

CENTRAL KAROO

DISTRICT MUNICIPALITY

Annual

Report

2014/15

"Working together in
Development and
Growth"



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CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD

The Central Karoo District Municipality key commitments to move the Central Karoo and South Africa forward.



The Central Karoo District Municipality constantly strives to improve the quality of life for all the residents of the District. Our stated vision for the past 5 years indicated our seriousness to change the lives of ordinary citizens: *"Working Together In Development and Growth"*

Our Mission: "Central Karoo place a high priority upon ensuring that future growth improves the quality of life in the region. It is the desire to be financial sustainable, maintain the rural character and create healthy communities by facilitating economic growth, improving infrastructure and the green energy opportunities, providing and supporting alternative modes of delivery (shared services), improve marketing, branding and communication with all stakeholders, provide

excellent disaster and risk management services, and maintaining housing choices for a range of income levels."

The municipality also developed 8 **Strategic Objectives** which is aligned with the national key performance areas and the core functions of the municipality:

- ◆ To improve and maintain our roads and promote effective and save transport for all
- ◆ To deliver sound administrative and financial services, to ensure good governance and viability
- ◆ To effectively plan to minimise the impact of disasters on the community, visitors, infrastructure and environment
- ◆ To promote a safe, healthy environment and social viability of residents through the delivery of a responsible environmental health service.
- ◆ To establish an inclusive tourism industry through sustainable development and marketing which is public sector led, private sector driven and community based.
- ◆ To ensure a united integrated development path in a safe and sustainable environment.
- ◆ To pursue economic growth opportunities that will create descent work.
- ◆ To facilitate effective stakeholder participation.

Apart from the traditional District functions, which include road maintenance and primary health care, the municipality also manages to partner with local municipalities, Provincial - and National Departments, to implement programs and projects to the benefit of the Central Karoo communities in large.

Our personnel are doing their utmost to support our local municipalities to provide services and eradicate backlogs which exist in our towns.

As we near the end of our 5-year term we need to take stock of how much of the objectives we were able to achieve. This Annual Report is in many ways a true reflection of good governance and commitment in spite of dire financial constraints. We are all

CHAPTER 1: EXECUTIVE SUMMARY

aware of the challenges facing our district, including access to services and unemployment. At the Central Karoo District Municipality, our efforts however, are driven by a commitment to the people we serve.

The road to development is not an easy one, but each step we take on our way to a better future is a step in the right direction. The Central Karoo District Municipality has started on this journey, and will continue to better the lives of residents through improved service delivery.

As the Executive Mayor, I want to thank my Executive Mayoral Committee Members, the whole Council and the Administration for showing commitment towards our goals and hereby making a difference in the lives of the Central Karoo community.

E.Z. NJADU

Executive Mayor

DRAFT

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview



In terms of Section 121 of the Local Government: Municipal Finance Management Act, 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000, every municipality and municipal entity must prepare an annual report for each financial year. Central Karoo District Municipality's 2014/15 annual report is submitted in fulfilment of this legal obligation and it has been prepared in line with the customized template and guidelines for municipal annual reports, provided by National Treasury

In the 2014/2015 financial year, Central Karoo District Municipality (CKDM) had only two departments, namely: Financial Services and Corporate Services (incorporated) and Technical Services (Roads Agency function). Every attempt was made to ensure that the district municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the Integrated Development Plan (IDP).

The institution has continued to maintain the effective operation of the following performance activities:

- ◆ The 2012-2017 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- ◆ The 2014/15 budget for implementation of the IDP was approved within the prescribed timelines in terms of the Municipal Finance Management Act, 56 of 2003;
- ◆ After approval of the budget, the Service Delivery and Budget Implementation Plan (SDBIP) was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies;
- ◆ Performance agreements with performance plans were developed, signed and approved by the Executive Mayor as required by the Municipal Performance Regulations, 2006;
- ◆ Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM). These reports were used in the quarterly performance assessments;
- ◆ The Internal Audit/ Performance Audit Committee (PAC) functioned optimally in the year; in line with the committee's approved terms of reference; and
- ◆ Annual assessments of performance of managers directly reporting to the MM as well as the MM's performance are conducted by a duly constituted performance evaluation panel as required by the performance regulations.
- ◆ In order to improve on performance planning, implementation and reporting, the CKDM implemented the following actions;
- ◆ The Planning, Monitoring and Evaluation Unit coordinates the IDP and performance management processes. The unit works closely with Senior Managers in each department as they serve as departmental performance coordinators;
- ◆ A web based electronic performance management system is used on which actual performance is updated on a monthly basis for continuous monitoring purposes.

CHAPTER 1: EXECUTIVE SUMMARY

The year under review has been largely successful in most operational areas, and I trust that the details in the Annual Report will support that assessment and also reveal areas of weaknesses that require attention by the administration. I therefore submit the following in the specifics in the areas noted:

THE ALIGNMENT OF SERVICES TO IDP INDICATORS AND COUNCIL PRIORITIES.

The Operations of the Central Karoo District Municipality are well aligned to the IDP in that there is a tight alignment with the priority areas as set out in the Growth and Development Strategy (GDS). The role and function of a District Municipality dictates that while the District Municipality oversees the overall development of the area, most of the public services are rendered by our three local municipalities (Beaufort West, Laingsburg and Prince Albert).

SERVICE DELIVERY PERFORMANCE

The Central Karoo District Municipality renders only a handful of direct services to the public. The overview of these services are as follows:

Services	Comments
Air Quality Management	Yes
Disaster Management	The service is fully functional. It does however only have capacity to provide very limited, small scale, emergency relief in incidents of natural disaster and mishaps. Disaster Management is intended for short-term interventions. In the event of a large scale disaster, the District will be fully dependent on the support of Provincial and National programs.
Building Regulations	Yes
Child Care Facilities	Yes
Fire Fighting Services	No
Support to Local Municipalities	The Central Karoo District Municipality continues to support the local Municipalities, wherever possible and is willing to avail both financial and human resources wherever possible.
Facilitating Role between spheres of government	The Central Karoo District Municipality facilitates a number of projects that are implemented in communities. These include the Agri-Parks projects in partnership with Department of Rural Development and Agriculture; RRAMS program in partnership with Department of Transport and Public Works; Doringveld projects in partnership with the Department of Environmental Affairs as well as a Regional Skills Development program for unemployed youth.
Facilitating Development	This remains one of the key areas that the District plays and essential role in. Both in the areas of economic development and in social development, the District stimulates investment and facilitates development.

Table 1.: Services Rendered

The concerns raised by the Auditor-General over the 'going concern' is a valid concern that must be addressed. Stringent restrictions in non-essential expenditure must be maintained. Expenditure on travel, etc. should also be approved on a prioritised and selective basis. The salary budget remains excessive in relation to the services and functions of the municipality.

CHAPTER 1: EXECUTIVE SUMMARY

The municipality did well to sustain an unqualified audit outcome, but will continue to strive for a “clean audit”. It is worth noting the areas that require more attention and effort if the District wants to reach that much desired state. These include:

1. Eliminating the need for adjustments in the Financial Statements.
2. Tighter compliance in Supply Chain Management.
3. On Performance Management, improved internal processes on the collection and maintenance of source information as portfolio of evidence.
4. Greater emphasis on contract management.

The performance of the Municipality is based on the alignment of Key Performance Indicators with the IDP objectives, National KPA's and Municipal KPA's. We managed to accomplish the following performance results on behalf of Council during 2014/15:

- ◆ •KPI's Extremely well met – 13,8 %
- ◆ •KPI's well met – 13,8 %
- ◆ •KPI's met – 55,2 %
- ◆ •KPI's almost met – 3,4 %
- ◆ •KPI's not met – 13,8 %

I would in closing like to mention that none of this would have been possible without a dedicated council and a hard-working staff component in the various departments, that competently supported and assisted the Municipality in achieving these and other milestones and achievements. It should however not be forgotten that all these efforts are to ensure that we deliver on the promise of providing a quality of life for all the inhabitants of our region.

S. JOOSTE

MUNICIPAL MANAGER

CHAPTER 1: EXECUTIVE SUMMARY

1.2 Municipal Overview

This report addresses the performance of the Central Karoo District Municipality (CKDM) in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2014/15 Annual Report reflects on the performance of the Municipality for the period 1 July 2014 to 30 June 2015. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the municipality must prepare an annual report for each financial year.

1.2.1 Vision and Mission

The Municipality committed itself to the vision and mission of:

Vision:

"Working Together In Development and Growth"

Mission:

"Central Karoo place a high priority upon ensuring that future growth improves the quality of life in the region. It is the desire to be financial sustainable, maintain the rural character and create healthy communities by facilitating economic growth, improving infrastructure and the green energy opportunities, providing and supporting alternative modes of delivery (shared services), improve marketing, branding and communication with all stakeholders, provide excellent disaster and risk management services, and maintaining housing choices for a range of income levels."

1.3 Municipal Functions, Population and Environmental Overview

1.3.1 Population

a) Population

The Municipality has a total population of **71 011** according to Census 2011. The following table shows the overall population as well as the total number of households within the specific municipality in the Central Karoo District Areas:

Municipality	Number of Households	Total Population
Beaufort West	10 535	49 586
Laingsburg	1 221	8 289
Prince Albert	2 195	13 136
Total	14 001	71 011

Table 2.: Overview of the Population Within the District Area

CHAPTER 1: EXECUTIVE SUMMARY

b) Key Economic Activities

Agriculture forms the backbone of the Central Karoo economy and accounts for the largest labour force of the population to date. The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Agriculture, Manufacturing and Services	Contributed largely to the economy of the Central Karoo District accounting for 8,6% of Gross Domestic Product per Region in 2013
	Showed broad sectoral growth and employment performance in the economic recovery period
	Contributed 8,4% of regions Gross Domestic Product Region. This sector has grown from R40 million in 2000 to R226 million of the total R2.7 billion in 2013
	Main activities are in food and beverages processing. Others include chemicals, building material, manufacturing, metals, etc, on a small scale
	Activities ranges from wholesale and retail to financial and business services, including government
	Prominent sub-sectors in services are; finance, insurance, real estate and business services
Construction	This sector accounts for 9,3 % of the Central Karoo District Gross Domestic Product per Region
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and cultural attractions
General Government	Accounts for 4,8% of Gross Domestic Product per Region and has been the sector that sustained the district during the recession period

Table 3.: Key Economic Activities

1.3.2 Socio Economic Information

a) Population by Race Category

Population - Racial	2011
African	9 045
Coloured	54 076
White	7 197
Indian	300
Other	394
Total	71 011

Table 4.: Demographic Information of the Municipal Area – Race Categories

1.3.3 Demographic Information

a) Municipal Geographical Information

The Municipality is one of the five district municipalities in the Western Cape. It covers a total area of 38 853 km² and with a total population of 71 011, with a population density of about 1.83, hence the smallest population in the province and making it the largest district in the Western Cape. Invariably, this means that the distance between settlements within the district is vast.

CHAPTER 1: EXECUTIVE SUMMARY

The Central Karoo forms part of the Great Karoo and is classified as a unique arid zone. The Karoo plateau is the largest of its kind outside Asia, rich in fossils and houses the largest variety of succulents in the world. A number of mountain ranges borders the district, namely the Swartberg (near Prince Albert) Nieuveld Mountains (near Beaufort West).

The Municipality's head office is situated in Beaufort West, which is about 500 km North West of Cape Town and about 1200 km South West of Johannesburg along the N1 road. The district borders the Eastern Cape and the Northern Cape Provinces.

The district houses the following local municipalities:

Beaufort West Municipality: Includes the towns of Beaufort West, Merweville, Nelspoort and Murraysburg. The largest town in the district, Beaufort West, serves as the administrative centre of the district. The municipal area has a total population of approximately 49 586 residents, most of who are urbanised. Beaufort West is strategically situated approximately 415 km northwest from Cape Town along the N1 route, which connects Cape Town with cities like Bloemfontein and Johannesburg. It has all the characteristics of a modern town, including a magistrate's court, internet café's, hotels, BandB's, medical facilities, restaurants and all the other amenities and services usually found in larger towns.

Laingsburg Municipality: Includes the historic settlement of Matjiesfontein. It is the smallest municipality (in terms of population) in the Central Karoo District and indeed in the whole South Africa. The municipal area has a total population of approximately 8 289 residents. Laingsburg is situated halfway between Cape Town and Beaufort West on the N1 national road. Passing transport is one of the most important markets for Laingsburg. Laingsburg is characterized by rural agriculture, consisting mainly of sheep farming, but also known for the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is, however, adversely affected by poor roads and long distances to major centres.

Prince Albert Municipality: Prince Albert is situated 400 km north of Cape Town and 170 km South West of Beaufort West. The municipality has a total population of approximately 13 136 residents and borders Beaufort West Local Municipality to the North and North West. Laingsburg is to the South West and the Eden District to the South. Prince Albert Municipal area covers a total of 8 800 km², a vast part of this being in the rural areas where vast hectares are under agricultural production, mainly fruit and sheep farming. District roads radiate out of Prince Albert connecting it to its satellite towns of Prince Albert Road on the N1 (45 km to the North West), Klaarstroom on the R329 (55 km to the East) and Leeu – Gamka on the N1 (85 km to the North). In recent years Prince Albert has seen the biggest economic growth in the region due to the demand in high-income property being bought especially by Europeans. It is known as a little town with Victorian and Karoo style architecture, art and décor shops, sidewalk coffee shops, the breathtakingly beautiful Swartberg Valley, Meiringspoort and the annual Olive Festival which attracts hundreds of tourists each year.

CHAPTER 1: EXECUTIVE SUMMARY

Below is a map that indicates the location of the Municipality:

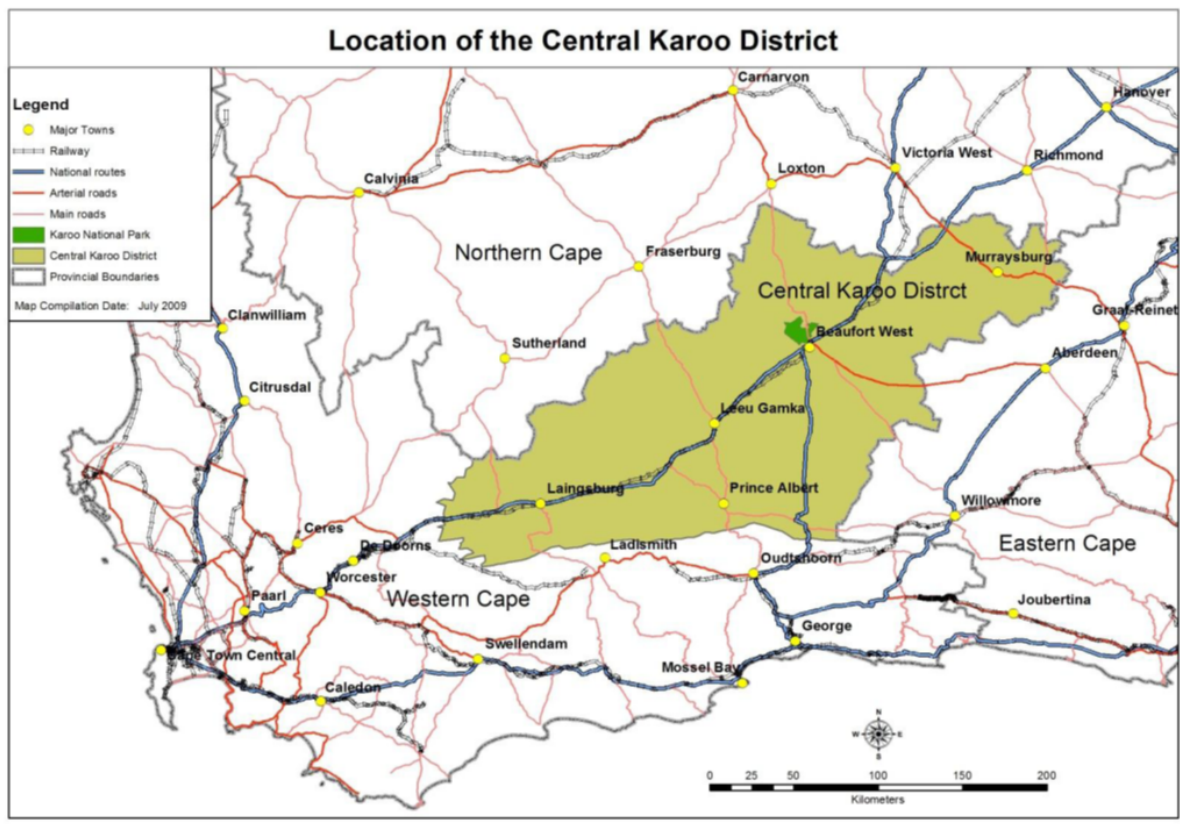


Figure 1.: Western Cape Area Map

1.4 Financial Health Overview

1.4.1 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the **National Key Performance Indicators** required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the Municipal System Act (MSA). These key performance indicators are linked to the **National Key Performance Area** namely **Municipal Financial Viability and Management**.

Indicator	2013/14	2014/15
Cost Coverage ((Available cash+ investments): Monthly fixed operating expenditure	1.08	1.29

Table 5.: National KPI's for Financial Viability and Management

CHAPTER 1: EXECUTIVE SUMMARY

1.4.2 Financial Overview

Details	2013/14	Original budget	Adjustment Budget	Actual
		2014/15		
	R'ooo			
Income				
Grants	21 292	53 146	40 390	27 210
Taxes, Levies and tariffs	0	0	0	0
Other	35 265	4 314	43 418	27 210
Sub Total	56 557	57 460	82 809	68 442
Less Expenditure	(53 789)	(56 531)	(82 802)	(66 364)
Net surplus/(deficit)	2 768	929	7	2 077

Table 6.: Financial Overview

1.4.3 Operating Ratios

Detail	Expected Norm	Actual (%)	% Variance
		%	
Employee Cost (excluding remuneration of Councillors)	35	43.64	8.64
Repairs and Maintenance	8-12	14	6
Finance Charges and Depreciation	18	1.47	(16.53)

Note: Repairs and Maintenance on basic services are not applicable as the municipality as a District Municipality is from the 2014/15 financial year no longer responsible for the delivery of basic services in the previous district management areas.

Table 7.: Operating Ratios

1.4.4 Total Capital Expenditure

Detail	2013/14	2014/15
	R'ooo	
Original Budget	330	500
Adjustment Budget	330	500
Actual	397	319

Table 8.: Total Capital Expenditure

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Bursaries to External Students	Bursaries to assist with registration at academic institutions were made during January 2015
SALGA Human Resources Profiling was done at the Municipality during January 2015	Scoring against 27 other Municipalities: <ul style="list-style-type: none"> ◆ Strategic planning – 86% against average of 40% ◆ Sourcing and placing – 67% against average of 45% ◆ Capacity building – 71% against average of 50% ◆ Performance Management - 50% against average of 28% ◆ Remuneration and rewards – 75% against average of 39% ◆ Employee Relations Management – 100% against average of 79% ◆ Exit management – 100% against average of 40% ◆ Organisational culture – 33% against average of 12%

Table 9.: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Action to Address
Implementation of the Recruitment and Selection Policy	The draft Recruitment Policy must be approved by Council
Average time to fill vacancies	The draft Recruitment Policy must be approved by Council
Organisational structure	A service provider was appointed to assist with the review of the organisational structure

Table 10.: Municipal Transformation and Organisational Development Challenges

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

Indicators	2013/14	2014/15
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100	64.50

Table 11.: National KPIs - Good Governance and Public Participation Performance

2.2 Governance Structure

2.2.1 Political Governance Structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

a) Council

The Council consists of 13 members, whom are representative of all the local municipalities in the district (Beaufort West Municipality - 5, Laingsburg Municipality - 1, Prince Albert Municipality – 1 and Proportional List - 6). The portfolio committees are made up of Councillors drawn from all political parties.

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Below is a table that categorised the Councillors within their specific political parties and wards for the 2014/15 financial year:

Council Members	Capacity	Political Party	Ward Representing or Proportional	Percentage Council Meetings Attendance	Percentage Apologies for Non-Attendance
				%	%
E.Z. Njadu	Executive Mayor	ANC	Proportional	100	100
E. Maans	Deputy Mayor	ANC	Proportional	100	100
J. Bostander	Speaker	ANC	Beaufort West	100	100
M.S. Hangana	Part Time Councillor	ANC	Proportional	100	100
M. Furmen	Part time Councillor	ANC	Beaufort West	75	0
G. de Vos	Part Time Councillor	ANC	Beaufort West	50	50
A.L.Rabie – Appointed 06 September 2014	Part Time Councillor	DA	Proportional	100	100
A.D. Willemse	Part Time Councillor	DA	Proportional	50	50
A.M. Slabbert	Part Time Councillor	DA	Ward/Beaufort West	100	100
S. Nortje	Part Time Councillor	DA	Proportional	75	25
J. Mocke	Part Time Councillor	DA	Proportional	75	25
B. van As	Part Time Councillor	DA	Laingsburg	50	50
I.J. Windvogel	Full Time Councillor	KGP	Prince Albert	100	100
S.Botes – Resigned 02 September 2014	Part Time Councillor	DA	Proportional	100	100

Table 12.: Councillors

Below is a table which indicates the Council meeting attendance for the 2014/15 financial year:

Meeting Dates	Council Meeting Attendance	Apologies for Non-Attendance
16 September 2014	10	3
30 January 2015	10	3
27 March 2015	12	1
28 May 2015	11	1
16 September 2014	10	3

Table 13.: Council Meetings

b) Executive Mayoral Committee

The Executive Mayor of the municipality, Mr. E.Z. Njadu, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

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The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2014 to 30 June 2015:

Name of Member	Meeting Dates
E.Z. Njadu [Chairperson]	23 July 2014 – Extended 10 December 2014
E. Maans	20 January 2015 02 February 2015 – Extended 10 February 2015 – Extended
I.J. Windvogel	17 February 2015 10 June 2015 – Extended 22 June 2015

Table 14.: Executive Mayoral Committee

c) Portfolio Committees

Portfolio Committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the Mayoral Committee on policy matters and make recommendations to Council.

The portfolio committees for the 2011/16 mayoral term and their chairpersons are as follow:

d) Financial Services and Corporate Portfolio Committee

Name of Member	Meeting Dates
E.Z. Njadu [Chairperson]	29 August 2014 08 May 2015 11 May 2015
I.J. Windvogel	
M. Furmen	
D. Willemse	
S. Nortje	

Table 15.: Financial Services and Development Portfolio Committees

e) Training Portfolio Committee

Name of Member	Meeting Dates
I.J. Windvogel [Chairperson]	26 August 2014 26 February 2015
J. Bostander	
S.Botes / A.J. Rabie	
A. Baardman [SAMWU representative]	
A. Sibhozo [SAMWU representative]	
B. Neethling [SAMWU representative]	
A.W. Lottering [SAMWU representative]	
L. Crafford [IMATU representative]	

Table 16.: Economic and Social Development Portfolio Committee

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f) Municipal Services and Infrastructure Portfolio Committee

Name of Member	Meeting Dates
G. de Vos [Chairperson]	19 August 2014 14 October 2014 10 March 2015 13 March 2015
I.J. Windvogel	
E. Maans	
S. Botes	
A.L. Rabie	
B. van As	

Table 17.: Municipal Services and Infrastructure Portfolio Committee

g) Human Resource Development Portfolio Committee

Name of Member	Meeting Dates
M.S. Hangana [Chairperson]	19 August 2014 21 August 2014 14 October 2014 14 November 2014 27 November 2014
I.J. Windvogel	
J. Bostander	
A.L. Rabie – appointed 06.09.2014	
D. Willemse	
S. Botes – resigned 02.09.2014	
A. Baardman [SAMWU representative]	
L. Crafford [IMATU representative]	

Table 18.: Human Resource Development Portfolio Committee

h) Socio Economic Development Portfolio Committee

Name of Member	Meeting Dates
M. Furmen [Chairperson]	21 October 2014 06 May 2015
I.J. Windvogel	
M.S. Hangana	
M. Slabbert	
J. Mocke	

Table 19.: Socio Economic Development Portfolio Committee

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2.2.2 Administrative Governance Structure

The Administrative structure is outlined in the table below:

Name of Official	Department	Performance Agreement Signed
		(Yes/No)
S. Jooste	Municipal Manager	Yes
N.W. Nortjé	Chief Financial Officer	Yes
J.H. Theron	Director Technical Services	Yes

Table 20.: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 Intergovernmental Relations

2.3.1 Provincial Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

To adhere to the principles of the Constitution as mentioned above the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Dates of Meetings	Outcomes of Engagements/Topics Discussed
District Coordinating Forum (DCF)	Executive Mayors, Municipal Managers. Various Sector Department (as per invite)	25 September 2014 09 December 2014 05 March 2015 18 May 2015	<ul style="list-style-type: none"> ◆ RRAMS ◆ Back to basics program ◆ Shared Services ◆ Central Karoo Economic Development Agency (CKEDA) ◆ CKDM Skills Development Project
District Coordinating Technical Forum	Municipal Managers, Various Sector Department (as per invite)	11 May 2015	<ul style="list-style-type: none"> ◆ RRAMS ◆ Back to basics programmme ◆ Shared Services ◆ Central Karoo Economic Development Agency (CKEDA) ◆ CKDM Skills Development Project
District Public Participation and Communication Forum	Local Municipalities, Various Sector Department (as per invite)	31 October 2014 26 February 2015	<ul style="list-style-type: none"> ◆ Central Karoo District Mayoral N1 safety project ◆ District Ward Committee Summit – 14 March 2015

Table 21.: Intergovernmental Structures

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COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- ◆ the preparation, implementation and review of the IDP;
- ◆ establishment, implementation and review of the performance management system;
- ◆ monitoring and review of the performance, including the outcomes and impact of such performance; and
- ◆ preparation of the municipal budget.

2.4 Representative Forums

The tables below specify the members of the representative forums for the 2014/15 financial year:

2.4.1 Labour Forum

Name of Representative	Capacity	Meeting Dates
I.J. Windvogel	Chairperson	20 August 2014
J. Bostander	Member	
J. Mocke	Member	
S. Nortje	Member	
E. Maans	Member	
A. Baardman	SAMWU representative	
B. Neethling	SAMWU representative	
A.W. Lottering	SAMWU representative	
A. Sibhozo	SAMWU representative	
L. Crafford	IMATU representative	
D. Maans	Labour Relations Officer	
G. van Zyl	Manager: Human Resource	

Table 22.: Labour Forum

2.4.2 District Coordinating Forum

Name of Representative/ Organisation Presenting	Capacity	Meeting Dates
E. Njadu	Executive Mayor: CKDM	25 September 2014 09 December 2014 05 March 2015 18 May 2015
W. Theron	Executive Mayor: Laingsburg Municipality	
T. Prince	Executive Mayor: Beaufort West Municipality	
G. Lottering	Executive Mayor: Prince Albert Municipality	

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Name of Representative/ Organisation Presenting	Capacity	Meeting Dates
S. Jooste	Municipal Manager: CKDM	
J. Booyesen	Municipal Manager: Beaufort West Municipality	
P. Williams	Municipal Manager: Laingsburg Municipality	

Table 23.: District Coordinating Forum

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.5 Risk Management

The municipality has an approved Risk Management Policy, Framework and Implementation Plan as approved by Council on 11 June 2014. The policy is reviewed annually by the Risk Management Committee and submitted to the municipal manager for approval.

The risk management function is facilitated internally by 1 staff member with the assistance of Moore and Stephens to ensure the following functions are performed:

- ◆ Assisting Management to develop the Risk Management Policy, Strategy and Implementation Plan;
- ◆ Coordinating risk management activities;
- ◆ Facilitating identification and assessment of risks;
- ◆ Recommending risk responses to Management; and
- ◆ Developing and disseminating risk reports.

2.5.1. Risk Assessment Process

The Risk assessment for the 2014/15 financial year was completed during 11 June 2014 where risks were identified and categorized into the following groups:

- ◆ Operational risks
- ◆ Strategic risks
- ◆ Fraud risks

The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk has before taking controls into consideration). The risk rating is determined by a 10 X 10 risk matrix scale.

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The following tables illustrates the municipality's appetite for risk through the determination of their impact and likelihood

Likelihood		
Score	Grading	Description
10	Certain	Adverse event/opportunity will definitely occur
9	Almost Certain	There is little doubt that the event will occur. History of occurrence internally and/or at similar institutions
8	Probable	Highly likely that adverse event/opportunity will occur
7	Expected	The adverse event/opportunity can be expected to occur
6	Possible	It is more likely that adverse event/opportunity will occur than not
5	Potential	There is a 50% probability of occurrence
4	Occasional	Unlikely, but can reasonably be expected to occur
3	Remote	Unlikely, but there is a slight possibility that the event will occur
1-2	Improbable	Highly unlikely that adverse event/opportunity will occur

Table 24.: Risk Likelihood

Impact		
Score	Grading	Description
10	Catastrophic	Critical event resulting in immediate Council intervention. Long-term cessation of core organisational activities
9	Critical	Major financial, operational and/or reputational loss for the Municipality. Issues that should be addressed on Council level
8	Severe/Major	Critical event resulting in intervention of executive management. Probable long-term cessation of core business activity – material at organisation level – requires Audit Committee involvement
7	Significant	Significant long-term impact to business – requires attention of Directors/Department Managers
6	Moderate	Reduced ability to achieve business objectives – requires executive management intervention. Short term/medium term disruption of services
5	Marginal	Disruption of normal operations with a limited effect on achievement of the Municipality's strategy and objectives. Minor financial losses, e.g. petty theft
4	Immaterial	No material impact on achievement of the Municipality's strategy and objectives. Irritation in rendering or receiving service
3	Minor	Event will be coped with in short term through normal management processes
2	Insignificant	Impact of adverse event is minimal
1	Negligible	Impact of adverse event has little (if any) impact on business

Table 25.: Risk Impact

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2.5.2 Top Strategic Risks for Municipality

As part of the risk assessment, management identified current controls, which mitigates the inherent risks identified. After considering controls, the identified risks will receive a residual risk.

