understanding of the economic landscape within which each respective municipality operates.

Langeberg contributed R4.484 billion (or 10.2 per cent) to the District's total R44.16 billion GDP as at the end of 2015. GDP growth averaged 4.0 per cent per annum over the period 2005 - 2015. This is above the District average of 3.5 per cent. Average annual growth of 3.0 per cent in the post-recessionary period remained above the District average of 2.8 per cent.

Langeberg employed 13.7 per cent (51 545 labourers) of the Cape Winelands District's labour force in 2015. Employment growth was moderate, averaging 2.5 per cent per annum since 2005, which was above the overall District employment growth rate of 1.9 per cent per annum. Employment growth has nevertheless picked up significantly in the post-recessionary period (2010-2015) averaging 3.7 per cent per annum (remaining above the district's rate of 2.9 per cent over the same period). Langeberg has experienced significant job losses in the Agriculture, forestry and fishing sector and in the Manufacturing sector prior to and during the recession. However, 11 810 (net) additional jobs have been created in total since 2005. The semi-skilled sector employed 21.0 per cent of the Municipality's workforce, and rose by 1.7 per cent per annum on average since 2005. The low-skilled sector (which employs 14 774 workers or 28.7 per cent of the Municipality's workforce) experienced a contraction of 1.7 per cent per annum over the past decade. Most of the job losses experienced during the recession emanated from this sector. The skilled sector employed 4 567 workers (8.9 per cent of the workforce), and grew at a moderate rate of 2.6 per cent per annum since 2005. The majority (41.5 per cent or 21 374 workers) of the formally employed workforce operate within the informal sector, which has grown by 9.1 per cent per annum on average since 2005 and absorbed most of the job losses from the low and semi-skilled sectors.

Municipal Socio-Economic Analysis

A summary of recent changes in various social indicators reveals the following for the Cape Winelands District and Langeberg Municipality.

Indicators that have moved in a positive direction include an increase in the access to water, electricity, sanitation and waste management, among others and could be a result of positive economic performance within the District, and vice-versa.

Langeberg grew by 3.9 per cent on average between 2005 and 2015 while the population growth was faster than the economy at 7.9 per cent between 2011 and 2016. The HDI has risen year-on-year from 0.632 in 2011 to 0.670 in 2015. Social indicators that have moved in a positive direction include the increasing access to basic services, decreasing poverty headcount and intensity levels, lower households without income, fewer informal dwellers and lower teenage pregnancies. Indicators that remain a concern include the increasing population, increasing indigent households, increasing income inequality, below average education achievements, rising ART and TB patient loads, and lower immunisation coverage, among others.

The changes in these economic and social indicators are listed in Table 2 below.

Table 3: Summary of recent changes in various social indicators in the Cape Winelands District and Langeberg Municipality

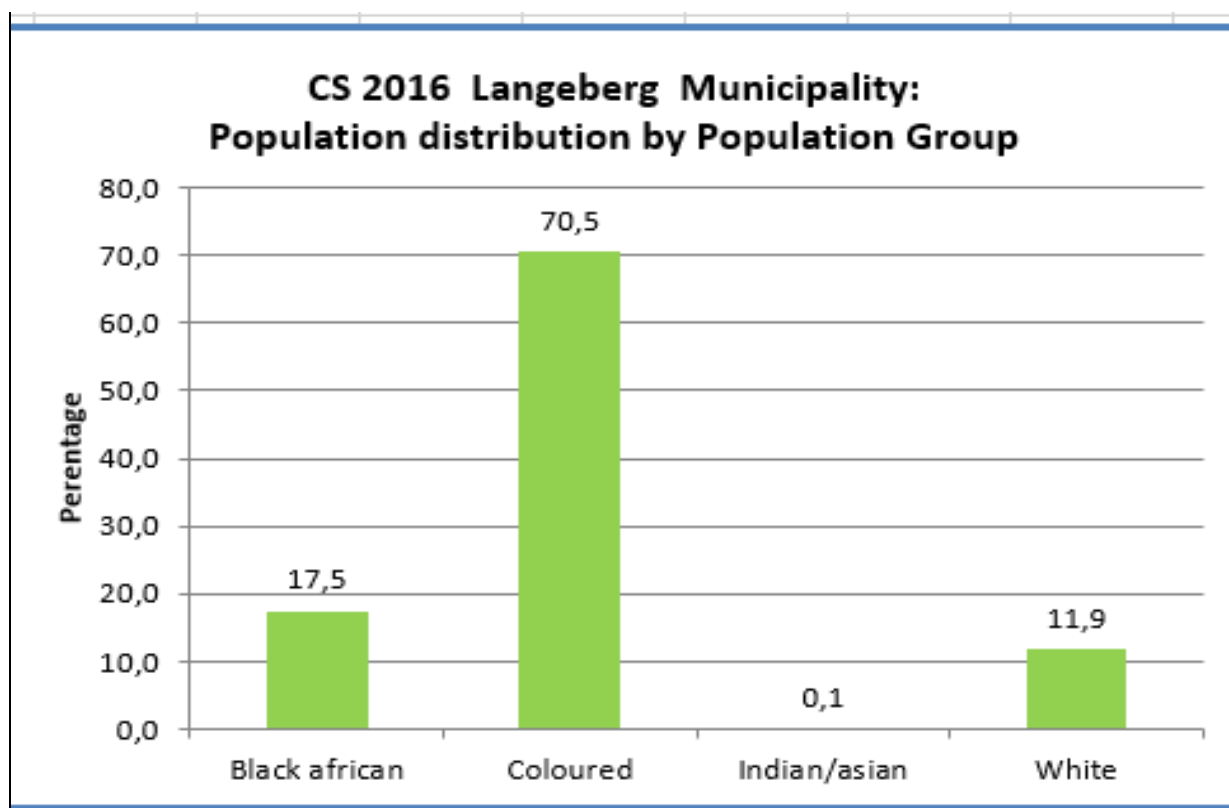
Indicator	Cape Winelands District	Langeberg
GDP growth (2005 - 2015)	3.6%	3.9%
Population Growth (2011 - 2016)	10%	7.9%
HDI (2011 - 2015)	Increase	Increase
Indigent Households (2014 - 2015)	Increase	Increase
Households with no income (2016)	13.1% of total	10%
Gini coefficient (2013 - 2015)	Increase	Increase
Poverty headcount (2011 - 2016)	Increase	Decrease
Poverty intensity (2011 - 2016)	Decrease	Decrease
Informal dwelling (2016)	16.6% of total dwellings	8.5%
Access to water (2011 - 2016)	Increase	Increase
Access to electricity (2011 - 2016)	Increase	Increase
Access to sanitation (2011 - 2016)	Increase	Increase
Access to refuse removal (2011 - 2016)	Increase	Increase
No schooling (2016)	3.2% of total population	4.1 %
Grade 12 or higher certificate (2016)	38.1% of total population	24.1 %
ART patient load (2013 - 2015)	Increase	Increase
No of TB patients (2013 - 2015)	Increase	Increase
Immunisation coverage(2013 - 2015)	90 %	73 %
Birth weight (2013 - 2015)	15 %	16 %
Teenage pregnancies (2013 - 2015)	7.3 %	9.8 %

POPULATION OVERVIEW

Size: Langeberg has the smallest population in the Cape Winelands District which, according to the forecasts of the Western Cape Department of Social Development, is estimated to be **103 389** in 2017¹. This total gradually increases across the 5-year planning cycle and is expected to reach **108 540** by 2023. This equates to an approximate **5.0 per cent growth** off the 2017 base estimate.

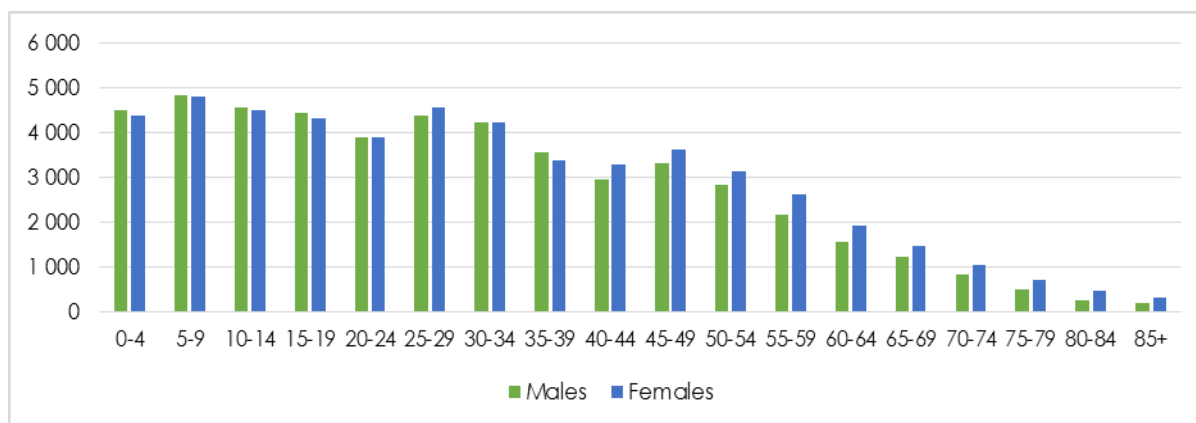
Composition: The majority population group in The Municipality is Coloured, followed by Black African, White and Indian/Asian across all wards, except for Ward 2 and Ward 10 where the majority is Black African.

Graph 1: Distribution of the Population by Population Group in Langeberg Municipal Wards



Age: It is expected that there will be considerably less individuals within the 20 – 24 age cohort in 2017 in comparison to the 15 – 19 age group. This lower concentration could potentially be attributed to the outflow of school leavers and finishers (in particular within towns such as Ashton and Montague) who move from the region in search of better employment opportunities. The Robertson area's economy is however driven by wholesale, retail, trade, catering and accommodation activities which necessitates the need for a more skilled and semi-skilled labour force that is sourced from outside of the region, hence the higher population concentration within the 25 – 29 and 30 – 34 age groups. The higher concentration in the 45 - 49 age groups can in turn potentially be attributed to the growing trend of individuals that retire early or downscale to more rural and tranquil communities.

Graph 2: Age Distribution



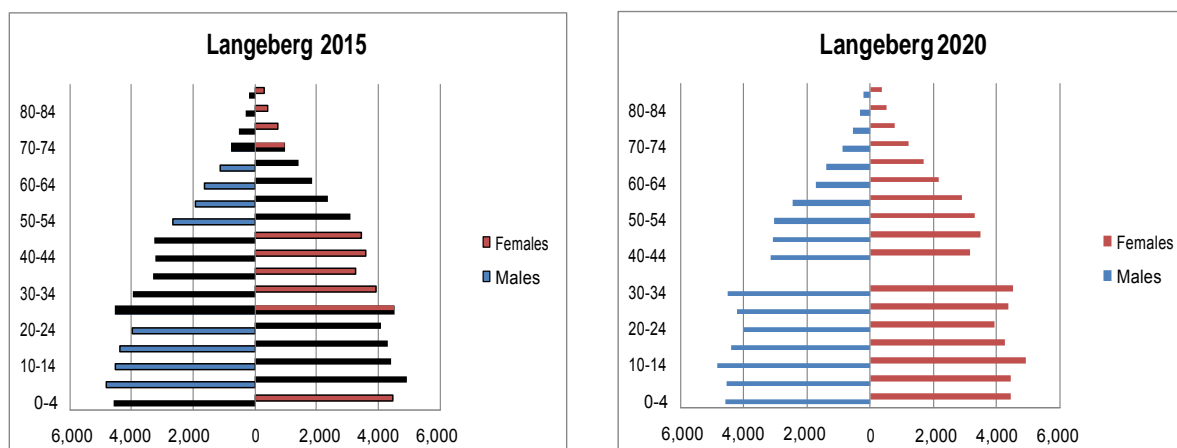
Dependency: Langeberg is expected to have decreasing dependency ratios of 52.6, 50.8 and 49.8 for the respective years of 2011, 2017 and 2023. As lower dependency ratios imply less strain on the working age to support their economic dependants (children and aged), this decrease will have positive social, economic and labour market implications.

Table 4: Age Cohort

	Children: 0 – 14 Years	Working 15 – 65 Years	Age: Aged: 65 +	Dependency Ratio
2011	27 760	64 028	5 937	52.6
2017	27 659	68 573	7 158	50.8
2023	27 475	72 433	8 632	49.8

Age/Gender: The population pyramids below visually represent the community's age and sex distribution and provides insight into fertility, mortality and immigration rates. When comparing the shape of the 2015 and 2020 population pyramids, population increases are expected at the younger ages, particularly 10 to 14 years, as well as in the working age population between 35 and 44 years. This holds particular implications for the provision of educational facilities and services related to children about to enter (and already attending) high school. The growth in the labour force will result in a greater need for employment opportunities.

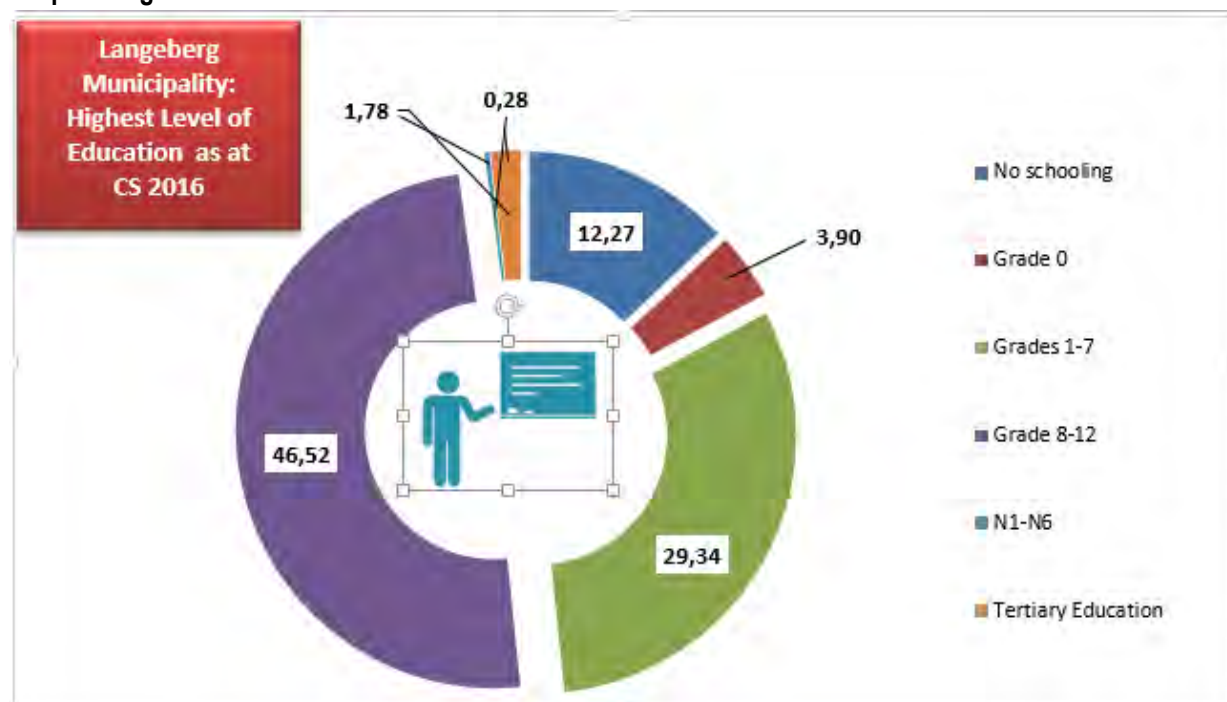
Graph 3: Population Age Distribution 2015 to 2020



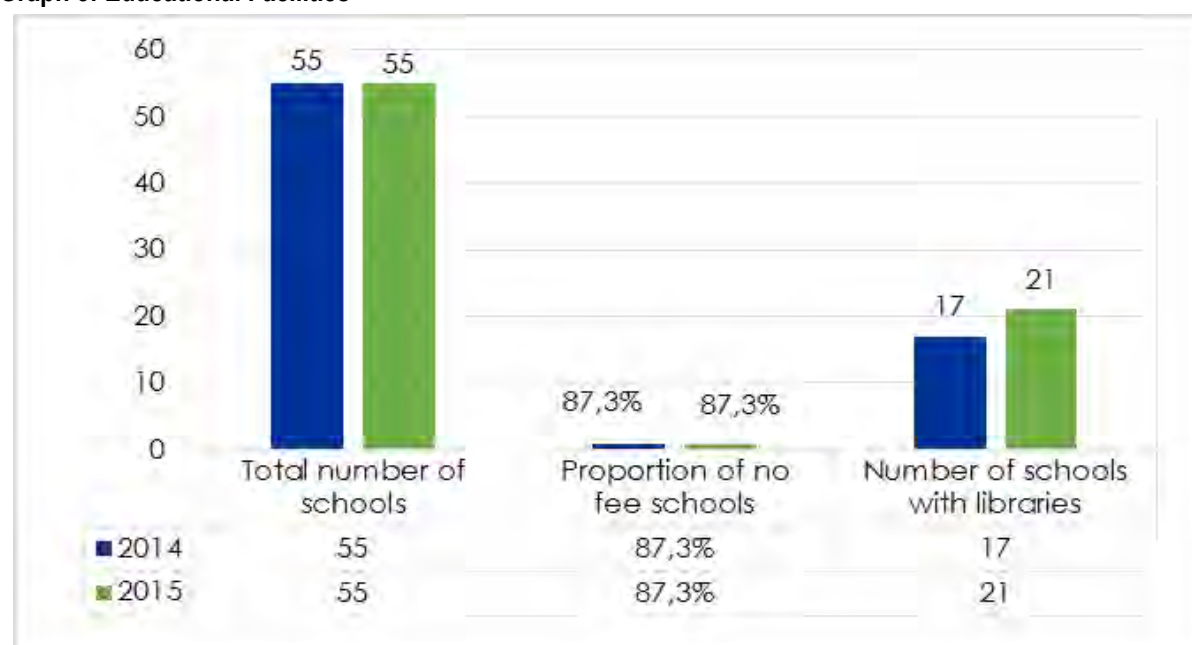
Source: Western Cape Department of Social Development, 2015

Education: Education and training improves access to employment opportunities and help to sustain and accelerate overall development. It influences communities' welfare and expands the range of options through which to create opportunities for a fulfilling life.

Graph 4: Highest level of education



Graph 5: Educational Facilities



Households: Approximately 56.9 per cent of households in Langeberg fall within the low income bracket, of which 10.0 per cent have no income. Less than fifty per cent of households fall within the middle to higher income categories, split between 37.9 per cent in the middle income group and 5 per cent in the higher income group. A sustained increase in economic growth within the Langeberg municipal area is needed if the 2030 NDP income target of R110 000 per person, per annum is to be achieved.

Table 5: Household Income

Amount (2016)	Cape Winelands District	Langeberg	
No income	13.1	10.0	Low income
R1 – R6 327	1.9	2.5	
R6 328 – R12 653	3.5	4.3	
R12 654 – R25 306	13.4	15.8	
R25 307 – R50 613	20.1	24.3	
R50 614 – R101 225	18.4	19.8	Middle Income
R101 226 – R202 450	12.3	10.8	
R202 451 – R404 901	8.8	7.3	
R404 902 – R809 802	5.7	3.6	High income
R809 803 – R1 619 604	2.0	1.0	
R1 619 605 – R3 239 208	0.5	0.2	
R3 239 209 or more	0.4	0.2	

Poverty: The poverty headcount shows that the number of poor people within the Langeberg municipal area decreased from 1.7 per cent of the population in 2011 to 1.0 per cent in 2016. The decreasing poverty headcount is positive. The intensity of poverty, i.e. the proportion of poor people that are below the poverty line within the Langeberg municipal area, decreased from 42.4 per cent in 2011 to 39.8 per cent in 2016. This percentage is still high

Table 6: Poverty Headcount and Intensity

Area	Poverty Headcount (Percentage)		Poverty Intensity (Percentage)	
	2011	2016	2011	2016
Langeberg	1.7	1.0	42.4	39.8
Cape Winelands District	2.5	3.1	42.0	41.3
Western Cape	3.6	2.7	42.6	40.1

Indigent Households: The Non-Financial Census of Municipalities released by Statistics South Africa in 2016 indicated an increase of 327 indigent households in the Langeberg municipal area between 2014 and 2015. This implies an increased burden on municipal financial resources.

Table 7: Indigent Households

Area	2014	2015	Change
Langeberg	7 168	7 495	327
Cape Winelands District	39 368	38 374	-994
Western Cape	413 259	360 238	-53 021

ENVIRONMENTAL OVERVIEW

Land use

The Premier issued a proclamation in the Provincial Gazette Extraordinary 7509 on 7 October 2015 that brings the LUPA into effect in the Municipality. A draft integrated zoning scheme stands to be approved when LUPA is implemented in the municipal area. The current Land Use Management Scheme or Zoning Schemes are compliant with the provisions of the Land Use Planning Ordinance No. 15 of 1985 (LUPO).

Waste Management

A shortage of available landfill airspace exists across the Province and the recovery of waste material for the waste economy is only at 9 per cent..

Due to strict environmental requirements set by the national government, closure and rehabilitation of waste disposal facilities became increasingly expensive. Lacking the necessary resources and staff capacity, municipalities find it difficult to comply. The Municipality is no exception in this regard.

In terms of waste minimisation, the Municipality provides a 13 per cent diversion rate and supports this by means of a split bag system, one MRF and two public drop-off facilities.

With regards to solid waste management, the Municipality conducts internal and external audits at one of its waste facilities with an average of 80 percent compliance in terms of waste licence conditions.

The Municipality delivers waste removal, storage and disposal services in a manner that does not conflict with National or Provincial Norms and Standards. All the waste management facilities which trigger waste listed activities are licensed/authorised in terms of the NEMWA. Drop-off facilities are freely accessible to the public.

Air Quality Management

Langeberg Municipality has a draft Air Quality Management Plan (AQMP) which will be adopted as part of the Annexure of the IDP. A designated air quality officer has been appointed, and as part of the AQMP requirements, an air quality by-law has still to be developed.

The Langeberg municipal area is not situated in a highly industrialized area and comprises most of rural areas. The municipality therefore experience very low volumes of air pollution, which allows us to liaise with big factories in area to address and control air quality.

Through coordination by the Cape Winelands District Municipality, the Langeberg Municipality provides information for input into the Western Cape State of Air Report.

Climate Change

In response to an uncertain future and immediate development needs, the Municipality needs to align climate responses with existing climate and development challenges. Climate change covers all sectors and integrating climate change into existing policies and plans are considered the most effective way to respond to climate change:

- The limitations to water availability force the municipality to implement plans that will ensure that water resources are not depleted.
- The SDF includes climate change considerations for all sectors to ensure that trade-offs and synergies are understood and met with available science and robust analysis.
- The Municipality has an Electrical Master Plan, outlining how future growth will be handled.
- Municipality has a disaster Management plan in place which is reviewed annually. Disaster risk assessments have been undertaken and climate change has been specifically identified as a consideration for flood risks.

1.2.3. SERVICE DELIVERY OVERVIEW

Access to basic services is a basic human right. It is also an indication of the quality of life of residents. The extent of human development within a municipality is largely influenced by access to housing and associated basic services such as water, electricity, sanitation and refuse removal, with high access levels implying better human development and vice versa. This report uses data from Census 2011 and the Community Survey of 2016 for the analysis of access to basic services.

Please note: Access level definitions for water and electricity were phrased differently in the respective Census 2011 and Community Survey 2016 questionnaires.

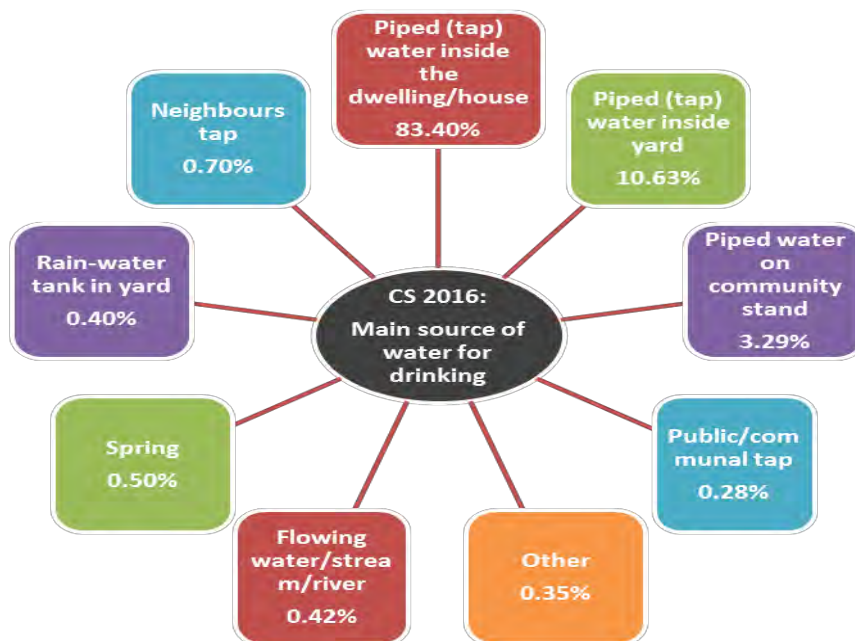
BASIC SERVICE DELIVERY ACHIEVEMENTS

The levels of access to basic services are discussed below for water, sanitation, energy, refuse removal and housing.

Water

Graph 6 below depicts the service delivery levels in 2016 for water availability in the Langeberg municipal area as provided by StatsSA.

Graph 6: Service delivery levels: Water availability



Statistics South Africa estimates the number of households in the Langeberg municipal area increased from 25 125 in 2011 to 28 401 in 2016. The biggest source of water in Langeberg in 2016 was access to piped water inside dwellings/yards/or within 200 metres. Access to piped water for these categories increased by 11.8 per cent from 24 975 households in 2011 to 27 919 households in 2016. Similarly, access to water increased by 18.3 per cent across the District over the same period

Table 8: Household access to water

Area	2011	2016	% Change
Cape Winelands District	196 603	232 605	18.3
Langeberg	24 975	27 919	11.8

Blue Drop Status

The Blue Drop certification reflects on the actual quality of tap water within a municipality. It further acknowledges a municipality's ability to sustain this quality and provides an indication of preparedness to deal with any incident that may pose a water related health risk to the public. The certification process attributes a weighted score according to a municipality's performance measured against a specific set of water management criteria such as water safety planning, drinking water quality compliance etc. Municipalities that achieve overall scores above 95 per cent are officially awarded the prestigious Blue Drop status.

The last Blue Drop evaluation was done by the Dept. of Water Affairs and Sanitation in 2014 and our overall Blue Drop Score was then 72,30%. The scores for 2011 and 2012 were 32,39% and 51,62% respectively.

Refuse

Graph 7 below depicts the service delivery levels in 2016 for refuse removal in the Langeberg municipal area, as provided by StatsSA.

Graph 7: Refuse removal in Langeberg Municipality



The majority of households in the Langeberg municipal area have their refuse removed by local authorities at least weekly (79.3 per cent) and a further 3.4 per cent of households have refuse removed by the local authority/private company less often. Refuse removed by local authorities once a week increased by 25.1 per cent from 18 010

households in 2011 to 22 527 households in 2016 and by 21.8 per cent across the District over the same period

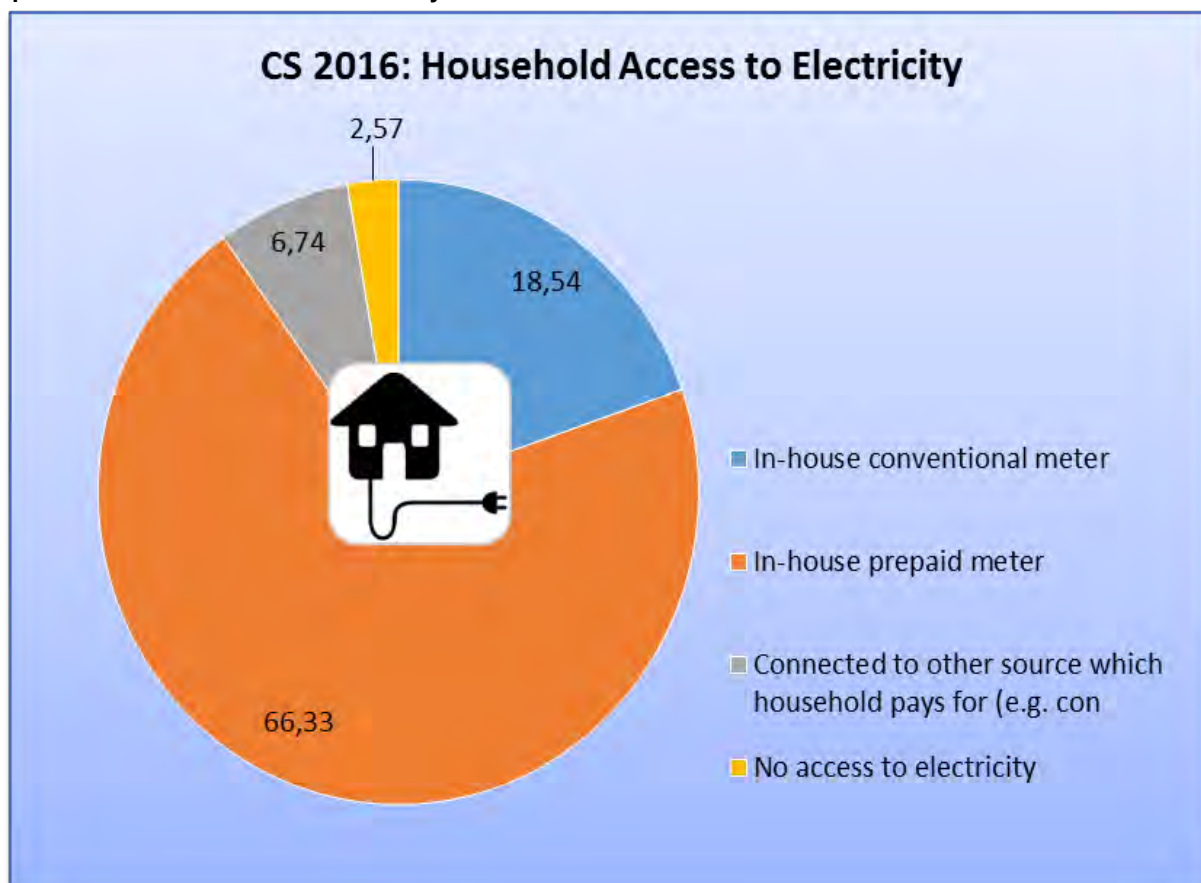
Table 9: Access to Refuse Removal

Area	2011	2016	% Change
Cape Winelands District	158 426	192 974	21.8
Langeberg	18 010	22 527	25.1

Electricity

Graph 8 below depicts the service delivery levels in 2016 for accessible electricity in the Langeberg municipal area, as provided by StatsSA.

Graph 8: Household Access to Electricity



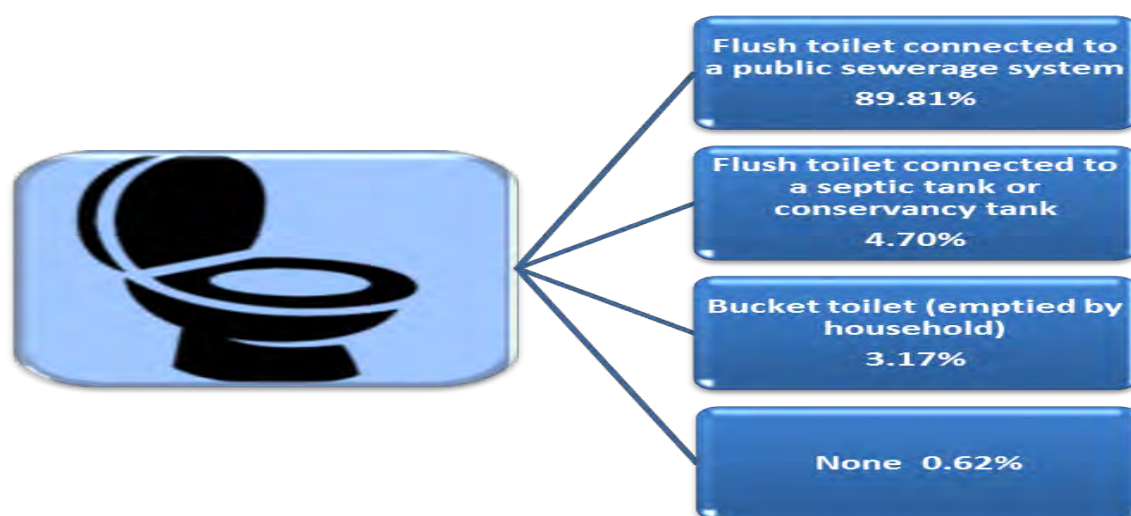
The biggest source of energy for lighting purposes in the Langeberg municipal area in 2016 was electricity whilst 9.1 per cent of households make use of other sources of energy i.e. households that access electricity from a source which they do not pay for, generator, solar home system, battery and other. Access to electricity for lighting purposes improved by 11.1 per cent from 23 665 households in 2011 to 26 288 households in 2016 and increased by 18.8 per cent across the District over the same period.

Table 10: Access to Electricity

Area	2011	2016	% Change
Cape Winelands District	183 976	218 483	18.8
Langeberg	23 665	26 288	11.1

Access to sanitation

Access to sanitation is one of the most important basic services as it concerns the health and dignity of human beings. Graph 9 below depicts the service delivery levels in 2016 for sanitation in the Langeberg municipal area as provided by StatsSA.

Graph 9: Access to Sanitation

In the Langeberg municipal area, a total of 26 896 households (94.51 per cent) currently have access to flush toilets connected to a sewerage system/flush toilet. Approximately, 4.7 per cent of households must therefore make do with other sources of sanitation, meaning facilities other than flushed and chemical (i.e. pit latrine, ecological toilets and bucket toilets). Access to flush toilets connected to a sewerage system in Langeberg improved by 19.8 per cent from 22 445 households in 2011 to 26 896 households in 2016 and by 26.0 per cent across the District over the same period.

Table 11: Access to Sanitation

Area	2011	2016	% Change
Cape Winelands District	181 418	228 650	26.0
Langeberg	22 445	26 896	19.8

Housing

The majority of households in the Langeberg area reside in formal dwellings (89.3 per cent) whilst 10.7 per cent of the households reside either in informal, traditional and other dwellings in 2016. Access to formal dwellings increased by 11.3 per cent from 22 791 households in 2011 to 25 363 households in 2016 and by 17.2 per cent across the District over the same period.

Table 12: Access to Housing

Area	2011	2016	% Change
Cape Winelands District	163 078	191 077	17.2
Langeberg	22 791	25 363	11.3

BASIC SERVICE DELIVERY CHALLENGES

The municipality is faced with the following challenges, all of which hamper delivery of equitable, basic services to all residents:

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

Table 13: Basic service delivery challenges in informal settlements as at March 2017

Informal settlement area	Number of dwellings	Challenges	Interventions necessary
Robertson (Nkanini)	1206	No services can be provided due to elevation of area Illegal electricity connections Cost of bulk services for Kenana	Relocation to Kenana housing project of qualifying residents Removal of illegal connections
Mandela Square	153	Cost of bulk services	Additional temporary communal flush toilets to be installed
Boekenhoutskloof	257	Falls within 800m buffer zone of landfill site Cost of bulk services	Application to DEA&DP for relaxation of buffer zone
Ashton	112	No services can be provided due to elevation of area	
McGregor	114	Non qualifiers for current housing project	Informal Settlement be moved and the area be rehabilitated.
Zolani	302	No services can be provided due to elevation of area	

1.2.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL SUSTAINABILITY

Based on the ratios provided in Chapter 4, the Municipality managed well to sustain its financial position.

Table 14: Financial Overview

Financial Overview - Year 2016/2017			
Details	Original Budget	Adjustment Budget	Actual
Income	396 961 030	405 381 030	405 781 216
Grants	144 279 000	148 920 945	136 468 873
Taxes, Levies and tariffs	77 804 260	80 509 240	84 940 499
Other	25 537 190	29 407 250	19 403 502
Sub Total	644 581 480	664 218 465	646 594 090
Less Expenditure	644 316 320	667 353 792	570 127 759
Net Total*	265 160	(3 135 327)	76 466 331
*Note: surplus/deficit)			

The following table highlights some key financial management challenges experienced in 2016/2017.

Table 15: Key Financial Challenges and Interventions

Key Financial Challenges and Interventions	
Challenges	Interventions
Debtor's non-payments MSCOA Financial Requirements Low Economic Growth Poverty	Credit Control & Debt Collection Process Sourced funding internally and externally LED Programs implemented Poverty Elevation programs implemented

FINANCIAL HEALTH

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

Table 16: Operating Ratios

Operating Ratios				
Detail	%	Expected Norm	Variance from norm	Comment
Employee Cost	27.80%	32% – 38%	4.2%	This is a good indicator.
Repairs & Maintenance	2.5%	6% - 8%	(3.5%)	We are below the norm as certain of our repairs and maintenance are done through capital expenditure.
Finance Charges & Impairment	5.16%	5%	(0.16%)	We are within the norm

Table 17: Total Capital Expenditure

Total Capital Expenditure				
Detail	2014/2015	2015/2016	2016/2017	Comments on variations between Actual and Adjustment Budgets
Original Budget		51 623 720	53 236 130	
Adjustment Budget		58 673 640	58 658 763	
Actual		72 553 494	50 839 216	

RISK ASSESSMENT

The organisation's risks for 2016/2017 were assessed and a Risk Register was developed. The Municipality's five top risks and mitigation measures follow below:

Table 18: The municipality's five top risks and mitigation measures per directorate follow below

Five Top Risks	Mitigating Measures to be Implemented
<p><u>Finance:</u></p> <p><u>Risk Description</u></p> <p>That the municipal Standard Chart of Accounts (mSCOA) is not implemented by the legislative deadline of 01 July 2017.</p> <p>Indigent allocation system not credible.</p> <p>Awards made to employees in the service of the state</p> <p>Unregistered properties exist in the municipal area</p> <p>The financial viability of the municipality is put under strain by the additional influx of people in the area that does not contribute to the revenue stream and for which services are provided.</p>	<p>Consultants were appointed to do the necessary mapping of accounts on version 6.1 to mSCOA. Pilot Municipality has been identified as Knysna for Promun Financial System. Mosselbay Municipality has early adopted. Council and SMT has been informed. The 2016_2017 budget must be tabled in mSCOA format.</p> <p>The application form is submitted to the clerks and the copy of the ID's and proof of income is attached in the application and Trans union is doing credit checks.</p> <p>Prospective bidders must complete declaration forms for whether or not in service of the state in terms of the Supply Chain Management Policy.</p> <p>Financial situation of the municipality are monitored on a daily basis.</p>

<p><u>Community Services:</u></p> <p><u>Risk Description</u></p> <p>Uncontrolled influx into informal settlements that causes serious socio economic problems and non-availability of basic services</p> <p>Vandalism of Municipal facilities and installations.</p> <p>Vandalism of facilities</p> <p>Approaching shortage of Cemetery space in all towns</p> <p>Non-compliance of the municipal By-laws by the public</p>	<p>"Compilation and promulgation of relevant bylaws.</p> <p>Implementation of law enforcement unit to apply bylaws.</p> <p>Continuous monitoring of new influx into informal settlements.</p> <p>Development of Transfer camp in Robertson."</p> <p>Security Officials has been appointed at the Van Zyl Sport fields. Community & Stakeholder Involvement</p> <p>1. Panic buttons linked to a security company have been installed in every library.</p> <p>2. Pepper spray was bought for each library with strict instructions about usage.</p> <p>Effective management of existing cemeteries, funding for the survey from the Dept. of Environmental Affairs will be utilised for another project, because of delays on their side.</p> <p>Law Enforcement By Laws</p>
<p><u>Strategy and Social Development</u></p> <p><u>Risk Description</u></p> <p>Weaknesses in the management of user accounts for Promun and Syntell</p> <p>No documented Electronic Funds Transfer (EFT) payment procedure for PayAccsys and Cash Focus</p> <p>Vendor performance are not monitored - Promun & Syntell (Which can lead to unauthorized changes that could be made on the system)</p> <p>Incorrect Performance reporting monthly on the system</p>	<p>The Municipality is still in the process of formalising management processes around the firewall.</p> <p>Formal Processes must be in place</p> <p>Monitoring controls must be implemented.</p> <p>The finance department must sign off a report to confirm that only authorised changes were made by the vendor and that the vendor has only been granted access to production when support/ maintenance is required.</p> <p>The IDP Coordinator do verification on performance information on a regular basis.</p>

<u>Engineering:</u>	<u>Current mitigating Measures</u>
<u>Risk Description</u>	
Deterioration of streets network	Approval and implementation of Pavement Management System
Illegal electricity connections	Application of By-Law to disconnect illegal connections
Unlawful land use	"Implementation of law enforcement unit to apply applicable legislation/bylaws
Storm Water Flood Damage	Availing of legal capacity to implement legal action against transgressors"
Non-compliance with water and wastewater treatment standards	"Compilation/review of Storm Water Master Plan
	Implementation of Storm Water Master Plans
	Regular cleaning of storm water systems"
	"Expansion of existing water and sanitation master plans to include analysis of water and wastewater treatment plants management, processes, capacities and compilation of comprehensive operation manuals.
	An Assistant Manager Water and Wastewater Treatment was appointed
	Identification of training needs through skills audit.
	Improvement of Blue and Green Drop scores through regulatory compliance (WSDP, WSP, W2RAP, Blue and Green Drop Audits etc.)

<u>Corporate Services:</u>	<u>Current mitigating Measures</u>
<u>Risk Description</u>	
<p>No leave form reach the HR office, Leave not captured at all or not captured timeously by HR officials</p> <p>Non-Compliance with BCEA on overtime worked.</p> <p>Official correspondences not referenced for record purposes.</p>	<p>Monthly checks with time sheets.</p> <p>Managers and supervisors were instructed to check their time sheets vs. leave forms.</p> <p>Prior approval of overtime by Directors and Municipal Managers.</p> <p>"Some internal memos are referenced</p> <p>Communications within the departments</p>

1.2.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has an approved macro organisational structure which was revised on 27 May 2014.

Current Capacity: The capacity as at 30 June 2017 were 710 employees - 6 Section 57 appointments, 681 permanent appointments and 23 fixed term contracts. Vacant positions on 30 June 2017 stood at 195 and the vacancy rate at 21.6%.