After the residual risks have been determined it will be categorized again according to high, medium and low risks, where management determined which of the residual risk required further actions to mitigate the residual risk to lessen the severity of the risk identified.

The top risks of the municipality as per the Risk Register:

Risk Level	Risk	Inherent Risk Rating	Current Controls	Residual Risk Exposure	Risk Owner	Action Plans	Action Plan Date
Low	Lack of financial sustainability	65.43	None identified	52.3	Municipal Manager	None identified	No Action Deadline
Medium	Lack of accountability of some personnel in performing of function (undisciplined workforce)	61.60	Monthly meeting with Labor Relations Officer, Unions, Municipal Manager and Human Resources	49.30	Municipal Manager	Zero- tolerance on discipline Create Wellness program. Change Management Training. Thorough induction in disciplinary process.	30 November 2014
Medium	Insufficient supervision/ monitoring of attendance to the workplace.	61.60	Attendance Register, system and log system in place.	49.3	Municipal Manager and All Directors	Follow through induction and disciplinary process Zero tolerance on lack of discipline Strict enforcement of leave policy and procedures.	No Action Deadline
Medium	Failure to appoint and retain skilled and competent employees/ insufficient workforce (admin and support to Council and Finance).	60.59	n/a	48.5	Strategic Municipal Manager	Approve and implement draft appointment policy and draft organogram. Retention policy to be draft.	31 December 2014
Medium	Non- Compliance to Occupational Health and Safety requirements	56.3	Dedicated OHS Official	45.3	Technical Services	Thorough record keeping with regards to meetings, decision registers , inspection, follow-up. Improvement of supervisory methods and safety plans to guide inspection. Investigate adequacy of Sufficient Public liability insurance. Consider building out function by means of shared services initiatives.	30 June 2015

Table 26.: Risk Register

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2.5.3. Risk Management Committee

The Risk Management Committee is guided by a charter which is in compliance with the Local Government: MFMA, 2003 (Act No. 56 of 2003) and has the following duties:

- ◆ Identification and assessment of departmental Risks.
- ◆ Receive feedback on progress with the risk registers at a strategic and operational level.
- ◆ Provide feedback on establishing a common understanding of risk management.
- ◆ Monitor progress with the updating of risk registers.
- ◆ Review and monitor enterprise risk management processes and outputs regularly.
- ◆ Review the Risk Management Policy.
- ◆ Review the Risk Management Strategy and Framework.
- ◆ Review the Risk Management Implementation Plan.
- ◆ Guide the development and implementation of enterprise risk management.
- ◆ Bring critical risks to the attention of all whom contribute to more informed decision-making

Our Risk Management Committee consists of the following members:

Name of Committee Member	Capacity	Meeting dates
S. Jooste	Chairperson	11 June 2014
N.W. Nortje	Member	
K. Theron	Member	

Table 27.: Risk Management Committee

2.6 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

a) Developed Strategies

Name of Strategy	Developed Yes/No	Date Adopted
Anti-Corruption Strategy	Yes	March 2009 / 27 May 2013
Fraud Prevention Strategy	Yes	March 2009 / 27 May 2013

Table 28.: Strategies

2.7 Audit Committee and Performance Audit Committee

a) Functions of the Audit Committee

The Council decided that the Audit Committee will also act as the Performance Committee.

The Audit Committee have the following main functions as prescribed in section 166(2)(a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulation:

- ◆ To advise the Council on all matters related to compliance and effective governance.
- ◆ To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual DoRA and other applicable legislation.
- ◆ Respond to Council on any issues raised by the Auditor-General in the Audit Report.
- ◆ Carry out such investigations into the financial affairs of the municipality as Council may request.
- ◆ To review the quarterly reports submitted by internal audit.
- ◆ To evaluate audit reports pertaining to financial, administrative and technical systems.
- ◆ To evaluate the compliance to existing policies and relevant legislation.
- ◆ To review the performance management system and make recommendations in this regard to Council.
- ◆ To assess whether the performance indicators are sufficient.
- ◆ To determine possible reasons for discrepancies between performance and targets.
- ◆ To identify major risks to which Council is exposed and determine the extent to which risks have been minimized.
- ◆ To review the annual report of the Municipality.
- ◆ Investigating cases of fraud, misbehaviour and conflict of interest involving employees.
- ◆ Review the plans of the Internal Audit Unit and, in so doing, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- ◆ Review audit results and action plans implemented by management.
- ◆ Provide support to the Internal Audit Unit.
- ◆ Ensure that no restrictions or limitations are placed on the Internal Audit Unit.

b) Members of the Audit Committee

Name of Representative	Meeting Dates
A. Hooker: Chairperson	25 August 2014
T.G. Hawker	27 August 2014
N. Verdoes	05 December 2014
A. Mathee	12 March 2015
	30 July 2015

Table 29.: Members of the Audit Committee

CHAPTER 2: GOVERNANCE

2.8 Internal Auditing

Section 165(2)(a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to risk and risk management.

2.8.1 Audits completed

The table below provides detail on audits completed:

Description	No of Hours	Date completed	
Phase 1			
Performance Management System: Quarter 1 and 2	80	May 2015	
Phase 2			
Supply Chain Management: Follow-up	80	May 2015	
Grants	64	June 2015	
Performance Management System Quarter 3 and 4	80	August 2015	
Human Resource: Recruitment and Appointments	120	Finalising draft	
Phase 3			
Audit Engagement	Departmental System	No of Hours	Date completed
Performance Management System: Quarter 1 and 2	Ignite	80	May 2015
Supply Chain Management: Follow-up	n/a	80	May 2015
Grants	n/a	64	June 2015
Performance Management System: Quarter 3 and 4	Ignite	80	August 2015
Human Resource: Recruitment and Appointments	n/a	120	Finalising draft
Total Hours		396	

Table 30.: Audits Completed

2.9 Auditor General

The Municipality is audited by the Auditor-General of South Africa in terms of section 188 of the Constitution and section 4 of the Public Audit Act and section 126 of the MFMA. The audit report for the financial year under review is in Annexure B of this report.

CHAPTER 2: GOVERNANCE

2.10 By-Laws and Policies

Section 11 of the MSA gives Council the executive and legislative authority to implement by-laws and policies. No By-Laws were developed or revised during the year.

Below is a list of all the policies developed and reviewed during the financial year:

Policies Developed/ Revised	Date Adopted	Public Participation Conducted Prior to Adoption of Policy Yes/No
Municipal Health Tariffs	28 May 2015 (Reviewed)	Yes – March 2015
Air Quality Management Plan	28 May 2015 (Reviewed)	No

Table 31.: Policies Developed

2.11 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. Below is a communication checklist of the compliance to the communication requirements:

Communication Activities	Yes/No	Date Approved/Completed
Communication Strategy	Yes	2008
Communication Policy	Part of strategy	n/a
Functional complaint management systems	n/a (Do not deliver basic services)	n/a
Customer satisfaction surveys		

Table 32.: Communication Activities

Communication Unit:

Communication Unit	Yes/No	Number of People in the Unit	Job Titles
Communication Unit	Yes	1	Personal Assitant of the Municipal Manager / Administrative support and Communication

Table 33.: Communication Unit

Newsletters:

Type of Newsletter	Number Distributed	Circulation Number	Date Distributed
Internal	4	128 per issue	October 2014 December 2014 Jan 2015 May 2015

Table 34.: Newsletters Distributed

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Additional communication channels utilised:

Channel	Yes/No	Number of People Reached
SMS system	Yes (internally)	16 (Councillors and Head of Departments)

Table 35.: Communications Channels Utilised

2.12 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The table below gives an indication about the information and documents that are published on our website.

Description of Information and/or Document
Municipal Contact Details (Section 14 of the Promotion of Access to Information Act)
Full Council details
Contact details of the Municipal Manager
Contact details of the Chief Financial Officer
Physical address of the Municipality
Postal address of the Municipality
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)
Draft Budget 2014/15
Adjusted Budget 2014/15
Asset Management Policy
Investment and Cash Management Policy
Supply Chain Management Policy
Tariff Policy
SDBIP 2014/15
Delegations
Reviewed IDP for 2014/15
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)
Annual Report of 2013/14
Mid-Year Budget and Performance Assessment
Monthly Budget Statement
Performance Management (Section 75(1)(d) of the MFMA)
Performance Agreements for employees appointed as per S57 of MSA
Municipal Finance Management Internship Programme (Schedule 5B Vote 10(b) of the division of Revenue Act)
Internship Program Policy

Table 36.: Website Checklist

CHAPTER 3

3.1 Overview Of Performance within the Organisation

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- ◆ the promotion of efficient, economic and effective use of resources;
- ◆ accountable public administration;
- ◆ to be transparent by providing information;
- ◆ to be responsive to the needs of the community; and
- ◆ to facilitate a culture of public service and accountability amongst staff.

The MSA, 2000 requires municipalities to establish a performance management system. Further, the MSA and the MFMA requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1.1 Legislative Requirements

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisation Performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer SDBIP, high level performance in terms of the strategic objectives and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000.

3.1.3 The Performance System followed for the Financial Year 2014/15

a) Adoption of a Performance Management Framework

Performance Management is prescribed by Chapter 6 of the MSA, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7(1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, *inter alia*, reflects the linkage between the IDP, budget, SDBIP and individual and service provider performance. The municipality adopted a performance management framework that was approved by Council on **29 May 2009**.

b) The IDP and the Budget

The revised IDP and the budget for 2014/15 was approved by Council on **28 January 2015**. The IDP and the performance management processes are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

c) The Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the SDBIP at directorate and departmental levels.

The SDBIP is a plan that converts the IDP and budget into a measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- ◆ The IDP and budget must be aligned.
- ◆ The budget must address the strategic priorities .
- ◆ The SDBIP should indicate what the municipality is going to do during next 12 months.
- ◆ The SDBIP should be the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP was prepared as described in the paragraphs below and approved by the Executive Mayor on 5 June 2014.

d) The Municipal Scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / Senior Management and provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP includes a one-year detailed plan, but should include a three-year capital plan aswell.

The 5 necessary components includes:

- ◆ Monthly projections of revenue to be collected for each source.
 - ◇ Expected revenue to be collected, not billed.
- ◆ Monthly projections of expenditure (operating and capital) and revenue for each vote.
 - ◇ Section 71 format (Monthly budget statements).
- ◆ Quarterly projections of service delivery targets and performance indicators for each vote.
 - ◇ Non-financial measurable performance objectives in the 'n of targets and indicators.
 - ◇ Output not input / internal management objectives.
 - ◇ Level and standard of service being provided to the community.
- ◆ Ward information for expenditure and service delivery
- ◆ Detailed capital project plan broken down by ward over three years

Top Layer KPI's were aligned with the IDP and was prepared based on the following:

- ◆ Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- ◆ KPI's that need to be reported to key municipal stakeholders.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- ◆ KPI's to address the required national agenda outcomes, priorities and minimum reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the portfolio of evidences (POE's) for reporting and auditing purposes.

3.1.4 Amendment of the Top Layer SDBIP

The Top Layer SDBIP was revised with the adjustments budget in terms of section 26(2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on 28 January 2014. The following were considered in the development of the amended Top Layer SDBIP:

- ◆ Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2013/14 audit.
- ◆ Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives.
- ◆ Alignment with the Adjustments Budget.
- ◆ Oversight Committee Report on the Annual Report of 2013/14.
- ◆ The risks identified by the Risk Officer during the municipal risk analysis.

3.1.5 Actual Performance

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- ◆ The actual result in terms of the target set.
- ◆ A performance comment.
- ◆ Actions to improve the performance against the target set, if the target was not achieved.
- ◆ It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.1.6 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements).

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the Strategic objectives.

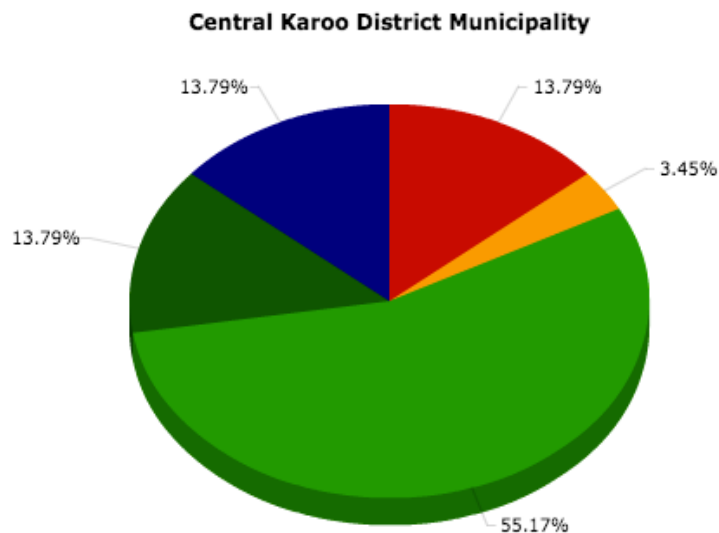
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The following figure explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

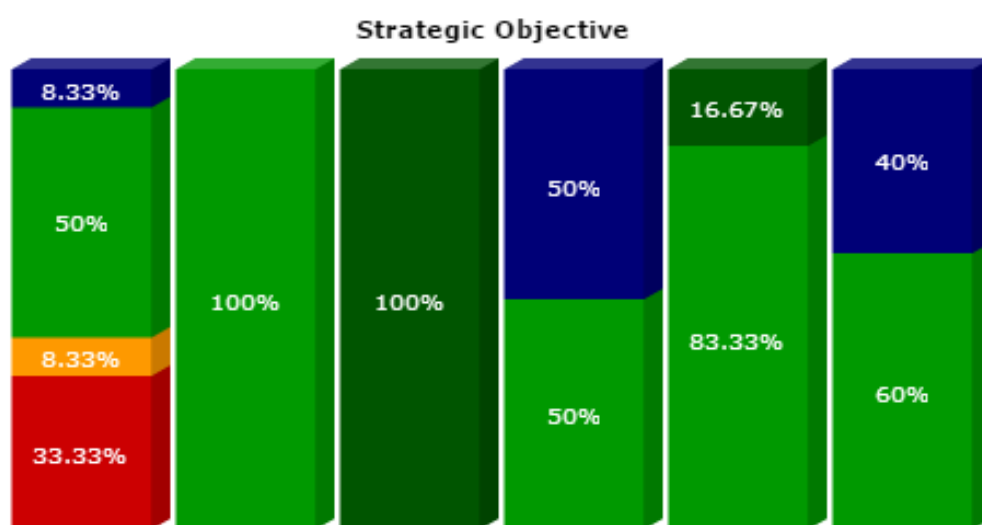
Category	Color	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 2.: SDBIP Measurement Categories

3.1.7 The Graph below displays the Overall Performance per Strategic Objective for 2014/15:



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	Central Karoo District Municipality	Strategic Objective					
		To deliver sound administrative and financial services, to ensure good governance and viability	To facilitate effective stakeholder participation.	To improve and maintain our roads and promote effective and safe transport for all	To plan to minimise the impact of disasters on the community, visitors, infrastructure and environment	To promote a safe and healthy environment and social viability of residents through the delivery of a responsible environmental health service.	To pursue economic growth opportunities that will create descent work.
KPI Not Met	4 (13.8%)	4 (33.3%)	-	-	-	-	-
KPI Almost Met	1 (3.4%)	1 (8.3%)	-	-	-	-	-
KPI Met	16 (55.2%)	6 (50%)	1 (100%)	-	1 (50%)	5 (83.3%)	3 (60%)
KPI Well Met	4 (13.8%)	-	-	3 (100%)	-	1 (16.7%)	-
KPI Extremely Well Met	4 (13.8%)	1 (8.3%)	-	-	1 (50%)	-	2 (40%)
Total:	29	12	1	3	2	6	5

Graph 1.: Overall Performance per Strategic Objective

a) To Improve and Maintain our Roads and Promote Effective and Safe Transport for all

Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15					Actual	Corrective Measures for Targets not Achieved	
				Targets							
				Q1	Q2	Q3	Q4	Annual			
TL26	95% of roads capital conditional grant spent [(Actual expenditure divided by approved allocation received) x100]Spending calculated over the Financial year of the Dept of Transport of the WC Province	(Actual expenditure divided by approved allocation received) x100	103.30%	0%	0%	0%	95%	95%	101.67%	G 2	n/a

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Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							Corrective Measures for Targets not Achieved
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL27	Maintain provincial roads measured by the number of kilometers graded (routine maintenance) over the financial year of the Provincial Dept of Transport	Number of Kilometers of roads graded	10 255.80	0	0	0	8,400	8,400	8,421.99	G 2	n/a
TL28	95% of roads operational conditional grant spent [(Actual expenditure divided by approved allocation received)x100] Calculated over 12 months which coincide with the Financial year of the Prov Dept of Transport.	(Actual expenditure divided by approved allocation received)x100	96.80%	0%	0%	0%	95%	95%	98.71%	G 2	n/a

Table 37.: Top Layer SDBIP – To Improve and Maintain our Roads and Promote Effective and Safe Transport for all

b) To Deliver Sound Administrative and Financial Services, to Ensure Good Governance and Viability

Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							Corrective Measures for Targets not Achieved
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL1	Revise the Risk based audit plan and submit to the Audit Committee by 30 June	Plan submitted to the Audit Committee by 30 June	1	0	0	0	1	1	1	G	n/a
TL2	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved equity plan	Number of people from employment equity target groups employed (appointed) in the three highest levels of management	10	0	0	0	1	1	1	G	n/a

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Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							Actual	Corrective Measures for Targets not Achieved
				Targets					Actual			
				Q1	Q2	Q3	Q4	Annual				
TL3	Implement the RBAP [(Audits completed for the year/audits planned for the year according to the RBAP)x100]	% implemented	100%	0%	0%	0%	70%	70%	66.67%	O	Service provider was only appointed in December 2014. We piggybacked on a tender of Mosselbay Municipality and had to wait on their response to utilise the tender, which only realised in March 2015. Hence why only three audits has been completed for the remaining 6 months of the financial year 2014/2015. In future we will endeavour to adhere to our timeframes.	
TL9	Review the Employment Equity plan and submit to Council by 30 June 2015	Plan reviewed and submitted to Council by 30 June 2015	1	0	0	0	1	1	1	G	n/a	
TL10	Submit the financial statements by 31 August to the Auditor General	Financial Statements submitted by 31 August	1	1	0	0	0	1	1	G	n/a	
TL11	Maintain an unqualified audit opinion	Unqualified audit opinion received	1	0	1	0	0	1	1	G	n/a	
TL12	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2015	Plan submitted to the LGSETA by 30 April 2015	1	0	0	0	1	1	1	G	Extension was requested because 925 (18.2) learners had to be reported on. The Skills Plan was submitted on 19 May 2015. Will start earlier with completion in 2015/16.	
TL13	Percentage of municipality's budget actually spent on implementing its	(Total expenditure on training/total budget)/100	0.50	0%	0%	0%	0.50%	0.50%	0.02%	R	Due to the funds received from LGSETA for training, the municipality	

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Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							
				Targets					Actual	Corrective Measures for Targets not Achieved	
				Q1	Q2	Q3	Q4	Annual			
	workplace skills plan measured as [(Total Actual Training Expenditure/ Total Operational Budget)x100]										could not get to spending of the funds allocated by the municipality. The funds received from LGSETA was sufficient for the training needs of the municipality
TL22	Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue- operating grants received)/debt service payments due within the year)	((Total operating revenue- operating grants received)/debt service payments due within the year))	New performance indicator for 2014/15. No comparatives available	0	0	0	0.50	0.50	0.50	G	n/a
TL23	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	(Total outstanding service debtors/ revenue received for services)X100	New performance indicator for 2014/15. No comparatives available	0%	0%	0%	2.50%	2.50%	0%	B	n/a
TL24	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	((Available cash+ investments)/ Monthly fixed operating expenditure)	New performance indicator for 2014/15. No comparatives available	0	0	0	12.1	12.1	4.7	R	Increasing the cash equivalents with more investments in the new financial year
TL25	90% of approved capital budget spent [(Actual amount spent on capital projects /Total amount budgeted for capital projects)X100]	(Actual amount spent on capital projects /Total approved budget for capital projects)X100	New performance indicator for 2014/15. No comparatives available	0%	0%	0%	90%	90%	64.50%	R	Tenders were only allocated during May and therefore could not be finalised before year end. Busy with phase 1 of building renovations.

Table 38.: Top Layer SDBIP – To Deliver Sound Administrative and Financial Services, to Ensure Good Governance and Viability

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c) To Plan to Minimise the Impact of Disasters on the Community, Visitors, Infrastructure and Environment

Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							
				Targets					Actual	Corrective Measures for Targets not Achieved	
				Q1	Q2	Q3	Q4	Annual			
TL14	Provide training for emergency personnel and volunteers	Number of training sessions held	8	0	0	0	3	3	3	G	n/a
TL15	Inspect industrial premises for fire safety and issue safety certificates	Number of Safety certificates issued	New performance indicator for 2014/15. No comparatives available	0	0	0	6	6	15	B	n/a

Table 39.: Top Layer SDBIP – To Plan to Minimise the Impact of Disasters on the Community, Visitors, Infrastructure and Environment

d) To Promote a Safe and Healthy Environment and Social Viability of Residents through the Delivery of a Responsible Environmental Health Service

Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							
				Targets					Actual	Corrective Measures for Targets not Achieved	
				Q1	Q2	Q3	Q4	Annual			
TL16	Raise Health and Hygiene education awareness through articles published in local media	Number of articles published	New performance indicator for 2014/15. No comparatives available	0	0	0	8	8	8	G	n/a
TL17	Compile and distribute a Municipal Health Newsletter to Category B-Municipalities by the end of Jan 2015	MHS Newsletter submitted by end January 2015	1	0	0	1	0	1	1	G	n/a
TL18	Submit bi-annual Landfill Evaluation Reports to Category B-Municipalities by 31 Dec 2014 and 30 June 2015	Number of Landfill Evaluation Reports submitted	New performance indicator for 2014/15. No comparatives available	0	3	0	3	6	6	G	n/a

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Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							
				Targets					Actual	Corrective Measures for Targets not Achieved	
				Q1	Q2	Q3	Q4	Annual			
			tives available								
TL19	Submit by-annual Informal Settlement Evaluation Reports to Category B-Municipalities by 31 Dec 2014 and 30 June 2015	Number of Informal Settlement Evaluation Reports submitted	New performance indicator for 2014/15. No comparatives available	0	4	0	4	8	11	G 2	n/a
TL20	Submit by-annual Water Quality Evaluation Reports to Category B-Municipalities by 31 Dec 2014 and 30 June 2015	Number of Water Quality Evaluation Reports submitted	2	0	3	0	3	6	6	G	n/a
TL21	Review the Air Quality Management Plan and submit to Council by end March 2015	Air Quality Management Plan and submitted to Council by end March 2015	1	0	0	1	0	1	1	G	n/a

Table 40.: Top Layer SDBIP – To Promote a Safe and Healthy Environment and Social Viability of Residents through the Delivery of a Responsible Environmental Health Service

e) To Pursue Economic Growth Opportunities that will Create Decent Work

Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							
				Targets					Actual	Corrective Measures for Targets not Achieved	
				Q1	Q2	Q3	Q4	Annual			
TL4	Provide bursaries to prospective candidates	Number of bursaries provided	30	0	0	0	30	30	60	B	n/a
TL6	Revise the LED strategy and submit to Council by 30 June 2015	Revised LED strategy submitted to Council by 30 June 2015	1	0	0	0	1	1	1	G	n/a

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Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							Actual	Corrective Measures for Targets not Achieved
				Targets					Annual			
				Q1	Q2	Q3	Q4					
TL7	Submit business plans from EDA for projects to Council for consideration	Number of business plans submitted to Council	2	0	0	0	2	2	2	G	n/a	
TL8	Submit proposals to possible funders for projects/initiatives for the youth, disabled, elderly and gender	Number of proposals submitted to possible funders	2	0	0	0	2	2	2	G	n/a	
TL29	Create temporary job opportunities in terms of identified road projects. Calculations of the number of jobs created will be over the 12 months coincided the Fin year of the Prov Dept of Transport.	Number of job opportunities created	93	0	0	0	15	15	84	B	n/a	

Table 41.: Top Layer SDBIP – To Pursue Economic Growth Opportunities that will Create Decent Work

f) To Facilitate Effective Stakeholder Participation

Ref	KPI	Unit of Measurement	Actual performance 2013/14	Performance of 2014/15							Actual	Corrective Measures for Targets not Achieved
				Targets					Annual			
				Q1	Q2	Q3	Q4					
TL5	Facilitate the meeting of the District Intergovernmental Forum (Technical)	Number of meetings held	2	0	0	0	2	2	2	G	n/a	

Table 42.: Top Layer SDBIP – To Facilitate Effective Stakeholder Participation

3.1.8 Municipal Functions

a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function (Yes / No)
Constitution Schedule 4, Part B Functions:	
Air Pollution	Yes
Building Regulations	Yes

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Municipal Function	Municipal Function (Yes / No)
Child care facilities	Yes
Fire Fighting Services	No designated fire service department, only responsible for coordinating training and standardization of all fire services at all of the B-Municipalities in the district
Local Tourism	Yes
Municipal Planning	Yes
Municipal Health Services	Yes
Constitution Schedule 5, Part B functions:	
Licensing and control of undertakings that sell food to the public	Yes

Table 43.: Functional Areas

3.2 Component A: Road Transport

3.2.1 Road Maintenance and Construction

The maintenance of rural proclaimed roads is a provincial function and the Municipality performs the function for the Provincial Department on allocated roads on an agency basis regulated by a financial and service delivery agreement between the municipality and the infrastructure branch of the Provincial Department of Transport. The financial period for roads is different from Council's and coincides with the financial period of the Province Department, namely from 1 April 2014 to end March 2015. Service delivery targets fall within the same period and are also set and recorded in the Provincial system.

Maintenance of roads in the region is done by road teams stationed in the four municipal areas of the region namely; Beaufort West, Murraysburg, Prince Albert and Laingsburg. Road construction is undertaken by one construction team for the whole region. They are supported by a mechanical workshop, stores and costing office located in Beaufort West. Yearly and monthly planning schedules are captured in a monthly technical report together with actual progress. Regular road inspections, meetings and investigations are part of the process and technical support is continuously available. A well maintained and available road plant is essential for the service, as well as accurate costing results for budget control.

A gravel road maintenance system is maintained by the road infrastructure branch with regular inputs from the Municipality's office and used for setting priorities on a yearly basis. Socio-economic factors are taken into account when scoring priority points, as well as tourism, sensitive products, traffic counts, etc. Additional maintenance work is done through the Expanded Public Works Programme (EPWP) contracts when funding is available.

A reseal management program is executed by the Provincial Department for all surfaced roads in the Western Cape and reseal projects are completed as C-Contracts and managed by the Department, whilst normal maintenance is done by the Municipality.

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3.2.2 Provincial Roads Allocated for Maintenance and Construction

The tables below provide details of provincial roads maintained and constructed during 2014/15.

Roads	Surfaced	Un-Surfaced	Total	Maintained 2013/2014	Maintained 2014/2015
	Km				
Trunk Road	14.46	68.33	82.79	82.79	82.79
Main Road	50.11	630.87	680.98	680.98	680.98
Divisional Road	13.79	1 711.43	1 725.22	1 725.22	1 725.22
Minor Road	0	3 970.33	3 970.33	1 581.18	1 111.07
Total	78.36	6 380.96	6 459.32	4 070.17	3 600.06

Table 44.: Provincial Roads Allocated for Maintenance

Roads	Re-Gravel 2013/2014	Re-Gravel 2014/2015	Upgrade 2013/2014	Upgrade 2013/2014	Graded 2013/2014	Graded 2014/2015
	Km					
Trunk Road	0	0	0	0	502.42	211.54
Main Road	0	0	0	12.48	3205.17	2496.15
Divisional Road	0	0	0	0	4967.07	4603.23
Minor Road	0	0	0	0	1581.18	1111.07
Total	0	0	0	12.48	10255.8	8421.99

Table 45.: Provincial Roads Allocated for Construction

3.2.3 Employees: Road Transport

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	37	37	37	0	0
0-3	58	55	49	6	10.91
4-6	8	14	12	2	14.29
7-9	25	24	21	3	12.50
10-12	9	9	9	0	0
13-16	1	2	2	0	0
Total	138	141	130	11	7.80

Table 46.: Employees: Roads

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3.2.4 Capital Expenditure: Road Transport

R'ooo					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Upgrade Main Road 582	1 603	2 578	2 620	1 016	5 206

Table 47.: Capital Expenditure 2014/15: Roads

3.3 Component B: Local Economic Development (Including Tourism and Market Places)

3.3.1 Local Economic Development

When referring to Local Economic Development (LED), the initial thoughts are in relation to what the policy states which is intended to facilitate or enable change in the current economic situation, particularly in relation to:

- ◆ The density of business in a locality
- ◆ The maximum inclusion of local people in that economy
- ◆ The quality of employment so that social benefits accrue to the population

Taking note of the Central Karoo as a vast area in space, constant challenges are faced in terms of regional planning. Beaufort West serves as the economic driving town for the region as a whole. For outside towns to reach the town of Beaufort West, they have to travel furthest 200 km's. Numerous amounts of effort still needs to be put in place to organize the structuring of regional planning for the district.