Senior Management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework.

Performance Management: The Langeberg Municipality adopted a performance management framework within the organisation up to the level of manager.

Employment Equity & Gender Distribution: The table below reflects the organisation's equity status as at 30 June 2017. Achieving the targets as set out in the Equity Plan remains an ongoing focus.

Table 19: Employment equity statistics on 30 June 2017

POST CATEGORY	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Legislators, Senior Officials and Managers	6	5	0	12	1	2	0	3	29
Technicians & Associated Professionals	5	29	0	21	2	12	0	8	77
Clerks	7	15		2	23	73	0	25	145
Craft & Related Trades	36	102		9	3	6		0	156
Elementary Occupations	76	166		7	18	30	0	6	303
TOTAL	130	317	0	51	47	123	0	42	710
TOTAL PER RACE (Male and Female)	177	440	0	93					
TOTAL PER GENDER	498 Male				212 Female				

Skills Development and Training: As required by the Skills Development Act, 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on 30/04/2017. The Municipality has a functional Training Committee.

Learnerships and Bursaries: The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Twenty-one employees studied at tertiary institutions with internal bursaries

1.2.6. AUDITOR GENERAL's REPORT

The Auditor-General awarded the Municipality a clean audit for the 2015/2016 financial year. This was the 5th consecutive unqualified audit opinion expressed for Langeberg Municipality.

1.2.7. STATUTORY ANNUAL REPORT PROCESS

The Annual Report process follows in Table 20 below:

Table 20: Annual Report Process

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

It is important to achieve the above deadlines, not only to achieve legislative compliance, but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

The table below shows that The Municipality complied with legislative requirements and timeframes in terms of the 2016/2017 Annual Report Process.

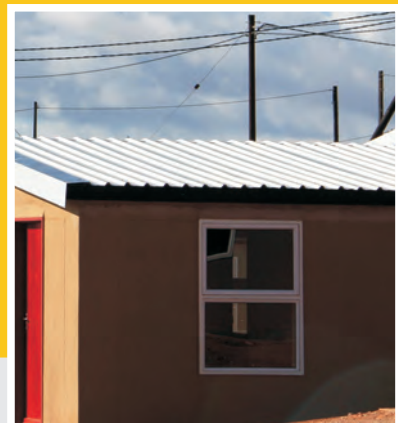
Table 21: Legislative Compliance of the 2016/2017 Annual Report Process

	Applicable Legislation	Comment
Annual Report tabled to Council within 7 months after end of financial year	MFMA Section 121(1)	The Annual Report was tabled in Council on 05/12/2017 - within 7 months after the end of the financial year
Annual Report made public for public comment	MFMA Section 127(5)	Communities were invited to make comments on the AR on 12/12/2017. The advert was published at www.langeberg.gov.za
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	The Annual Report was placed on the municipal website on 06/12/2017.
Annual Report submitted to Provincial Treasury	MFMA Section 127(5)	The Annual Report was submitted to PT on xx/xx/2017.



CHAPTER 2

Governance



CHAPTER 2: GOVERNANCE

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

The purpose of this Annual Report is to promote accountability to communities and to highlight those decisions taken by the Council and matters relating to administrative structures, throughout the 2016/17 financial year.

To ensure good governance, nine major characteristics should be applied within the political and administrative structures of the municipality, namely participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability.

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

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

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

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

2.1 POLITICAL GOVERNANCE

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

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


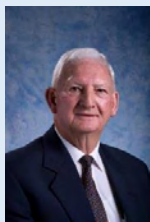
In addition, the Municipality also has an Audit & Performance Committee, which provides opinions and recommendations on financial processes and performance as well as comments to the Oversight Committee on the Annual Report.

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

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

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

Table 22: Political Structure of Langeberg Municipality

Political Structure of Langeberg Municipality	
 <u>Executive Mayor</u> HM Jansen (DA)	
 <u>Deputy Mayor</u> GD Joubert (DA)	



Speaker
SW Van Eeden
(DA) [Ward 8]

EXECUTIVE MAYORAL COMMITTEE

Corporate Service



MAYCO
DB Janse
(DA) [Ward 6]

Finance



MAYCO
EMJ Scheffers
(DA) [Ward 12]

Strategy & Social Development



Deputy Mayor
GD Joubert
(DA)

Engineering Services



MAYCO
JD Burger
(DA) [Ward 1]

Community Services



MAYCO
SW Strauss
(DA) [Ward 5]

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager and Head of Departments meet formally on a weekly basis to deliberate on service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters. The Senior Management Team also engages the Mayoral Committee to expedite the decision-making and service delivery process.

Table 23: Top Administrative Structure – Tier 1



TOP ADMINISTRATIVE STRUCTURE TIER 1	
MUNICIPAL MANAGER Mr SA MOKWENI	FUNCTIONS
 <p>SA MOKWENI Municipal Manager</p>	Accounting Officer of the Municipality
	Strategy
	Sound Financial Management
	Communication and stakeholder Management

Table 24: Top Administrative Structure – Tier 2

TOP ADMINISTRATIVE STRUCTURE TIER 2	
<p>DIRECTOR: CORPORATE SERVICES Mr AWJ EVERSON (Section 57)</p>  <p>CHIEF FINANCIAL OFFICER Mr B BROWN (Section 56)</p>  <p>DIRECTOR: ENGINEERING SERVICES Mr IAB VAN DER WESTHUIZEN (Section 56)</p>  <p>DIRECTOR: STRATEGY & SOCIAL DEVELOPMENT Mrs CO MATTHYS (Section 56)</p> 	<p>FUNCTIONS</p> <div> <ul style="list-style-type: none"> • Administrative Support • Governance Support • Human Resources • Labour Relations • Traffic Services • Legal Services </div> <div> <ul style="list-style-type: none"> • Budget Office • Income Services • Expenditure Services • Supply Chain Management </div> <div> <ul style="list-style-type: none"> • Electrical Engineering Services • Civil Engineering Services • Project Management • Solid Waste Management • Town Planning </div> <div> <ul style="list-style-type: none"> • Information Technology • Communications • Integrated Development Plan • Performance Management • Special Projects • Local Economic Development </div>


TOP ADMINISTRATIVE STRUCTURE TIER 2	
DIRECTOR: Community Services Mrs C LIEBENBERG (Section 56) 	<ul style="list-style-type: none"> • Community Facilities • Fire Services • Housing Administration • Libraries • Parks and Amenities

Table 25: Top Administrative Structure – Third Tier in 2016-2017

Top Administrative Structure – Third Tier in 2016/2017		
Department	Officials	Designation
Municipal Manager	Mr P A Lategan	Chief Audit Executive
Corporate Services	Mrs S Kotzé	Manager: Administrative Support
	Mr J C J Coetzee	Manager: Governance Support
	Mr T H Carstens	Manager: Human Resources
	Mr E Jooste	Manager: Labour Relations
	Mr A J Dondolo	Acting Manager: Traffic Services
Strategy & Social Development	Mr D van Schalkwyk	Manager: Social Development
	Mr M Z Prins	Network Administrator
	Mr P W Salman	Manager: Local Economic Development
Financial Services	Mr C.S Martin	Manager: Budget Office
	Mr Z.S Qhanqisa	Mentee Manager: Income Services
	Mr C.J Franken	Mentee Manager: Expenditure Services
	Mr S Ngcongolo	Mentee Manager: Supply Chain Management
Civil Engineering Services	Mr M Johnson	Manager: Civil Engineering Services
	Mr C J Vorster	Manager: Electrical Engineering Services
	Mr G M Slingers	Manager: Solid Waste Management
	Mr N W Albertyn	Manager: Project Management
	Mr J V Brand	Manager: Town Planning
Community Services	Mr D J Baadjies	Manager: Community Facilities
	Ms Z A Lesia	Manager: Parks & Amenities
	Vacant	Manager: Chief Fire and Disaster Management
	Mr M W Nel	Manager: Housing Administration
	Mrs C Joubert	Librarian

2.2.1 MEETING THE REQUIREMENTS FOR POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

Sustainability and Productivity: The Municipality's political and administrative governance structures remained productive throughout 2016/2017 and complied well with legislative requirements. The following meetings were held:

Table 26: Council, Mayco and Portfolio Meetings 2016/2017

Meetings	2015 / 2016	Attendance	2016 / 2017	Attendance
Portfolio Committee Meetings	40	85%	26	95%
Mayoral Committee Meetings	6	97%	4	92%
Special Mayoral Committee Meetings	1	83%	0	-
Council Meetings	6	89%	4	95%
Special Council Meetings	6	90%	5	95%

Table 27: Ward Committee Meetings held in 2016/2017

Ward Committee	Chairperson	Number of meetings held in 2015/2016	Number of meetings held in 2016/2017
Ward 1, Robertson	Cllr JD Burger	10	7
Ward 2, Robertson (Nkqubela)	Cllr AJ Shibili	10	7
Ward 3, Robertson	Cllr P Hess	10	7
Ward 4, Bonnievale (Happy Valley)	Cllr JJS Januarie	10	7
Ward 5, McGregor	Cllr SW Strauss	10	7
Ward 6, Robertson	Cllr DB Janse	10	7
Ward 7, Montagu	Cllr J Kriel	10	7
Ward 8, Bonnievale	Cllr SW van Eeden	10	6
Ward 9, Ashton	Cllr NJ Beginsel	10	7
Ward 10, Ashton (Zolani)	Cllr BH Nteta	10	7
Ward 11, Ashton (Rural)	Cllr JDF van Zyl	10	7
Ward 12, Montagu	Cllr EMJ Scheffers	10	7

Meetings were held in July 2016 in all wards besides in ward 8.

As from August till November 2016 a Ward committee awareness campaign and establishment process was conducted in all twelve wards.

During January 2017 an inauguration was conducted. An induction and training programme was done with all twelve wards on 21 and 28 January 2017.

The first ward committee meetings for all twelve wards were held in December 2016 as a meet and welcome process.

As from February 2017 ward committee meetings was conducted in all twelve wards.

Table 28: Audit Committee Meetings and Attendance

Audit Committee Members	Number of Meetings in 2015/2016	Member Attendance in 2015/2016	Number of Meetings in 2016/2017	Member Attendance in 2016/2017	Comments
Mr JJ Mostert – Chairman	5	5	5	1	Contract ended 30 September 2016
Mr A Amod	5	5	5	3	Appointed as Chairman 1 October 2016. attending are in
Mr K Pretorius	5	5	5	5	Not applicable
Mr W van Deventer	5	5	5	5	Not applicable
Mr E Abrahams	N/A	N/A	5	3	Appointed 1 October 2016
Mr N Nicholls	N/A	N/A	5	3	Appointed 1 October 2016

Municipal Public Accounts Committee (MPAC) Meetings

MPAC met on:

- 26 July 2016
- 13 Sept 2016
- 08 Nov 2016
- 16 January 2017
- 06 March 2017
- 08 May 2017

Accountability, Transparency and Rule of Law: Accountability is a key requirement of good governance and cannot be enforced without transparency and the rule of law. It means that stakeholders are provided with information on decisions that directly affect them and that legal frameworks are enforced impartially. Langeberg municipality's political and administrative governance structures are held accountable through various measures, all of which are adhered to

Table 29: Governance Structures and Measures of Accountability

Governance Structures	Measures of Accountability
Council	Approved minutes are available on request. All Council proceedings are ruled by the <i>Council Rules of Order</i> . Councillor conduct is ruled by the <i>Code of Conduct for Councillors</i> .
Mayoral Committee	Mayco Meetings are scheduled and minutes are kept. Mayco reports to Council
Ward Committees	Ward Councillors have a duty to provide feedback to Ward Committees and to Council. Meetings are scheduled and minutes are kept.
Portfolio committees	Responsible for oversight over administrative departments and report to Council monthly. Meetings are scheduled and minutes kept.
Municipal Public Accounts Committee	The MPAC serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council
The Municipality reports its annual performance financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion
The Municipality reports its annual performance financial status to its communities annually	The approved Annual Report is made available to the public
Municipal structures, employees, operations, procedures and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available
Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes.	Representation on recruitment and selection panels: Interviews are recorded. Representation on Labour Forum: Minutes are recorded. Representation on Occupational Health and Safety Committee: Minutes are recorded
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register. Internal Auditing reports are generated and tabled to Council
The Audit Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.	Audit Committee approves the Internal Audit Plan and reports to Council
Community participation in the development of Policies and Strategies	Participative processes were scheduled and posted on the municipal website on: 30/03/2017
IDP and Budgeting Participation	Participative processes were ensured with a Process Plan which was approved by Council on 30/08/2016.
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organisational and Service Delivery	Quarterly Performance Reports on the SDBIP are tabled to Council.

Governance Structures	Measures of Accountability
Performance Reporting to Council	Dates tabled: 1 st Quarter = A 3315 of 25 October 2016 2 nd Quarter = A 3355 of 24 January 2017 3 rd Quarter = A 3413 of 25 April 2017 4 th Quarter = A 3463 of 25 July 2017
Municipal Website promotes transparency	The Municipal website is updated on a daily basis. All current events, news articles, as well as required legislative documents (including budgets, tenders and vacancies) are updated on the website daily. Around 6690 unique visitors browsed the municipal website on a monthly basis during the 2015/2016 year and an average of 9125 per month in 2016/2017.

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

Table 30: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitor municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP
Mayoral Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council as A3355 on 24 January 2017 Adjustment Budget Tabled to Council as A 3384 on 21 February 2017 Adjusted SDBIP tabled to Council as A 3373 on 21 February 2017
Audit Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan Internal Audit Reports tabled to Council Risk Register Number of fraud cases reported and losses recovered
Performance Management Committee	Performance Bonuses awarded. The performance management system is designed to reward superior performance. This linking increases overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.

Equity and Inclusiveness: Society's well-being depends on ensuring that all its members have a stake in it and do not feel excluded from mainstream society. The political and administrative governance structures of the Municipality reflect equitable representation of the area's population structure. Different political parties are well-represented in Council, as well as both genders.

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

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

Participation: Community participation in the governance structures of the Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and sectors.

Community Participation in the development or revision of policies and strategies are achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments. The following table lists the dates on which such uploads were posted.

Table 31: Website Uploads for Community Reviews and Comments in 2016/2017

WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2016/2017	
Document	Date
MN Notice 48,52 and 53	13/07/2016
MN Notice 54 and 55	22/07/2016
Proposed lease erven 131, 132 & 133, Nkqubela, Robertson	22/07/2016
Proposed lease erven 250, Zolani, Ashton	22/07/2016
Proposed Alienation erven 181, Nkqubela, Robertson	22/07/2016
MN Notice 56	02/08/2016
MN Notice 47	10/08/2016
MN Notice 60	22/08/2016
Adopted Integrated Development Plan (IDP) Process Plan.	30/08/2016
MN Notice 61, 62 and 63	01/09/2016
MN Notice 59	09/09/2016
Calling on applicants on the McGregor Housing waiting list	09/09/2016
MN Notice 58, 67 and 68	20/09/2016
Community meetings for IDP inputs	29/09/2016
Nominate your Ward Committee member	30/09/2016
MN Notice 69, 70 and 71	03/10/2016
MN Notice 64, 65 and 66	18/10/2016
MN Notice 72 and 73	18/10/2016
MN Notice 75 and 76	26/10/2016
MN Notice 74 and 77	08/11/2016
MN Notice 79, 80 and 81	16/11/2016
Proposed lease municipal land, a portion of erven 2 (\pm 2000m ²) Nkqubela, Robertson	01/12/2016
Proposed alienation of municipal property, erven 5860, Robertson	01/12/2016
2015/2016 Draft Annual Report open for comments	06/12/2016
EPWP Proposed Policy open for public comments	12/01/2017
Register on supplier database	17/01/2017
MN Notice 1 to 5	25/01/2017
MN Notice 6 and 7	27/01/2017
Consideration of the 3rd Generation Integrated Waste Management Plan	31/01/2017
Invitation for Public Comment: Integrated Zoning Scheme By-Law	09/02/2017
Community meeting to participate in the 3rd Generation Integrated Waste Management Plan	14/02/2017

WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2016/2017	
Document	Date
Proposed consolidation of portions of the farm Zandvliet no 117, Robertson	20/02/2017
MN Notice 9 - 13	20/02/2017
Notice of a Public Participation Process for the drafting of a Sport Masters Plan	27/02/2017
MN Notice 16	07/03/2017
Request for comment: View the Langeberg Spatial Development Framework	13/03/2017
Comment on Air Quality Management plan	13/03/2017
Meeting for the Third Supplementary Valuation Roll for the Financial years 2015 - 2019	13/03/2017
MN Notice 72	16/03/2017
Draft Budget, IDP and SDF open for comments	04/04/2017
MN Notice 17	10/04/2017
Proposed alienation of municipal property, a portion of Erf2 (±1 ha) along the McGregor road, Robertson	18/04/2017
MN Notice 18,19,20 and 22	02/05/2017
MN Notice 23	15/05/2017
Proposed alienation of municipal property, Erf 745, 746, 750 , Happy Valley	22/05/2017
MN Notice 24	22/05/2017
MN Notice 26,27 and 28	30/05/2017
Approved Municipal Budget, Integrated Development Plan, Budget related Policies, Determination of Tariffs and the Spatial Development Framework (SDF)	30/05/2017
Rates Policy 2017/2018 and Budget Tariffs	30/05/2017
MN Notice 25 and 29	12/06/2017

COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

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

A few of the intergovernmental platforms are reflected below.

2.3 INTERGOVERNMENTAL RELATIONS

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

Table 32: A, B, C, D: 2016/2017 IGR Engagements participated in by the Municipality

A. IGR ENGAGEMENTS FOR THE OFFICE OF THE MUNICIPAL MANAGER			
Meeting	Attended by	Hosted in	Date
LG – Municipal Support Plan	Municipal Manager	Ashton	12/07/2016
LG – Air Quality Management Plan	Municipal Manager	Robertson	19/07/2016
Western Cape Heritage Office	Municipal Manager	Cape Town	15/08/2016
Department of Cultural Affairs	Municipal Manager	Ashton	24/08/2016
Rheden Municipality	Municipal Manager	Netherlands	29/08/2016 – 02/09/2016
Auditor-General	Municipal Manager	Robertson	12/09/2016
District Coordinating Forum	Director: Strategy & Social Dev	Worcester	23/09/2016
Provincial Treasury	Municipal Manager	Ashton	03/10/2016
Department of Community Safety	Municipal Manager	Robertson	05/10/2016
LG - MGRO 1 Engagement	Municipal Manager	Paarl	24/10/2016
Department of Labour	Municipal Manager	Ashton	03/11/2016
Municipal Managers Forum	Municipal Manager	Stellenbosch	11/11/2016
LG – Municipal HOD and MM Retreat	Municipal Manager	Aniston	15 – 16/11/2016
Provincial IGR Engagement	Municipal Manager	Cape Town	28/11/2016
Rheden Municipality	Municipal Manager	Robertson	05 – 09/12/2016
WC Municipal Managers Forum	Director Corporate Services	George	24/02/2017
MinMayTech meeting	Municipal Manager	Stellenbosch	27/02/2017
District Coordinating Forum	Municipal Manager	Worcester	03/03/2017
Launch of the Municipal Citizen Engagement Application	Municipal Manager	Cape Town	15/03/2017
WC Department of Agriculture	Municipal Manager	Robertson	22/03/2017
3rd Presidential Local Government Summit	Municipal Manager	Midrand	6 - 7/04/2017
Audit Excellence Awards 2015/16	Municipal Manager	Cape Town	10/04/2017
Annual LG MTEC 3 2017 engagement	Municipal Manager	Robertson	24/04/2017
MinMay + MinMayTech	Director Corporate Services	Worcester	26 - 27/06/2017

B. IGR ENGAGEMENTS FOR DEPARTMENT: STRATEGY AND SOCIAL DEV			
Meeting	Attended by	Hosted in	Date
Prov IDP Managers Forum	Director Strat & Soc Dev	Overstrand	2-3/06/2016
Mun Support Plan	Director Strat & Soc Dev	Ashton	12/07/2016
Air Quality Officers Forum	Director Strat & Soc Dev	Mossel Bay	11-12/08/2016
Premier Coordinating Forum	Director Strat & Soc Dev	Houw Hoek Inn	25/08/2016
Prov IDP Managers Forum	Director Strat & Soc Dev	Langeberg	1/2/09/2016
Salga – Support Social Development	Director Strat & Soc Dev		15/09/2016
RTLC Meeting	Director strat & Soc Dev	Robertson	16/09/2016
Cape Winelands LTA meeting	Director Strat & Soc dev	Wellington	28/09/2016
Dept of Soc Development – Child	Director strat & Soc dev	Robertson	21/9/2016
EPWP Districts Forum Meeting	Director Strat & Soc dev	Robertson	11/10/2016
RTLC Meeting	Director Strat & Soc dev	Gansbaai	11/11/2016
Cape Winelands LTA Meeting	Director Strat & Soc Dev	Ceres	30/11/2016
Prov IDP Managers Forum	Director Strat & Soc Dev	Mossel Bay	1-2/12/2016

MSCOA	Director Strat & Soc Dev	Robertson	9/12/2016
MinMay	Director Strat & Soc Dev	Somerset Wes	27/01/2017
Cape Wineland LTA Meeting	Director strat & Soc DEv	Pniel	1/02/2017
Gender Mainstreaming Training	Director Strat & Soc dev	Robertson	01/02/2017
SEDA (SLA)	Director Strat & Soc dev	Robertson	08/02/2017
Dept of Agriculture-Prestige Agri Award	Director strat & Soc dev	Robertson	09/02/2017
Tech Integrated Mun Engagements	Director Strat & Soc Dev		13/02/2017
MSCOA – work stream meeting	Director Strat & Soc Dev	Robertson	22/02/2017
Minmay Tech Forum	Director Strat & Soc Dev	Stellenbosch	27/02/2017
National Dept CWP- Mr Maseleka	Director Strat & Soc Dev	Robertson	09/03/2017
Prov IDP Managers Forum	Director Strat & Soc Dev	Prins Albert	2-3/03/2017
Citizen Engagement App Launch	Director Strat & Soc Dev	Cape Town	03/03/2017
Citizen Engagement App Launch	Director Strat & Soc Dev	Cape town	15/03/2017
Dept Social Welfare	Director Strat & Soc Dev	Robertson	23/03/2017
MSCOA en Syntell meeting	Director Strat & Soc Dev	Robertson	12/04/2017
LGMTECH 3	Director Strat & Soc Dev	Robertson	24/04/2017
SEDA (Mou)	Director Strat & Soc Dev	Robertson	08/05/2017
Dept of Transport and Public Works	Director Strat & Soc Dev	Robertson	16/05/2017
SCM Procurement Indaba	Director Strat & Soc Dev	Paarl	20/06/2017
Dept Community Safety	Director Strat & Soc Dev	Robertson	12/06/2017
EPWP Projects CWDM	Director Strat & Soc Dev	Worcester	26/06/2017
Comm Tech Forum	Director Strat & Soc Dev	Oudtshoorn	25-26/05/2017
Citizen Engagement App Training	Director Strat & Soc Dev	Cape Town	4/05/2017

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	Attended By	Hosted In	Date
Collaboration Agreement with CWDM	A Everson	Worcester	02/08/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	05/08/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	15/07/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	25/07/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	26/07/2016
CRF Breakfast Training	TH Carstens / JC Jeneke	Durbanville	29/07/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	08/07/2016
WCMMF Meeting	A Everson	Hermanus	08/09/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	15/08/2016
WCMMF Meeting	A Everson	Hermanus	09/09/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	17/10/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	20/10/2016
Integrated Municipal Engagement	A Everson	Ashanti Wine Estate	24/10/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	31/10/2016
LGSETA Steercom	TH Carstens	Worcester	17/11/2016
Job Evaluation Meeting	TH Carstens	Stellenbosch	13/02/2017
Job Evaluation Meeting	TH Carstens	Stellenbosch	17/02/2017
WCMMF Meeting	A Everson	George	23/02/2017
WCMMF Meeting	A Everson	George	24/02/2017
Job Evaluation Meeting	TH Carstens	Stellenbosch	24/02/2017
Job Evaluation Meeting	TH Carstens	Stellenbosch	28/02/2017
SDF Western Cape Forum	TH Carstens / VJ Matthys	Milnerton	03/02/2017

Job Evaluation Meeting	TH Carstens	Stellenbosch	02 - 03/03/2017
Steercom Meeting	VJ Matthys	Worcester	18/05/2017
Steercom Meeting	VJ Matthys	Worcester	18/05/2017
WCMMF Meeting	A Everson	Prins Albert	22/06/2017
WCMMF Meeting	A Everson	Prins Albert	23/06/2017
MINMAY Tech	A Everson	Worcester	26/06/2017
MINMAY Meeting	A Everson	Worcester	27/06/2017
Fire Services Tests	JC Jeneke / ME Michaels	Worcester	09/05/2017

D. IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES			
Meeting	Attended by	Hosted in	Date
Housing Settlements Technical meeting	EC Liebenberg / W Nel	Robertson	05/07/2016
McGregor Erf 360: Application for HSDG	EC Liebenberg	Cape Town	02/08/2016
McGregor housing Project Heritage	EC Liebenberg	Cape Town	15/08/2016
Disaster Management meeting	EC Liebenberg / J Constable	Worcester	08/09/2016
DCF Meeting	EC Liebenberg	Worcester	23/09/2016
ICT Guidelines for Public Library in Western Cape	EC Liebenberg / C Joubert	Maitland	13/10/2016
Langeberg Technical Co-ordination meeting	EC Liebenberg / W Nel	Robertson	14/10/2016
22 nd Regional Housing Co-ordination meeting	EC Liebenberg / W Nel	Stellenbosch	28/10/2016
Disaster management meeting	EC Liebenberg	Worcester	17/11/2016
DCF Meeting	EC Liebenberg	Worcester	18/11/2016
Municipal visit Department of Human	EC Liebenberg	Robertson	24/11/2016
Disaster Management meeting	EC Liebenberg	Worcester	28/11/2016
23 rd Regional Housing Co-Ordination meeting	EC Liebenberg W Nel	Robertson	26/01/2017
Disaster Management meeting	EC Liebenberg	Worcester	02/03/2017
Informal Settlement support roll-out in Langeberg area and discussions of actions	EC Liebenberg W Nel	Robertson	27/03/2017
HSS and HDDB Training: Cape Winelands	W Nel	Worcester	28/03/2017
Disaster management meeting	EC Liebenberg	Worcester	28/03/2017
Title restoration project	EC Liebenberg / W Nel	Cape Town	29/03/2017
Meeting with DCAS CD	EC Liebenberg	Worcester	06/04/2017
Sport Portfolio holders meeting	EC Liebenberg / D Baadjies	Stellenbosch	07/04/2017
Human Settlement Partnerships summit	EC Liebenberg / W Nel	Stellenbosch	24/04/2017
LGMTEC 3 engagement	EC Liebenberg	Robertson	24/04/2017
New Strategy: Re Housing consumer	W Nel	Worcester	03/05/2017
Western Cape Environmental outlook report Biodiversity and Eco System health	EC Liebenberg / Z Lesia	Cape Town	09/05/2017
CG and MRF meeting Libraries	D Baadjies / C Joubert	Ashton	17/05/2017
24 th Regional Housing co-ordination	W Nel	Breede Valley	17/05/2017
Future Human Settlement Development workshop	EC Liebenberg / W Nel	Ashton	18/05/2017
MIG R300m Project meeting	EC Liebenberg / D Baadjies	Robertson	22/05/2017
DEA implementer and technical review	Z Lesia	Bonnievale	24/05/2017

National Project level monitoring site visits, Housing	EC Liebenberg / W Nel	McGregor	31/05/2017
Disaster Management Meeting	EC Liebenberg	Worcester	01/06/2017
CPF Meeting	EC Liebenberg / Z Lesia	Ashton	09/06/2017
Disaster management training	EC Liebenberg	Worcester	13/06/2017
Title Restoration Project: Provincial Steering committee	EC Liebenberg / W Nel	Cape Town	21/06/2017
Informal Settlement plan (ISSP) forum	W Nel	Cape Town	22/06/2017

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCIAL SERVICES			
Meeting	Attended By	Hosted In	Date
MGRO Engagement	B Brown	Ashanti	24/10/2016
USB Workshop	S Ngcongolo	Worcester	27/10/16 –
Green Procurement	S Ngcongolo	Green	01/11/2016
SCM Indaba	S Ngcongolo, C Martin	Club Mykonos	02/11/2016 - 04/11/2016
MPRA Focus Group	P Albanie, Y Nogaga	Worcester	11/11/2016
SIPDM (NT Workshop)	B Brown	Paarl	25/01/2016
WC Intervention on Debt	Z Qhanqiso	Cape Town	30/11/2016
CFO Forum	B Brown	Eden District	05/12/2016
MSCOA Meeting	B Brown, C Martin	Mosselbay	07/12/2016
Integrated Municipal Engagement	B Brown	Cape Town	13/12/2016
MSCOA Nation Workshop	B Brown, C Martin	Cape Town	9-10/03/2017
Municipal CFO Forum	B Brown		17/03/17 & 05/12/2017
Mscosa National workshop	B Brown, C Martin	Cape Town	23-24/02/2017
PWC Local Government Indaba	B Brown	Cape Town	17/02/2017
Municipal Accountant Forum	B Brown, C Martin, A Stynder	George	14-15/02/2017
Seminar In Johannesburg	B Brown	Johannesburg	02-05/04/2017
4 th Annual Smart Procurement	S Ngcongolo	Cape Town	06-08/03/2017
NT SIPDM Training	B Brown, S Ngcongolo	Cape Town	25-26/04/2017
MPRA Focus Group	Z Qhanqiso, P Albanie, Y Nogaga	Worcester	31/03/2017
R Data user Group	C Martin, C Franken	Paarl	04-05/04/2017
R Data user Group	B Brown, C Martin	Paarl	06-07/04/2017
R Data user Group	Z Qhanqiso, S Ngcongolo	Paarl	06-07/04/2017
Mubesko Annual Municipal Finance	B Brown, C Martin	Mosselbay	14-15/06/2017
CIGFARO/IMFO Workshop	B Brown	Goudini	05-06/06/2017
CIGFARO/IMFO Workshop	C Martin, C Martin, Z Qhanqiso	Goudini	05-06/06/2017
Municipal Accountant Forum	C Martin	Caledon	26/05/2017
MGRO Engagement	B Brown	Ashanti	24/10/2016

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

The Municipality actively pursues meaningful public participation. This section reports on how the Municipality met the above legislative requirements, through a discussion of the characteristics which accountability and participative governance must adhere to.

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

Table 33: Ward Committee Chairpersons per Ward in 2016/2017

Ward Committee	Chairperson
Ward 1 – Robertson	Cllr JD Burger
Ward 2 – Robertson Nkqubela	Cllr AJ Shibili
Ward 3 – Robertson	Cllr P Hess
Ward 4 – Bonnievale (Happy Valley)	Cllr JJS Januarie
Ward 5 – McGregor	Cllr SW Strauss
Ward 6 – Robertson	Cllr DB Janse
Ward 7 – Montagu	Cllr J Kriel
Ward 8 – Bonnievale	Cllr SW van Eeden
Ward 9 – Ashton	Cllr NJ Beginsel
Ward 10 – Ashton Zolani	Cllr BH Nteta
Ward 11 – Ashton Rural	Cllr JDF van Zyl
Ward 12 - Montagu	Cllr EMJ Scheffers

Transparency and the Rule of Law: Table 32 indicates the dates on which the Municipality invited the community to participate in the development of Municipal directives and documents, as advertised on the municipal website in 2016/2017.

2.4 PUBLIC MEETINGS: WARD COMMITTEE ESTABLISHMENT PROGRAMMES

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

Table 34: Ward Committee information and nomination meetings

Ward Committee Establishment Programme		
Ward's	Date	Place
5	19/09/2016	Uitnood
11, 9	19/09/2016	Lucerne /Klaasvoogds
5	19/09/2016	Rheebokskraal
12	20/09/2016	Montagu Kabouterland
8	20/09/2016	Uitsig
9	20/09/2016	Barnard Community Hall
2	21/09/2016	Nkquebela Community Hall
6	21/09/2016	De Hoop
7	21/09/2016	Montagu Wardia Primary School
5	22/09/2016	Le Chasseur /Danie De Wet
5	22/09/2016	Retreat Warehouse
12	22/09/2016	Montagu Koo
1, 2, 3	26/09/2016	Robertson Town Hall
7	26/09/2016	Montagu - Wilhelm Thys Saal
11	26/09/2016	Montagu High School Club House
1,3, 6	26/09/2016	Robertson Civic
6	27/09/2016	Madeba
12	27/09/2016	Montagu Keisie
10	27/09/2016	Zolani
5	27/09/2016	Mcgregor Community Hall
4	28/09/2016	Bonnievale Happy Valley
8	28/09/2016	Bonnievale Chris Van Zyl Hall
11	29/09/2016	Excelsior Community Hall
8	29/09/2016	Bonnievale - Wakkerstroom Wes En Oos
8	03/10/2016	Drew/ Welville En Bruintjiesrivier

Table 35: Ward Committee information and nomination meetings

Ward Committee Establishment Programme		
Ward's	Date	Place
8	03/10/2016	Drew/ Welville En Bruintjiesrivier
5	04/10/2016	Retreat
5	04/10/2016	Le Chasseur
6	05/10/2016	De Hoop
6	06/10/2016	Madeba

Table 36: Program – Meetings with nominated ward committee candidates where elections will be conducted:

Ward Committee Establishment Programme		
Ward's	Date	Place
5	07 /11/2016	Mcgregor –Kantoor
2	07/11 /2016	Nkqubela Gemeenskapsaal
1,3, 6	07/11/2016	Robertson Gemeenskapsaal
10	08/11/2016	Zolani Gemeenskapsaal
9, 11	08/11/2016	Barnardsaal
4, 8	09/11/2016	Happy Valley Gemeenskapsaal
7, 12	10/11/2016	Wilhelm Thyslaan Gemeenskapsaal

Table 37: Ward Committee Election Programme:

Ward Committee Establishment Programme		
Ward's	Date	Place
11	14/11/2016	Lucerne
9	14/11/2016	Klaasvoogds
7	15/11/2016	Montagu
5	16/11/2016	Mcgregor SAAL
10	17/11/2016	Rholihlala Gemeenskapsaal
11	17/11/2016	Ashton Stadsaal
9	17/11/2016	Barnardsaal
10	21/11/2016	Chris Van Zylsaal
4	21/11/2016	Happy Valley
7	22/11/2016	Wilhelmthyslaan
12	22/11/2016	Kabouterlandsaal
3, 6	22/11/2016	Robertson Gemeenskapsaal
1	23/11/2016	Robertson Stadsaal
2	23/11/2016	Nkqubela Gemeenskapsaal

Table 38: Ward Committee Special Welcome meetings December 2016

Ward Committee Establishment Programme		
Ward's	Date	Place
10	05/12/2016	Zolani Gemeenskapsaal
1	05/12/2016	Robertson –Stadsaal
3	05/12/2016	Robertson -Gemeenskapsaal
8	06/12/2016	Bonnievale –Konferensiekamer
4	06/12/2016	Happy Valley Gemeenskapsaal
5	06/12/2016	Mcgregor Kantoor
2	07/12/2016	Nkqubela Gemeenskapsaal
6	07/12/2016	Robertson Stadsaal
11	07/12/2016	Ashton Call Centre
9	07/12/2016	Barnardsaal
7	08/12/2016	Wilhelm Thyslaan

Table 39: Elections Ward Committees – Even Election results in Wards 6 and 12

Ward Committee Establishment Programme		
Ward's	Date	Place
6	12/12/2016	Robertson Gemeenskapsaal
12	12/12/2016	Kabouterlandsaal

Table 40: Ward Committee Inauguration and Induction 21 and 28 January 2017

Ward Committee Establishment Programme		
Ward's	Date	Place
1,3,5,6, 11	21/01/2017	Robertson Gemeenskapsaal
4,7,8,9,11	21/01/2017	Robertson Gemeenskapsaal
2, 10	21/01/2017	Robertson Nkqubela Gemeenskapsaal
1,3,5,6, 11	28/01/2017	Robertson Gemeenskapsaal
4,7,8,9, 12	28/01/2017	Robertson Gemeenskapsaal
2, 10	28/01/2017	Robertson Nkqubela Gemeenskapsaal

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

The table below reflects the Ward Committee Outreach Programmes in 2016/2017.

Table 41: Ward Committee Outreach Programmes in 2016/2017

Ward	Date	Programmes
1	09/08/2016 13/05/2017	Women's Day Programme – Callie De Wet Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
2	09/08/2016 13/05/2017	Women's Day Programme – Callie De Wet Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
3	09/08/2016 13/05/2017	Women's Day Programme – Callie De Wet Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
4	09/08/2016 13/05/2017 15/06/2017 – 16/06/2017	Women's Day Programme – Callie De Wet Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale Meeting with SASSA and Ward Committee representatives and Community Liaison Workers Out Reach event for farming community of Drew and Community in Happy Valley, Bonnievale
5	09/08/2016 27/03/2017 13/05/2017	Women's Day Programme – Callie De Wet Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
6	09/08/2016 27/03/2017 13/05/2017	Women's Day Programme – Callie De Wet Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall

Ward	Date	Programmes
	21/05/2017	Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale Special Old aged programme for the elderly of the farming communities at Madeba
7	09/08/2016 23/03/2017 27/03/2017 13/05/2017	Women`s Day Programme – Callie De Wet NPO registration and information session – Montagu Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
8	09/08/2016 27/03/2017 13/05/2017 15/06/2017 – 16/06/2017	Women`s Day Programme – Callie De Wet Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale Meeting with SASSA and Ward Committee representatives and Community Liaison Workers Out Reach event for farming community of Drew and Community in Happy Valley, Bonnievale
9	09/08/2016 27/03/2017 13/05/2017	Women`s Day Programme – Callie De Wet Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
10	09/08/2016 13/05/2017	Women`s Day Programme – Callie De Wet Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
11	09/08/2016 27/03/2017 13/05/2017	Women`s Day Programme – Callie De Wet Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale
12	09/08/2016 23/03/2017 27/03/2017 13/05/2017	Women`s Day Programme – Callie De Wet NPO registration and information session – Montagu Cape Winelands District Municipality inputs and block meetings strategies, Ashton Town Hall Strategic session with all Ward Councillors and Speaker, Weltevrede Bonnievale

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

The table below reflects the IDP Community Input Meetings held in 2016/2017.

Table 42: IDP Community Input Meetings held in 2016/2017

IDP Community Input Meetings held in 2016/2017				
Ward	Date	Councillors Attending	Town	Venue
1	20/10/2016	GD Joubert / SW Strauss / DB Janse	Robertson	Robertson Town Hall
2	04/10/2016	JD Burger / SW Strauss / SJ Malgas	Robertson/ Nkqubela	Nkqubela Community Hall
3	06/10/2016	JD Burger / DB Janse / P Hess	Robertson	Civic Hall
4	03/10/2016	GD Joubert / DB Janse / SW Strauss	Bonnievale	Happy Valley Community Hall
5	10/10/2016	GD Joubert/ EMJ Scheffers / JD Burger	McGregor	McGregor Community Hall
6	05/10/2016	HM Jansen / P Hess / JD Burger	Robertson	Madiba Hall
7	12/10/2016	GD Joubert / EMJ Scheffers / DB Janse	Montagu	Wilhelm Thys Hall
8	18/10/2016	GD Joubert / DB Janse / SW Strauss / JD Burger	Bonnievale	Chris v Zyl Hall
9	19/10/2016	HM Jansen / JD Burger / SW Scheffers	Ashton	Barnard Community Hall
10	13/10/2016	HM Jansen / S W Strauss / JD Burger	Ashton	Rholihlahla Community Hall
11	11/10/2016	HM Jansen / SW Strauss / JD Burger	Ashton	Ashton Town Hall
12	17/10/2016	HM Jansen / J Kriel / SW Strauss	Montagu	Kabouterland Community Centre

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

The table below reflects the Ward Committee – Community (Feedback) Meetings held in 2016/2017.

Table 43: Ward Committee – Community (Feedback) Meetings held in 2016/2017

Ward Committee – Community (Feedback) Meetings held in 2016/2017			
Ward	2016 IDP	2017 Community	2017 IDP Budget
1	20/10/2016	16/03/2017	24/04/2017
2	04/10/2016	07/03/2017	18/04/2017
3	06/10/2016	16/03/2017	19/04/2017
4	03/10/2016	23/03/2017	18/04/2017
5	10/10/2016	23/02/2017	19/04/2017
6	05/10/2016	01/03/2017	20/04/2017
7	12/10/2016	08/03/2017	24/04/2017
8	18/10/2016	27/03/2017	24/04/2017
9	19/10/2016	09/03/2017	18/04/2017
10	13/10/2016	08/03/2017	19/04/2017
11	11/10/2016	27/03/2017	20/04/2017
12	17/10/2016	06/03/2017	25/04/2017

The tables following below reflect the Ward Block Meetings held in 2016/2017.

Table 44: Ward 1 - Block Meetings held in 2016/2017

Ward 1 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Mnr Rossouw	No Meeting	No Meeting	09/03/2017	No Meeting
2	Mnr Kriel	No Meeting	No Meeting	22/03/2017	No Meeting
3	Mnr Steenkamp	No Meeting	No Meeting	No Meeting	No Meeting
4	Mev Kannemeyer	No Meeting	No Meeting	22/03/2017	No Meeting
5	Mnr Smith	No Meeting	No Meeting	08/03/2017	No Meeting
6	Mev Vos	No Meeting	No Meeting	06/03/2017	No Meeting
7	Mnr Veldsman	No Meeting	No Meeting	21/03/2017	No Meeting
8	Mnr Koert	No Meeting	No Meeting	21/03/2017	No Meeting
9	Mev Tiras	No Meeting	No Meeting	09/03/2017	No Meeting
10	Mev Joseph	No Meeting	No Meeting	23/03/2017	No Meeting

Table 45: Ward 2 - Block Meetings held in 2016/2017

Ward 2 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Mzukisi Ngan Tweni	No Meeting	No Meeting	23/03/2017	06/06/2017
2	Boniswa Lugogo	No Meeting	No Meeting	24/03/2017	20/06/2017
3	Lorna Lisea-Booi	No Meeting	No Meeting	21/03/2017	09/06/2017
4	Nomzi Siqangwe	No Meeting	No Meeting	05/03/2017	15/06/2017
5	Lungani Gxowa	No Meeting	No Meeting	24/03/2017	18/06/2017
6	SolomonThobile Khuzelo	No Meeting	No Meeting	25/03/2017	16/06/2017
7	Moris Kopini	No Meeting	No Meeting	29/03/2017	22/06/2017
8	Vacant	No Meeting	No Meeting	No Meeting	No Meeting
9	Frederick Johannes	No Meeting	No Meeting	29/03/2017	13/06/2017
10	Vacant	No Meeting	No Meeting	No Meeting	No Meeting

Table 46: Ward 3 - Block Meetings held in 2016/2017

Ward 3 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Mev October	No Meeting	No Meeting	14/03/2017	No Meeting
2	Mnr Martin	No Meeting	No Meeting	02/03/2017	No Meeting
3	Mev Hartzenberg	No Meeting	No Meeting	31/03/2017	No Meeting
4	Mnr Tobais	No Meeting	No Meeting	23/02/2017	No Meeting
5	Mnr Van Wyk	No Meeting	No Meeting	30/03/2017	No Meeting
6	Mev Arendse /Scippers	No Meeting	No Meeting	07/02/2017	No Meeting
7	Mev Van Wyk	No Meeting	No Meeting	28/03/2017	No Meeting
8	Mnr Eksteen	No Meeting	No Meeting	01/03/2017	No Meeting
9	Mnr Hektoer	No Meeting	No Meeting	01/03/2017 & 09/03/2017	No Meeting
10	Me Mc Krige	No Meeting	No Meeting	22/03/2017	No Meeting

Table 47: Ward 4 - Block Meetings held in 2016/2017

Ward 4 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Randoll Cekiso	No Meeting	No Meeting	No Meeting	18/06/2017
2	Louise Fielander	No Meeting	No Meeting	16/03/2017	No Meeting
3	Ntobeko Msweli	No Meeting	No Meeting	No Meeting	No Meeting
4	Juan H Micheal	No Meeting	No Meeting	No Meeting	No Meeting
5	Catherine Kortje	No Meeting	No Meeting	No Meeting	15 /06/2017
6	Lilian Pawuli	No Meeting	No Meeting	07/03/2017	No Meeting
7	Anneline Dampies	No Meeting	No Meeting	No Meeting	06/07/2017
8	Salmon Marais	No Meeting	No Meeting	No Meeting	25/06/2017
9	Paulina Paulse	No Meeting	No Meeting	05/03/2017	21/06/2017
10	Alan Lombaard	No Meeting	No Meeting	No Meeting	No Meeting

Table 48: Ward 5 - Block Meetings held in 2016/2017

Ward 5 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Dawid Zeller	No Meeting	No Meeting	27/02/2017	14/06/2017
2	Henrietta Knapp	No Meeting	No Meeting	01/03/2017	19/07/2017
3	William Brian Isaacs	No Meeting	No Meeting	14/02/2017	No Meeting
4	Evona Adendorf	No Meeting	No Meeting	15/02/2017	20/07/2017
5	Maria Gertruida	No Meeting	No Meeting	07/02/2017	No Meeting
6	Mitchell Johannes Stanfiet	No Meeting	No Meeting	02/03/2017	19/07/2017
7	Susanna Sandra Pillay	No Meeting	No Meeting	17/02/2017	No Meeting
8	Hendrik Pyl	No Meeting	No Meeting	No Meeting	No Meeting
9	Freek Kayster	No Meeting	No Meeting	No Meeting	No Meeting
10	Frans Brits	No Meeting	No Meeting	No Meeting	No Meeting

Table 49: Ward 6 - Block Meetings held in 2016/2017

A. Ward 6 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Mr Israel van Stade	No Meeting	No Meeting	24/03/2017	14/06/2017
2	Godfrey Paulsen	No Meeting	No Meeting	21/03/2017	02/06/2017
3	Andie Adams	No Meeting	No Meeting	26/03/2017	12/06/2017
4	Martha Petoors	No Meeting	No Meeting	24/03/2017	15/06/2017
5	Christopher Solomons	No Meeting	No Meeting	25/03/2017	23/06/2017
6	Elizabeth George	No Meeting	No Meeting	29/03/2017	06/06/2017
7	Gert Olckers	No Meeting	No Meeting	22/03/2017	14/06/2017
8	Muriel Pietersen	No Meeting	No Meeting	27/03/2017	11/06/2017
9	Elzaan Verneel	No Meeting	No Meeting	26/03/2017	02/06/2017
10	Sarah van Wyk	No Meeting	No Meeting	24/03/2017	14/06/2017

Table 50: Ward 7 - Block Meetings held in 2016/2017

Ward 7 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Stephanie Terblanche	No Meeting	No Meeting	23/03/2017	No Meeting
2	John Nolan	No Meeting	No Meeting	No Meeting	No Meeting
3	Francois De Kock	No Meeting	No Meeting	No Meeting	No Meeting
4	Oortman Kiewietz	No Meeting	No Meeting	19/02/2017	No Meeting
5	Johannes Strauss	No Meeting	No Meeting	No Meeting	No Meeting
6	Mariette Du Toit	No Meeting	No Meeting	11/03/2017	No Meeting
7	Wilna Swanepoel	No Meeting	No Meeting	No Meeting	No Meeting
8	Roscoe Pekeur	No Meeting	No Meeting	No Meeting	No Meeting
9	William Thompson	No Meeting	No Meeting	No Meeting	No Meeting
10	Jan Oncke	No Meeting	No Meeting	26/03/2017	No Meeting

Table 51: Ward 8 - Block Meetings held in 2016/2017

Ward 8 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Johanelle Crous	No Meeting	No Meeting	07/03/2017	07/06/2017
2	Niel Stemmet	No Meeting	No Meeting	No Meeting	No Meeting
3	Gabriella Goncalves	No Meeting	No Meeting	No Meeting	24/05/2017
4	Timothy Prince	No Meeting	No Meeting	No Meeting	No Meeting
5	Ntswaki Matshabisa	No Meeting	No Meeting	16/03/2017	No Meeting
6	M Booysen	No Meeting	No Meeting	No Meeting	No Meeting
7	Frederick Erasmus	No Meeting	No Meeting	03/03/2017	No Meeting
8	Bettie Swarts	No Meeting	No Meeting	12/03/2017	No Meeting
9	Theresa Emily Slingers	No Meeting	No Meeting	14/03/2017	12/06/2017
10	Krisjan Snyders	No Meeting	No Meeting	22/03/2017	No Meeting

Table 52: Ward 9 - Block Meetings held in 2016/2017

Ward 9 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Sonia Douwrie	No Meeting	No Meeting	05/03/2017	21/06/2017
2	Henry Abrahams	No Meeting	No Meeting	07/03/2017	04/06/2017
3	Gert Maarman	No Meeting	No Meeting	07/03/2017	07/06/017
4	Magdalena le Roux	No Meeting	No Meeting	03/03/2017	07/06/2017
5	Ashley Gertse	No Meeting	No Meeting	08/03/2017	14/06/2017
6	Sonia Douwrie	No Meeting	No Meeting	05/03/2017	20/06/2017
7	Henry Abrahams	No Meeting	No Meeting	07/03/2017	26 /06/ 2017
8	Gert Maarman	No Meeting	No Meeting	07/03/2017	08/05/2017
9	Magdalena le Roux	No Meeting	No Meeting	03/03/2017	14/06/2017
10	Ashley Gertse	No Meeting	No Meeting	08/03/2017	31/06/2017

Table 53: Ward 10 - Block Meetings held in 2016/2017

Ward 10 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Zwelidumile Magazi	No Meeting	No Meeting	26/02/2017	11/06/2017
2	Phumla Tokwe	No Meeting	No Meeting	22/02/2017	21/06/2017
3	Nomawonga Mase	No Meeting	No Meeting	19/02/2017	25/06/2017
4	Nomapostile Ntlalombi	No Meeting	No Meeting	19/02/2017	No Meeting
5	Thuthuzela Gxagxa	No Meeting	No Meeting	26/02/2017	No Meeting
6	Fikile Matoti	No Meeting	No Meeting	15/02/2017	21/06/2017
7	Mphati Ntlayithethwa	No Meeting	No Meeting	08/03/2017	No Meeting
8	Thenjiswa Zenzile	No Meeting	No Meeting	No Meeting	No Meeting
9	Lucy Plessie	No Meeting	No Meeting	05/03/2017	11/06/2017
10	Mbeko Ngxingweni	No Meeting	No Meeting	26/02/2017	21/06/2017

Table 54: Ward 11 - Block Meetings held in 2016/2017

Ward 11 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Hennie Tredoux	No Meeting	No Meeting	16/03/2017	19/07/2017
2	Magaritha McAlphine	No Meeting	No Meeting	05/03/2017	14/06/2017
3	Sarah (Di) Doms	No Meeting	No Meeting	07/03/2017	04/07/2017
4	Susara Viljoen	No Meeting	No Meeting	07/03/2017	24/05/2017
5	Penelope Retief	No Meeting	No Meeting	No Meeting	No Meeting
6	Abraham Jacobs	No Meeting	No Meeting	02/03/2017	11/07/2017
7	Henrietta Mangenegene	No Meeting	No Meeting	05/04/2017	14/06/2017
8	Roslynne Fuller	No Meeting	No Meeting	03/03/2017	23/06/2017
9	Hansie Volschenk	No Meeting	No Meeting	07/04/2017	24/06/2017
10	Piet Engelbreg	No Meeting	No Meeting	08/03/2017	24/06/2017

Table 55: Ward 12 - Block Meetings held in 2016/2017

Ward 12 - Block Meetings held in 2016/2017					
Block	Committee Member	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Spaas Herder	No Meeting	No Meeting	28/02/2017	27/07/2017
2	Jan Hoffman	No Meeting	No Meeting	No Meeting	No Meeting
3	Dawid De Koker	No Meeting	No Meeting	14/03/2017	No Meeting
4	Elroy Matthys	No Meeting	No Meeting	15/03/2017	31/05/2017
5	Alfredauw Wewers	No Meeting	No Meeting	27/02/2017	No Meeting
6	Maria Soldaat	No Meeting	No Meeting	No Meeting	No Meeting
7	Koert Ewertson	No Meeting	No Meeting	20/03/2017	No Meeting
8	Andre Louw	No Meeting	No Meeting	No Meeting	No Meeting
9	Martin Booysen	No Meeting	No Meeting	No Meeting	No Meeting
10	Cupido Appollis	No Meeting	No Meeting	No Meeting	No Meeting

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

2.5 IDP PARTICIPATION AND ALIGNMENT

The table below confirms the Municipality's IDP participation and alignment.

Table 56: IDP Participation and Alignment Criteria

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

COMPONENT D: CORPORATE GOVERNANCE

In Langeberg Municipality, the principals of good governance as set out in the King III Report, are embraced and implemented within the organisation. These principals relate amongst others to ethical governance, the implementation of controls to prevent fraud and corruption and the management of risk.

2.6 RISK MANAGEMENT

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

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

The Municipality bases its risk management on pre-identified and regularly reviewed operational risks. A Risk Register has been compiled, together with mitigating measures. An adopted Risk Management Policy regulated the implementation of risk management processes and procedures throughout 2016/2017.

Table 57: Langeberg Municipality's top risks in 2016/2017

Langeberg Municipality's top risks in 2016/2017			
Corporate Services	Non-Compliance with BCEA on overtime worked.	No leave form reach the HR office, Leave not captured at all or not captured timeously by HR officials	Official correspondences not referenced for record purposes.
Financial Services	That the municipal Standard Chart of Accounts (mSCOA) is new and the municipality may have difficulties with implementing it.	Indigent allocation system not credible.	Unregistered properties exist in the municipal area
Engineering Services	Deterioration of streets network	Illegal electricity connections	Unlawful land use
Strategy & Social Development	Weaknesses in the management of user accounts for Promun and Syntell	No documented Electronic Funds Transfer (EFT) payment procedure for PayAccsys and Cash Focus	Vendor performance are not monitored - Promun & Syntell (Which can lead to unauthorized changes that could be made on the system)
Community Services	Uncontrolled influx into informal settlements that causes serious socio onomic problems and non-availability of basic services	Vandalism of Municipal facilities and installations.	Approaching shortage of Cemetery space in all towns

2.7 ANTI-CORRUPTION AND FRAUD

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

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

During 2016/2017, the Audit Committee had five members and convened 5 meetings for the purpose of providing oversight of internal controls, financial reporting, compliance with regulatory matters and approving the Internal Audit Plan.

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

2.8 SUPPLY CHAIN MANAGEMENT

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

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

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

The following staff served on the Bid Adjudication Committee in 2016 /2017:

Table 58: Bid Adjudication Committee in 2016/2017

Langeberg Municipality's Bid Adjudication Committee in 2016/2017	
Name	Position
Mr AWJ Everson	Director Corporate Services
Ms S Kotze	Manager Administrative Support
Mr B Brown	Chief Financial Officer
Mr IAB van der Westhuizen	Director Engineering Services
Ms C Liebenberg	Director Community Services
Mr S Ngcongolo	Senior Practitioner: Supply Chain Management

2.9 POLICIES AND BY-LAWS

The Municipal Systems Act 2000, Section 11(3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the boundaries of the legislation. The table below provides the policies and by-laws which have been passed by the Municipality in 2016/2017.

Table 59: Policies and Bylaws adopted in 2016/2017

POLICY		COUNCIL RESOLUTION
A 3291	<u>IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR 2015/2016 FINANCIAL YEAR (6/1/B) (CHIEF FINANCIAL</u>	<p><u>This item served before the Special Meeting of the Executive Mayor and Municipal Manager on 10 Aug 2016</u> <u>Unanimously Resolved</u></p> <p>That the content of the report regarding the implementation of the Supply Chain Management Policy of the Langeberg Municipality be noted.</p>
A 3439	<u>CELLULAR PHONE POLICY APPLICABLE TO EMPLOYEES (6/2/2/2)(DIRECTOR CORPORATE SERVICES)</u>	<p><u>This item served before a Special Meeting of Council on 05 June 2017</u> <u>Unanimously Resolved</u></p> <p>That the <i>Cellular Phone Policy applicable to Employees</i> be approved and implemented as from the date of signature thereof by the Municipal Manager.</p>
A 3447	<u>RISK MANAGEMENT: APPROVAL OF THE RISK MANAGEMENT POLICY, IMPLEMENTATION PLAN STRATEGY, CHARTER RISK REGISTER AND THE FRAUD PREVENTION POLICY & STRATEGY' (5/14/R) (RISK MANAGEMENT)</u>	<p><u>This item served before an Ordinary Meeting of Council on 20 June 2017</u> <u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> 1. That the Risk Management Policy be work shopped by officials and Councillors. 2. That the reviewed Implementation Plan Strategy, Charter Risk Register and the Fraud Prevention Policy & Strategy be approved by Council.
A 3450	<u>SUPPLY CHAIN MANAGEMENT POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT: (8/1/B) (DIRECTOR: ENGINEERING SERVICES)</u>	<p><u>This item served before an Ordinary Meeting of Council on 20 June 2017</u> <u>Unanimously Resolved</u></p> <p>That the Model Supply Chain Management Policy for Infrastructure Procurement & Delivery Management as drafted by National Treasury and as adapted for Langeberg Municipality be approved as an addendum to the approved Supply Chain Management Policy of Langeberg Municipality.</p>
BY-LAWS ADOPTED		COUNCIL RESOLUTION
	~ None ~	

2.10 WEBSITE

The municipality's website address is <http://www.langeberg.gov.za>. All information is regularly updated on the website. The table below reflects on documents which must be published on the website, as required by law and confirms Langeberg Municipality's 2016/2017 status on it.

All of Council's Libraries have computers with free internet access to which residents have access to Council's website and the information posted thereon.

The table below reflects the documents which are required to be published on the Municipality's website and the Municipality's level of compliance with such requirements.

Table 60: Documents required to be published on the Municipality's Website

Documents required to be published on the Municipality's Website	Yes/No
Current Annual and Adjustments Budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2015/2016)	Yes
The Annual Report (2016/2017) published/to be published	Yes
All current Performance Agreements required in terms of Section 57(1)(b) of the MSA and resulting scorecards	Yes
All supply chain management contracts above the prescribed value	Yes
All quarterly reports tabled in the Council in terms of section 52(d) during 2016/17	Yes

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not commission any Household Satisfaction Surveys in 2016/2017. Complaints and inputs, collected from Ward Block Meetings, letters and emails to the Municipal Manager, as well as on the website, social Media platforms and SMS System have however been regarded as community feedback and such data was fully incorporated in the 2017/2018 IDP.



CHAPTER 3

Service Delivery Performance
(Performance Report Part 1)



Annual KPI report 2016/2017

Energy efficiency for sustainable future

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL73	Basic Service Delivery	Electrification of new houses in Mc Gregor	% of allocated budget spent (Total actual expenditure for the project/Total amount budgeted for the project)x100)	New performance indicator for 2016/17	100%	Carry Over	100%	58.66%	R		Roll over project to the 2017/2018 Financial Year - Contractor behind on schedule.
TL74	Basic Service Delivery	Increase the NMD at Noree substation from 5 MVA to 6 MVA from Eskom	Proof of purchase from Eskom	New performance indicator for 2016/17	1	Carry Over	1	1	G		
TL75	Basic Service Delivery	Increase NMD at Muiskraalkop Substation from 33 MVA to 34 MVA from Eskom	Proof of purchase from Eskom	New performance indicator for 2016/17	1	Carry Over	1	1	G		

Good governance

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL17	Good Governance and Public Participation	Submit the final IDP to Council by 31 May 2017	Final IDP submitted to Council	1	1	Carry Over	1	1	G		
TL18	Good Governance and Public Participation	Submit the Mid-Year Performance Report in terms of Sect 72 of the MFMA to Council by 31 January 2017	Number of reports submitted to Council	1	1	Carry Over	1	1	G		
TL19	Good Governance and Public Participation	Submit the Annual Report to Council by 31 January 2017	Number of reports submitted to Council	1	1	Carry Over	1	1	G		
TL20	Good Governance and Public Participation	Submit the Oversight Report to Council by 31 March 2017	Number of reports submitted to Council	1	1	Carry Over	1	1	G		
TL21	Good Governance and Public Participation	Submit the Top Layer SDBIP to the Mayor for approval within 14 days after the annual budget has been approved	Top Layer SDBIP submitted to the Mayor within 14 days after the annual budget has been approved	1	1	Carry Over	1	1	G		
TL22	Good Governance and Public Participation	Conduct two (2) formal evaluations of directors in terms of their signed agreements	Number of formal evaluations completed	2	2	Accumulative	2	2	G		
TL23	Good Governance and Public Participation	Develop Risk Based Audit Plan and submit to MM and Audit Committee by 30 June 2017	Risk Based Audit Plan submitted to MM and Audit Committee	New key performance indicator for 2016/17 financial year	1	Carry Over	1	1	G		
TL24	Good Governance and Public Participation	Facilitate the quarterly meeting of ward committees	Number of quarterly ward committee meetings held	120	48	Accumulative	48	72	B		After establishment of ward committee , monthly meetings were held

Growth and economic development

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL9	Local Economic Development	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2017	Number of Job opportunities created through the Expanded Public Works Programme (EPWP)	400	400	Accumulative	400	414	G 2		

Provision of a safe and efficient road network

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures

Institutional Development and Corporate governance

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL10	Municipal Transformation and Institutional Development	Appointments in 3 highest levels of management that comply with the Employment Equity Plan	Number of appointments made in 3 highest levels of management	1	4	Accumulative	4	4	G		
TL11	Municipal Transformation and Institutional Development	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan measured as at 30 June 2017 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	% of municipality's personnel budget actually spent on implementing its workplace skills plan	0.90%	1%	Last Value	1%	1%	G		
TL16	Municipal Transformation and Institutional Development	90% spent of the total amount budgeted for ICT capital projects by June 2017 (Actual expenditure / by approved budget allocation)	% of budget spent	New Capital performance indicator for 2016/17	90%	Last Value	90%	77.04%	O		Delay on Hardware delivery. ETA for hardware delivery by 31 July 2017 Roll over to 17/18

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL25	Municipal Transformation and Institutional Development	90% spent of the total amount budgeted for the upgrading and alteration of the municipal offices by 30 June 2017 (Actual expenditure / by approved budget allocation)	% of budget spent	New Capital performance indicator for 2016/17	90%	Last Value	90%	76.02%	O		
TL26	Municipal Transformation and Institutional Development	90% spent of the total amount budgeted for the purchase of office equipment by 30 June 2017 (Actual expenditure / by approved budget allocation)	% of budget spent	New Capital performance indicator for 2016/17	90%	Last Value	90%	100.67%	G2		
TL35	Municipal Transformation and Institutional Development	Purchase 2 vehicles for the Parks division by 30 June 2017	Number of vehicles purchased	1	2	Accumulative	2	3	G2		
TL67	Municipal Transformation and Institutional Development	Purchase 1x 3ton tipper for Montagu by 30 June 2017	Tipper purchased	New capital project for 2016/17	4	Accumulative	1	1	G		
TL68	Municipal Transformation and Institutional Development	Purchase 9 LDV's for Engineering department by 30 June 2017	Number of LDV's purchased	New capital project for 2016/17	5	Accumulative	9	9	G		
TL69	Municipal Transformation and Institutional Development	Purchase 1 flatbed truck for Robertson by 30 June 2017	Flatbed truck purchased	New capital project for 2016/17	1	Carry Over	1	1	G		
TL70	Municipal Transformation and Institutional Development	Purchase 1 Tipper Truck for Bonnievale by 30 June 2017	Number of Tipper Trucks purchased	New capital project for 2016/17	3	Accumulative	1	3	G2		

Promote public safety

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL27	Basic Service Delivery	90% spent of the total amount budgeted for vehicles by 30 June 2017	% of budget spent	New Capital performance indicator for 2016/17	90%	Last Value	90%	80.14%	O		Saving incurred
TL29	Basic Service Delivery	90% spent of the total amount budgeted for the upgrading of the Traffic Offices by 30 June 2017	% of budget spent	New Capital performance indicator for 2016/17	90%	Last Value	90%	0.54%	R		Funds transferred to the 2017-2018 capital budget Due to the high prices of the tenders received and insufficient funds it was decided to get separate tenders for materials and labour and this process be rolled over to 2017/2018 year.

Provision of a clean environment

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL40	Basic Service Delivery	Recycle 900 tons of domestic waste by 30 June 2017	Number of tons of domestic waste recycled	720	900	Accumulative	900	1,490.01	B		
TL54	Municipal Transformation and Institutional Development	Purchase of new skip truck by 31 December 2016	Number of Skip trucks purchased	New capital project for 2016/17	1	Carry Over	1	1	G		
TL55	Basic Service Delivery	Purchase 800 wheelie bins by 31 December 2016	Number of wheelie bins purchased	New capital project for 2016/17	800	Accumulative	800	1,265	B		
TL57	Basic Service Delivery	Complete the construction of the new-drop off facility in Bonnievale by 31 January 2017	Facility completed	New capital project for 2016/17	1	Carry Over	1	1	G	Roll over from 2015/2016	
TL60	Basic Service Delivery	Construct a new transfer station in Ashton by 30 March 2017	Construction completed	New capital project for 2016/17	1	Carry Over	1	1	G	Roll over from 2015/2016	
TL65	Municipal Transformation and Institutional Development	Purchase Cherry Picker by 31 March 2017	Number of Cherry Pickers purchased	New capital project for 2016/17	1	Carry Over	1	1	G		

Social and Community Development

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL5	Basic Service Delivery	Provide free basic water to indigent households as at 30 June 2017	Number of indigent households receiving free basic water	5000	5,000	Last Value	5,000	6,938	G 2		
TL6	Basic Service Delivery	Provide free basic electricity to indigent households as at 30 June 2017	Number of indigent households receiving free basic electricity	5000	5,000	Last Value	5,000	7,848	B		
TL7	Basic Service Delivery	Provide free basic sanitation to indigent households as at 30 June 2017	Number of indigent households receiving free basic sanitation services	5000	5,000	Last Value	5,000	6,958	G 2		
TL8	Basic Service Delivery	Provide free basic refuse removal to indigent households as at 30 June 2017	Number of indigent households receiving free basic refuse removal services	5000	5,000	Last Value	5,000	6,994	G 2		
TL37	Basic Service Delivery	Upgrade the road to the Zolani Cemetery by 30 June 2017	Upgrade completed	New capital project for 2016/17	1	Carry Over	1	1	G		
TL38	Basic Service Delivery	Complete Phase 2 of Ashbury Library in Montagu by 30 June 2017	Phase 2 completed	New capital project for 2016/17	1	Carry Over	1	1	G	Roll over from 2015/2016	

Sound Financial Management

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL12	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2017 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	57%	60	Reverse Last Value	60	4	B		
TL13	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors as at 30 June 2017 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	12.60%	12%	Reverse Last Value	12%	6%	B		
TL14	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	2.2	2.2	Last Value	2.2	2	O		It takes 2 months to cover fix operating expenditure with available cash

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL30	Good Governance and Public Participation	Submit the final annual budget to Council by 31 May 2017	Final budget submitted to council	1	1	Carry Over	1	1	G	Budget was submitted	
TL31	Good Governance and Public Participation	Submit monthly reports in terms of Section 71 of the MFMA to Council	Number of reports submitted to Council	12	12	Accumulative	12	12	G		
TL32	Good Governance and Public Participation	Develop Audit Action Plan by 31 January 2017 from the final management report issued by the AG	Audit Action Plan developed	New key performance indicator for the 2016/17 financial year	1	Carry Over	1	1	G		
TL33	Municipal Financial Viability and Management	Achieve a debtor payment percentage of 98% ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	Payment % achieved	97%	98%	Last Value	98%	102%	G 2		

Sustainable civil engineering infrastructure services

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017				
							Target	Actual	R	Performance Comment	Corrective Measures
TL1	Basic Service Delivery	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2017	Number of residential properties which are billed for water or have pre paid meters	14600	15,000	Last Value	15,000	14985	O	More households became indigents and hence the higher actual under TL 5	
TL2	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network and which are billed for electricity or have pre paid meters as (Excluding Eskom areas) at 30 June 2017	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	17000	17,000	Last Value	17,000	19080	G 2		
TL3	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and which are billed for sanitation/sewerage as at 30 June 2017	Number of residential properties which are billed for sanitation/sewerage	14700	14,800	Last Value	14,800	14,775	O	More households became indigents and hence the higher actual under TL 7	
TL4	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2017	Number of residential properties which are billed for refuse removal	14500	14,600	Last Value	14,600	14,807	G 2		

Ref	National KPA	KPI	Unit of Measurement	2015/16	Annual Target	KPI Calculation Type	Year – To Date As At June 2017					Performance Comment	Corrective Measures
							Target	Actual	R				
TL15	Municipal Financial Viability and Management	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2017 (Actual amount spent on capital projects excluding orders/Total amount budgeted for capital projects)X100	% of capital budget spent	90%	90%	Last Value	90%	86.67%	O				Completion/delivery of certain CAPEX projects only in new financial year
TL34	Basic Service Delivery	Review the Disaster Management Plan and submit for assessment to the District by 31 May 2017	Plan reviewed and submitted	1	1	Carry Over	1	1	G				
TL36	Basic Service Delivery	90% spent of the total amount budgeted for the construction of the new cricket pitch turfs at Van Zyl Sport Grounds and Montagu Sport Grounds by 30 June 2017	% of budget spent	New capital project for 2016/17	90%	Carry Over	90%	48.25%	R				Only cricket pitch at Montagu sports field was completed as MIG funds was received for Van Zyl street sports field
TL39	Basic Service Delivery	90 % spent on the planning of the Nkqubela sport field by 30 June 2017 {(Total actual expenditure for the planning of the project /Total amount budgeted for the planning of the project)x100}	% of budget spent	New capital project for 2016/17	90%	Carry Over	90%	100%	G 2				
TL42	Basic Service Delivery	95% of water samples comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS21 indicators/Number of water samples tested)x100}	% of water samples compliant	90%	95%	Last Value	95%	100%	G 2				
TL43	Municipal Financial Viability and Management	Limit unaccounted water to less than 18% as at 30 June 2017 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified x 100}	% unaccounted water	18%	18%	Reverse Last Value	18%	8.23%	B				

TL44	Basic Service Delivery	80% of effluent samples comply with permit values {(Number of effluent samples that comply with permit values/Number of effluent samples tested)x100}	% of effluent samples compliant	80%	80%	Last Value	80%	81%	G 2		
TL45	Basic Service Delivery	Report monthly on the implementation according to the reporting requirements on MIG funds spending during the 2016/17 financial year	Number of reports submitted	12	12	Accumulative	12	12	G		
TL46	Basic Service Delivery	90% spent of the total amount budgeted for the supply of bulk water to Nkqubela by 30 June 2017 {(Total actual expenditure for Phase I of the project/Total amount budgeted for Phase I of the project)x100}	% of budget spent for Phase I	90%	90%	Carry Over	90%	94.46%	G 2		Roll over to 2017/2018
TL41	Municipal Financial Viability and Management	Limit unaccounted electricity to less than 7.5% as at 30 June 2017 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated) x 100}	% unaccounted electricity	7.50%	7.50%	Reverse Last Value	7.50%	5.9%	B		
TL47	Basic Service Delivery	Replace 150 pre-paid meters to reduce energy losses by 30 June 2017	Number of pre-paid meters replaced	New capital project for 2016/17	150	Carry Over	150	137	O		Less pre paid meters were needed for replacement than anticipated
TL48	Basic Service Delivery	90% spent of the total amount budgeted for the replacement and repair of street lights by 30 June 2017 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	100%	90%	Last Value	90%	80.97%	O		Saving was incurred
TL49	Basic Service Delivery	90% spent of the total amount budgeted for the replacement and repair on the	% of budget spent	100%	90%	Carry Over	90%	96.84%	G 2		

		electricity network by June 2017 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}									
TL52	Basic Service Delivery	Spend the total amount budgeted for the maintenance / rehabilitation / upgrading of existing roads by June 2017	% of Budget spent on the maintenance / rehabilitation /upgrading of existing roads	New capital project for 2016/17	1.50%	Carry Over	100%	99.98%	G		Saving incurred
TL64	Basic Service Delivery	90% spent of the total amount budgeted for to replace safety and test equipment (ladders, link sticks, earthing equipment, laptop) by 30 June 2017 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	100%	90%	Carry Over	90%	85.20%	O		Saving was incurred
TL50	Basic Service Delivery	Implement 9 Ward Committee projects by 30 June 2017	Number of ward committee projects implemented	12	9	Accumulative	9	7	O		Ward 7: Contractor appointed informed municipality he was unable to do the project. Subsequently the project was cancelled Ward 6 project cancelled money moved to opex budget
TL51	Basic Service Delivery	90% spent of the total amount budgeted for new connections by 30 June 2017 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	100%	90%	Carry Over	90%	96.22%	G2		
TL53	Basic Service Delivery	Replace 600m main sewer pump line in Ashton by 30 June 2017	Number of meters of sewer pump line replaced	New capital project for 2016/17	600	Carry Over	600	500	O		During planning phase the exact position of the existing pipeline was unknown. During

											construction the position of the existing pipeline was physically determined causing the pipeline to be re-routed.
TL56	Basic Service Delivery	Provision of ablution facilities in Mandela Square Montagu by June 2017	Facility completed	New capital project for 2016/17	1	Carry Over	1	0	R		This project has been requested to be rolled over into the 17/18 book year
TL58	Basic Service Delivery	Complete the upgrade of the Waste Water Treatment Works in Montagu by 30 June 2017	Upgrade completed	New capital project for 2016/17	1	Carry Over	1	1	G	Roll over from 2015/2016	
TL59	Basic Service Delivery	90% spent of the total amount budgeted to repair leaks at the George Brink Reservoir by 30 June 2017 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	New capital project for 2016/17	90%	Last Value	90%	0%	R		The service provider was unable to deliver the service as per service specifications. Project was cancelled and rolled over to new financial year Roll over to 2017/2018
TL61	Basic Service Delivery	Construct 2 additional drying beds at the Waste Water Treatment Works in Ashton by 30 June 2017	Number of drying beds constructed	New capital project for 2016/17	1	Carry Over	1	0	R		Project was not completed due to the slow start of the contractor. Funding to be rolled over into 17/18
TL62	Basic Service Delivery	Replace 750m of Koos Kok water pipeline in Robertson by 30 June 2017	Number of meters of water pipeline replaced	New capital project for 2016/17	750	Carry Over	750	600	O		During budget stage the physical length of pipeline was estimated. During construction it was determined what portion of the existing pipeline was failing and 606m was replaced
TL63	Basic Service Delivery	Replace 900m of the main outfall sewer Voortrekker Road Robertson by 30 June 2017	Number of meters of sewer outfall replaced	100%	900	Carry Over	900	745	O		During planning phase the pipeline route was determined to follow alongside the existing pipeline. With construction this would have meant that the excavation was supposed

											to run through the McGregor road bridge. During negotiations with the Department of Transport, it was decided to re-route the pipeline alongside the left of the McGregor road
TL71	Basic Service Delivery	Replace 200m waterline in Barlinka Avenue Bonnievale by 31 December 2016	Number of meters of waterline replaced	New capital project for 2016/17	200	Carry Over	200	0	G		Contractor already appointed to complete project.
TL72	Basic Service Delivery	100% spent of the total roll-over capital budgeted for the new Sewer Pump Station in Main Road by 30 March 2017	% spent of the total roll-over capital budget by 30 March 2017	New performance indicator for 2016/17	100%	Carry Over	100%	0%	R		Owner gave permission late in FY . but project could be implemented due to the road construction



CHAPTER 4

Organisational Development Performance
(Performance Report Part 2)



ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

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

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, VACANCIES AND TURNOVER

The tables below provide the employee totals, vacancy rate and staff turnover for 2016/2017. Although 195 posts are vacant, only 44 of those posts are budgeted for.

The Municipality has a total of 14 staff members with disabilities in 2016/2017 and a total of 6 Financial Management Interns.

Table 125: Employee Totals for 2016/2017

Employee Totals for 2016/2017				
Description	2016/2017			
	Number of approved posts	Number of Employees	Number of Vacancies	Vacancy %
Water	76	70	6	7.9
Sanitation	28	26	2	7.1
Electricity	72	60	12	16.7
Waste Management	100	84	16	16
Storm Water Drainage	27	25	2	7.5
Roads	43	41	2	4.7
Transport	0	0	0	0
Planning	14	11	3	21.5
Strategic Planning	12	9	3	25
IT	5	4	1	20
LED	4	3	1	25
Community Facilities	43	35	8	18.7
Environmental Protection	81	74	7	8.7
Security and Safety	75	50	25	33.4
Corporate Services and Other	325	218	107	33
Totals	905	710	195	21.6

Table 126: Turnover Rate for 2016/2017

Staff Turn-Over Rate			
Financial Year	Total number of appointments as at beginning of financial year	Number of terminations during financial year	% Turn-over Rate
2012/2013	674	49	7.2
2013/2014	691	69	9.9
2014/2015	681	57	8.3
2015/2016	693	48	6.9
2016/2017	709	62	8.7

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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

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

4.2 POLICIES

The Municipality is keen on providing a stable, regulated working environment to its staff and regards policy development important and of high priority. The table below reflects the status of available HR policies at the Municipality in 2016/2017.

Table 127: HR Policies and Plans

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

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 128: Number of Injuries on Duty

Number of injuries on Duty					
Type of Injury	Number of days Injury Leave taken	Number of Employees using Injury Leave	% of Employees using Sick Leave	Average amount of Injury Leave Days per Employee	Total estimated cost R'000
Required basic medical attention only	210	26	3.6%	8	-
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0

Table 129: Number and Period of Suspensions

Nature of Misconduct	Date of Suspension	Details of Disciplinary action taken or Status of case and reasons why not finalised	Date Finalised
Gross Dishonesty	02/06/2016	Dismissal	30/06/2017
Assault	03/10/2016	Dismissal	02/11/2016
Gross Dishonesty	11/08/2016	Dismissal set aside on appeal. No sanction imposed	04/11/2016
Gross Negligence & Gross Dishonesty	15/08/2016	Dismissal	17/07/2017
Conflict of Interest & Breaching Political Activity Policy	07/02/2017	Date of disciplinary hearing to be determined	
Gross Dishonesty	15/02/2017	Disciplinary action dependent on finalisation of criminal proceedings	
Gross Dishonesty	15/02/2017	Disciplinary action dependent on finalisation of criminal proceedings	
Gross Dishonesty	21/04/2017	Suspension to be lifted due to insufficient evidence	

Table 130: Disciplinary Action taken on cases of Financial Misconduct

Nature of alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Negligence – R 4 001,40	Written warning	08/07/2016
Negligence – R 977,97	Written warning	13/09/2016
Negligence – R 592,80	Written warning	14/09/2016
Negligence – R 2 384,57	Written warning	31/10/2016
Negligence – R 1 900,00	Written warning	31/10/2016
Gross Dishonesty – R 7 385,08	Dismissal set aside on appeal. No sanction imposed	04/11/2016
Negligence – R 2 259,38	Written warning	16/01/2017
Negligence – R 8 018,86	Written warning	17/01/2017
Negligence – R 8 018,86	Written warning	17/01/2017
Negligence – R 1 333,48	Written warning	12/02/2017
Negligence – R 2 824,20	Written warning	06/03/2017
Negligence – R 900,45	Written warning	06/04/2017
Negligence – R 1 100,00	Written warning	11/04/2017
Negligence – R 50,00	Written warning	22/05/2017
Negligence – R 2 019,10	Written warning	23/05/2017
Negligence – R 210,28	Written warning	06/06/2017
Negligence – R 210,28	Written warning	29/06/2017
Gross Dishonesty – R 40 114,35	Dismissal	30/06/2017
Gross Negligence & Gross Dishonesty – R 18 313,30	Dismissal	17/07/2017

4.4 PERFORMANCE REWARDS

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

Table 131: Section 56 & 57 Performance Bonuses

Section 56 & 57 Performance Bonuses					'Rand
Name	Designation	Bonus Amount 2013/14	Bonus Amount 2014/15	Bonus Amount 2015/16	Bonus Amount 2016/2017
Mr IAB van der Westhuizen	Director Engineering Services	37 022	53 942	57 604	61 637
Me CO Matthys	Director Strategy & Social Development	37 022	53 942	57 604	61 637
Mr B Brown	Chief Financial Officer	N/A	N/A	N/A	12 327
Mr AWJ Everson	Director Corporate Services	40 054	58 306	62 265	53 299
Mr SA Mokweni	Municipal Manager	48 282	70 283	75 056	80 310
Me EC Liebenberg	Director Community Services	N/A	N/A	N/A	20 546
Total Bonuses		162 380	236 473	252 529	289 755

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

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

4.5 SKILLS DEVELOPMENT AND TRAINING

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2017 and approved on 30 April 2017.

For the year under review 2016/2017, the Municipality trained 285 employees, compared to 360 employees in 2015/2016, 307 employees in 2014/2015 and 196 in the 2013/2014 financial year.

Table 132: Training per Job Category

Training per Job Category							
Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and Related Trade Workers	Elementary Occupations	Professionals
Engineering Services	171		1	4	52	114	0
Financial Services	17	1	10	6	0	0	0
Strategy & Social Development	3	1	0	2	0	0	0
Corporate Services	0	0	0	0	0	0	0
Community Services	94	0	1	2	27	64	0
Municipal Manager's Office	0	0	0	0	0	0	0
Total: 2016/17	285	2	12	14	79	178	0
Total: 2015/16	360	0	49	59	71	181	0
Total: 2014/15	307	2	72	42	54	137	0
Total: 2013/14	196	1	20	16	67	92	0
Total: 2012/13	231	31	34	36	62	68	0
Total: 2011/12	204	11	14	26	56	97	0

Financial Competency Development Progress

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

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

Table 133: Financial Competency Development Progress Report

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	25	22	4	22
Any other financial officials	11	7	0	7
Supply Chain Management Officials				
Heads of Supply Chain Management Units	1	1	-	1
Supply Chain Management Senior Managers	-	-	-	-

Skills Development Budget and Expenditure

The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Organisational and staff development will continue to be a targeted focus in 2016/2017.

A total of nineteen (19) learners were recorded to have received training through Learnerships in 2016/2017, compared to fifteen in 2015/2016 financial year and twenty one (21) Learnerships recorded in 2014/15 financial year.

A total of 13 internal bursaries were awarded in 2016/2017.