With that in mind, LED is seen as the catalyst to bring this region together through initiatives that can address skills development, unemployment and poverty.

a) Highlights: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Increasing number of potential developments	Registration of new business ventures and training of the existing ones
Established Economic Development Agency (EDA)	Assist with the sourcing of funding for projects and attracting investments
Potential mining prospects	Opportunity for local contractors to render services

Table 48.: LED Highlights

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b) Challenges: LED

Challenges with regard to the implementation of the LED strategy are:

Description	Actions to Address
Lack of funding for capacity building for local suppliers	Approach local and regional business for the possibility of partnerships to assist with funding Establishment of a business forum to discuss, identify and coordinate initiatives
Lack of work opportunities	Create opportunities for upcoming service providers Establishment of a business forum to discuss, identify and coordinate initiatives
Outdated LED Strategy	A proper strategy needs to be developed that speaks to the current needs and challenges

Table 49.: LED Challenges

c) LED Priorities and Action Plans

The LED Strategy is a sector plan that forms part of the IDP process. The purpose of the district LED strategy is to support pro-poor economic growth and job creation through an integrated approach. Several areas are mentioned in this regard, incorporating new business creation, improving infra-structure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, and improving skills and knowledge.

The table below provides an indication of the LED initiatives that are prioritised:

Initiative	Proposals
Agriculture	Livestock and crop production, i.e. soya bean, sheep, cattle, ostrich and olives
Agri-Processing	Develop an agro-processing support program, in conjunction with a work and skills program
Karoo Gateway Airport	Gateway to all other provinces
Alternative Energy Plant	Establishment of a solar/photovoltaic energy and wind energy plant
Landfill Sites	Rehabilitation and registration of landfill sites. Recycling programs and the established of youth recycling cooperatives
Feasibility study: Freight Village/ Inland Port	Transport logistic hub for transport companies halfway between Johannesburg and Cape Town on the N1
Gariep Dam Water Project (Lesotho Highlands water project)	Installation of pipeline from Gariep Dam to Beaufort West

Table 50.: LED Initiatives

d) Employees: LED

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
4-6	1	1	1	0	0
Total	1	1	1	0	0

Table 51.: Employees: LED

3.3.2 Tourism

Our primary purpose is to actively introduce the potential of the region within its frontier, through the Province, the country as a whole as well as in foreign countries where possible.

It is important to coordinate the marketing actions of the local government, the private sector and the other institutions within the area and to utilize the tourism potential optimally.

Parallel with this, is continues expansion of new tourism experiences and the enhancement of current activities and destinations

3.4 Component C: Municipal Health

The National Health Act, 2003 (Act 61 of 2003) defines municipal health services as environmental health. Environmental health means a condition of optimal wholesomeness of the environment in which man exists and interacts with through the lowest possible presence therein or total absence of any stimuli detrimental to human health.

Aware of the constitutional right of every person to an environment that is not harmful to his or her health or well-being, and the principles that underlie the National Health Act, 2003 (Act 61 of 2003) as well as the National Environmental Management Act, 1998 (Act 107 of 1998), the section Municipal Health seeks to protect and promote the health and well-being of all our residents in the Central Karoo region by providing, in conjunction with applicable laws, a sustainable, effective and responsible municipal health service.

Services are rendered by four Environmental Health Practitioners (EHP's) in ten communities in the Central Karoo Region, namely; Beaufort West, Murraysburg, Nelspoort, Merweville, Prince Albert, Leeu-Gamka, Klaarstroom, Prince Albert Road, Laingsburg and Matjiesfontein, as well as in the rural areas of Beaufort West, Murraysburg, Prince Albert and Laingsburg districts.

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3.4.1 Challenges: Municipal Health

The table below reflects some of the challenges and actions to address these challenges by the EHP's within the Central Karoo District Municipal Area.

Description	Action to Address
Personnel shortages - Currently there is a deficit of three (3) EHP's for the delivery of a more effective municipal health service	This matter has been brought to the attention of Council and the South African Local Government Association (SALGA). The World Health Organisation's (WHO) norm is one EHP per 10 000 residents. As per Stats SA, the total number of residents in the Central Karoo is 71 011. If the distances travelled are taken into account, the need for more EHP's are even bigger.
Lack of financial resources for the rendering of a more effective municipal health service	This matter has been brought to the attention of Council and SALGA for further assistance in this regard
Rendering of additional services with limited staff. (Air Quality Management services previously rendered by the Provincial Health Department)	This matter has been brought to the attention of Council and SALGA for further assistance in this regard
Ineffective management of certain functions by local municipalities, which directly affect municipal health service delivery	This matter has been brought to the attention of Council and SALGA for further assistance in this regard
Lack of cooperation from local municipalities in the district in dealing with certain health related issues	This matter was already brought to the attention of Council and senior officials from the local municipalities in the district
Unable to attract suitably skilled individuals to perform the air quality management function	This matter has been brought to the attention of the Department: Environmental Affairs

Table 52.: Challenges: Municipal Health

3.4.2 Activities: Municipal Health

The below indicates various municipal activities with regards to the municipal health function:

a) Water Quality Monitoring

i) Objective:

To ensure effective management of all water resources and supply of potable drinking water, which meets the minimum requirements of SANS 241.

ii) Activities:

Water Quality Monitoring in terms of Agreement with Beaufort West Water Service Authority (WSA):

- ◆ Water sampling took place on a monthly basis
- ◆ **244** samples for bacteriological analysis were taken during the reporting period. Samples for the Beaufort West Municipality were taken in Beaufort West, Merweville, Nelspoort and Murraysburg
- ◆ **4** samples for chemical analysis were taken on behalf of Beaufort West
- ◆ **210 (85%)** of the samples taken did comply to the South African National Standards (SANS) 241: standard for water quality
- ◆ All sample results were sent to the mentioned WSA

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Water Quality Monitoring at other WSA's in the Region:

- ◆ Water sampling took place on a quarterly basis for Prince Albert and Laingsburg WSA's.
- ◆ **22** samples were taken for bacteriological analysis and 2 for chemical analysis during the reporting period.
- ◆ **15 (63%)** of the samples taken complied to the SANS 241: Standard for Water Quality.
- ◆ All sample results were sent to the various WSA's.

Bi-annual Water Quality Evaluation Reports

Bi-annual evaluation reports on the status of water quality were sent to all WSA's within the region during December 2014 and June 2015. These evaluation reports aims to:

- ◆ Serve as a source of information to the relevant WSA.
- ◆ Promote safe access to safe potable water.
- ◆ Promote continuous effective water quality management.

Water Sampling on behalf of Owners of Private Boreholes

- ◆ Water sampling was done upon request by owners / managers of private premises.
- ◆ **24** samples for bacteriological analysis were taken during the reporting period.
- ◆ **15 (63%)** of the samples taken complied with the SANS 241: Standard for Water Quality.
- ◆ All sample results were sent to the owners / managers of such premises.

Capturing of water sampling data is done on the municipal health services database. All water and sewerage results received from the National Health Laboratory were captured on the section's database.

b) Waste Management and monitoring

i) Objective:

To effectively monitor waste management systems, refuse, health care, waste and sewage to promote a cleaner, healthier and safer environment to all residents and to ensure a change in negative behavioral patterns towards health and the environment amongst the Central Karoo residents.

ii) Activities:

Monitoring of Liquid Waste Sites

- ◆ The monitoring of liquid waste disposal sites on a monthly basis.
- ◆ **106** inspections were conducted at sites in the region.

Sewerage Sampling

- ◆ Sewerage effluent sampling took place on a quarterly basis, except for Beaufort West, Nelspoort, Merweville and Murraysburg where sampling was done on a monthly basis.
- ◆ **72** samples were taken for bacteriological analysis during the reporting period.

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- ◆ **64 (89%)** of the samples taken complied to the set health standards for sewerage.
- ◆ **All** sample results were sent to the various WSA's.

Capturing of Sewerage Sampling Data on the Municipal Health Services Database

All sewerage results received from the National Health Laboratory were captured on the section's database

Monitoring of Solid Waste Sites

- ◆ The monitoring of solid waste disposal sites on a monthly basis.
- ◆ **131** inspections were conducted at sites in the region.

Bi-annual Solid Waste Site Evaluation Reports

Bi-annual evaluation reports on the current status of solid waste sites were sent to the local municipalities within the region during December 2014 and June 2015.

These evaluation reports aim to:

- ◆ Serve as a source of information to the relevant municipality.
- ◆ Eliminate any conditions harmful or injurious to human health.
- ◆ Promote effective solid waste management.

c) Food Control

i) Objective:

To provide consumer protection and ensure that all foods during production, handling, storage, processing and distribution are safe, wholesome and fit for human consumption; as prescribed by law .

ii) Activities:

Monitoring of Formal and Informal Food Premises

- ◆ There are a total of 676 food premises within the Central Karoo region
- ◆ **1 886** inspections were conducted at food premises during the reporting period
- ◆ **98** Certificates of Acceptability (CoA's) were issued to new food premises complied to the regulations with regards to the general hygiene requirements for food premises and the transport of food (R 962 of 2012)

Bacteriological and Chemical Sampling of Foodstuffs in terms of Foodstuffs, Cosmetics and Disinfectants Act and Regulations

- ◆ **29** samples of foodstuffs were taken for bacteriological and chemical analysis
- ◆ **25 (86%)** of the samples taken did comply with the standards as set in the Foodstuffs, Cosmetics and Disinfectants Act. (Act. 54 of 1972)

Monitoring of Milking Sheds and Milk Sampling

- ◆ **13** inspections were conducted at milking sheds during this reporting period

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- ◆ 13 samples were taken for bacteriological and chemical analysis during this period
- ◆ 6 (46%) of the samples taken did comply to the standards set out in the regulations with regards to milk and dairy products (R1555 of 1997)

Capturing of Food Sampling Data on the Municipal Health Services Database

All food sample results received were captured on the section's database.

Labelling of Foodstuffs

- ◆ 84 food products were inspected in order to monitor compliance to the labelling regulations.
- ◆ No cases of food poisoning were reported and investigated during the reporting period.

d) Health Surveillance of Premises

i) Objective:

To identify, monitor and evaluate health risks, nuisances and hazards and instituting appropriate remedial and preventative measures.

ii) Activities:

Monitoring of Public Premises

- ◆ Inspection services are rendered at schools, crèches, old age homes, medical institutions, correctional services, police stations etc.
- ◆ 175 inspections were conducted during this reporting period.
- ◆ 5 health certificates were issued in terms of the relevant legislation.

Monitoring of Informal Settlements

- ◆ There is a total of 5 informal settlements in the region.
- ◆ The monitoring of informal settlements took place on a quarterly basis.
- ◆ 25 inspections were conducted at informal settlements during the reporting period.

Bi-annual Informal Settlement Evaluation Reports

Bi-annual evaluation reports on the current status of informal settlements were sent to the local municipalities within the region during December 2014 and June 2015.

These evaluation reports aims to:

- ◆ Serve as a source of information to the relevant municipality and provincial departments.
- ◆ Eliminate any harmful conditions to human health.
- ◆ Promote a healthy and safe environment for all residents in the region.
- ◆ Scrutinization and evaluation of building plans from a health point of view.

e) Environmental Pollution Control

i) Objective:

Identification, evaluation, monitoring and prevention of the pollution of soil, water and air, in as far as it relates to health, to institute remedial action and to educate and train communities regarding environmental pollution.

ii) Activities:

Reports on Pollution Control:

- ◆ **No** air quality or noise related complaints were received during the reporting period.
- ◆ **1** report was drafted regarding pollution control and sent to the Pollution Control Section of the Department of Environmental Affairs.

Pollution from industrial activities in the urban and rural areas of the Central Karoo District Region is almost non – existent; except for a few brickworks, waste reduction “burners” and vehicle emissions.

A Climate Change Management Plan was compiled for the municipality. The plan is still in a draft and will be submitted to Council when completed.

f) Surveillance and Prevention of Communicable Diseases, excluding Immunisations

i) Objective:

Identification, investigation and monitoring of outbreaks of listed notifiable medical conditions in order to immediately institute the required corrective and preventative measures and/or the deployment of the required response teams in respect of municipal health.

ii) Activities:

Notifiable Medical Conditions Reported and Investigated

- ◆ **16** notifiable medical conditions were reported during this period.
- ◆ All notifications received were investigated and reports submitted to the provincial health department.

Diarrhea Season

Although the Municipal Health Section does not have the capacity to investigate all cases of diarrhea, health and hygiene training actions are undertaken to educate people in this regard.

All statistics on diarrhea cases, received from the provincial health department, are given through to the EHP's for interpretation and follow-up training and education sessions, when necessary.

g) Chemical Safety

i) Objective:

Monitor, identify, evaluate and prevent risks relating to chemicals hazardous to humans (e.g. storing and using agricultural substances); and to investigate, per notification, all incidences of pesticide poisonings.

ii) Activities:

Pesticide Poisonings

- ◆ **No** incidents of pesticide poisonings were reported during the reporting period.

h) Vector Control

i) Objective:

To monitor, identify, evaluate and prevent vectors by the elimination or correction of conditions promoting the habits and breeding habits of vectors, and developing awareness in communities of zoonotic diseases by means of vectors and the control thereof through education and training.

ii) Activities:

Vector Control Investigations:

- ◆ **944** inspections for vector infestations were conducted at public premises
- ◆ **1** case was reported and investigated during the reporting period. A notice in this regard was sent to the owner of the premises.

i) Management of Human Remains

i) Objective:

To monitor compliance of funeral undertakers, mortuaries, embalmers, crematoriums, graves and cemeteries and to manage, control and monitor exhumations and reburial or disposal of human remains.

ii) Activities:

Monitoring and Supervision of Exhumations and Re-interments

- ◆ **3** applications for exhumation were received during the reporting period.
- ◆ Monitoring and supervision were done.

Monitoring of Crematoria / Funeral Parlors

- ◆ **12** inspections were conducted during the reporting period.

j) Training and Education

i) Objective:

To raise public awareness through awareness campaigns, road shows and the local media.

ii) Activities:

Health and Hygiene Training and Education

- ◆ 8 municipal health related articles were published in the local newspaper: "The Courier"
- ◆ 9 actions with regards to health and hygiene training and education were undertaken during the reporting period

Newsletter to the Local Municipalities

A newsletter regarding Municipal Health Services in the Central Karoo District was compiled and sent to all the local municipalities within the region.

The purpose of this annual newsletter is to promote the objectives of the section in ensuring a safe and healthy environment for our residents in the Central Karoo region, as well as to create a bigger awareness regarding the section's functions and responsibilities within the region.

k) Projects

i) Objective:

To promote a safe and healthy environment within a municipal health framework.

ii) Activities:

Project Proposal: Environmental Cleaning and Greening Project

- ◆ Project proposal was compiled during December 2014 and was submitted to the Health and Environmental Affairs departments in order to obtain funding.

This project proposal is modeled on sustainability and will amongst others focus on cleaning, greening and waste management. It also aims to increase awareness in communities for a safe and clean environment by using members of our youth to carry out a message, through the planned actions, for communities to:

- ◆ Acknowledge the existing environmental problems.
- ◆ Understand the links between the environment and their everyday actions.
- ◆ Understand and appreciate the environment and the opportunities that it creates.
- ◆ Recognize that the supply and maintenance of infrastructure can improve our living environments but can also cause environmental impacts.
- ◆ Give people the necessary skills to restore our environment.

Reports

- ◆ Sinjani reports to provincial department of health
- ◆ **36** Reports were submitted to the National Department of Health;
- ◆ Reports were submitted on the Sinjani system of the relevant department.

Municipal Health Services Quarterly Reports to Council

- ◆ 4 Reports were compiled and tabled during the reporting period

Notices

114 notices were issued during the reporting period, namely:

- ◆ Water Quality Monitoring – 41;
- ◆ Waste management – 22;
- ◆ Food Control – 9;
- ◆ Health Surveillance of Premises – 14;
- ◆ Environmental Pollution Control – 4;
- ◆ Communicable Diseases Control – 7;
- ◆ Vector Control – 1;
- ◆ Management of Human Remains – 3;
- ◆ Training and Education – 4
- ◆ Complaints – 9

Complaints

Complaints received:

- ◆ **14** complaints were received during the reporting period.
- ◆ All complaints were investigated and followed up where necessary.

l) Waste Management

The Municipality has not yet appointed a Waste Management Officer for coordinating matters pertaining to waste management in the municipality, as required by Section 10(3) of the Waste Act.

m) Air Quality Management Plan (AQMP)

The AQMP was revised during March 2015 for the 2015/16 financial year.

The AQMP form the basis of a series of strategies and programs to ensure that all the principals of sustainability are adhered to. This will also enable the meeting of current needs as well as the maintenance of our resources for the benefit of future generations.

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This plan is a commitment to certain principles and action plans needed to ensure sustainable utilization of resources and the management of air quality in the Central Karoo.

As the objectives are met and the AQMP unfolds, it is possible that other objectives will be identified and prioritised. This process will lead to regular review of this plan.

n) Performance Management

Performance on the section's KPI's are updated on a monthly basis on the Ignite System and a report provided to all role-players. Individual performance has not been cascaded down to all EHP's, though the section has its own performance management system for all municipal health functions rendered.

3.4.3 Employees: Municipal Health

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
10 - 12	3	4	3	1	25
13 - 15	1	1	1	0	0
Total	4	5	4	1	25

Table 53.: Employees: Health Services

3.5 Component D: Disaster Management

The Disaster Management Act provides for:

- ◆ An integrated and coordinated Disaster Management Policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post-disaster recovery.
- ◆ The establishment of a district municipal disaster management centre.
- ◆ Disaster management volunteers.
- ◆ Awareness programs.
- ◆ Matters relating to these issues.

3.5.1 Highlights: Disaster Management

Highlights	Description
Awareness programs at schools	Several schools and pre-primary schools were visited during the year where the pupils and teachers attended the awareness program on floods and fires. This helped in ensuring that everyone can take the required precaution when such events occur.

Table 54.: Disaster Management Highlights

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3.5.2 Challenges: Disaster Management

Description	Actions to Address
Insufficient staff capacity	The Disaster Management Unit makes use of a volunteer system through a non-profit organisation by the name of HOPE (Help Other People Emotionally)

Table 55.: Disaster Management Challenges

3.5.3 Activities: Disaster Management

The table below indicates various municipal activities with regard to Disaster Management:

Function	Description of Activities during 2014/15
Institutional capacity for Disaster Management	The Disaster Management unit makes use of a volunteer system through a Non-Profit Organisation by the name of HOPE (Help Other People Emotionally). The official capacity is very low with only two people for the entire region.
Disaster risk assessment	A community based disaster risk assessment was done by Disaster Management Solutions (DMS) during October 2014 in the area of Murraysburg, Nelspoort, Beaufort West and Merweville
Disaster Response and Recovery	Floods were experienced on 13 and 14 January 2015, as well as on 23 and 24 March 2015 in the Meiringspoort area. Response and recovery had to be done by all role-players involved. A Drought Response and Relief Plan was put in place during February 2015 after a assessment was done on the drought that was experienced in the Central Karoo agricultural area.

Table 56.: Disaster Management Activities

3.5.4 Matters Addressed: Disaster Management

The table below reflects some of the matters addressed by Disaster Management within the Central Karoo District Municipal area:

Items	Number	Action
Floods	2	Response and Relief Plan and implementation thereof
Drought	1	Response and Relief Plan and implementation thereof
Contingency Plans	4	Develop Contingency Plans for the occurrence of disasters in the district
Awareness Program - Road Accidents	2	Form part of the road accident campaigns during festive season road programs

Table 57.: Matters Addressed by Disaster Management

3.5.5 Employees: Disaster Management

Job Level	2013/14		2014/15		
	Employees	Posts	Employees	Vacancies (Fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	1	1	1	0	0
13 - 15	1	1	1	0	0
Total	2	2	2	0	0

Table 58.: Employees: Disaster Management

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3.6 Component E: Corporate Policy Offices and Other Services

3.6.1 Office of the Municipal Manager

a) Employees: Office of the Municipal Manager

Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	6	1	1	0	0
7 - 9	2	2	2	0	0
10 - 12	0	1	1	0	0
13 - 15	0	0	0	0	0
Total	8	4	4	0	0

Table 59.: Employees: Office of the Municipal Manager

3.6.2 Records Management

Records management is a process of ensuring the proper creation, maintenance, use and disposal of records to achieve efficient, transparent and accountable governance.

Sound records management implies that records are managed in terms of an organisational records management programme governed by an organisational records management policy.

a) Activities: Records Management

The table below indicates various municipal activities with regard to Records Management:

Function	Description of Activities during 2014/15
Records management	<p>To ensure that :</p> <ul style="list-style-type: none"> ◆ records management is an objective in the District Municipality's strategy and strategic plan ◆ the current record keeping and records management situation is determined to ensure that relevant information is available regarding the record keeping and records management practices of the District Municipality ◆ information contained in records is managed effectively throughout the office by drafting and implementing a records management policy ◆ information can be identified and retrieved when required by providing well-structured records classification and record keeping system ◆ all records are kept in safe custody ◆ there is a systematic disposal programme in place ◆ all audio-visual records are managed according to the requirements of the National Archives and Records Service Act and good governance ◆ all electronic records are managed according to the requirements of the National Archives and Records Service Act and good governance ◆ there are evaluation criteria in place to monitor compliance with sound records management practices

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Table 60.: Activities: Records Management

b) Matters Addressed: Records Management

The table below reflects some of the matters addressed by Records Management:

Items	Number	Action
Records Management	Continuous	<ul style="list-style-type: none"> ◆ Capturing of incoming, internal and outgoing post as well as the filing of all documentation ◆ Applications for transfer and disposal of current systems, terminated systems and financial documentation ◆ Maintaining file plan and submitting amendments as required ◆ Reviewing retention periods and submit the information to the responsible official ◆ Attend records management meetings
Supervision	Continuous	◆ Supervise the cleaning services within Council
Security	Continuous	◆ Capturing and filling of security information
Legislation	Continuous	◆ Update legislation for the Municipal Manager, all Directors, Workshop Superintendent and Health and Safety Officer
Council Chambers / equipment management and organising	Continuous	◆ Booking of Council Chamber for meetings, arrangements for supplies and material
Key Locker and Access Control	Continuous	◆ Manage key locker, key register and access control

Table 61.: Matters Addressed: Records Management

c) Employees: Administration

Job Level	2013/14		2014/15		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	1	0	0	0	0
0 - 3	2	2	2	0	0
4 - 6	2	3	2	1	33.33
7 - 9	2	2	2	0	0
10 - 12	0	0	0	0	0
13 - 15	3	3	3	0	0
Total	10	10	9	1	10

Table 62.: Employees: Administration

3.6.3 Human Resources

The design, development and alignment of policies, procedures, systems and controls guiding human resources interventions, applications outcomes and providing strategic advice on initiatives with respect to human resources development aimed at supporting the accomplishment of the District Municipality's key performance areas and service delivery objectives.

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Key performance areas:

- ◆ To render a provisioning and support service function that will ensure the recruitment, utilization and retention of the organization's human capital.
- ◆ To give effect to the Employment Equity Plan of the organization as well as to ensure compliance with employment equity measures.
- ◆ To facilitate a sound relationship between employer and employees and a climate of labour peace, stability and wellness.
- ◆ Ensure that all posts on the organogram have a job description.

a) Highlights: Human Resources

Highlights	Description
Bursaries to external students	<ul style="list-style-type: none"> ◆ 60 Bursaries to assist with registration at academic institutions were made during January 2015
SALGA Human Resources Profiling was done at the CKDM during January 2015	<p>Scoring against 27 other Municipalities:</p> <ul style="list-style-type: none"> ◆ Strategic planning – 86% against average of 40% ◆ Sourcing and placing – 67% against average of 45% ◆ Capacity building – 71% against average of 50% ◆ Performance Management - 50% against average of 28% ◆ Remuneration and rewards – 75% against average of 39% ◆ Employee Relations Management – 100% against average of 79% ◆ Exit management – 100% against average of 40% ◆ Organisational culture – 33% against average of 12% ◆ Employee wellness – 25% against average of 34%

Table 63.: Human Resources Highlights

b) Challenges: Human Resources

Description	Actions to Address
Implement an effective Recruitment and Selection Policy	The draft Recruitment Policy must be approved by Council
Improve on the current average time to fill vacancies	The draft Recruitment Policy must be approved by Council
Organisational structure must be reviewed in line with the budget of Council	A service provider appointed to assist Council with the organisational structure review

Table 64.: Human Resources Challenges

c) Employees: Human Resources

Job Level	2013/14		2014/15		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
13 - 15	1	1	1	0	0
Total	1	1	1	0	0

Table 65.: Employees: Human Resources

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3.6.4 Finance

d) Employees: Finance

Job Level	2013/14		2014/15		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	6	7	6	1	14.29
0-3	0	0	0	0	0
4-6	0	0	0	0	0
7-9	0	2	2	0	0
10-12	0	0	0	0	0
13-15	1	1	1	0	0
Total	7	9	9	1	11.11

Table 66.: Employees: Finance

3.7 Component F: Organisational Performance Scorecard

The main development and service delivery priorities for 2014/15 is the municipality's top layer SDBIP for 2014/15 and are indicated in the table below:

3.7.1 To Deliver Sound Administrative and Financial Services, to Ensure Good Governance and Viability

Ref	KPI	Unit of Measurement	Annual Target
TL1	90% of approved capital budget spent by 30 June 2016 [(Actual amount spent on capital projects / Total amount budgeted for capital projects)X100]	% of capital budget spent by 30 June 2016 (Actual amount spent on capital projects / Total approved budget for capital projects)X100	90%
TL5	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2016 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Debt to Revenue as at 30 June 2016 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	600
TL6	Financial viability measured in terms of the outstanding service debtors as at 30 June 2016 (Total outstanding service debtors/ revenue received for services)	Service debtors to revenue as at 30 June 2016 (Total outstanding service debtors/ revenue received for services)	0.01%
TL7	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2016 ((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))	Cost coverage as at 30 June 2016 ((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))	1
TL8	Revise the Risk based audit plan (RBAP) and submit to the Audit Committee by 30 June 2016	RBAP submitted to the Audit Committee by 30 June 2016	1

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Ref	KPI	Unit of Measurement	Annual Target
TL9	Implement the RBAP by 30 June 2016 [(Audits completed for the year/audits planned for the year according to the RBAP)x100]	% of RBAP implemented by 30 June 2016 [(Audits completed for the year/audits planned for the year according to the RBAP)x100]	70%
TL18	Revise the Appointment Policy to be in accordance with legislative requirements and submit to Council 30 September 2015	Revised Appointment Policy submitted to Council by 30 September 2015	1
TL19	Submit the financial statements by 31 August 2015 to the Auditor General	Financial Statements submitted by 31 August 2015	1

Table 67.: Service Delivery Priorities 2015/16: To Deliver Sound Administrative and Financial Services, to Ensure Good Governance and Viability

3.7.2 To Facilitate Good Governance Principles and Effective Stakeholder Participation.

Ref	KPI	Unit of Measurement	Annual Target
TL11	Facilitate the meeting of the District Intergovernmental Forum (Technical)	Number of meetings held	4

Table 68.: Service Delivery Priorities 2015/16: To Facilitate Effective Stakeholder Participation

3.7.3 To Improve and Maintain District Roads and Promote Effective and Safe Public Transport for all.

Ref	KPI	Unit of Measurement	Annual Target
TL31	95% of roads capital conditional grant spent by 31 March 2016 [(Actual expenditure divided by approved allocation received) x100] Spending calculated over the Financial year of the Dept of Transport of the WC Province	% of roads capital conditional grant spent by 31 March 2016 (Actual expenditure divided by approved allocation received) x100 (Spending calculated over the Financial year of the Dept of Transport of the WC Province)	95%
TL32	Grade Provincial roads by 31 March 2016 (routine maintenance) over the financial year of the Provincial Dept of Transport	Kilometers of Provincial roads (routine maintenance) graded by 31 March 2016 over the financial year of the Provincial Dept of Transport of roads graded	8 400
TL33	95% of roads operational conditional grant spent by 31 March 2016 [(Actual expenditure divided by approved allocation received)x100] Calculated over 12 months which coincide with the Financial year of the Prov Dept of Transport	% of roads operational conditional grant spent by 31 March 2016 (Actual expenditure divided by approved allocation received)x100 Spending calculated over the Financial year of the Dept of Transport of the WC Province	95%
TL34	Regravel roads by 31 March 2016 (Calculated over the Financial year of the Dept of Transport of the WC Province)	Number of kilometers of roads regravelled by 31 March 2016 (Calculated over the Financial year of the Dept of Transport of the WC Province)	45

Table 69.: Service Delivery Priorities 2015/16: To Improve and Maintain our Roads and Promote Effective and Safe Transport for all

3.7.4 To plan to minimize the impact of social ills, disasters and improve public safety in the region.

Ref	KPI	Unit of Measurement	Annual Target
TL29	Conduct training sessions for emergency personnel and volunteers by 30 June 2016	Number of training sessions conducted by 30 June 2016	3
TL30	Inspect industrial premises for fire safety and issue safety certificates by 30 June 2016	Number of industrial premises inspected for fire safety and safety certificates issued by 30 June 2016	6

Table 70.: Service Delivery Priorities 2015/16: To Plan to Minimise the Impact of Disasters on the Community, Visitors, Infrastructure and Environment

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3.7.5 To Promote Safe, Healthy and Socially Stable Communities in an Environment Conducive to Integrated and Sustainable Development

Ref	KPI	Unit of Measurement	Annual Target
TL21	Appoint one Environmental Health Practitioner by 31 December 2015	Environmental Health Practitioner appointed by 31 December 2015	1
TL22	Submit an Environmental Health Project Proposal to the relevant Provincial and National departments and or other role-players by 31 December 2015	Project Proposals submitted by 31 December 2015	1
TL23	Raise Health and Hygiene education awareness through articles published in the local media on a quarterly basis	Number of articles published	4
TL24	Compile and distribute a Municipal Health Newsletter to Category B-Municipalities within the Central Karoo District by 31 January 2016	Newsletter submitted by 31 January 2016	1
TL25	Compile and submit bi-annual Landfill Evaluation Reports to Category B-Municipalities within the Central Karoo District by 31 December 2015 and 30 June 2016	Number of Landfill Evaluation Reports submitted	6
TL26	Compile and submit bi-annual Informal Settlement Evaluation Reports to Category B-Municipalities within the Central Karoo District by 31 December 2015 and 30 June 2016	Number of Informal Settlement Evaluation Reports submitted	4
TL27	Compile and submit bi-annual Water Quality Evaluation Reports to Category B-Municipalities within the Central Karoo District by 31 December 2015 and 30 June 2016	Number of Water Quality Evaluation Reports submitted	6
TL28	Review the Air Quality Management Plan and submit to Council for consideration by 31 March 2016	Air Quality Management Plan and submitted to Council by 31 March 2016	1

Table 71.: Service Delivery Priorities 2015/16: To Promote a Safe and Healthy Environment and Social Viability of Residents through the Delivery of a Responsible Environmental Health Service

3.7.6 To Pursue Economic Growth Opportunities that will Create Decent Work.

Ref	KPI	Unit of Measurement	Annual Target
TL2	Create temporary job opportunities in terms of identified road projects by 31 March 2016 (Calculations of the number of jobs created will be over the 12 months coincided the Financial year of the Provincial Department of Transport)	Number of job opportunities created by 31 March 2016 (Spending calculated over the Financial year of the Dept of Transport of the WC Province)	15
TL12	Develop an Economic Development Strategy and submit to Council by 30 June 2016	Economic Development Strategy developed and submitted to Council by 30 June 2016	1
TL13	Oversee the developing and submitting of business plans from the Economic Development Agency (EDA) for projects to Council for consideration by 30 June 2016	Number of business plans submitted to Council 30 June 2016	2
TL14	Facilitate the meeting of the Board of the Economic Development Agency (EDA)	Number of meetings held	2

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Ref	KPI	Unit of Measurement	Annual Target
TL15	Submit proposals to possible funders for projects/initiatives for the youth, disabled, elderly and gender 30 June 2016	Number of proposals submitted to possible funders 30 June 2016	2
TL16	Develop and publish tourism marketing material by 30 November 2015 for the welcome campaign	Marketing material developed and published by 30 November 2015	1

Table 72.: Service Delivery Priorities 2015/16: To Pursue Economic Growth Opportunities that will Create Decent Work

3.7.7 To build a Well Capacitated Workforce and skilled Employable Youth and Communities

REF	KPI	Unit of Measurement	Annual Target
TL3	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved equity plan as at 30 June 2016	Number of people from employment equity target groups employed (appointed) in the three highest levels of management as at 30 June 2016	1
TL4	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2016 measured as $[(\text{Total Actual Training Expenditure} / \text{Total personnel Budget}) \times 100]$	% of personnel budget spent by 30 June 2016 $[(\text{Total expenditure on training} / \text{total personnel budget}) / 100]$	1%
TL10	Provide bursaries to prospective candidates by 30 June 2016	Number of bursaries provided by 30 June 2016	30
TL17	Review the Employment Equity plan and submit to Council by 31 December 2015	Plan reviewed and submitted to Council by 31 December 2015	1
TL20	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2016	Plan submitted to the LGSETA by 30 April 2016	1

Table 73.: Service Delivery Priorities 2015/16: To build a Well Capacitated Workforce and Skilled Employable Youth and Communities

CHAPTER 4

4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA and Indicators	2013/14	2014/15
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	9	8
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.50	0.02

Table 74.: National KPIs– Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Municipality currently employs 128 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the municipality's objectives.

The primary objective of Human Resource Management is:

- ◆ To render a provisioning and support service function that will ensure the recruitment, utilization and retention of the organization's human capital.
- ◆ To give effect to the Employment Equity Plan of the organization as well as to ensure compliance with employment equity measures.
- ◆ To facilitate a sound relationship between employer and employees and a climate of labour peace, stability and wellness.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The National Key Performance Indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

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a) Employment Equity Targets/Actual

African			Coloured			Indian			White		
Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach
29	31	106.89	89	87	97.75	1	1	100	21	9	42.86

Table 75.: 2013/14 EE Targets/Actual by Racial Classification

Male			Female			Disability		
Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach
98	101	103.06	43	27	62.79	3	3	100

Table 76.: 2013/14 EE Targets/Actual by Gender Classification

b) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Other	Total
Population numbers	9 045	54 076	300	7 197	393	71 011
% Population	12,70	76,20	0,40	10,10	0,60	100
Number of positions filled	31	87	1	9	0	128
% of Positions filled	24,20	68	0,80	7	0	100

Table 77.: EE Population 2013/14

c) Occupational Levels - Gender

The table below categorise the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	1	0	2	0	0	0	0	3
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	1	2	0	4	1	0	0	3	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	10	0	0	4	10	0	0	29
Semi-skilled and discretionary decision making	4	23	1	0	0	0	0	0	28
Unskilled and defined decision making	12	36	0	0	4	5	0	0	47
Total permanent	22	72	1	6	9	15	0	3	128
Non- permanent employees	7	28	0	0	5	1	0	0	41
Grand Total	29	100	1	6	14	16	0	3	169

Table 78.: Occupational Levels

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d) Departments - Race

The following table categorise the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	4	2	0	0	3	1	0	0	10
Corporate Services	2	3	0	5	2	9	0	3	24
Technical Services	16	67	1	1	4	5	0	0	94
Total permanent	22	72	1	6	9	15	0	3	128
Non-permanent	7	28	0	0	5	1	0	0	41
Grand Total	29	100	1	6	14	16	0	3	169

Table 79.: Department - Race

4.2.2 Vacancy Rate

The approved organogram for the municipality had 128 posts for the 2014/15 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 14 Posts were vacant at the end of 2014/15, resulting in a vacancy rate of 10.94 %.

Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM andMSA section 57 and 56	3	1
Middle management	11	1
Admin Officers and Operators	58	6
General Workers	56	6
Total	128	14
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	10	1
Corporate Services	24	3
Technical Services	94	10
Total	128	14

Table 80.: Vacancy Rate per Post and Functional Level

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4.2.3 Overall employee turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality for the past two years. The turnover rate shows an increase from 6.2% in 2013/14 to 6.33% in 2014/15.

Financial year	New Appointments	No. of Terminations During the Year	Turn-Over Rate
2013/14	9	8	6,20%
2014/15	10	9	6,33%

Table 81.: Turnover Rate

4.3 Managing the Municipal Workforce

4.3.1 Injuries

The table below indicates the total number of injuries within the different directorates:

Directorates	2013/14	2014/15
Municipal Manager	0	1
Corporate Services	1	0
Technical Services	4	11
Total	5	12

Table 82.: Injuries

4.3.2 Sick Leave

The total number of employees that have taken sick leave during the 2014/15 financial year shows a decrease when comparing it with the 2013/14 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2013/14		2014/15	
	Total Number of Days	Average per Person	Total Number of Days	Average per Person
Municipal Manager	56	5.60	16	1.60
Corporate Services	113	4.90	118	4.90
Technical Services	636	6.60	347	3.70
Total	805	17.1	481	10.2

Table 83.: Sick Leave

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4.3.3 Human Resources Policies and Plans

The table below shows the Human Resources (HR) policies and plans that are approved:

Approved Policies	
Name of Policy	Date Approved/Revised
Recruitment , Selection and Appointment	04 September 2008 (Draft)
Stop order facilities	31 May 2000
Accouchement Leave (maternity leave)	21 July 2009
Essential Motor Vehicle Scheme	22 August 2007
In-service Training (Students)	28 November 2012
Induction	01 August 2005
Medical Membership	22 April 2005
HIV/AIDS	01 March 2005
Nepotism	22 April 2005
Evacuation Plan	22 August 2005
Training and Development (Skills))	01 August 2005
Parking Spaces	30 August 2007
Public Drivers Permit (Professional drivers)	18 August 2008
Private Work	19 July 2007
Travel and Subsistence Allowances	28 May 2015
Smoking	01 July 2001
Sexual Harassment	13 March 2008 / Reviewed June 2014
Cell Phones	30 July 2008
Study / Driver's License	23 July 2009
Acting in Posts	18 August 2006
Housing Subsidies on Loans from Pension/ Provident Fund	15 June 2004
Declaration of Interests	22 February 2001
Disciplinary Procedures and Code	Collective agreement
E-mail Records Management	01 August 2008
Gift Policy (receiving of)	May 2009 (Draft)
Revenue Limit	28 January 2004
Communication Lines (internal)	01 July 2001
Long Services Bonuses (20 years)	31 May 2001
Telephone Usage	31 July 2003
Pension – Single Amount	06 October 1998
Reporting Lines	27 January 2005
Travel time – Re-gravelling Team	26 November 2004
Rehabilitation Policy	01 July 2001

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Approved Policies	
Name of Policy	Date Approved/Revised
Leave Procedures	30 June 2014
Unpaid Leave	April 2009 (Draft)
Fleet Management – Issuing and Fuel	26 January 2009
Whistle Blowing	March 2009 (Draft)
Intoxication Management	June 2011 (Draft)
Scarce Skills	08 September 2014
Performance Management Policy	27 May 2013
Occupational Health and Safety Strategy/Objectives	01 January 2013
Auctions (Personnel involvement)	19 November 2012
Acting – Section 57 employees	01 November 2012 (Draft)

Table 84.: HR Policies and Plans

4.4 Capacitating the Municipal Workforce

4.4.1 MFMA Competencies

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

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

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

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	0
Chief Financial Officer	1	1	1	1
Senior Managers	1	1	1	1

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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))
Any other financial officials	0	0	0	0
Supply Chain Management Officials				
Heads of Supply Chain Management Units	1	1	1	1
Supply Chain Management Senior Managers	0	0	0	0
Total	4	4	4	4

Table 85.: Financial Competency Development: Progress Report

4.4.2 Skills Development Expenditure

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998) and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

Year	Total Personnel Budget	Total Allocated	Total Spend	% Spend
	R'ooo	R'ooo	R'ooo	
2013/14	24 789	13	13	100%
2014/15	26 310	13	13	100%

Table 86.: Budget Allocated and Spent for Skills Development

4.5 Managing the Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

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4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure Salary and Allowances(R'000)	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		
2013/14	24 789	57 296	43%
2014/15	26 310	68 699	38%

Table 87.: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2013/14	2014/15		
	Actual	Original Budget	Adjusted Budget	Actual
Description	R			
Councillors (Political Office Bearers plus Other)				
Mayor	697 771	715 000	740 000	742 963
Executive Committee members	1 263 933	1 330 000	1 305 000	1 250 631
Councillors	1 016 547	1 100 000	1 100 000	1 080 730
Sub Total	2 978 251	3 145 000	3 145 000	3 074 324
% increase/(decrease)	(3.93%)	9.4%	9.4%	(0.97%)
Senior Managers of the Municipality				
Salary	2 306 487	2 446 209	2 446 209	2 446 209
Performance bonus	166 766	0	0	0
Other benefits or allowances	780 309	866 853	866 853	866 853
Sub Total	3 253 562	3 313 064	3 313 064	3 313 064
% increase/(decrease)	0.98	0.98	0.98	0.98
Other Municipal Staff				
Basic salaries and wages	15 213 602	3 101 838	3 923 614	16 742 620
Pension contributions	2 215 650	489 546	499 546	2 401 964
Medical-Aid contributions	1 101 073	634 200	602 200	1 184 352
Overtime	955 248	3 000	3 000	528 881
Motor vehicle allowance	671 782	666 000	691 000	623 319
Cell-phone allowance	9 000	9 000	9 000	9 000
Housing allowance	115 535	42 600	42 600	118 565
13 th Cheque	1 198 345	435 200	439 200	1 009 214
Other benefits or allowances	0	0	0	0
Employee benefits provision	55 217	0	0	378 718

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Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
In-kind benefits	0	0	0	0
Sub Total	21 535 453	5 381 384	6 210 160	22 996 633
% increase/(decrease)	7.8	0.87	0.87	0.27
Total Municipality	27 767 266	11 839 446	12 668 222	29 384 019
% increase/(decrease)	7.73	0.92	0.93	0.43

The original and adjusted budgets for 2014/15 excluded employee related costs for the provincial roads agency function and grants received from the Department of Water Affairs and Forestry. The costs relating to the roads agency and Department of Water Affairs and Forestry employee related costs was budgeted for under general expenses.

Table 88.: Councillor and Staff Benefits

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CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2014/15 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'ooo				%	
Financial Performance						
Property rates	0	0	0	0	0.00	0.00
Service charges	0	0	0	0	0.00	0.00
Investment revenue	0	0	0	0	0.00	0.00
Transfers recognised - operational	21 292	53 146	40 390	27 210	(95.32)	(48.44)
Other own revenue	35 265	4 314	42 418	41 232	89.54	(2.8)
Total Revenue (excluding capital transfers and contributions)	56 557	57 460	82 809	68 442	16.05	(20.99)
Employee costs	25 198	11 839	12 668	26 795	55.81	52.72
Remuneration of Councillors	2 978	3 145	3 145	3 074	(2.30)	(2.30)
Depreciation and asset impairment	340	429	389	250	(71.89)	(55.88)
Finance charges	704	450	340	764	41.09	55.49
Materials and bulk purchases	0	0	0	0	0.00	0.00
Other expenditure	24 569	40 667	66 259	35 482	(14.62)	(86.74)
Total Expenditure	53 789	56 531	82 802	66 364	14.82	-24.77
Surplus/(Deficit)	2 768	929	7	2 077	55.29	99.68
Transfers recognised - capital	0	0	0	0	0.00	0.00
Contributions recognised - capital and contributed assets	0	0	0	0	0.00	0.00
Surplus/(Deficit) after capital transfers and contributions	2 768	929	7	2 077	55.29	99.68
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	0	0	0	0	0.00	0.00

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Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'ooo				%	
Public contributions and donations	0	0	0	0	0.00	0.00
Borrowing	0	0	0	0	0.00	0.00
Internally generated funds	397	500	500	319	(56.85)	(56.85)
Total sources of capital funds	397	500	500	319	(56.85)	(56.85)
Financial position						
Total current assets	6 709	9 582	12 413	9 959	3.78	(24.64)
Total non-current assets	12 461	11 397	12 841	13 785	17.33	6.85
Total current liabilities	(10 252)	(8 825)	(13 924)	(11 153)	20.87	(24.84)
Total non-current liabilities	(15 299)	(15 106)	(16 817)	(16 889)	10.55	0.43
Accumulated (Surplus)/Deficit	(6 380)	(2 953)	(5 487)	(4 298)	31.29	(27.66)
Cash flows						
Net cash from (used) operating	3 354	4 406	6 501	2 505	(75.88)	(159.50)
Net cash from (used) investing	(351)	0	(1 020)	(319)	100.00	(219.87)
Net cash from (used) financing	(52)	0	(62)	(51)	100.00	(21.64)
Cash/cash equivalents at the year end	2 951	4 406	5 420	2 135	(106.34)	(153.78)
Cash backing/surplus reconciliation						
Cash and investments available	2 951	4 406	5 420	2 135	(106.34)	(153.78)
Application of cash and investments	0	0	0	0	0.00	0.00
Balance - surplus (shortfall)	2 951	4 406	5 420	2 135	(106.34)	(153.78)
Asset management						
Asset register summary (WDV)	4 061	3 598	4 202	4 111	12.48	(2.21)
Depreciation and asset impairment	340	429	389	250	(71.89)	(55.88)
Renewal of Existing Assets	0	0	0	0	0.00	0.00
Repairs and Maintenance	11 530	548	489	9 741	94.38	94.98
Free services						
Cost of Free Basic Services provided	n/a	n/a	n/a	n/a	n/a	n/a
Revenue cost of free services provided	n/a	n/a	n/a	n/a	n/a	n/a
Households below minimum service level						
Water:	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation/sewerage:	n/a	n/a	n/a	n/a	n/a	n/a
Energy:	n/a	n/a	n/a	n/a	n/a	n/a
Refuse:	n/a	n/a	n/a	n/a	n/a	n/a

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Table 89.: Financial Performance 2014/15

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'ooo				R'ooo			
2013/14	60 571	56 557	(4 014)	(7)	59 564	53 789	5 775	10
2014/15	82 809	68 442	(14 367)	(7)	82 802	66 364	16 438	20

Table 90.: Performance Against Budgets

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2013/14	2014/15		2014/15 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'ooo				%	
Vote 1 - Executive and Council	360	9 463	9 463	1 491	(534.48)	(534.48)
Vote 2 - Budget and Treasury Office	16 652	7 732	25 521	6 484	(19.26)	(293.62)
Vote 3 - Corporate Services	7 632	10 339	10 499	24 179	57.24	56.58
Vote 4 – Technical Services	30 527	29 925	37 325	35 809	16.43	(4.23)
Vote 5 - Health	371	0	0	77	0.00	0.00
Vote 6 – Planning and development	1 014	0	0	400	0.00	0.00
Total Revenue by Vote	56 557	57 460	82 809	68 441	16.04	(20.99)

Table 91.: Revenue by Vote

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5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjust-ments Budget	Actual	Original Budget	Adjust-ments Budget
	R'ooo				%	
Property rates	0	0	0	0	0.00	0.00
Property rates - penalties and collection charges	0	0	0	0	0.00	0.00
Service Charges - electricity revenue	0	0	0	0	0.00	0.00
Service Charges - water revenue	0	0	0	0	0.00	0.00
Service Charges - sanitation revenue	0	0	0	0	0.00	0.00
Service Charges - refuse revenue	0	0	0	0	0.00	0.00
Service Charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	45	120	70	70	(71.37)	0.03
Interest earned - external investments	178	150	200	446	66.39	55.19
Interest earned - outstanding debtors	0	0	0	0	0.00	0.00
Dividends received	0	0	0	0	0.00	0.00
Debt impairment	0	0	0	148	100.00	100.00
Licences and permits	41	0	0	15	100.00	100.00
Agency services	3 053	3 661	4 149	3 159	(15.90)	(31.35)
Transfers recognised - operational	30 501	0	35 828	35 782	100.00	(0.13)
Other revenue	1 447	383	2 170	1 611	76.26	(34.70)
Gains on disposal of PPE	0	0	0	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	56 557	57 460	82 809	68 442	16.05	(20.99)

Table 92.: Revenue by Source

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5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjust-ments Budget	Actual	Original Budget	Adjust-ments Budget
	R'ooo				%	
Operating Cost						
Roads and Stormwater	30 547	29 925	37 325	35 809	16.43	(4.23)
Component A: sub-total	30 547	29 925	37 325	35 809	16.43	(4.23)
Planning	1 188	1 688	1 688	1 156	(46.03)	(46.03)
LED	185	179	199	393	54.57	49.47
Component B: sub-total	1 373	1 866	1 886	1 549	(20.51)	(21.80)
Municipal Health	2 356	2 353	2 371	2 162	(8.85)	(9.68)
Component C: sub-total	2 356	2 353	2 371	2 162	(8.85)	(9.68)
Disaster Management	0	0	0	0	0.00	0.00
Component D: sub-total	0	0	0	0	0	0
Executive and Council	5 863	7 225	7 567	6 985	(3.44)	(8.34)
Corporate Services	8 548	6 273	6 503	7 094	11.57	8.33
Budget and Treasury	4 398	7 595	25 755	12 039	36.92	(113.93)
Other	704	1 294	1 394	727	(77.92)	(91.67)
Component E: sub-total	19 513	22 386	41 219	26 845	16.61	(53.55)
Total Expenditure	53 789	56 531	82 802	66 364	14.82	(24.77)

Table 93.: Operational Services Performance

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5.2 Financial Performance per Municipal Function

5.2.1 Roads and Stormwater

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	30 527	29 925	37 325	35 809	16.43
Expenditure:					
Employees	16 414	0	0	17 268	100.00
Repairs and Maintenance	11 474	0	0	9 613	100.00
Other	2 660	29 925	37 325	8 929	(235.16)
Total Operational Expenditure	30 547	29 925	37 325	35 809	16.43
Net Operational (Service) Expenditure	(20)	0	0	0	0

Table 94.: Financial Performance: Roads and Stormwater

5.2.2 Planning and Development (CKEDA)

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	1 014	1 688	1 688	400	(321.52)
Expenditure:					
Employees	842	472	472	838	43.72
Repairs and Maintenance	0	0	0	0	0.00
Other	345	1 216	1 216	318	(282.66)
Total Operational Expenditure	1 188	1 688	1 688	1 156	(46.03)
Net Operational (Service) Expenditure	(174)	0	0	(755)	100.00

Table 95.: Financial Performance: Planning and Development (CKEDA)

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5.2.3 Planning and Development: LED

Description	2013/14		2014/15		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	0	200	200	0	0.00
Expenditure:					
Employees	185	165	185	393	57.90
Repairs and Maintenance	0	0	0	0	0.00
Other	0	13	13	0	0.00
Total Operational Expenditure	185	179	199	393	54.57
Net Operational (Service) Expenditure	(185)	22	2	(393)	105.47

Table 96.: Financial Performance: Planning and Development: LED

5.2.4 Municipal Health

Description	2013/14		2014/15		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	371	2 453	2 503	77	(3082.68)
Expenditure:					
Employees	1 886	1 988	1 996	1 836	(8.29)
Repairs and Maintenance	0	0	0	0	0.00
Other	470	365	375	326	(12.01)
Total Operational Expenditure	2 356	2 353	2 371	2 162	(8.85)
Net Operational (Service) Expenditure	(1 985)	100	132	(2 085)	104.80

Table 97.: Financial Performance: Municipal Health

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5.2.5 Executive and Council

Description	2013/14		2014/15		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	360	7 575	7 575	1 491	(407.90)
Expenditure:					
Employees	4 578	5 405	5 457	5 042	(7.20)
Repairs and Maintenance	6	0	0	2	100.00
Other	1 280	1 820	2 111	1 941	6.21
Total Operational Expenditure	5 863	7 225	7 567	6 985	(3.44)
Net Operational (Service) Expenditure	(5 503)	350	8	(5 493)	106.37

Table 98.: Executive and Council

5.2.6 Corporate Services

Description	2013/14		2014/15		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	7 632	6 393	6 503	24 180	73.56
Expenditure:					
Employees	2 805	3 409	3 441	2 645	(28.85)
Repairs and Maintenance	29	0	0	123	100.00
Other	5 714	2 864	3 062	4 325	33.79
Total Operational Expenditure	8 548	6 273	6 503	7 094	11.57
Net Operational (Service) Expenditure	(916)	120	0	17 086	99.30

Table 99.: Corporate Services

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5.2.7 Budget and Treasury

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	16 652	7 732	25 521	6 484	(19.26)
Expenditure:					
Employees	729	3 032	3 680	1 189	(155.04)
Repairs and Maintenance	0	0	0	0	0.00
Other	3 669	4 562	22 075	10 850	57.95
Total Operational Expenditure	4 398	7 595	25 755	12 039	36.92
Net Operational (Service) Expenditure	12 254	137	(235)	(5 556)	102.47

Table 100.: Budget and Treasury

5.2.8 Other

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	0	1 494	1 494	0	0
Expenditure:					
Employees	513	1 010	1 080	568	(77.72)
Repairs and Maintenance	22	0	0	3	100.00
Other	170	284	314	156	(82.26)
Total Operational Expenditure	704	1 294	1 394	727	(77.92)
Net Operational (Service) Expenditure	(704)	200	100	(727)	127.50

Table 101.: Other

CHAPTER 5: FINANCIAL PERFORMANCE

5.3 Grants

5.3.1 Grant Performance

The municipality had a total amount of R23.234 million available that was received in the form of grants from the National and Provincial Governments during the 2014/15 financial year. The performance in the spending of these grants is summarised as follows:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'ooo				%	
National Government:	17 778	21 615	22 275	21 615	0.00	(3.05)
Equitable share	14 638	16 722	16 722	16 722	0.00	0.00
Municipal Systems Improvement	890	934	934	934	0.00	0.00
Expanded Public Works Programme	1 000	1 212	1 212	1 212	0.00	0.00
Finance Management Grant	1 250	1 250	1 250	1 250	0.00	0.00
Rural Roads Assets Management Systems Grant	0	1 497	1 497	1 497	0.00	0.00
Water Services Operating Subsidy	0	0	660	0	0.00	0.00
Provincial Government:	1 215	915	1 250	1 350	32.22	7.41
Financial Management Support Grant	1 215	915	1 250	1 350	32.22	7.41
Thusong Services Centre Grant	0	0	0	0	0.00	0.00
Swimming Pool Grant - Heather Park	0	0	0	0	0.00	0.00
Other grant providers:	2 041	0	16 000	4 504	100.00	(255.22)
Global Fund	426	0	0	0	0.00	0.00
Tourism	40	0	0	5	100.00	100.00
Working for Water - DWAF	1 118	0	0	0	0.00	0.00
Ambulance Subsidies	1	0	0	0	0.00	0.00
Nutrition Scheme	66	0	0	0	0.00	0.00
IDC	389	0	0	0	0.00	0.00
LG SETA	0	0	16 000	4 499	100.00	(255.61)
Total Operating Transfers and Grants	21 034	22 530	39 525	27 469	17.98	(43.89)

Table 102.: Grant Performance for 2014/15

CHAPTER 5: FINANCIAL PERFORMANCE

5.3.2 Level of Reliance on Grants and Subsidies

Financial year	Total Grants and Subsidies Received	Total Operating Revenue	Percentage
	R'ooo		
2013/14	21 034	56 557	37.19
2014/15	27 469	68 442	40.14

Table 103.: Reliance on Grants

5.4 Financial Ratio's based on Key Performance Indicators

5.4.1 Liquidity Ratio

Description	Basis of Calculation	2013/14	2014/15
Current Ratio	Current assets/current liabilities	0.65	0.89
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.61	0.86
Liquidity Ratio	Monetary Assets/Current Liabilities	0.47	0.62

Table 104.: Liquidity Financial Ratio

5.4.2 IDP Regulation Financial Viability Indicators

Description	Basis of Calculation	2013/14	2014/15
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.08	1.29
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	n/a	n/a
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	572.19	1051.22

Table 105.: Financial Viability National KPAs

5.4.3 Borrowing Management

Description	Basis of Calculation	2013/14	2014/15
Capital Charges to Operating Expenditure	Interest and Principal Paid /Operating Expenditure	0.003	0.001

Table 106.: Borrowing Management

CHAPTER 5: FINANCIAL PERFORMANCE

5.4.4 Employee costs

Description	Basis of Calculation	2013/14	2014/15
Employee costs	Employee costs/(Total Revenue - capital revenue)	49.82%	43.64%

Table 107.: Employee Costs

5.4.5 Repairs and Maintenance

Description	Basis of Calculation	2013/14	2014/15
		Audited Outcome	Pre-Audit Outcome
Repairs and maintenance	RandM/(Total revenue excluding capital revenue)	0.20	0.14

Table 108.: Repairs and Maintenance

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 Analysis of Capital Expenditure

5.5.1 Capital Expenditure by New Assets Programme

Description	2013/14	2014/15			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
R'000							
Capital Expenditure by Asset Class							
Other	378	500	500	319	500	0	0
General vehicles	280	0	0	165	165	0	0
Plant and equipment	0	0	0	21	21	0	0
Computers - hardware/equipment	95	0	0	63	63	0	0
Furniture and other office equipment	4	0	0	49	49	0	0
Other	0	500	500	21	202	0	0
Intangibles	19	0	0	0	0	0	0
Computers - software and programming	19	0	0	0	0	0	0
Total Capital Expenditure on New Assets	397	500	500	319	500	0	0

Table 109.: Capital Expenditure – New Assets Programme

CHAPTER 5: FINANCIAL PERFORMANCE

5.5.2 Capital Expenditure by Funding Source

Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance %	Actual to OB Variance %
Source of Finance R'ooo						
External loans	0	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	0	0	0	0	0.00	0.00
Own funding	397	500	500	319	0.00	(36.24)
Total	397	500	500	319	0.00	(36.24)
Percentage of Finance						
External loans	0.00	0.00	0.00	0.00	0.00	0.00
Public contributions and donations	0.0	0.00	0.00	0.00	0.00	0.00
Grants and subsidies	0.00	0.00	0.00	0.00	0.00	0.00
Own funding	100	100	100	100	0.00	0.00
Capital Expenditure R'ooo						
Water and sanitation	0	0	0	0	0.00	0.00
Electricity	0	0	0	0	0.00	0.00
Housing	0	0	0	0	0.00	0.00
Roads and stormwater	0	0	0	0	0.00	0.00
Other	397	500	500	319	0.00	(36.24)
Total	397	500	500	319	0.00	(36.24)
Percentage of Expenditure						
Water and sanitation	0.0	0.0	0.0	0.0	0.00	0.00
Electricity	0.0	0.0	0.0	0.0	0.00	0.00
Housing	0.0	0.0	0.0	0.0	0.00	0.00
Roads and stormwater	0.0	0.0	0.0	0.0	0.00	0.00
Other	100.0	100.0	100.0	100.0	0.00	0.00

Table 110.: Analysis of Capital Expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 Cash Flow

Description	2013/14	2014/15		
	Actual	Original Budget	Adjusted Budget	Audited Outcome
	R'000	R'000	R'000	R'000
Cash Flow from Operating Activities				
Receipts				
Ratepayers and other	35 682	4 314	42 184	39 058
Government - operating	20 644	53 146	40 390	27 469
Interest	178	0	200	446
Dividends	0	0	0	0
Payments				
Suppliers and employees	(53 126)	(37 825)	(75 934)	(64 452)
Finance charges	(24)	(450)	(340)	(16)
Transfers and Grants	0	(14 778)	0	0
Net cash from/(used) operating activities	3 354	4 406	6 501	2 505
Cash Flows from Investing Activities				
Receipts				
Proceeds on disposal of PPE	46	0	0	0
Proceeds on Disposal of Fixed Assets	0	0	0	0
Purchase of Intangible Assets	(19)	0	0	(21)
Decrease/(increase) in non-current receivables	0	0	(520)	0
Payments				
Capital assets	(378)	0	(500)	(298)
Net cash from/(used) investing activities	(351)	0	(1 020)	(319)
Cash Flows from Financing Activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	(52)	0	(62)	(51)
Net cash from/(used) financing activities	(52)	0	(62)	(51)
Net increase/(decrease) in cash held	2 951	4 406	5 420	2 135

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2013/14	2014/15		
	Actual	Original Budget	Adjusted Budget	Audited Outcome
	R'000	R'000	R'000	R'000
Cash/cash equivalents at the year begin:	1 831	13 068	4 782	4 782
Cash/cash equivalents at the year end:	4 782	17 475	10 201	6 917

Table 111.: Cash flow

5.7 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2013/14	0	0	0	0	561	561
2014/15	0	0	0	0	674	674
Difference	0	0	0	0	114	114
% growth year on year	0	0	0	0	20	20

Note: Figures exclude provision for bad debt

Table 112.: Gross Outstanding Debtors per Service

5.8 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2013/14	0	0	0	561	561
2014/15	33	60	16	565	674
Difference	33	60	16	4	114
% Growth Year on Year	0	0	0	1	20

Note: Figures exclude provision for bad debt.