Table 134: Bursaries per Directorate

Bursaries per Directorate				
Directorate	Number of Beneficiaries 2013/14	Number of Beneficiaries 2014/15	Number of Beneficiaries 2015/16	Number of Beneficiaries 2016/2017
Community Services	N/A	N/A	1	1
Engineering Services	2	1	1	1
Financial Services	2	0	14	9
Strategy & Social Development	3	3	2	3
Corporate Services	7	1	6	1
Municipal Manager's Office	0	0	0	2
Total	14	7	24	13

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

Table 135: Budget Allocations for Skills Development

Budget Allocations for Skills Development			'Rand
Financial Year	Budget	Expenditure	Percentage Spent
2016/2017	714 368	714 368	100
2015/2016	663 000	660 889	99.68
2014/2015	644 540	640 334	99.35
2013/2014	566 250	565 996	99.9
2012/2013	580 000	580 000	100
2011/2012	580 000	402 599	69.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

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

4.6. EMPLOYEE EXPENDITURE

Table 136: Employees whose salary levels exceed the grade determined by job evaluation

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Senior Clerk	13	T6	105564-137052	Personal to incumbent
Housing Administrator	1	T9	161796-210024	Personal to incumbent
Clerk	7	T5	89436-116112	Personal to incumbent
Artisan (Electrician)	3	T10	182160-236436	Personal to incumbent
Artisan (Plumber)	1	T9	161796-210024	Personal to incumbent
Supervisor	10	T7	127668-165684	Personal to incumbent
Traffic Officer	1	T9	1161796-210024	Personal to incumbent
General Worker	53	T2	77580-85320	Personal to incumbent
Sewerage Attendant	6	T4	81384-103140	Personal to incumbent
Superintendent	1	T11	215040-279132	Personal to incumbent
General Assistant	2	T3	79452-93816	Personal to incumbent
Cadet Fire Fighter	2	T5	89436-116112	Personal to incumbent
Library Assistant	3	T6	105564-137052	Personal to incumbent
Executive PA	1	T7	127668-165684	Personal to incumbent
Switchboard Operator	1	T6	105564-137052	Personal to incumbent
Chief Clerk	1	T8	143712-186540	Personal to incumbent
Storeman	1	T5	89436-116112	Personal to incumbent
Water Purification Attendant	5	T4	81384-103140	Personal to incumbent
CAD Operator	1	T7	127668-165684	Personal to incumbent
Facilities Attendant	1	T4	81384-103140	Personal to incumbent

Table 137: Trends of Personnel Expenditure Compared to Operating Expenditure

Trends of Personnel Expenditure Compared to Operating Expenditure			'Rand
Financial Year	Salaries	Expenditure	Percentage
2016/2017	166 558 280	599 130 505	28.80%
2015/2016	154 140 976	555 605 290	27.74%
2014/2015	138 520 695	515 984 773	26.84%
2013/2014	129 208 326	440 959 037	29.30%
2012/2013	119 879 190	406 313 225	29.50%



CHAPTER 5

Financial Performance





These financial statements have been audited

FINANCIAL STATEMENTS

30 JUNE 2017

LANGEBERG MUNICIPALITY

INDEX

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report from the Chief Financial Officer	3
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes In Net Assets	8
Cash Flow Statement	9
Statement of comparison of budget and actual amounts - Statement of financial position	10 - 11
Statement of comparison of budget and actual amounts - Statement of financial performance	12
Statement of comparison of budget and actual amounts - Cash flow statement	13
Accounting Policies	14 - 56
Notes to the Financial Statements	57 - 110
 APPENDICES - Unaudited	
A Schedule of External Loans	111
B Segmental Statement of Financial Performance - Municipal Votes	113
C Segmental Statement of Financial Performance	114
D Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, Act 56 of 2003	115
E National Treasury Appropriation Statements	
E1 - Revenue and Expenditure (Standard Classification)	116
E2 - Revenue and Expenditure (Municipal Vote Classification)	118
E3 - Revenue and Expenditure (Revenue by Source and Expenditure by Type)	119
E4 - Capital Expenditure by Vote, Standard Classification and Funding	121
E5 - Cash Flows	122

LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

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

*Ashton
Bonnievale
McGregor
Montagu
Robertson*

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 7536

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
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
SALBC Collective Agreements
SALBC Leave Regulations
Infrastructure Grants
Municipal Budget and Reporting Regulations

LANEBERG MUNICIPALITY

MEMBERS OF THE LANE BERG MUNICIPALITY

COUNCILLORS

Jansen, H M	Executive Mayor	DA	Proportional
Van Eeden, S W	Speaker	DA	Ward 8
Joubert, G D	Deputy Mayor	DA	Proportional
Janse, D B	Member of Mayoral Committee	DA	Ward 6
Scheffers, E M J	Member of Mayoral Committee	DA	Ward 12
Burger, J D	Member of Mayoral Committee	DA	Ward 1
Strauss, S W	Member of Mayoral Committee	DA	Ward 5
Beginse, N J	Ordinary Councillor	DA	Ward 9
Bosjan, E	Ordinary Councillor	ANC	Proportional
Du Plessis, S	Ordinary Councillor	ICOSA	Proportional
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Hess, P	Ordinary Councillor	DA	Ward 3
Januarie, J J S	Ordinary Councillor	ANC	Ward 4
Kriel, J	Ordinary Councillor	DA	Ward 7
Maflika, J S	Ordinary Councillor	ANC	Proportional
Malgas, S J	Ordinary Councillor	DA	Proportional
Mbi, A S	Ordinary Councillor	ANC	Proportional
Nteta, BH	Ordinary Councillor	ANC	Ward 10
Nyamana, W Z	Ordinary Councillor	COPE	Proportional
Sibili, A J	Ordinary Councillor	ANC	Ward 2
Swanepoel, L M	Ordinary Councillor	EFF	Proportional
Van Der Merwe	Ordinary Councillor	LIP	Proportional
Van Zyl, J D F	Ordinary Councillor	DA	Ward 11

(*) As a result of the Local Government elections in August 2016 the members of council changed during the year under review. Disclosed on page 2 are members as at 30 June 2017, note 30 discloses all the members that served during the year under review.

APPROVAL OF FINANCIAL STATEMENTS

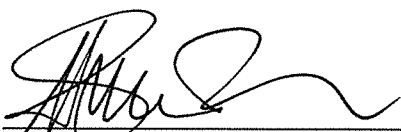
I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 110 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


SA Mokweni
Municipal Manager

31/08/2017
Date

LANEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANE BERG MUNICIPALITY for the fiscal year 2016/2017.

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

2. KEY FINANCIAL INDICATORS

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

Financial Statement Ratios:

INDICATOR	30 JUNE 2017	30 JUNE 2016
Surplus / (Deficit) for the year before Appropriations	76 602 247	52 920 987
Accumulated Surplus / (Deficit) at the end of the Year	599 130 505	518 636 105
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	27.80%	27.00%
Remuneration of Councillors	1.62%	1.59%
Bad Debts Written Off	3.90%	5.03%
Debt Impairment	0.00%	0.40%
Depreciation and Amortisation	4.64%	5.58%
Collection costs	0.45%	0.27%
Impairments	0.05%	0.09%
Material	1.65%	1.61%
Actuarial losses	0.00%	0.00%
Unamortised Discount - Interest paid	0.02%	0.02%
Finance Charges	2.09%	2.08%
Bulk Purchases	47.49%	44.11%
Contracted services	1.36%	1.82%
Grants and Subsidies	0.02%	0.14%
Stock Adjustments	0.00%	0.00%
General Expenses	8.85%	9.96%
Loss on disposal of Property, Plant and Equipment	0.05%	0.29%

It should be noted that bulk purchases for water and electricity is 47.49% of the total expenditure for 2016/2017.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2017 are as follows:

DETAILS	Actual 2016/2017 R	Actual 2015/2016 R	Percentage Variance %	Budgeted 2016/2017 R	Variance actual/ budgeted %
Opening surplus / (deficit)	518 636 105	471 577 823	9.98%	-	
Operating income for the year (incl. gains in disposal of assets)	646 689 085	601 629 367	7.49%	664 218 465	-2.64%
Appropriations for the year	3 892 152	(5 862 705)		-	
	1 169 217 342	1 067 344 486	9.54%	664 218 465	76.03%
Expenditure:					
Operating expenditure for the year	570 086 838	548 708 380	3.90%	667 353 792	-14.58%
Closing surplus / (deficit)	599 130 505	518 636 105			
	1 169 217 342	1 067 344 486	9.54%	667 353 792	75.20%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R52 377 241, and in percentage terms amounts to 89.29% of budget. Full details of Property, Plant and Equipment are disclosed in note number 43.3 to the Annual Financial Statements.

The capital expenditure of R 52 377 241 (2016/2017) was financed as follows:

DETAILS	Actual 2016/2017 R	Budgeted 2016/2017 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	26 295 727	32 732 130	-24%	50.20%
External Loans	-			
Grants and Subsidies	24 690 331	25 926 633	-5%	47.14%
Leased Assets	1 391 184		100%	2.66%
	52 377 241	58 658 763		100.00%

5. LONG-TERM LIABILITIES

	2017 R	2016 R
The outstanding amount of Long-term Liabilities as at 30 June was :	23 674 384	26 900 310
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.	-	-

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

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

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	112 627 206	106 397 132
Provision for Post Retirement Benefits	50 185 498	49 757 869
Provision for Long Service Awards	8 679 728	8 314 474
Provision for Rehabilitation of Landfill-sites	53 761 980	48 324 789
	112 627 206	106 397 132

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

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	9 968 278	9 019 575
Current Employee benefits	Note number 7	14 576 647	13 924 622
Provisions	Note number 8	5 547 638	7 303 158
Payables from exchange transactions	Note number 9	70 992 637	67 904 514
Unspent Conditional Government Grants and Receipts	Note number 10	3 082 897	8 233 783
Unspent Public Contributions	Note number 11	684 330	684 330
Current Portion of Long-term Liabilities	Note number 3	5 056 160	4 241 962
		109 908 586	111 311 943

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

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	209 437	210 328
--	---------	---------

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	612 891 492	585 001 950
--	-------------	-------------

Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	95 083 394	90 015 287
Listed Investment	110 485	108 567
Unlisted Investments	12 336	12 336
	<u>95 206 215</u>	<u>90 136 190</u>

Refer to Note number 18 and 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

<u>634 415</u>	<u>881 223</u>
----------------	----------------

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	52 547 337	18 200 128
Receivables from exchange transactions	Note number 21	47 760 198	44 216 339
Receivables from non-exchange transactions	Note number 22	7 323 898	5 596 506
Operating Lease Asset	Note number 23	108 437	91 832
Taxes	Note number 12	1 809 247	342 206
Current Portion of Long-term Receivables	Note number 19	655 465	529 249
Cash and Cash Equivalents	Note number 24	115 104 639	103 088 259
		<u>225 309 222</u>	<u>172 064 519</u>

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

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

Refer to Note number 26 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 51.

15. DISCLOSURE ISSUES

Please refer to note number 46 to 55.

16. EXPRESSION OF APPRECIATION

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

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



Mr B Brown
CHIEF FINANCIAL OFFICER
31 August 2017

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R	Restated 2016 R
NET ASSETS AND LIABILITIES			
Net Assets		630 483 530	553 881 283
Capital Replacement Reserve	2	31 353 026	35 245 178
Accumulated Surplus		599 130 505	518 636 105
Non-Current Liabilities		130 553 663	128 343 749
Long-term Liabilities	3	17 926 458	21 946 617
Non-Current Employee Benefits	4	58 865 226	58 072 343
Non-Current Provisions	5	53 761 980	48 324 789
Current Liabilities		109 908 586	111 311 943
Consumer Deposits	6	9 968 278	9 019 575
Current Employee benefits	7	14 576 647	13 924 622
Provisions	8	5 547 638	7 303 158
Payables from exchange transactions	9	70 992 637	67 904 514
Unspent Conditional Government Grants and Receipts	10	3 082 897	8 233 783
Unspent Public Contributions	11	684 330	684 330
Current Portion of Long-term Liabilities	3	5 056 160	4 241 962
Total Net Assets and Liabilities		870 945 780	793 536 975
ASSETS			
Non-Current Assets		645 636 558	621 472 456
Property, Plant and Equipment	13	612 891 492	585 001 950
Investment Property	14	26 971 067	27 040 649
Intangible Assets	15	209 437	210 328
Heritage Assets	16	260 000	260 000
Capitalised Restoration cost	17	4 547 326	7 957 403
Non-Current Investments	18	122 821	120 903
Long-Term Receivables	19	634 415	881 223
Current Assets		225 309 222	172 064 519
Inventory	20	52 547 337	18 200 128
Receivables from exchange transactions	21	47 760 198	44 216 339
Receivables from non-exchange transactions	22	7 323 898	5 596 506
Operating Lease Asset	23	108 437	91 832
Taxes	12	1 809 247	342 206
Current Portion of Long-term Receivables	19	655 465	529 249
Cash and Cash Equivalents	24	115 104 639	103 088 259
Total Assets		870 945 780	793 536 975

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016	2016	2016
	Notes	Actual	Restated	Correction of Error Refer Note 39	Previously reported
REVENUE					
Revenue from Non-exchange Transactions		205 691 344	193 174 855		193 174 855
Taxation Revenue		42 685 693	39 954 462	-	39 954 462
Property rates	25	42 685 693	39 954 462	-	39 954 462
Transfer Revenue		136 563 867	122 165 869	-	122 165 869
Government Grants and Subsidies - Capital	26	24 502 697	46 347 944	-	46 347 944
Government Grants and Subsidies - Operating	26	112 061 170	75 817 925	-	75 817 925
Public Contributions and Donations		-	-	-	-
Other Revenue		26 441 784	31 054 524	-	31 054 524
Actuarial Gains	4	5 177 099	6 741 931	-	6 741 931
Availability fees		2 349 311	2 285 128	-	2 285 128
Fair Value Adjustments		1 918	-	-	-
Fines		9 514 508	20 679 190	-	20 679 190
Income due to Change in Discount rate		-	1 244 505	-	1 244 505
Impairment Reversal	32	9 395 800	-	-	-
Stock Adjustments		3 147	103 771	-	103 771
Revenue from Exchange Transactions		440 997 741	408 454 512	(87 543)	408 542 055
Service Charges	27	405 781 216	374 809 991	(418 941)	375 228 931
Rental of Facilities and Equipment		2 713 779	2 626 645	2 891	2 623 754
Interest Earned - external investments		5 930 563	4 391 659	-	4 391 659
Interest Earned - outstanding debtors		2 167 653	1 954 666	-	1 954 666
Licences and Permits		1 502 807	1 497 505	328 187	1 169 318
Agency Services		3 498 222	3 140 603	-	3 140 603
Other Income	28	18 733 747	16 427 932	320	16 427 612
Unamortised Discount - Interest		72 531	76 223	-	76 223
Gain on disposal of Property, Plant and Equipment		597 224	3 529 288	-	3 529 288
Total Revenue		646 689 085	601 629 367	(87 543)	601 716 910
EXPENDITURE					
Employee related costs	29	158 473 575	148 130 345	2 103 811	146 026 534
Remuneration of Councillors	30	9 233 663	8 740 174	-	8 740 174
Bad Debts Written Off	31	22 244 965	27 608 700	27 608 700	-
Debt Impairment	32	-	2 189 438	(28 220 913)	30 410 351
Depreciation and Amortisation	33	26 440 858	30 619 853	(359 682)	30 979 535
Collection costs		2 586 398	1 474 865	-	1 474 865
Impairments	34	283 314	508 397	-	508 397
Material		9 434 546	8 843 492	(9 293 422)	18 136 914
Unamortised Discount - Interest paid		92 495	128 126	-	128 126
Finance Charges	35	11 925 367	11 437 273	7 797	11 429 475
Bulk Purchases	36	270 735 747	242 031 964	-	242 031 964
Contracted services		7 776 106	9 996 716	7 813 353	2 183 363
Grants and Subsidies	37	132 500	749 000	-	749 000
Stock Adjustments		4 243	14 410	-	14 410
General Expenses	38	50 437 516	54 668 742	1 338 884	53 329 859
Loss on disposal of Property, Plant and Equipment		285 545	1 566 609	-	1 566 609
Fair Value Adjustments		-	276	-	276
Total Expenditure		570 086 838	548 708 380	998 527	547 709 853
NET SURPLUS/(DEFICIT) FOR THE YEAR		76 602 247	52 920 987	(1 086 070)	54 007 056

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2015	29 382 473	471 635 748	501 018 221
Correction of error (Refer Note 39)		(57 925)	(57 925)
Balance at 01 JULY 2015	29 382 473	471 577 823	500 960 296
Net Surplus for the year		52 920 987	52 920 987
Transfer to/from CRR	31 849 458	(31 849 458)	-
Property, Plant and Equipment purchased	(25 986 754)	25 986 754	-
Balance at 30 JUNE 2016	35 245 178	518 636 105	553 881 283
Net Surplus for the year		76 602 247	76 602 247
Transfer to/from CRR	22 403 575	(22 403 575)	-
Property, Plant and Equipment purchased	(26 295 727)	26 295 727	-
Balance at 30 JUNE 2017	31 353 026	599 130 505	630 483 530

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

		30 JUNE 2017	RESTATED 30 JUNE 2016
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		462 772 324	427 416 332
Government - operating		112 844 949	75 959 414
Government - capital		23 963 762	46 367 736
Interest		8 742 545	6 650 403
Payments			
Suppliers and employees		(540 336 276)	(460 118 384)
Finance charges		(2 896 726)	(2 861 462)
Transfers and Grants		(132 500)	(749 000)
Cash generated by operations	40	64 958 079	92 665 040
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(50 991 873)	(72 367 728)
Proceeds on Disposals		1 745 724	3 786 067
Purchase of Intangible Assets	15	(53 291)	-
Net Cash from Investing Activities		(49 299 441)	(68 581 660)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(4 590 962)	(4 575 565)
(Decrease)/Increase in Consumer Deposits		948 703	1 032 065
Net Cash from Financing Activities		(3 642 258)	(3 543 500)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12 016 380	20 539 879
Cash and Cash Equivalents at the beginning of the year		103 088 259	82 548 380
Cash and Cash Equivalents at the end of the year	41	115 104 639	103 088 259
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12 016 380	20 539 879

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	20 021 245	69 875 110	(49 853 865)	Cash not committed moved to call investment deposits.
Call investment deposits	95 083 394	60 000 000	35 083 394	Improved cash flow management to optimise on interest revenue.
Consumer debtors	55 084 097	31 089 275	23 994 821	Consumer debtors realised more than anticipated.
Other Receivables	1 917 684	12 000 000	(10 082 316)	Other receivables realised less than anticipated.
Current portion of long-term receivables	655 465	550 000	105 465	
Inventory	52 547 337	26 250 000	26 297 337	Housing Work in Progress: McGregor
Total current assets	225 309 222	199 764 385	25 544 836	
Non current assets				
Long-term receivables	634 415	1 100 000	(465 585)	
Investments	122 821	125 000	(2 179)	
Investment property	26 971 067	26 816 924	154 143	
Property, plant and equipment	617 438 818	596 187 646	21 251 172	Budget for Capitalised Restoration Cost included in PPE
Biological Assets	-	-	-	
Intangible Assets	209 437	305 028	(95 591)	
Heritage Assets	260 000	3 000 000	(2 740 000)	
Total non current assets	645 636 558	627 534 598	18 101 960	
TOTAL ASSETS	870 945 780	827 298 983	43 646 797	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	5 056 160	3 529 840	1 526 319	
Consumer deposits	9 968 278	8 100 000	1 868 278	
Trade and other payables	74 759 864	82 895 445	(8 135 582)	Actual trade and other payables realised lower at year end than budgeted.
Provisions and Employee Benefits	20 124 285	13 580 375	6 543 910	Liability realised higher than anticipated based on actuarial valuations.
Total current liabilities	109 908 586	108 105 661	1 802 926	
Non current liabilities				
Borrowing	17 926 458	18 339 604	(413 146)	
Provisions and Employee Benefits	112 627 206	113 077 365	(450 159)	
Total non current liabilities	130 553 663	131 416 969	(863 305)	
TOTAL LIABILITIES	240 462 250	239 522 629	939 620	
NET ASSETS	630 483 530	587 776 354	42 707 176	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	599 130 505	548 249 956	50 880 549	Higher than anticipated operating surplus.
Reserves	31 353 026	39 526 398	(8 173 372)	
TOTAL COMMUNITY WEALTH/EQUITY	630 483 530	587 776 354	42 707 176	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	69 875 110	-	69 875 110	
Call investment deposits	60 000 000	-	60 000 000	
Consumer debtors	31 089 275	-	31 089 275	
Other Receivables	12 000 000	-	12 000 000	
Current portion of long-term receivables	550 000	-	550 000	
Inventory	26 250 000	-	26 250 000	
Total current assets	199 764 385	-	199 764 385	
Non current assets				
Long-term receivables	1 100 000	-	1 100 000	
Investments	125 000	-	125 000	
Investment property	26 816 924	-	26 816 924	
Property, plant and equipment	596 187 646	-	596 187 646	
Biological Assets	-	-	-	
Intangible Assets	305 028	-	305 028	
Heritage Assets	3 000 000	-	3 000 000	
Total non current assets	627 534 598	-	627 534 598	
TOTAL ASSETS	827 298 983	-	827 298 983	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 529 840	-	3 529 840	
Consumer deposits	8 100 000	-	8 100 000	
Trade and other payables	82 895 445	-	82 895 445	
Provisions and Employee Benefits	13 580 375	-	13 580 375	
Total current liabilities	108 105 661	-	108 105 661	
Non current liabilities				
Borrowing	18 339 604	-	18 339 604	
Provisions and Employee Benefits	113 077 365	-	113 077 365	
Total non current liabilities	131 416 969	-	131 416 969	
TOTAL LIABILITIES	239 522 629	-	239 522 629	
NET ASSETS	587 776 354	-	587 776 354	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	548 249 956	-	548 249 956	
Reserves	39 526 398	-	39 526 398	
TOTAL COMMUNITY WEALTH/EQUITY	587 776 354	-	587 776 354	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	42 685 693	43 804 100	(1 118 407)	
Property rates - penalties & collection charges	-	521 030	(521 030)	
Service charges	405 781 216	405 381 030	400 186	
Rental of facilities and equipment	2 713 779	3 914 070	(1 200 291)	
Interest earned - external investments	5 930 563	4 608 860	1 321 703	
Interest earned - outstanding debtors	2 167 653	1 691 940	475 713	
Actuarial Gains	5 177 099	-	5 177 099	Included in Other revenue in the budget information
Fair Value Adjustments	1 918	-	1 918	
Availability Fees	2 349 311	-	2 349 311	
Fines	9 514 508	20 106 940	(10 592 432)	TMT contract ended December 2016
Impairment Reversal	9 395 800	-	9 395 800	Reversal of Impairment Allowance on Exchange and Non Exchange Transactions
Stock Adjustments	3 147	-	3 147	
Licences and permits	1 502 807	1 839 200	(336 393)	
Agency services	3 498 222	4 023 100	(524 878)	
Government Grants and Subsidies	136 563 867	148 920 945	(12 357 078)	R10 million of the Human Settlements Grant was not received and thus not spent and recognised as revenue
Other revenue	18 806 278	28 207 190	(9 400 912)	Actuarial Gains, Fair Value Adjustments, Availability Fees included separately on Actual Information versus Budgeted Information
Gains on disposal of PPE	597 224	1 200 060	(602 836)	
Total Operating Revenue	646 689 085	664 218 465	(17 529 380)	
EXPENDITURE BY TYPE				
Employee related costs	158 473 575	173 935 873	(15 462 298)	Savings on employee related costs due to vacant posts
Remuneration of councillors	9 233 663	9 471 450	(237 787)	
Bad Debts Written Off	22 244 965	-	-	
Debt impairment	-	31 839 080	(31 839 080)	Reversal of Impairment Allowance on Exchange and Non Exchange Transactions
Depreciation & asset impairment	26 724 172	27 598 132	(873 960)	
Finance charges	11 925 367	11 646 535	278 832	
Bulk purchases	270 735 747	266 703 750	4 031 997	
Other materials	9 434 546	-	9 434 546	Included in other expenditure on budget schedules.
Contracted services	7 776 106	2 182 280	5 593 826	Repairs and maintenance unpacked and classified according to nature
Grants and subsidies paid	132 500	134 070	(1 570)	
Other expenditure	53 120 652	143 342 562	(90 221 910)	Housing Work in Progress McGregor, expenses only recognised once houses are handed over
Loss on disposal of PPE	285 545	500 060	(214 515)	
Total Operating Expenditure	570 086 838	667 353 792	(97 266 954)	
Operating Surplus/(Deficit) for the year	76 602 247	(3 135 327)	79 737 574	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	2017 R Final Virements	2017 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	43 804 100	-	43 804 100	-	43 804 100	
Property rates - penalties & collection charges	521 030	-	521 030	-	521 030	
Service charges	405 381 030	-	405 381 030	-	405 381 030	
Rental of facilities and equipment	3 914 070	-	3 914 070	-	3 914 070	
Interest earned - external investments	4 608 860	-	4 608 860	-	4 608 860	
Interest earned - outstanding debtors	1 691 940	-	1 691 940	-	1 691 940	
Fines	20 106 940	-	20 106 940	-	20 106 940	
Licences and permits	1 839 200	-	1 839 200	-	1 839 200	
Agency services	4 023 100	-	4 023 100	-	4 023 100	
Transfers recognised	148 920 945	-	148 920 945	-	148 920 945	
Other revenue	28 207 190	-	28 207 190	-	28 207 190	
Gains on disposal of PPE	1 200 060	-	1 200 060	-	1 200 060	
Total Operating Revenue	664 218 465	-	664 218 465	-	664 218 465	
EXPENDITURE BY TYPE						
Employee related costs	173 935 873	-	173 935 873	1 200 000	175 135 873	
Remuneration of councillors	9 471 450	-	9 471 450	-	9 471 450	
Debt impairment	31 839 080	-	31 839 080	-	31 839 080	
Depreciation & asset impairment	27 598 132	-	27 598 132	-	27 598 132	
Finance charges	11 646 535	-	11 646 535	-	11 646 535	
Bulk purchases	266 703 750	-	266 703 750	-	266 703 750	
Other materials	-	-	-	-	-	
Contracted services	2 182 280	-	2 182 280	84 000	2 266 280	
Grants and subsidies paid	134 070	-	134 070	-	134 070	
Other expenditure	143 342 562	-	143 342 562	(1 284 000)	142 058 562	
Loss on disposal of PPE	500 060	-	500 060	-	500 060	
Total Operating Expenditure	667 353 792	-	667 353 792	-	667 353 792	
Operating Surplus/(Deficit) for the year	(3 135 327)	-	(3 135 327)	-	(3 135 327)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	462 772 324	474 349 543	(11 577 219)	Actual receipts from ratepayers and other realised higher than anticipated
Government - operating	112 844 949	123 939 034	(11 094 085)	R10 million of the Human Settlements Grant was not received
Government - capital	23 963 762	23 519 966	443 796	
Interest	8 742 545	6 249 101	2 493 445	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(540 336 276)	(528 395 124)	(11 941 151)	Actual payments to suppliers and employees realised more than budgeted
Finance charges	(2 896 726)	(7 945 417)	5 048 691	External loan will only be taken up in 2017/2018
Transfers and Grants	(132 500)	(134 070)	1 570	
NET CASH FROM/(USED) OPERATING ACTIVITIES	64 958 079	91 583 032	(26 624 953)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1 745 724	700 000	1 045 724	
Decrease/(increase) in non-current receivables	-	550 000	(550 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(51 045 164)	(58 658 763)	7 613 599	Under expenditure on capital budget.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(49 299 441)	(57 408 763)	8 109 322	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	948 703	22 170	926 533	
Payments				
Repayment of borrowing	(4 590 962)	(7 931 407)	3 340 446	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 642 258)	(7 909 237)	4 266 979	
NET INCREASE/(DECREASE) IN CASH HELD	12 016 380	26 265 032	(14 248 652)	Increase in cash held realised less than budgeted
Cash and Cash Equivalents at the beginning of the year	103 088 259	103 610 078	(521 819)	
Cash and Cash Equivalents at the end of the year	115 104 639	129 875 110	(14 770 471)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017
ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	474 349 543	-	474 349 543	
Government - operating	123 939 034	-	123 939 034	
Government - capital	23 519 966	-	23 519 966	
Interest	6 249 101	-	6 249 101	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(528 395 124)	-	(528 395 124)	
Finance charges	(7 945 417)	-	(7 945 417)	
Transfers and Grants	(134 070)	-	(134 070)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	91 583 032	-	91 583 032	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	700 000	-	700 000	
Decrease/(increase) in non-current receivables	550 000	-	550 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(58 658 763)	-	(58 658 763)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(57 408 763)	-	(57 408 763)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	22 170	-	22 170	
Payments				
Repayment of borrowing	(7 931 407)	-	(7 931 407)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 909 237)	-	(7 909 237)	
NET INCREASE/(DECREASE) IN CASH HELD	26 265 032	-	26 265 032	
Cash and Cash Equivalents at the beginning of the year	103 610 078	-	103 610 078	
Cash and Cash Equivalents at the end of the year	129 875 110	-	129 875 110	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

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

1.5 AMENDED DISCLOSURE POLICY

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

1.6. MATERIALITY

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

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

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

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

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 18	<u>Segment Reporting</u> The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.	Effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016 / 17 financial year.
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment</p>	Unknown

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

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

accumulated surplus / (Deficit) is credited by a corresponding amount when the amounts in the CRR are utilized

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

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

1.10.2 Municipality as Lessor

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12 UNSPENT PUBLIC CONTRIBUTIONS

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

not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

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

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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

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

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised.

1.15. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

(c) *Ex gratia Gratuities*

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

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

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

(d) *Accrued Leave Pay*

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

(e) *Staff Bonuses*

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

(f) Performance bonuses

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

(g) Pension and retirement fund obligations

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

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.16. BORROWING COSTS

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

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

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

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

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3 Depreciation and Impairment

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

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

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value, as determined by a valuator, was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.17.6 Capitalised Restoration Cost

The Municipality treats the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.17.1 to 1.17.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method.

1.18. INTANGIBLE ASSETS

1.18.1 Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

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

Intangible assets are initially recognised at cost.

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

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 Amortisation and Impairment

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

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

1.18.4 De-recognition

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

1.18.5 Application of deemed cost (Directive 7)

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

1.19. INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property shall be recognised as an asset when; and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.19.2 Subsequent Measurement – Cost Model

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

1.19.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

1.19.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2 Subsequent Measurement – Cost Model

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

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.20.4 De-recognition

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

1.20.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

- a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

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

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

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

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

1.21.2 Non-cash-generating assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(a) External sources of information

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

(b) Internal sources of information

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

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

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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

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

1.22. INVENTORIES

1.22.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

1.22.2 Subsequent Measurement

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

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

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

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

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

1.23. FINANCIAL INSTRUMENTS

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

1.23.1 Initial Recognition

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

1.23.2 Subsequent Measurement

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

1.23.2.1 Trade and Other Receivables

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

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.23.2.2 Trade and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3 Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1.23.2.4 *Non-Current Investments*

Investments which include investments in SANLAM, KWV and Capevin are stated at fair value and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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

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

1.23.3 *De-recognition of Financial Instruments*

1.23.3.1 *Financial Assets*

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

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

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 *Financial Liabilities*

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

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

1.23.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.24. STATUTORY RECEIVABLES

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

1.24.1 *Initial Recognition*

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

1.24.2 Subsequent measurement

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

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

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

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

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

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

1.24.3 Derecognition

The Municipality derecognises a statutory receivable when:

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

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

(i) derecognise the receivable; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1 Revenue from Non-Exchange Transactions

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

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

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2016 was written off in the 2016/2017 financial year.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

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

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

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

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

1.25.2 Revenue from Exchange Transactions

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

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

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

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

LANEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

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

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

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

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

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

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

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

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

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

services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue.

The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

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

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

1.26. TRANSFER OF FUNCTION (Municipality as the acquirer)

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

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

An asset is identifiable if it either:

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

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

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

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

1.27. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

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

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

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

Management personnel include:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

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

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

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

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1.33.1. *Post retirement medical obligations, Long service awards and Ex gratia gratuities:*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.33.2. Impairment of trade receivables:

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

1.33.3. Property, plant and equipment:

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

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

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

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

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

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

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

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

1.33.4. Intangible assets:

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

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

1.33.5. Investment Property:

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

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

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

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

1.33.6. Provisions and contingent liabilities:

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

1.33.7. Revenue Recognition:

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

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

1.33.8. Pre-paid electricity estimation:

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.33.9. Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

1.33.10. Provision for Staff leave

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

1.33.11. Provision for Performance bonuses

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

1.34. TAXES – VALUE ADDED TAX

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

1.35. CAPITAL COMMITMENTS

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

1.36. EVENTS AFTER REPORTING DATE

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

2	NET ASSET RESERVES	2017 R	2016 R
	Capital Replacement Reserve	31 353 026	35 245 178
	Total Net Asset Reserves	31 353 026	35 245 178
	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	21 310 489	24 989 530
	Capitalised Lease Liability - At amortised cost	2 363 894	1 910 779
		23 674 384	26 900 310
	Current Portion transferred to Current Liabilities	5 056 160	4 241 962
	Annuity Loans - At amortised cost	3 889 329	3 639 125
	Capitalised Lease Liability - At amortised cost	1 166 830	602 837
		18 618 224	22 658 347
	Unamortised charges on loans	(691 767)	(711 731)
	Balance 1 July	711 731	763 634
	Adjustment for the period	(19 964)	(51 903)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	17 926 458	21 946 617
	Balance previously reported		26 824 640
	Correction of Error: Cell phone contracts not included in Lease Register - Refer to note 39.2		75 669
	Restated balance		26 900 310

Refer below for maturity dates of long term liabilities:

3.1	The obligations under annuity loans are scheduled below:	Minimum annuity payments	
	Amounts payable under annuity loans:		
	Payable within one year	5 957 243	6 136 613
	Payable within two to five years	13 824 428	22 112 492
	Payable after five years	9 820 521	7 790 589
		29 602 192	36 039 694
	Less: Future finance obligations	(8 291 702)	(11 050 164)
	Present value of annuity obligations	21 310 489	24 989 530

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.

3.2	The obligations under finance leases are scheduled below:	Minimum lease payments	
	Amounts payable under finance leases:		
	Payable within one year	1 456 877	726 962
	Payable within two to five years	1 240 095	1 379 366
	Payable after five years	-	-
		2 696 972	2 106 328
	Less: Future finance obligations	(333 078)	(195 549)
	Present value of lease obligations	2 363 894	1 910 779

LONG TERM LIABILITIES (CONTINUE)

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

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Lease Term	Maturity Date
SASFIN	TASKalfa (FS 1135 MFP)NR73259193	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR72530468	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR7367446	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531587	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531588	24 months	25/03/2017
SASFIN	TASKalfa 3510iLH44702656	36 months	25/07/2018
SASFIN	TASKalfa 3510iLH44702681	36 months	25/07/2018
SASFIN	TASKalfa M2535 DN15267449	36 months	25/01/2019
SASFIN	TASKalfa 3551 Ci MFPK581144	36 months	25/02/2019
SASFIN	TA 5551 ci MFP (Colour)B5706424	36 months	25/01/2019
SASFIN	TA 5551 ci MFP (Colour)B5706437	36 months	25/01/2019
SASFIN	TASKalfa 5551 CiB5706441	36 months	25/11/2018
SASFIN	TASKalfa 350i44702675	36 months	25/11/2018
SUNLYN	NEC SV8100 PABX0834143742100001	36 months	25/01/2019
SUNLYN	NEC SV8100 PABX2B0385BK700065 & A1023352100265	36 months	25/03/2019
SUNLYN	NEC SV8100 PABXITL5BE 1P 10 Units	36 months	25/05/2019
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Kyocera M2535 DN	36 months	25/07/2019
SUNLYN	Kyocera M2535 DN	36 months	25/07/2020
SUNLYN	SV 8100 NEC PABX	36 months	25/01/2020
SUNLYN	List Radio Links between Towns	36 months	25/09/2019
VODACOM	22 Cell phone contracts	24 months	30/09/2016
VODACOM	1 Cell phone contracts	24 months	31/07/2017
VODACOM	4 Cell phone contracts	24 months	31/10/2017
VODACOM	6 Cell phone contracts	24 months	30/11/2017
VODACOM	1 Cell phone contracts	24 months	01/04/2018
VODACOM	1 Cell phone contracts	24 months	01/05/2018
VODACOM	15 Tablets of the Councillors	24 months	01/10/2018
VODACOM	8 Tablets of the Councillors	24 months	01/12/2018

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

Assets pledged as security:

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

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

4	NON-CURRENT EMPLOYEE BENEFITS	2017 R	2016 R
	Post Retirement Benefits - Refer to Note 4.1	50 185 498	49 757 869
	Long Service Awards - Refer to Note 4.2	8 679 728	8 314 474
	Total Non-current Employee Benefit Liabilities	58 865 226	58 072 343
	<u>Post Retirement Benefits</u>		
	Balance 1 July	51 412 969	52 388 354
	Contribution for the year	2 434 406	2 461 107
	Interest Cost	4 695 585	4 601 451
	Expenditure for the year	(1 804 155)	(1 649 136)
	Actuarial Loss / (Gain)	(4 628 944)	(6 388 807)
	Total post retirement benefits 30 June	52 109 861	51 412 969
	Less: Transfer of Current Portion - Note 7	(1 924 363)	(1 655 100)
	Balance 30 June	50 185 498	49 757 869

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2017	2016
	R	R
<u>Long Service Awards</u>		
Balance 1 July	9 377 980	9 279 667
Contribution for the year	829 256	808 271
Interest Cost	756 268	683 442
Expenditure for the year	(817 670)	(1 040 276)
Actuarial Loss / (Gain)	(548 155)	(353 124)
Total long service 30 June	9 597 679	9 377 980
Less: Transfer of Current Portion - Note 7	(917 951)	(1 063 506)
Balance 30 June	8 679 728	8 314 474
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	60 790 949	61 668 021
Contribution for the year	3 263 662	3 269 378
Interest cost	5 451 853	5 284 893
Expenditure for the year	(2 621 825)	(2 689 412)
Net Actuarial Loss / (Gain)	(5 177 099)	(6 741 931)
Total employee benefits 30 June	61 707 540	60 790 949
Less: Transfer of Current Portion - Note 7	(2 842 314)	(2 718 606)
Balance 30 June	58 865 226	58 072 343

4.1 Post Retirement Benefits

	2017	2016
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	179	180
In-service (employee) non-members	501	499
Continuation members (e.g. Retirees, widows, orphans)	60	57
Total Members	740	736
The liability in respect of past service has been estimated to be as follows:		
In-service members	30 136 581	30 063 701
Continuation members	21 973 279	21 349 268
Total Liability	52 109 860	51 412 969

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

	2015	2014	2013
			R
In-service members	29 611 793	28 192 606	22 129 363
Continuation members	22 776 561	20 910 583	18 360 338
Total Liability	52 388 354	49 103 189	40 489 701

	2017	2016	2015	2014	2013
	Rm	Rm	Rm	Rm	Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	0.956	(3.558)	(1.925)	2.680	(0.825)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

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

Bonitas;
Discovery
Hosmed
LA Health
Samwumed; and
Keyhealth.

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2017 %	2016 %
Key actuarial assumptions used:		
The Projected Unit Credit Method has been used to value the liabilities.		
i) Rate of interest		
Discount rate	9.65%	9.28%
Health Care Cost Inflation Rate	7.94%	8.35%
Net Effective Discount Rate	1.58%	0.86%

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

ii) Mortality rates

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

iii) Normal retirement age

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

	2017 R	2016 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	52 109 861	51 412 969
Net liability/(asset)	52 109 861	51 412 969

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	51 412 969	52 388 354
Total expenses	5 325 836	5 413 422
Current service cost	2 434 406	2 461 107
Interest Cost	4 695 585	4 601 451
Benefits Paid	(1 804 155)	(1 649 136)
Actuarial Loss / (Gain)	(4 628 944)	(6 388 807)
Present value of fund obligation at the end of the year	52 109 861	51 412 969
Less: Transfer of Current Portion - Note 7	(1 924 363)	(1 655 100)
Balance 30 June	50 185 498	49 757 869

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	30.137	21.973	52.110	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	32.755	23.153	55.908	7%
Health care inflation	-1%	26.685	20.594	47.279	-9%
Discount rate	+1%	25.549	20.274	45.823	-12%
Discount rate	-1%	35.966	23.937	59.904	15%
Post-retirement mortality	-1 year	30.936	22.818	53.754	3%
Average retirement age	-1 year	32.658	21.973	54.631	5%
Withdrawal Rate	-10%	23.132	21.973	45.105	-13%

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

2018
R

The following are estimates for the 2017/2018 financial year:

Future Service Cost	2 264 800
Interest Cost	4 936 100

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions					
Health care inflation	+1%	2 473 900	5 302 100	7 776 000	8%
Health care inflation	-1%	1 968 700	4 470 600	6 439 300	-11%
Discount rate	+1%	1 881 500	4 778 800	6 660 300	-8%
Discount rate	-1%	2 760 400	5 098 100	7 858 500	9%
Post-retirement mortality	-1 year	2 322 800	5 094 700	7 417 500	3%
Average retirement age	-1 year	2 253 900	5 179 300	7 433 200	3%
Withdrawal Rate	-10%	1 700 800	4 260 400	5 961 200	-17%

2017 2016

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

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

680 679

Key actuarial assumptions used:

2017 2016
% %

i) Rate of interest

Discount rate	8.41%	8.54%
General Salary Inflation (long-term)	6.23%	7.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.25%

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

2017 2016
R R

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

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

Present value of fund obligations	9 597 679	9 377 980
Net liability	9 597 679	9 377 980

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

	2015	2014	2013
Total Liability	9 279 667	8 470 946	8 234 260

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2017 Rm	2016 Rm	2015 Rm	2014 Rm	2013 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(67 146)	256 159	175 329	217 727	163 567
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

	2017 R	2016 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	9 377 980	9 279 667
Total expenses	767 854	451 437
Current service cost	829 256	808 271
Interest Cost	756 268	683 442
Benefits Paid	(817 670)	(1 040 276)
Actuarial Loss / (Gain)	(548 155)	(353 124)
Present value of fund obligation at the end of the year	9 597 679	9 377 980
Less: Transfer of Current Portion - Note 7	(917 951)	(1 063 506)
Balance 30 June	8 679 728	8 314 474

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		9.598	
General salary inflation	+1%	10.188	+6%
General salary inflation	-1%	90.060	-6%
Discount rate	+1%	9.039	-6%
Discount rate	-1%	10.222	+7%
Average retirement age	-2 years	8.193	-15%
Average retirement age	+2 years	11.02	+15%
Withdrawal rates	-50%	11.36	+15%

2018
R

The following are estimates for the 2017/2018 financial year:

Future Service Cost	825 100
Interest Cost	769 100

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions					
General salary inflation	+1%	892 200	818 700	1 710 900	+7%
General salary inflation	-1%	765 100	723 900	1 489 000	-7%
Discount rate	+1%	770 400	808 100	1 578 500	-1%
Discount rate	-1%	887 200	723 800	1 611 000	+1%
Average retirement age	-2 years	722 100	651 000	1 373 100	-14%
Average retirement age	+2 years	930 700	888 300	1 819 000	+14%
Withdrawal rates	-50%	1 091 200	917 300	2 008 500	26%

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

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

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2015	2 136 012	2 026 278	1

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2015 disclosed an actuarial valuation amounting to R2,136,012,000 (30 June 2014 : R3,631,518,000), with a net accumulated surplus of R21,948,000 (2014 : R23,343,000 (deficit)), with a funding level of 153.1% (30 June 2014 : 101.7%). The actuarial valuation report at 30 June 2015 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,932,720,000 (30 June 2014 : R556,689,000), net investment reserve of R0 (30 June 2014 : R0) and a funding level of 100% (2014 : 100%).