Table 113.: Service Debtor Age Analysis

CHAPTER 5: FINANCIAL PERFORMANCE

5.9 Borrowing and Investments

Money not immediately required is invested within a timeframe of 1 month to 12 months.

The investment policy is approved and gives effect to regulations.

5.9.1 Actual Borrowings

Instrument	2013/14	2014/15
	R'ooo	
Long-term loans (annuity/reducing balance)	0	0
Long-term loans (non-annuity)	0	0
Local registered stock	0	0
Instalment credit	0	0
Financial leases	43	15
PPP liabilities	0	0
Finance granted by Cap equipment supplier	0	0
Marketable bonds	0	0
Non-marketable bonds	0	0
Bankers acceptances	0	0
Financial derivatives	0	0
Other securities	0	0
Municipality Total	43	15

Table 114.: Actual Borrowings

5.9.2 Municipal Investments

Investment Type	2013/14	2014/15
	R'ooo	
Securities - National government	1 300	1 300
Listed corporate bonds	0	0
Deposits – Bank	0	1 040
Deposits - Public investment commissioners	0	0
Deposits - Corporation for public deposits	0	0
Bankers acceptance certificates	0	0
Negotiable certificates of deposit – Banks	0	0
Guaranteed endowment policies (sinking)	0	0
Repurchase agreements – Banks	0	0

CHAPTER 5: FINANCIAL PERFORMANCE

Investment Type	2013/14	2014/15
	R'000	
Municipal bonds	0	0
Other	0	0
Municipality Total	1 300	2 340

Table 115.: Municipal Investments

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 Supply Chain Management

Management has developed a new SCM policy which includes the SCM system and processes to be used by the municipality. Standard operating procedures for SCM was develop during the year which includes the bid committee, complaints and abuse of supply chain. The New PPPFA policy was develop and approved by Council.

No Councillor is members of any committee handling the supply chain processes.

5.11 GRAP Compliance

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance ensure that municipal accounts are comparable and more informative for the municipality. It also ensure that the municipality is more accountable to its citizens and other stakeholders

GRAP was fully implemented in the municipality in the 2010/11 financial year and the financial statements of 2014/15 is fully GRAP compliant.

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2013/14

6.1 Auditor General Report 2013/14

Main Issues Raised	Remedial Actions Taken
CKDM	
Allowance for doubtful debt understated.	Doubtful debt should be written off by Council. To be submitted to Council.
One out of 12 targets that was tested was not achieved and no corrective measures have been documented to correct this in the future	Targets should be more achievable and aligned with the relevant goals (e.g. spend R33-million)
Two indicators were reported on for the financial period 1 April 2013 to 31 March 2014 and not the financial period of the Municipality as required	In future targets with regard to Technical Department will clearly stipulate the relevant Department will be evaluated for performance over the period April to March
Revenue in respect of Shared Services from Beaufort West and Prince Albert Municipalities have been invoiced during the 2013/14 period, but incorrectly recorded in the current financial period	The overstated revenue to the amount of R180 000 was corrected by means of journals against the prior year
Revenue from Department of Roads exceeds the amount of expenditure incurred in respect of the grant	The misstatement was corrected with a relevant journal
Several misstatements were pointed out by the Auditor General some of whom reflect to the previous year	All the deficiencies were corrected before official completion of the Audit
Central Karoo economic Development Agency	
Expenditure recorded inclusive of VAT	Ensure that all the recorded expenditure for AFS purposes be exclusive of VAT
Prior period balances misstated	Misstatements already rectified during audit period
Budget not prepared for the 2014/15 AFS	The terms of the previous Board of Directors already expired but there will definitely be attempted to get the budget approved in accordance with legislation
Non-Compliance with Sec 165 (2) of the MFMA	We will definitely split the Internal Audit function clearly between CKDM and CKEDA
Provision for leave and bonuses not included in AFS	The misstatement was rectified during the audit
Annual performance report not completed	A performance management system will be implemented at CKEDA once a CFO has been appointed
Non Compliance with Sec 44 of Companies Act	This issue will be addressed by means of reporting in terms of the Companies Act

Table 116.: AG Report 2013/14

COMPONENT B: AUDITOR-GENERAL OPINION 2014/15

6.2 Auditor General Report 2014/15

Main Issues Raised	Remedial Actions Taken
CKDM	
Overall 10% of significantly important targets were not reliable when compared to source information or evidence provided.	Will be correct in future and more closely monitored in 2015/16
Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.	Internal control will be tightened in 2015/16.
The annual performance objectives and indicators of the municipal entity were not established by agreement and included in the entity's multi-year business plan in accordance with section 93B(a) of the Systems Act.	Will intent to separate Entity's plans, budgets and reporting.

Table 117.: Auditor General Report 2014/15

6.3 Consolidated Annual Financial Statements for 2014/15

The consolidated Annual Financial Statements for 2014/15 is attached as Annexure A to this report

6.4 Auditor General Report on the Financial Statement 2014/15

The report of the Auditor General is attached as Annexure B to this report.

DRAFT

ANNEXURE A
FINANCIAL STATEMENTS

CENTRAL KAROO

DISTRICT MUNICIPALITY



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

30 June 2015

CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The CENTRAL KAROO Municipality includes the following municipal areas:

*Beaufort West
Prince Albert
Laingsburg
Merweville
Murraysburg*

MUNICIPAL MANAGER

Mr. S. Jooste

CHIEF FINANCIAL OFFICER

Mr. N.W. Nortjé

REGISTERED OFFICE

63 Donkin Street, Beaufort West, 6970

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

*First National Bank, Beaufort West
ABSA , Beaufort West*

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

CENTRAL KAROO DISTRICT MUNICIPALITY

MEMBERS OF THE CENTRAL KAROO DISTRICT MUNICIPALITY

COUNCILLORS

Mayor	E.Z. Njadu
Deputy Mayor	E. Maans
Speaker	J. Bostander
Councillor	I.J. Windvogel
Councillor	M.S. Hangana
Councillor	M. Furmen
Councillor	G. de Vos
Councillor	J.G. Mocke
Councillor	S. Botes
Councillor	B.J. van As
Councillor	A.M. Slabbert
Councillor	S. Nortje
Councillor	A.D. Willemse
Councillor	A.L. Rabie

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Consolidated annual financial statements year ended 30 June 2015, which are set out on pages 1 to 75 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The consolidated 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 Economic Entity's cash flow forecast for the year to 30 June 2016 and is satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Economic Entity'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.

Mr. S. Jooste
Accounting Officer

Date

CENTRAL KAROO DISTRICT MUNICIPALITY

ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	Economic Entity		Municipality	
		2015 R (Actual)	2014 R (Restated)	2015 R (Actual)	2014 R (Restated)
NET ASSETS AND LIABILITIES					
Net Assets		(4,298,151)	(6,380,293)	(4,258,607)	(6,359,285)
Accumulated Deficit		(4,298,151)	(6,380,293)	(4,258,607)	(6,359,285)
Non-Current Liabilities		16,888,806	15,298,672	16,888,806	15,298,672
Long-term Liabilities	2	14,994	42,926	14,994	42,926
Employee benefits	3	16,873,812	15,255,746	16,873,812	15,255,746
Current Liabilities		11,153,497	10,251,633	11,101,268	10,004,982
Current Employee benefits	4	3,397,863	2,965,916	3,352,171	2,949,777
Payables from non exchange transactions	5	402,385	16,274	402,385	16,274
Payables from exchange transactions	6	4,738,616	5,728,346	4,736,720	5,723,477
Unspent Conditional Government Grants and Receipts	7	2,575,657	1,479,014	2,571,016	1,253,371
Current Portion of Long-term Liabilities	2	38,976	62,083	38,976	62,083
Total Net Assets and Liabilities		23,744,151	19,170,013	23,731,466	18,944,369
ASSETS					
Non-Current Assets		13,785,367	12,460,707	13,785,367	12,460,707
Property, Plant and Equipment	9	4,111,393	4,061,014	4,111,393	4,061,014
Intangible Assets	10	61,126	48,296	61,126	48,296
Employee benefits	3	9,612,848	8,351,397	9,612,848	8,351,397
Current Assets		9,958,784	6,709,308	9,946,098	6,483,665
Inventory	13	921,473	1,133,984	921,473	1,133,984
Receivables from non-exchange transactions	14	388,689	126,543	380,644	126,543
Unpaid Conditional Government Grants and Receipts	7	996,297	154,108	996,297	154,108
Taxes	8	111,743	11,275	111,743	11,275
Employee benefits	3	623,420	501,706	623,420	501,706
Cash and Cash Equivalents	16	6,917,163	4,781,691	6,912,522	4,556,048
Total Assets		23,744,151	19,170,013	23,731,466	18,944,369

CENTRAL KAROO DISTRICT MUNICIPALITY

ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Economic Entity		Municipality	
		2015 (Actual) R	2014 (Restated) R	2015 (Actual) R	2014 (Restated) R
REVENUE					
Revenue from Non-exchange Transactions		27,822,012	21,652,393	27,601,009	21,488,586
Transfer Revenue		27,358,288	21,291,943	27,137,285	21,128,136
Government Grants and Subsidies - Operating	17	27,209,825	21,291,943	26,988,822	21,128,136
Debt Impairment	23	148,463	-	148,463	-
Other Revenue		463,724	360,450	463,724	360,450
Actuarial Gains	3	58,062	-	58,062	-
National Treasury 1% audit fee	19	405,662	360,450	405,662	360,450
Revenue from Exchange Transactions		40,619,611	34,904,718	40,619,611	34,904,718
Rental of Facilities and Equipment		70,022	45,464	70,022	45,464
Interest Earned - external investments		446,335	177,620	446,335	177,620
Department of Transport - Roads Service Charges		35,781,816	30,500,938	35,781,816	30,500,938
Licences and Permits		14,990	41,240	14,990	41,240
Agency Services	18	3,158,928	3,053,380	3,158,928	3,053,380
Other Income	20	1,147,520	1,086,076	1,147,520	1,086,076
Gain on disposal of Property, Plant and Equipment		-	-	-	-
Total Revenue		68,441,623	56,557,111	68,220,620	56,393,304
EXPENDITURE					
Employee related costs	21	26,796,795	25,197,626	26,311,642	24,789,015
Remuneration of Councillors	22	3,074,324	2,978,251	3,074,324	2,978,251
Debt Impairment	23	-	152,479	-	152,479
Depreciation and Amortisation	24	249,835	339,637	249,835	339,637
Impairments	25	5,732	-	599,365	500,292
Repairs and Maintenance	27	9,741,111	11,530,038	9,741,111	11,530,038
Actuarial losses	3	1,116,322	452,689	1,116,322	452,689
Finance Charges	26	743,062	704,395	743,062	704,395
Contracted services		273,977	211,206	273,977	211,206
Operating Grant Expenditure	0	-	(1)	-	-
General Expenses	28	24,363,192	12,169,485	24,010,303	11,892,989
Loss on disposal of Property, Plant and Equipment		-	53,558	-	53,558
Total Expenditure		66,364,351	53,789,364	66,119,941	53,604,549
DEFICIT BEFORE TAXATION		2,077,272	2,767,747	2,100,679	2,788,755
Taxation	29	-	-	-	-
NET SURPLUS FOR THE YEAR		2,077,272	2,767,747	2,100,679	2,788,755

CENTRAL KAROO DISTRICT MUNICIPALITY

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

<u>Economic Entity</u>	Accumulated (Deficit)	Total
	R	R
Balance at 1 JULY 2013	(9,148,040)	(9,148,040)
Change in accounting policy	-	-
Restated Balance at 1 JULY 2012	(9,148,040)	(9,148,040)
Net Deficit for the year	2,767,747	2,767,747
Balance at 30 JUNE 2014	(6,380,293)	(6,380,293)
Payables repaid	4,870	4,870
Net Surplus for the year	2,077,272	2,077,272
Balance at 30 JUNE 2015	(4,298,151)	(4,298,151)

<u>Municipality</u>	Accumulated (Deficit)	Total
	R	R
Balance at 1 JULY 2013	(9,148,040)	(9,148,040)
Change in accounting policy	-	-
Correction of error - Note 31.6	-	-
Restated Balance at 1 JULY 2013	(9,148,040)	(9,148,040)
Net Surplus for the year	2,788,755	2,788,755
Balance at 30 JUNE 2014	(6,359,285)	(6,359,285)
Used assets sold on auction	-	-
Net Surplus for the year	2,100,679	2,100,679
Balance at 30 JUNE 2015	(4,258,606)	(4,258,606)

CENTRAL KAROO DISTRICT MUNICIPALITY

ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Economic Entity		Municipality	
		30 JUNE 2015 R	30 JUNE 2014 R	30 JUNE 2015 R	30 JUNE 2014 R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other		39,206,032	35,681,800	39,214,074	35,292,350
Government		27,469,279	20,644,282	27,469,279	20,644,282
Interest		446,335	177,620	446,335	177,620
Payments					
Suppliers and employees		(64,600,155)	(53,125,552)	(63,793,559)	(52,461,452)
Finance charges	26	(16,202)	(24,162)	(16,202)	(24,162)
Cash generated by operations	32	2,505,288	3,353,989	3,319,925	3,628,638
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	9	(297,593)	(378,379)	(297,593)	(378,379)
Proceeds on Disposal of Fixed Assets		-	46,100	-	46,100
Purchase of Intangible Assets		(21,185)	(18,755)	(21,185)	(18,755)
Increase in Non-current Investments	11	-	-	(593,633)	(500,292)
Net Cash from Investing Activities		(318,778)	(351,033)	(912,411)	(851,325)
CASH FLOW FROM FINANCING ACTIVITIES					
Loans repaid		(51,039)	(52,298)	(51,039)	(52,298)
Net Cash from Financing Activities		(51,039)	(52,298)	(51,039)	(52,298)
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		2,135,471	2,950,658	2,356,475	2,725,016
Cash and Cash Equivalents at the beginning of the year		4,781,691	1,831,033	4,556,048	1,831,033
Cash and Cash Equivalents at the end of the year	34	6,917,163	4,781,691	6,912,522	4,556,048
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,135,471	2,950,658	2,356,474	2,725,016

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)		
ASSETS					
Current assets					
Cash	6,912,522	10,201,195	(3,288,673)	-32%	Increase due to LG SETA grant that did not fully realised.
Consumer debtors	380,644	160,177	220,467	138%	Debtors with Credit balances were moved to Trade payables with a value of R 158,000.
Other Receivables	1,108,040	165,383	942,657	570%	Increase in Unpaid Government Grants. RAMS and WC PT FMG grant not fully spent.
Current portion of long-term receivables	623,420	751,976	(128,556)	-17%	Less than what was budgeted for per actuarial reports.
Inventory	921,473	1,133,984	(212,511)	-19%	Not budgeted for correctly.
Total current assets	<u>9,946,098</u>	<u>12,412,714</u>	<u>(2,466,616)</u>	-20%	
Non current assets					
Long-term receivables	9,612,848	8,620,805	992,043	12%	Less than what was budgeted for per actuarial reports.
Property, plant and equipment	4,111,393	4,202,396	(91,003)	-2%	Less Additions purchased than budgeted for.
Intangible Assets	61,126	17,474	43,652	250%	Increase in Intangible additions.
Total non current assets	<u>13,785,367</u>	<u>12,840,675</u>	<u>944,692</u>	7%	
TOTAL ASSETS	<u><u>23,731,465</u></u>	<u><u>25,253,389</u></u>	<u><u>(1,521,924)</u></u>		
LIABILITIES					
Current liabilities					
Borrowing	38,976	36,803	2,173	6%	Trivial
Trade and other payables	7,307,736	10,552,441	(3,244,705)	-31%	Trade Payables better budgeted for.
Provisions and Employee Benefits	3,352,171	3,334,566	17,605	1%	Trivial
Total current liabilities	<u>10,698,884</u>	<u>13,923,810</u>	<u>(3,224,926)</u>		
Non current liabilities					
Borrowing	14,994	6,123	8,871	145%	Trivial
Provisions and Employee Benefits	16,873,812	16,810,449	63,363	0%	Trivial
Total non current liabilities	<u>16,888,806</u>	<u>16,816,572</u>	<u>72,234</u>		
TOTAL LIABILITIES	<u><u>27,587,689</u></u>	<u><u>30,740,382</u></u>	<u><u>(3,152,693)</u></u>		
NET ASSETS	<u><u>(3,856,224)</u></u>	<u><u>(5,486,992)</u></u>	<u><u>1,630,768</u></u>		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(4,258,607)	(5,486,992)	1,228,385		
Reserves	-	-	-		
TOTAL COMMUNITY WEALTH/EQUITY	<u><u>(4,258,607)</u></u>	<u><u>(5,486,992)</u></u>	<u><u>1,228,385</u></u>		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Approved Budget)	(Adjustments)	(Final Budget)		
ASSETS					
Current assets					
Cash	5,091,919	3,809,276	8,901,195		75% Increase due to LG SETA grant
Call investment deposits	1,356,000	(56,000)	1,300,000		-4% Correction made to balance during 2013/2014 Audit. Interest not capitalised, but rather expensed.
Consumer debtors	413,645	(253,469)	160,177		-61% Decrease in Debtors.
Other Receivables	1,788,308	(1,622,925)	165,383		-91% Decrease in Debtors.
Current portion of long-term receivables	-	751,976	751,976		100% Long term receivables brought in where it was never recognised.
Inventory	932,011	201,973	1,133,984		22% Stock increased.
Total current assets	9,581,884	2,830,831	12,412,714		
Non current assets					
Long-term receivables	-	8,620,805	8,620,805		100% Long term receivables brought in where it was never recognised.
Property, plant and equipment	3,598,221	604,175	4,202,396		17% Additions budgeted for.
Other non current assets	7,717,877	(7,717,877)	-		-100% Reclassified to Long term Receivables.
Intangible Assets	80,429	(62,955)	17,474		-78% Decrease in intangible assets.
Total non current assets	11,396,527	1,444,148	12,840,675		
TOTAL ASSETS	20,978,411	4,274,979	25,253,389		
LIABILITIES					
Current liabilities					
Borrowing	50,000	(13,197)	36,803		-26% Less Machines taken as finance leases.
Trade and other payables	5,300,000	5,252,441	10,552,441		99% Increase in trade Payables to accommodate the LG SETA Grant.
Provisions and Employee Benefits	3,475,300	(140,734)	3,334,566		-4% Decrease in Provisions.
Total current liabilities	8,825,300	5,098,510	13,923,810		
Non current liabilities					
Borrowing	4,711	1,412	6,123		30% Trivial
Provisions and Employee Benefits	15,101,714	1,708,735	16,810,449		11% Decrease in Provisions.
Total non current liabilities	15,106,425	1,710,147	16,816,572		
TOTAL LIABILITIES	23,931,725	6,808,656	30,740,382		
NET ASSETS	(2,953,315)	(2,533,678)	(5,486,992)		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(2,953,315)	(2,533,678)	(5,486,992)		
Reserves	-	-	-		
TOTAL COMMUNITY WEALTH/EQUITY	(2,953,315)	(2,533,678)	(5,486,992)		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)		
REVENUE BY SOURCE					
Rental of facilities and equipment	70,022	70,000	22		0% Trivial
Interest earned - external investments	446,335	200,000	246,335		123% Increase due to Investment not budgeted for.
National Treasury 1% audit fee	405,662	-	405,662		100% Not budgeted for.
Actuarial Gains	58,062	-	58,062		100% Not budgeted for.
Debt Impairment	148,463	-	148,463		100% Debt impairment reversed.
Licences and permits	14,990	-	14,990		100% Not budgeted for.
Agency services	3,158,928	4,149,237	(990,309)		-24% No additional flud fees were received.
Government Grants and Subsidies - Operating	26,988,822	40,390,452	(13,401,630)		-33% LG SETA grant of R16m only paid out R4,7m
Other revenue	36,929,336	37,998,867	(1,069,531)		-3% Roads budget increased.
Total Operating Revenue	68,220,620	82,808,556	(14,587,936)		
EXPENDITURE BY TYPE					
Employee related costs	26,311,642	12,668,222	13,643,420		108% Increase % in Salaries due to reclassification of DWAF and road expenditure
Remuneration of councillors	3,074,324	3,145,000	(70,676)		-2% Trivial
Depreciation & asset impairment	849,200	389,440	459,760		118% Less Additions purchased and impairments made.
Finance charges	743,062	340,000	403,062		119% Increase due to Actuarial reports.
Contracted services	273,977	-	273,977		100% Budgeted for under general expenses.
Other expenditure	34,867,736	66,259,191	(31,391,455)		-47% LG SETA grant of R16m only paid out R4,7m as well as reclassification of DWAF and road expenditure.
Total Operating Expenditure	66,119,941	82,801,853	(16,681,912)		
Operating Surplus for the year	2,100,678	6,703	2,093,975		
Government Grants and Subsidies - Capital	-	-	-		
Net Surplus for the year	2,100,678	6,703	2,093,975		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
REVENUE BY SOURCE	(Approved Budget)	(Adjustments)	(Final Budget)		
Rental of facilities and equipment	120,000	(50,000)	70,000	-42%	A portion of the rented out premises stood vacant during the financial year.
Interest earned - external investments	150,000	50,000	200,000	33%	Increase due to an increase in saved funds.
Agency services	3,661,237	488,000	4,149,237	13%	Increase in Dept of roads income, therefore a higher agency service fee.
Government Grants and Subsidies - Operating	53,146,343	(12,755,891)	40,390,452	-24%	Dept of Roads income moved to other income.
Other revenue	382,500	37,616,367	37,998,867	9834%	Dept of Roads income moved from Grant income. New LG SETA Grant received.
Total Operating Revenue	57,460,080	25,348,476	82,808,556		
EXPENDITURE BY TYPE					
Employee related costs	11,839,446	828,776	12,668,222	7%	Increase % in Salaries were over budgeted for.
Remuneration of councillors	3,145,000	-	3,145,000	0%	
Depreciation & asset impairment	429,440	(40,000)	389,440	-9%	A more accurate assumption made when the FAR were reviewed after the 2013/2014 audit.
Finance charges	450,000	(110,000)	340,000	-24%	Only one new finance lease entered into and one lease that came to an end during the financial year.
Other expenditure	40,667,491	25,591,700	66,259,191	63%	Increase due to new LG SETA Grant as well as an increase in expenditure from Dept of Roads.
Total Operating Expenditure	56,531,377	26,270,476	82,801,853		
Operating Surplus/(Deficit) for the year	928,703	(922,000)	6,703		
Government Grants and Subsidies - Capital	-	-	-		
Net Surplus/(Deficit) for the year	928,703	(922,000)	6,703		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)		
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	39,214,074	42,184,471	(2,970,397)		-7% Incorrectly budgeted for.
Government - operating	27,469,279	40,390,452	(12,921,173)		-32% Roads Income moved from Government - Operating to Rate payers & Other
Interest	446,335	200,000	246,335		123% Incorrectly budgeted for.
Payments					
Suppliers and Employees	(63,793,559)	(75,933,658)	12,140,099		-16% Roads expenses moved from Transfers & Grants to Suppliers & Employees
Finance charges	(16,202)	(340,000)	323,798		-95% Incorrectly budgeted for.
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>3,319,926</u>	<u>6,501,265</u>	<u>-3,181,338</u>		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Decrease/(increase) in non-current receivables	(593,633)	(519,678)	(73,955)		14% Incorrectly budgeted for.
Payments					
Capital assets	(318,778)	(500,000)	181,222		-36% Decrease in additions purchased
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(912,411)</u>	<u>(1,019,678)</u>	<u>107,267</u>		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing	(51,039)	(62,083)	11,044		-18% Less finance leases entered into.
Payments					
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>(51,039)</u>	<u>(62,083)</u>	<u>11,044</u>		
NET INCREASE/(DECREASE) IN CASH HELD	2,356,476	5,419,504	-3,063,026		
Cash and Cash Equivalents at the beginning of the year	4,556,048	4,781,691	(225,643)		
Cash and Cash Equivalents at the end of the year	6,912,522	10,201,195	(3,288,673)		

**CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET**

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Approved Budget)	(Adjustments)	(Final Budget)		
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	4,313,737	37,870,734	42,184,471		878% Roads Income moved from Government - Operating to Rate payers & Other
Government - operating	53,146,343	(12,755,891)	40,390,452		-24% Roads Income moved from Government - Operating to Rate payers & Other
Interest	-	200,000	200,000		100% Originally not budgeted for.
Payments					
Suppliers and Employees	(37,825,258)	(38,108,400)	(75,933,658)		101% Roads expenses moved from Transfers & Grants to Suppliers & Employees
Finance charges	(450,000)	110,000	(340,000)		-24% Incorrectly budgeted for.
Transfers and Grants	(14,778,463)	14,778,463	-		-100% Roads expenses moved from Transfers & Grants to Suppliers & Employees
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>4,406,359</u>	<u>2,094,906</u>	<u>6,501,265</u>		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Decrease/(increase) in non-current receivables	-	(519,678)	(519,678)		100% Originally not budgeted for.
Payments					
Capital assets	-	(500,000)	(500,000)		100% Originally not budgeted for.
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>-</u>	<u>(1,019,678)</u>	<u>(1,019,678)</u>		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing		(62,083)	(62,083)		100% Originally not budgeted for.
Increase/(decrease) in consumer deposits	-	-	-		
Payments					
Repayment of borrowing	-	-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>-</u>	<u>(62,083)</u>	<u>(62,083)</u>		
NET INCREASE/(DECREASE) IN CASH HELD	4,406,359	1,013,145	5,419,504		
Cash and Cash Equivalents at the beginning of the year	13,068,403	(8,286,712)	4,781,691		
Cash and Cash Equivalents at the end of the year	<u>17,474,762</u>	<u>(7,273,568)</u>	<u>10,201,195</u>		

CENTRAL KAROO DISTRICT MUNICIPALITY

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

2 LONG-TERM LIABILITIES

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
Capitalised Lease Liability - At amortised cost	53,970	105,009	53,970	105,009
	53,970	105,009	53,970	105,009
Current Portion transferred to Current Liabilities	38,976	62,083	38,976	62,083
Capitalised Lease Liability - At amortised cost	38,976	62,083	38,976	62,083
Total Long-term Liabilities - At amortised cost using the effective interest rate method	14,994	42,926	14,994	42,926

Refer below for maturity dates of long term liabilities:

The obligations under finance leases are scheduled below:

	Minimum lease payments		Minimum lease payments	
Amounts payable under finance leases:				
Payable within one year	44,651	76,459	44,651	76,459
Payable within two to five years	17,586	108,317	17,586	108,317
	62,237	184,776	62,237	184,776
Less: Future finance obligations	(8,267)	(79,767)	(8,267)	(79,767)
Present value of lease obligations	53,970	105,009	53,970	105,009
Book value of other assets secured by leases	40,453	126,828	40,453	126,828

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Gestetner	Copier	20%	0%	5 Years	30/11/2016
Gestetner	Copier	13%	0%	5 Years	30/11/2015
RICODH	Copier	13%	0%	5 Years	30/06/2019

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

3 EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 3.1	6,720,622	6,291,174	6,720,622	6,291,174
Roads Post Retirement Benefits - Refer to Note 3.1	8,037,537	6,829,655	8,037,537	6,829,655
Long Service Awards Roads - Refer to Note 3.2	1,052,759	972,716	1,052,759	972,716
Long Service Awards Other - Refer to Note 3.2	540,342	613,175	540,342	613,175
Ex - Gratia Roads - Refer to Note 3.3	522,552	549,026	522,552	549,026
Total Non-current Employee Benefit Liabilities	16,873,812	15,255,746	16,873,812	15,255,746

Post Retirement Benefits

Balance 1 July	13,894,504	12,907,924	13,894,504	12,907,924
Contribution for the year	313,440	288,766	313,440	288,766
Interest Cost	1,180,894	1,025,568	1,180,894	1,025,568
Expenditure for the year	(773,676)	(743,940)	(773,676)	(743,940)
Actuarial Loss	936,544	416,187	936,544	416,187
Total post retirement benefits 30 June	15,551,707	13,894,504	15,551,707	13,894,504
Less: Transfer of Current Portion - Note 4	(793,548)	(773,676)	(793,548)	(773,676)
Balance 30 June	14,758,159	13,120,829	14,758,159	13,120,829

Long Service Awards

Balance 1 July	1,689,337	1,667,640	1,689,337	1,667,640
Contribution for the year	127,429	126,225	127,429	126,225
Interest Cost	129,552	113,319	129,552	113,319
Expenditure for the year	(207,850)	(229,146)	(207,850)	(229,146)
Actuarial Loss	179,778	11,299	179,778	11,299
Total long service 30 June	1,918,246	1,689,337	1,918,246	1,689,337
Less: Transfer of Current Portion - Note 4	(325,145)	(103,446)	(325,145)	(103,446)
Balance 30 June	1,593,101	1,585,891	1,593,101	1,585,891

Ex - Gratia Benefits

Balance 1 July	622,178	554,977	622,178	554,977
Interest Cost	29,061	42,000	29,061	42,000
Actuarial Loss/(Gain)	(58,062)	25,201	(58,062)	25,201
Total long service 30 June	593,177	622,178	593,177	622,178
Less: Transfer of Current Portion - Note 4	(70,625)	(73,152)	(70,625)	(73,152)
Balance 30 June	522,552	549,026	522,552	549,026

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>				
Balance 1 July	16,206,019	15,130,541	16,206,019	15,130,541
Contribution for the year	440,869	414,991	440,869	414,991
Interest cost	1,339,507	1,180,887	1,339,507	1,180,887
Expenditure for the year	(981,526)	(973,086)	(981,526)	(973,086)
Actuarial Loss	1,058,260	452,687	1,058,260	452,687
Total employee benefits 30 June	18,063,130	16,206,020	18,063,130	16,206,020
Less: Transfer of Current Portion - Note 4	(1,189,318)	(950,274)	(1,189,318)	(950,274)
Balance 30 June	16,873,812	15,255,746	16,873,812	15,255,746

3 EMPLOYEE BENEFITS

3.1 Post Retirement Benefits

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

In-service (employee) members	28	25	28	25
Continuation members (e.g. Retirees, widows, orphans)	26	27	26	27
Total Members	54	52	54	52

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

In-service members	5,739,336	4,650,142	5,739,336	4,650,142
Continuation members	9,812,371	9,244,363	9,812,371	9,244,363
Total Liability	15,551,707	13,894,505	15,551,707	13,894,505

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

	2013 Rm	2012 Rm	2011 Rm
Total Liability	13,895	12,908	10,562

Experience adjustments were calculated as follows:

	2013 Rm	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	0.602	-0.808	1.464
Assets: Gain / (loss)	-	-	-

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

Bonitas;
LA Health
Samwumed; and
Keyhealth - Discovery.

Key actuarial assumptions used:

i) Rate of interest

	2015 %	2014 %	2015 %	2014 %
Discount rate	8.56%	8.74%	8.56%	8.74%
Health Care Cost Inflation Rate	7.83%	7.99%	7.83%	7.99%
Net Effective Discount Rate	0.67%	0.70%	0.67%	0.70%

The discount rate used is a composite of all government bonds and is calculated using a technique 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 63, which then implicitly allows for expected rates of early and ill-health retirement.

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

Present value of fund obligations	18,063,130	16,206,020	18,063,130	16,206,020
Total Liability	18,063,130	16,206,020	18,063,130	16,206,020

The fund is wholly unfunded.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	13,894,505	12,907,924	13,894,505	12,907,924
Total expenses	720,659	570,394	720,659	570,394
Current service cost	313,440	288,766	313,440	288,766
Interest Cost	1,180,894	1,025,568	1,180,894	1,025,568
Benefits Paid	(773,676)	(743,940)	(773,676)	(743,940)
Actuarial losses	936,544	416,187	936,544	416,187
Present value of fund obligation at the end of the year	15,551,708	13,894,505	15,551,708	13,894,505
Less: Transfer of Current Portion - Note 4	(793,548)	(773,676)	(793,548)	(773,676)
Balance 30 June	14,758,159	13,120,829	14,758,159	13,120,829

Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):

Assumption	Change	In-service members liability	Continuation members liability	Total liability	% change
		(Rm)	(Rm)	(Rm)	
Central Assumptions		5,739	9,812	15,551	
Health care inflation	1%	6,925	10,818	17,743	14%
Health care inflation	-1%	4,795	8,952	13,747	-12%
Discount rate	1%	4,796	8,964	13,760	-12%
Discount rate	-1%	6,947	10,821	17,768	14%
Post-retirement mortality	-1yr	5,944	10,238	16,182	4%
Average retirement age	-1yr	6,183	9,812	15,995	3%
Withdrawal Rate	-10%	5,215	9,812	15,027	-3%
		Current-service Cost	Interest Cost	Total	% change
Central Assumption		(R)	(R)	(R)	
Health care inflation	1%	371,100	1,297,700	1,668,800	16%
Health care inflation	-1%	450,300	1,485,200	1,935,500	-13%
Discount rate	1%	308,500	1,143,300	1,451,800	-5%
Discount rate	-1%	311,200	1,278,200	1,589,400	6%
Post-retirement mortality	-1yr	447,900	1,313,500	1,761,400	4%
Average retirement age	-1yr	383,900	1,351,700	1,735,600	4%
Withdrawal Rate	-10yr	403,800	1,335,700	1,739,500	-4%
		341,000	1,252,800	1,593,800	
		2015	2014	2015	2014
		R	R	R	R

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

Roads	96	96	96	96
Other	19	19	19	19
As at year end, the following number of employees were eligible for Long Service Bonuses.	115	115	115	115

Key actuarial assumptions used:

	2015 %	2014 %	2015 %	2014 %
i) Rate of interest				
Discount rate	7.58%	7.91%	7.58%	7.91%
General Salary Inflation (long-term)	6.85%	7.07%	6.85%	7.07%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.68%	0.78%	0.68%	0.78%

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

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

	2015 R	2014 R	2015 R	2014 R
Present value of fund obligations	1,918,246	1,689,337	1,918,246	1,689,337
Net liability	1,918,246	1,689,337	1,918,246	1,689,337

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

	2013 R	2012 R	2011 R
Total Liability	1,667,638	1,416,839	856,956

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	153,105	696,296	(70,261)
Assets: Gain / (loss)	-	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	1,689,337	1,667,640	1,689,337	1,667,640
Total expenses	49,131	10,398	49,131	10,398
Current service cost	127,429	126,225	127,429	126,225
Interest Cost	129,552	113,319	129,552	113,319
Benefits Paid	(207,850)	(229,146)	(207,850)	(229,146)
Actuarial (gains)/losses	179,778	11,299	179,778	11,299
Present value of fund obligation at the end of the year	1,918,246	1,689,337	1,918,246	1,689,337
Less: Transfer of Current Portion - Note 4	(325,145)	(103,446)	(325,145)	(103,446)
Balance 30 June	1,593,101	1,585,891	1,593,101	1,585,891

Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):

Assumption	Change	Liability (Rm)	% change
Central Assumptions		1,918	
Health care inflation	1%	2,027	6%
Health care inflation	-1%	1,819	-5%
Discount rate	1%	1,813	-5%
Discount rate	-1%	2,036	6%
Post-retirement mortality	-1yr	1,718	10%
Average retirement age	1yr	2,092	9%
Withdrawal Rate	-50yr	2,150	12%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		143,800	133,300	277,100	
Health care inflation	1%	154,700	141,500	296,200	7%
Health care inflation	-1%	134,000	125,900	259,900	-6%
Discount rate	1%	134,800	142,000	276,800	0%
Discount rate	-1%	154,000	123,500	277,500	0%
Post-retirement mortality	-1yr	130,400	118,200	248,600	-10%
Average retirement age	1yr	157,800	146,500	304,300	10%
Withdrawal Rate	-50yr	176,300	150,900	327,200	18%

	2015	2014	2015	2014
3.3 Ex - Gratia Benefits				
The Ex - Gratia plans are defined benefit plans.				
Roads	17	19	17	19
As at year end, the following number of employees were eligible for Ex - Gratia benefits.	17	19	17	19

Key actuarial assumptions used:

i) Rate of interest

	2015 %	2014 %	2015 %	2014 %
Discount rate	8.24%	8.50%	8.24%	8.50%
Benefit increase rate (CPI inflation)	6.08%	6.34%	6.08%	6.34%
Net Effective Discount Rate	2.04%	2.03%	2.04%	2.03%

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

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	622,178	554,977	622,178	554,977
Total expenses	29,061	42,000	29,061	42,000
Interest Cost	29,061	42,000	29,061	42,000
Actuarial (gains)/losses	(58,062)	25,201	(58,062)	25,201
Present value of fund obligation at the end of the year	593,177	622,178	593,177	622,178
Less: Transfer of Current Portion - Note	(70,625)	(73,152)	(70,625)	(73,152)
Balance 30 June	522,552	549,026	522,552	549,026

Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):

Assumption	Change	Liability (R)	% change
Central assumptions		593,177	
Benefit Increase rate	+1%	621,869	5%
Benefit Increase rate	-1%	566,165	-5%
Discount rate	+1%	566,924	-4%
Discount rate	-1%	621,549	5%
Average retirement age	-1yr	603,479	2%
Withdrawal Rate	-50%	597,361	1%

Assumption	Change	Interest Cost (R)	Total (R)	% change
Central Assumption		46,051	46,051	
Pension increase rate	1%	48,413	48,413	5%
Pension increase rate	-1%	43,826	43,826	-5%
Discount rate	1%	49,220	49,220	7%
Discount rate	-1%	42,512	42,512	-8%
Average retirement age	-1yr	40,937	40,937	-11%
Withdrawal Rate	-50%	46,394	46,394	1%

3.4 Retirement funds

The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity'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 Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.

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

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

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.60% (30 June 2013 - 105.10%).

	2015 R	2014 R	2015 R	2014 R
Contributions paid recognised in the Statement of Financial Performance	3,152,532	2,877,870	3,152,532	2,877,870

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 100.20.% (30 June 2013 - 99.70%).

	2015 R	2014 R	2015 R	2014 R
Contributions paid recognised in the Statement of Financial Performance	159,531	133,831	159,531	133,831

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

	2015 R	2014 R	2015 R	2014 R
SAMWU National Provident Fund	856,389	838,295	856,389	838,295

EMPLOYEE BENEFITS - RECEIVABLE

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	8,413,665	7,186,799	8,413,665	7,186,799
Department of Transport: Roads - Long Service Awards (Note 3.2)	1,229,426	1,044,126	1,229,426	1,044,126
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	593,177	622,178	593,177	622,178
	10,236,268	8,853,103	10,236,268	8,853,103
Less: Current portion transferred to current receivables	(623,420)	(501,706)	(623,420)	(501,706)
Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	(376,128)	(357,144)	(376,128)	(357,144)
Department of Transport: Roads - Long Service Awards (Note 3.2)	(176,667)	(71,410)	(176,667)	(71,410)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	(70,625)	(73,152)	(70,625)	(73,152)
	9,612,848	8,351,397	9,612,848	8,351,397
Less: Provision for Impairment	-	-	-	-
Total	9,612,848	8,351,397	9,612,848	8,351,397

DEPARTMENT OF TRANSPORT: ROADS

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past practise, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post- retirement benefits. The future claim for the provision for retirement benefits, which is derived from past services rendered by the relevant employees, has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

The carrying amount of these assets approximates their fair value.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
4 CURRENT EMPLOYEE BENEFITS				
Current Portion of Post Retirement Benefits - Note 3	793,548	773,676	793,548	773,676
Current Portion of Long-Service Provisions - Note 3	325,145	103,446	325,145	103,446
Current Portion of Ex - Gratia Benefits - Note 3	70,625	73,152	70,625	73,152
Provision for Staff Leave	1,561,295	1,341,103	1,515,604	1,324,964
Provision for Performance Bonuses	-	111,178	-	111,178
Staff Bonuses accrued	647,250	563,362	647,250	563,362
Total Current Employee Benefits	3,397,863	2,965,916	3,352,172	2,949,777

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	1,341,103	1,572,216	1,324,964	1,572,216
Contribution to current portion	315,672	(136,361)	286,119	(152,500)
Expenditure incurred	(95,480)	(94,752)	(95,480)	(94,752)
Balance at end of year	1,561,295	1,341,103	1,515,604	1,324,964

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.

Provision for Performance Bonuses

Balance at beginning of year	111,178	105,129	111,178	105,129
Contribution to current portion	(111,178)	166,766	(111,178)	166,766
Expenditure incurred	-	(160,717)	-	(160,717)
Balance at end of year	-	111,178	-	111,178

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

Staff Bonuses accrued

Balance at beginning of year	563,362	603,496	563,362	603,496
Contribution to current portion	1,278,402	1,126,724	1,278,402	1,126,724
Expenditure incurred	(1,194,514)	(1,166,858)	(1,194,514)	(1,166,858)
Balance at end of year	647,250	563,362	647,250	563,362

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

5 PAYABLES FROM NON EXCHANGE TRANSACTIONS

Trade Payables - National Treasury	402,385	16,274	402,385	16,274
	402,385	16,274	402,385	16,274

6 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	2,554,947	3,024,487	2,554,947	3,024,487
Roads - Sundry creditors	2,011,222	1,878,549	2,011,222	1,878,549
Sundry Creditors	172,445	825,311	170,551	820,441
Total Trade Payables	4,738,614	5,728,346	4,736,720	5,723,477

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.

7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	2,575,657	1,479,014	2,571,015	1,253,371
National Government Grants	1,090,837	238,044	1,090,837	238,044
Provincial Government Grants	1,380,738	865,452	1,380,738	865,452
Other Grant Providers	104,082	375,518	99,440	149,875
Less: Unpaid Grants	996,297	154,108	996,297	154,108
National Government Grants	244,654	83,169	244,654	83,169
Provincial Government Grants	64,333	64,333	64,333	64,333
Other Grant Providers	687,310	6,606	687,310	6,606
Total Conditional Grants and Receipts	1,579,360	1,324,906	1,574,719	1,099,263

See appendix "D" for reconciliation of grants from other spheres of government. The Economic Entity complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

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

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
8 TAXES				
7.2 VAT RECEIVABLE				
VAT receivable	112,987	11,275	112,987	11,275
VAT Payable	(1,245)	-	(1,245)	-
Total VAT receivable	<u>111,743</u>	<u>11,275</u>	<u>111,743</u>	<u>11,275</u>
7.3 NET VAT RECEIVABLE/(PAYABLE)	<u>111,743</u>	<u>11,275</u>	<u>111,743</u>	<u>11,275</u>

VAT is receivable/payable on the cash basis.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

CENTRAL KAROO DISTRICT MUNICIPALITY

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

CENTRAL KAROO DISTRICT MUNICIPALITY

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

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CENTRAL KAROO DISTRICT MUNICIPALITY

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

10	INTANGIBLE ASSETS	Economic Entity		Municipality	
		2015 R	2014 R	2015 R	2014 R
	Computer Software				
	Net Carrying amount at 1 July	48,295	80,429	48,295	80,429
	Cost	137,697	252,043	137,697	252,043
	Accumulated Amortisation	(89,402)	(171,614)	(89,402)	(171,614)
	Additions	21,185	18,755	21,185	18,755
	Disposals	-	(20,066)	-	(20,066)
	Amortisation	(8,354)	(30,822)	(8,354)	(30,822)
	Net Carrying amount at 30 June	61,126	48,296	61,126	48,296
	Cost	158,882	137,697	158,882	137,697
	Accumulated Amortisation	(97,756)	(89,402)	(97,756)	(89,402)

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

Description	Remaining Amortisation Period	Carrying Value		Carrying Value	
		2015 R	2014 R	2015 R	2014 R
Microsoft Office and other software	5	61,126	48,296	61,126	48,296

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

11 NON-CURRENT INVESTMENTS

Unlisted investments comprise of the following. Valuations of investments supplied by council

Central Karoo Economic Development Agency SOC Ltd

Cost	-	-	100	100
Opening Balance	-	-	737,927	237,534
Contribution	-	-	593,533	500,292
Impairment	-	-	(1,331,560)	(737,927)
	-	-	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
13 INVENTORY				
Maintenance Materials - At cost	866,677	1,098,944	866,677	1,098,944
Consumable Stores - Milk - At cost	54,796	35,040	54,796	35,040
Total Inventory	921,473	1,133,984	921,473	1,133,984
Inventory recognised as an expense during the year	7,959,950	1,938,996	7,959,950	1,938,996
Balance previously reported		1,679,469		1,679,469
Correction of error note 31.2		259,527		259,527
14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Other Debtors	674,235	560,552	666,189	560,552
Total Receivables from Non-Exchange Transactions	674,235	560,552	666,189	560,552
Less: Allowance for Doubtful Debts	(285,545)	(434,009)	(285,545)	(434,009)
Total Net Receivables from Non-Exchange Transactions	388,689	126,543	380,644	126,543
Reconciliation of Provision for Bad Debts				
Balance at beginning of year	434,009	281,529	434,009	281,529
Contribution to provision/(Reversal of provision)	(148,463)	152,479	(148,463)	152,479
Balance at end of year	285,545	434,009	285,545	434,009
The entire provision for bad debts relates to outstanding balances older than 180 days.				
15 OPERATING LEASE ARRANGEMENTS				
Operating leases currently under the control of the Central Karoo District Municipality has no end date to the contracts. There will therefore be no calculation for the smoothing of these leases.				
16 CASH AND CASH EQUIVALENTS				
Assets				
Call Investments Deposits	2,339,753	1,300,000	2,339,753	1,300,000
Bank Accounts	4,576,110	3,480,391	4,571,469	3,254,748
Cash Floats	1,300	1,300	1,300	1,300
Total Cash and Cash Equivalents - Assets	6,917,163	4,781,691	6,912,522	4,556,048
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.				
Call Investments Deposits to an amount of R2339753 are held to fund the Unspent Conditional Grants (CENTRAL KAROO DISTRICT MUNICIPALITY: R1300000).				
Bank overdraft facility of R2 000 000 exists at FNB.				
The Economic Entity has the following bank accounts:				
Current Accounts				
ABSA Bank Account Number 1540 0000 14 (Cheque Account)				
First National Bank Account Number 6206 2151 429 (Cheque Account)				
Nedbank 1052237526				
Combined Accounts				
	4,576,110	3,480,391	4,571,469	3,254,748
	4,576,110	3,480,391	4,571,469	3,254,748
ABSA Bank Account Number 1540 0000 14 (Cheque Account)				
Bank statement balance at beginning of year	2,217,730	32,982	2,217,730	32,982
Bank statement balance at end of year	915,529	2,217,730	915,529	2,217,730
First National Bank Account Number 6206 2151 429 (Cheque Account)				
Bank statement balance at beginning of year	987,398	344,939	987,398	344,939
Bank statement balance at end of year	3,652,498	987,398	3,652,498	987,398
Nedbank 1052237526				
Bank statement balance at beginning of year	225,643	-	-	-
Bank statement balance at end of year	4,641	225,643	-	-
Combined Accounts				
Cash book balance at beginning of year	3,480,391	529,733	3,254,748	529,733
Cash book balance at end of year	4,576,110	3,480,391	4,571,469	3,254,748
Both bank accounts are posted to a single cash book in the general ledger				
Call Investments Deposits				
Call investment deposits consist out of the following accounts:				
First Rand Bank Limited - 6223 6004 355				
	1,300,000	1,300,000	1,300,000	1,300,000
Nedbank - 03 / 7881114568 / 000001				
	1,039,753	-	1,039,753	
	2,339,753	1,300,000	2,339,753	1,300,000

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
17 GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional Grants	16,722,000	14,638,000	16,722,000	14,638,000
Equitable Share	16,722,000	14,638,000	16,722,000	14,638,000
Conditional Grants	10,266,822	6,490,136	10,266,822	6,490,136
Grants and donations	10,266,822	6,490,136	10,266,822	6,490,136
Total Government Grants and Subsidies	26,988,822	21,128,136	26,988,822	21,128,136
Government Grants and Subsidies - Capital	-	-	-	-
Government Grants and Subsidies - Operating	27,209,825	21,291,943	26,988,822	21,128,136
	27,209,825	21,291,943	26,988,822	21,128,136
Revenue recognised per vote as required by Section 123 (c) of the MFMA				
Equitable share	16,722,000	14,638,000	16,722,000	14,638,000
CKEDA	221,003	163,807	-	-
Executive and Council	536,548	-	536,548	-
Budget and Treasury	7,648,697	2,297,938	7,648,697	2,297,938
Corporate Services	1,481,142	2,687,566	1,481,142	2,687,566
Planning and Development	600,435	1,014,027	600,435	1,014,027
Health	-	490,605	-	490,605
	27,209,825	21,291,943	26,988,822	21,128,136
The Economic Entity does not expect any significant changes to the level of grants.				
17.1 Equitable share				
Opening balance	-	-	-	-
Grants received	16,722,000	14,638,000	16,722,000	14,638,000
Conditions met - Operating	(16,722,000)	(14,638,000)	(16,722,000)	(14,638,000)
Conditions 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 Economic Entity by the National Treasury.				
17.2 Health Subsidy				
Opening balance	(38,514)	(39,108)	(38,514)	(39,108)
Grants received	-	426,966	-	426,966
Conditions met - Operating	-	(426,371)	-	(426,371)
Grants to be recovered	(38,514)	(38,514)	(38,514)	(38,514)
Health subsidies was used fund primary health care services in the municipal area.				
17.3 Local Government Financial Management Grant (FMG)				
Opening balance	(2,068)	(3,654)	(2,068)	(3,654)
Grants received	1,250,000	1,250,000	1,250,000	1,250,000
Conditions met - Operating	(1,250,000)	(1,248,414)	(1,250,000)	(1,248,414)
Grants to be recovered	(2,068)	(2,068)	(2,068)	(2,068)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).				
17.4 Municipal Systems Improvement Grant				
Opening balance	(62,988)	(3,262)	(62,988)	(3,262)
Grants received	934,000	890,000	934,000	890,000
Conditions met - Operating	(934,000)	(949,727)	(934,000)	(949,727)
Grants to be recovered	(62,988)	(62,988)	(62,988)	(62,988)
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.				

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
17.5 Working for Water				
Opening balance	147,278	765,196	147,278	765,196
Grants received	-	1,118,144	-	1,118,144
Conditions met - Operating	(326,875)	(1,736,063)	(326,875)	(1,736,063)
(Grants to be recovered)/Conditions still to be met	(179,597)	147,278	(179,597)	147,278
Grant utilised for the eradication of alien vegetation.				
17.6 Other Grants				
Opening balance	1,281,197	863,944	1,055,554	863,944
Grants received	8,563,279	2,710,622	8,563,279	2,321,172
Conditions met - Operating	(7,981,949)	(2,293,369)	(7,760,947)	(2,129,562)
Conditions still to be met	1,862,526	1,281,197	1,857,886	1,055,554
Various grants were received from other spheres of government (e.g. Tourism and Skills Development Grant)				
17.7 Total Grants				
Opening balance	1,324,906	1,583,117	1,099,263	1,583,117
Grants received	27,469,279	21,033,732	27,469,279	20,644,282
Conditions met - Operating	(27,214,823)	(21,291,943)	(26,993,822)	(21,128,136)
Conditions still to be met/(Grant expenditure to be recovered)	1,579,361	1,324,906	1,574,719	1,099,263
<i>Disclosed as follows:</i>				
Unspent Conditional Government Grants and Receipts	2,575,657	1,479,014	2,571,015	1,479,014
Unpaid Conditional Government Grants and Receipts	(996,296)	(154,108)	(996,296)	(154,108)
	1,579,361	1,324,906	1,574,719	1,324,906
18 AGENCY SERVICES				
Commission on Agency services: Department of Transport: Western Cape	3,158,928	3,053,380	3,158,928	3,053,380
	3,158,928	3,053,380	3,158,928	3,053,380
The Economic Entity has service level agreements with Department Transport Western Cape				
19 Other Revenue				
National Treasury 1% audit fee	405,662	360,450	405,662	360,450
	405,662	360,450	405,662	360,450
20 OTHER INCOME				
Contributions from shared services with Beaufort West Municipality	97,688	136,521	97,688	136,521
Contributions from shared services with Laingsburg Municipality	120,705	43,295	120,705	43,295
Contributions from shared services with Prince Albert Municipality	328,578	122,167	328,578	122,167
Sundry Income	72,306	29,515	72,306	29,515
EPWP Admin fee	127,579		127,579	
Photostat and Faxes	11,957	5,387	11,957	5,387
Private Work - Roads Department	27,420	26,244	27,420	26,244
Commission - Roads Department	16,218	18,310	16,218	18,310
Samples: Milk and Water	62,084	330,137	62,084	330,137
Milk Sales	282,986	374,500	282,986	374,500
Total Other Income	1,147,520	1,086,076	1,147,520	1,086,076
As previously reported		1,059,832		1,059,832
Correction of error note 31.3		26,244		26,244
Restated balance		1,086,076		1,086,076
21 EMPLOYEE RELATED COSTS				
Employee Related Costs - Salaries and Wages	19,952,144	18,344,324	19,542,808	17,994,998
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3,430,442	3,362,796	3,410,538	3,346,127
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,137,618	1,139,682	1,137,618	1,139,682
Housing Benefits and Allowances	118,565	115,535	118,565	115,535
Overtime Payments	528,881	955,248	528,881	955,248
Bonuses	1,220,869	1,302,293	1,194,514	1,275,815
Leave Provision	315,677	(136,361)	286,119	(152,500)
Contribution to provision - Long Service Awards	127,429	126,225	127,429	126,225
Contribution to provision - Post Retirement Medical	313,440	288,766	313,440	288,766
	27,145,066	25,498,507	26,659,912	25,089,896
Less: Employee Costs allocated elsewhere	(348,270)	(300,881)	(348,270)	(300,881)
Total Employee Related Costs	26,796,795	25,197,626	26,311,642	24,789,015
As previously reported		8,348,425		7,939,814
Correction of error notes 31.1, 31.3 and 31.4		16,849,202		16,849,202
Restated balance		25,197,626		24,789,015
KEY MANAGEMENT PERSONNEL				
Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.				
REMUNERATION OF KEY MANAGEMENT PERSONNEL				
<i>Remuneration of the Municipal Manager - Mr S Jooste</i>				
Annual Remuneration	915,623	898,082	915,623	898,082
Travelling Reimbursement	300,000	240,000	300,000	240,000
Performance Bonuses	-	99,646	-	99,646
Telephone allowance	18,000	18,000	18,000	18,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	36,448	44,476	36,448	44,476
Total	1,270,071	1,300,205	1,270,071	1,300,205

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
Remuneration of the Director Technical Services				
Annual Remuneration	670,837	567,846	670,837	567,846
Traveling Reimbursement	100,000	100,000	100,000	100,000
Performance Bonus	-	67,120	-	67,120
Contributions - UIF, Medical, Pension	163,490	140,834	163,490	140,834
Total	934,327	875,800	934,327	875,800
Remuneration of the Director Corporate and Support Services				
Annual Remuneration	859,750	840,570	859,750	840,570
Traveling Reimbursement	72,000	72,000	72,000	72,000
Contributions - UIF, Medical, Pension	176,916	164,986	176,916	164,986
Total	1,108,666	1,077,557	1,108,666	1,077,557
22 REMUNERATION OF COUNCILLORS				
Mayor	742,963	697,771	742,963	697,771
Executive Committee Members	1,250,631	1,263,933	1,250,631	1,263,933
Councillors	1,080,730	1,016,547	1,080,730	1,016,547
Total Councillors' Remuneration	3,074,324	2,978,251	3,074,324	2,978,251
In-kind Benefits				
The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members are full-time Councillors. Each are provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council Transportation when engaged in official duties.				
23 DEBT IMPAIRMENT				
Trade Receivables from non-exchange transactions - Note 14	(148,463)	152,479	(148,463)	152,479
Total Debt Impairment	(148,463)	152,479	(148,463)	152,479
24 DEPRECIATION AND AMORTISATION				
Property Plant and Equipment	241,481	308,815	241,481	308,815
Intangible Assets	8,354	30,822	8,354	30,822
Total Depreciation and Amortisation	249,835	339,637	249,835	339,637
25 IMPAIRMENTS				
Non-Current Investments	-	-	593,633	500,292
Property, Plant and Equipment	5,732	-	5,732	-
Total Impairments	5,732	-	599,365	500,292
26 FINANCE CHARGES				
Employee Benefits	1,339,507	1,180,887	1,339,507	1,180,887
Less: Employee benefits transferred to Roads. Refer to note 11	(612,647)	(500,654)	(612,647)	(500,654)
Finance leases	16,202	24,162	16,202	24,162
Total finance charges	743,062	704,395	743,062	704,395
27 REPAIRS AND MAINTENANCE				
Buildings	1,554	21,935	1,554	21,935
Furniture and Equipment	11,438	44,256	11,438	44,256
General	109,435	5,584	109,435	5,584
Radio	-	1,870	-	1,870
Road Workings	9,606,976	11,449,064	9,606,976	11,449,064
Vehicle Repair and Maintenance	11,708	7,328	11,708	7,328
Total Repairs and Maintenance	9,741,111	11,530,038	9,741,111	11,530,038
As previously reported		53,955		53,955
Correction of error note 31.3 and note 31.4		11,476,083		11,476,083
Restated balance		11,530,038		11,530,038