The actuary concluded that :

- The Pensioner Account has a surplus of R28 million and a funding level of 101.4%.
- The balance of the DB Section for DB active members has a surplus of R21.9 million and a funding level of 153.1%.
- The DC Section has a funding level of 100.0% and no surplus.
- The Trustees granted a pension increase of 3% effective 1 January 2016 and a bonus of 75% of monthly pension payable in December 2015. Pro-rata pension increases and bonus apply for pensions in payment for less than one year. The pension increase and bonus are affordable given the healthy funding level of the Pensioner Account and the excellent investment returns achieved over the last three years. The actuary certified that the Fund is in a sound financial condition as at 30 June 2015, the nature of the assets is suitable for the Fund and the Fund's investment strategy is suitable, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this asset class. Furthermore the assets are appropriately matched relative to the term and nature of the liabilities and the risk benefits for the remaining active members of the DB Section are partially re-insured. This may result in volatile death benefit experience for the Fund. It would be more appropriate to re-insure the full value of these death benefits. Finally the risk benefits of the DC Section are fully re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance

24 669

23 272

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality R'000
The contribution rate payable is 9% by members and 18% by Council.	June 2016	20 074 608	19 884 689	601

The statutory valuation performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,074,608 (30 June 2015: R18,322,177,000), with funding levels of 118% and 100% (30 June 2015 112.1% and 100%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7.50%) and the municipalities (19.50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance

14 704 488

13 420 337

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

DEFINED CONTRIBUTION FUNDS

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

	<u>Last Actuarial Valuation</u>	<u>Total Assets R'000</u>	<u>Total liabilities R'000</u>	<u>Contributing members of Langeberg Municipality</u>
<u>South African Local Authorities Pension Fund</u>	July 2015	13 231 200	13 231 200	18
<u>SAMWU National Provident Fund</u>	June 2015	126 090 000	121 582 000	73

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2015 revealed that the assets of the fund amounted to R13,231,200,000 (30 June 2014: R12,658,200,000), with funding levels of 100% (30 June 2014: 100%). The highest contribution rate paid by the members was 9% and by Council 19.18%.

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R126,090,000 (30 June 2014: R124,552,000), with funding levels of 100% (30 June 2014: 100%). The Fund's financial position improved over the valuation period. The investment smoothing reserve of 0.2% of total members' shares as at 30 June 2014, has increased to some 3.6% of total funds and reserves or equivalently 3.7% of members' shares, as at 30 June 2015. The actuary certified that the Fund's assets were sufficient to cover members' shares and investment smoothing reserve as at 30 June 2015, and that the Fund is therefore in a sound financial position as at valuation date.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	532 323	688 064
SAMWU National Provident Fund	1 687 455	1 771 534
	<u>2 219 778</u>	<u>2 459 598</u>

5	NON-CURRENT PROVISIONS	2017 R	2016 R
	Provision for Rehabilitation of Landfill-sites	53 761 980	48 324 789
	Total Non-current Provisions	53 761 980	48 324 789

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

<u>Landfill Sites</u>	2017 R	2016 R
Balance 1 July	55 627 947	55 251 425
Contribution for the year	65 854	(2 902 990)
Expenditure incurred (Interest)	3 615 817	3 279 513
Total provision 30 June	59 309 618	55 627 947
Less: Transfer of Current Portion to Current Provisions - Note 8	(5 547 638)	(7 303 158)
Balance 30 June	53 761 980	48 324 789

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m ²)	17 190	28 890	35 752	44 685
Rehabilitation volume (m ³)	17 190	23 635	35 752	43 979
Fence (m)				
Total cost of rehabilitation	8 627 145	13 454 073	16 642 914	20 585 486
Decommission date	2015	2020	2015	2017

6	CONSUMER DEPOSITS		
	Municipal services	9 968 278	9 019 575
	Total Consumer Deposits	9 968 278	9 019 575
	Guarantees held in lieu of Electricity and Water Deposits	2 414 449	2 435 960

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

7	CURRENT EMPLOYEE BENEFITS	2017	2016
	Current Portion of Post Retirement Benefits - Note 4	1 924 363	1 655 100
	Current Portion of Long-Service Provisions - Note 4	917 951	1 063 506
	Staff Leave	7 147 297	6 850 420
	Performance Bonuses	411 482	350 164
	Bonuses	4 175 554	4 005 432
	Total Current Employee Benefits	14 576 647	13 924 622
	Balance previously reported		13 537 424
	Correction of error - Refer to note 39.3		387 198
	Restated balance		13 924 622
	The movement in current employee benefits is reconciled as follows:		
	<u>Staff Leave</u>		
	Balance at beginning of year	6 850 420	5 021 158
	Contribution to current portion	4 103 970	3 707 414
	Expenditure incurred	(3 807 093)	(1 878 152)
	Balance at end of year	7 147 297	6 850 420

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

7	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2017 R	2016 R
	<u>Performance Bonuses</u>		
	Balance at beginning of year	350 164	314 955
	Contribution / (Reversal) to current portion	377 725	350 006
	Expenditure incurred	(316 407)	(314 797)
	Balance at end of year	411 482	350 164

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

	2017 R	2016 R
<u>Bonuses</u>		
Balance at beginning of year	4 005 432	3 770 610
Contribution to current portion	7 638 013	7 304 796
Expenditure incurred	(7 467 891)	(7 069 975)
Balance at end of year	4 175 554	4 005 432

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

8	PROVISIONS	2017	2016
	Current Portion of Rehabilitation of Landfill-sites - Note 5	5 547 638	7 303 158
	Total Provisions	5 547 638	7 303 158

9	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	55 150 935	53 316 105
	Payments received in advance	3 108 405	3 796 052
	Retentions and Guarantees	2 824 037	3 114 439
	Sundry Deposits	8 810 136	7 630 939
	Sundry Creditors	1 099 124	46 979
	Total Trade Payables	70 992 637	67 904 514
	Balance previously reported		68 596 209
	Correction of error - Refer to note 39.4		(691 695)
	Restated balance		67 904 514

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

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

All payables are unsecured.

Sundry deposits include hall, builders and other general deposits.

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2017 R	2016 R
	Unspent Grants	3 082 897	8 233 783
	National Government Grants	104 496	5 533 351
	Provincial Government Grants	2 516 958	2 365 219
	District Municipality	461 443	335 213
	Less: Unpaid Grants	-	-
	Total Conditional Grants and Receipts	3 082 897	8 233 783
	Balance previously reported		9 582 308
	Correction of error - Refer to note 39.5		(1 348 525)
	Restated balance		8 233 783

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. The Human Settlements Beneficiary Grant was reduced with R10 million in the 2016/2017 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2017 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2017/2018 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11	UNSPENT PUBLIC CONTRIBUTIONS	2017	2016
11.1	Silwer Strand Home Owners Association	62 849	62 849
	Robertson Arts and Crafts Project	621 481	621 481
	Total Unspent Public Contributions	684 330	684 330
	Reconciliation of public contributions		
	<u>Silwer Strand Home Owners Association</u>		
	Opening balance	62 849	62 849
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	62 849	62 849
	The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.		
11.2	<u>Robertson Arts and Crafts Project</u>		
	Opening balance	621 481	621 481
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	621 481	621 481

The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.

12	TAXES	2017	2016
12.1	VAT PAYABLE		
	VAT Payable	15 406	1 032 232
	VAT output in suspense	7 111 532	7 455 793
	Less: VAT portion of receivables	(3 545 209)	(3 826 695)
	Total Vat payable	3 581 729	4 661 330
12.2	VAT RECEIVABLE		
	VAT input in suspense	5 390 976	5 003 536
	Total VAT receivable	5 390 976	5 003 536
12.3	NET VAT RECEIVABLE/(PAYABLE)	1 809 247	342 206
	Balance previously reported		631 385
	Correction of error - Refer to note 39.14		(289 180)
	Restated balance		342 206

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

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2017

Cost												Accumulated Depreciation and Impairment Losses											Carrying Value
Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance			
R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
91 399 504		1	-	-	91 399 504	1	4 000 483	-	-1 174 613	-	-	94 225 375	8 209 272	203 340	-	858 999	(23 391)	-	-	9 044 880	203 340	84 977 155	
58 230 214	-	(110 100)	-	58 120 114	-	-	-	-1 019 347	-	110 100	57 210 867	-	200 000	-	-	-	-	-	-	-	200 000	57 010 867	
33 169 290	1	110 100	-	33 279 390	1	3 919 983	-	-155 266	-	-110 100	36 934 008	8 209 272	3 340	-	858 999	(23 391)	-	-	9 044 880	3 340	27 885 788		
-	-	-	-	-	-	80 500	-	-	-	-	80 500	-	-	-	-	-	-	-	-	-	80 500		
519 214 777	2	(113 415)	-	519 101 362	2	30 576 668	-	-202 905	-	113 415	549 588 542	121 503 561	508 397	-	13 558 836	(138 245)	20 640	-	134 924 152	529 037	414 135 353		
128 005 856	-	(24 379)	-	127 981 477	-	2 371 659	-	-	-	24 379	130 377 515	37 261 834	-	-	3 281 744	-	-	-	40 543 578	-	89 833 937		
2 092 595	-	(117 001)	-	1 975 594	-	-	-	-	-	117 001	2 092 595	-	-	-	-	-	-	-	-	-	2 092 595		
5 879 200	-	-	-	5 879 200	-	-	-	-3 000	-	-	5 876 200	320 838	508 397	-	9 719	-	-	-	330 557	508 397	5 037 246		
136 527 376	-	(152 764)	-	136 374 612	-	493 418	-	-90 840	-	152 764	136 929 954	36 738 197	-	-	3 841 473	(79 499)	-	-	40 500 171	-	96 429 783		
-	1	-	-	65 122 854	1	21 498 772	-	-	-	-	65 621 628	16 088 317	-	-	1 960 769	-	-	-	18 049 086	-	68 572 542		
19 992 800	-	-	-	19 992 800	-	13 760 494	-	-	-	-	33 753 294	4 906 055	-	-	942 010	-	-	-	5 848 065	-	27 905 229		
135 619 794	1	-	-	135 619 794	1	1 788 783	-	-109 064	-	-	137 299 514	26 188 319	-	-	3 523 121	(58 746)	20 640	-	29 652 695	20 640	107 626 179		
380 734	-	3 586	-	384 320	-	-	-	-	-	-3 586	380 734	-	-	-	-	-	-	-	-	-	380 734		
25 593 568	-	177 143	-	25 770 711	-	-9 336 459	-	-	-	-177 143	16 297 109	-	-	-	-	-	-	-	-	-	16 297 109		
74 373 612	-	-	-	74 373 612	-	5 107 766	-	-85 000	-	-	79 396 379	18 034 358	-	-	1 772 994	(15 278)	-	-	19 792 074	-	59 604 304		
243 058	-	-	-	243 058	-	-	-	-	-	-	243 058	41 376	-	-	7 811	-	-	-	49 187	-	193 871		
2 494 252	-	-	-	2 494 252	-	-	-	-	-	-	2 494 252	1 096 891	-	-	98 002	-	-	-	1 194 893	-	1 299 359		
2 955 191	-	49 000	-	3 004 191	-	-	-	-85 000	-	(49 000)	2 870 191	606 663	-	-	62 925	(15 278)	-	-	654 310	-	2 215 881		
16 086 304	-	-	-	16 086 304	-	-	-	-	-	-	16 086 304	3 193 892	-	-	194 972	-	-	-	3 388 864	-	12 697 440		
681 144	-	-	-	681 144	-	-	-	-	-	-	681 144	303 390	-	-	30 755	-	-	-	334 144	-	347 000		
8 701 023	-	(1 388 490)	-	7 312 533	-	4 375 371	-	-	-	1 388 490	13 076 394	2 715 813	-	-	245 178	-	-	-	2 960 991	-	10 115 402		
595 166	-	-	-	595 166	-	-	-	-	-	-	595 166	121 940	-	-	8 884	-	-	-	130 824	-	464 342		
9 821 482	-	-	-	9 821 482	-	-	-	-	-	-	9 821 482	1 344 693	-	-	328 364	-	-	-	1 673 056	-	8 148 425		
11 573 771	-	-	-	11 573 771	-	-	-	-	-	-	11 573 771	1 404 771	-	-	119 826	-	-	-	1 524 597	-	10 049 174		
1 729 213	-	-	-	1 729 213	-	-	-	-	-	-	1 729 213	1 207 879	-	-	56 331	-	-	-	1 264 210	-	465 004		
15 908 058	-	(453 118)	-	15 454 940	-	135 749	-	-	-	453 118	16 043 807	4 459 985	-	-	506 300	-	-	-	4 866 286	-	11 077 521		
3 468 269	-	-	-	3 468 269	-	-	-	-	-	-	3 468 269	1 537 067	-	-	113 646	-	-	-	1 650 713	-	1 817 556		
116 683	-	1 792 607	-	1 909 290	-	596 647	-	-	-	(1 792 607)	713 329	-	-	-	-	-	-	-	-	-	713 329		
2 237 884	-	-	-	2 237 884	-	1 391 184	-	-184 832	-	-	3 444 235	360 531	-	-	1 048 837	(159 498)	-	-	1 249 870	-	2 194 366		
2 237 884	-	-	-	2 237 884	-	1 391 184	-	-184 832	-	-	3 444 235	360 531	-	-	1 048 837	(159 498)	-	-	1 249 870	-	2 194 366		
71 174 215	9 825 142	(5 816)	-	71 168 399	9 825 142	9 986 928	1 314 212	-846 817	-22 456	5 816	91 431 224	34 283 084	1 413	-	5 669 906	(766 166)	262 674	-	39 186 823	264 088	51 980 313		
14 400 924	27	-	-	14 400 924	27	1 376 909	-	-79 384	-	-	15 698 476	6 165 941	1 413	-	1 269 323	(34 418)	99 723	-	7 400 847	101 136	8 196 493		
7 952 059	255	(5 816)	-	7 946 243	255	1 645 559	58 047	-717 678	-	5 816	8 938 242	3 796 528	-	-	1 157 016	(695 749)	14 884	-	4 257 794	14 884	4 665 563		
21 858 276	7 437 292	-	-	21 858 276	7 437 292	5 200 883	1 256 165	-31 590	-22 456	-	35 698 570	11 105 384	-	-	1 471 444	(23 993)	131 265	-	12 552 835	131 265	23 014 470		
2 377 691	207 942	-	-	2 377 691	207 942	9 690	-	-	-	-	2 595 323	282 553	-	-	231 690	-	-	-	514 242	-	2 081 080		
1 260 505	-	-	-	1 260 505	-	-	-	-	-	-	1 260 505	571 230	-	-	36 260	-	-	-	607 491	-	653 014		
3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	-	4 879 018	2 361 820	-	-	196 087	-	-	-	2 557 906	-	2 321 112		
19 400 463	1 224 906	-	-	19 400 463	1 224 906	1 753 887	-	-18 165	-	-	22 361 091	9 999 629	-	-	1 308 085	(12 007)	16 802	-	11 295 708	16 802	11 048 581		
758 395 992	9 825 145	(119 231)	-	758 280 761	9 825 145	51 063 029	1 314 212	(2 494 167)	(22 456)	119 231	818 085 755	182 390 805	713 150	-	22 905 572	(1 102 576)	283 314	-	204 197 799	996 465	612 891 492		

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2016

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses											Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R			
Land and Buildings	95 883 424		1	(5 590 937)	-	90 292 487	1	1 416 169	-	-309 151	-	-	91 399 505	8 896 844	203 340	-1 490 612	791 314	(31 517)	-	43 243	8 209 272	203 340	82 986 893	
Land Buildings	58 597 934 37 285 490	- 1	(221 040) (5 369 898)	-	58 376 894 31 915 592	- 1	- 1 416 169	-	-256 780 -52 371	-	-	58 120 114 33 279 391	- 8 896 844	200 000 3 340	-	-1 490 612	791 314	(31 517)	-	43 243	8 209 272	200 000 3 340	57 920 114 25 066 778	
Infrastructure	466 191 198	2	(3 937 512)	-	462 253 687	2	57 962 183	-	-	-	-1 114 507	519 101 365	113 728 115	-	-4 502 483	12 280 886	-	508 397	(2 953)	121 503 565	508 397	397 089 403		
Electricity	121 992 607	-	1 143 873	-	123 136 480	-	4 844 999	-	-	-	-	127 981 479	34 298 352	-	-123 594	3 087 081	-	-	0	37 261 839	-	90 719 640		
Electricity capital spares	2 397 971	-	-	-	2 397 971	-	-	-	-	-	(422 378)	1 975 594	-	-	-	-	-	-	-	-	-	1 975 594		
Housing	6 814 851	-	(935 651)	-	5 879 200	-	-	-	-	-	-	5 879 200	1 058 426	-	-747 952	10 364	-	508 397	-	320 838	508 397	5 049 965		
Roads	115 256 688	-	(1 246 745)	-	114 009 943	-	22 364 669	-	-	-	-	136 374 612	36 227 343	-	-2 969 253	3 480 108	-	-	(0)	36 738 197	-	99 636 415		
Sewerage	56 197 130	1	-	-	56 197 130	1	8 925 724	-	-	-	-	65 122 855	14 560 927	-	-165 872	1 693 263	-	-	-	16 088 317	-	49 034 538		
Waste Management	19 992 800	-	-	-	19 992 800	-	-	-	-	-	-	19 992 800	4 339 008	-	-	567 213	-	-	(165)	4 906 055	-	15 086 745		
Water	130 620 179	1	(110 000)	-	130 510 179	1	5 109 615	-	-	-	-	135 619 795	23 244 060	-	-495 811	3 442 859	-	-	(2 788)	26 188 319	-	109 431 476		
Water capital spares	392 718	-	-	-	392 718	-	-	-	-	-	(8 396)	384 320	-	-	-	-	-	-	-	-	-	384 320		
Work in Progress	12 526 254	-	(2 788 989)	-	9 737 266	-	16 717 176	-	-	-	(683 731)	25 770 711	-	-	-	-	-	-	-	-	-	25 770 711		
Community Assets	75 079 116	-	(2 520 053)	-	72 559 062	-	1 814 550	-	-	-	-	74 373 612	18 226 471	-	-1 889 579	1 740 708	-	-	(43 242)	18 034 358	-	56 339 254		
Airfield	378 308	-	(135 250)	-	243 058	-	-	-	-	-	-	243 058	45 710	-	-12 166	7 832	-	-	-	41 376	-	201 681		
Cemeteries	2 556 489	-	(62 238)	-	2 494 252	-	-	-	-	-	-	2 494 252	1 030 830	-	-32 210	98 271	-	-	-	1 096 891	-	1 397 361		
Clinics	5 392 337	-	(2 388 146)	-	3 004 191	-	-	-	-	-	-	3 004 191	1 001 936	-	-459 081	63 807	-	-	-	606 663	-	2 397 528		
Community halls	12 374 949	-	3 415 232	-	15 790 181	-	296 123	-	-	-	-	16 086 304	2 277 994	-	-	184 861	-	-	(43 243)	3 193 892	-	12 892 411		
Fire, safety & emergency	761 145	-	(80 000)	-	681 144	-	-	-	-	-	-	681 144	299 159	-	-26 608	30 839	-	-	-	303 390	-	377 755		
Libraries	7 478 087	-	(192 554)	-	7 285 533	-	27 000	-	-	-	-	7 312 533	2 608 178	-	-127 650	235 285	-	-	-	2 715 813	-	4 596 720		
Museums & Art Galleries	616 241	-	(21 075)	-	595 166	-	-	-	-	-	-	595 166	114 524	-	-1 492	8 908	-	-	-	121 940	-	473 226		
Other	10 575 770	-	(754 288)	-	9 821 482	-	-	-	-	-	-	9 821 482	1 421 346	-	-405 916	329 263	-	-	-	1 344 693	-	8 476 789		
Parks & Gardens	11 975 977	-	(502 206)	-	11 473 771	-	100 000	-	-	-	-	11 573 771	1 735 194	-	-440 556	110 133	-	-	-	1 404 771	-	10 169 000		
Recreation facilities	1 993 311	-	(264 097)	-	1 729 213	-	-	-	-	-	-	1 729 213	1 340 721	-	-189 327	56 485	-	-	-	1 207 879	-	521 335		
Sport fields & stadia	17 102 249	-	(1 682 396)	-	15 419 853	-	35 088	-	-	-	-	15 454 940	4 767 180	-	-809 673	502 478	-	-	-	4 459 985	-	10 994 955		
Swimming pools	3 757 573	-	(306 153)	-	3 451 419	-	16 850	-	-	-	-	3 468 269	1 583 700	-	-159 181	112 547	-	-	1	1 537 067	-	1 931 203		
Work in Progress	116 683	-	453 118	-	569 800	-	1 339 490	-	-	-	-	1 909 290	-	-	-	-	-	-	-	-	-	1 909 290		
Leased Assets	2 624 369	-	89 877	-	2 714 246	-	1 841 847	-	-2 273 027	-	-45 183	2 237 884	1 237 337	-	54 666	799 551	(1 603 306)	-	(127 717)	360 531	-	1 877 353		
Office Equipment (Lease)	2 624 369	-	89 877	-	2 714 246	-	1 841 847	-	-2 273 027	-	-45 183	2 237 884	1 237 337	-	54 666	799 551	(1 603 306)	-	(127 717)	360 531	-	1 877 353		
Other Assets	63 511 204	8 879 036	(595 678)	-	62 915 526	8 879 036	10 120 444	1 237 333	-2 050 029	-268 770	160 000	80 993 539	31 395 975	1 413	-534 671	4 813 747	(1 394 924)	-	2 952	34 283 079	1 413	46 709 047		
Computer hardware/equipment	12 551 876	27	(63 400)	-	12 488 476	27	2 015 359	-	(102 911)	-	-	14 400 951	5 272 797	1 413	-128 130	1 098 592	(77 999)	-	681	6 165 941	1 413	8 233 596		
Furniture & office equipment	7 313 052	255	(278 762)	-	7 034 291	255	1 385 098	-	(473 145)	-	-	7 946 498	3 594 072	-	-291 011	960 512	(469 841)	-	2 795	3 796 528	-	4 149 970		
General Vehicles	19 590 361	6 492 685	(160 000)	-	19 430 361	6 492 685	3 371 195	1 235 833	(1 125 736)	(268 769)	160 000	29 295 568	10 454 702	-	112 158	1 160 884	(622 360)	-	-	11 105 384	-	18 190 185		
Other	291 927	207 942	-	-	291 927	207 942	2 132 989	-	(47 225)	-	-	2 585 633	142 226	-	-	179 542	(39 215)	-	-	282 553	-	2 303 080		
Other Buildings	1 132 606	-	(70 028)	-	1 062 578	-	197 927	-	-	-	-	1 260 505	548 228	-	-7 811	31 392	-	-	(579)	571 230	-	689 275		
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	-	4 879 018	2 165 196	-	-	196 624	-	-	-	2 361 820	-	2 517 199		
Plant & Equipment	18 707 085	1 223 407	(23 489)	-	18 683 596	1 223 407	1 017 876	1 500	(301 011)	(1)	-	20 625 366	9 218 754	-	-219 877	1 186 201	(185 509)	-	55	9 999 624	-	10 625 742		
	703 289 311	8 879 039	(12 554 303)	-	690 735 008	8 879 039	73 155 193	1 237 333	(4 632 207)	(268 770)	(999 690)	768 105 906	173 484 742	204 753	-8 362 679	20 426 206	(3 029 747)	508 397	(127 717)	182 390 805.20	713 150	585 001 950		

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

	2017	2016
13.2 Property, Plant and Equipment which is in the process of being constructed or developed:		
Land and Buildings		
Buildings	80 500	-
Infrastructure Assets	16 257 109	
Roads	1 419 358	-
Storm Water	-	-
Electricity	2 499 774	-
Water Supply	8 369 877	-
Sanitation	3 968 100	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	713 329	-
Other Assets	-	-
Total Property, Plant and Equipment under construction	17 050 938	-
	2017	2016
13.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	905 203	1 056 515
Other materials	9 434 546	8 843 492
Contracted Services	6 223 519	7 813 353
Other Expenditure	104 451	313 404
Total Repairs and Maintenance	16 667 720	18 026 764

13.4 Assets pledged as security:

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

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

13.5 CHANGE IN ESTIMATE

Effect of changes in accounting estimates

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

	2017	2018	2019
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	-	-	-
Increase/(Decrease) in Accumulated Depreciation: PPE	-	-	-

(*) The review of useful lives performed on all Property, Plant and Equipment assets was treated as a Correction of Prior Period Error. Refer to note 38.6 for detailed disclosure on the Correction of Prior Period Error.

14	INVESTMENT PROPERTY		2017	2016
			R	R
	Net Carrying amount at 1 July		27 040 649	27 090 366
	Cost		28 824 905	28 824 905
	Accumulated Depreciation		(1 784 256)	(1 734 539)
	Accumulated Impairment		-	-
	Disposals		(20 000)	-
	Depreciation for the year		(49 582)	(49 717)
	Net Carrying amount at 30 June		26 971 067	27 040 649
	Cost		28 804 905	28 824 905
	Accumulated Depreciation		(1 833 838)	(1 784 256)
	Accumulated Impairment		-	-
	Balance previously reported			27 240 649
	Correction of error - Refer to note 39.7			(200 000)
	Restated balance			27 040 649
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.				
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.				
	Revenue derived from the rental of investment property		1 187 838	1 186 076
	Operating expenditure incurred on properties		3 967 335	4 364 445
	Repairs and Maintenance incurred on properties:			
			Repairs and Maintenance	Repairs and Maintenance
	Revenue Generating		7 597	-
	Improved Property		7 597	-
	Unimproved Property		-	-
	Non-revenue Generating		-	-
	Improved Property		-	-
	Unimproved Property		-	-
	Total Repairs and maintenance		7 597	-
15	INTANGIBLE ASSETS		2017	2016
			R	R
	Computer Software and Servitudes			
	Net Carrying amount at 1 July		210 328	262 629
	Cost		1 005 843	1 005 843
	Accumulated Amortisation		(795 515)	(743 214)
	Acquisitions		53 291	-
	Amortisation		(54 182)	(52 301)
	Net Carrying amount at 30 June		209 437	210 328
	Cost		1 059 134	1 005 843
	Accumulated Amortisation		(849 697)	(795 515)
	Balance previously reported			342 371
	Correction of error - Refer to note 39.8			(132 043)
	Restated balance			210 328
The following material intangible assets are included in the carrying value above				
			Carrying Value	
	<u>Description</u>		2017	2016
			R	R
	Microsoft Office		103 146	157 328
	Software Bytes NBD		29 191	-
	Omron Sda Software - Vehicle Testing		24 100	-
	Servitude Bonnievale		53 000	53 000
	Total		209 437	210 328

Only the Bonnievale Servitude was assessed as an intangible asset having an indefinite useful life. As it is a right to use a piece of land impairment assessment annually is considered but not deemed necessary. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

		2017 R	2016 R
16	HERITAGE ASSETS		
	Net Carrying amount at 1 July	649 000	649 000
	Impairments	(389 000)	(389 000)
	Net Carrying amount at 30 June	260 000	260 000
	Cost	649 000	649 000
	Accumulated Impairment	(389 000)	(389 000)
	The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.		
	There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
	There are no Heritage Assets pledged as security for liabilities		
	No third party payments received for losses and impairments incurred on the museum as at 30 June 2017:		
	Payments received (Excluding VAI)	-	-
	Carrying value of assets written off/lost/impairment	-	-
	Surplus/Deficit	-	-
17	CAPITALISED RESTORATION COST	2017 R	2016 R
	Net Carrying amount at 1 July	7 957 403	19 707 516
	Cost	50 107 091	51 765 576
	Accumulated Depreciation	(28 757 257)	(18 665 629)
	Accumulated Impairments	(13 392 431)	(13 392 431)
	(Decrease)/Increase in asset value	17 445	(1 658 485)
	Depreciation for the year	(3 427 522)	(10 091 628)
	Impairment for the year	-	-
	Net Carrying amount at 30 June	4 547 326	7 957 403
	Cost	50 124 537	50 107 091
	Accumulated Depreciation	(32 184 780)	(28 757 257)
	Accumulated Impairments	(13 392 431)	(13 392 431)
	The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.		
18	NON-CURRENT INVESTMENTS		
	Listed Investments	110 485	108 567
	Unlisted Investments	12 336	12 336
	Total Non-Current Investments	122 821	120 903
	Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.		
	The listed shares represent 270 Sanlam Shares and 10275 Capevin Shares and Unlisted Shares represent 1028 KVV Shares held at fair value, available for sale.		
	The market value per share at year end: Sanlam Shares	64.80	60.36
	The market value per share at year end: La Concorde Holdings	12.00	12.00
	The market value per share at year end: Capevin Shares	9.05	8.98

19	LONG-TERM RECEIVABLES	2017 R	2016 R
	Provincial Government Housing Loans - At amortised cost	365 196	383 622
	Staff Study loans - At amortised cost	139 551	155 342
	Services connections - At amortised cost	520 610	730 146
	Short-term Installments	264 524	141 361
	Agreements with Consumer Debtors	13 430 508	15 750 842
		<u>14 720 389</u>	<u>17 161 313</u>
	Less: Current portion transferred to current receivables	(655 465)	(529 249)
		<u>14 064 924</u>	<u>16 632 064</u>
	Less: Provision for Impairment	(13 430 508)	(15 750 841)
	Total Long Term Receivables	634 415	881 223
	Balance previously reported		881 146
	Change in accounting policy - Refer to note 39.9		77
			<u>881 223</u>

19 LONG-TERM RECEIVABLES (CONTINUE)

HOUSING LOANS

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.

SERVICES CONNECTIONS

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

LAND SALES

The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

AGREEMENTS WITH CONSUMER DEBTORS

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

	2017 R	2016 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	15 750 841	14 613 545
Contribution to provision/(Reversal of provision)	(2 320 333)	1 137 297
Bad Debts Written Off	-	-
Balance at end of year	13 430 508	15 750 841

20 INVENTORY

Maintenance Materials - At cost	7 385 870	8 827 362
Compost – at cost	118 096	84 216
Water – at cost	149 537	127 933
Low Cost Housing	44 893 833	9 160 617
Total Inventory	52 547 337	18 200 128

Balance previously reported	18 177 844
Correction of Error - Refer to note 39.10	22 285
Restated balance	18 200 128

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to damages as identified during the annual stores counts.	<u>3 220</u>	<u>5 819</u>
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Consumable stores materials surpluses identified during the annual stores counts.	<u>202</u>	<u>-</u>
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Inventory recognised as an expense during the year	<u>8 515 124</u>	<u>8 512 726</u>
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Write down of inventory to the lower of Cost or Net Realisable Value	<u>25 844</u>	<u>72 013</u>
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21

	2017 R	2016 R
RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	21 261 204	19 864 050
Water	7 505 642	7 050 376
Refuse	4 138 023	4 281 984
Sewerage	5 526 934	5 610 725
Housing Rentals	560 346	780 666
Other Receivables	4 090 414	3 132 667
Prepaid Expenses	122 821	74 556
Other	19 253 605	18 465 006
Total Receivables from Exchange Transactions	62 458 989	59 260 028
Less: Provision for Impairment	(14 698 791)	(15 043 689)
Total Net Receivables from Exchange Transactions	47 760 198	44 216 339
Balance previously reported		41 829 874
Correction of error - Refer to note 39.11		2 386 465
Restated balance		44 216 339
Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	19 662 982	17 893 262
31 - 60 Days	284 258	174 375
61 - 90 Days	110 191	77 374
+ 90 Days	1 203 774	1 719 039
Total	21 261 204	19 864 050
<u>(Water): Ageing</u>		
Current (0 - 30 days)	3 325 080	3 192 272
31 - 60 Days	485 567	503 444
61 - 90 Days	442 807	378 651
+ 90 Days	3 252 188	2 976 008
Total	7 505 642	7 050 376
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 270 173	1 344 533
31 - 60 Days	179 645	270 701
61 - 90 Days	193 965	202 777
+ 90 Days	2 494 239	2 463 973
Total	4 138 023	4 281 984
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 673 669	1 739 651
31 - 60 Days	234 013	348 904
61 - 90 Days	256 523	263 237
+ 90 Days	3 362 729	3 258 932
Total	5 526 934	5 610 725
<u>(Other): Ageing</u>		
Current (0 - 30 days)	21 128 646	19 955 956
31 - 60 Days	77 458	52 039
61 - 90 Days	169 856	48 424
+ 90 Days	2 651 225	2 321 919
Total	24 027 186	22 378 338
<u>(Total): Ageing</u>		
Current (0 - 30 days)	47 060 551	44 125 674
31 - 60 Days	1 260 941	1 349 463
61 - 90 Days	1 173 343	970 463
+ 90 Days	12 964 155	12 739 872
Total	62 458 989	59 185 472

21	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2017	2016
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	15 043 689	15 172 702
	Contribution to provision/(Reversal of provision)	(344 898)	(129 013)
	Bad Debts Written Off	-	-
	Balance at end of year	14 698 791	15 043 689

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

Electricity	1 707 420	1 879 143
Water	4 063 467	4 126 267
Refuse	2 684 718	2 831 629
Sewerage	3 646 024	3 749 662
Other	2 597 162	2 456 988
	14 698 791	15 043 689

2017	Gross balance	Allowance for doubtful debt	Net balance
Electricity	21 261 204	(1 707 420)	19 553 785
Water	7 505 642	(4 063 467)	3 442 175
Refuse	4 138 023	(2 684 718)	1 453 304
Sewerage	5 526 934	(3 646 024)	1 880 910
Other	24 027 186	(2 597 162)	21 430 024
Balance at end of year	62 458 989	(14 698 791)	47 760 198

2016	Gross balance	Allowance for doubtful debt	Net balance
Electricity	19 864 050	(1 879 143)	17 984 907
Water	7 050 376	(4 126 267)	2 924 108
Refuse	4 281 984	(2 831 629)	1 450 355
Sewerage	5 610 725	(3 749 662)	1 861 063
Other	22 452 894	(2 456 988)	19 995 906
Balance at end of year	59 260 028	(15 043 689)	44 216 339

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.

22	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2017 R	2016 R
	Rates	9 482 088	9 029 783
	Fines	6 250 200	15 458 050
	Other Receivables	9 112 461	5 641 578
	Accrued Interest	615 137	470 745
	Availability charges	5 714 522	4 874 899
	Other	2 782 803	295 935
	Total Receivables from Non-Exchange Transactions	24 844 750	30 129 412
	Less: Provision for Impairment	(17 520 851)	(24 532 906)
	Total Net Receivables from Non-Exchange Transactions	7 323 898	5 596 506
	Balance previously reported		5 397 777
	Correction of error - Refer to note 39.12		198 729
	Restated balance		5 596 506

Trade Receivables with a total outstanding balance of R 13 430 508 (2016: R 15 750 842) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

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

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	2 350 120	2 069 494
31 - 60 Days	168 292	227 706
61 - 90 Days	277 952	169 063
+ 90 Days	6 685 725	6 563 521
Total	9 482 088	9 029 783

Reconciliation of Provision for Bad Debts

Balance at beginning of year	24 532 906	23 037 500
Contribution to provision/(Reversal of provision)	(7 012 055)	1 495 406
Bad Debts Written Off	-	-
Balance at end of year	17 520 851	24 532 906

	Gross balance	Allowance for doubtful debt	Net balance
2017			
Rates	9 482 088	(6 762 810)	2 719 278
Fines	6 250 200	(5 369 443)	880 757
Other Receivables	9 112 461	(5 388 599)	3 723 863
Balance at end of year	24 844 750	(17 520 851)	7 323 898
2016			
Rates	9 029 783	(6 740 516)	2 289 268
Fines	15 458 050	(13 233 983)	2 224 067
Other Receivables	5 641 578	(4 558 408)	1 083 171
Balance at end of year	30 129 412	(24 532 906)	5 596 505

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

23	OPERATING LEASE ARRANGEMENTS	2017	2016
	The Municipality as Lessor (Asset)		
	Balance on 1 July	91 832	76 262
	Movement during the year	16 605	15 570
	Balance on 30 June	108 437	91 832
	Balance previously reported		88 941
	Correction of Error: Lease Contracts not included in Lease Register 2015/2016 - Refer to note 39.13		2 891
	Restated balance		91 832

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	1 476 180	974 873
1 to 5 Years	1 817 394	1 683 452
More than 5 Years	396 440	244 875
Total Operating Lease Arrangements	3 690 013	2 903 200

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

The leases are in respect of land and buildings being leased out.

24	CASH AND CASH EQUIVALENTS	2017	2016
	Assets		
	Call Investments Deposits	95 083 394	90 015 287
	Bank Accounts	20 010 635	13 063 862
	Cash Floats	10 610	9 110
	Total Cash and Cash Equivalents - Assets	115 104 639	103 088 259
	Liabilities		
	Primary Bank Account	-	-
	Total Cash and Cash Equivalents - Liabilities	-	-
	Balance previously reported		103 610 078
	Correction of Error: Old outstanding deposits cleared - Refer to note 39.15		(521 819)
	Restated balance		103 088 259

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

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

The municipality has the following bank accounts:

	2017	2016
Current Accounts		
Primary Bank account	20 010 635	13 063 862
Traffic bank account	-	-
	20 010 635	13 063 862

Traffic account is cleared daily to Primary Bank Account.

24 CASH AND CASH EQUIVALENTS (CONTINUE)

Primary Bank account	Montagu ABSA - Account Number 1050 000 008		
Cash book balance at beginning of year		13 063 862	57 754 292
Cash book balance at end of year		20 010 635	13 063 862
Bank statement balance at beginning of year		12 523 860	57 512 148
Bank statement balance at end of year		19 656 216	12 523 860
Traffic bank account	Montagu ABSA - Account Number 406 272 8351		
Cash book balance at beginning of year		-	2 300
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		500	5 400
Bank statement balance at end of year		100	500
Call investment deposits consist of the following accounts:			
Nedbank	Account Number 03/7881034971/000035	35 000 000	35 000 000
Standard Bank	Account Number 28 847 690 5 - 003	35 000 000	30 000 000
ABSA	Account Number 92 99946707	25 083 394	25 015 287
		95 083 394	90 015 287

25 PROPERTY RATES

	2017	2016
<u>Actual</u>		
Rateable Land and Buildings	53 813 009	50 297 609
Residential, Commercial Property, State	53 813 009	50 297 609
Less: Rebates	(11 127 316)	(10 343 148)
Total Assessment Rates	42 685 693	39 954 462
<u>Valuations</u>		
Rateable Land and Buildings		
Residential	5 616 435 799	5 553 320 799
Agricultural	6 086 986 626	6 047 662 296
Government	289 685 700	290 025 700
Business & Commercial	1 460 004 946	1 457 416 946
Municipal	407 922 928	419 838 778
Exempt Properties	338 828 950	341 000 950
Total Assessment Rates	14 199 864 949	14 109 265 469

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014.