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
28 GENERAL EXPENSES				
Advertisements	43,713	35,414	43,713	35,414
Awareness days	30,373	-	30,373	-
Audit fees	2,094,888	871,929	1,893,815	813,979
Bank Charges	33,289	44,019	32,286	43,366
Computer Expenses	419,999	421,458	419,999	421,458
DWAF operational costs	-	1,098,700	-	1,098,700
Electricity, Water and Sanitation	382,353	323,595	370,353	309,475
Entertainment	14,784	19,830	14,784	19,830
Entertainment: Deputy Mayor	22,490	9,973	22,490	9,973
Entertainment: Mayor	128,397	89,834	128,397	89,834
Entertainment: Speaker	22,000	9,000	22,000	9,000
Expanded Public Works Program	914,452	951,503	914,452	951,503
Fire Extinguishers	4,757	9,506	4,757	9,506
Fuel and Oil	33,466	40,427	33,466	40,427
Global Fund	-	57,093	-	57,093
Furniture and Equipment	-	258	-	258
Household Expenses	21,300	28,161	21,300	28,161
Implement Projects	50,435	64,301	50,435	64,301
Insurance General	88,575	101,867	88,575	101,867
Integrated Development Plan : Economic	-	52,435	-	52,435
Integrated Development Plan : Financial Services	677,445	641,482	677,445	641,482
Integrated Development Plan : Revaluation	247,260	134,306	247,260	134,306
Inventory Items used - Department of Roads	7,740,476	1,679,469	7,740,476	1,679,469
Legal Fees	50,732	222,853	50,732	222,853
Membership Fees	526,707	470,470	526,707	470,470
Milk Powder	220,480	259,527	220,480	259,527
Nutrition Scheme	-	54,362	-	54,362
Penalties & Interest SARS	12,999	-	12,999	-
Printing and Stationery	141,531	98,090	141,531	98,090
Public Functions	66,220	36,060	66,220	36,060
Rates	103,474	90,131	103,474	90,131
Registration and Congress Fees	8,089	12,824	8,089	12,824
Rent	87,725	73,316	87,725	73,316
Rent Equipment	1,500	-	1,500	-
Samples: Milk, Water and Food	58,575	187,834	58,575	187,834
Shared services	827,122	538,463	827,122	538,463
Study Fund	161,935	(10,601)	161,935	(10,601)
Sundry Expenditure	190,051	395,350	143,945	263,571
Sundry Projects	6,006,542	412,111	6,006,542	412,111
Telephone and Postage	549,785	441,049	507,436	405,919
Training	58,752	151,152	58,752	151,152
Training Fund	421,742	230,101	421,742	230,101
Travel and Subsistence	1,298,921	1,359,766	1,248,563	1,322,902
Travel and Subsistence: Council	599,858	462,065	599,858	462,065
Total General Expenses	24,363,192	12,169,485	24,010,303	11,892,989
As previously reported		44,243,921		43,967,425
Correction of error note 31		(32,074,437)		(32,074,437)
Restated balance		12,169,485		11,892,989
29 TAXATION				
Normal taxation	-	-	-	-
No taxation is payable since the Economic Entity has an assessed tax loss.				
No provision were made for any deferred tax assets. It is not probable that the Economic Entity will make a taxable profit.				
30 DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES				
Administration cost	-	4,094,171	-	4,094,171
Advertising	-	6,982	-	6,982
Bonusses	-	877,345	-	877,345
Buildings	-	4,060	-	4,060
Computer expenses	-	16,331	-	16,331
Electricity	-	127,034	-	127,034
Employee related cost	-	32,400	-	32,400
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	-	2,746,407	-	2,746,407
Employee Related Costs - Salaries and Wages	-	11,359,509	-	11,359,509
Entertainment	-	16,110	-	16,110
Equipment	-	15,410	-	15,410
Furniture & Fittings	-	3,282	-	3,282
General Expenses	-	101,733	-	101,733
Housing Benefits and Allowances	-	72,383	-	72,383
Inventory	-	1,679,469	-	1,679,469
Over time	-	949,291	-	949,291
Private work	-	(26,244)	-	(26,244)
Rates & Taxes	-	32,987	-	32,987
Repairs & Maintenance	-	1,640,677	-	1,640,677
Road workings	-	6,968,111	-	6,968,111
Service contracts	-	2,842,503	-	2,842,503
Stationary	-	29,921	-	29,921
Telephone and Postage	-	182,987	-	182,987
Training	-	13,260	-	13,260
Travel and Subsistence	-	512,588	-	512,588
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	-	296,400	-	296,400
	-	34,595,109	-	34,595,109
As previously reported		34,595,109		34,595,109
Correction of error note 31.3		(34,595,109)		(34,595,109)
Restated balance		-		-

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
31 CORRECTION OF ERROR IN TERMS OF GRAP 3				
31.1 EMPLOYEE RELATED COSTS				
<i>Balance previously reported - 30 June</i>	653,380		653,380	
Re-allocation of longservice bonuses from Travel, Motor Car, Accommodation, Subsistence and Other Allowances to Contribution to provision - Long Service Awards	77,470		77,470	
Restated Balance	730,850		730,850	
31.2 INVENTORY				
<i>Balance previously reported - 30 June</i>	1,679,469		1,679,469	
Mik sold during the 2013/2014 financial year note	259,527		259,527	
Restated Balance	1,938,996	-	1,938,996	
31.3 DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES				
<i>Balance previously reported - 30 June</i>	34,595,109		34,595,109	
Re-allocation to employee related costs note 21	(16,413,768)		(16,413,768)	
Re-allocation to general expenses note 28	(6,733,899)		(6,733,899)	
Re-allocation to repairs and maintenance note 27	(11,473,686)		(11,473,686)	
Re-allocation to other income note 20	26,244		26,244	
Restated Balance	-		-	
31.4 GENERAL EXPENSES - Work for Water Project				
<i>Balance previously reported - 30 June</i>	1,674,379		1,674,379	
Re-allocation to employee related costs note 21	(435,434)		(435,434)	
Re-allocation to DWAF operational costs and Training note 28	(1,236,549)		(1,236,549)	
Re-allocation of Work for Water Project to note 27	(2,396)		(2,396)	
Restated Balance	-		-	

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
31.5 Roads Agency Services				
<i>Balance previously reported - 30 June</i>	4,094,171		4,094,171	
Re-allocation to Department of Transport - Roads Service Charges Income	(4,094,171)		(4,094,171)	
Restated Balance	-	-	-	-
31.6 PAYABLES FROM NON EXCHANGE TRANSACTIONS				
<i>Balance previously reported - 30 June</i>			-	
Correction of Payables from Non Exchange transactions note 5	16,274		16,274	
Restated Balance	16,274	-	16,274	-
31.7 NON-CURRENT INVESTMENTS				
<i>Balance previously reported - 30 June</i>			(1,273,610)	
Correction of Audit fees paid on behalf of CKEDA note 28			(57,950)	
Restated Balance	-	-	(1,331,560)	-
31.8 GENERAL EXPENSES				
<i>Balance previously reported - 30 June</i>	-		-	
Correction of Audit fees paid on behalf of National Treasury note 19	360,450		360,450	
Restated Balance	360,450	-	360,450	-
31.9 PAYABLES FROM EXCHANGE TRANSACTIONS				
<i>Balance previously reported - 30 June</i>	-		-	
Data expenses relating to the previous financial year note 28	1,600			
Telephone costs relating to the previous financial year note 28	3,270			
Restated Balance	4,870	-	-	-
	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
32 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED BY OPERATIONS				
Surplus for the year	2,077,272	2,767,747	2,100,679	2,788,755
Adjustments for:				
Depreciation	241,481	308,815	241,481	308,815
Amortisation of Intangible Assets	8,354	30,822	8,354	30,822
Loss on disposal of property, plant and equipment	-	53,558	-	53,558
Interest on Employee benefits	1,360,284	1,180,887	1,360,284	1,180,887
Contribution to provisions – bad debt	(148,463)	152,479	(148,463)	152,479
Contribution to short term employee benefits	431,944	(312,669)	402,394	(328,807)
Contribution from/to employee benefits	580,583	670,267	580,583	670,267
Actuarial Loss	1,037,483	452,687	1,037,483	452,687
Non - cash movement in employee benefits	(1,383,165)	(1,030,819)	(1,383,165)	(1,030,819)
Impairment written off	5,732	-	599,365	500,292
Grants Received	27,469,279	21,033,732	27,469,279	20,844,282
Grant Expenditure	(27,214,823)	(21,291,943)	(26,993,822)	(21,128,136)
Operating Surplus before changes in working capital	4,465,960	4,015,563	5,274,452	4,295,082
Changes in working capital	(1,960,677)	(661,574)	(1,954,525)	(666,444)
Decrease in Trade and Other Payables	(598,753)	(611,649)	(600,646)	(616,519)
Increase/(Decrease) in Unspent and Unpaid Grants	-	-	-	-
Increase/(Decrease) in Taxes	(100,468)	143,575	(100,468)	143,575
(Increase)/Decrease in Inventory	212,511	(254,728)	212,511	(254,728)
(Increase)/Decrease in Trade and other receivables	(1,473,967)	61,227	(1,465,921)	61,227
Cash generated by operations	2,505,283	3,353,989	3,319,927	3,628,638
33 RECONCILIATION OF CASH FLOW STATEMENT				

Other corrections also includes reclassification errors, as well as adjustments made for non-cash items incorrectly included in the Cash Flow Statements

The comparative figures were adjusted as follows:

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2014 (Previously reported) R	2014 (Adjustments) R	2014 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	40,180,714	4,888,365	35,292,350
Government	20,644,282	-	20,644,282
Interest	177,620	-	177,620
Payments			
Suppliers and employees	(57,407,767)	(4,946,315)	(52,461,452)
Finance charges	(24,162)	-	(24,162)
Cash generated by operations	3,570,688	-	3,628,638
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(378,378)	-	(378,379)
Proceeds on Disposal of Fixed Assets	46,101	-	46,100
Purchase of Intangible Assets	(18,755)	-	(18,755)
Decrease/(Increase) in Non-current Investments	(442,342)	-	(500,292)
Net Cash from Investing Activities	(793,374)	-	(851,325)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid	(52,298)	-	(52,298)
Net Cash from Financing Activities	(52,298)	-	(52,298)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,725,016	-	2,725,016
Cash and Cash Equivalents at the beginning of the year	1,831,033	-	1,831,033
Cash and Cash Equivalents at the end of the year	4,556,048	-	4,556,048
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,725,016	-	2,725,016

CENTRAL KAROO DISTRICT MUNICIPALITY

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	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
33 NON - CASH INVESTING AND FINANCING ACTIVITIES				
33.1 Employee benefits				
Movements for the year	1,618,066	1,122,952	1,618,066	1,122,952
Non - Cash movement current portion of employee benefits	(1,261,451)	(1,070,381)	(1,261,451)	(1,070,381)
	<u>356,615</u>	<u>52,571</u>	<u>356,615</u>	<u>52,571</u>
33.2 Current Employee benefits				
Movements for the year	239,044	(47,470)	239,044	(47,470)
Non - Cash movement current portion of employee benefits	(121,714)	39,562	(121,714)	39,562
	<u>117,330</u>	<u>(7,908)</u>	<u>117,330</u>	<u>(7,908)</u>
33.3 Long term receivables				
Movements for the year	1,261,451	1,070,381	1,261,451	1,070,381
Non - Cash movement current portion of employee benefits	(1,261,451)	(1,070,381)	(1,261,451)	(1,070,381)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
33.4 Short term receivables				
Movements for the year	121,714	(39,562)	121,714	(39,562)
Non - Cash movement current portion of employee benefits	(121,714)	39,562	(121,714)	39,562
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
34 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Call Investments Deposits - Note 16	2,339,753	1,300,000	2,339,753	1,300,000
Cash Floats - Note 16	1,300	1,300	1,300	1,300
Bank - Note 16	4,576,110	3,480,391	4,571,469	3,254,748
Total cash and cash equivalents	<u>6,917,163</u>	<u>4,781,691</u>	<u>6,912,522</u>	<u>4,556,048</u>
35 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note 34	6,917,163	4,781,691	6,912,522	4,556,048
Less:	6,917,163	4,781,691	6,912,522	4,556,048
Unspent Committed Conditional Grants - Note 7	2,575,657	1,479,014	2,571,016	1,253,371
Resources available for working capital requirements	<u>4,341,507</u>	<u>3,302,677</u>	<u>4,341,506</u>	<u>3,302,677</u>

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36	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	Economic Entity		Municipality	
		2015 R	2014 R	2015 R	2014 R
	Long-term Liabilities - Note 2	53,970	105,009	53,970	105,009
	Used to finance property, plant and equipment - at cost	(53,970)	(105,009)	(53,970)	(105,009)
		-	-	-	-
37	BUDGET COMPARISONS				
	The budget comparison only applies to the Municipality as their were no approved budget for the entity.	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
37.1	Operational				
	Revenue by source				
	Property Rates	-	-	-	0%
	Government Grants and Subsidies - Capital	-	-	-	0%
	Government Grants and Subsidies - Operating	26,988,822	40,290,452	(13,301,630)	-33%
	Debt Impairment	148,463	-	148,463	100%
	Actuarial Gains	58,062	-	58,062	100%
	National Treasury 1% audit fee	405,662	-	405,662	100%
	Internal Charges	-	-	-	0%
	Rental of Facilities and Equipment	70,022	70,000	22	0%
	Interest Earned - external investments	446,335	200,000	246,335	123%
	Licences and Permits	14,990	18,000	(3,010)	-17%
	Department of Transport - Roads Service Charges	35,781,816	35,828,463	(46,647)	0%
	Agency Services	3,158,928	4,149,237	(990,309)	-24%
	Other Income	1,147,520	2,142,404	(994,884)	-46%
		68,220,620	82,698,556	(14,477,936)	-18%
	Expenditure by nature				
	Employee Related Costs	26,311,642	11,353,170	(14,958,472)	132%
	Remuneration of Councillors	3,074,324	3,145,000	70,676	-2%
	Depreciation and Amortisation	249,835	396,940	147,105	-37%
	Impairments	599,365	-	(599,365)	-100%
	Repairs and Maintenance	9,741,111	108,600	(9,632,511)	8870%
	Finance Charges	743,062	300,000	(443,062)	148%
	Contracted services	273,977	290,000	16,023	-6%
	General Expenses	24,010,303	67,098,143	43,087,840	-64%
	Actuarial Losses	1,116,322	-	(1,116,322)	100%
		66,119,942	82,691,853	16,571,912	-20%
	Net Surplus for the year	2,100,678	6,703	2,093,976	31239%
		2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
37.2	Expenditure by Vote				
	Executive and Council	6,984,681	8,157,580	(1,172,899)	-14%
	Budget and Treasury	12,187,688	22,930,752	(10,743,064)	-47%
	Corporate Services	7,093,530	10,817,896	(3,724,366)	-34%
	Planning and Development	1,155,875	1,838,108	(682,233)	-37%
	Health	2,161,691	2,371,024	(209,333)	-9%
	Public Safety	727,242	748,030	(20,788)	-3%
	Road Transport	35,809,236	35,828,463	(19,227)	0%
		66,119,943	82,691,853	(16,571,910)	-20%
38	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED				
38.1	Unauthorised expenditure				
	Reconciliation of unauthorised expenditure:				
	Opening balance	4,564,250	491,020	4,564,250	491,020
	Unauthorised expenditure current year - operating	-	4,564,250	-	4,564,250
	Written off by council	(4,564,250)	(491,020)	(4,564,250)	(491,020)
	Unauthorised expenditure awaiting authorisation	-	4,564,250	-	4,564,250

Unauthorised expenditure on operating votes is mainly due to provisional amounts recognised for depreciation and amortisation of R 3 487 761.

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Unauthorised expenditure current year - operating				
Corporate Services	7,093,530	10,817,896	(3,724,366)	-
Budget and Treasury	12,187,688	22,930,752	(10,743,064)	-
Health	2,161,691	2,371,024	(209,333)	-
Executive and Council	6,984,681	8,157,580	(1,172,899)	-
Planning and Development	1,155,875	1,838,108	(682,233)	-
Public Safety	727,242	748,030	(20,788)	-
Road Transport	35,809,236	35,828,463	(19,227)	-
	66,119,943	82,691,853	(16,571,910)	-

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Unauthorised expenditure current year - capital				
Budget & Treasury	318,342	500,000	(181,658)	-
	318,342	500,000	(181,658)	-

38.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-	-	-
Fruitless and wasteful expenditure current year	-	-	-	-
Written off by council	12,999	-	12,999	-
Transfer to receivables for recovery	-	-	-	-
Fruitless and wasteful expenditure awaiting further action	12,999	-	12,999	-

Incident	Disciplinary steps/criminal proceedings			
Interest on late payment of creditors	None	-	-	-
SARS penalties	None	12,999	12,999	-
Interest on arrear portion of long term liabilities	None	-	-	-
		12,999	12,999	-

38.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

	2015 R	2014 R	2015 R	2014 R
Opening balance	64,474	2,812,553	64,474	2,812,553
Irregular expenditure current year	440,297	64,474	433,577	64,474
Written off by council	(64,474)	(2,812,553)	(64,474)	(2,812,553)
Irregular expenditure awaiting further action	440,297	64,474	433,577	64,474

Incident	Disciplinary steps/criminal proceedings			
Purchases made without tax clearance certificates	None	99,950	99,950	-
Preferential point system not applied in tender process	None	-	-	-
Non-compliance with Supply Chain Management Policy	None	340,347	333,627	64,474
		440,297	433,577	64,474

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

38.3 **Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

	Between R30,001 and R200,000	Up to R30,000
Emergency	31,826	42,611
Impractical	269,650	115,785
Sole Supplier	1,356,162	493,497
Grand Total	1,657,638	651,893

The major deviations, from the above, were as follows:

Awarded to	Reason/Explanation	Amount
BABCOCK EQUIPMENT	Only Agent that sells the specific parts	98,742
BARLOWORLD EQUIPMENT	Only agent that supplies CAT Equipment	164,191
BELL EQUIPMENT	Only Agent that sells the specific parts	87,191
ELB EQUIPMENT LTD	Only Agent that sells the specific parts	79,332
KAMKOR CC T/A DONKIN MOTORS	Only supplier that we have an account with	54,911
KOMATSU	Only Agent that sells the specific parts	114,411
MURRAYSBURG VULSTASIE	Only supplier that we have an account with	239,210
National Garage	Only supplier that we have an account with	130,679
PENNYWORTH TRADING (PTY) LTD	Only Agent that sells the specific parts	84,581
VICTOR SE GARAGE	Only supplier that we have an account with	166,830
Total		1,220,078

CENTRAL KAROO DISTRICT MUNICIPALITY

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

38.4 Material Losses

No material losses occurred

38.5 Service in State

The following supplier did not indicate that a member is in service of the state as required by section 13(c)(i) of the Supply Chain Management Regulations.

Service provider	Name of member	State department	Contract value
C & C Fitters	D Nortje	Social Development	31,825
Nestle	N Bhengu	Road Accident Fund	264,628
Absa Bank	T Dingaan	Development Bank of Southern Africa	110,602
Trentyre	A Sing	Development Bank of Southern Africa	487,693

Economic Entity		Municipality	
2015	2014	2015	2014
R	R	R	R

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	-	-	-	-
Council subscriptions	526,707	470,470	526,707	470,470
Amount paid - current year	(526,707)	(470,470)	(526,707)	(470,470)
Balance unpaid (included in creditors)	-	-	-	-

39.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	-	-	-	-
Current year audit fee	1,893,815	813,979	1,893,815	813,979
External Audit - Auditor-General	1,893,815	813,979	1,893,815	813,979
Amount paid - current year	(1,893,815)	(813,979)	(1,893,815)	(813,979)
Balance unpaid (included in creditors)	-	-	-	-

39.3 VAT - [MFMA 125 (1)(b)]

Opening balance	11,275	154,850	11,275	154,850
Amounts received - current year	(375,195)	(597,003)	(375,195)	(597,003)
Amounts claimed - current year	454,871	430,878	454,871	430,878
Closing balance - Receivable	90,952	(11,275)	90,952	(11,275)

Vat in suspense due to cash basis of accounting

Input VAT	112,987	11,275	112,987	11,275
Output VAT	(1,245)	-	(1,245)	-
Receivable / (Payable)	111,743	11,275	111,743	11,275

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.

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

Opening balance	-	(32,178)	-	(32,178)
Current year payroll deductions and Council Contributions	4,151,236	3,638,491	4,151,236	3,638,491
Amount paid - current year	(4,151,236)	(3,606,313)	(4,151,236)	(3,606,313)
Balance unpaid (included in creditors)	-	-	-	-

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

Opening balance	-	1,390	-	1,390
Current year payroll deductions and Council Contributions	3,414,633	3,312,304	3,414,633	3,312,304
Amount paid - current year	(3,414,633)	(3,313,694)	(3,414,633)	(3,313,694)
Balance unpaid (included in creditors)	-	-	-	-

39.6 Unlisted investment in Central Karoo Economic Development Agency SOC Ltd - [MFMA 125 (1)(b)]

Cost	-	-	100	100
Owners contribution during the year	-	-	593,533	500,292
Impairments	-	-	(593,633)	(500,392)
Closing balance	-	-	-	-

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

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

	Outstanding more than 90 days	Outstanding more than 90 days	Outstanding more than 90 days	Outstanding more than 90 days
Councillor MS Hangana	24,517	15,166	24,517	15,166
Councillor J Windvogel	21,698	21,698	21,698	21,698
Councillor J Bostander	26,456	4,633	26,456	4,633
Councillor BJ van As	1,146	-	1,146	-
Councillor M Furmen	7,141	-	7,141	-
Councillor S Botes	1,753	-	1,753	-
Mayor EZ Njado	18,017	12,375	18,017	12,375
Total	100,729	53,873	100,729	53,873

CENTRAL KAROO DISTRICT MUNICIPALITY

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	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
40 CAPITAL COMMITMENTS				
Commitments in respect of capital expenditure:				
Approved and contracted for:	474,628	-	474,628	-
Total commitments consist out of the following:				
Upgrading of council chambers	474,628	-	474,628	-
	474,628	-	474,628	-
This expenditure will be financed from:				

41 FINANCIAL RISK MANAGEMENT

The activities of the Economic Entity 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 Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.

(a) Foreign Exchange Currency Risk

The Economic Entity does not engage in foreign currency transactions.

(b) Price risk

The Economic Entity is not exposed to price risk.

(c) Interest Rate Risk

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

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

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2014 - 0.5%) Increase in interest rates	68,573	44,497	68,573	44,497
0.5% (2014 - 0.5%) Decrease in interest rates	(34,286)	(22,249)	(34,286)	(22,249)

(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 Economic Entity to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No receivables are pledged as security for financial liabilities.

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 banks utilised by the Economic Entity for current and non-current investments are all listed on the JSE (First National Bank and ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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 expectation of counter party default.

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

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

Long term receivables	10,236,268	8,853,103	10,236,268	8,853,103
Receivables from non-exchange transactions	674,235	560,552	666,189	560,552
Cash and Cash Equivalents	6,917,163	4,556,048	6,912,522	4,556,048
Unpaid conditional grants and subsidies	996,297	154,108	996,297	154,108
	18,823,962	14,123,811	18,811,276	14,123,811

CENTRAL KAROO DISTRICT MUNICIPALITY

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(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities - Finance Lease Liability	44,651	17,586	-	-
Capital repayments	38,976	14,994	-	-
Interest	5,675	2,592	-	-
Trade and Other Payables	4,738,614	-	-	-
Unspent conditional government grants and receipts	2,575,657	-	-	-
	<u>7,358,922</u>	<u>17,586</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2014				
Long Term liabilities - Finance Lease Liability	76,459	108,317	-	-
Capital repayments	49,885	87,498	-	-
Interest	26,574	20,819	-	-
Trade and Other Payables	5,728,346	-	-	-
Unspent conditional government grants and receipts	1,253,371	-	-	-
	<u>7,058,176</u>	<u>108,317</u>	<u>-</u>	<u>-</u>
	Economic Entity 2015 R	2014 R	Municipality 2015 R	2014 R

42 FINANCIAL INSTRUMENTS

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

42.1 Financial Assets	Classification				
Receivables					
Receivables from non-exchange transactions	Financial instruments at amortised cost	674,235	560,552	666,189	560,552
Other Receivables					
Government Subsidies and Grants	Financial instruments at amortised cost	996,297	154,108	996,297	154,108
Short-term Investment Deposits					
Call Deposits	Financial instruments at amortised cost	2,339,753	1,300,000	2,339,753	1,300,000
Bank Balances and Cash					
Bank Balances	Financial instruments at amortised cost	4,576,110	3,480,391	4,571,469	3,254,748
Cash Floats and Advances	Financial instruments at amortised cost	1,300	1,300	1,300	1,300
		<u>8,587,694</u>	<u>5,496,351</u>	<u>8,575,008</u>	<u>5,270,708</u>
SUMMARY OF FINANCIAL ASSETS					
Financial instruments at amortised cost		<u>8,587,694</u>	<u>5,496,351</u>	<u>8,575,008</u>	<u>5,270,708</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

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		Economic Entity		Municipality	
		2015	2014	2015	2014
		R	R	R	R
FINANCIAL INSTRUMENTS (CONTINUE)					
42.2	Financial Liability	Classification			
	Long-term Liabilities				
	Capitalised Lease Liability		Financial instruments at amortised cost		
		14,994	42,926	14,994	42,926
	Payables from exchange transactions				
	Trade creditors		Financial instruments at amortised cost		
		2,554,947	3,024,487	2,554,947	3,024,487
	Sundry Creditors		Financial instruments at amortised cost		
		170,551	820,441	170,551	820,441
	Creditors Roads		Financial instruments at amortised cost		
		2,011,222	1,878,549	2,011,222	1,878,549
	Other Payables				
	Government Subsidies and Grants		Financial instruments at amortised cost		
		2,575,657	1,479,014	2,571,015	1,253,371
	Current Portion of Long-term Liabilities				
	Capitalised Lease Liability		Financial instruments at amortised cost		
		38,976	62,083	38,976	62,083
		7,366,347	7,307,500	7,361,705	7,081,856
SUMMARY OF FINANCIAL LIABILITY					
	Financial instruments at amortised cost	7,366,347	7,307,500	7,361,705	7,081,856
		Economic Entity		Municipality	
		2015	2014	2015	2014
		R	R	R	R
43	STATUTORY RECEIVABLES				
	In accordance with the principles of GRAP 108, Statutory receivables of the entity are classified as follows:				
	Taxes				
	VAT Receivable	111,743	11,275	111,743	11,275
		111,743	11,275	111,743	11,275
44	EVENTS AFTER THE REPORTING DATE				
	The Economic Entity has no events after reporting date during the financial year ended 2014/2015.				
45	IN-KIND DONATIONS AND ASSISTANCE				
	The Economic Entity did not receive any in-kind donations or assistance during the year under review.				
46	PRIVATE PUBLIC PARTNERSHIPS				
	Council has not entered into any private public partnerships during the financial year.				
47	CONTINGENT LIABILITY				
	No contingent liabilities have been noted during the current financial year.				
48	RELATED PARTIES				
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
48.1	Related Party Transactions				
	Opeining Balance	-	-	737,927	237,534
	Additions to loan	-	-	593,633	500,392
	Impairment of loan	-	-	(1,331,560)	(737,927)
	Closing balance	-	-	-	-
	Rental contribution per agreement not considered in the loan			87,725	73,316

CENTRAL KAROO DISTRICT MUNICIPALITY

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

	Economic Entity		Municipality	
	2015 R	2014 R	2015 R	2014 R
48.2 Related Party Loans				
The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Central Karoo District Municipality:				
* Municipal Manager				
48.3 Compensation of key management personnel				
The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.				
48.4 Other related party transactions				
Included in other receivables are outstanding money(s) to be recovered from Councillors, and Mayor, due to travel and lodging claimed, but not spent:				
Councillor/Staff Member				
Councillor MS Hangana	24,517	16,155	24,517	16,155
Councillor IJ Windvogel	21,698	21,698	21,698	21,698
Councillor J Bostander	26,456	4,633	26,456	4,633
Councillor BJ van As	1,146	-	1,146	-
Councillor M Furmen	7,141	-	7,141	-
Councillor S Botes	1,753	-	1,753	-
Mayor EZ Njado	18,017	12,375	18,017	12,375
	100,729	54,862	100,729	54,862
Included in general expenses are sitting allowances paid to board members. They were:				
Total	12,500	18,500	-	-

49 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

Current Liabilities exceeds current assets with the current ratio being 0.89:1 (2014 - 0.65:1)

Liquidity ratio of 0.62:1 (2014 0.43:1)

Accumulated loss of R 4,298,151 (2014 R 6,380,293)

The following factors mitigated the financial uncertainty

The current ratio increased to 0.85:1 from 0.67:1 in the prior year.

The municipality have budgeted for a Surplus of R 6 703 for the 2014/2015 financial year. The municipality is also budgeting for positive cash flows during 2015/2016 and 2016/2017 amounting to R 3,333,640.13 and R 6,684,011.28 respectively.

Possible outflow of resources due the contingent liability disclosed in note 47

50 BUDGET COMPARISONS

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 7 to 12.

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer debtors in budget statements consist out of Receivables from Exchange and Receivables from Non-exchange.

The budget formats does not allow for various sundry debtor balances to be disclosed separately. For this reason, Unpaid Conditional Grants and Receipts, Operating Lease Assets and Taxes are all incorporated under other receivables.

Included in Trade and other payables per budget statement are Payables from Exchange Transactions as well as Unspent Conditional Government Grants and Receipts.

Employee benefits and Provisions (current and non-current) are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

Statement of financial position

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Third Party Payments.