Rates:		
Residential	0.0052c/R	0.0049c/R
Commercial, Industrial & Government	0.0075c/R	0.0071c/R
Public Benefit Organisations	0.0010c/R	0.0009c/R
Agricultural	0.0010c/R	0.0009c/R

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

26

GOVERNMENT GRANTS AND SUBSIDIES

	2017 R	2016 R
Unconditional Grants	60 461 000	57 378 000
Equitable Share	60 461 000	57 378 000
Conditional Grants	76 102 868	64 787 869
Grants and donations	1 370 638	1 347 431
Subsidies	74 732 230	63 440 438
Total Government Grants and Subsidies	136 563 868	122 165 869
Government Grants and Subsidies - Capital	24 502 697	46 347 944
Government Grants and Subsidies - Operating	112 061 170	75 817 925
	136 563 867	122 165 869

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

Equitable share	60 461 000	57 378 000
Executive & Council	592 908	361 667
Budget & Treasury	1 475 000	1 783 523
Corporate Services	-	940 000
Planning & Development	1 759 000	1 541 619
Community & Social Services	12 657 588	8 196 777
Housing	37 248 369	27 539 887
Sport & Recreation	500 000	-
Waste Management	6 033 464	2 914 970
Waste Water Management	6 612 484	18 453 030
Road Transport	99 877	848 402
Water	7 870 052	-
Electricity	1 254 126	2 207 993
	136 563 868	122 165 869

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

	2017	2016
26.1 Equitable share		
Opening balance	-	-
Grants received	60 461 000	57 378 000
Conditions met - Operating	(60 461 000)	(57 378 000)
Conditions still to be met	-	-

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

26.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	1 475 000	1 450 000
Conditions met - Operating	(1 475 000)	(1 450 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

26	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2017 R	2016 R
26.3	Municipal Systems Improvement Grant		
	Opening balance	-	-
	Grants received	-	940 000
	Conditions met - Operating	-	(115 439)
	Conditions met - Capital	-	(824 561)
	Conditions still to be met	-	-
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
26.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	-	2 755
	Grants received	20 983 000	21 368 000
	Transfer	-	(2 755)
	Conditions met - Operating	(2 576 787)	(2 624 140)
	Conditions met - Capital	(18 406 213)	(18 743 860)
	Conditions to be met	-	-
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
26.5	Housing Grants		
	Opening balance	1 004 545	1 022 286
	Grants received	38 354 126	27 655 483
	Transfer	-	(133 338)
	Conditions met - Operating	(37 281 369)	(5 083 971)
	Conditions met - Capital	-	(22 455 916)
	Conditions to be met	2 077 301	1 004 545
26.6	Integrated National Electrification Grant		
	Opening balance	33 126	541 119
	Grants received	1 221 000	2 000 000
	Transfer	-	(300 000)
	Conditions met - Operating	(143 020)	(410 669)
	Conditions met - Capital	(1 111 106)	(1 797 324)
	Conditions to be met	0	33 126
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
26.7	Other Grants		
	Opening balance	7 196 111	6 942 431
	Grants received	14 314 585	11 535 667
	Transfer	(5 395 729)	1
	Conditions met - Operating	(10 123 994)	(8 755 705)
	Conditions met - Capital	(4 985 378)	(2 526 283)
	Conditions to be met	1 005 594	1 196 111
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
26.8	Total Grants		
	Opening balance	8 233 783	8 508 595
	Grants received	136 808 711	122 327 150
	Transfer	(5 395 730)	(436 094)
	Conditions met - Operating	(112 061 170)	(75 817 925)
	Conditions met - Capital	(24 502 697)	(46 347 944)
	Conditions to be met	3 082 897	8 233 783
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	3 082 897	8 233 783
	Unpaid Conditional Government Grants and Receipts	-	-
		3 082 897	8 233 783

		2017	2016
27	SERVICE CHARGES		
	Electricity	338 088 350	305 617 803
	Water	37 919 502	37 742 238
	Refuse removal	21 871 550	20 122 041
	Sewerage and Sanitation Charges	28 308 880	26 245 536
		<u>426 188 283</u>	<u>389 727 618</u>
	Less: Rebates	(20 407 066)	(14 917 628)
	Total Service Charges	<u>405 781 216</u>	<u>374 809 991</u>
	Balance previously reported		375 228 931
	Correction of error - Refer to note 39.24		(418 941)
	Restated balance		<u>374 809 991</u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28	OTHER INCOME		
	Bad debts recovered	-	199 003
	Building plans	953 921	748 109
	Bulk service levies	3 563 630	1 638 404
	Cemeteries	499 741	464 806
	Commission	210 618	199 729
	Connection fees	2 919 116	1 569 472
	Fire brigade fees	150 887	81 085
	Insurance claims	2 258 120	3 658 718
	Interest Received - Bank Account	2 956 374	2 609 489
	Photo copies	71 764	88 518
	Planning application fees	421 745	498 940
	Re-connection fees	558 984	101 299
	Valuation certificates	136 370	150 561
	Contributed assets	-	72 330
	Sundry income	4 032 477	4 347 471
	Total Other Income	<u>18 733 747</u>	<u>16 427 932</u>
	Balance previously reported		16 427 612
	Correction of error - Refer to note 39.27		320
	Restated balance		<u>16 427 932</u>

29

EMPLOYEE RELATED COSTS

	2017 R	2016 R
Salaries and Wages	101 507 424	94 718 914
Bonus	7 940 640	7 590 089
Contributions for UIF, pensions and medical aids	23 010 101	21 253 078
Group Life Insurance	263 621	293 566
Housing Subsidy	1 685 317	1 635 580
Leave Reserve Fund	3 716 772	3 707 414
Long service awards	829 256	808 271
Overtime	6 479 803	5 643 572
Post Employment Health	2 434 406	2 461 107
Travel, motor car, telephone, assistance and other allowances	10 606 235	10 018 754
	158 473 575	148 130 345
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	158 473 575	148 130 345
Balance previously reported		146 026 534
Corretion of Error - Refer to note 39.16		2 103 811
Restated balance		148 130 345

KEY MANAGEMENT PERSONNEL

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager: Mr S A Mokweni

Annual Remuneration	1 351 335	1 269 663
Performance Bonuses	80 310	75 056
Car Allowance	108 000	108 000
Contributions to Medical and Pension Funds	243 240	228 539
Total	1 782 885	1 681 259

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

Annual Remuneration	1 024 561	1 024 561
Performance Bonuses	53 299	62 266
Payment in lieu of leave	-	235 747
Car Allowance	95 569	123 500
Contributions to Medical and Pension Funds	184 421	184 421
Total	1 357 851	1 630 495

Remuneration of the Director Financial Services: Mr C F Hoffmann (1 July 2015 to 31 January 2016)

Annual Remuneration	-	643 551
Performance Bonuses	26 650	62 266
Payment in lieu of leave	-	5 125
Contributions to Medical and Pension Funds	-	133 730
Total	26 650	844 672

Remuneration of the Director Financial Services: Mr B Brown (1 April 2016 to 30 June 2016)

Annual Remuneration	1 044 535	245 921
Performance Bonuses	12 327	-
Payment in lieu of leave	90 315	-
Acting Allowance (Acting Director Financial Services from 1 February 2016 to 31 March 2016)	-	62 900
Car Allowance	72 000	18 000
Contributions to Medical and Pension Funds	188 016	44 266
Total	1 407 194	371 087

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)		2017	2016
Remuneration of the Director Community Services: Mrs EC Liebenberg (01 February 2016 to 30 June 2016)			
Annual Remuneration		1 023 381	401 053
Performance Bonuses		20 546	-
Car Allowance		69 198	30 000
Other Allowances		12 696	5 290
Contributions to Medical and Pension Funds		211 973	82 591
Total		1 337 794	518 934
Remuneration of the Director Strategy and Social Development: Mrs C O Matthys			
Annual Remuneration		1 031 110	968 428
Performance Bonuses		61 637	57 605
Payment in lieu of leave		60 310	-
Car Allowance		90 000	90 000
Other Allowances		5 995	-
Contributions to Medical and Pension Funds		185 600	174 317
Total		1 434 652	1 290 350
Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen			
Annual Remuneration		1 070 821	1 010 041
Performance Bonuses		61 637	57 605
Car Allowance		3 066	6 977
Other Allowances		5 995	-
Contributions to Medical and Pension Funds		232 823	215 727
Total		1 374 342	1 290 350
REMUNERATION OF COUNCILLORS		2017	2016
		R	R
Mayor		820 761	782 480
Deputy Mayor		663 107	528 617
Speaker		598 527	630 878
Mayoral Committee Members (4 councillors)		2 409 807	2 371 912
Councillors (16 councillors)		4 741 461	4 426 287
Total Councillors' Remuneration		9 233 663	8 740 174
In-kind Benefits			
The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.			
Remuneration of the Mayor: D Gagiano (1 July 2016 to 10 August 2016)			
Allowance		61 262	528 941
Transport Allowance		13 934	125 927
Cell Phone Allowance		3 189	20 868
Pension Fund		11 946	103 144
Mobile Data Card		399	3 600
Total		90 730	782 480
Remuneration of the Mayor: HM Jansen (11 August 2016 to 30 June 2017)			
Allowance		582 515	-
Transport Allowance		45 000	-
Cell Phone Allowance		25 657	-
Pension Fund		40 292	-
Medical Aid		33 360	-
Mobile Data Card		3 207	-
Total		730 031	-

REMUNERATION OF COUNCILLORS (CONTINUE)

2017

2016

Remuneration of the Deputy Mayor: KI Klaas (1 July 2015 to 5 November 2015)

Allowance	-	147 059
Transport Allowance	-	23 737
Cell Phone Allowance	-	7 242
Pension Fund	-	27 545
Mobile Data Card	-	1 249
Other Allowances	-	10 574

Total

-	217 406
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Remuneration of the Deputy Mayor: WZ Nyamana (26 January 2016 to 10 August 2016)

Allowance	69 721	296 938
Cell Phone Allowance	3 189	12 173
Mobile Data Card	400	2 100

Total

73 310	311 211
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Remuneration of Member of Council: WZ Nyamana (11 August 2016 to 25 September 2016)

Allowance	27 305	-
Transport Allowance	1 245	-
Cell Phone Allowance	2 889	-
Pension Fund	2 556	-
Mobile Data Card	449	-

Total

34 444	-
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Remuneration of Member of Council and Section 79 Chair: WZ Nyamana (26 September 2016 to 30 June 2017)

Allowance	190 849	-
Transport Allowance	13 755	-
Cell Phone Allowance	17 423	-
Pension Fund	37 216	-
Mobile Data Card	2 751	-

261 994**Remuneration of the Deputy Mayor: GD Joubert (11 August 2016 to 30 June 2017)**

Allowance	510 371	-
Transport Allowance	15 001	-
Cell Phone Allowance	25 657	-
Pension Fund	35 561	-
Mobile Data Card	3 207	-

Total

589 797	-
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Remuneration of the Speaker: DA Hull (1 to 5 July 2016)

Allowance	5 887	410 327
Transport Allowance	1 586	116 069
Cell Phone Allowance	395	20 868
Pension Fund	1 148	80 014
Mobile Data Card	49	3 600

Total

9 065	630 878
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Remuneration of Speaker: SW van Eeden (11 Aug 2016 to 30 June 2017)

Allowance	397 504	-
Transport Allowance	85 724	-
Cell Phone Allowance	25 521	-
Pension Fund	77 513	-
Mobile Data Card	3 200	-

Total

589 462	-
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REMUNERATION OF COUNCILLORS (CONTINUE)

	2017	2016
Remuneration of Member of Mayoral Committee: SW van Eeden (1 July 2016 to 10 Aug 2016)		
Allowance	45 762	395 038
Transport Allowance	10 716	96 440
Cell Phone Allowance	2 661	20 868
Pension Fund	8 923	77 032
Mobile Data Card	400	3 600
Total	68 462	592 978
Remuneration of Member of Mayoral Committee: NP Crouwcamp (1 July 2016 to 10 August 2016)		
Allowance	44 573	384 304
Transport Allowance	12 091	109 267
Cell Phone Allowance	2 525	20 868
Pension Fund	8 692	74 939
Mobile Data Card	398	3 600
Total	68 279	592 978
Remuneration of Member of Mayoral Committee: EMJ Scheffers		
Allowance	412 009	393 778
Transport Allowance	48 121	50 073
Cell Phone Allowance	22 800	20 868
Pension Fund	80 342	76 787
Medical Aid	49 824	47 872
Mobile Data Card	3 600	3 600
Total	616 696	592 978
Remuneration of Member of Mayoral Committee: RR Kortje (1 to 5 July 2016)		
Allowance	5 873	410 469
Transport Allowance	1 066	78 000
Cell Phone Allowance	312	20 868
Pension Fund	1 145	80 041
Mobile Data Card	49	3 600
Total	8 445	592 978
Remuneration of Member of Mayoral Committee: SW Strauss (11 August 2016 to 30 June 2017)		
Allowance	504 705	-
Transport Allowance	8 000	-
Cell Phone Allowance	20 312	-
Pension Fund	13 170	-
Mobile Data Card	3 207	-
Total	549 394	-
Remuneration of Member of Council: J Kriel (1 July 2015 to 31 August 2015 and 11 August 2016 to 25 September 2016)		
Allowance	25 586	28 640
Transport Allowance	5 451	7 284
Cell Phone Allowance	2 844	3 478
Mobile Data Card	449	600
Total	34 330	40 002
Remuneration of Member of Council and Section 79 Chair: J Kriel (1 September 2015 to 10 August 2016 and 26 September 2016 to 30 June 2017)		
Allowance	238 654	210 081
Transport Allowance	38 255	36 423
Cell Phone Allowance	19 956	17 390
Mobile Data Card	3 151	3 000
Total	300 016	266 894

REMUNERATION OF COUNCILLORS (CONTINUE)

2017

2016

Remuneration of Member of Council and Section 79 Chair: TS De Koker (1 July 2015 to 31 August 2015)

Allowance	-	32 772
Transport Allowance	-	6 940
Cell Phone Allowance	-	3 478
Pension Fund	-	6 391
Mobile Data Card	-	600
Total	-	50 181

Remuneration of Member of Council: TS De Koker (1 September 2015 to June 2016 and 1 July 2016 to 10 August 2016)

Allowance	22 956	175 706
Transport Allowance	182	1 369
Cell Phone Allowance	2 230	1 330
Pension Fund	4 476	34 262
Mobile Data Card	399	1 500
Total	30 243	214 167

Remuneration of Member of Council and Section 79 Chair: E Turner (1 July 2016 to 10 August 2016)

Allowance	30 221	249 510
Transport Allowance	4 836	43 707
Cell Phone Allowance	2 525	20 868
Mobile Data Card	399	3 600
Total	37 981	317 685

Remuneration of Member of Council and Section 79 Chair: JDF Van Zyl (1 July 2016 to 10 August 2016)

Allowance	26 023	215 415
Transport Allowance	3 977	35 796
Cell Phone Allowance	2 533	20 868
Pension Fund	5 075	42 006
Mobile Data Card	400	3 600
Total	38 008	317 685

Remuneration of Member of Council: JDF Van Zyl (11 August 2016 to 30 June 2017)

Allowance	157 247	-
Transport Allowance	31 818	-
Cell Phone Allowance	20 267	-
Pension Fund	30 663	-
Mobile Data Card	3 200	-
Total	243 195	-

Remuneration of Member of Council: NJ Mgoqi (1 July 2016 to 10 August 2016)

Allowance	19 335	156 350
Transport Allowance	4 608	41 643
Cell Phone Allowance	2 525	20 868
Pension Fund	3 373	30 488
Mobile Data Card	399	3 600
Total	30 240	252 949

Remuneration of Member of Mayoral Committee: DB Janse (11 August 2016 to 30 June 2017)

Allowance	408 681	-
Transport Allowance	37 419	-
Cell Phone Allowance	20 267	-
Pension Fund	79 692	-
Mobile Data Card	3 200	-
Other Allowances	-	-
Total	549 259	-

Remuneration of Member of Council and Section 79 Chair: DB Janse (1 July 2016 to 10 August 2016)

Allowance	25 439	210 143
Transport Allowance	4 677	42 096
Cell Phone Allowance	2 533	20 868
Pension Fund	4 961	40 978
Mobile Data Card	400	3 600
Total	38 010	317 685

REMUNERATION OF COUNCILLORS (CONTINUE)

	2017	2016
Remuneration of Member of Council: R Johnson (1 July 2016 to 10 August 2016)		
Allowance	19 335	156 350
Transport Allowance	4 608	41 643
Cell Phone Allowance	2 525	20 868
Pension Fund	3 373	30 488
Mobile Data Card	399	3 600
Total	30 240	252 949
Remuneration of Member of Council: EJ Vollenhoven (1 July 2016 to 10 August 2016)		
Allowance	19 911	161 548
Transport Allowance	3 921	35 431
Cell Phone Allowance	2 525	20 868
Pension Fund	3 485	31 502
Mobile Data Card	399	3 600
Other Allowances		-
Total	30 241	252 949
Remuneration of Member of Council and Section 79 Chair: CJ Grootboom (1 July 2016 to 10 August 2016)		
Allowance	27 792	231 390
Transport Allowance	1 856	16 706
Cell Phone Allowance	2 533	20 868
Pension Fund	5 420	45 121
Mobile Data Card	400	3 600
Total	38 001	317 685
Remuneration of Member of Council: CJ Grootboom (11 August 2016 to 30 June 2017)		
Allowance	171 478	-
Transport Allowance	14 850	-
Cell Phone Allowance	20 267	-
Pension Fund	33 438	-
Mobile Data Card	3 200	-
Total	243 233	-
Remuneration of Member of Council: CB Swanepoel (1 July 2016 to 10 August 2016)		
Allowance	23 194	191 197
Cell Phone Allowance	2 525	20 868
Pension Fund	4 126	37 284
Mobile Data Card	398	3 600
Total	30 243	252 949
Remuneration of Member of Council: WS Nyamana (1 July 2016 to 10 August 2016)		
Allowance	19 300	156 029
Transport Allowance	4 466	40 363
Cell Phone Allowance	2 525	20 868
Pension Fund	3 367	30 426
Mobile Data Card	398	3 600
Other Allowances	184	1 663
Total	30 240	252 949
Remuneration of Member of Council and Section 79 Chair: JD Burger (1 July 2016 to 10 August 2016)		
Allowance	26 032	215 495
Transport Allowance	3 967	35 700
Cell Phone Allowance	2 533	20 868
Pension Fund	5 076	42 022
Mobile Data Card	400	3 600
Total	38 008	317 685

Remuneration of Member of Mayoral Committee: JD Burger (11 August to 30 June 2017)

Allowance	413 449	-
Transport Allowance	31 734	-
Cell Phone Allowance	20 267	-
Pension Fund	80 622	-
Mobile Data Card	3 200	-
Total	549 272	-

Remuneration of Member of Council: HC De Koker (1 July 2016 to 10 August 2016)

Allowance	19 144	154 623
Transport Allowance	4 836	43 707
Cell Phone Allowance	2 525	20 868
Pension Fund	3 336	30 151
Mobile Data Card	399	3 600
Total	30 240	252 949

Remuneration of Member of Council: JP Goodwin (1 July 2016 to 10 August 2016)

Allowance	20 414	166 093
Transport Allowance	3 320	30 000
Cell Phone Allowance	2 525	20 868
Pension Fund	3 584	32 388
Mobile Data Card	398	3 600
Total	30 241	252 949

Remuneration of Member of Council: AJ Shibili

Allowance	198 096	191 197
Transport Allowance	10 000	-
Cell Phone Allowance	22 800	20 868
Pension Fund	38 629	37 283
Mobile Data Card	3 600	3 600
Total	273 125	252 948

Remuneration of Member of Council: B Fanele (22 July 2015 to 30 June 2016 and 1 July 2016 to 10 August 2016)

Allowance	23 194	187 934
Cell Phone Allowance	2 525	19 701
Pension Fund	4 126	31 993
Mobile Data Card	398	3 399
Total	30 243	243 027

Remuneration of Member of Council: P Hess (11 August 2016 to 25 September 2016)

Allowance	27 649	-
Transport Allowance	833	-
Cell Phone Allowance	2 895	-
Pension Fund	2 623	-
Mobile Data Card	457	-
Total	34 457	-

Remuneration of Member of Council and Section 79 Chair: P Hess (26 September 2016 to 30 June 2017)

Allowance	194 587	-
Transport Allowance	9 167	-
Cell Phone Allowance	17 417	-
Pension Fund	38 060	-
Mobile Data Card	2 750	-
Total	261 981	-

Remuneration of Member of Council: SJ Malgas (11 August 2016 to 25 September 2016)

Allowance	27 649	-
Transport Allowance	833	-
Cell Phone Allowance	2 895	-
Pension Fund	2 623	-
Mobile Data Card	457	-
Total	34 457	-

REMUNERATION OF COUNCILLORS (CONTINUE)

2017

2016

Remuneration of Member of Council and Section 79 Chair: SJ Malgas (26 September 2016 to 30 June 2017)

Allowance	194 587	-
Transport Allowance	9 167	-
Cell Phone Allowance	17 417	-
Pension Fund	38 060	-
Mobile Data Card	2 750	-
Other Allowances	-	-
Total	261 981	-

Remuneration of Member of Council: NJ Beginsel (11 August 2016 to 25 September 2016)

Allowance	31 094	-
Cell Phone Allowance	2 895	-
Mobile Data Card	457	-
Total	34 446	-

Remuneration of Member of Council and Section 79 Chair: NJ Beginsel (26 September 2016 to 30 June 2017)

Allowance	241 812	-
Cell Phone Allowance	17 416	-
Mobile Data Card	2 750	-
Total	261 978	-

Remuneration of Member of Council: LM Swanepoel (11 August 2016 to 25 September 2016)

Allowance	31 094	-
Cell Phone Allowance	2 895	-
Mobile Data Card	457	-
Total	34 446	-

Remuneration of Member of Council and Section 79: LM Swanepoel (26 September 2016 to 30 June 2017)

Allowance	234 448	-
Cell Phone Allowance	17 416	-
Pension Fund	7 364	-
Mobile Data Card	2 750	-
Total	261 978	-

Remuneration of Member of Council: AS Mbi (11 August 2016 to 30 June 2017)

Allowance	165 303	-
Transport Allowance	5 500	-
Cell Phone Allowance	20 311	-
Pension Fund	29 466	-
Medical Aid	19 530	-
Mobile Data Card	3 207	-
Total	243 317	-

Remuneration of Member of Council: JS Mafilika (11 August 2016 to 30 June 2017)

Allowance	189 749	-
Cell Phone Allowance	20 312	-
Pension Fund	27 899	-
Mobile Data Card	3 207	-
Other Allowances	2 151	-
Total	243 318	-

Remuneration of Member of Council: TM van der Merwe (11 August 2016 to 30 June 2017)

Allowance	219 799	-
Cell Phone Allowance	20 312	-
Mobile Data Card	3 207	-
Total	243 318	-

Remuneration of Member of Council: E Bosjan (11 August 2016 to 30 June 2017)

Allowance	173 697	-
Transport Allowance	15 000	-
Cell Phone Allowance	20 311	-
Pension Fund	31 103	-
Mobile Data Card	3 207	-
Total	243 318	-

30	REMUNERATION OF COUNCILLORS (CONTINUE)	2017	2016
	<i>Remuneration of Member of Council: BH Nteta (11 August 2016 to 30 June 2017)</i>		
	Allowance	189 604	-
	Cell Phone Allowance	20 312	-
	Pension Fund	30 195	-
	Mobile Data Card	3 207	-
	Total	243 318	-
	<i>Remuneration of Member of Council: JJJS Januarie (11 August 2016 to 30 June 2017)</i>		
	Allowance	177 881	-
	Transport Allowance	10 000	-
	Cell Phone Allowance	20 312	-
	Pension Fund	31 918	-
	Mobile Data Card	3 207	-
	Total	243 318	-
	<i>Remuneration of Member of Council: S du Plessis (11 August 2016 to 30 June 2017)</i>		
	Allowance	198 478	-
	Transport Allowance	7 500	-
	Cell Phone Allowance	20 312	-
	Pension Fund	13 821	-
	Mobile Data Card	3 207	-
	Total	243 318	-
31	BAD DEBTS WRITTEN OFF	2017	2016
	Long term Receivables - Note 19	-	-
	Trade Receivables from exchange transactions - Note 21	6 449 943	11 368 657
	Trade Receivables from non-exchange transactions - Note 22	15 795 022	16 240 044
		22 244 965	27 608 700
	Balance previously reported		-
	Correction of error- Refer to the following notes 39.17		27 608 700
	Restated balance		27 608 700
32	DEBT IMPAIRMENT / (IMPAIRMENT REVERSAL)		
	Long term Receivables - Note 19	(2 320 333)	1 137 297
	Trade Receivables from exchange transactions - Note 21	(344 898)	(129 013)
	Trade Receivables from non-exchange transactions - Note 22	(7 012 055)	1 495 406
	Total Contribution to Debt Impairment	(9 677 286)	2 503 690
	Less: portion Relating to VAT - note 12	281 486	(314 252)
	Total Debt Impairment	(9 395 800)	2 189 438
	Balance previously reported		30 410 351
	Correction of error- Refer to the following notes 39.18		(28 220 913)
	Restated balance		2 189 438
33	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	22 909 572	20 426 206
	Capitalised Restoration Cost	3 427 522	10 091 628
	Investment Property	49 582	49 717
	Intangible Assets	54 182	52 301
		26 440 858	30 619 853
	Balance previously reported		30 979 535
	Depreciation charges on assets incorrectly calculated - Refer to note 39.19		(359 682)
	Restated balance		30 619 853
34	IMPAIRMENTS		
	Property, Plant and Equipment Refer to note 13	283 314	508 397
	Heritage Assets Refer to note 16	-	-
	Capitalised Restoration Cost Refer to note 17	-	-
	Total Impairments	283 314	508 397

35	FINANCE CHARGES		
	Landfill site	3 615 817	3 279 513
	Long service awards	756 268	683 442
	Long-term Liabilities	2 857 697	2 872 867
	Post Employment Health	4 695 585	4 601 451
	Total finance charges	11 925 367	11 437 273
	Balance previously reported		11 429 475
	Correction of error - Refer to note 39.20		7 797
	Restated balance		11 437 273
36	BULK PURCHASES		
	Electricity	267 478 328	238 434 975
	Water	3 257 419	3 596 989
	Total Bulk Purchases	270 735 747	242 031 964
37	GRANTS AND SUBSIDIES		
	Destitute Grants	132 500	749 000
	Total Grants and Subsidies	132 500	749 000
38	GENERAL EXPENSES	2017 R	2016 R
	Advertisement Cost	754 543	911 867
	Audit fees	2 998 070	2 559 979
	Bank charges	877 793	752 501
	Bursaries - Internal	118 970	54 294
	Cell phone	501 948	499 145
	Chemicals	4 488 003	5 343 137
	Computer services	2 193 102	1 782 152
	Connections	466 355	413 530
	Data lines	2 044 403	3 021 080
	Delegation Fees	368 931	295 533
	Fuel	6 611 451	6 564 694
	Insurance (Premiums & Claims cost)	2 501 428	3 601 656
	IoD Insurance	1 323 270	1 237 326
	Membership fees	1 690 382	1 654 040
	Postage	995 918	681 258
	Printing & Stationary	1 686 410	1 371 325
	Professional Services	7 952 378	10 890 132
	Protective Clothing	954 943	870 482
	Refuse bags	735 316	689 216
	Rehabilitation	631 004	722 825
	Rent paid	1 107 569	50 301
	Skills Development Levy	1 339 174	1 376 182
	Tourism Marketing	1 218 559	966 444
	Training cost	1 108 230	927 090
	Transfer cost	294 294	313 499
	Valuation cost	157 318	934 647
	Vehicle licences	411 416	359 163
	Other	4 906 339	5 825 246
	Total General Expenses	50 437 516	54 668 742
	Balance previously reported		53 329 859
	Correction of error - Refer to note 39.23		1 338 883
	Restated balance		54 668 742

39

CORRECTION OF ERROR IN TERMS OF GRAP 3**39.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))**

Balance previously reported	471 635 748
Correction of Long-term Receivables - credit amount	77
Correction of Cash and Cash Equivalents (prior 2015/2016) - clearing of old outstanding deposits	(2 300)
Correction of Cash and Cash Equivalents (prior 2015/2016) - clearing of old outstanding deposits	(6 053)
Correction of Cash and Cash Equivalents (prior 2015/2016) - clearing of old outstanding deposits	(277)
Correction of Cash and Cash Equivalents (2015/2016) - clearing of old outstanding deposits	(21 564)
Correction of Cash and Cash Equivalents (2015/2016) - clearing of old outstanding deposits	(49 501)
Correction of Receivables from Non-Exchange Transactions	(820)
Correction to Payables from Exchange Transactions	25 793
Correction of Depreciation wrongly raised on Land Erf 892 McGregor (prior 2015/2016)	9 244
Derecognition of Clinics transfer at Cost - not the Municipality's assets (prior 2015/2016)	(2 380 263)
Derecognition of Clinics transfer Accumulated depreciation - not the Municipality's assets (prior 2015/2016)	448 875
Derecognition of items on wrongly classified as PPE at Cost (prior 2015/2016)	(4 603 223)
Derecognition of items on wrongly classified as PPE at Accumulated Depreciation (prior 2015/2016)	1 314 420
Expenditure relates to maintenance and was wrongly capitalised - derecognise Cost of PPE (prior 2015/2016)	(3 951 789)
Expenditure relates to maintenance and was wrongly capitalised - derecognise Accumulated surplus of PPE (prior 2015/2016)	1 241 371
Correction of accrual on Workmen's Compensation Commissioner (prior 2015/2016)	1 310 746
Derecognise Cost of Intangible assets no longer in use or existence (prior 2015/2016)	(1 976 763)
Derecognise Accumulated Depreciation Intangible assets no longer in use or existence (prior 2015/2016)	1 768 960
Recognise Accumulated Depreciation of Cell phones on finance leases (prior 2015/2016)	(33 443)
Recognition of redemption for Cell phone leases previously omitted (prior 2015/2016)	31 523
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	3 709 105
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(678 226)
Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	565 505
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(165 547)
Derecognition of WIP asset 7348 as it is maintenance expenditure (prior 2015/2016)	(101 220)
Derecognition of assets due to it being maintenance expenditure (prior 2015/2016)	(114 450)
Correction to contribution to leave provision calculated incorrectly previously (Prior 2015/2016)	(282 490)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions	(33 391)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	206 857
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions	9 236 590
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (Traffic Fines) (prior 2015/2016)	(9 236 590)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (prior 2015/2016)	(2 233 287)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (prior 2015/2016)	3 742 674
Derecognition of assets at Cost as it is maintenance expenditure and not PPE (prior 2015/2016)	(218 669)
Derecognition of assets Accumulated Surplus as it is maintenance expenditure and not PPE (prior 2015/2016)	142 820
Adjustment to compost inventory as there is stock an cost not previously taken into account (prior 2015/2016)	196 872
Recognition of Land (Erf 305) Ashton not previously recognised (prior 2015/2016)	783 000
Reversal of Depreciation wrongly raised on Land (Erf 1237) (prior 2015/2016)	7 397
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	1 136 410
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(509 176)
Derecognition of Assets at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	(700 773)
Derecognition of Accumulated Depreciation at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	423 518
Correction of Depreciation on Finance Lease asset 6432 - Calculated over 48 months instead of 36 months (prior 2015/2016)	(21 223)
Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	192 898
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(59 440)
Recognition of Grant revenue against Unspent Grants not previously recognised that should have been (prior 2015/2016)	1 348 525
Derecognition of items on wrongly classified as PPE - Community Assets at Cost (prior 2015/2016)	(1 205 954)
Derecognition of items on wrongly classified as PPE - Community Assets at Accumulated Depreciation (prior 2015/2016)	750 328
Derecognition of items wrongly classified as Investment Property (prior 2015/2016)	(65 000)

Restated Balance as at 01 July 2015**471 577 824****39.2 LONG TERM LIABILITIES**

Balance previously reported	26 824 640
Recognition of finance leases for Cell phones previously omitted (prior 2015/2016)	89 877
Recognition of finance leases for Cell phones previously omitted (2015/2016)	82 534
Recognition of redemption for Cell phone leases previously omitted (prior 2015/2016)	(31 523)
Recognition of redemption for Cell phone leases previously omitted (2015/2016)	(65 219)

Restated Balance as at 30 June 2016**26 900 310**

Correction of error - Refer to note 3

39.3 CURRENT EMPLOYEE BENEFITS

Balance previously reported	13 537 424
Correction to contribution to leave provision calculated incorrectly previously (Prior 2015/2016)	282 490
Correction to contribution to leave provision calculated incorrectly previously (2015/2016)	104 708

Restated Balance as at 30 June 2016**13 924 622**

Correction of error - Refer to note 7

39	CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES	
39.4	PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	68 596 209
	Sundry Creditors written off (before 2014/2015)	(27 174)
	Trade Payables - accruals wrongly raised (before 2014/2015)	(22 163)
	Trade Payables - accruals wrongly raised (before 2015/2016)	1 470
	Retentions and guarantees correction (before 2014/2015)	(1 638)
	Sundry Deposits correction	1 980
	Accrual for Compensation Commissioner raised incorrectly (prior 2015/2016)	(1 206 182)
	Payable not raised at year end 30 June 2016	562 012
	Restated Balance as at 30 June 2016	67 904 514
	Correction of error - Refer to note 9	
39.5	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	
	Balance previously reported	9 582 308
	Recognition of Grant revenue against Unspent Grants not previously recognised that should have been (prior 2015/2016)	(1 348 525)
	Restated Balance as at 30 June 2016	8 233 783
39.6	PROPERTY, PLANT AND EQUIPMENT	
	Balance previously reported	589 190 705
	Recognition of Cost of lease assets (cell phones) previously omitted (prior 2015/2016)	89 877
	Recognition of Accumulated Depreciation of lease assets (cell phones) previously omitted (prior 2015/2016)	(33 443)
	Recognition of Cost of lease assets (cell phones) previously omitted (2015/2016)	82 534
	Recognition of Accumulated Depreciation of lease assets (cell phones) previously omitted (2015/2016)	(65 524)
	Electrical maintenance expenditure reallocated to Work-in-Progress PPE (2015/2016)	24 379
	Expenditure relates to maintenance and was wrongly capitalised - derecognise Cost of PPE (prior 2015/2016)	(3 951 789)
	Expenditure relates to maintenance and was wrongly capitalised - derecognise Accumulated surplus of PPE (prior 2015/2016)	1 241 371
	Expenditure relates to maintenance and was wrongly capitalised - derecognise Accumulated surplus of PPE (prior 2015/2016)	150 194
	Derecognition of items on wrongly classified as PPE at Cost (prior 2015/2016)	(4 603 223)
	Derecognition of items on wrongly classified as PPE at Accumulated Depreciation (prior 2015/2016)	1 314 420
	Derecognition of items on wrongly classified as PPE at Accumulated Depreciation (2015/2016)	119 953
	Correction of Depreciation wrongly raised on Land Erf 892 McGregor (prior 2015/2016)	9 244
	Correction of Depreciation wrongly raised on Land Erf 892 McGregor (2015/2016)	489
	Correction of Depreciation on Assets 5640, 3356. Depreciation calculated as if assets was complete but it was not.	434
	Recognition of Transformers from inventory to Capital Spares (PPE)	47 988
	Derecognition of Clinics transfer at Cost - not the Municipality's assets (prior 2015/2016)	(2 380 263)
	Derecognition of Clinics transfer Accumulated depreciation - not the Municipality's assets (prior 2015/2016)	448 875
	Derecognition of Clinics transfer Accumulated depreciation - not the Municipality's assets (2015/2016)	23 467
	Derecognition of WIP asset 7348 as it is maintenance expenditure (prior 2015/2016)	(101 220)
	Recognition of Land previously classified as Investment Property (prior 2015/2016)	135 000
	Derecognition of assets due to it being maintenance expenditure (prior 2015/2016)	(114 450)
	Derecognition of Project not materialised (capital) and material now used for maintenance (2015/2016)	(638 949)
	Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	3 709 105
	Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	59 445
	Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(678 226)
	Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	(41 562)
	Correction of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	565 505
	Correction of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	10 516
	Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(165 547)
	Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	(19 207)
	Derecognition of assets at Cost as it is maintenance expenditure and not PPE (prior 2015/2016)	(218 669)
	Derecognition of assets Accumulated Surplus as it is maintenance expenditure and not PPE (prior 2015/2016)	142 820
	Derecognition of assets Accumulated Surplus as it is maintenance expenditure and not PPE (2015/2016)	7 626
	Recognition of Land (Erf 305) Ashton not previously recognised (prior 2015/2016)	783 000
	Reversal of Depreciation wrongly raised on Land (Erf 1237) (prior 2015/2016)	7 397
	Reversal of Depreciation wrongly raised on Land (Erf 1237) (2015/2016)	3 708
	Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	1 136 410
	Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	4 629
	Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(509 176)
	Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	(12 757)
	Derecognition of Assets at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	(700 773)
	Derecognition of Accumulated Depreciation at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	423 518
	Derecognition of Accumulated Depreciation at Cost due to it being expenditure of nature and not in existence anymore (2015/2016)	9 643
	Correction of Depreciation on Finance Lease asset 6432 - Calculated over 48 months instead of 36 months (prior 2015/2016)	(21 223)
	Correction of Depreciation on Finance Lease asset 6432 - Calculated over 48 months instead of 36 months (2015/2016)	(10 422)
	Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	192 898
	Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	11 652
	Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(59 440)
	Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	(9 395)
	Derecognition of items on wrongly classified as PPE - Community Assets at Cost (prior 2015/2016)	(1 205 954)
	Derecognition of items on wrongly classified as PPE - Community Assets at Accumulated Depreciation (prior 2015/2016)	750 328
	Derecognition of items on wrongly classified as PPE - Community Assets at Depreciation (2015/2016)	41 034
	Derecognition of items on wrongly classified as PPE - Land and Buildings at Cost (2015/2016)	(195 000)
	Restated Balance as at 30 June 2016	585 001 950
	Correction of error - Refer to note 13	

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES

39.7 INVESTMENT PROPERTY

Balance previously reported	27 240 649
Land of the Thusong Centre (PPE) also transferred to PPE	(135 000)
Derecognition of items wrongly classified as Investment Property (prior 2015/2016)	(65 000)
Restated Balance as at 30 June 2016	27 040 649
Correction of error - Refer to note 14	

39.8 INTANGIBLE ASSETS

Balance previously reported	342 371
Derecognise Cost of Intangible assets no longer in use or existence (prior 2015/2016)	(1 976 763)
Derecognise Accumulated Depreciation Intangible assets no longer in use or existence (prior 2015/2016)	1 768 960
Derecognise Accumulated Depreciation Intangible assets no longer in use or existence (2015/2016)	75 760
Restated Balance as at 30 June 2016	210 328
Correction of error - Refer to note 15	

39.9 LONG-TERM RECEIVABLES

Balance previously reported	881 146
Reallocation of credit amount out of receivables	77
Restated Balance as at 30 June 2016	881 223

39.10 INVENTORY

Balance previously reported	18 177 844
Inventory reclassified as capital spares	(47 988)
Adjustment to compost inventory as there is stock an cost not previously taken into account (prior 2015/2016)	196 872
Adjustment to compost inventory as there is stock an cost not previously taken into account (2015/2016)	(126 600)
Restated Balance as at 30 June 2016	18 200 128
Correction of error - Refer to note 20	

39.11 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	41 829 874
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (prior 2015/2016)	(2 487 247)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (prior 2015/2016)	4 216 959
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (2015/2016)	(12 648 360)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (2015/2016)	13 305 114
Restated Balance as at 30 June 2016	44 216 339
Correction of error - Refer to note 22	

39.12 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Balance previously reported	5 397 777
Corrections (2015/2016)	950
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Other than Traffic Fines) (prior 2015/2016)	(33 391)
Reducing Allowance for Debt Impairment due to overstatement Non- Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	215 168
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Other than Traffic Fines) (2015/2016)	(433 094)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	449 095
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Traffic Fines) (prior 2015/2016)	9 236 590
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (Traffic Fines) (prior 2015/2016)	(9 236 590)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Other than Traffic Fines) (2015/2016)	15 806 950
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Traffic Fines) (prior 2015/2016)	(15 806 950)
Restated Balance as at 30 June 2016	5 596 506
Correction of error - Refer to note 22	

39.13 OPERATING LEASE ASSET

Balance previously reported	88 941
Operating lease contracts omitted in 2015/2016	2 891
Restated Balance as at 30 June 2016	91 832
Correction of error - Refer to note 23	

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES

39.14 TAXES

Balance previously reported	631 385
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (prior 2015/2016)	253 960
Reducing Allowance for Debt Impairment due to overstatement Non- Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	(8 312)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (prior 2015/2016)	(474 286)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	(2 332)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (2015/2016)	1 279 704
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (2015/2016)	(1 337 913)
Restated Balance as at 30 June 2016	342 206
Correction of error - Refer to note 12	

39.15 CASH AND CASH EQUIVALENTS

Balance previously reported	103 610 078
Clearing of old deposits outstanding on Traffic Bank account (prior 2015/2016)	(2 300)
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	(29 014)
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	(6 331)
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	2 000
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	(49 501)
Clearing of old deposits outstanding on Primary Bank account (2015/2016)	(429 195)
Clearing of old deposits outstanding on Primary Bank account (2015/2016)	(7 478)
Restated Balance as at 30 June 2016	103 088 259

39.16 EMPLOYEE RELATED COSTS

Balance previously reported	146 026 534
Reclassification of expenditure from Repairs and Maintenance to Employee related cost according to the nature of the expense	1 056 515
Expenditure wrongly classified as per function and not nature (previously other expenditure)	942 588
Correction to contribution to leave provision calculated incorrectly previously (2015/2016)	104 708
Restated Balance as at 30 June 2016	148 130 345
Correction of Error Refer to Statement of Financial Performance	

39.17 BAD DEBTS WRITTEN OFF

Balance previously reported	-
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (other than Traffic Fines)	433 094
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Traffic Fines)	15 806 950
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions	11 368 657
Restated Balance as at 30 June 2016	27 608 700
Correction of Error Refer to Statement of Financial Performance	

39.18 DEBT IMPAIRMENT

Balance previously reported	30 410 351
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)	(446 763)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions - Traffic Fines	(15 806 950)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions	(11 967 200)
Restated Balance as at 30 June 2016	2 189 438
Correction of Error Refer to Statement of Financial Performance	

39.19 DEPRECIATION AND AMORTISATION

Balance previously reported	30 979 535
Depreciation charges on assets incorrectly calculated	(318 649)
Derecognition of depreciation on items wrongly classified as PPE - Community Assets (2015/2016)	(41 034)
Restated Balance as at 30 June 2016	30 619 853
Correction of error - Refer to note 33	

39.20 FINANCE CHARGES

Balance previously reported	11 429 475
Finance charges finance leases omitted in 2014/2015 iro cell phone contracts	7 797
Restated Balance as at 30 June 2016	11 437 273
Correction of Error Refer to Statement of Financial Performance	

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

39.21 REPAIRS AND MAINTENANCE

Balance previously reported	18 136 914
Electrical maintenance expenditure reallocated to Work-in-Progress PPE (2015/2016)	(24 379)
Expenditure on Motor vehicle licences reallocated from Repairs and maintenance (function not nature)	(359 163)
Derecognition of Project not materialised (capital) and material now used for maintenance (2015/2016)	273 391
Reclassification of expenditure from Repairs and Maintenance to Contracted Services according to the nature of the expense	(7 813 353)
Reclassification of expenditure from Repairs and Maintenance to General Expenses according to the nature of the expense	(313 404)
Reclassification of expenditure from Repairs and Maintenance to Employee related cost according to the nature of the expense	(1 056 515)
Restated Balance as at 30 June 2016	8 843 492

MATERIAL

Balance previously reported	-
Repairs and Maintenance remainder of expenditure has now been reclassified as material	8 843 492
Restated Balance as at 30 June 2016	8 843 492

Correction of Error Refer to Statement of Financial Performance

39.22 CONTRACTED SERVICES

Balance previously reported	2 183 363
Reclassification of expenditure from Repairs and Maintenance to Contracted Services according to the nature of the expense	7 813 353
Restated Balance as at 30 June 2016	9 996 716

Correction of Error Refer to Statement of Financial Performance

39.23 GENERAL EXPENSES

Balance previously reported	53 329 859
Expenditure wrongly classified as per function and not nature (previously other expenditure)	(942 588)
Correction of expenditure on Drivers licence cards wrongly offsett against an income vote.	328 187
Adjustment to the Compensation commissioner expenses	104 565
Expenditure on Motor vehicle licences reallocated from Repairs and maintenance (function not nature)	359 163
Reclassification of expenditure from Repairs and Maintenance to General Expenses according to the nature of the expense	313 404
Payable not raised at year end 30 June 2016	562 012
Payments on Finance Leases for cell phone contracts reallocated from expenditure	(73 017)
Derecognition of Project not materialised (capital) and material now used for maintenance (2015/2016)	365 558
Adjustment to compost inventory as there is stock an cost not previously taken into account (2015/2016)	126 600
Derecognition of items on wrongly classified as Land and Buildings to General Expenditure (2015/2016)	195 000
Restated Balance as at 30 June 2016	54 668 742

Correction of error - Refer to note 38

39.24 SERVICE CHARGES

Balance previously reported	375 228 931
Syntel duplicate corrections	(418 941)
Restated Balance as at 30 June 2016	374 809 991

Correction of error - Refer to note 27

39.25 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	2 623 754
Operating lease contracts omitted in 2015/2016	2 891
Restated Balance as at 30 June 2016	2 626 645

Correction of Error Refer to Statement of Financial Performance

39.26 LICENCES AND PERMITS

Balance previously reported	1 169 318
Correction of expenditure on Drivers licence cards wrongly offsett against an income vote.	328 187
Restated Balance as at 30 June 2016	1 497 505

Correction of Error Refer to Statement of Financial Performance

39.27 OTHER INCOME

Balance previously reported	16 427 612
Correction to Sundry Income	320
Restated Balance as at 30 June 2016	16 427 932

Correction of Error Refer to Note 28

	2017	2016
40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	76 602 247	52 920 987
Adjustments for:		
Depreciation/Amortisation	26 440 858	30 619 853
Loss on disposal of property, plant and equipment	285 545	1 566 609
Contributed Assets	-	(138 169)
(Gains) on disposal of property, plant and equipment	(597 224)	(3 529 288)
Fair Value Adjustments	(1 918)	276
Impairment Loss	283 314	508 397
Impairment (Reversals)	-	-
Contributions to Non-Current Provisions	12 379 740	10 589 278
Debt Impairment	(9 395 800)	2 189 438
Actuarial (Gains)	(5 177 099)	(6 741 931)
Unamortised discount	19 964	51 903
Bad Debts Written Off	22 244 965	27 608 700
Finance charges	(26 148)	19 257
Operating lease income accrued	(16 605)	(15 571)
Operating Surplus/(Deficit) before changes in working capital	123 041 840	115 649 740
Changes in working capital	(58 083 761)	(22 984 700)
Increase/(Decrease) in Payables from exchange transactions	3 088 122	12 352 515
Increase/(Decrease) in Employee benefits	(2 093 508)	(590 120)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(5 150 885)	(274 813)
Increase/(Decrease) in Taxes	(1 467 042)	(535 849)
(Increase)/Decrease in Inventory	(34 460 624)	599 277
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(20 440 749)	(34 009 225)
Decrease/(Increase) in Long-term Receivables	2 440 924	(526 486)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	-
Cash generated/(absorbed) by operations	64 958 079	92 665 040
41 CASH AND CASH EQUIVALENTS	2017	2016
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 24	95 083 394	90 015 287
Cash Floats - Note 24	10 610	9 110
Bank - Note 24	20 010 635	13 063 862
Total cash and cash equivalents	115 104 639	103 088 259
42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 41	115 104 639	103 088 259
Investments - Note 18	122 821	120 903
	115 227 460	103 209 162
Less:	3 082 897	8 233 783
Unspent Committed Conditional Grants - Note 10	3 082 897	8 233 783
VAT - Note 12	-	-
Resources available for working capital requirements	112 144 562	94 975 379
Allocated to:		
Capital Replacement Reserve	31 353 026	35 245 178
Employee Benefits	16 501 010	15 579 722
Current Provisions	5 547 638	7 303 158
Resources available for working capital requirements	58 742 888	36 847 322

43	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2017	2016
	Long-term Liabilities - Note 3	23 674 384	26 900 310
	Used to finance property, plant and equipment - at cost	(23 674 384)	(26 900 310)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

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

44	BUDGET COMPARISONS	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (%)
44.1	Operational				
	Revenue by source				
	Property Rates	42 685 693	43 804 100	(1 118 407)	-3%
	Government Grants and Subsidies - Capital	24 502 697	25 926 636	(1 423 939)	-5%
	Government Grants and Subsidies - Operating	112 061 170	122 994 309	(10 933 139)	-9%
	Actuarial Gains	5 177 099	8 000 000	(2 822 901)	-35%
	Fair Value Adjustments	1 918	-	1 918	100%
	Availability Fees	2 349 311	3 523 990	(1 174 679)	-33%
	Fines	9 514 508	20 106 940	(10 592 432)	-53%
	Impairment Reversal	9 395 800	-	9 395 800	100%
	Stock Adjustments	3 147	144 180	(141 033)	-98%
	Service Charges	405 781 216	405 381 030	400 186	0%
	Rental of Facilities and Equipment	2 713 779	3 914 070	(1 200 291)	-31%
	Interest Earned - external investments	5 930 563	4 608 860	1 321 703	29%
	Interest Earned - outstanding debtors	2 167 653	2 212 970	(45 317)	-2%
	Licences and Permits	1 502 807	1 839 200	(336 393)	-18%
	Agency Services	3 498 222	4 023 100	(524 878)	-13%
	Other Income	18 733 747	16 460 810	2 272 937	14%
	Unamortised Discount - Interest	72 531	78 210	(5 679)	-7%
	Gain on disposal of Property, Plant and Equipment	597 224	1 200 060	(602 836)	-50%
		646 689 085	664 218 465	(17 529 380)	-3%
	Expenditure by nature				
	Employee related costs	158 473 575	175 135 873	(16 662 298)	-10%
	Remuneration of Councillors	9 233 663	9 471 450	(237 787)	-3%
	Bad Debts Written Off	22 244 965	-	22 244 965	100%
	Debt Impairment	-	31 839 080	(31 839 080)	-100%
	Depreciation and Amortisation	26 440 858	27 598 132	(1 157 274)	-4%
	Collection costs	2 586 398	1 299 750	1 286 648	99%
	Impairments	283 314	-	283 314	100%
	Material	9 434 546	19 935 490	(10 500 944)	-53%
	Actuarial losses	-	8 000 000	(8 000 000)	-100%
	Unamortised Discount - Interest paid	92 495	89 380	3 115	3%
	Finance Charges	11 925 367	11 646 535	278 832	2%
	Bulk Purchases	270 735 747	266 703 750	4 031 997	2%
	Contracted services	7 776 106	2 182 280	5 593 826	256%
	Grants and Subsidies	132 500	134 070	(1 570)	-1%
	Stock Adjustments	4 243	144 180	(139 937)	-97%
	General Expenses	50 437 516	112 673 762	(62 236 246)	-55%
	Loss on disposal of Property, Plant and Equipment	285 545	500 060	(214 515)	-43%
		570 086 838	667 353 792	(97 266 954)	-15%
	Net Surplus for the year	76 602 247	(3 135 327)	79 737 574	-2543%

Comparison between last approved budget and final budget:

	2017 R	R	R	R	
	(Approved Budget)	(Final Budget)	(Variance)	(%)	Explanation for Variances
Operational					
Revenue by source					
Property Rates	43 804 100	43 804 100	-	0%	
Property rates - penalties & collection charges	-	-	-	0%	
Government Grants and Subsidies - Capital	25 926 636	25 926 636	-	0%	
Government Grants and Subsidies - Operating	122 994 309	122 994 309	-	0%	
Actuarial Gains	8 000 000	8 000 000	-	0%	
Availability Fees	3 523 990	3 523 990	-	0%	
Fair Value Adjustments	-	-	-	0%	
Fines	20 106 940	20 106 940	-	0%	
Impairment Reversal	-	-	-	0%	
Income due to Change in Discount rate	-	-	-	0%	
Stock Adjustments	144 180	144 180	-	0%	
Service Charges	405 381 030	405 381 030	-	0%	
Rental of Facilities and Equipment	3 914 070	3 914 070	-	0%	
Interest Earned - external investments	4 608 860	4 608 860	-	0%	
Interest Earned - outstanding debtors	2 212 970	2 212 970	-	0%	
Licences and Permits	1 839 200	1 839 200	-	0%	
Agency Services	4 023 100	4 023 100	-	0%	
Other Income	16 460 810	16 460 810	-	0%	
Unamortised Discount - Interest	78 210	78 210	-	0%	
Gain on disposal of Property, Plant and Equipment	1 200 060	1 200 060	-	0%	
	664 218 465	664 218 465	-	0%	
Expenditure by nature					
Employee related costs	175 135 873	173 935 873	1 200 000	1%	
Remuneration of Councillors	9 471 450	9 471 450	-	0%	
Bad Debts Written Off	-	-	-	0%	
Debt Impairment	31 839 080	31 839 080	-	0%	
Depreciation and Amortisation	27 598 132	27 598 132	-	0%	
Collection costs	1 299 750	1 299 750	-	0%	
Impairments	-	-	-	0%	
Material	19 935 490	19 936 490	-1 000	0%	
Actuarial losses	8 000 000	8 000 000	-	0%	
Unamortised Discount - Interest paid	89 380	89 380	-	0%	
Finance Charges	11 646 535	11 646 535	-	0%	
Bulk Purchases	266 703 750	266 703 750	-	0%	
Contracted services	2 182 280	2 266 280	-84 000	-4%	
Grants and Subsidies	134 070	134 070	-	0%	
Stock Adjustments	144 180	144 180	-	0%	
General Expenses	112 673 762	113 788 762	-1 115 000	-1%	
Loss on disposal of Property, Plant and Equipment	500 060	500 060	-	0%	
Fair Value Adjustments	-	-	-	0%	
	667 353 792	667 353 792	-	0%	
Net Surplus for the year	(3 135 327)	(3 135 327)	-	0%	

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

	2017 R (Actual)	R (Budget)	R (Variance)	R (%)
44.2 Expenditure by Vote				
Community Services	42 045 443	94 219 662	(52 174 219)	-55%
Corporate Services	46 873 139	56 634 205	(9 761 066)	-17%
Engineering Services	405 955 053	423 335 022	(17 379 969)	-4%
Executive & Council	27 652 234	31 238 875	(3 586 641)	-11%
Finance	27 706 785	39 297 596	(11 590 811)	-29%
Strategy & Social Development	19 854 184	22 628 432	(2 774 248)	-12%
	570 086 838	667 353 792	(97 266 954)	-15%

Comparison between last approved budget and final budget:

	2017 R (Approved Budget)	2017 R (Final Budget)	2017 R (Variance)	2017 R (%)	Explanation for Variances
Expenditure by Vote					
Community Services	94 219 662	94 219 662	-	0.00%	
Corporate Services	56 663 705	56 663 705	-	0.00%	
Engineering Services	423 332 022	423 332 022	-	0.00%	
Executive & Council	31 112 375	31 112 375	-	0.00%	
Finance	39 297 596	39 297 596	-	0.00%	
Strategy & Social Development	22 728 432	22 728 432	-	0.00%	
	667 353 792	667 353 792	-	0.00%	

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (%)
44.3 Capital expenditure by vote				
Community Services	6 848 020	8 915 696	(2 067 676)	-23%
Corporate Services	3 265 495	2 630 000	635 495	24%
Engineering Services	39 577 270	43 913 067	(4 335 797)	-10%
Executive & Council	-	-	-	0%
Finance	-	-	-	0%
Strategy & Social Development	2 686 456	3 200 000	(513 544)	-16%
	52 377 241	58 658 763	(6 281 522)	-11%

Comparison between last approved budget and final budget:

	2017 R (Approved Budget)	2017 R (Final Budget)	2017 R (Variance)	2017 R (%)	2017 R Explanation for Variances
Capital expenditure by vote					
Community Services	8 915 696	8 915 696	-	0%	
Corporate Services	2 630 000	2 630 000	-	0%	
Engineering Services	43 913 067	43 913 067	-	0%	
Executive & Council	-	-	-	0%	
Finance	-	-	-	0%	
Strategy & Social Development	3 200 000	3 200 000	-	0%	
	58 658 763	58 658 763	-	0%	

45	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2017	2016
		R	R
45.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	21 189 492	19 193 663
	Unauthorised expenditure for the year - capital	-	21 189 492
	Unauthorised expenditure for the year - operating	15 250	-
	Written off by council	(21 189 492)	(19 193 663)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	15 250	21 189 492

Unauthorised expenditure on the capital budget are related to the housing internal services of the McGregor Housing project that is part of the municipal infrastructure assets of which it was budgeted under the operating budget.

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

45.2	<u>Fruitless and wasteful expenditure</u>	2017	2016
		R	R
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	-	-
	Fruitless and wasteful expenditure for the year	84 301	24 253
	Written off by council/ Investigations and disciplinary hearings concluded	-	-
	Transfer to receivables for recovery	-	(24 253)
	Fruitless and wasteful expenditure awaiting further action	84 301	-

45.3	<u>Irregular expenditure</u>		
	Reconciliation of irregular expenditure:		
	Opening balance	481 798	-
	Irregular expenditure for the year	19 950	481 798
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	501 748	481 798

45.4	<u>Material Losses</u>	2017	2016
	Water distribution losses		
	- Kilo litres disinfected/purified/purchased	7 359 570	7 679 720
	- Kilo litres lost during distribution	605 350	947 110
	- Percentage lost during distribution	8.23%	12.33%
	Electricity distribution losses		
	- Units purchased (Kwh)	316 277 226	304 476 878
	- Units lost during distribution (Kwh)	18 788 653	20 204 497
	- Percentage lost during distribution	5.94%	6.64%

46	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT AC1	2017 R	2016 R
46.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1 679 418	1 643 170
	Amount paid - current year	(1 679 418)	(1 643 170)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
46.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	47 524	24 887
	Current year audit fee	2 998 070	2 559 979
	External Audit - Auditor-General	2 856 546	2 484 481
	Audit Committee	141 524	75 497
	Amount paid - current year	(2 973 912)	(2 537 342)
	Amount paid - previous year	(47 524)	-
	Balance unpaid (included in creditors)	24 158	47 524
46.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	(5 541 783)	(5 358 079)
	Amounts received - current year	60 835 529	47 980 434
	Amounts received - previous years	5 541 783	5 358 079
	Amounts claimed - current year	(52 718 527)	(53 522 217)
	Closing balance - (Paid)/Claimed	8 117 002	(5 541 783)
	Vat in suspense due to cash basis of accounting		
	Input VAT	5 390 976	5 003 536
	Output VAT	(7 111 532)	(7 455 793)
	Receivable	(1 720 556)	(2 452 257)
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
46.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(18 859 157)	(18 412 018)
	Amount paid - current year	18 859 157	18 412 018
	Balance unpaid (included in creditors)	-	-
46.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(22 068 207)	(20 362 248)
	Amount paid - current year	22 068 207	20 362 248
	Balance unpaid (included in creditors)	-	-

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

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

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

	2017 R Outstanding more than 90 days	2016 R Outstanding more than 90 days
NYAMANA, W	604	464
MBI, AS	11 592	-
Total Councillor Arrear Consumer Accounts	12 196	464

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

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

	Amount	Single Supplier	Type of deviation		Emergency
			Impossible	Impracticable	
July	891 187	5	-	54	7
August	1 460 728	4	-	78	16
September	1 876 958	6	-	64	11
October	874 955	7	-	41	9
November	1 008 650	4	-	39	12
December	536 612	2	-	17	5
January	342 925	1	-	14	4
February	400 421	3	-	19	2
March	728 502	2	-	31	4
April	241 953	-	-	15	1
May	108 687	7	-	10	4
June	354 822	2	-	17	8
	8 826 400	43	-	399	83

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

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annnadale Motors BK	Director	Spouse	E Wagner	Personal Assistant - Langeberg Municipality	63 794
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher-Department of Education Western Cape	376 473
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education Western Cape	107 604
Mubeko Africa	Manager	Spouse	S Niehaus	Dietician - Department of Health Northern Cape	2 733 684
Van Niekerk & Linde	Owner	Spouse	S Rossouw	Teacher-Department of Education Western Cape	132 134
Montagu Trekkers	Owner	Child	J Rossouw	IT Technician - Langeberg Municipality	30 317
Moreson Grondverskuiers	Shareholder	Child	E Honing	Department of Health	814 390
Qinisekisa System Solution	Director	Spouse	A Olivier	Teacher-Department of Education Western Cape	87 661
Robertson Toyota	Director	Spouse	ZG Schreder	Teacher-Department of Education Western Cape	1 520 560
Aya Foloti Enterprises	Owner	Spouse	S Foloti	General Worker - Langeberg Municipality	45 000
Bar Vallei Herstell & Ing. Werke	Owner	Child	G van Loggerenberg	Teacher - Bonnievale High School	325 163
Berry Bright	Owner	Spouse	CC Buirman	Police Officer - SAPS	24 910
Buirman Buildings	Owner	Child	CC Buirman	Police Officer - SAPS	49 900

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

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Employer and capacity of person
None					

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

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

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions
None				

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

47	CAPITAL COMMITMENTS	2017 R	2016 R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	21 127 033	18 026 397
	Infrastructure	18 809 514	13 224 722
	Community	1 645 363	4 801 675
	Other	672 156	-
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	6 288 908	4 847 109
	Government Grants	14 838 126	13 179 288
	Other Grants	-	-
	Total	21 127 033	18 026 397

48 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) **Foreign Exchange Currency Risk**

The municipality did not engage in any foreign currency transaction.

(b) **Price risk**

The municipality is not exposed to price risk.

(c) **Interest Rate Risk**

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

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

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

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1.25% (2017 - 1%) Increase in interest rates	(35 482)	(162 434)
0.5% (2017 - 0.5%) Decrease in interest rates	14 193	64 974

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due to the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	22 494 630	100.00%	28 059 918
<u>Exchange Receivables</u>				
Electricity	10.38%	1 598 223	13.02%	1 970 788
Water	27.15%	4 180 561	25.49%	3 858 103
Refuse	18.62%	2 867 850	19.41%	2 937 451
Sewerage	25.02%	3 853 266	25.58%	3 871 074
Other	18.82%	2 898 539	16.50%	2 496 939
	100.00%	15 398 438	100.00%	15 134 354

No receivables are pledged as security for financial liabilities.

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

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

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	17 520 851	100.00%	24 532 906
<u>Exchange Receivables</u>				
Electricity	11.62%	1 707 420	12.78%	1 879 143
Water	27.64%	4 063 467	28.07%	4 126 267
Refuse	18.26%	2 684 718	19.26%	2 831 629
Sewerage	24.80%	3 646 024	25.51%	3 749 662
Other	17.67%	2 597 162	16.72%	2 456 988
	100.00%	14 698 791	102.35%	15 043 689

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2017 %	2017 R	2016 %	2016 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	15 795 022	100.00%	16 240 044
<u>Exchange Receivables</u>				
Electricity	1.74%	112 192	1.90%	215 985
Water	28.59%	1 843 938	39.34%	4 472 029
Refuse	21.38%	1 378 850	20.69%	2 351 649
Sewerage	28.35%	1 828 334	27.07%	3 077 020
Other	19.95%	1 286 629	11.01%	1 251 975
	100.00%	6 449 943	100.00%	11 368 657

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

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

	2017 R	2016 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	1 289 881	1 410 471
Receivables from exchange transactions	47 760 198	44 216 339
Cash and Cash Equivalents	115 094 029	103 079 149
Non-Current Investments	122 821	120 903
	164 266 929	148 826 863

(e)

Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Long Term liabilities	7 414 120	15 064 523	9 820 521	-
Capital repayments	5 056 159	9 655 293	8 536 475	-
Interest	2 357 961	5 409 230	1 284 046	-
Trade and Other Payables	67 884 232	-	-	-
	75 298 352	15 064 523	9 820 521	-

48 FINANCIAL RISK MANAGEMENT (CONTINUE)

2016	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	6 863 575	23 491 858	7 790 589	-
Capital repayments	4 131 621	17 016 866	5 908 483	-
Interest	2 731 954	6 474 992	1 882 106	-
Trade and Other Payables	64 108 462	-	-	-
	<u>70 972 037</u>	<u>23 491 858</u>	<u>7 790 589</u>	<u>-</u>

49 FINANCIAL INSTRUMENTS

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

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

49.1 Financial Assets	Classification	2017 R	2016 R
Investments			
Fixed Deposits	Financial instruments at amortised cost	-	-
Long-term Receivables			
Provincial Government Housing Loans - At amortised cost		365 196	383 622
Staff Study loans - At amortised cost		139 551	155 342
Services connections - At amortised cost		520 610	730 146
Land Sales - At amortised cost		-	-
Short-term Installments		264 524	141 361
Agreements with Consumer Debtors		-	0
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	47 760 198	44 216 339
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	95 083 394	90 015 287
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	20 010 635	13 063 862
		<u>164 144 108</u>	<u>148 705 960</u>
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		164 144 108	148 705 960
At amortised cost		<u>164 144 108</u>	<u>148 705 960</u>

49	FINANCIAL INSTRUMENTS (CONTINUE)		2017	2016
49.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	17 421 160	21 350 405
	Capitalised Lease Liability	Financial instruments at amortised cost	1 197 064	1 307 942
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	55 150 935	53 316 105
	Retentions and Guarantees	Financial instruments at amortised cost	2 824 037	3 114 439
	Sundry Deposits	Financial instruments at amortised cost	8 810 136	7 630 939
	Sundry Creditors	Financial instruments at amortised cost	1 099 124	46 979
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 889 329	3 639 125
	Capitalised Lease Liability	Financial instruments at amortised cost	1 166 830	602 837
			91 558 616	91 008 772
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		91 558 616	91 008 772
50	STATUTORY RECEIVABLES		2017	2016
	In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:			
	Taxes			
	VAT Receivable		1 809 247	342 206
	Receivables from Non-Exchange Transactions			
	Rates		2 719 278	2 289 268
	Fines		880 757	2 224 067
			5 409 283	4 855 541
51	EVENTS AFTER THE REPORTING DATE			
	2017			
	The Municipal Council has approved an external loan to the value of R35 000 000 in 2016/2017 to fund capital expenditure during the 2017/2018 and 2018/2019 financial years. The tender process for awarding the loan has commenced with the aim of awarding the tender during the 2017/2018 financial year.			
	LM van Coppenagen has given intention of instituting a claim against the municipality for alleged water damage (REF LAN26/203). Estimate of exposure R 140 000-00. The attorneys of the municipality became aware of the intended legal action on 27 July 2017.			
	The Municipality has upgraded its financial system to incorporate the Municipal Standard Chart of Accounts (MSCOA) from 1 July 2017, as required by National Treasury.			
	2016			
	The municipality intends to take up a loan of R 40 000 000 in 2016/2017 to fund capital expenditure.			
52	IN-KIND DONATIONS AND ASSISTANCE			
	No in-kind donations or assistance has been received during the financial year			

53 PRIVATE PUBLIC PARTNERSHIPS

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

54 CONTINGENT LIABILITY

2017

1. Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017.Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R200 000-00

2. Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000-00

2016

The person who was injured on the municipal dumping site is now deceased. The insurers of the Municipality have received no further correspondence or claims from the Third Party representatives and have closed the file on the matter.

CONTINGENT ASSET

2017

Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies of R348 426.

2016

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

55 RELATED PARTIES

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

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

55.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

55.2 Compensation of key management personnel

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

55.3 Other related party transactions

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

APPENDIX A - Unaudited														
LANGEBERG MUNICIPALITY														
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2017														
												Current Liability	Non-current Liability	
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2016	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2017	Closing Balance (outstanding capital) 30/06/2017	Short-term portion	Balance at reporting date	Interest Payable Till 30/06/2017
ANNUITY LOANS														
DBSA	10287/102	61000738	31/03/2016	10.00%	0	-	-	-	-	-	0	-	0	-
DBSA	10287/202	61000739	30/09/2015	12.00%	-0	-	-	-	-	-	-0	-	-0	-
DBSA	10422/102	61001087	31/03/2018	15.00%	236 785	-	30 423	136 334	-8 536	4 575	126 913	122 338	-0	4 575
DBSA	10422/203	61001088	30/09/2018	14.00%	160 840	-	19 872	75 843	-5 425	3 471	102 916	64 052	35 394	3 471
DBSA	11124/103	61001404	30/06/2019	16.00%	709 892	-	106 134	307 376	-	-	508 651	234 796	273 855	-
DBSA	11174/102	61001426	31/12/2018	16.50%	215 733	-	32 683	108 884	-	-	139 533	89 317	50 216	-
DBSA	11192/101	61001436	31/12/2018	15.75%	1 805 240	-	260 874	902 142	-	-	1 163 971	746 440	417 531	-
DBSA (Loan Fund)	11328/101	61001531	30/06/2014	13.22%	0	-	-	-	-	-	0	-0	0	-
DBSA (Public Debt Commissioner)	12350/101	61002371	30/06/2014	13.75%	-0	-	-	-	-	-	-0	0	-0	-
DBSA	13341/102	61003137	31/12/2019	16.50%	1 852 271	-	289 333	718 266	-	-	1 423 338	502 789	920 549	-
DBSA	13452/102	61003173	30/06/2020	9.217%	460 247	-	39 799	154 860	-	-	345 186	115 062	230 124	-
DBSA	13452/301	61003178	31/12/2019	9.217%	541 923	-	46 427	201 262	-	-	387 088	154 835	232 253	-
DBSA	13586/101	61003228	31/12/2020	10.628%	209 293	-	21 094	67 604	-	-	162 783	46 510	116 274	-
DBSA	13760/101	61003271	31/12/2020	10.158%	952 470	-	91 761	303 421	-	-	740 810	211 660	529 150	-
DBSA	99999/1	61004211	31/12/2024	10.158%	543 852	-	53 810	117 793	-	-	479 870	63 983	415 887	-
DBSA	102290/1	61000517	31/03/2027	9.200%	17 300 984	-	1 525 403	3 062 953	-387 934	353 933	15 729 432	1 537 550	13 837 949	353 933
TOTAL ANNUITY LOANS					24 989 531	-	2 517 613	6 156 738	-401 895	361 979	21 310 490	3 889 329	17 059 182	361 979
LEASE LIABILITIES														
TASKalfa (FS 1135 MFP)	NR73259193		25/08/2016	14.50%	1 044	-	7	590	-461	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR72530468		25/08/2016	14.50%	1 044	-	7	590	-461	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR7367446		25/03/2017	15.25%	5 710	-	303	5 520	-493	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR72531587		25/03/2017	15.25%	5 710	-	303	5 520	-493	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR72531588		25/03/2017	15.25%	5 710	-	303	5 520	-493	-	-0	-	-0	-
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	46 757	-	5 901	26 916	211	-	25 954	24 453	1 500	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	46 757	-	5 901	26 916	211	-	25 954	24 453	1 500	-
TASKalfa M2535 DN	15267449		25/01/2019	16.50%	17 651	-	2 452	8 295	63	-	11 871	6 884	4 988	-
TASKalfa 3551 Ci MFP	K581144		25/02/2019	16.50%	107 655	-	14 901	49 200	372	-	73 729	40 406	33 322	-
TA 5551 ci MFP (Colour)	B5706424		25/01/2019	16.50%	200 045	-	27 369	92 585	-2 332	-	132 498	76 829	55 669	-
TA 5551 ci MFP (Colour)	B5706437		25/01/2019	16.50%	200 045	-	27 369	92 585	-2 332	-	132 498	76 829	55 669	-
TASKalfa 5551 Ci	B5706441		25/11/2018	16.50%	97 183	-	13 601	48 437	378	-	62 726	41 039	21 687	-
TASKalfa 350i (Black)	44702675		25/11/2018	16.50%	97 183	-	13 601	48 437	378	-	62 726	41 039	21 687	-
NEC SV8100 PABX	0834143742100001		25/01/2019	16.50%	99 656	-	13 845	46 834	358	-	67 024	38 864	28 160	-
NEC SV8100 PABX	2B0385BK700065		25/03/2019	16.50%	254 761	-	35 511	113 700	848	-	177 421	92 112	85 309	-
NEC SV8100 PABX	ITL5BE 1P 10 Units		25/05/2019	16.50%	648 198	-	90 509	273 564	-5 097	-	460 046	215 651	244 395	-

APPENDIX A - Unaudited														
LANGE BERG MUNICIPALITY														
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2017														
												Current Liability	Non-current Liability	
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2016	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2017	Closing Balance (outstanding capital) 30/06/2017	Short-term portion	Balance at reporting date	Interest Payable Till 30/06/2017
Olivetti d-Copia 3513MFP	V3L6606310		25/02/2020	16.50%	-	22 620	880	3 160	403	-	20 743	6 609	14 135	-
Olivetti d-Copia 3513MFP	V3L6606309		25/02/2020	16.50%	-	22 620	880	3 160	403	-	20 743	6 609	14 135	-
Olivetti d-Copia 3513MFP	V3L6606303		25/02/2020	16.50%	-	22 620	880	3 160	403	-	20 743	6 609	14 135	-
Kyocera M2535 DN	LW16220247		25/07/2019	16.50%	-	21 475	2 551	8 250	421	-	16 197	6 904	9 293	-
Kyocera M2535 DN	LW15Y05676		25/07/2020	16.50%	-	21 475	2 551	8 250	421	-	16 197	6 904	9 293	-
SV 8100 NEC PABX	A44163500019		25/01/2020	16.50%	-	94 462	4 844	16 495	1 705	-	84 515	27 978	56 538	-
List Radio links between Towns	Per list		25/09/2019	16.50%	-	1 015 343	99 085	319 140	19 354	-	814 642	317 606	497 036	-
Vodacom - Cell phones	Per List		30/09/2016	10.50%	12 289	-	216	12 504	-	-	0	-	0	-
Vodacom - Cell phones	Per List		01/04/2017	10.50%	9 202	-	728	5 779	-	-	4 150	4 150	-	-
Vodacom - Cell phones	Per List		30/11/2017	10.50%	29 998	-	2 172	22 881	-	-	9 289	9 289	-	-
Vodacom - Cell phones	Per List		31/10/2017	10.50%	10 573	-	742	8 532	-	-	2 783	2 783	-	-
Vodacom - Cell phones	Per List		31/07/2017	10.50%	1 444	-	89	1 416	-	-	117	117	0	-
Vodacom - Cell phones	Per List		1/05/2018	10.50%	12 164	-	978	7 323	-	-	5 818	5 818	-	-
Vodacom - Tablets Council	Per List		1/10/2018	10.50%	-	111 240	7 415	46 430	-	-	72 225	57 015	15 209	-
Vodacom - Tablets Council	Per List		1/12/2018	10.50%	-	59 328	3 218	19 260	-	-	43 286	29 883	13 403	-
					-		-	-	-	-	-	-	-	-
TOTAL LEASE LIABILITIES					1 910 779	1 391 184	379 112	1 330 949	13 768	-	2 363 894	1 166 830	1 197 064	-
TOTAL LIABILITIES					26 900 310	1 391 184	2 896 726	7 487 687	-388 127	361 979	23 674 384	5 056 160	18 256 246	361 979

**APPENDIX B - Unaudited
 LANGE BERG MUNICIPALITY
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
 MUNICIPAL VOTES CLASSIFICATION**

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
37 500 063	(44 035 379)	(6 535 316)	Community Services	51 953 414	(42 045 443)	9 907 971
30 582 406	(46 700 669)	(16 118 263)	Corporate Services	24 935 854	(46 873 139)	(21 937 285)
437 070 639	(387 494 332)	49 576 307	Engineering Services	470 568 365	(405 955 053)	64 613 312
622 048	(26 077 479)	(25 455 431)	Executive & Council	762 490	(27 652 234)	(26 889 744)
93 372 591	(25 588 486)	67 784 105	Finance	96 437 662	(27 706 785)	68 730 877
2 481 619	(18 812 034)	(16 330 415)	Strategy & Social Development	2 031 300	(19 854 184)	(17 822 884)
601 629 367	(548 708 380)	52 920 987	Sub Total	646 689 085	(570 086 838)	76 602 247
-	-	-		-	-	-
601 629 367	(548 708 380)	52 920 987	Total	646 689 085	(570 086 838)	76 602 247

APPENDIX C - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
622 048	(32 175 294)	(31 553 245)	Executive & Council	762 490	(33 958 630)	(33 196 140)
93 372 591	(25 588 486)	67 784 105	Budget & Treasury	96 437 662	(27 706 785)	68 730 877
6 611 280	(24 715 098)	(18 103 817)	Corporate Services	2 530 948	(25 650 474)	(23 119 526)
3 079 890	(7 668 440)	(4 588 550)	Planning & Development	3 308 117	(7 902 182)	(4 594 064)
9 555 724	(19 361 239)	(9 805 515)	Community & Social Services	14 096 284	(21 436 455)	(7 340 171)
27 872 645	(9 969 149)	17 903 495	Housing	37 477 434	(4 874 696)	32 602 738
25 354 898	(32 303 533)	(6 948 634)	Public Safety	22 685 258	(32 873 220)	(10 187 962)
275 595	(3 557 968)	(3 282 372)	Sport & Recreation	821 361	(4 591 606)	(3 770 244)
283 093	(14 541 752)	(14 258 659)	Environmental Protection	282 030	(14 266 642)	(13 984 612)
28 226 516	(37 499 091)	(9 272 575)	Waste Management	29 109 617	(31 187 023)	(2 077 406)
50 171 753	(17 065 097)	33 106 656	Waste Water Management	37 392 681	(16 255 939)	21 136 742
871 941	(17 824 037)	(16 952 096)	Road Transport	117 364	(18 993 186)	(18 875 821)
41 387 074	(38 822 047)	2 565 026	Water	49 968 545	(35 345 703)	14 622 842
313 944 318	(267 617 151)	46 327 167	Electricity	351 699 295	(295 044 299)	56 654 996
						-
601 629 367	(548 708 380)	52 920 987	Sub Total	646 689 085	(570 086 838)	76 602 247
601 629 367	(548 708 380)	52 920 987	Total	646 689 085	(570 086 838)	76 602 247

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

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2016	Prior Period Error	30 JUNE 2016	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2017
	R	R	R	R	R	R	R	R
<u>National Government Grants</u>								
Masterplans	54 386	-5 359	49 027	-	-	-	-	49 027
MIG	-	-	-	20 983 000	-	2 576 787	18 406 213	-
Equitable Share	-	-	-	60 461 000	-	60 461 000	-	-
FMG	-	-	-	1 475 000	-	1 475 000	-	-
INEP	33 126	-	33 126	1 221 000	-	143 020	1 111 106	-
EPWP	-	-	-	1 759 000	-	1 759 000	-	-
Municipal Disaster Recovery	5 395 729	-	5 395 729	-	-5 395 729	-	-	-
Department of Water Affairs	55 470	-	55 470	-	-	-	-	55 470
<u>Provincial Government Grants</u>								
Community Library Services Grant	922 328	-	922 328	6 112 000	-	2 412 000	4 540 168	82 160
Library Services - Replacement Funding for most vulnerable B3 Municipalities	295 901	-	295 901	5 397 000	-	4 892 915	445 210	354 775
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-	-	-	99 877	-	99 877	-	-
Masakhane	353 117	-282 810	70 307	-	-	33 000	-	37 307
Housing Consumer Education	8 421	-8 421	-	-	-	-	-	-
Housing Emergency Grant	197 755	-167 859	29 896	-	-	-	-	29 896
Job creation	128 050	-	128 050	-	-	-	-	128 050
Housing Home Sanitation	167 671	-116 038	51 633	-	-	-	-	51 633
Housing	17 903	-17 716	188	-	-	-	-	188
Dept Water Affairs	140 000	-	140 000	-	-	-	-	140 000
Training	-	-	-	246 708	-	246 708	-	-
Installation of Basic Services (Squatter Camps)	46 326	-	46 326	-	-	-	-	46 326
Public Transport Infrastructure	73 536	-73 536	-	-	-	-	-	-
Human Settlements Development Grant (Beneficiaries)	115 596	-	115 596	38 354 126	-	37 248 369	-	1 221 353
Thusong Service Centre Operational Support Grant	94 995	-	94 995	-	-	94 995	-	-
Western Cape Financial Management Support Grant	-	-	-	220 000	-	212 300	-	7 700
Western Cape Financial Management Capacity Building Grant	-	-	-	120 000	-	60 000	-	60 000
Local Government Graduate Internship	-	-	-	60 000	-	-	-	60 000
Municipal Capacity Building Grant	470 000	-	470 000	-	-	172 429	-	297 571
<u>District Municipality Grants</u>								
ID Documents	33 260	-33 260	-	-	-	-	-	-
Route 62 projects	37 377	-36 184	1 193	-	-	-	-	1 193
PIMS	56 147	-56 147	-	-	-	-	-	-
Pre-paid Watermeters	108 527	-26 339	82 188	-	-	-	-	82 188
Ward Committees	150 000	-111 036	38 964	-	-	-	-	38 964
PIMS	17 560	-17 560	-	-	-	-	-	-
McGregor Dam	25 000	-	25 000	-	-	-	-	25 000
Bakery Project	210 312	-22 444	187 868	-	-	-	-	187 868
Landfil site	332 400	-332 400	-	-	-	-	-	-
Cleanest Town	41 416	-41 416	0	-	-	-	-	0
CDWM Cultural Events	-	-	-	300 000	-	173 770	-	126 230
Total	9 582 308	-1 348 525	8 233 783	136 808 711	-5 395 729	112 061 170	24 502 697	3 082 897

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

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

Description	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	96 462	5 431	101 893	99 731		(2 162)	97.9%	103.4%				100 606
Executive and council	444	3	446	762		316	170.8%	171.8%				622
Budget and treasury office	94 318	3 575	97 894	96 438		(1 456)	98.5%	102.2%				93 373
Corporate services	1 700	1 853	3 553	2 531		(1 022)	71.2%	148.9%				6 611
Community and public safety	86 217	6 049	92 266	75 080		(17 185)	81.4%	87.1%				63 059
Community and social services	11 378	3 151	14 529	14 096		(433)	97.0%	123.9%				9 556
Sport and recreation	391	1 900	2 291	821		(1 470)	35.9%	210.1%				276
Public safety	25 059	927	25 986	22 685		(3 301)	87.3%	90.5%				25 355
Housing	49 388	71	49 459	37 477		(11 982)	75.8%	75.9%				27 873
Health	-	-	-	-		-	-	-				-
Economic and environmental services	6 990	(2 447)	4 544	3 708		(836)	81.6%	53.0%				4 235
Planning and development	4 001	-	4 001	3 308		(693)	82.7%	82.7%				3 080
Road transport	2 809	(2 623)	186	117		(69)	63.1%	4.2%				872
Environmental protection	180	177	356	282		(74)	79.1%	156.8%				283
Trading services	454 913	10 604	465 516	468 170		2 654	100.6%	102.9%				433 730
Electricity	335 922	5 544	341 466	351 699		10 233	103.0%	104.7%				313 944
Water	52 046	4 222	56 268	49 969		(6 299)	88.8%	96.0%				41 387
Waste water management	36 022	(1)	36 020	37 393		1 372	103.8%	103.8%				50 172
Waste management	30 923	839	31 762	29 110		(2 652)	91.6%	94.1%				28 227
Other	-	-	-	-		-	-	-				-
Total Revenue - Standard	644 581	19 637	664 218	646 689		(17 529)	97.4%	100.3%				601 629

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

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

Description	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
Expenditure - Standard												
Governance and administration	97 150	5 390	102 540	84 832	(17 708)	(17 708)	82.7%	87.3%	-	-	-	80 200
Executive and council	34 894	67	34 961	30 857	(4 104)	(4 104)	88.3%	88.4%			-	29 171
Budget and treasury office	34 043	5 255	39 298	27 707	(11 591)	(11 591)	70.5%	81.4%			-	25 588
Corporate services	28 213	68	28 281	26 268	(2 013)	(2 013)	92.9%	93.1%			-	25 440
Community and public safety	116 951	6 371	123 322	63 776	(59 546)	(59 546)	51.7%	54.5%	-	-	-	65 192
Community and social services	23 234	602	23 836	21 436	(2 399)	(2 399)	89.9%	92.3%			-	19 361
Sport and recreation	4 484	1 264	5 748	4 592	(1 157)	(1 157)	79.9%	102.4%			-	3 558
Public safety	36 724	5 696	42 421	32 873	(9 547)	(9 547)	77.5%	89.5%			-	32 304
Housing	52 509	(1 192)	51 317	4 875	(46 442)	(46 442)	9.5%	9.3%			-	9 969
Health	-	-	-	-	-	-	-	-			-	-
Economic and environmental services	52 244	532	52 776	43 646	(9 131)	(9 131)	82.7%	83.5%	-	-	-	42 314
Planning and development	12 832	(96)	12 736	10 386	(2 350)	(2 350)	81.5%	80.9%			-	9 948
Road transport	23 399	(2)	23 397	18 993	(4 404)	(4 404)	81.2%	81.2%			-	17 824
Environmental protection	16 014	630	16 644	14 267	(2 377)	(2 377)	85.7%	89.1%			-	14 542
Trading services	377 971	10 745	388 716	377 833	(10 883)	(10 883)	97.2%	100.0%	-	-	-	361 003
Electricity	290 147	7 634	297 782	295 044	(2 737)	(2 737)	99.1%	101.7%			-	267 617
Water	41 868	(942)	40 926	35 346	(5 580)	(5 580)	86.4%	84.4%			-	38 822
Waste water management	18 810	402	19 212	16 256	(2 956)	(2 956)	84.6%	86.4%			-	17 065
Waste management	27 146	3 650	30 796	31 187	391	391	101.3%	114.9%			-	37 499
Other	-	-	-	-	-	-	-	-			-	-
Total Expenditure - Standard	644 316	23 037	667 354	570 087	(97 267)	(97 267)	85.4%	88.5%	-	-	-	548 708
Surplus/(Deficit) for the year	265	(3 400)	(3 135)	76 602		79 738	-2443.2%	28889.1%			-	52 921

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

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	94 318	3 575	97 894	96 438		(1 456)	98.5%	102.2%				93 373
Vote 2 - EXECUTIVE & COUNCIL	444	3	446	762		316	170.8%	171.8%				622
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1 759	610	2 369	2 031		(337)	85.8%	115.5%				2 482
Vote 4 - CORPORATE SERVICES	26 327	1 994	28 321	24 936		(3 385)	88.0%	94.7%				30 582
Vote 5 - ENGINEERING SERVICES	460 910	8 367	469 277	470 568		1 291	100.3%	102.1%				437 071
Vote 6 - COMMUNITY SERVICES	60 824	5 089	65 912	51 953		(13 959)	78.8%	85.4%				37 500
Total Revenue by Vote	644 581	19 637	664 218	646 689		(17 529)	97.4%	100.3%				601 629
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	34 043	5 255	39 298	27 707	(11 591)	(11 591)	70.5%	81.4%			-	25 588
Vote 2 - EXECUTIVE & COUNCIL	31 150	88	31 239	27 652	(3 587)	(3 587)	88.5%	88.8%			-	26 077
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	22 320	308	22 628	19 854	(2 774)	(2 774)	87.7%	89.0%			-	18 812
Vote 4 - CORPORATE SERVICES	51 494	5 140	56 634	46 873	(9 761)	(9 761)	82.8%	91.0%			-	46 701
Vote 5 - ENGINEERING SERVICES	412 517	10 818	423 335	405 955	(17 380)	(17 380)	95.9%	98.4%			-	387 494
Vote 6 - COMMUNITY SERVICES	92 792	1 428	94 220	42 045	(52 174)						-	44 035
Total Expenditure by Vote	644 316	23 037	667 354	570 087	(97 267)	(45 093)	85.4%	88.5%	-	-	-	548 708
Surplus/(Deficit) for the year	265	(3 400)	(3 135)	76 602		27 563	-2443.2%	28889.1%				

Appendix E3 - Unaudited

Langeberg Municipality

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

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

Description	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	43 064	740	43 804	42 686		(1 118)	97.4%	99.1%				39 954
Property rates - penalties & collection charges	521	–	521	389		(132)	74.6%	74.6%				269
Service charges - electricity revenue	324 765	5 500	330 265	337 632		7 368	102.2%	104.0%				303 921
Service charges - water revenue	42 139	2 000	44 139	37 725		(6 413)	85.5%	89.5%				37 493
Service charges - sanitation revenue	15 635	–	15 635	17 268		1 633	110.4%	110.4%				18 979
Service charges - refuse revenue	14 422	920	15 342	13 156		(2 187)	85.7%	91.2%				14 417
Service charges - other	–	–	–	–		–	–	–				–
Rental of facilities and equipment	2 917	998	3 914	2 714		(1 200)	69.3%	93.0%				2 627
Interest earned - external investments	4 609	–	4 609	5 931		1 322	128.7%	128.7%				4 392
Interest earned - outstanding debtors	1 692	–	1 692	1 779		87	105.1%	105.1%				1 686
Dividends received	–	–	–	–		–	–	–				–
Fines	20 107	–	20 107	9 515		(10 592)	47.3%	47.3%				20 679
Licences and permits	1 839	–	1 839	1 503		(336)	81.7%	81.7%				1 498
Agency services	3 056	968	4 023	3 498		(525)	87.0%	114.5%				3 141
Transfers recognised - operational	122 459	535	122 994	112 061		(10 933)	91.1%	91.5%				98 274
Other revenue	25 537	2 670	28 207	35 734		7 526	126.7%	139.9%				26 879
Gains on disposal of PPE	–	1 200	1 200	597		(603)	49.8%	#DIV/0!				3 529
Total Revenue (excluding capital transfers and contributions)	622 762	15 530	638 292	622 186		(16 105)	97.5%	99.9%				577 737
Expenditure By Type												
Employee related costs	173 828	107	173 936	157 957	(15 979)	(15 979)	90.8%	90.9%			–	147 188
Remuneration of councillors	9 471	–	9 471	9 234	(238)	(238)	97.5%	97.5%			–	8 740
Debt impairment	26 408	5 431	31 839	–	(31 839)	(31 839)	–	–			–	2 189
Depreciation & asset impairment	27 548	50	27 598	26 724	(874)	(874)	96.8%	97.0%			–	31 128
Finance charges	7 945	3 701	11 647	11 925	279	279	102.4%	150.1%			–	11 437
Bulk purchases	258 736	7 968	266 704	270 736	4 032	4 032	101.5%	104.6%			–	242 032
Other materials	–	–	–	9 435	9 435	9 435	#DIV/0!	#DIV/0!			–	8 843
Contracted services	2 192	(10)	2 182	7 776	5 594	5 594	356.3%	354.7%			–	9 997
Transfers and grants	134	–	134	133	(2)	(2)	98.8%	98.8%			–	749
Other expenditure	138 053	5 290	143 343	75 883	(67 460)	(67 460)	52.9%	55.0%			–	84 838
Loss on disposal of PPE	–	500	500	286	(215)	(215)	57.1%	#DIV/0!			–	1 567
Total Expenditure	644 316	23 037	667 354	570 087	(97 267)	(97 267)	85.4%	88.5%	–	–	–	548 708

Appendix E3 - Unaudited

Langeberg Municipality

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

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

Description R thousand	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(21 555)	(7 507)	(29 062)	52 100		81 162	-179.3%	-241.7%				29 029
Transfers recognised - capital	21 820	4 107	25 927	24 503		(1 424)	94.5%	112.3%				23 892
Contributions recognised - capital	-	-	-	-		-	-	-				-
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	265	(3 400)	(3 135)	76 602		79 738	-2443.2%	28889.1%				52 921
Taxation			-			-	-	-				
Surplus/(Deficit) after taxation	265	(3 400)	(3 135)	76 602		79 738	-2443.2%	28889.1%				52 921
Attributable to minorities			-			-	-	-				
Surplus/(Deficit) attributable to municipality	265	(3 400)	(3 135)	76 602		79 738	-2443.2%	28889.1%				52 921
Share of surplus/ (deficit) of associate			-			-	-	-				
Surplus/(Deficit) for the year	265	(3 400)	(3 135)	76 602		79 738	-2443.2%	28889.1%				52 921

(*)Reasons for varians on Page 10

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

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

Vote Description	2016/2017								2015/2016			
	Original Budget	Total Budget	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported unauthorised	Expenditure	Balance to be	Restated
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - FINANCE	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2 200	-	2 200	1 920	-	(280)	87%	87%	-	-	-	-
Vote 4 - CORPORATE SERVICES	2 100	(85)	2 015	1 044	-	(971)	52%	50%	-	-	-	-
Vote 5 - ENGINEERING SERVICES	17 880	(3 317)	14 562	14 419	-	(144)	99%	81%	-	-	-	2 915
Vote 6 - COMMUNITY SERVICES	2 500	(5)	2 495	1 863	-	(633)	75%	75%	-	-	-	-
Capital multi-year expenditure	24 680	(3 407)	21 273	19 246	-	(2 027)	90%	78%	-	-	-	2 915
Single-year expenditure												
Vote 1 - FINANCE	-	-	-	-	-	-	-	-	-	-	-	4
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-	-	-	924
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1 000	-	1 000	766	-	(234)	77%	77%	23	23	-	3 398
Vote 4 - CORPORATE SERVICES	530	85	615	683	(68)	68	111%	129%	-	-	-	1 483
Vote 5 - ENGINEERING SERVICES	23 419	5 932	29 351	25 159	-	(4 192)	86%	107%	-	-	-	38 186
Vote 6 - COMMUNITY SERVICES	3 608	2 812	6 420	4 985	-	(1 435)	78%	138%	21 166	21 166	-	27 486
Capital single-year expenditure	28 557	8 829	37 386	31 593	(68)	(5 793)	85%	111%	21 189	21 189	-	71 480
Total Capital Expenditure - Vote	53 236	5 423	58 659	50 839	(68)	(7 820)	87%	95%	21 189	21 189	-	74 395
Capital Expenditure - Standard												
Governance and administration	4 130	-	4 130	3 342	-	(788)	81%	81%	59	59	-	4 486
Executive and council	-	-	-	-	-	-	-	-	-	-	-	924
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	4
Corporate services	4 130	-	4 130	3 342	-	(788)	81%	81%	59	59	-	3 559
Community and public safety	6 760	2 862	9 622	6 928	-	(2 693)	72%	102%	21 196	21 196	-	27 421
Community and social services	5 318	2 097	7 415	6 658	-	(757)	90%	125%	(1 142)	(1 142)	-	3 485
Sport and recreation	682	49	731	136	-	(596)	19%	20%	(1)	(1)	-	88
Public safety	760	-	760	135	-	(625)	18%	18%	-	-	-	8
Housing	-	716	716	-	-	(716)	-	-	22 339	22 339	-	23 839
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	13 351	(5 852)	7 499	6 969	-	(530)	93%	52%	(66)	(66)	-	5 794
Planning and development	11 303	(5 798)	5 505	4 978	-	(527)	90%	44%	-	-	-	-
Road transport	1 000	-	1 000	1 000	-	(0)	100%	100%	-	-	-	4 406
Environmental protection	1 048	(54)	994	992	-	(2)	100%	95%	(66)	(66)	-	1 388
Trading services	28 995	8 413	37 408	33 599	-	(3 809)	90%	116%	-	-	-	36 694
Electricity	4 622	3 508	8 130	6 150	-	(1 980)	76%	133%	-	-	-	5 917
Water	7 285	3 534	10 820	9 914	-	(905)	92%	136%	-	-	-	1 078
Waste water management	8 876	1 514	10 390	9 965	-	(425)	96%	112%	-	-	-	21 959
Waste management	8 212	(143)	8 068	7 570	-	(498)	94%	92%	-	-	-	7 741
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	53 236	5 423	58 659	50 839	-	(7 820)	87%	95%	21 189	21 189	-	74 395
Funded by:												
National Government	19 477	29	19 506	19 558	-	52	100%	100%	-	-	-	22 005
Provincial Government	2 343	4 078	6 420	4 985	-	(1 435)	78%	213%	-	-	-	24 343
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	21 820	4 107	25 927	24 543	-	(1 383)	95%	112%	-	-	-	46 348
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	1 842
Internally generated funds	31 416	1 316	32 732	26 296	-	(6 436)	80%	84%	-	-	-	26 206
Total Capital Funding	53 236	5 423	58 659	50 839	-	(7 820)	87%	95%	-	-	-	74 395

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

Reconciliation of Table A7 Budgeted Cash Flows

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.i.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	463 225	11 125	474 350	462 772	(11 577)	97.6%	99.9%	427 416
Government - operating	122 459	1 480	123 939	112 845	(11 094)	91.0%	92.1%	75 959
Government - capital	21 820	1 700	23 520	23 964	444	101.9%	109.8%	46 368
Interest	6 249	-	6 249	8 743	2 493	139.9%	139.9%	6 650
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(528 395)	0	(528 395)	(540 336)	(11 941)	102.3%	102.3%	(460 118)
Finance charges	(7 945)	-	(7 945)	(2 897)	5 049	36.5%	36.5%	(2 861)
Transfers and Grants	(134)	-	(134)	(133)	2	98.8%	98.8%	(749)
NET CASH FROM/(USED) OPERATING ACTIVITIES	77 278	14 305	91 583	64 958	(26 625)	70.9%	84.1%	92 665
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	700	700	1 746	1 046	249.4%	#DIV/0!	3 786
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	550	-	550	-	(550)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(53 236)	(5 423)	(58 659)	(51 045)	7 614	87.0%	95.9%	(72 368)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(52 686)	(4 723)	(57 409)	(49 299)	8 109	85.9%	93.6%	(68 582)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	22	-	22	949	927	4279.2%	4279.2%	1 032
Payments								
Repayment of borrowing	(7 931)	-	(7 931)	(4 591)	3 340	57.9%	57.9%	(4 576)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 909)	-	(7 909)	(3 642)	4 267	46.1%	46.1%	(3 544)
NET INCREASE/ (DECREASE) IN CASH HELD	16 683	9 582	26 265	12 016				20 540
Cash/cash equivalents at the year begin:	85 946	103 610	189 556	103 088				82 548
Cash/cash equivalents at the year end:	102 629	129 875	215 821	115 105	(100 717)	53.3%	112.2%	103 088

(*)Reasons for varians on Page 13



CHAPTER 6

Auditor General
Audit Findings





Report of the Audit & Performance Committee

We are pleased to present our report for the financial year ended 30 June 2017.

28 Main Road, ASHTON 6715 | Private Bag X2, Ashton, 6715

T +27 23 615 8000 | F +27 23 615 1563 | E admin@langeberg.gov.za | www.langeberg.gov.za



Langeberg_Muni



Langeberg Municipality



Langeberg_Muni

Audit & Performance Committee Members and Attendance:

The Audit & Performance Committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year five meetings were held and attendance was as tabled.

Name of member	Appointment date	Contract End Date	Number of meetings attended for 2016/17
Mr K Pretorius: Independent	1 March 2016	30 February 2019	5
Mr W van Deventer: Independent	1 March 2016	30 February 2019	5
Mr R.G. Nicholls: Independent	1 October 2016	30 September 2019	3
Mr A Abrahams: Independent	1 October 2016	30 September 2019	3
Mr A Amod: Independent Chairperson	1 July 2012	30 June 2018	3
Mr J Mostert: Independent Chairperson	1 July 2016	30 September 2016	1

Audit & Performance Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Sections 166 of the MFMA. We further report that we have conducted our affairs in compliance with this charter.

Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in its audits. Internal Audit completed their 2016/17 annual plan as approved by the Audit & Performance Committee.

We have met with the Internal Audit during the year to ensure that the function is executed effectively and objectively.

We are satisfied with the content and quality of quarterly Internal Audit reports prepared and issued by the internal auditors of the municipality during the year under review.

The quality of in year management and quarterly reports submitted in terms of the MFMA

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon.

We noted improvement in the content and quality of reports prepared and submitted by Management.

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The effectiveness of internal control

The system of internal control employed by the Municipality to financial and risk management is effective, efficient and transparent.

In line with the MFMA and the recommendations from King IV Report on Corporate Governance requirements, Internal Audit provides the Audit & Performance Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors and the Audit Report on the annual financial statements of the Auditor-General South Africa, it was noted that there were no indicated material deficiencies in the system of internal controls or deviations there from.

Accordingly, we can report that the system of internal control over the financial reporting period under review was efficient and effective.

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa; internal auditors and the Accounting Officer;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments and accepted the unadjusted audit differences as they were not material.

We concur with and accept the Auditor-General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.

Mr A. Amod

Chairperson of the Audit & Performance Committee

30 November 2017

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Langeberg Municipality



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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Langeberg Municipality set out on pages 1 to 110, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Langeberg Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No.3 of 2016) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered during the 2016-17 financial year in the financial statements of Langeberg Municipality at, and for the year ended, 30 June 2016.

Material impairments

8. As disclosed in notes 19, 21 and 22 to the financial statements the municipality has provided for a significant impairment of long-term receivables, receivables from exchange transactions and receivables from non-exchange transactions of R13,4 million (2015-16: R15,7 million), R14,7 million (2015-16: R15million) and R17,5 million (2015-16: R24,5 million) respectively, as management's impairment assessment indicated that these debtors would default on their accounts.

Other matters

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 111 to 122 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

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

Responsibilities of the accounting officer

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Langeberg Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Strategic objectives	Pages in the annual performance report
Strategic objective 2: sustainable civil engineering Infrastructure Services	68 – 72
Strategic objective 7: social community development	65

19. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic objectives:
- Strategic objective 2: sustainable civil engineering infrastructure services
 - Strategic objective 7: social community development

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 65 and 68 to 72 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 2: sustainable civil engineering infrastructure services and strategic objective 7: social community development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. I did not raise material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected strategic objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

29. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor – General

Cape Town

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Langeberg Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

LANGEBERG MUNICIPALITY						
AUDIT ACTION PLAN ON 2016/2017 EXTERNAL AUDIT FINDINGS						
Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 71	<p>COMAF 1: <u>Upgrading of the Montagu Waste Water Treatment Works</u></p> <p>1. New clarifier not operational at the Montagu Waste Water Treatment Works</p> <p>2. Project management: Detailed site meetings minutes not compiled</p>	<p>(a) Management should ensure that consulting engineers monitor the contractor's quality of work during the installation of mechanical equipment and ensure that all the required documentation and necessary tests have been received and carried out prior to signing off works.</p> <p>(b) Management should ensure that accurate and detailed site meeting minutes are compiled by the principal agent.</p>	<p><u>Project management: Detailed site meetings minutes not compiled</u></p> <p>The concerns of the findings are noted and already implemented with new projects.</p>	Director: Engineering Services	Ongoing	
	<p>COMAF 2: <u>(1) IT Strategic plan was not approved</u></p> <p>The municipality has a documented and approved ICT strategic plan which requires management to review and revise it on a three years basis (2013 - 2016). During our review we found that the plan had not been approved for the new three year cycle.</p>	<p>Management should ensure that the ICT strategic plan is approved by council prior to the end of every three year cycle. Evidence of approval should be maintained for audit purposes.</p>	<p>Management agrees with the finding and will ensure during the review of the IDP / Budget process for 18/19 all IT related policies are approved. IDP is run in 5 year cycle with reviews annually. The municipality will ensure that ICT plan is approved with the new cycle.</p>	Director: Strategy & Social Development	31-May-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 2: (2) Weaknesses in the management of Service Level Agreements for IT service providers Although Service Level Agreements (SLAs) were in place, the following weaknesses were found:</p> <ul style="list-style-type: none"> • The service level agreement (SLA) for PROMUN was neither signed by the vendor nor by the municipality for the 2016/2017 financial year. • The PROMUN and IGNITE SLAs did not include service levels against which the service providers could be measured. • As previously reported no formal processes were in place to monitor, review and measure the IT services rendered by the vendors to ensure compliance to the agreed service levels for PROMUN and IGNITE. 	<ul style="list-style-type: none"> • Management should ensure that the minimum service levels are defined in each service level agreement. A formal process should then be put in place to monitor and address poor service of the IT service providers for all vendors on a regular basis (at least quarterly). A quarterly report giving an overview of the services provided should be reviewed and management should identify whether there have been any poor services that need to be escalated. Evidence of these reviews should be maintained for audit purposes. • Furthermore management should ensure that all SLAs in place are signed by all parties to ensure that they can be held accountable in the event of unsatisfactory service being provided. 	<p>Management in agreement and will ensure that quarterly reports are signed off and kept for audit purposes.</p> <p><u>Remedial Action:</u></p> <ul style="list-style-type: none"> • Ensure that signed SLA are in place • A formal process will be put in place to monitor and address poor service of the IT service providers for all vendors on a regular basis (at least quarterly). • A quarterly report giving an overview of the services provided will be reviewed • Management will identify whether there have been any poor services that need to be escalated. • Evidence of these reviews will be maintained for audit purposes. 	<p>Director: Financial Services (Promun)</p> <p>Director: Strategy & Social Services (IGNITE)</p>	30-Jun-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 2: (3) Non-compliant password parameter settings for the S3 and IGNITE systems Management had documented and approved an Information Security Policy that defined all password parameter settings to be implemented. However there were password parameters not compliant to the approved policy.</p>	<ul style="list-style-type: none"> • Management should ensure that password parameter settings stipulated in the Information Security Policy document are in line with the actual settings defined within the S3 and IGNITE applications. • Management should update the Information Security Policy to include any deviations for applications where system functionality is limited. • In addition, management should increase user awareness around password selection to encourage users not to utilise passwords that could easily be ascertained. 	<p>In agreement and will request the service providers to adheres to the Municipal Security. <u>Remedial action:</u></p> <ul style="list-style-type: none"> • Management will ensure that password parameter settings stipulated in the Information Security Policy document are in line with the actual settings defined within the S3 and IGNITE applications. • Management will update the Information Security Policy to include any deviations for applications where system functionality is limited. • Management will increase user awareness around password selection to encourage users not to utilise passwords that could easily be ascertained. 	Director: Strategy & Social Development	31-Jan-18	
	<p>COMAF 2: (4) The updated Information Security Policy was not approved Management had documented and approved an Information Security Policy during April 2016. During the audit we found that the policy had been updated since then but no approval was provided for the changes that were made.</p>	<p>Management should ensure that when policies or procedure documents are updated the relevant approvals are obtained thereafter.</p>	<p>This was submitted as part of IDP related policies to Council but the recommendation did not specify in details the amendment to the policy. Will submit to Council as part of the review of all IDP related policies.</p>	Director: Strategy & Social Development	31-May-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 2: (5) Weaknesses in the management of user accounts for IGNITE</p> <p>The following weaknesses were identified in the management of user accounts for IGNITE:</p> <ul style="list-style-type: none"> • As previously reported user access reviews were not performed annually as required by the Information Security Policy. • System administrator activities were not reviewed as required by the Information Security Policy. 	<p>Management should ensure that a list of all users with their access should be printed out on an annual basis as documented in the policy. This access should be reviewed and verified by users' direct line management so as to ensure that it is still valid and appropriate. Evidence of this review should be maintained for audit purposes. In addition management should ensure that the audit trails of system administrator activities (new user creation, password resets and amendment of access) be reviewed on a periodic basis. The system generated audit trails should be reviewed and matched back to the relevant access requests and approval. The independent person reviewing these audit trails should ideally be the person to whom the system administrator reports. Evidence of this review should be maintained for audit purposes.</p>	<p>Due to vacancy in the unit this function was not performed, but will be addressed now as a clerk was appointed on temporary basis to fulfil the function.</p> <p><u>Remedial action:</u></p> <ul style="list-style-type: none"> • Management will ensure that a list of all users with their access should be printed out on an annual basis as documented in the policy. • This access should be reviewed and verified by users' direct line management so as to ensure that it is still valid and appropriate. • Evidence of this review will be maintained for audit purposes. 	Director: Strategy & Social Development	31-Dec-17	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 2: (6) Weaknesses in the management of user accounts for Active Directory</p> <p>The following weaknesses were identified in the management of user accounts for Active Directory (AD):</p> <ul style="list-style-type: none"> • The approved Information Security Policy did not include a procedure for the review of domain administrator activities. • A password reset request form could not be found for one user out of the sample selected for testing. 	<ul style="list-style-type: none"> • The Information Security Policy should be updated to include the review of domain administrator activities. • Management should implement controls to ensure compliance to approved policies and hold users accountable for all instances of non-compliance. 	<p>In agreement. <u>Remedial action:</u></p> <ul style="list-style-type: none"> • The Information Security Policy will be updated to include the review of domain administrator activities. • Management will implement controls to ensure compliance to approved policies and hold users accountable for all instances of non-compliance. 	Director: Strategy & Social Development	31-May-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 2: (7) <u>Lack of user access reviews and monitoring for S3 and PROMUN</u></p> <p>The following weaknesses were identified in the management of user accounts for S3 and PROMUN:</p> <ul style="list-style-type: none"> • System administrator activities on S3 were not reviewed as required by the Information Security Policy. • There was no process in place for the monitoring of failed login attempts on S3. • System administrator activities of the network administrator on PROMUN were not reviewed as required by the Information Security Policy. 	<ul style="list-style-type: none"> • The feasibility of enabling limited audit trails, specifically for failed login attempts and system administrator activities (i.e. for the creation of new users, access amendments, password resets and user access terminations), should be investigated. • Failed login attempts and system administrator activities for S3 should be monitored (creation of new users, access amendments and user access terminations) on a regular basis (at least quarterly). Evidence of these reviews should be maintained for audit purposes. • Management should ensure that the audit trails of system administrator activities (New user creation, password resets and amendment of access) for PROMUN be reviewed on a periodic basis (at least quarterly). The system generated audit trails should be reviewed and matched back to the relevant access requests and approval. The independent person reviewing these audit trails should be someone who can interpret and understand the system generated audit trails for PROMUN. Evidence of this review should be maintained for audit purposes. 	<ul style="list-style-type: none"> • Will investigated the feasibility of enabling limited audit trails, specifically for failed login attempts and system administrator activities (i.e. for the creation of new users, access amendments, password resets and user access terminations),.. • Failed login attempts and system administrator activities for S3 will be monitored (creation of new users, access amendments and user access terminations) on a regular basis (at least quarterly). Evidence of these reviews should be maintained for audit purposes. • Management will ensure that the audit trails of system administrator activities (New user creation, password resets and amendment of access) for PROMUN be reviewed on a periodic basis (at least quarterly). • The system generated audit trails will be reviewed and matched back to the relevant access requests and approval. • The independent person reviewing these audit trails should be someone who can interpret and understand the system generated audit trails for PROMUN. Evidence of this review should be maintained for audit purposes. 	Director: Strategy & Social Development	31-May-18	

	<p>COMAF 2: (8) Vendor access to production environment not monitored</p> <p>The vendor SYNTELL has been granted unrestricted access to the production environment. This vendor account has access to perform user ID maintenance on the S3 application. During the audit it was found that the activities of the vendor were logged but not monitored.</p>	<p>Management should ensure that where developer access to the production environment is required, adequate monitoring controls have been implemented to ensure that only authorised changes are made. In addition management should ensure that provision for the monitoring of vendor access to the production environment is included in the SYNTELL service level agreement.</p>	<ul style="list-style-type: none"> • Management will ensure that where developer access to the production environment is required, adequate monitoring controls have been implemented to ensure that only authorised changes are made • Management will ensure that provision for the monitoring of vendor access to the production environment is included in the SYNTELL service level agreement. 	<p>Director: Financial Services</p> <p>Director: Strategy & Social Services</p>	31-Mar-18	
	<p>COMAF 3: (1) No User Acceptance Testing (UAT) for PROMUN</p> <p>An Information Security Policy had been designed and implemented to mitigate the risk of unauthorised changes to PROMUN. It was found that these procedures were not adhered to for PROMUN changes since user acceptance testing of changes is not performed and signed off prior to the change being migrated to the production environment. This was also reported in the prior year.</p>	<p>Finance management should ensure that they comply with the Information Security Policy and ensure that all changes made to the production environment go through the necessary user acceptance testing. Evidence of this should be in the form of a signoff of these changes. In addition management should implement controls to ensure compliance to approved policies and hold users accountable for all instances of non-compliance.</p>	<p>Management agrees with the finding. Finance management will ensure that there is compliance with the Information Security Policy and ensure that all changes made to the production environment go through the necessary user acceptance testing. Evidence of this should will be in the form of a signoff of these changes. In addition management will implement controls to ensure compliance to approved policies and hold users accountable for all instances of non-compliance</p>	<p>Director: Finance</p>	30-Jun-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 3: (2) Weaknesses in the management of the Electronic Funds Transfer (EFT) Process</p> <p>The following key audit findings were identified with regards to the EFT payments Process: • There were no documented and approved EFT procedures for the period under review. • The payment batch file stored on the DATA01 (E:) drive was not stored in an encrypted format. The file was stored in text format which is modifiable.</p>	<ul style="list-style-type: none"> • Finance management should document and approve an EFT procedure. The procedure should include but not be limited to the following: The type of source documents that will be used to input data to the system; The ACCESS and EDIT controls in place within the system; How transactions will be approved and reviewed in the system; Users responsible for reconciliation of the systems output; The retention period for EFT data; Frequency of user account reviews. • Management should investigate the feasibility of having the payment batch file sent directly from PROMUN to PayAccSys. 	<p>Management agrees with the finding. Finance management will document and approve an EFT procedure which will include but not be limited to the following: The type of source documents that will be used to input data to the system; The ACCESS and EDIT controls in place within the system; How transactions will be approved and reviewed in the system; Users responsible for reconciliation of the systems output; The retention period for EFT data; Frequency of user account reviews; Management will investigate the feasibility of having the payment batch file sent directly from PROMUN to PayAccSys.</p>	Director: Finance	30-Jun-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
	<p>COMAF 3: (3) Application Controls Review: Creditor Banking Details</p> <p>Management had designed and implemented manual controls in the form of supporting documentation which is required before any creditors banking details can be added or changed. As previously reported it was however found that no automated controls are in place within the system to approve additions or amendments to any banking details. In addition, the activities of users who have access to add/change creditor banking details are not monitored on a regular basis.</p>	<p>Finance management should ensure that the audit trails of users who have access to maintain creditor banking details are monitored on a periodic basis (at least monthly). Evidence of this should be maintained for audit purposes.</p> <p>In addition management should consider investigating whether the vendor is able to address the inadequate management of changes made to creditor banking details through the development and implementation of a built in automated approval function.</p>	<p>Management agrees with the finding. • Finance management will ensure that the audit trails of users who have access to maintain creditor banking details are monitored on a periodic basis (at least monthly). Evidence of this should be maintained for audit purposes.</p> <p>In addition management will consider investigating whether the vendor is able to address the inadequate management of changes made to creditor banking details through the development and implementation of a built in automated approval function</p>	Director: Finance	30-Jun-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 42	<p>COMAF 4: <u>Corrective measures for underperformance not disclosed</u> During the audit of predetermined objectives it was identified that management did not provide appropriate corrective measures for the under-performance of the identified indicators.</p>	<p>Management should implement appropriate measures for the review of the annual report before submission for audit purposes. Management should further correct the annual performance report and should provide appropriate reasons for the non-achievement of the target as per the regulation.</p>	<p>Management is in agreement with the finding and wish to request permission to do the necessary amendments to Chapter 3 of APR.</p>	<p>Director: Strategy & Social Services</p>	<p>30-Nov-17</p>	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 47	<p>COMAF 5: Inconsistencies between indicators in the SDBIP and Annual Performance Report</p> <p>During the evaluation of consistency of objectives, indicators and targets between planning and reporting documents relating to performance information it was noted that there were inconsistencies between objectives and indicators in the Service Delivery Budget Implementation Plan (SDBIP) and the Annual Performance Report (APR) for identified indicators.</p>	<p>Management should implement effective HR management to ensure that adequate and sufficiently skilled resources are in place. Management should implement appropriate measures for the review of the annual report before submission for audit purposes. Management should adjust the APR to be consistent with the SDBIP where possible.</p>	<p>Management is partially agreeing with the finding . we do not agree that reporting misled public because the reported actual was still under the relevant KPIs. The municipality has followed a process to appoint person to do the verification of performance information. Correction to the APR to be consistent with SDBIP reporting.</p>	Director: Strategy & Social Services	30-Nov-17	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 50	<p>COMAF 6: <u>Reported performance information does not agree to supporting evidence</u></p> <p>The information submitted for the actual outputs as per the performance report in respect of the indicators listed in the management report; under strategic objective 2 and 7, was not reliable when compared to the source information and/or evidence provided as indicated per the key performance indicators.</p>	<p>Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. In addition, management should adjust the annual performance report to agree with the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.</p>	<p>In agreement and wish to request permission to do the necessary amendments to the APR. Management will implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. In addition, management will adjust the annual performance report to agree with the evidence provided. Where performance targets have not been met, management will provide adequate reasons for the non-achievement of the target, as per the rest of the report.</p>	<p>Director: Strategy & Social Services</p>	<p>30-Jun-18</p> <p>30-Nov-17</p>	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 65	<p>COMAF 7: <u>Consequence management</u></p> <p>During the prior year audit we identified 11 instances of irregular expenditure to the amount of R481 798, which was incurred by the municipality during the 2015-16 financial year. None of these cases have since been investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA. Although no timeframe to investigate cases of irregular expenditure is stipulated in the MFMA, the municipality had sufficient time (12 months) to investigate these cases.</p>	<p>Management should implement processes and procedures to ensure that timelines are set to deal with irregular expenditure in a prompt manner.</p>	<p>Management does not agree with the finding. Since there are no set timelines in the MFMA or its regulations for this process to be finalized, there could be no non-compliance. The appropriate action or/and consequences will be taken once the Council processes are finalized.</p>	N/A	N/A	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 59	COMAF 8: Payables not recorded During the audit of payables from exchange transactions it was found that an invoice dated within the financial year, was not recorded as a payable.	Management should implement proper procedures and processes to ensure that all invoices received and paid after year end, which relates to the prior financial year, are recorded as payables in the financial records. In order to determine the extent of the above mentioned misstatement and its impact on the financial statements, the whole population should be investigated and the necessary corrections need to be made to the financial statements.	Management agrees with the finding the whole population was checked and it was only this one isolated incident of which the amount is R 5 790. The aforementioned error was not as a result of a breakdown in controls, failure to prepare regular and accurate reports or a lack of effective leadership or management oversight responsibility. Implement controls over year end processing and reconciling transactions.	Director: Finance	30-Jun-18	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 61	<p>COMAF 9: Incomplete disclosure relating to contingent liabilities</p> <p>During the audit of the disclosure of contingent liabilities, it was noted that the municipality had no contingent liabilities as at 30 June 2017 according to note 54 to the AFS. However, as per the legal confirmation obtained from Van Zyl and Hofmeyr, the following cases as per the management report were brought to our attention.</p>	<p>It is recommended that management maintains records based on correspondence with legal consultants to ensure that contingent liabilities are completely disclosed.</p>	<p>Management agrees with the finding as raised. Management did not maintain a report of the cases currently underway in order to ensure that the disclosure relating to contingent liabilities is complete. Note 54 on Contingent Liabilities will be updated.</p>	Director: Finance	17-Nov-17	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 63	<p>COMAF 10: <u>Disclosure of long-term liabilities</u> During the audit of the disclosure of long term liabilities per note 3.1 to the financial statements, it was found that an amount of R2 290 300.57 was incorrectly disclosed as an annuity payable under the category "within 2 -5 years". The amount should have been included as an annuity payable under the category "after 5 years" in the disclosure.</p>	<p>Management should implement proper procedures and processes to ensure that all the information disclosed in the financial statements are subject to the review process. The financial statements should be adjusted and submitted to the audit team.</p>	<p>Management agrees with the finding insofar it relates to the disclosure of note 3.1. The aforementioned error was not as a result of a breakdown in controls, failure to prepare regular and accurate reports or a lack of effective leadership or management oversight responsibility. An amount of R2 290 300.57 was incorrectly disclosed as an annuity payable under the category "within 2 -5 years". The amount should have been included as an annuity payable under the category "after 5 years" in the disclosure. The disclosure does not affect the presentation of the balance on the note or on the face of the Statement of Financial Position and it is only a disclosure correction. Note 3.1 will be updated.</p>	Director: Finance	17-Nov-17	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 56	<p>COMAF 11: <u>Incorrect classification of assets</u></p> <p>(a) During the verification of community assets, items were recorded as assets (community asset) while they should have been expensed.</p> <p>(b) During the verification of Land and buildings, items were identified as land and buildings while it should have been classified as per the management report.</p> <p>(c) During the verification of investment property, a piece of land was recorded as investment property while it has been used for low cost housing.</p>	<p>The municipality should implement controls to ensure that the financial statements are adequately reviewed to ensure that all assets are appropriately classified. In order to determine the extent of the above mentioned misstatements and its impact on the financial statements, the populations should be investigated and the necessary corrections need to be made to the financial statements.</p>	<p>Management disagrees with the projected misstatements identified. The whole population of Community assets; Land and building assets; and Investments property assets was reviewed and the correctional journals will be processed in the applicable period. The Property, plant and equipment note will be adjusted; the prior period error note will be adjusted; and the statement of financial performance and statement of financial position will be updated.</p>	Director: Finance		

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 84	COMAF 12: Prepaid electricity During the audit of prepaid electricity, we found that the municipality have no procedures in place to identify prepaid meters for which there have not been any electricity purchases for extended periods of time.	Management should implement monthly procedures whereby reports are drawn from the Syntel system to identify electricity meters for which no units have been bought for 2 months, or a period deemed appropriate. This should then be followed up to ensure that there are valid reasons therefore and that prepaid electricity meters are not breached resulting in a loss of revenue for the municipality.	Partially agree with the audit finding. Tempered prepaid meters identified into two ways: 1. Through the whistleblowing, Council approved a sundry tariff to give reward to the people who reported information on tempered meters, and 2. Should the account reflect continuously on the block list we sent out the electricians to go and confirm whether the meter is tempered with. Credit Control section will be extracting a report of all possible tempered meters, scrutinize and request the electricians to do inspections.	Director: Finance	Monthly	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 31	<p>COMAF 13: Local content During the testing of the following formal written quotations it was noted that the formal written quotation process did not comply with section 9 of the Preferential Procurement Policy Framework Act as</p> <ul style="list-style-type: none"> • The bid specification did not specify the minimum threshold for local production and content (required to be not less than the threshold prescribed in the relevant NT Instruction Notes) • The winning provider did not furnish the auditee with the declaration on local production and content. • The winning service provider did not meet the minimum threshold for local production and content. 	<p>Management must ensure that the bid specification and advertisement specify the minimum threshold for local production and content (required to be not less than the threshold prescribed in the relevant NT Instruction Notes). Management should ensure that the bid documentation includes a declaration on local production and content. The bid evaluation committee should ensure that only bids that meet the minimum threshold for local production and content will be considered. Management must adjust the financial statements to disclose the irregular expenditure identified in terms of the MFMA disclosure requirements.</p>	<p>Management disagrees with the finding. Section 9 of the PPPFA intends to limit the awarding of awards to suppliers with a stipulated minimum threshold on local content. Therefore although initially on the advertisement the municipality had not specifically included the limit, the municipality never awarded the tenders to suppliers which did not comply. The Municipality did not continue with the awarding process without correcting the advert and hence no supplier was disadvantaged.</p>	N/A	N/A	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 34	<p>COMAF 14: <u>Regulation 36(2) deviations</u></p> <p><i>1. Deviations not in line with regulations 36 and regulation 17 requirements</i></p> <p>During the testing of deviations it was noted that the deviations listed in management report did not meet the definition of a deviation, consequently resulting in irregular expenditure of R49 314.</p> <p><i>2. Deviations incorrectly classified/ not included in Note 46.7</i></p> <p>During the testing of the deviations it was noted that the deviations included in Note 46.7, as listed below, did not agree to the schedule of deviations on Collaborator in respect of the type of deviation.</p>	<p>Management must ensure that before deviations are approved they meet the requirements of the supply chain management regulations. Management must adjust the financial statements to disclose the irregular expenditure identified in terms of the MFMA disclosure requirements. Management must adjust the financial statements to correctly disclose the deviations as per the collaborator schedule. Management should plan appropriately to avoid “emergency” deviations.</p>	<p>Management comment on audit finding:</p> <p><u>Deviations not in line with regulations 36 and regulation 17 requirements</u></p> <ul style="list-style-type: none"> <u>SIGNIFICANT CONSULTING (PTY) LTD</u> <p>In agreement</p> <ul style="list-style-type: none"> <u>BREEDERIVER GAZETTE</u> <p>Management agrees that the deviation should not be classified as a sole provider. The deviation should have been classified as impractical. See below for reason:</p> <p>This paragraph states that ‘two contracts with a value of R 49 314 were procured without inviting quotations, and the deviations were approved even though it was practical to invite competitive bids.’ The statement is technically incorrect. The sequence of events are as follows:</p> <ol style="list-style-type: none"> The Gazette, which is a subsidiary of Media 24 	Director: Finance		

			<p>was the existing service provider for the Langeberg Express newsletter. This contract would expire on 30 June 2016.</p> <ol style="list-style-type: none"> 2. A competitive bid was advertised in April 2016, and the successful bidder was awarded the in June 2016 subject to a 21 days appeal process in terms of section 62 of the Systems Act. 3. Two appeals were received from the then current service provider, Gazette and the Paarl Post. These appeals were only finalised in October 2016 hence the successful bidder started working on 1 November 2016. 4. In the meantime, the newsletter had to be published hence a deviation was necessary for the two issues. 5. It was not practical to follow another competitive bidding process whilst the appeal process was not finalised. It should be noted that any award is subject to 			
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			<p>an appeal process.</p> <p>6. It is conceded that the deviation was loaded as a sole supplier and that is obviously not correct as the procurement had already followed a competitive bidding process, but it was impractical to follow any competitive bidding process for the additional two issues.</p>			
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Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 38	<p>COMAF 15: Contract management During the audit of supply chain management, it was identified that a contract, as per the management report, was coming to an end and management did not timeously commence the procurement process of a new provider. Management did not timeously commence with the procurement process of the successive provider for the editing, design, print and distribution of Langeberg Newsletter .</p>	<p>Management should implement appropriate measures to monitor the contract periods. Management should commence with the procurement process of goods and services of a continued need of the municipality 6 months before the contract of the current supplier in order to have a sufficient period to adhere to the SCM processes.</p>	<p>Management disagrees with the finding. The tender 16/2016 was advertised and subsequently approved by the BAC to be awarded to Swey Design for the period 1 September 2016 to 30 June 2017. This was to cover 10 news article issues. A supplier then appealed on the awarding of this tender. The appeal was unexpected and as a result the first edition was only printed in December 2016 after finalizing the appeal that was lodged by one of the tenderers.</p> <p>Only 7 issues could be printed in the original contract period of 1 September 2016 to 30 June 2017 as approved by the BAC, but the contents of the approved tender stipulated 10 article issues. Therefore it was impractical for the municipality to go out on a competitive bid as the municipality had to honor the 10 article issues as per the original approval of tender 16/2016. The municipality then had to deviate and extend the period of the contract. An expansion served before the BAC in October 2017 to allow for the additional 3 editions</p>	N/A	N/A	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 40	<p>COMAF 16: <u>The performance of the contractor is not monitored on a monthly basis</u></p> <p>While testing contract management it was noted that there was no monthly performance evaluation performed for the listed award as per management report.</p>	<p>Management should implement appropriate measures to monitor the performance of the contractor and record keeping of the performance evaluation. The supply chain contract needs to specify the process that the project manager needs to implement for monitoring the performance of the contractor.</p>	<p>Management disagrees with the audit finding and have attached evidence that progress of the project was monitored.</p>	N/A	N/A	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 53	<p>COMAF 17: <u>Reported performance information does not agree to supporting evidence</u></p> <p>The information submitted for the actual outputs as per the performance report in respect of the indicators listed in the management report for strategic objective 2 and 7 was not reliable when compared to the source information and/or evidence provided as indicated per the respective key performance indicators, namely TL43; TL50; TL47; and TL37.</p>	<p>Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. In addition, management should adjust the annual performance report to agree with the evidence provided and provide comparatives. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.</p>	<p>TL43: Management agrees to the finding and request permission to amend. TL50: Management disagrees with the finding as invoices were supplied indicating that the projects were completed. TL47: Management disagrees with the finding as a report indicating meters that were new meters and not replacements of old meters was supplied, which should be deducted from the number of installed meters. TL37: Management disagrees with the finding as an invoice indicating that the cemetery road in Zolani was upgraded was submitted.</p>	N/A	N/A	

Management report ref:	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
Page 69	<p>COMAF 18: <u>Remuneration of key management personnel</u></p> <p>When the remuneration of directors as disclosed under note 29 of the AFS was compared to the Government Gazette, 1 July 2016 No 40117 of the Department of Co-Operative Governance And Traditional Affairs Notice 380 Of 2016 For: Determination Of The Upper Limits Of Total Remuneration Packages Payable To Municipal Managers And Managers directly accountable to municipal Managers, differences were identified as stated in the management report.</p>	<p>Management should align the remuneration paid to directors to the guidelines given yearly by the Department Of Co-Operative Governance And Traditional Affairs as to ensure compliance with these regulations.</p> <p>Furthermore, management should disclose irregular expenditure to an amount of R1 081 637 in the financial statements.</p>	<p>The regulation on Upper Limits for Senior Managers was introduced on 1 July 2014 and therefore any employment contract concluded before 1 July 2014 is not subject to the regulations on upper limits. Management therefore disagrees with the finding. <i>(more detail provided in the management response)</i></p>	N/A	N/A	



Ashton Municipal Offices

28 Main Road

6715

023 615 8000

Bonnievale Municipal Offices

Hoofweg

6730

023 616 8000

McGregor Municipal Offices

24 Voortrekker Road

6708

023 625 1630

Montagu Municipal Offices

03 Piet Retief Street

6720

023 614 8000

Robertson Municipal Offices

52 Church Street

6705

023 626 8200

Robertson Commando Offices

Church Street

6705

023 626 8201