Depreciation/Amortisation and Impairments are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - General Expenses, Repairs and Maintenance and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

Economic Entity

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2015

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value	
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment R	Disposals R	Closing Balance R	R
Land and Buildings	2,841,060	-	-	2,841,060	1,262,450	43,536	-	-	1,305,986	1,535,074
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,262,450	43,536	-	-	1,305,986	1,306,074
Community Assets	1,031,424	-	-	1,031,424	172,768	27,699	-	-	200,466	830,958
Buildings	1,031,424	-	-	1,031,424	172,768	27,699	-	-	200,466	830,958
Other Assets	4,305,176	297,593	-	4,602,769	2,681,430	170,246	5,732	-	2,857,408	1,745,361
Machinery and Equipment	654,788	21,249	-	676,037	418,895	4,389	1,143	-	424,427	251,611
Furniture and Equipment	1,383,968	48,796	-	1,432,764	755,160	13,007	1,192	-	769,359	663,405
Office Equipment - Computers	1,076,687	62,548	-	1,139,235	688,926	100,992	3,398	-	793,317	345,918
Motor vehicles	1,189,733	165,000	-	1,354,733	818,448	51,858	-	-	870,306	484,427
	8,177,660	297,593	-	8,475,253	4,116,648	241,480	5,732	-	4,363,861	4,111,393

CENTRAL KAROO DISTRICT MUNICIPALITY

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

30 JUNE 2014

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value	
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment	Disposals R	Closing Balance R	R
Land and Buildings	2,841,060	-	-	2,841,060	1,217,463	44,987	-	-	1,262,450	1,578,610
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,217,463	44,987	-	-	1,262,450	1,349,610
Community Assets	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Buildings	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Other Assets	4,154,912	378,378	(228,114)	4,305,176	2,594,745	235,207	-	(148,522)	2,681,430	1,623,747
Machinery and Equipment	651,221	3,567	-	654,788	415,326	3,569	-	-	418,895	235,893
Furniture and Equipment	1,315,465	94,812	(26,309)	1,383,968	749,977	28,719	-	(23,536)	755,160	628,808
Office Equipment - Computers	876,875	280,000	(80,188)	1,076,687	610,026	154,337	-	(75,436)	688,926	387,761
Motor vehicles	1,311,350	-	(121,617)	1,189,733	819,416	48,582	-	(49,550)	818,448	371,285
	8,027,396	378,378	(228,114)	8,177,660	3,956,354	308,816	-	(148,522)	4,116,648	4,061,012

CENTRAL KAROO DISTRICT MUNICIPALITY

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

Municipality

30 JUNE 2015

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value	
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment R	Disposals R	Closing Balance R	R
Land and Buildings	2,841,060	-	-	2,841,060	1,262,450	43,536	-	-	1,305,986	1,535,074
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,262,450	43,536	-	-	1,305,986	1,306,074
Community Assets	1,031,424	-	-	1,031,424	172,768	27,699	-	-	200,466	830,958
Buildings	1,031,424	-	-	1,031,424	172,768	27,699	-	-	200,466	830,958
Other Assets	4,305,176	297,593	-	4,602,769	2,681,430	170,246	5,732	-	2,857,408	1,745,361
Machinery and Equipment	654,788	21,249	-	676,037	418,895	4,389	1,143	-	424,427	251,611
Furniture and Equipment	1,383,968	48,796	-	1,432,764	755,160	13,007	1,192	-	769,359	663,405
Office Equipment - Computers	1,076,687	62,548	-	1,139,235	688,926	100,992	3,398	-	793,317	345,918
Motor vehicles	1,189,733	165,000	-	1,354,733	818,448	51,858	-	-	870,306	484,427
	8,177,660	297,593	-	8,475,253	4,116,648	241,480	5,732	-	4,363,861	4,111,393

CENTRAL KAROO DISTRICT MUNICIPALITY

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

30 JUNE 2014

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment	Disposals R	Closing Balance R	R
Land and Buildings	2,841,060	-	-	2,841,060	1,217,463	44,987	-	-	1,262,450	1,578,610
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,217,463	44,987	-	-	1,262,450	1,349,610
Community Assets	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Buildings	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Other Assets	4,154,912	378,378	(228,114)	4,305,176	2,594,745	235,207	-	(148,522)	2,681,430	1,623,746
Machinery and Equipment	651,221	3,567	-	654,788	415,326	3,569	-	-	418,895	235,893
Furniture and Equipment	1,315,465	94,812	(26,309)	1,383,968	749,977	28,719	-	(23,536)	755,160	628,808
Office Equipment - Computers	876,875	280,000	(80,188)	1,076,687	610,026	154,337	-	(75,436)	688,926	387,761
Motor vehicles	1,311,350	-	(121,617)	1,189,733	819,416	48,582	-	(49,550)	818,448	371,285
	8,027,396	378,378	(228,114)	8,177,660	3,956,354	308,816	-	(148,522)	4,116,648	4,061,012

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

The effect of the Change in Accounting estimates due to the review of useful lives and residual values is as follows:

Increase / (Decrease) in depreciation on other assets for the year

2015 R	2016 R	2017 R
263,944	263,944	227,440

**APPENDIX A - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2015
LEASE LIABILITY							
Gestetner MP 6001 SP	20.00%		30/11/2016	76,673	-	52,299	24,373
Gestetner MPC 3001	13.00%		30/11/2015	28,336	-	9,784	18,553
RICOH MP301SP	13.00%		30/06/2019	-	12,914	1,870	11,044
Total Lease Liabilities				105,009	12,914	63,954	53,970
TOTAL EXTERNAL LOANS				105,009	12,914	63,954	53,970

APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
360,450	(1,750,851)	(1,390,401)	MUNICIPAL MANAGER	2,588,310	(2,361,971)	226,339
-	(4,112,459)	(4,112,459)	COUNCIL GENERAL EXPENSES	3,485,800	(4,622,710)	(1,136,910)
17,701,538	(7,222,205)	10,479,333	FINANCIAL SERVICES	14,487,496	(14,776,974)	(289,478)
3,240,559	(2,888,086)	352,473	CORPORATE SERVICES	7,883,207	(2,868,727)	5,014,480
1,014,027	(1,190,514)	(176,487)	PLANNING AND DEVELOPMENT	1,042,785	(1,155,875)	(113,090)
371,377	(2,355,923)	(1,984,546)	HEALTH	77,074	(2,161,691)	(2,084,617)
3,178,171	(2,832,818)	345,353	OTHER	2,625,709	(1,487,053)	1,138,656
-	(704,407)	(704,407)	PUBLIC SAFETY	-	(727,242)	(727,242)
163,807	(184,812)	(21,005)	CKEDA	221,003	(148,462)	72,541
30,527,182	(30,547,289)	(20,107)	ROAD TRANSPORT	35,809,236	(35,809,236)	-
56,557,111	(53,789,364)	2,767,747	Sub Total	68,220,620	(66,119,941)	2,100,680
-	-	-		-	-	-
56,557,111	(53,789,364)	2,767,747	Total	68,220,620	(66,119,941)	2,100,680

APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
360,450	(5,863,310)	(5,502,860)	Executive and Council	1,491,462	(6,984,681)	(5,493,219)
16,652,013	(4,397,745)	12,254,268	Budget and Treasury	6,483,510	(12,039,225)	(5,555,715)
7,468,254	(8,547,762)	(1,079,508)	Corporate Services	23,737,900	(7,093,530)	16,644,371
1,014,027	(1,188,115)	(174,087)	Planning and Development	400,435	(1,155,875)	(755,440)
371,377	(2,355,923)	(1,984,545)	Health	77,074	(2,161,691)	(2,084,616)
-	(704,407)	(704,407)	Public Safety	-	(727,242)	(727,242)
30,527,182	(30,547,289)	(20,107)	Road Transport	35,809,236	(35,809,236)	-
163,807	(184,812)	(21,005)	CKEDA	221,003	(148,462)	72,541
-	-	-	Capital projects	-	-	-
-	-	-		-	-	-
56,557,111	(53,789,362)	2,767,749	Total	68,220,620	(66,119,941)	2,100,679

APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2014	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS					
<u>National Government Grants</u>					
Equitable Share	-	16,722,000	16,722,000	-	-
Local Government Financial Management Grant	(2,068)	1,250,000	1,250,000	-	(2,068)
Municipal Systems Improvement Grant	(62,988)	934,000	934,000	-	(62,988)
EPWP	(18,114)	1,212,000	1,119,517	34,750	39,619
Work for Water Project	147,278	-	326,875	-	(179,597)
Rural Asset Management Grant (RAMS)	-	1,497,000	536,548	-	960,452
Dept. Local Government	90,766	-	-	-	90,766
Total National Government Grants	154,875	21,615,000	20,888,940	34,750	846,185
<u>Provincial Government Grants</u>					
Financial Management Grant	865,452	1,350,000	834,714	-	1,380,738
Global Fund Projects	(29,843)	-	-	-	(29,843)
Primary Health Care	(3,142)	-	-	-	(3,142)
EDA	(25,819)	-	-	-	(25,819)
Ambulance Subsidies	(5,529)	-	-	-	(5,529)
Total Provincial Government Grants	801,119	1,350,000	834,714	-	1,316,405
<u>Other Grant Providers</u>					
Tourism Biosfeer	50,855	-	-	-	50,855
Tourism Sustainability	99,020	5,000	55,435	-	48,585
Nutrition Scheme	(6,606)	-	-	-	(6,606)
LG SETA	-	4,499,279	5,179,983	-	(680,704)
IDC	225,643	-	221,003	-	4,641
Total Other Grant Providers	368,913	4,504,279	5,456,420	-	(583,228)
Total	1,324,906	27,469,279	27,180,074	34,750	1,579,361

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2014/2015						2013/2014	
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
Governance and administration	27,535	17,948	45,483	31,785	(13,698)	69.9%	115.4%	24,481
Executive and council	9,463	-	9,463	1,491	(7,972)	15.8%	15.8%	360
Budget and treasury	7,732	17,788	25,521	6,484	(19,037)	25.4%	83.9%	16,652
Corporate services	10,339	160	10,499	23,810	13,311	226.8%	230.3%	7,468
Other Admin	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	77	77	100.0%	100.0%	371
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	77	77	#DIV/0!	#DIV/0!	371
Economic and environmental services	29,925	7,400	37,325	36,210	(1,116)	97.0%	121.0%	31,541
Planning and development	-	-	-	400	400	#DIV/0!	#DIV/0!	1,014
Road transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,527
Environmental protection	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenue - Standard	57,460	25,348	82,809	68,072	(14,736)	82.2%	118.5%	56,393
Expenditure - Standard								
Governance and administration	26,606	18,870	45,476	26,117	(19,359)	57.4%	98.2%	18,809
Executive and council	9,092	399	9,491	6,985	(2,506)	73.6%	76.8%	5,863
Budget and treasury	7,595	18,153	25,748	12,039	(13,709)	46.8%	158.5%	4,398
Corporate services	9,919	318	10,237	7,094	(3,144)	69.3%	71.5%	8,548
Other	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	2,889	2,889	100.0%	100.0%	3,060
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	727	727	100.0%	100.0%	704
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	2,162	2,162	100.0%	100.0%	2,356
Economic and environmental services	29,925	7,400	37,325	36,965	(360)	99.0%	123.5%	31,735
Planning and development	-	-	-	1,156	1,156	100.0%	100.0%	1,188
Road transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,547
Environmental protection	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Expenditure - Standard	56,531	26,270	82,802	65,971	(16,830)	79.7%	116.7%	53,605
Surplus/(Deficit) for the year	929	(922)	7	2,101	2,094	31339.4%	226.2%	2,789

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Executive and Council	9,463	–	9,463	1,491	(7,972)	15.8%	15.8%	360
Budget and Treasury	7,732	17,788	25,521	6,484	(19,037)	25.4%	83.9%	16,652
Corporate Services	10,339	160	10,499	23,810	13,311	226.8%	230.3%	7,468
Community and Social Services	–	–	–	–	–	–	–	–
Sport and Recreation	–	–	–	–	–	–	–	–
Public Safety	–	–	–	–	–	–	–	–
Road Transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,527
Health	–	–	–	77	77	100.0%	100.0%	371
Planning and development	–	–	–	400	400	100.0%	100.0%	1,014
Waste Water Management	–	–	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–	–	–
Environmental Protection	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Example 14 - Vote14	–	–	–	–	–	–	–	–
Example 15 - Vote15	–	–	–	–	–	–	–	–
Total Revenue by Vote	57,460	25,348	82,809	68,072	(14,736)	82.2%	118.5%	56,393
Expenditure by Vote to be appropriated								
Executive and Council	9,092	399	9,491	6,985	(2,506)	73.6%	76.8%	5,863
Budget and Treasury	7,595	18,153	25,748	12,039	(13,709)	46.8%	158.5%	4,398
Corporate Services	9,919	318	10,237	7,094	(3,144)	69.3%	71.5%	8,548
Community and Social Services	–	–	–	–	–	0.0%	–	–
Planning and development	–	–	–	1,156	1,156	100.0%	100.0%	1,188
Public Safety	–	–	–	727	727	100.0%	100.0%	704
Road Transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,547
Health	–	–	–	2,162	2,162	100.0%	100.0%	2,356
Water	–	–	–	–	–	–	–	–
Waste Water Management	–	–	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–	–	–
Environmental Protection	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	100.0%	100.0%	–
Total Expenditure by Vote	56,531	26,270	82,802	65,971	(16,830)	79.7%	116.7%	53,605
Surplus/(Deficit) for the year	929	(922)	7	2,101	2,094	31339.4%	226.2%	2,789

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates			-		-	-	-	
Property rates - penalties & collection charges			-		-	-	-	
Service charges			-		-	-	-	
Rental of facilities and equipment	120	(50)	70	70	0	100.0%	58.4%	45
Interest earned - external investments	150	50	200	446	246	223.2%	297.6%	178
Interest earned - outstanding debtors			-		-	-	-	
Actuarial Gains			-	58	58	0.0%	0.0%	-
Debt Impairment (Reversal)			-	148	148	0.0%	0.0%	-
Licences and permits			-	15	15	100.0%	100.0%	41
Agency services	3,661	488	4,149	3,159	(990)	76.1%	86.3%	3,053
Transfers recognised - operational	53,146	(12,756)	40,390	27,394	(12,996)	67.8%	51.5%	21,489
Other Income	383	37,616	37,999	36,929	(1,070)	97.2%	9654.7%	31,587
Gains on disposal of PPE			-		-	-	-	
Total Revenue (excluding capital transfers and contributions)	57,460	25,348	82,809	68,221	(14,588)	326.7%	118.7%	56,393
Expenditure By Type								
Employee related costs	11,839	829	12,668	26,312	13,643	207.7%	222.2%	24,789
Remuneration of councillors	3,145	-	3,145	3,074	(71)	97.8%	97.8%	2,978
Debt impairment	-	-	-	-	-	100.0%	100.0%	152
Depreciation and Amortisation	429	(40)	389	250	(140)	64.2%	58.2%	340
Finance charges	450	(110)	340	743	403	218.5%	165.1%	704
Bulk purchases	-	-	-	-	-	0.0%	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	-	-	-	274	274	100.0%	100.0%	211
Transfers and grants	-	-	-	-	-	-	-	-
General Expenses	40,667	25,592	66,259	35,467	(30,792)	53.5%	87.2%	24,376
Loss on disposal of Property, Plant and Equipment			-	-	-	100.0%	100.0%	54
Total Expenditure	56,531	26,270	82,802	66,120	(16,682)	315.2%	117.0%	53,605
Surplus/(Deficit)	929	(922)	7	2,101	2,094	31339.4%	226.2%	2,789
Transfers recognised - capital			-		-	-	-	
Contributions recognised - capital			-		-	-	-	
Contributed assets			-		-	-	-	
Surplus/(Deficit) for the year	929	(922)	7	2,101	2,094	31339.4%	226.2%	2,789

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Executive and Council			-					
Budget and Treasury Office			-					
Corporate Services			-					
Community and Social Services			-					
Sport and Recreation			-					
Public Safety			-					
Road Transport			-					
Electricity			-					
Water			-					
Waste Water Management			-					
Waste Management			-					
Environmental Protection			-					
Other			-					
Example 14 - Vote14			-					
Example 15 - Vote15			-					
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Executive and Council			-					
Budget and Treasury Office			-					
Corporate Services			-					
Community and Social Services			-					
Sport and Recreation			-					
Public Safety			-					
Road Transport			-					
Electricity			-					
Water			-					
Waste Water Management			-					
Waste Management			-					
Environmental Protection			-					
Other			-					
Example 14 - Vote14			-					
Example 15 - Vote15			-					
Capital single-year expenditure	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-
Capital Expenditure - Standard								
Governance and administration	500	-	500	318	(182)	63.7%	63.7%	-
Executive and council			-					
Budget and treasury office			-					
Corporate services	500	-	500	318	(182)	63.7%	63.7%	-
Community and public safety	-	-	-	-	-	-	-	-
Community and social services			-					
Sport and recreation			-					
Public safety			-					
Economic and environmental services	-	-	-	-	-	-	-	-
Road transport			-					
Trading services	-	-	-	-	-	-	-	-
Electricity			-					
Water			-					
Waste water management			-					
Waste management			-					
Total Capital Expenditure - Standard	500	-	500	318	(182)	64%	64%	-
Funded by:								
National Government			-					
Provincial Government			-					
Other transfers and grants			-					
Transfers recognised - capital	-	-	-	-	-	-	-	-
Public contributions & donations			-					
Borrowing			-					
Internally generated funds	500	-	500	318	(182)	63.7%	63.7%	68
Total Capital Funding	500	-	500	318	(182)	64%	64%	68

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					-	-	-	
Ratepayers and other	4,314	37,871	42,184	39,214	(2,970)	-7.6%	-7.8%	35,682
Government - operating	53,146	(12,756)	40,390	27,469	(12,921)	-47.0%	101.3%	20,644
Government - capital	-		-	-	-			-
Interest	-	200	200	446	246	55.2%	123.2%	178
Dividends			-	-	-			-
Payments					-			
Suppliers and employees	(37,825)	(38,108)	(75,934)	(63,794)	12,140	-19.0%	-31.9%	(53,126)
Finance charges	(450)	110	(340)	(16)	324	-1998.5%	294.4%	(24)
Transfers and Grants	(14,778)	14,778	-	-	-			-
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,406	2,095	6,501	3,320	(3,181)	-95.8%	-151.9%	3,354
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts					-			
Proceeds on disposal of PPE			-	-	(6,363)		100.0%	46
Purchase of Property, Plant and Equipment			-	(298)				(378)
Decrease (increase) other non-current investments	-	(520)	(520)	(21)	498	-2353.0%	100.0%	-
Payments					-			
Capital assets	-	(500)	(500)	-	500	100.0%	100.0%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(1,020)	(1,020)	(319)	701	-219.9%	100.0%	(332)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts					-			
Short term loans			-	-	-			-
Borrowing long term/refinancing			-	-	-			-
Increase (decrease) in consumer deposits			-	-	-			-
Payments					1,699			
Repayment of borrowing		(62)	(62)	(51)	11	-21.6%	100.0%	(52)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(62)	(62)	(51)	11	-21.6%	100.0%	(52)
NET INCREASE/ (DECREASE) IN CASH HELD	4,406	1,013	5,420	2,950	(2,469)	-83.7%	-243.7%	2,969
Cash/cash equivalents at the year begin:	13,068	(8,287)	4,782	4,556	(226)	-5.0%	2.7%	1,831
Cash/cash equivalents at the year end:	17,475	(7,274)	10,201	6,913	(2,684)	-38.8%	36.9%	4,782

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

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

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

A summary of the significant accounting policies, which have been consistently applied except where an exemption 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 otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

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

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**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2015**

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. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Central District Municipality, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.6. 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 annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.7. 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 annual 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 expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.8. 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 three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. 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;

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**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
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Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

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

The Economic entity shall present an explanation of changes between an approved and final budget, by way of a note disclosure in terms of GRAP 24. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R 300,000.00.

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

No Consolidated Statement of Comparison of Budget and Actuals has been disclosed in terms of paragraph 32 of GRAP 24. Paragraph 32 of GRAP 24 states that separate budgets may be recompiled in order for consolidated disclosure purposes. As there are no separated budget for Central Karoo Development Agency, no recompilation in terms of paragraph 32 of GRAP 24 can be disclosed. Only the Statement of Comparison of Budget and Actuals are disclosed for the Municipality.

1.9. 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 Economic entity:

Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP. No significant impact is expected as the Municipality has no intention of changing its measurement bases.	1 April 2015
GRAP 18 (Original – Feb 2011)	Segment Reporting 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.	Unknown

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**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
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<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that an Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p align="center">Unknown</p>
<p>GRAP 32 (Original – Aug 2013)</p>	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<p align="center">Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	<p align="center">Unknown</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	<p align="center">Unknown</p>
<p>GRAP 107 (Original – Nov 2010)</p>	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions</p>	<p align="center">Unknown</p>

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**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2015**

	and no such transactions or events are expected in the foreseeable future.	
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown
IGRAP17	<p>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p>	Unknown

CENTRAL KAROO DISTRICT MUNICIPALITY

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2015**

	No such transactions or events are expected in the foreseeable future.	
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

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 Economic entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) 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 Economic entity 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, investment property or intangibles assets. 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 de-recognition 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 Economic entity 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 Economic entity 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 Economic entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition 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 revenue is 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 Economic entity 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 financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

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 Economic entity 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 Economic entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.13. PROVISIONS

Provisions are recognised when the Economic entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential 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 of future outflows of resources. 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.

The Economic entity 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 an inflow of economic benefits or service potential is probable.

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 Economic entity 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 Economic entity 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 is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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 is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Economic 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.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.14.1. Post-Retirement Medical Obligations

The Economic entity 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% is 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 recognised in 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 present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Economic entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in 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 recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.14.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic entity. The Economic entity’s obligation under these plans is valued by independent qualified actuaries annually 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 recognised in 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 recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.14.3. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic entity’s obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made

by the Economic entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in 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 recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.4. Provision for Staff Leave

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.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.5. Staff Bonuses Accrued

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.

1.14.6. Provision for Performance Bonuses

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

1.14.7. Pension and retirement fund obligations

The Economic entity provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Economic 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 recognised in the Statement of Financial Performance in the year they become payable.

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 recognised in the Statement of Financial Performance 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.

1.14.8. Other Short-term Employee Benefits

When an employee has rendered service to the Economic entity during a reporting period, the Economic entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Economic entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. BORROWING COSTS

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

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Economic entity, and the cost or fair value of the item can be measured reliably. 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 Economic entity. 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 Economic entity 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

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item's fair value is 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 Economic entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2. Subsequent Measurement – Cost Model

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

Where the Economic entity 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 or service potential associated with the asset.

1.16.3. Depreciation and Impairment

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

The annual depreciation rates are based on the following estimated useful lives:

Asset Class	Asset Sub-grouping	Useful Life (Yrs)
Land	None	Indefinite
Buildings	None	11 – 30
Community Assets	Civic Buildings	30
Other Assets	Machinery and Equipment	1 – 21
Other Assets	Furniture and Office Equipment	3 – 100
	Motor Vehicles	5 - 21
	Computer Equipment	2 – 20

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 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 an impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

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

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Economic entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Economic entity intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Economic entity or from other rights and obligations.

The Economic entity 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 Economic entity 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 Economic entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic entity has the resources to complete the project;
- it is probable that the Economic entity will receive future economic benefits or service potential; and
- the Economic entity can measure reliably the expenditure attributable to the intangible asset during its development.

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 is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.17.2. Subsequent Measurement – Cost Model

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

1.17.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its 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	5 - 11

1.17.4. De-recognition

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

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1. Cash-generating assets

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

The Economic entity 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 Economic entity estimates the asset's recoverable amount.

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

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(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 Economic entity 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 Economic entity 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 Economic entity 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 unit's (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 Economic entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2. Non-cash-generating assets

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

The Economic entity 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 Economic entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Economic entity 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 Economic entity 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 Economic entity 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 Economic entity 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

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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 is recognised 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, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining
- service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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 Economic entity 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 Economic entity estimates the recoverable service amount of that asset.

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

impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. INVENTORIES

1.19.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Economic entity, and the cost of the inventories can be measured reliably. 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.

Milk inventory is being recognised at cost.

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

1.19.2. 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. 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.

The basis of allocating cost to inventory items is the weighted average method.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include 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.

1.20.1. Initial Recognition

Financial instruments are initially recognised when the Economic entity 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 Economic entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2. 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 or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Economic entity 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 Economic entity 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 Economic entity. 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.

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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.

1.20.2.2. Payables and Annuity Loans

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

1.20.2.3. 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 Economic entity categorises cash and cash equivalents as financial assets carried at amortised cost.

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

1.20.2.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the 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.

1.20.3. De-recognition of Financial Instruments

1.20.3.1. 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 Economic entity 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 Economic entity has transferred substantially all the risks and rewards of the asset, or (b) the Economic entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic entity 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, the old asset is derecognised and a new asset is recognised to the extent of the Economic entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic entity 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 Economic entity's continuing involvement is the amount of the transferred asset that the Economic entity 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 Economic entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2. 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.

1.20.4. 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.

1.21 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.

1.21.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised.

1.21.2 Measurement

The Economic entity initially measures the statutory receivables at their transaction amount.

The Economic entity 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 Economic entity 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 Economic entity 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 Economic entity 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 Economic entity 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.

1.21.3 Derecognition

The Economic entity derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Economic entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Economic entity, 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 Economic entity:

(i) derecognise the receivable; and

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

1.22. REVENUE

1.22.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Economic entity 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.

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 recognised 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.

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

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

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Economic entity's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Economic entity still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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 is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Economic entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the

amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic entity directly in return for services rendered or 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 Economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Economic entity.
- 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 Economic entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Economic entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

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

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

Revenue is 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 Economic 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 Economic 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;
- 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.

1.23. RELATED PARTIES

The Economic entity 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 Economic entity:

- (a) A person or a close member of that person’s family is related to the Economic entity if that person:
 - has control or joint control over the Economic entity.

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- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Economic entity.
 - is a member of the management of the Economic entity or its controlling entity.

(b) An entity is related to the Economic entity 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).
- 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 Economic entity or an entity related to the Economic entity. 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 Economic entity. 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 Economic entity, including:

- (a) all members of the governing body of the Economic entity;
- (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 Economic entity;
- (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 Economic entity; and
- (d) the senior management team of the Economic entity, including the chief executive officer or permanent head of the Economic entity, unless already included in (a).

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Management personnel include:

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

Remuneration of management includes remuneration derived for services provided to the Economic entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic entity 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 Economic entity.

The Economic entity 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.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Economic entity 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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

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

unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is

accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES 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 Economic 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 Economic entity 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.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic entity'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 annual financial statements:

1.28.1. Post-retirement medical obligations, Ex-Gratia and Long service awards

The cost of post-retirement medical obligations and long service awards 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. Major assumptions used are disclosed in note 3 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2. Impairment of 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.

1.28.3. 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 Economic entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.28.4. 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.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Economic entity and other municipalities to determine the useful life of the assets.

1.28.5. Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.6. Revenue Recognition

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

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

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rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Economic entity is satisfied that recognition of the revenue in the current year is appropriate.

1.28.7. 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.

1.28.8. 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.

1.29. 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.

1.30. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual 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.

1.31. 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 annual financial statements are authorised for issue. Two types of events can be identified:

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

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

1.32. TAXATION

1.32.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.32.2 *Deferred tax assets and liabilities*

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.32.3 *Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

ANNEXURE B
REPORT OF THE AUDITOR GENERAL

Auditor's report

Central Karoo District Municipality

30 June 2015

Report of the Auditor-General to the Western Cape Provincial Parliament and the council on Central Karoo District Municipality.

Report on the consolidated and separate financial statements.

Introduction

1. I have audited the consolidated and separate financial statements of the Central Karoo District Municipality and its subsidiary set out on pages 3 to 54, which comprise the consolidated and separate statement of financial position as at 30 June 2015, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and the consolidated and separate statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall

presentation of the consolidated and separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Central Karoo District Municipality and its subsidiary as at 30 June 2015 and their financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2015 in the consolidated and separate financial statements of the Central Karoo District Municipality at, and for the year ended, 30 June 2014.

Going concern

9. The accounting authority's Note 49 to the financial statements indicates the existence of a material uncertainty that may cast significant doubt on the district municipality's ability to operate as a going concern.

Additional matters.

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

Unaudited supplementary schedules

11. The supplementary information set out in appendices A to E on pages 72 to 80 does not form part of the financial statements and is presented as additional information. I have not audited these appendices and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on

these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Central Karoo District Municipality for the year ended 30 June 2015:
 - Objective 1: To improve and maintain our roads and promote effective and safe transport for all on page 11
 - Objective 4: To promote a safe, healthy environment and social viability of residents through the delivery of a responsible environmental health service on page 15
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. The material findings in respect of the selected objectives are as follows:

Objective 1: To improve and maintain our roads and promote effective and safe transport for all

Usefulness of reported performance information

18. I did not identify material findings on the usefulness of the reported performance information for the selected objective.

Reliability of reported performance information

19. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall 10% of significantly important targets were not reliable when compared to the source information or evidence provided. Indicator 2 of strategic objective 1: To improve and maintain our roads and promote effective and safe transport for was 30% misstated when compared to the source information or evidence provided. This was due to a lack of monitoring of the completeness of source documentation in support of actual achievements and frequent review of the validity of reported achievements against source documentation.

Objective 4: To promote a safe, healthy environment and social viability of residents through the delivery of a responsible environmental health service

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objective.

Additional matters

21. I draw attention to the following matters:

Achievement of planned targets

22. Refer to the annual performance report on pages 11 to 16 for information on the achievement of the planned targets for the year.

Unaudited supplementary information

23. The supplementary information set out on pages 17 to 48 does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not express a conclusion thereon.

Compliance with legislation

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

Other reports

No other reports were brought to the attention of the auditors.

Auditor - General

Cape Town

23 December 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence