



# Central Karoo District Municipality

Draft Annual Report  
2015/16







# Central Karoo District Municipality

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# Chapter 1

## Executive Summary



# Central Karoo District Municipality

## Component A: Mayor's Foreword

The annual report allows a municipality to reflect on its performance for a financial year. It is also a means of communicating performance to all relevant stakeholders including the community.



The 2015/16 Annual Report of the Central Karoo District Municipality (CKDM) is therefore drafted and to ensure that all our stakeholders and partners can share and help us reflect on our successes and highlight areas where improvement is required.

The 2015/16 financial year marks a time when this current Council will be in office for the last time before the Local Government Elections in August 2016.

It is also significant to note that the Municipality has received unqualified audit outcomes for the entire period that the current Council has been in office and we are now striving towards a clean audit. To exact this achievement an audit outcome action plan, along with responsible departments and individuals, have been put in place to ensure that we can address audit findings and ultimately achieve our goal of a clean audit.

It is also therefore essential that projects and programs that were put in place when the Council came into power in 2011 is driven to its successful conclusion.

We can conclusively say that during the 2015/16 significant achievements were made by the Central Karoo District Municipality including:

- The organisational structure of the CKDM was reviewed and a new structure was approved by Council on 12 January 2016
- 55 bursaries were provided to the youth in the District to assist with registration at academic institutions
- 100 bursaries were provided to youth in the District to assist with obtaining their C1 drivers licenses
- We maintained excellent intergovernmental relations through our various forums
- New and improved municipal website implemented, both for web and mobile platform, which allows the Municipality to improve its communication to communities

These are just some of the many highlights for the 2015/16 financial which allowed the Municipality to be able to strive towards achieving its mandate as well as its organizational goals and objectives.

I would also therefore like to take this opportunity to express my gratitude towards the Council, senior management and staff component of the CKDM for their efforts and tireless dedication to ensure that this Municipality continues to strive for excellence in its pursuit of development and growth for the entire Central Karoo Region.

E.Z. NJADU  
Executive Mayor



# Central Karoo District Municipality

## Component B: Executive Summary

### 1.1 Municipal Manager's overview



As the Accounting Officer of the CKDM, it is my honor to hold the 15/16 Annual Report of the institution before you.

The report was 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.

This report seeks therefore to reflect on the performance of the Municipality in relation to its legislative and social obligations towards its constituency. This includes providing basic services to communities which we serve in a sustainable and efficient manner as well as creating opportunities from which they can better their own lives and circumstances.

The Integrated Development Plan (IDP) process is the mechanism used to stream line the goals and objectives of the municipality using available resources through programs and projects towards enhancing and improving lives and ensuring that the Municipality delivers on its constitutional and other obligations. An exhaustive consultation and participation process were undertaken with communities and various other stakeholders to ensure that the IDP and the related budget and Service Delivery and Budget Implementation Plan (SDBIP) is in line with the needs, and the key performance areas of the institution.

Key areas of focus of our Municipality includes

- Basic service delivery
- Institutional development and transformation
- Local economic development
- Financial viability
- Good governance and public participation
- Environment

The Municipality 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 2015/16 budget for implementation of the IDP was approved within the prescribed timelines in terms of the MFMA, 56 of 2003. After approval of the budget, the SDBIP was developed to integrate the IDP and 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 assessment
- The Audit and Performance Audit Committee functioned optimally and in line with the committee's approved terms of reference





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- Annual assessments of the 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

To improve on performance planning, implementation and reporting, the CKDM implemented the following actions;

- The IDP steering committee coordinates the IDP and performance management processes. This 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 monthly for continuous monitoring purposes

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

- The alignment of services to IDP indicators and council priorities
- The operations of the CKDM 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

The municipality did well to sustain an unqualified audit outcome and will continue to strive for a clean audit. The CKDM however still struggles to comply in the following areas:

- Adjustments in the Financial Statements
- Supply chain management
- Improved internal performance management processes on the collection and maintenance of source information as portfolio of evidence
- Contract management

The term of our current Council came to an end on the 3<sup>rd</sup> of August 2016. I would like to give thanks and appreciation to their dedication and hard work in the past 5 years. A big thank goes out to our hard-working staff component in the various departments that competently supported and assisted the Municipality in achieving these and other milestones. 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





# Central Karoo District Municipality

## 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 program performance and the general state of affairs in their locality.

The annual report reflects on the performance of the Municipality for the period 1 July 2015 to 30 June 2016. The report is prepared in terms of Section 121(1) of the MFMA, in 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 District has a total population of **71 011** according to Census 2011. The following table shows the overall population and the total number of households within each municipality in the District:

Municipality	Number of households	Total population
Beaufort West	10 535	49 586
Laingsburg	1 221	8 289
Prince Albert	2 195	13 136
<b>Total</b>	<b>14 001</b>	<b>71 011</b>

Table 1.: Overview of the population within the District



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### b) Key economic activities

Agriculture forms the backbone of the District's economy and accounts for the largest labour force of the population to date. The District 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 2.: Key economic activities

### 1.3.2 Socio economic information

#### a) Population by race category

The following table represents the population per race category for the District:

Race category	2011
African	9 045
Coloured	54 076
White	7 197
Indian	300
Other	394
<b>Total</b>	<b>71 011</b>

Table 3.: Demographic information of the municipal area – Race categories

### 1.3.3 Demographic information

#### a) Municipal geographical information

The Municipality is one of five district municipalities in the Western Cape and covers a total area of 38 853 km<sup>2</sup>. When comparing the size of the district to the size of the population, the statement can be made that it is the largest district in the Western Cape with the smallest population. Invariably, this means that the distance between settlements within the district is vast.



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The District 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 Swartberg (Prince Albert) and Nieuveld Mountains (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:

Local municipality	Description
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 whom 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 cafés, hotels, bed and breakfasts, medical facilities, restaurants and all the other amenities and services found in larger towns
Laingsburg Municipality	Includes the historic settlement of Matjiesfontein. It is the smallest municipality (in terms of population) in the District and indeed in the whole of 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 and the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is 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 Municipality, Laingsburg and the Eden District. Prince Albert Municipal area covers a total of 8 800 km <sup>2</sup> with vast parts of these 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, Klaarstroom on the R329 and Leeu – Gamka on the N1. 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, side walk coffee shops, the breathtakingly beautiful Swartberg Valley, Meiringspoort and the annual Olive Festival which attracts hundreds of tourists each year

*Table 4.: Local municipalities*

### Beaufort West Municipality:







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### Laingsburg Municipality:







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### Prince Albert Municipality:





# Central Karoo District Municipality

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

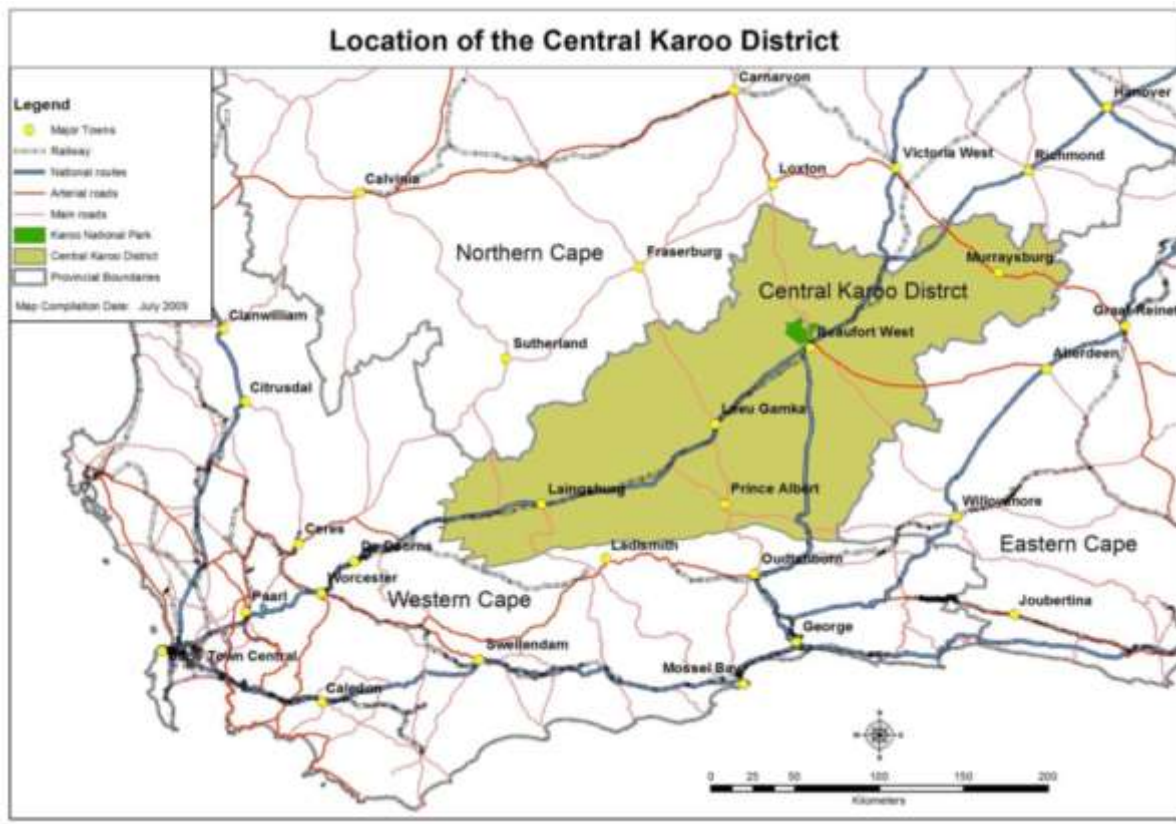


Figure 1.: Western Cape area map

## 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 (KPI’s) 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 (KPA’s): Municipal Financial Viability and Management.

Indicator	2014/15	2015/16
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	1.32	0.95

Table 5.: National KPI’s for financial viability and management



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### 1.4.2 National KPI's - Good governance and public participation

The following table indicates the Municipality's performance in terms of the National KPI's 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 KPA - Good Governance and Public Participation:

Indicators	2014/15	2015/16
The percentage of a municipality's <b>capital budget</b> actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (IDP)	64.50	*630
<i>*Grant received spent, not included in budget. Will be referred to Council in January 2017 for approval</i>		

Table 6.: NKPIs - Good governance and public participation performance

### 1.4.3 Financial overview

The table below gives a financial overview of the budget and actual expenditure:

Details	2014/15	Original budget	Adjustment budget	Actual
		2015/16		
	R'000			
<b>Income</b>				
Grants	27 149	36 301	36 417	32 312
Taxes, levies and tariffs	0	0	0	0
Other	41 403	42 197	49 793	48 509
<b>Sub-total</b>	<b>68 553</b>	<b>78 498</b>	<b>86 210</b>	<b>80 821</b>
Less expenditure	(66 318)	(78 202)	(86 086)	(79 101)
<b>Net surplus/(deficit)</b>	<b>2 235</b>	<b>296</b>	<b>124</b>	<b>1 720</b>

Table 7.: Financial overview

### 1.4.4 Operating ratios

The table below reflects the municipality's performance in terms of the operating ratios listed:

Detail	Expected norm	Actual	Variance
		%	
Employee cost (excluding remuneration of Councillors)	35	42.83	7.83
Repairs and maintenance	8-12	16	4
Finance charges and depreciation	18	1.32	(16.68)
<i>Note: Repairs and maintenance on basic services are not applicable to the Municipality from the 2015/16 financial year</i>			

Table 8.: Operating ratios





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## 1.4.5 Total capital expenditure

The table below indicates the Municipality's capital expenditure for the past two financial years:

Detail	2014/15	2015/16
	R'000	
Original budget	500	295
Adjustment budget	500	115
Actual	319	724

Table 9.: Total capital expenditure

## 1.5 Organisational development overview

### 1.5.1 Highlights: Municipal transformation and organisational development

The table below indicates the highlights achieved by the Municipality:

Highlight	Description
Bursaries to students	55 bursaries were provided to the youth in the District to assist with registration at academic institutions
C1 drivers license bursaries to students	100 Bursaries were provided to youth in the District to assist with obtaining their C1 drivers licenses
Review of organisational structure	The organisational structure of the CKDM was reviewed and a new structure was approved by Council on 12 January 2016
In-service training	12 students obtained in-service training during the 2015/16 financial year

Table 10.: Municipal transformation and organisational development highlights

### 1.5.2 Challenges: Municipal transformation and organisational development

The table below indicates the challenges faced by the Municipality:

Challenge	Action to address
Implementing an effective Recruitment and Selection Policy	The draft Recruitment and Selection Policy must be approved by Council
Improve on the current average time to fill vacancies	
Vacancies on new organogram	Obtain to implement new posts on the reviewed organogram

Table 11.: Municipal transformation and organisational development challenges

## 1.6 Auditor-General

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.





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The Auditor-General’s annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters.
- There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:
  - **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
  - **Unqualified audit with findings:** The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
  - **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.
  - **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
  - **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

CKDM implemented MGRO as initiated by Provincial Treasury. MGRO is a Municipal Governance and Review Outlook plan to monitor the performance of municipalities within certain focus areas to ensure clean administration within the Western Cape.

The key control exercise, which is a quarterly assessment initially implemented by the Auditor-General to monitor performance of the municipality, was performed externally by the outsourced audit team of CKDM for the 2015/16 financial year. The findings of the quarterly assessment, together with the audit findings of the previous year, a complete compliance list and the emerging risks identified by the Auditor-General and top ten risks of each directorate were included in the MGRO document to ensure good governance. Progress is being followed up on a continuous basis. MGRO has been included on the dashboard of the Municipal Manager and action plans are monitored on a regular basis.

### 1.6.1 Audited outcomes

The table below illustrates the audit outcomes for the past five years for CKDM:

Year	2011/12	2012/13	2013/14	2014/15	2015/16
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

Table 12.: Audit outcomes



# Chapter 2

## Good Governance



# Central Karoo District Municipality

## Component A: Political and administrative governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable, 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 responsive to the present and future needs of society.

### 2.1 Governance structure

#### 2.1.1 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 programs 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.

Below is a table that categorised the Councillors within their specific political parties and wards for the 2015/16 financial year:

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
E. Njadu	Executive Mayor	ANC	Proportional	8	n/a
E. Maans	Deputy Mayor	ANC	Proportional	8	n/a
J. Bostander – resigned 29 February 2016	Speaker	ANC	Beaufort West	5	n/a
M. Hangana	Part-time Councillor	ANC	Proportional	7	1
M. Furmen	Part-time Councillor	ANC	Beaufort West	7	1
G. de Vos	Part-time Councillor	ANC	Beaufort West	7	1 without apology
A. Rabie – Appointed 06 September 2014	Part-time Councillor	DA	Proportional	8	n/a
A. Willemse – resigned 30 November 2015	Part-time Councillor	DA	Proportional	1	1
A. Slabbert	Part-time Councillor	DA	Beaufort West	7	1
S. Nortje	Part-time Councillor	DA	Proportional	8	n/a
J. Mocke	Part-time Councillor	DA	Proportional	8	n/a
B. van As	Part-time Councillor	DA	Laingsburg	8	n/a



## Central Karoo District Municipality

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
I. Windvogel	Full-time Councillor	KGP	Prince Albert	8	n/a
G. Adolph – appointed 30 May 2016	Part-time Councillor	ANC	Beaufort West	1	n/a
R. Hugo – appointed 30 May 2016	Part-time Councillor	DA	Beaufort West	1	n/a

*Table 13.: Councillors*

Below is a table which indicates the Council meeting attendance for the 2015/16 financial year:

Meeting dates	Council meeting attendance	Apologies for non-attendance
30 September 2015	12	1
3 November 2015	12	1
15 December 2015	9	2
8 January 2016	12 (1 resigned)	n/a
12 January 2016	12 (1 resigned)	n/a
24 February 2016	12 (1 resigned)	n/a
31 March 2016	11 (2 resigned)	n/a
30 May 2016	13	n/a

*Table 14.: 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. The Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, as delegated by 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.

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2015 to 30 June 2016:

Name of member	Portfolio committee
E. Njadu	Financial and Corporate Services Portfolio Committee
I. Windvogel	Training Portfolio Committee
E. Maans	Municipal Services and Infrastructure Portfolio Committee

*Table 15.: Executive Mayoral Committee*





## Central Karoo District Municipality

### 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:

#### i) Financial and Corporate Services Portfolio Committee

Name of member	Meeting dates
E. Njadu [Chairperson]	17 July 2015 18 March 2016
I. Windvogel	
M. Furmen	
D. Willemse	
S. Nortje	

*Table 16.: Financial and Corporate Services Portfolio Committee*

#### ii) Training Portfolio Committee

Name of member	Meeting dates
I. Windvogel [Chairperson]	15 July 2015 02 November 2015 16 November 2015
J. Bostander	
S. Botes / A.J. Rabie	
A. Baardman [SAMWU representative]	
A. Sibhozo [SAMWU representative]	
B. Neethling [SAMWU representative]	
A. Lottering [SAMWU representative]	
L. Crafford [IMATU representative]	

*Table 17.: Training Portfolio Committee*

#### iii) Municipal Services and Infrastructure Portfolio Committee

Name of member	Meeting dates
G. de Vos [Chairperson]	14 July 2015 19 November 2015 14 March 2016
I. Windvogel	
E. Maans	
S. Botes	
A. Rabie	
B. van As	

*Table 18.: Municipal Services and Infrastructure Portfolio Committee*



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### iv) Human Resource Development Portfolio Committee

Name of member	Meeting dates
M. Hangana [Chairperson]	01 July 2015
I. Windvogel	
J. Bostander	
A. Rabie	
D. Willemse	
A. Baardman [SAMWU representative]	
L. Crafford [IMATU representative]	

*Table 19.: Human Resource Development Portfolio Committee*

### v) Socio Economic Development Portfolio Committee

Name of member	Meeting dates
M. Furmen [Chairperson]	No meetings held
I. Windvogel	
M. Hangana	
M. Slabbert	
J. Mocke	

*Table 20.: Socio Economic Development Portfolio Committee*

### 2.1.2 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
J. Theron	Director: Technical Services	Yes
N. Nortje	Director: Corporate Services	Yes

*Table 21.: Administrative governance structure*



## Central Karoo District Municipality

### 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;
- Adhere 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)	10 July 2015	Regional economic development
		28 September 2015	Integrated planning initiatives
		28 October 2015	Financial sustainability
		04 December 2015	Regional skills development initiatives
		08 March 2016	Shared services
District Public Participation and Communication Forum	Local municipalities, various sector department (as per invite)	18 Aug 2015	Regional communications themes
		16 Nov 2015	District and Provincial Ward Committee summits
			Back to basics district support
			Mass prayer service against crime and abuse of women and children
			Road safety campaign

Table 22.: Intergovernmental structures

### 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;



## Central Karoo District Municipality

- monitoring and review of 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 2015/16 financial year:

#### 2.4.1 Labour Forum

Name of representative	Capacity	Meeting dates
I. Windvogel	Chairperson	15 July 2015 2 November 2015 16 November 2015
J. Bostander	Member	
J. Mocke	Member	
S. Nortje	Member	
E. Maans	Member	
A. Baardman	SAMWU representative	
B. Neethling	SAMWU representative	
A. Lottering	SAMWU representative	
A. Sibhozo	SAMWU representative	
L. Crafford	IMATU representative	
D. Maans	Labour Relations Officer	
G. van Zyl	Manager: Human Resources	

Table 23.: Labour Forum

#### 2.4.2 District Coordinating Forum

Name of representative/organisation presenting	Capacity	Meeting dates
E. Njadu	Executive Mayor: CKDM	10 July 2015 28 September 2015 28 October 2015 4 December 2015 8 March 2016
W. Theron	Executive Mayor: Laingsburg Municipality	
T. Prince	Executive Mayor: Beaufort West Municipality	
G. Lottering	Executive Mayor: Prince Albert Municipality	
S. Jooste	Municipal Manager: CKDM	
J. Booysen	Municipal Manager: Beaufort West Municipality	
P. Williams	Municipal Manager: Laingsburg Municipality	

Table 24.: 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 amongst 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 a service provider to ensure the following functions are performed:

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

#### 2.5.1 Risk assessment process

Risk assessments are performed regularly where risks are reviewed, identified and categorized into the following groups:

- Operational risks
- Strategic risks
- Fraud risks

Risks ratings identified are classified into high, medium and low risks. The risk ratings are determined by a 10 X 10 risk matrix scale.

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



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Likelihood		
Score	Grading	Description
1-2	Improbable	Highly unlikely that adverse event/opportunity will occur

*Table 25.: 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 and 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 26.: Risk impact*



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## 2.5.2 Top strategic risks of the Municipality

As part of the risk assessment management identified current controls, where controls are in place, 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
High	Sustainability, capacity, continuity and funding of the Central Karoo Economic Development Agency (CKEDA) resulting in the CKEDA being non-functional	90	None	72	Municipal Manager	<ul style="list-style-type: none"> <li>Reprioritise structure for the management of the function (e.g. function as department within municipality vs. separate municipal entity, dissolving of entity)</li> <li>Review economic development strategy to enable implementation of regional economic initiatives</li> </ul>	31 March 2016
Medium	Inadequate process of appointing and retaining skilled and competent personnel resulting in a insufficient workforce	81	None	64.8	Municipal Manager	<ul style="list-style-type: none"> <li>Review and approval of appointment policy</li> <li>For scarce skills, Investigate implementation of rural allowance within budget constraints</li> <li>Implement training initiatives as per approved training budget and training plan</li> <li>Appointment of a skilled training officer (with practical as well as theoretical experience)</li> <li>Investigate strategy to appoint suitable interns (not only financial)</li> </ul>	20 September 2016
Medium	Risk of financial sustainability for now and in the future	81	None	64.8	Municipal Manager	<ul style="list-style-type: none"> <li>To search government sphere for alternative funding for specific projects</li> <li>Proper medium and long term planning to ensure key focus areas are adequately budgeted for</li> <li>Stringent cost containment measures</li> <li>Implementation of Relief Policy</li> </ul>	31 Deceember 16



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Risk level	Risk	Inherent risk rating	Current controls	Residual risk exposure	Risk owner	Action plans	Action plan date
						Forming of strategic partnerships with governmental spheres, private sector and other stakeholders with limited funding from the Municipality	
Medium	Inadequate process of appointing and retaining skilled and competent personnel resulting in insufficient workforce	63	None	50.4	Municipal Manager	Approve and implement draft appointment policy and draft organogram Retention policy to be drafted	31 December 2016
Medium	Impact of mSCOA	81	None	48.6	mSCOA Steering Committee	Review financial systems (current and alternatives) to determine best solution within budget constraints Implement identified work streams Once service provider has been identified, start with mSCOA mapping, project identification, budget, etc mSCOA training to all officials Consider application for grant funding and submission of projects plans for specific work streams Liaise with local municipalities to share costs (e.g. sharing of servers, etc.)	Continuous

*Table 27.: Risk register*

### 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, strategy and implementation plan
- Guide the development and implementation of enterprise risk management
- Bring critical risks to the attention of all who contribute to more informed decision-making





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Our Risk Management Committee consists of the following members:

Name of committee member	Capacity	Meeting dates
S. Jooste	Chairperson	15 October 2015 6 September 2016
N.W. Nortje (resigned)	Member	
K. Theron	Member	

*Table 28.: 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

The table below indicates the strategies developed to ensure that good governance and compliance is adhered to within the Municipality:

Name of strategy	Developed Yes/No	Date adopted
Anti-Corruption Strategy	Yes	Not yet
Fraud Prevention Strategy	Yes	Not yet

*Table 29.: Strategies*

### 2.7 Audit and Performance Audit Committee

#### 2.7.1 Functions of the Audit and Performance Audit Committee (APAC)

The APAC 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 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, Division of Revenue Act (DoRA) and other applicable legislation
- Respond to Council on any issues raised by the Auditor-General in the audit report
- Carry out investigations into the financial affairs of the municipality as Council may request
- Review the quarterly reports submitted by internal audit
- Evaluate audit reports pertaining to financial, administrative and technical systems
- Evaluate the compliance to existing policies and relevant legislation



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- Review the performance management system and make recommendations in this regard to Council
- Assess whether the performance indicators are sufficient
- Determine possible reasons for discrepancies between performance and targets
- 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 internal audit and, in doing so, 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 internal audit
- Ensure that no restrictions or limitations are placed on internal audit

## 2.7.2 Members of the APAC

The table below indicates the names of the members of the APAC:

Name of representative	Meeting dates
A. Hooker- (Chairperson)	30 July 2015
T. Hawker	13 August 2015
A. Matthee	23 March 2016
N. Verdoes	30 June 2016

Table 30.: Members of the APAC

## 2.8 Internal auditing

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

The internal audit unit of a municipality must –

- prepare a risk based audit plan and a internal audit program for each financial year; and
- 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:

Audit engagement	Department	Number of hours	Date completed
HR: Appointments	HR	120	20 February 2016
HR: Leave and attendance	HR	120	May 2016
HR: Payroll	HR	140	15 November 2015
Labour laws	HR	16	June 2016



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Audit engagement	Department	Number of hours	Date completed
Disciplinary procedures	HR	64	June 2016
Contract management	HR	80	June 2016
Grants	Finance Department	120	24 August 2016
Performance management: Quarter 1	Municipal Manager	80	24 February 2016
Performance management: Quarter 2	Municipal Manager	80	24 February 2016
Performance management: Quarter 3	Municipal Manager	80	22 June 2016
<b>Total hours</b>		<b>900</b>	

*Table 31.: Audits completed*

### 2.9 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 current financial year.

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

Policies developed/revised	Date adopted	Public participation conducted prior to adoption of policy Yes/No
Municipal Health Tariffs	28 May 2015	Yes
Air Quality Management Plan	28 May 2015	Yes

*Table 32.: Policies developed*

### 2.10 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 communication requirements:

Communication activities	Yes/No	Date approved/completed
Communication Strategy	Yes	2008
Communication Policy	No	n/a
Functional complaint management systems	No	n/a
Customer satisfaction surveys		

*Table 33.: Communication activities*



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Communication Unit:

Communication Unit	Yes/No	Number of people in the unit	Job titles
	Yes	1	Personal Assitant of the Municipal Manager/administrative support and communication

*Table 34.: Communication Unit*

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	Yes
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the Chief Financial Officer (CFO)	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft budget 2015/16	Yes
Adjusted budget 2015/16	Yes
Asset Management Policy	Yes
Investment and Cash Management Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
SDBIP 2015/16	Yes
Delegations	Yes
Reviewed IDP for 2015/16	Yes
<b>Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2014/15	Yes
Mid-year budget and performance assessment	Yes
Monthly budget statement	No
<b>Performance management (Section 75(1)(d) of the MFMA)</b>	





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Description of information and/or document	Yes
Performance agreements for employees appointed as per S57 of MSA	Yes
Municipal finance management internship program (Schedule 5B Vote 10(b) of the division of Revenue Act)	
Internship Program Policy	No

*Table 36.: Website checklist*

**DRAFT**





# Chapter 3

Service

Delivery

Performance



## 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;
- Be transparent by providing information;
- Be responsive to the needs of the community; and
- Facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (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).

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, organised 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 municipal entities. 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**.

### 3.1.1 Legislative requirements

In terms of section 46(1)(a) of the MSA 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 meet 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 ongoing 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 per strategic objective and the National Key Performance Indicators prescribed in terms of Section 43 of the MSA, 2000.

## 3.1.3 The performance system followed

### a) The IDP and the budget

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The revised IDP and the budget for 2015/16 was approved by Council on 30 May 2016 and 24 February 2016, respectively.

### b) The SDBIP

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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 Top Layer SDBIP was approved by the Executive Mayor on 16 June 2015

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 24 February 2016 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 2014/15 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 2014/15
- The risks identified by the Internal Auditor during the municipal risk analysis

## 3.1.4 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 POE to support actual performance results updated.





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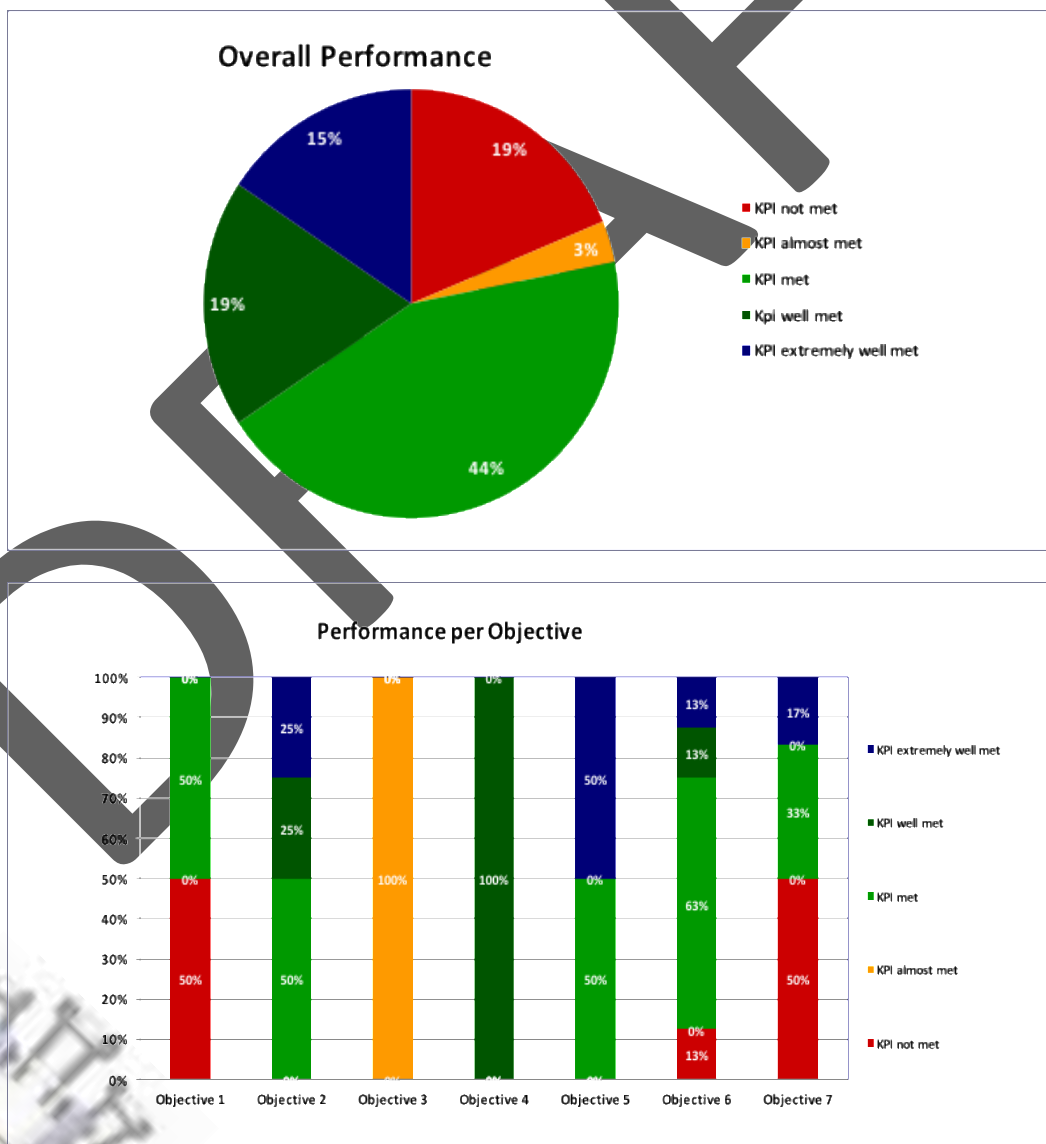
## 3.1.5 Strategic SDBIP (Top Layer)

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	Rating	Explanation
KPI not yet measured	Not yet measured	KPI's with no targets or actuals in the selected period
KPI not met	KPI Not Met	0% >= Actual/Target < 75%
KPI almost met	KPI Almost Met	75% >= Actual/Target < 100%
KPI met	KPI Met	Actual/Target = 100%
KPI well met	KPI Well Met	100% > Actual/Target < 150%
KPI extremely well met	KPI Extremely Well Met	Actual/Target >= 150%

Figure 2.: SDBIP measurement Categories

## 3.1.6 Overall performance





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Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7
	To build a well capacitated workforce and skilled employable youth and communities	To deliver sound administrative and financial services, to ensure viability	To facilitate good governance principles and effective stakeholder participation.	To improve and maintain district roads and promote effective and safe public transport for all.	To plan to minimize the impact of social ills, disasters and improve public safety in the region.	To promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development	To pursue economic growth opportunities that will create descent work.
KPI Not Met	2	0	0	0	0	1	3
KPI Almost Met	0	0	1	0	0	0	0
KPI Met	2	4	0	0	1	5	2
KPI Well Met	0	2	0	3	0	1	0
KPI Extremely Well Met	0	2	0	0	1	1	1
Total	4	8	1	3	2	8	6

Graph 1.: Overall performance per strategic objective

## a) To build a well capacitated workforce and skilled employable youth and communities

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16						Actual	
				Target					Annual		
				Q1	Q2	Q3	Q4				
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	0	0	0	1	1	0	R	
<b>Corrective measure</b>		No corrective measure provided by the Municipality									
TL4	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2016 measured as [(Total Actual Training Expenditure/ Total personnel Budget)x100]	% of personnel budget spent by 30 June 2016 [(Total expenditure on training/total personnel budget)/100]	2%	0%	0%	0%	1%	1%	0.07%	R	
<b>Corrective measure</b>		Spending will be increased next year									
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	0	1	0	0	1	1	G	



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Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual	
				Target						
				Q1	Q2	Q3	Q4	Annual		
TL20	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2016	Plan submitted to the LGSETA by 30 April 2016	0	0	0	0	1	1	1	G

Table 37.: Top Layer SDBIP – To build a well capacitated workforce and skilled employable youth and communities

## b) To deliver sound administrative and financial services, to ensure viability

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual	
				Target						
				Q1	Q2	Q3	Q4	Annual		
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	64.50%	0%	0%	0%	90%	90%	630%	B
<b>Corrective measure</b>		Grant received spent, not included in budget. Will be referred to Council in January 2017 for approval								
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)	0.5 (based on previous year calculation method)	0	0	0	600	600	0.02	B
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%	0%	0%	0%	0.01%	0.01%	0.01%	G
TL7	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at	Cost coverage as at 30 June 2016 ((Cash and Cash Equivalents - Unspent Conditional Grants -	4.7 (based on previous year calculation method)	0	0	0	1	1	1.02	G2



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Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16						Actual
				Target					Actual	
				Q1	Q2	Q3	Q4	Annual		
	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))	Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))								
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	0	0	0	1	1	1	G
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]	66.66%	0%	0%	0%	70%	70%	80%	G2
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	New KPI for 2015/16. No comparative audited results available.	1	0	0	0	1	1	G
TL19	Submit the financial statements by 31 August 2015 to the Auditor General	Financial Statements submitted by 31 August 2015	1	1	0	0	0	1	1	G

**Table 38.: Top Layer SDBIP – To deliver sound administrative and financial services, to ensure viability**

### c) To facilitate good governance principles and effective stakeholder participation

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual	
				Target						
				Q1	Q2	Q3	Q4	Annual		
TL11	Facilitate the meeting of the District	Number of meetings held	2	1	1	1	1	4	3	O



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Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual
				Target					
				Q1	Q2	Q3	Q4	Annual	
	Intergovernmental Forum (Technical)								
<b>Corrective measure</b>		Have discussions with role players							

**Table 39.: Top Layer SDBIP – To facilitate good governance principles and effective stakeholder participation**

### d) To improve and maintain district roads and promote effective and safe public transport for all

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual	
				Target						
				Q1	Q2	Q3	Q4	Annual		
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)	101.67%	0%	0%	95%	0%	95%	101.18%	G2
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	98.71%	0%	0%	95%	0%	95%	100.09%	G2
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)	New KPI for 2014/15. No comparative audited results available.	0	0	45	0	45	46.71	G2

**Table 40.: Top Layer SDBIP – To improve and maintain district roads and promote effective and safe public transport for all**





**e) To plan to minimize the impact of social ills, disasters and improve public safety in the region**

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16						Actual	
				Target					Annual		
				Q1	Q2	Q3	Q4	Annual			
TL29	Conduct training sessions for emergency personnel and volunteers by 30 June 2016	Number of training sessions conducted by 30 June 2016	3	0	0	0	3	3	3	G	
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	15	0	0	0	6	6	24	B	

*Table 41.: Top Layer SDBIP – To plan to minimize the impact of social ills, disasters and improve public safety in the region*

**f) To promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development**

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16						Actual	
				Target					Annual		
				Q1	Q2	Q3	Q4	Annual			
TL21	Appoint one Environmental Health Practitioner by 31 December 2015	Environmental Health Practitioner appointed by 31 December 2015	New KPI for 2015/16. No comparative audited results available.	0	1	0	0	1	0	R	
<b>Corrective measure</b>		Notices in this regard were sent to the Municipal Manager, requesting Council to address this issue as a matter of urgency. EHP posts were advertised during February 2016 and interviews held during June 2016. Two EHP's and one Community EHP were appointed, starting October 2016 at the CKDM									
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	New KPI for 2015/16. No comparative audited results available.	0	1	0	0	1	1	G	
TL23	Raise Health and Hygiene education awareness through articles published in the local media on a quarterly basis	Number of articles published	8	1	1	1	1	4	5	G2	
TL24	Compile and distribute a Municipal Health Newsletter to Category B-	Newsletter submitted by 31 January 2016	1	0	0	1	0	1	1	G	



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Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual		
				Target							
				Q1	Q2	Q3	Q4	Annual			
	Municipalities within the Central Karoo District by 31 January 2016										
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	0	3	0	3	6	6		G
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	11	0	2	0	2	4	10		B
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	0	3	0	3	6	6		G
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	0	0	1	0	1	1		G

**Table 42.: Top Layer SDBIP – To promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development**

### g) To pursue economic growth opportunities that will create decent work

Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16					Actual		
				Target							
				Q1	Q2	Q3	Q4	Annual			
TL2	Create temporary job opportunities in terms of	Number of job opportunities created by 31	84	0	0	15	0	15	64		B



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Ref	KPI	Unit of measurement	Actual performance of 2014/15	Overall performance 2015/16						Actual
				Target					Annual	
				Q1	Q2	Q3	Q4			
	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)	March 2016 (Spending calculated over the Financial year of the Dept of Transport of the WC Province)								
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	New KPI for 2015/16. No comparative audited results available	0	0	0	1	1	0	R
<b>Corrective measure</b>		Discussed with responsible official								
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	0	0	0	2	2	0	R
<b>Corrective measure</b>		Discussed with responsible official								
TL14	Facilitate the meeting of the Board of the Economic Development Agency (EDA)	Number of meetings held	New KPI for 2015/16. No comparative audited results available.	0	1	0	1	2	2	G
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	0	0	0	2	2	0	R
<b>Corrective measure</b>		Discussed with responsible official								
TL16	Develop and publish tourism marketing material by 30 November 2015 for the welcome campaign	Marketing material developed and published by 30 November 2015	New KPI for 2015/16. No comparative audited results available.	0	1	0	0	1	1	G

Table 43.: To pursue economic growth opportunities that will create descent work



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## 3.1.7 Municipal functions

The municipal functional areas are as indicated below:

Municipal function	Municipal function (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Fire fighting services	No designated fire service department, only responsible for coordinating training and standardisation of all fire services at all of the B-Municipalities in the district
Local tourism	Yes
Municipal planning	Yes
Municipal health services	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Licensing and control of undertakings that sell food to the public	Yes

Table 44.: Municipal 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 Western Cape Department of Transport and Public Works (WCPTPW) on allocated roads as an agent regulated by a financial and service delivery agreement between the Municipality and the infrastructure branch of the Department. The financial period for the Department is different from the Municipality. The financial period ranges from 1 April 2015 to 31 March 2016. Service delivery targets fall within the same period and is recorded on the provincial system as well.

Maintenance of roads in the region are done by the Units stationed in the four municipal areas of the region namely:

- Beaufort West
- Murraysburg
- Prince Albert
- Laingsburg

Road construction is undertaken by one construction team for the whole region. They are supported by the mechanical workshop, stores and costing office located in Beaufort West. Annual and monthly planning schedules are captured on 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 Department with regular inputs from the Municipality office and used for setting priorities on an annual basis. Socio-economic factors are taken into account when scoring priority points for tourism,



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sensitive products and traffic counts. Additional maintenance work is done through the Expanded Public Works Program (EPWP) contracts when funding is available.

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

### 3.2.2 Provincial roads allocated for maintenance and construction

The tables below provide details of provincial roads maintained and constructed during 2015/16:

Roads	Surfaced	Un-surfaced	Total	Maintained 2014/15	Maintained 2015/16
	Km's				
Trunk road	14.46	68.33	82.79	82.79	82.79
Main road	62.72	616.55	679.27	679.27	679.27
Divisional road	15.08	1676.8	1 691.88	1 691.88	1 691.88
Minor road	0	3 919.46	3 919.46	1 111.07	1 103.97
<b>Total</b>	<b>92.26</b>	<b>6 281.14</b>	<b>6 373.40</b>	<b>3 600.06</b>	<b>3 557.91</b>

Table 45.: Provincial roads allocated for maintenance

Roads	Re-gravel 2014/15	Re-gravel 2015/16	Upgrade 2014/15	Upgrade 2015/16	Graded 2014/15	Graded 2015/16
	Km's					
Trunk road	0	0	0	0	211.54	364.89
Main road	0	0	12.48	0	2 496.15	2 601.68
Divisional road	0	46.71	0	0	4 603.23	4 522.21
Minor road	0	0	0	0	1 111.07	1 103.97
<b>Total</b>	<b>0</b>	<b>46.71</b>	<b>12.48</b>	<b>0</b>	<b>8 421.99</b>	<b>8 592.75</b>

Table 46.: Provincial roads allocated for construction

### 3.2.3 Employees: Road transport

The table below indicates the number of employees in the Roads Unit for the 2015/16 financial year:

Job level	2014/15	2015/16			
	Employees	Posts	Employees*	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	131	0	*51	0	0
0 – 3		54	51	3	5.56
4 – 6		16	13	3	18.75
7 – 9		29	24	5	17.24
10 – 12		8	8	0	0
13 – 16		1	1	0	0





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Job level	2014/15	2015/16			
	Employees	Posts	Employees*	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	131	108	97*	11	10.19

\*temporary employees are not included in the budgeted posts of the municipality

**Table 47.: Employees: Road transport**

### 3.2.4 Capital expenditure: Road transport

The table below indicates the capital expenditure for the Roads Transport Unit

Capital projects	2015/16			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Regravel	18 500 000	18 500 000	18 463 739	36 261
Total	18 500 000	18 500 000	18 463 739	36 261

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

**Table 48.: Capital expenditure 2015/16: Road transport**

## 3.3 Component B: Local Economic Development (including tourism and market places)

### 3.3.1 Local Economic Development (LED)

When referring to 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 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. Processes need to be put in place to organise 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
Growing tourism sector	The establishment of the N12 route seeks to integrate all aspects of tourism to benefit both established and upcoming tourism service providers



Highlights	Description
Mineral and natural gas reserves	Natural endowments such as uranium and gas can attract investors to the region and increase the potential of economic growth
N1 key arterial	The N1 is situated along 2 towns in the Central Karoo and is frequently used by transport companies. Proper truck traffic and stop-overs established will ensure that money is spent by truck drivers

Table 49.: LED highlights

## b) Challenges: LED

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

Description	Actions to address
Integrated tourism	Develop more tourism attractions, products and packages
Environmental impact of mineral and natural gas extraction	Public/private partnerships to protect environmental assets of Central Karoo
N1 not sufficient to carry all transport passing through	Rerouting of trucks to pass through the industrial area. Separation of industrial businesses' freight from public road users

Table 50.: LED challenges

## c) LED priorities and action plans

The LED Strategy is a sector plan that forms part of the IDP. 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 infrastructure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, improving skills and knowledge.

The table below indicates the LED initiatives that are prioritised:

Initiative	Proposals
Agri-parks project	To enhance local produce from an initiative that seeks to encourage and assist upcoming and commercial farmers to form part of this initiative
N12 tourist route	Involve all role players to ensure inclusivity
Small Micro and Medium Enterprises (SMME) development program	Engaged with the Small Enterprise Development Agency (SEDA) for training of new businesses
New business registration	Engage the Companies and Intellectual Property Commission (CIPC) to decentralise new business registration and share the responsibility with local municipalities to ensure that there is less delays with new business registrations
Cooperative registration	SEDA, the Department of Rural Development and Land Reform and Central Karoo District Municipality (CKDM) to sign a Memorandum of Understanding (MOU) with regards to establishment of cooperatives

Table 51.: LED initiatives



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### d) Employees: LED

The table below indicates the number of employees in the LED Unit for the 2015/16 financial year:

Job level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	1	0	0	0	0
0 – 3		0	0	0	0
4 – 6		1	1	0	0
7 – 9		0	0	0	0
10 – 12		0	0	0	0
13 – 16		0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

Table 52.: Employees: LED

### 3.3.2 Tourism

Our primary purpose is to actively introduce the potential of the region within its frontier throughout the Western Cape, the country as a whole and in foreign countries where possible.

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

Parallel to this is the continuous expansion of new tourism experiences and the enhancement of current activities and destinations.

### 3.4 Component C: Municipal Health

The Municipality is sanctioned by legislation to provide municipal health services within its area of jurisdiction.

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 Municipal Health Unit 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.



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Services are rendered by three Environmental Health Practitioners (EHP's) in ten towns in the Central Karoo region:

- Beaufort West
- Murraysburg
- Nelspoort
- Merweville
- Prince Albert
- Leeu-Gamka
- Klarstroom
- Prince Albert Road
- Laingsburg
- Matjiesfontein
- Rural areas of Beaufort West, Murraysburg, Prince Albert and Laingsburg District

### 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 District Municipal Area:

Description	Action to address
Personnel shortages for the rendering of municipal health services. In terms of the section approved organogram, the section is also responsible for additional services such as Air Quality and Integrated Waste Management	To render an effective municipal health service, it is required that one EHP be provided for every 10 000 members of the population (World Health Organisation (WHO) / Department of Health norms and standards). For the Central Karoo district there is currently one functional EHP for every 36 844 members of the population. Two EHP posts were advertised during February 2016 and interviews held during June 2016. No appointments were made yet. The filling of the above mentioned funded posts will benefit service delivery, even though the Municipal Health Unit will still have a deficit of at least three EHP's
Air quality and integrated waste management	This matter was brought to the attention of Council and other role players. Council needs to budget for the unfunded air quality and integrated waste management post on the approved organogram of the Municipal Health Unit for the 2017/18 financial year

Table 53.: Municipal health challenges

### 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 the South African National Standards for water quality, SANS 241.



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### ii) Activities

Water quality monitoring in terms of an agreement with Beaufort West Water Service Authority (WSA):

- Water quality monitoring was done on a quarterly basis;
- **95** water samples for bacteriological analysis and **4** samples for chemical analysis were taken during the reporting period;
- **84 (85%)** of the samples complied with SANS 241;
- All sample results were provided to the various WSA's; and
- All water sample results received from the lab were captured on the section's database.

Bi-annual evaluation reports on the status of water quality were sent to all WSA's within the region during December 2015 and June 2016. These evaluation reports aims to:

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

Water sampling on behalf of owners of private boreholes:

- Water quality monitoring were done per request of owners of private boreholes;
- **11** water samples for bacteriological analysis were taken during the reporting period;
- **5 (45%)** of the samples taken complied with SANS 241; and
- All sample results were sent to the owners / managers of these premises.

### b) Waste management and monitoring

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#### 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. Bring upon a change in negative behavioural patterns towards health and the environment amongst residents in the Central Karoo area.

#### ii) Activities

Monitoring of liquid waste sites:

- Monitoring of liquid waste sites were done on a monthly basis; and
- **92** inspections were conducted at liquid waste sites in the region.

Sewerage sampling:

- Sewerage samples were taken on a quarterly basis;
- **33** samples for bacteriological analysis were taken;
- **27 (82%)** of the samples complied to the set standards for sewerage;
- All sample results were sent to the various WSA's; and
- All sewerage results received from the lab were captured on the section's database.





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Monitoring of solid waste sites:

- Monitoring of solid waste disposal sites were done on a monthly basis; and
- **100** inspections were conducted at sites in the region.

Bi-annual evaluation reports on the current status of solid waste sites were sent to the local municipalities within the region during December 2015 and June 2016.

These evaluation reports aim to:

- Serve as a source of information to the relevant municipalities;
- Eliminate any conditions harmful to human health; and
- Promote effective solid waste management in the region.

### c) Food control

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#### 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 is a total of **1 064** formal and informal food premises in the Central Karoo region;
- **1 592** inspections were conducted at food premises;
- **80** Certificates of Acceptability (CoA's) were issued to new food premises in compliance with the General Hygiene requirements for Food Premises and the Transport of Food (R 962 of 2012) regulation.

Bacteriological and chemical sampling of foodstuffs in terms of the Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972:

- **28** samples of foodstuffs were taken for bacteriological and chemical analysis; and
- **24 (86%)** of the samples complied with the legislative requirements.

Monitoring of milking sheds and milk sampling:

- **12** inspections were conducted at milking shed;
- **13** milk samples were taken for bacteriological and chemical analysis; and
- **8 (62%)** of the samples complied 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:

- **77** food products were inspected to monitor compliance to the labelling regulations

Food poisoning:

- No cases of food poisoning were reported and investigated

## **d) Health surveillance of premises**

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### **i) Objective**

To identify, monitor and evaluate health risks, nuisances, 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, barbers, beauty salons, public gathering places, industrial premises and accommodation establishments;
- **193** inspections were conducted; and
- **8** 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; and
- **23** inspections were conducted at informal settlements.

Bi-annual evaluation reports on the current status of informal settlements were sent to the local municipalities within the region during December 2015 and June 2016.

These evaluation reports aims to:

- Serve as a source of information to the relevant municipalities and provincial departments;
- Eliminate any harmful conditions to human health; and
- Promote a healthy and safe environment for all residents in the region.

## **e) Environmental pollution control**

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### **i) Objective**

Identification, evaluation, monitoring and prevention of the pollution of soil, water and air to institute remedial actions and to educate and train communities regarding environmental pollution.



## ii) Activities

Air quality and pollution control:

- No air quality or noise related complaints were received
- **4** reports were drafted regarding various aspects of pollution control and sent to the Directorate: Pollution Control of the Department of Environmental Affairs
- The CKDM's Air Quality Management Plan (AQMP) was revised during March 2016 and approved by Council
- 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 ensure that needs, as well as the maintenance of resources for the benefit of future generations are met. This plan is also a commitment to certain principles and action plans needed to ensure sustainable utilisation of resources and the management of air quality in the Central Karoo region
- A Climate Change Management Plan was compiled for the section. This plan is still in a draft and will be submitted to Council when completed.

## f) Surveillance and prevention of communicable diseases, excluding immunisations

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### 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:

- **3** notifiable medical conditions were reported; and
- **All** notifications received were investigated and reports submitted to the Western Cape Department of Health (WCDOH).

Diarrhea season:

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

All statistics on diarrhea cases received from the WCDOH were provided to EHP's for interpretation and follow-up training and education sessions provided where necessary.

## g) Chemical safety

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### 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:

- **1** incident of pesticide poisoning was reported, investigated and a report submitted to the WCDOH

**h) Vector control**

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**i) Objective**

Monitor, identify, evaluate and prevent vectors by the elimination or correction of conditions promoting the habits and breeding habits of vectors. Create 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; and
- **5** cases of vector infestations were reported and investigated.

**i) Management of human remains**

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**i) Objective**

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

**ii) Activities**

Monitoring and supervision of exhumations and re-interments:

- **1** application for an exhumation was received and monitored

Monitoring of crematoria / funeral parlors:

- **11** inspections were conducted

**j) Training and education**

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**i) Objective**

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

**ii) Activities**

Health and hygiene training and education:

- **5** municipal health related articles were published in the local newspaper: "The Courier"; and
- Health and hygiene training and education activities were conducted.



A municipal health services newsletter 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 to ensure safe and healthy environment for our residents in the Central Karoo region and to create awareness regarding the section's functions and responsibilities

## k) Complaints

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8 complaints were received during the reporting period. 7 complaints were investigated and followed up where necessary. 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 a regular review of the plan.

## l) Projects

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### i) Objective

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

### ii) Activities:

Project proposal: Environmental Cleaning and Greening Project:

- A project proposal was compiled during December 2015 and submitted to the Provincial Departments of Health and Environmental Affairs in order to obtain funding. This project proposal is modeled on sustainability and will focus on cleaning, greening and waste management. It 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;
- Recognise that the supply and maintenance of infrastructure can improve our living environments and cause environmental impacts; and
- Give people the necessary skills to restore our environment.

## m) Reports and notices

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Sinjani reports:

- **36** reports were submitted to the National Department of Health; and
- Reports were submitted and populated on the Sinjani system of the relevant departments.

Municipal health services quarterly reports to Council:

- **4** reports were compiled and submitted to Council

Notices:

**88** notices were issue namely:

- Water quality monitoring – **16**;
- Waste management – **10**;





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- Food control – **35**;
- Health surveillance of premises – **15**;
- Environmental pollution control – **2**;
- Communicable diseases control – **2**;
- Chemical safety – **1**;
- Vector control – **4**;
- Management of human remains – **1**;
- Complaints – **2**

### n) Performance management

Performance on the section's KPI's are updated on a monthly basis on the electronic web-based performance management system.

#### 3.4.3 Employees: Municipal health

The table below indicates the number of employees in the Municipal Health Unit for the 2015/16 financial year:

Job level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary		0	0	0	0
0 – 3		0	0	0	0
4 – 6		0	0	0	0
7 – 9	4	0	0	0	0
10 – 12		4	2	2	50
13 – 16		1	1	0	0
<b>Total</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>40</b>

Table 54.: Employees: Municipal health

### 3.5 Component D: Disaster management

The CK differs from the rest of the districts in the Western Cape when it comes to disasters. Floods and fires are rare to this area in comparison to the rest of the province. Slow creeping droughts occurring in this semi-desert area and the risks of accidents happening on a daily basis with the N1, N12, R61 and other routes running for ±700km through the district, are part and parcel to this area. The transport of hazardous material through the region could lead to the occurrence of disasters.

A disaster is a progressive or sudden, widespread or localised, natural or human-caused occurrence which causes or threatens to cause:

- death, injury or disease;
- damage to property, infrastructure or the environment; or



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- disruption of the life of a community; and is of a magnitude that it exceeds the ability of those affected by the disaster to cope with its effects using only their own resources.

With the little personnel in the department, the building of good relations with other supportive role-players is critical. Excellent relationships over the years were put in place with the Provincial Traffic Department, emergency management services, the SAPS, social development, farmer's associations, SANRAL, SAN-Parks, Spoornet and private organisations

Without the support of these fore mentioned departments, it would be impossible for disaster management to be successful in the CK. Disaster management plays a role as the coordinating authority to form a united approach towards the handling of incidents and disasters in the region with the main focus to save lives, protect property and care for the environment.

### 3.5.1 Highlights: Disaster management

The following table represents the performance highlights of the Disaster Management unit:

Highlights	Description
Containment of fire in Karoo National Park and adjacent farms in Beaufort West region	A fire that was caused by lightning broke out in the Karoo National Park on 11 March 2016 and lasted until 16 March 2016. This was the first time in history that CKDM made use of two bomber aircrafts to assist in limiting the fire damage. The bomber aircrafts were dispatched from Working on Fire (WOF). It was quite a challenge to fill the aircrafts with water at the Beaufort West Airport from where the fire was managed and was assisted by the aircraft support team. The newly upgraded airport from the Chinese Pilot Academy in Beaufort West was of great help with this operation. (See photos attached). An additional 47 firefighters from WOF were deployed to help with the fire. The Provincial Disaster Management Unit and San-Parks granted CKDM R 474 000 to assist in fighting the fire
Training in fire awareness were given to personnel from private companies by the Disaster and Fire Management Unit of CKDM	Training personnel from Checkers, Shoprite and the building company "Edg to Edg" in fire awareness and disaster management to conduct public awareness initiatives in terms of possible disasters
Inspection of 19 industrial buildings for fire safety	A record number of 19 industrial buildings and schools (crèches) were inspected through-out the year for fire safety in the region of CKDM. This is part of being pro-active rather than reactive to fires and to save lives
Drought inspections at 20 farms in the agricultural environment (farming community) of CKDM to determine drought conditions	Inspections in collaboration with the Department of Agriculture were conducted during July 2015 and September 2015 to determine the drought situation on farms in CKDM. A disaster within agriculture was declared on 16 February 2016 by CKDM Council to help the Department of Agriculture in the process to support the farmers in the region with financial resources
Delivered a shared service for Eden District Municipality (EDM) Disaster Management Unit	CKDM's Disaster Management Unit delivered a shared service to EDM in Oudtshoorn and Kannaland from July 2015 to June 2016. Assistance included risk assessments, disaster management plans and plans to improve the water supply to residential areas in De Rust and Dysselsdorp. Fire and flood awareness campaigns held at schools in Oudtshoorn, Dysselsdorp, De Rust, Calitzdorp and Ladismith

Table 55.: Disaster management highlights



**a) Bomber aircrafts**



**b) Veld Fire Karoo National Park and neighboring farms:**



**3.5.2 Challenges: Disaster management**

The Disaster Management Unit experienced the following challenges:

Description	Actions to address
Personnel capacity	Only one Disaster Manager to handle disasters and fire at district level. No capacity at B-municipal level for disaster management. (need to provide correct action)
Funding	Apply for funds from Provincial Disaster Management Department
Containment of hazmat incidents and spills	Development of a hazmat capacity in the region



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Description	Actions to address
Containing of veld fires in the Central Karoo region	Capacity building of fire department and expansion of equipment at district and local municipal levels
Water supply to Klaarstroom residential area	Coordination of planning sessions between Provincial Disaster Management, Department of Water and Sanitation (DWAS) and the Municipality on the shortage of water supply to the residents of Klaarstroom. Planning still in progress

*Table 56.: 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 2015/16
Drought inspections and assessments	Assessment on drought situation in all the municipal agricultural and town areas
Safety inspections of industrial buildings	Inspection of industrial buildings and schools for fire safety
Approval of building plans	Approval of all new and extensions of existing building plans of local municipalities for fire safety

*Table 57.: Disaster management Activities*

### 3.5.4 Matters addressed: Disaster management

The table below indicates the matters addressed by the Disaster Management Unit:

Items	Action
Fire service capacity building	Access to new fire engine plants for municipalities in the Central Karoo region
CKDM Disaster and Fire Management Units became a member of the Southern Cape Fire Protection Association (SCFPA)	To build the capacity of the Disaster and Fire Management Units in the district, CKDM joined the SCFPA. This will give the Disaster and Fire Management Units the opportunity to make use of the WOF capacity in times of disasters
Hazmat capacity	Access to hazmat vehicle for the Central Karoo region will be stationed at the Disaster and Fire Management Centre to attend to hazmat spills in the region. Donation of basic hazmat equipment received from SASOL to attend to spills
Training of volunteers and emergency personnel in disaster and fire awareness	Training of emergency personnel and volunteers in fire safety and disaster planning
Inspection and awareness training to schools and crèches	Awareness programs at schools and crèches. Inspections for fire safety and help with the development of evacuation plans
Hazmat spill near Laingsburg	Containment of the spill of agricultural chemicals on the road reserve between Laingsburg and Ladismith
Fire and disaster pro-active planning with AIFA (Chinese Pilot Academic School) at Beaufort West Airport	Development of Standing Operational Procedure for emergency first responders to attend to incidents and disasters relating to aircrafts. Inspection of AIFA buildings and fuel storage for fire safety

*Table 58.: Matters addressed by disaster management*



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### 3.5.5 Employees: Disaster management

The table below indicates the number of employees in the Disaster Management Unit for the 2015/16 financial year:

Job level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	2	0	0	0	0
0 – 3		0	0	0	0
4 – 6		1	1	0	0
7 – 9		0	0	0	0
10 – 12		0	0	0	0
13 – 16		1	1	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

Table 59.: Employees: Disaster management

### 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

The table below indicates the number of employees in the Office of the Municipal Manager for the 2015/16 financial year:

Job level	2014/15	2015/16			
	Employees	Posts*	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	4	0	0	0	0
0 – 3		0	0	0	0
4 – 6		0	0	0	0
7 – 9		0	0	0	0
10 – 12		4	4	0	0
13 – 16		0	0	0	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>

\*Posts exclude directors and Municipal Manager

Table 60.: Employees: Office of the Municipal Manager





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### 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 program 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 2015/16
Records management	Information available regarding the record keeping and records management practices of the Municipality. Information contained at the Records Department was managed effectively throughout the Municipality. Structured records classification and record keeping system in place. Security measures in place to safeguard information. Systematic disposal program developed. Audio-visual records managed according to the requirements of the National Archives and Records Service Act and good governance
Supervision	Supervise, coordinate and delegate the reception and cleaning services within Council
Surety register	Capture, file and update surety information and safekeeping of files
Legislation	Update legislation for the Municipal Manager, directors, workshop superintendents and the Health and Safety Officer
Council Chambers/equipment management and organising	Booking of Council Chamber for meetings, arrangement of supplies, material, refreshments and cleaners for Council and Portfolio Committee meetings
Key locker, access control and alarm system	Security control measures were effective throughout the financial year
Telephone system and accounts	Report faults / applications for new extensions and transfer of lines. Capture client numbers and personnel codes on telephone system

*Table 61.: Activities: Records management*

#### b) Employees: Records management

The table below indicates the number of employees in the Records Management Unit for the 2015/16 financial year:

Job level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	5	0	0	0	0
0 – 3		0	0	0	0
4 – 6		4	4	0	0
7 – 9		0	0	0	0
10 – 12		1	1	0	0
13 – 16		0	0	0	0
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>

*Table 62.: Employees: Record management*



### 3.6.3 Human Resources (HR)

The design, development and alignment of policies, procedures, systems and controls guiding HR interventions, applications outcomes and providing strategic advice on initiatives with respect to HR development aimed at supporting the accomplishment of the Municipality’s KPA’s and service delivery objectives.

Key performance areas:

- Render a provisioning and support service function that will ensure the recruitment, utilisation and retention of the organisation’s human capital
- Give effect to the Employment Equity Plan (EEP) of the organisation and to ensure compliance with employment equity measures
- 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: HR

The following table represents the performance highlights of the HR unit:

Highlights	Description
Bursaries to students	55 bursaries were provided to the youth in the District to assist with registration at academic institutions
C1 drivers license bursaries to students	100 Bursaries were provided to youth in the District to assist with obtaining their C1 drivers licenses
Review of organisational structure	The organisational structure of the CKDM was reviewed and a new structure was approved by Council on 12 January 2016
In-Service training	12 Students underwent in-service training during the 2015/16 financial year

Table 63.: HR highlights

#### b) Challenges: Human Resources

The HR Unit experienced the following challenges during the financial year:

Description	Actions to Address
Implement an effective Recruitment and Selection Policy	The draft Recruitment and Selection Policy must be approved by Council
Improve on the current average time to fill vacancies	
Vacancies on new organogram	Funding to be obtained to implement new posts on the reviewed organogram

Table 64.: HR challenges



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### c) Employees: Human Resources

The table below indicates the number of employees in the HR Unit for the 2015/16 financial year:

Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	1	0	0	0	0
0 – 3		0	0	0	0
4 – 6		0	0	0	0
7 – 9		0	0	0	0
10 – 12		0	0	0	0
13 – 16		1	1	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

Table 65.: Employees: HR

### 3.6.4 Finance

#### a) Highlights: Finance

The table below indicates the highlights achieved during the financial year:

Highlights	Description
Funding received	Funding has been obtained from Provincial Treasury to assist with financial functions

Table 66.: Finance highlights

#### b) Challenges: Finance

The table below indicates the challenges faced by the Finance Unit:

Description	Actions to address
Position of Chief Financial Officer is vacant	Position has been advertised

Table 67.: Finance challenges

#### d) Employees: Finance

The table below indicates the number of employees in the Finance Unit for the 2015/16 financial year:

Job Level	2014/15	2015/16			
	Employees	Posts	*Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	9	0	5	0	0
0 – 3		1	1	0	0
4 – 6		0	0	0	0



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Job Level	2014/15		2015/16		
	Employees	Posts	*Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
7 – 9		2	2	0	0
10 - 12		0	0	0	0
13 – 16		1	1	0	0
<b>Total</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>

\*Employees total does not include temporary employees

Table 68.: Employees: Finance

### 3.7 Component F: Organisational Performance Scorecard

The main development and service delivery priorities for 2016/17 is the Municipality's Top Layer SDBIP for 2016/17 and are indicated in the tables below:

#### 3.7.1 To build a well capacitated workforce and skilled employable youth and communities

Ref	KPI	Unit of measurement	Annual target
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 as at 30 June 2017	Number of people from employment equity target groups employed (appointed) in the three highest levels of management	1
TL3	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2017 measured as $[(\text{Total Actual Training Expenditure} / \text{Total personnel Budget}) \times 100]$	% of personnel budget spent	1%
TL18	Review the Employment Equity plan and submit to Council by 31 December 2016	Plan reviewed and submitted to Council	1
TL20	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2017	Plan submitted to the LGSETA	1

Table 69.: To build a well capacitated workforce and skilled employable youth and communities

#### 3.7.2 To deliver sound administrative and financial services to ensure viability

Ref	KPI	Unit of measurement	Annual target
TL4	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2017 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	32%
TL5	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation,	Number of months it takes to cover fix operating expenditure with available cash	1



Ref	KPI	Unit of measurement	Annual target
	and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))		
TL6	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2017 {(Actual amount spent on projects/Total amount budgeted for capital projects)X100} as at 30 June 2016	% of capital budget spent by 30 June 2017 {(Actual amount spent on projects/Total amount budgeted for capital projects)X100} as at 30 June 2017	90%
TL14	Revise the Risk based audit plan (RBAP) and submit to the Audit Committee by 30 June 2017	RBAP submitted to the Audit Committee	1
TL15	Implement the RBAP by 30 June 2017 [(Audits completed for the year/audits planned for the year according to the RBAP )x100]	% of RBAP implemented	70%
TL17	Submit the financial statements by 31 August 2016 to the Auditor General	Financial Statements submitted	1
TL19	Revise the Appointment Policy to be in accordance with legislative requirements and submit to council 30 June 2017	Revised Appointment Policy submitted to council	1

*Table 70.: To deliver sound administrative and financial services to ensure viability*

### 3.7.3 To facilitate good governance principles and effective stakeholder participation

Ref	KPI	Unit of measurement	Annual target
TL7	Facilitate the meeting of the District Intergovernmental Forum (Technical)	Number of meetings held	4

*Table 71.: To facilitate good governance principles and effective stakeholder participation*

### 3.7.4 To improve and maintain district roads and promote effective and safe public transport for all

Ref	KPI	Unit of measurement	Annual target
TL11	95% of roads capital conditional grant spent by 31 March 2017 [(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 (Spending calculated over the Financial year of the Dept of Transport of the WC Province)	95%
TL12	95% of roads operational conditional grant spent by 31 March 2017 [(Actual expenditure divided by approved allocation received)x100] (Spending calculated over 12 months which coincide with the Financial year of the Prov Dept of Transport)	% of roads operational conditional grant spent (Spending calculated over the Financial year of the Dept of Transport of the WC Province)	95%
TL13	Regravel roads by 31 March 2017 (Calculated over the Financial year of the Dept of Transport of the WC Province)	Kilometers of roads regravelled (Calculated over the Financial year of the Dept of Transport of the WC Province)	35

*Table 72.: To improve and maintain district roads and promote effective and safe public transport for all*





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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	Submit an Environmental Health Project Proposal to the Provincial Departments of Health and/or other role-players by 31 December 2016	Number of Project Proposals submitted	1
TL22	Raise Health and Hygiene awareness through articles published in the local newspaper "The Courier" on a quarterly basis	Number of articles published on a quarterly basis	4
TL23	Compile and distribute a Municipal Health Newsletter to Category B-Municipalities within the Central Karoo District by 31 January 2017	Number of newsletters submitted	1
TL24	Compile and submit bi-annual Landfill Evaluation Reports to Category B-Municipalities within the Central Karoo District by 31 December 2016 and 30 June 2017	Number of Landfill Evaluation Reports submitted on a bi-annual basis	6
TL25	Compile and submit bi-annual Informal Settlement Evaluation Reports to Category B-Municipalities within the Central Karoo District by 31 December 2016 and 30 June 2017	Number of Informal Settlement Evaluation Reports submitted on a bi-annual basis	4
TL26	Compile and submit bi-annual Water Quality Evaluation Reports to Category B-Municipalities within the Central Karoo District by 31 December 2016 and 30 June 2017	Number of Water Quality Evaluation Reports submitted on a bi-annual basis	6
TL21	Submit an Environmental Health Project Proposal to the Provincial Departments of Health and/or other role-players by 31 December 2016	Number of Project Proposals submitted	1

Table 73.: To promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development

### 3.7.6 To pursue economic growth opportunities that will create descent work

Ref	KPI	Unit of measurement	Annual target
TL1	Create temporary job opportunities in terms of identified road projects by 31 March 2017 (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 2017 (Spending calculated over the Financial year of the Dept of Transport of the WC Province)	15
TL8	Oversee the developing and submitting of business plans from the Economic Development Agency (EDA) for projects to Council for consideration by 30 June 2017	Number of business plans submitted to Council	2
TL9	Facilitate the meeting of the Board of the Economic Development Agency (EDA)	Number of meetings held	2
TL10	Submit proposals to possible funders for projects/initiatives for the youth, disabled, elderly and gender	Number of proposals submitted to possible funders	2
TL16	Review the Economic Development Strategy and submit to Council by 30 June 2017	Economic Development Strategy reviewed and submitted to council	1

Table 74.: To pursue economic growth opportunities that will create descent work



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

Ref	KPI	Unit of measurement	Annual target
TL27	Conduct training sessions for emergency personnel and volunteers by 30 June 2017	Number of training sessions conducted	3
TL28	Inspect industrial premises for fire safety and issue safety certificates	Number of industrial premises inspected for fire safety and safety certificates issued	6

*Table 75.: To plan to minimize the impact of social ills, disasters and improve public safety in the region*

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# Chapter 4

## Organisational Development Performance



# Central Karoo District Municipality

## 4.1 National KPI's – Municipal transformation and organisational development

The following table indicates the municipality's performance in terms of the National KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the National KPA – Municipal transformation and organisational development.

KPA and Indicators	2014/15	2015/16
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	8	6
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.02%	0.07%

Table 76.: National KPI's– Municipal transformation and organisational development

## 4.2 Introduction to the municipal workforce

The Municipality currently employs 125 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives.

The primary objective of HR is:

- To render a provisioning and support service function that will ensure the recruitment, utilisation and retention of the organisation's human capital
- To give effect to the EEP of the organisation and to ensure compliance with employment equity measures
- To facilitate sound relationship between employer and employees and create 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 KPI 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"

#### a) Employment equity targets/actual

The following table illustrates the targets and actuals achieved per racial classification:

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	30	96	89	86	96	1	1	100	21	8	38

Table 77.: Employment equity targets/actual by racial classification



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The following table illustrates the targets and actuals achieved per gender classification:

Male			Female			Disability		
Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach
98	97	98	43	28	65	3	3	100

*Table 78.: 2015/16 Employment equity targets/actual by gender classification*

### b) Employment equity versus population

The table below illustrates the number and percentage of people employed in correlation to the 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	30	86	1	8	0	125
% of positions filled	24	68.80	0.80	6.40	0	100

*Table 79.: Employment equity vs population 2015/16*

### c) Occupational levels - Race

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	1	0	0	0	0	2
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	0	3	0	2	0	0	0	2	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	12	0	2	5	11	0	1	36
Semi-skilled and discretionary decision making	4	20	1	0	0	0	0	0	25
Unskilled and defined decision making	9	34	0	0	4	5	0	0	55
<b>Total permanent</b>	<b>21</b>	<b>70</b>	<b>1</b>	<b>5</b>	<b>9</b>	<b>16</b>	<b>0</b>	<b>3</b>	<b>125</b>
Non- permanent employees	19	30	0	0	1	1	0	0	51
<b>Grand Total</b>	<b>40</b>	<b>100</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>17</b>	<b>0</b>	<b>3</b>	<b>176</b>

*Table 80.: Occupational levels - Race*





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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	2	1	0	0	9
Corporate Services	1	4	0	4	4	8	0	3	24
Technical Services	16	64	1	1	4	6	0	0	92
<b>Total permanent</b>	<b>21</b>	<b>70</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>0</b>	<b>3</b>	<b>125</b>
Non-permanent	19	30	0	0	1	1	0	0	51
<b>Grand Total</b>	<b>40</b>	<b>100</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>17</b>	<b>0</b>	<b>3</b>	<b>176</b>

Table 81.: Department - Race

### 4.2.2 Vacancy Rate

The approved organogram for the municipality had 142 posts for the 2015/16 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 17 Posts were vacant at the end of 2015/16, resulting in a vacancy rate of 11.97 %.

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

Per post level		
Post level	Filled	Vacant
Municipal Manager and MSA Section 57 and 56	2	2
Middle management	10	2
Admin officers and operators	58	8
General workers	55	5
<b>Total</b>	<b>125</b>	<b>17</b>
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	9	0
Corporate Services	24	6
Technical Services	92	11
<b>Total</b>	<b>125</b>	<b>17</b>

Table 82.: Vacancy rate per post and functional level



## Central Karoo District Municipality

### 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. The turnover rate shows a decrease from 6,33% in 2014/15 to 3,52% in 2015/16. Below is a table that shows the turnover rate within the municipality for the past two years.

Financial year	New appointments	No. of terminations during the year	Turn-over rate
2014/15	10	9	6.33%
2015/16	9	5	3.52%

*Table 83.: Turnover rate*

## 4.3 Managing the municipal workforce

### 4.3.1 Injuries

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

Department	2014/15	2015/16
Municipal Manager	1	0
Corporate Services	0	0
Technical Services	11	12
<b>Total</b>	<b>12</b>	<b>12</b>

*Table 84.: Injuries*

### 4.3.2 Sick Leave

The total number of employees that have taken sick leave during the 2015/16 financial year shows an increase when compared with the 2014/15 financial year.

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

Department	2014/15		2015/16	
	Total number of days	Average per person	Total number of days	Average per person
Municipal Manager	16	1.60	48	5.33
Corporate Services	118	4.90	239	9.96
Technical Services	347	3.70	748	8.04
<b>Total</b>	<b>481</b>	<b>10.20</b>	<b>1 035</b>	<b>23.33</b>

*Table 85.: Sick leave*



## Central Karoo District Municipality

### 4.3.3 HR policies and plans

The table below shows the HR policies and plans that are approved:

Approved policies	
Name of policy	Date approved/revised
Recruitment , selection and appointment	Reviewed 4 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)	8 May 2006 / Revised 24 Feb 2016
Induction	1 August 2005
Medical membership	22 April 2005
HIV/Aids	1 March 2005
Nepotism	22 April 2005
Evacuation plan	22 August 2005
Training and development (skills)	1 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	1 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	1 August 2008
Gift policy (receiving of)	Draft May 2009
Communication lines (internal)	1 July 2001
Long services bonuses	31 May 2001
Telephone usage	31 July 2003
Pension – single amount	6 October 1998
Reporting lines	27 January 2005
Travel time – re-gravel team	26 November 2004
Rehabilitation	1 July 2001
Leave procedures	3 January 2007 / Revised 30 June 2014
Unpaid leave	April 2009 (Draft)



## Central Karoo District Municipality

Approved policies	
Name of policy	Date approved/revised
Fleet management – issuing and fuel	26 January 2009
Whistle blowing	March 2009 (Draft)
Intoxication management	June 2011 (Draft)
Scarce skills	8 September 2014 (Draft) / Reviewed LF 16 Nov 2015
Performance management	27 May 2013
Occupational health and safety strategy/objectives	1 January 2013
Auctions (personnel involvement)	19 November 2012

*Table 86.: 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	Number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial officials</b>				
Municipal Manager	1	1	1	1
Chief Financial Officer	Vacant	n/a	n/a	n/a
Senior managers	1	1	1	1
Any other financial officials	0	0	0	0
<b>SCM officials</b>				
Head of SCM Unit	Vacant	n/a	n/a	n/a



## Central Karoo District Municipality

Financial competency development: Progress report				
Description	Number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Number of officials that meet prescribed competency levels (Regulation 14(4)(e))
SCM senior managers	Vacant	n/a	n/a	n/a
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

*Table 87.: 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, 1998 (Act No. 81 of 1998) and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

Financial year	Total personnel budget	Total allocated	Total spent	% spent
	R'000	R'000	R'000	
2014/15	26 310	13	13	100
2015/16	15 322	140	103	74

*Table 88.: Budget allocated and spent for skills development*

### 4.5 Managing the municipal personnel 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.

#### 4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The Municipality is well within the national norm of between 35 to 40%:

The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage (%)
	R'000		
2014/15	26 310	68 699	38%
2015/16	13 085	42 901	31%

*Table 89.: Personnel expenditure*





## Central Karoo District Municipality

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

Financial year	2014/15	2015/16		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
<b>Councillors (Political Office Bearers plus Other)</b>				
Mayor	742 963	806 600	806 600	785 200
Executive Committee members	1 250 631	1 422 450	1 422 450	1 247 096
Councillors	1 080 730	1 199 000	1 199 000	1 077 228
Sub total	<b>3 074 324</b>	<b>3 428 050</b>	<b>3 428 050</b>	<b>3 109 524</b>
% increase/(decrease)		<b>(9%)</b>	<b>(9%)</b>	<b>(9.29%)</b>
<b>Senior managers of the Municipality</b>				
Salary	2 446 209	2 635 000	2 635 000	2 314 711
Performance bonus	0	0	0	0
Other benefits or allowances	866 853	990 000	990 000	847 633
Sub total	<b>3 313 064</b>	<b>3 625 000</b>	<b>3 625 000</b>	<b>3 082 274</b>
% increase/(decrease)		<b>9.1%</b>	<b>9.1 %</b>	<b>-18%</b>
<b>Other municipal staff</b>				
Basic salaries and wages	16 228 946	7 537 000	8 462 000	19 452 849
Pension contributions	2 778 817	633 000	633 000	2 909 270
Medical-aid contributions	247 780	605 000	608 000	1 000 877
Overtime	528 881	3 000	8 000	704 545
Motor vehicle allowance	1 137 618	311 000	311 000	1 247 316
Cell-phone allowance	9 000	1 000	1 000	11 000
Housing allowance	118 565	46 000	48 000	240 347
13 <sup>th</sup> Cheque	1 194 514	0	0	1 490 804
Other benefits or allowances	467 308	629 000	635 000	418 242
Employee benefits provision	378 718	1 021 000	991 000	638 082
In-kind benefits	0	0	0	0
Sub Total	<b>23 939 002</b>	<b>10 791 000</b>	<b>11 697 000</b>	<b>28 880 895</b>
% increase/(decrease)				
<b>Total Municipality</b>	<b>29 698 275</b>	<b>17 844 000</b>	<b>18 750 000</b>	<b>34 277 880</b>
% increase/(decrease)		<b>(39.9%)</b>	<b>0.19%</b>	<b>82.8%</b>
<p>The original and adjusted budgets for 2015/16 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.</p>				

*Table 90.: Councillor and staff benefits*



# Chapter 5

## Financial Summary



## Central Karoo District Municipality

This chapter provides details regarding the financial performance of the municipality for the 2015/16 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 2015/16 financial year:

Description	2014/15	2015/16			2015/16 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
<b>Financial performance</b>						
Property rates	0	0	0	0	0	0
Service charges	0	0	0	0	0	0
Investment revenue	0	0	0	0	0	0
Transfers recognised - operational	26 928	36 301	35 867	32 311	(12.35)	(11.01)
Other own revenue	41 255	41 997	49 593	48 439	(13.30)	(2.38)
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>68 184</b>	<b>78 298</b>	<b>85 460</b>	<b>80 750</b>	<b>3.04</b>	<b>(5.83)</b>
Employee related costs	26 385	12 061	13 085	30 672	60.68	57.34
Remuneration of Councillors	3 074	3 428	3 428	3 110	(10.24)	(10.24)
Contracted services	268	270	270	237	(14.03)	(14.03)
Depreciation and amortisation	250	375	368	284	(31.94)	(29.48)
Debt impairment	451	450	50	1 033	56.45	95.16
Finance charges	743	859	794	654	(31.38)	(21.44)
Repairs and maintenance	9 741	155	1 119	13 216	98.82	91.54
Actuarial losses	1 116	450	450	439	(2.62)	(2.62)
Loss on disposal of property, plant and equipment (PPE)	0	0	0	11	100	100
General expenses	23 896	59 953	65 772	29 024	(106.56)	(126.61)
<b>Total expenditure</b>	<b>65 926</b>	<b>78 002</b>	<b>85 336</b>	<b>78 679</b>	<b>0.86</b>	<b>(8.46)</b>
<b>Surplus/(Deficit)</b>	<b>2 258</b>	<b>296</b>	<b>123</b>	<b>2 071</b>	<b>85.72</b>	<b>94.05</b>
Transfers recognised - capital	0	0	0	0	0	0
Contributions recognised - capital and contributed assets	0	0	0	0	0	0
<b>Surplus/(Deficit) after capital transfers and contributions</b>	<b>2 258</b>	<b>296</b>	<b>123</b>	<b>2 071</b>	<b>85.72</b>	<b>94.05</b>
<b>Capital expenditure and funds sources</b>						



## Central Karoo District Municipality

Description	2014/15	2015/16			2015/16 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
<b>Capital expenditure</b>						
Transfers recognised - capital	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	298	295	115	714	58.68	83.89
<b>Total sources of capital funds</b>	<b>298</b>	<b>295</b>	<b>115</b>	<b>714</b>	<b>58.68</b>	<b>83.89</b>
<b>Financial position</b>						
Total current assets	9 876	12 502	15 705	9 502	(31.58)	(65.28)
Total non-current assets	15 628	13 364	12 989	16 697	19.96	22.21
Total current liabilities	10 687	13 183	13 183	13 170	(0.10)	(0.10)
Total non-current liabilities	17 995	17 874	20 874	16 889	(5.83)	(23.60)
Accumulated Surplus/(Deficit)	54 186	56 923	62 751	56 258	(1.18)	(11.54)
<b>Cash flows</b>						
Net cash from (used) operating	3 440	761	4 834	541	(40.66)	(793.44)
Net cash from (used) investing	(912)	(944)	(549)	(1 604)	41.17	65.79
Net cash from (used) financing	(51)	37	37	129	71.22	71.22
<b>Cash/cash equivalents at year-end</b>	<b>2 477</b>	<b>(145)</b>	<b>4 323</b>	<b>(934)</b>	<b>84.43</b>	<b>562.79</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	2 477	(145)	4 323	(934)	84.43	562.79
Application of cash and investments	0	0	0	0	0	0
<b>Balance - surplus (shortfall)</b>	<b>2 477</b>	<b>(145)</b>	<b>4 323</b>	<b>(934)</b>	<b>84.43</b>	<b>562.79</b>
<b>Asset management</b>						
Asset register summary (WDV)	5 954	4 127	3 752	6 387	35.39	41.26
Depreciation and asset impairment	250	375	368	284	(31.94)	(29.48)
Renewal of existing assets	0	0	0	0	0	0
Repairs and maintenance	9 741	155	1 119	13 216	98.82	91.54
<b>Free services</b>						
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
<b>Households below minimum service level</b>						
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

**Table 91.: Financial performance 2015/16**



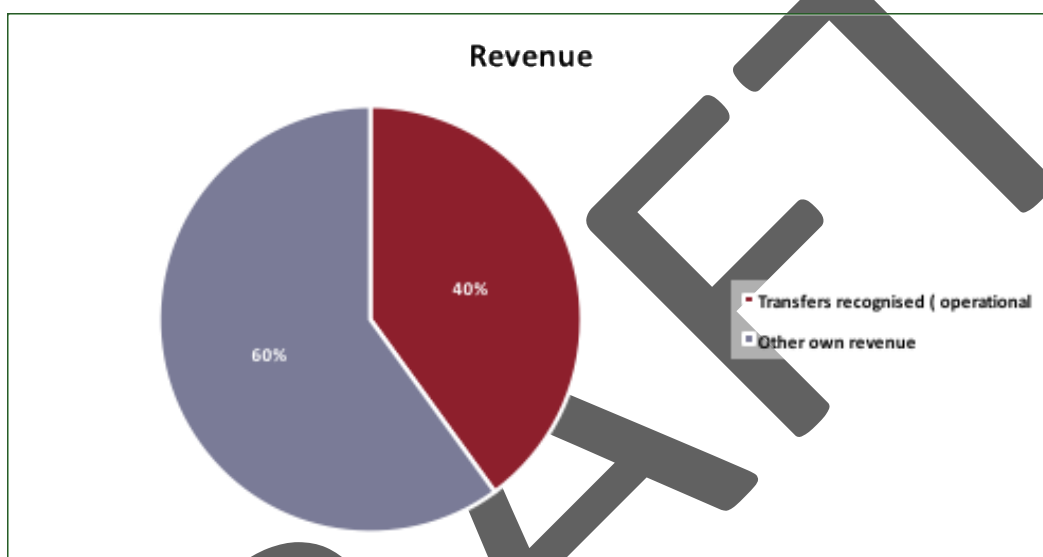
# Central Karoo District Municipality

The table below shows a summary of performance against budgets:

Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2014/15	82 809	68 184	(14 625)	(18)	82 802	65 926	16 876	20
2015/16	85 460	80 750	(4 710)	(6)	85 336	78 679	6 658	8

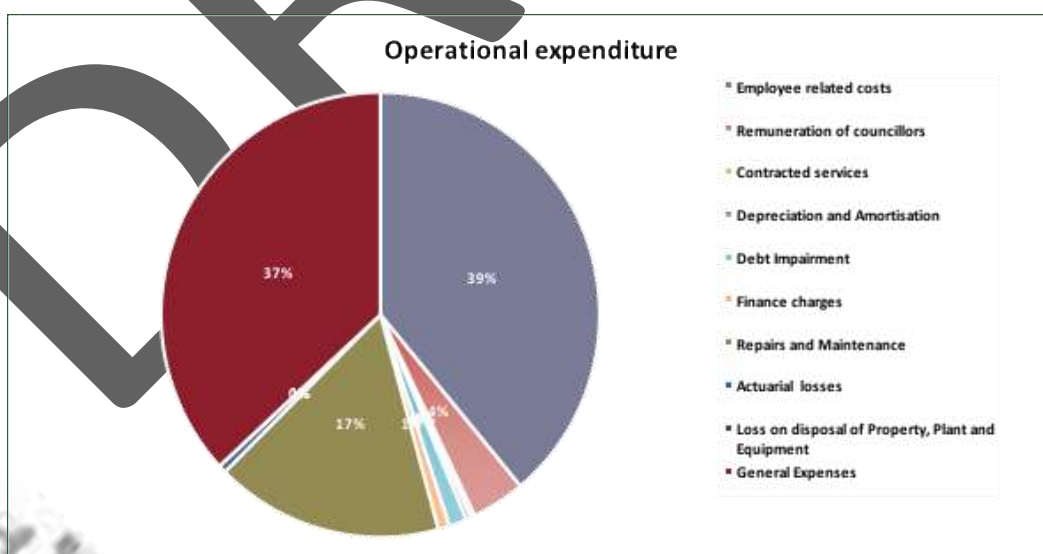
Table 92.: Performance against budgets

The following graph indicates the two revenue streams in the municipal budget for 2015/16



Graph 2.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2015/16



Graph 3.: Operational expenditure



## Central Karoo District Municipality

### 5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2014/15	2015/16			2015/16 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Vote 1 - Executive and Council	1 892	6 946	7 105	3 686	(88.46)	(92.76)
Vote 2 - Budget and Treasury Office	6 553	4 413	5 311	16 279	72.89	67.38
Vote 3 - Corporate Services	23 930	31 439	30 495	20 640	(52.32)	(47.75)
Vote 4 – Technical Services	35 809	35 500	42 550	40 146	11.57	(5.99)
<b>Total revenue by vote</b>	<b>68 184</b>	<b>78 298</b>	<b>85 460</b>	<b>80 750</b>	<b>3.04</b>	<b>(5.83)</b>

Table 93.: Revenue by vote

### 5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2015/16 financial year:

Description	2014/15	2015/16			2015/16 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
Property rates	0	0	0	0	0	0
Property rates - penalties and collection charges	0	0	0	0	0	0
Service charges - electricity revenue	0	0	0	0	0	0
Service charges - water revenue	0	0	0	0	0	0
Service charges - sanitation revenue	0	0	0	0	0	0
Service charges - refuse revenue	0	0	0	0	0	0
Actuarial gains	58	0	0	370	100	100
Rentals of facilities and equipment	70	120	50	70	(72.10)	28.29
Interest earned - external investments	446	200	500	693	71.14	27.84
Interest earned - outstanding debtors	0	0	0	0	0	0
Dividends received	0	0	0	0	0	0
Debt impairment	0	0	0	0	0	0
Licences and permits	15	10	10	16	38.95	38.95
Agency services	3 159	3 421	3 774	3 077	(11.17)	(22.62)
Department of Transport - Roads service charges	35 782	35 500	42 550	40 096	11.46	(6.12)
Government grants and subsidies - operating	26 928	36 301	35 867	32 311	(12.35)	(11.01)





## Central Karoo District Municipality

Description	2014/15	2015/16		2015/16 variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
Other income	1 725	2 746	2 710	4 178	34.27	35.15
Gains on disposal of property, plant and equipment	0	0	0	0	0	0
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>68 184</b>	<b>78 298</b>	<b>85 460</b>	<b>80 750</b>	<b>3.04</b>	<b>(5.83)</b>

Table 94.: Revenue by source

### 5.1.3 Operational services performance

The table below indicates the operational services performance for the 2015/16 financial year:

Description	2014/15	2015/16		2015/16 variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
<b>Operating cost</b>						
Roads and stormwater	35 809	35 500	42 550	40 170	11.63	(5.92)
<b>Component A: Sub-total</b>	<b>35 809</b>	<b>35 500</b>	<b>42 550</b>	<b>40 170</b>	<b>11.63</b>	<b>(5.92)</b>
Planning and development	1 149	2 169	2 570	1 540	(40.79)	(66.83)
LED	0	0	0	0	0	0
<b>Component B: Sub-total</b>	<b>1 149</b>	<b>2 169</b>	<b>2 570</b>	<b>1 540</b>	<b>(40.79)</b>	<b>(66.83)</b>
Municipal health	2 059	2 875	2 875	2 123	(36.29)	(36.29)
<b>Component C: Sub-total</b>	<b>2 059</b>	<b>2 875</b>	<b>2 875</b>	<b>2 123</b>	<b>(35.41)</b>	<b>(35.41)</b>
Disaster management	727	863	1 363	948	8.94	(43.82)
<b>Component D: Sub-total</b>	<b>727</b>	<b>863</b>	<b>1 363</b>	<b>948</b>	<b>8.97</b>	<b>(43.77)</b>
Executive and Council	6 991	8 885	9 829	10 604	16.21	7.30
Corporate Services	7 091	10 409	11 580	10 022	(3.86)	(15.54)
Budget and Treasury	12 100	17 596	14 685	13 271	(32.59)	(10.65)
Other	0	0	0	0	0	0
<b>Component E: Sub-total</b>	<b>26 182</b>	<b>36 890</b>	<b>36 094</b>	<b>33 897</b>	<b>(8.83)</b>	<b>(6.48)</b>
<b>Total expenditure</b>	<b>65 926</b>	<b>78 297</b>	<b>85 451</b>	<b>78 679</b>	<b>0.49</b>	<b>(8.61)</b>

Table 95.: Operational services performance



## Central Karoo District Municipality

### 5.2 Financial performance per municipal function

The tables listed below reflects the financial performance of each of the municipal functions:

#### 5.2.1 Roads and stormwater

Description	2014/15	2015/16			Variance to budget
	Actual	Original budget	Adjustment budget	Actual	
	R'000				
Total operational revenue (excluding tariffs)	35 809	35 500	42 550	40 146	11.57
<b>Expenditure:</b>					
Employees	17 268	0	0	19 050	100
Repairs and maintenance	9 613	0	0	12 396	100
Other	8 929	35 500	42 550	8 724	(306.92)
Total operational expenditure	35 809	35 500	42 550	40 170	11.63
<b>Net operational (service) expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(24)</b>	<b>100</b>

Table 96.: Financial performance: Roads and stormwater

#### 5.2.2 Planning and development (CKEDA)

Description	2014/15	2015/16			Variance to budget
	Actual	Original budget	Actual	Original budget	
	R'000				
Total operational revenue (excluding tariffs)	400	1 888	1 302	0	0
<b>Expenditure:</b>					
Employees	838	1 024	1 024	1 135	9.78
Repairs and maintenance	0	10	0	0	0
Other	311	1 135	1 546	406	(179.77)
Total operational expenditure	1 149	2 169	2 570	1 540	(40.79)
<b>Net operational (service) expenditure</b>	<b>(748)</b>	<b>(281)</b>	<b>(1 267)</b>	<b>(1 540)</b>	<b>81.77</b>

Table 97.: Financial performance: Planning and development (CKEDA)



## Central Karoo District Municipality

### 5.2.3 Municipal health

Description	2014/15	2015/16			
	Actual	Original budget	Actual	Original budget	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	77	92	92	45	(105.27)
<b>Expenditure:</b>					
Employees	1 836	2 452	2 486	1 765	(38.92)
Repairs and maintenance	0	5	5	0	0
Other	223	418	384	358	(16.66)
Total operational expenditure	2 059	2 875	2 875	2 123	(35.41)
Net operational (service) expenditure	(1 982)	(2 783)	(2 783)	(2 078)	(33.91)

Table 98.: Financial performance: Municipal health

### 5.2.4 Disaster management

Description	2014/15	2015/16			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	0	864	864	316	(173.19)
<b>Expenditure:</b>					
Employees	568	611	611	685	10.79
Repairs and maintenance	3	23	23	1	(1 655.73)
Other	156	229	729	262	12.52
Total operational expenditure	727	863	1 363	948	8.94
Net operational (service) expenditure	(727)	1	(499)	(632)	100.14

Table 99.: Financial performance: Disaster management

### 5.2.4 Executive and Council

Description	2014/15	2015/16			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	1 491	5 058	5 802	3 686	(37.24)
<b>Expenditure:</b>					
Employees	1 967	2 248	2 303	2 289	1.79
Repairs and maintenance	2	7	7	1	(560.34)



## Central Karoo District Municipality

Description	2014/15		2015/16		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Other	5 022	6 630	7 520	8 314	20.25
Total operational expenditure	6 991	8 885	9 829	10 604	16.21
Net operational (service) expenditure	(5 499)	(3 827)	(4 027)	(6 918)	44.68

*Table 100.: Financial performance: Executive and Council*

### 5.2.5 Corporate Services

Description	2014/15		2015/16		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	23 852	30 483	29 539	20 279	(50.32)
<b>Expenditure:</b>					
Employees	2 645	4 272	5 197	3 792	(12.66)
Repairs and maintenance	123	110	1 083	817	86.54
Other	4 323	6 027	5 299	5 413	(11.34)
Total operational expenditure	7 091	10 409	11 580	10 022	(3.86)
Net operational (service) expenditure	16 762	20 074	17 959	10 256	(95.73)

*Table 101.: Financial performance: Corporate Services*

### 5.2.6 Budget and Treasury

Description	2014/15		2015/16		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	6 553	4 413	5 311	16 279	72.89
<b>Expenditure:</b>					
Employees	1 263	1 455	1 465	1 957	25.65
Repairs and maintenance	0	0	0	0	0
Other	10 837	16 142	13 220	11 314	(42.67)
Total operational expenditure	12 100	17 596	14 685	13 271	(32.59)
Net operational (service) expenditure	(5 547)	(13 184)	(9 374)	3 008	538.33

*Table 102.: Financial performance: Budget and Treasury*



## Central Karoo District Municipality

### 5.3 Grants

#### 5.3.1 Grant performance

The Municipality had a total amount of R 34.836 million (adjustment budget: R35.152 million) available that was received in the form of grants from national and provincial governments during the 2015/16 financial year. The performance in the spending of these grants are summarised as follows:

Description	2014/15	2015/16			2015/16 variance	
	Actual	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
<b>National Government:</b>	<b>21 615</b>	<b>24 336</b>	<b>24 336</b>	<b>24 336</b>	<b>0</b>	<b>0</b>
Equitable share	16 722	19 324	19 324	19 324	0	0
Municipal systems improvement	934	930	930	930	0	0
EPWP	1 212	1 038	1 038	1 038	0	0
Finance management grant	1 250	1 250	1 250	1 250	0	0
Rural roads assets management systems grant	1 497	1 794	1 794	1 794	0	0
Water services operating subsidy	0	0	0	0	0	0
<b>Provincial Government:</b>	<b>1 350</b>	<b>0</b>	<b>1 450</b>	<b>1 385</b>	<b>100</b>	<b>(4.73)</b>
Financial management support grant	1 350	0	1 450	1 385	100	(4.73)
<b>Other grant providers:</b>	<b>4 504</b>	<b>10 500</b>	<b>9 366</b>	<b>4 582</b>	<b>(129.16)</b>	<b>(104.41)</b>
Tourism	5	0	0	0	0	0
LG SETA	4 499	10 500	8 000	3 930	(167.15)	(103.54)
Doring Veld project	0	0	1 366	652	100	(109.68)
<b>Total operating transfers and grants</b>	<b>27 469</b>	<b>34 836</b>	<b>35 152</b>	<b>30 302</b>	<b>(14.96)</b>	<b>(16.00)</b>

Table 103.: Grant performance for 2015/16

#### 5.3.2 Level of reliance on grants and subsidies

The table below reflects the reliance on grants and subsidies:

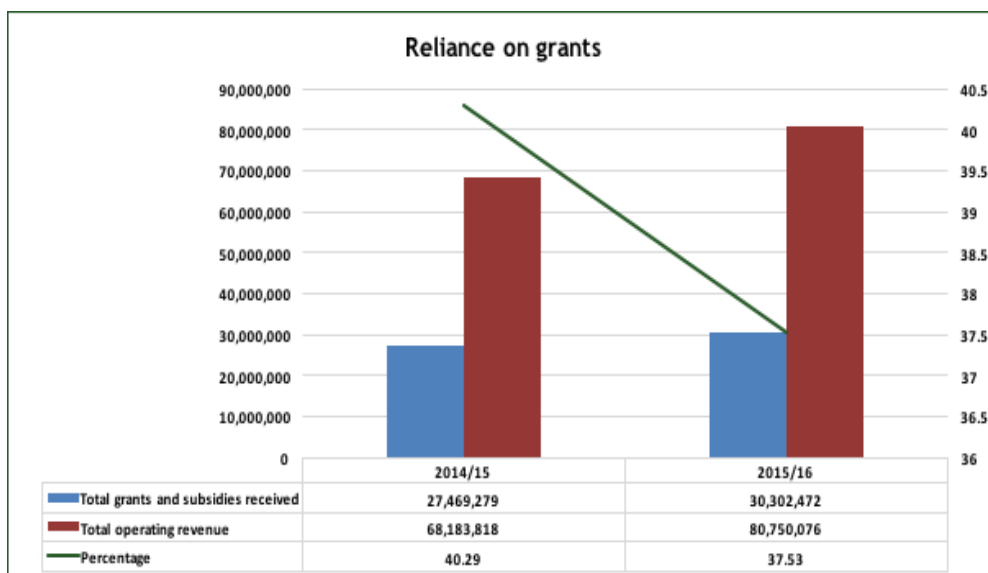
Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		
2014/15	27 469	68 184	<b>40.29</b>
2015/16	30 302	80 750	<b>37.53</b>

Table 104.: Reliance on grants



## Central Karoo District Municipality

The following graph gives a visual relationship between the two financial years and the trend based on the grant received and operating revenue:



Graph 4.: Reliance on grants

### 5.4 Financial ratios based on KPI's

#### 5.4.1 Liquidity ratio

The graph and table below indicates the Municipality's performance with regards to the liquidity ratios:

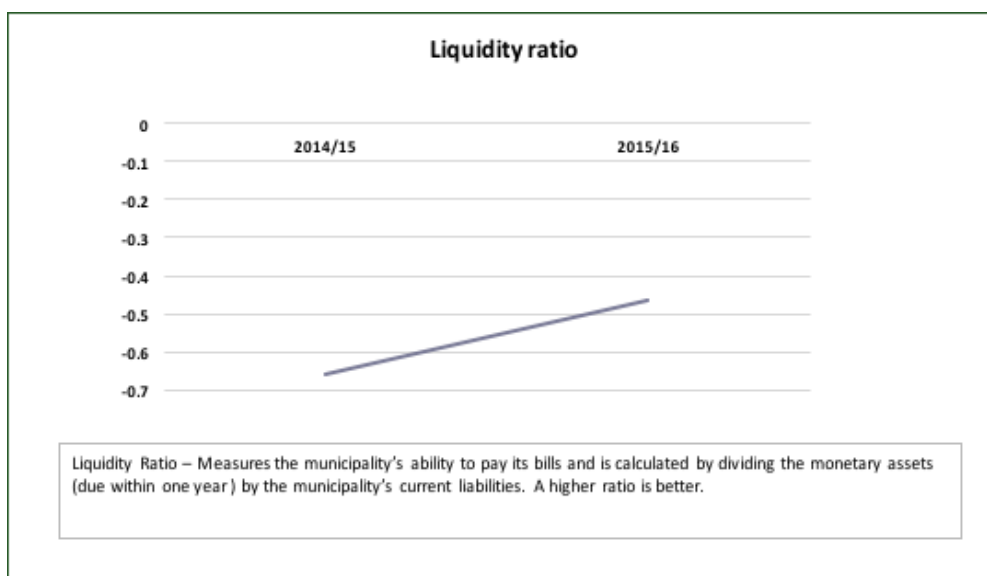
Description	Basis of calculation	2014/15	2015/16
Current ratio	Current assets/current liabilities	(0.92)	(0.72)
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(0.89)	(0.69)
Liquidity ratio	Monetary assets/current liabilities	(0.66)	(0.46)

Table 105.: Liquidity financial ratio





## Central Karoo District Municipality



Graph 5.: Liquidity ratio

### 5.4.2 IDP regulation on financial viability indicators

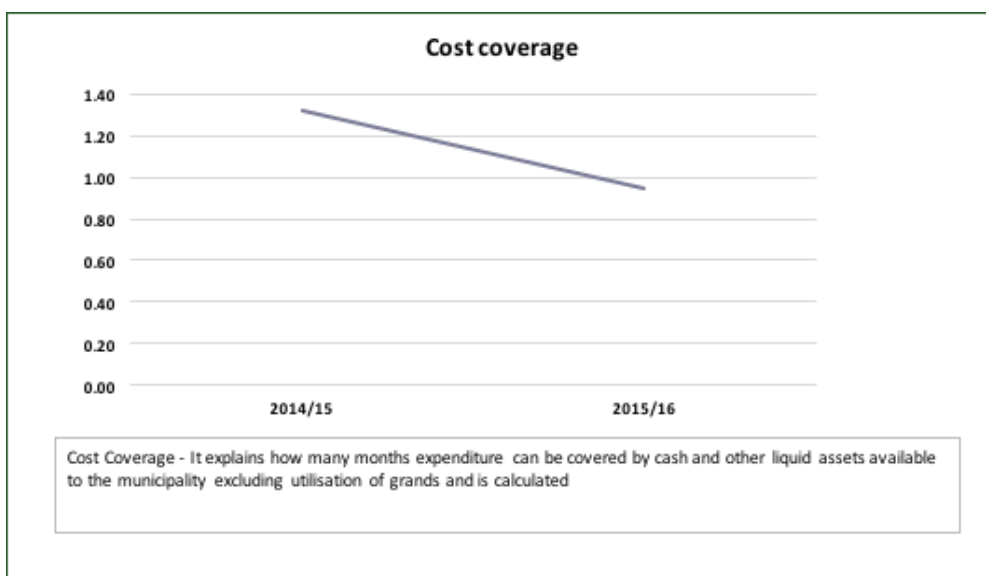
The graphs and table below reflects the indicators relating to National KPA’s:

Description	Basis of calculation	2014/15	2015/16
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.33	0.96
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)	1 044.61	1 190.28

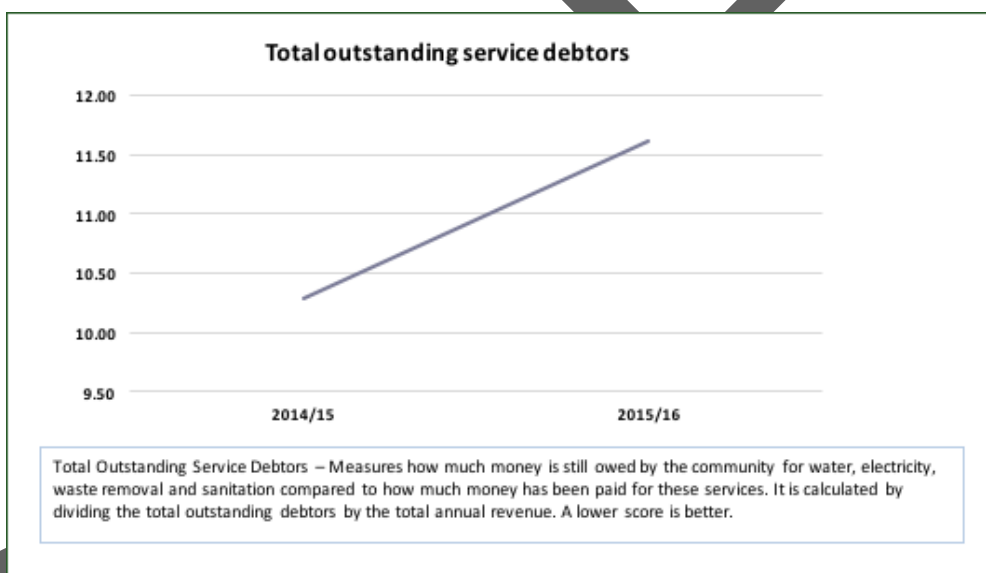
Table 106.: National KPAs - Financial viability



## Central Karoo District Municipality



Graph 6.: Cost coverage



Graph 7.: Outstanding service debtors to revenue

### 5.4.3 Borrowing management

The table below indicates the Municipality's ratio relating to borrowing management:

Description	Basis of calculation	2014/15	2015/16
Capital charges to operating expenditure	Interest and principal paid /operating expenditure	0.001	0.003

Table 107.: Borrowing management



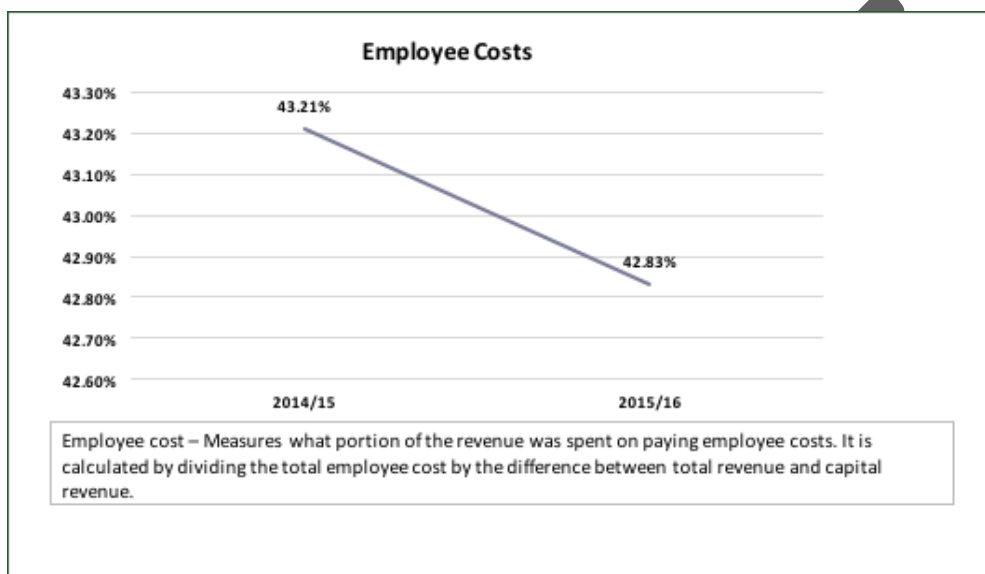
# Central Karoo District Municipality

## 5.4.4 Employee costs

The graph and table below indicates the Municipality’s employee cost in relation to revenue:

Description	Basis of calculation	2014/15	2015/16
Employee costs	Employee costs/(Total revenue - capital revenue)	43.21%	41.83%

Table 108.: Employee Costs



Graph 8.: Employee costs

## 5.4.5 Repairs and maintenance

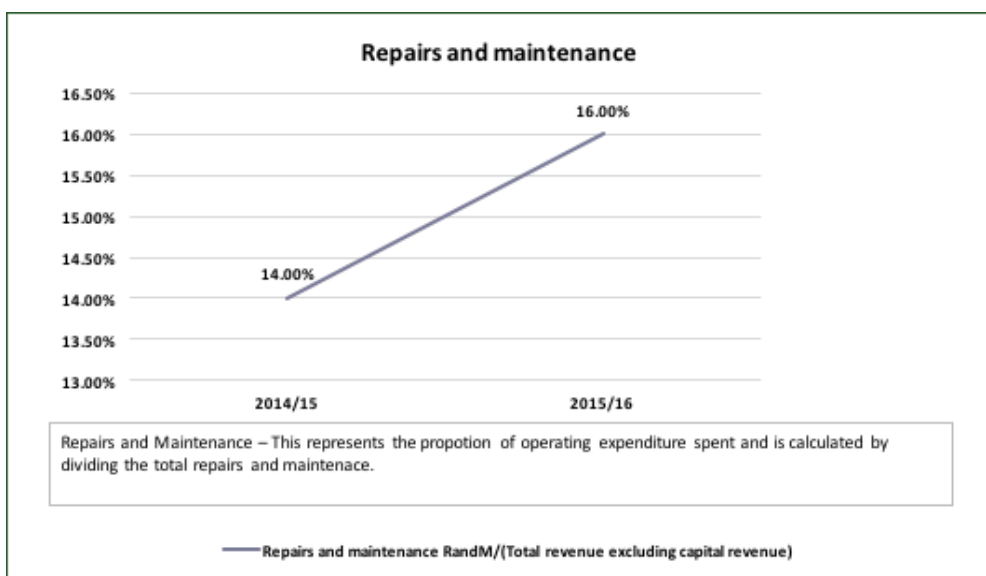
The graph and table below indicates the municipality’s cost of repairs and maintenance in relation to total revenue:

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Pre-audit outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	0.14	0.16

Table 109.: Repairs and maintenance



## Central Karoo District Municipality



Graph 9.: Repairs and maintenance

### Component B: Spending against capital budget

#### 5.5 Analysis of capital expenditure

##### 5.5.1 Capital expenditure by new assets program

The table below indicates the capital expenditure on the purchasing of new assets:

Description	2014/15	2015/16			Planned capital expenditure		
	Actual	Original budget	Adjustment budget	Actual expenditure	2015/16	2016/17	2017/18
R'000							
Capital expenditure by asset class							
<b>Other assets</b>	<b>500</b>	<b>295</b>	<b>115</b>	<b>714</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
General vehicles	165	0	0	0	n/a	n/a	n/a
Plant and equipment	21	0	0	644	n/a	n/a	n/a
Computers - hardware/equipment	63	0	0	48	n/a	n/a	n/a
Furniture and other office equipment	49	0	0	23	n/a	n/a	n/a
Other	202	295	115	0	n/a	n/a	n/a
<b>Intangibles</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Computers - software and programming	21	0	0	10	n/a	n/a	n/a
<b>Total capital expenditure on new assets</b>	<b>521</b>	<b>295</b>	<b>115</b>	<b>724</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

Table 110.: Capital expenditure – New assets program



## Central Karoo District Municipality

### 5.5.2 Capital expenditure by funding source

Details	2014/15	2015/16				
	Actual	Original budget	Adjustment budget	Actual	Adjustment to original budget variance %	Actual to original budget variance %
<b>Source of finance R'000</b>						
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	0	0	0	0	0	0
Own funding	521	295	115	724	(61.02)	206.46
<b>Total</b>	<b>521</b>	<b>295</b>	<b>115</b>	<b>724</b>	<b>(61.02)</b>	<b>206.46</b>
<b>Percentage of finance</b>						
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	0	0	0	0	0	0
Own funding	100	100	100	100	0	0
<b>Capital expenditure R'000</b>						
Water and sanitation	0	0	0	0	0	0
Electricity	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Roads and stormwater	0	0	0	0	0	0
Other	521	295	115	724	(61.02)	206.46
<b>Total</b>	<b>521</b>	<b>295</b>	<b>115</b>	<b>724</b>	<b>(61.02)</b>	<b>206.46</b>
<b>Percentage of expenditure</b>						
Water and sanitation	0	0	0	0	0	0
Electricity	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Roads and stormwater	0	0	0	0	0	0
Other	100	100	100	100	0	0

*Table 111.: Analysis of capital expenditure*



**Component C: Cash flow management and investments**

**5.6 Cash flow**

The table below reflects the Municipality's cash flow for the year:

Description	2014/15	2015/16		
	Actual	Original budget	Adjusted budget	Audited outcome
	R'000	R'000	R'000	R'000
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	39 288	41 673	45 563	46 062
Government - operating	27 469	36 301	36 617	30 302
Interest	446	200	500	632
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(63 748)	(77 274)	(77 707)	(76 446)
Finance charges	(16)	(139)	(139)	(14)
Transfers and grants	0	0	0	0
<b>Net cash from/(used) operating activities</b>	<b>3 440</b>	<b>761</b>	<b>4 834</b>	<b>537</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of property, plants and equipment	0	0	0	0
Proceeds on disposal of fixed assets	0	0	0	0
Purchase of intangible assets	(21)	0	0	(10)
Decrease/(increase) in non-current receivables	(594)	(649)	(434)	(901)
<b>Payments</b>				
Capital assets	(298)	(295)	(115)	(529)
<b>Net cash from/(used) investing activities</b>	<b>(912)</b>	<b>(944)</b>	<b>(549)</b>	<b>(1 440)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
<b>Payments</b>				
Repayment of borrowing	(51)	37	37	(56)
<b>Net cash from/(used) financing activities</b>	<b>(51)</b>	<b>37</b>	<b>37</b>	<b>(56)</b>
<b>Net increase/(decrease) in cash held</b>	<b>2 477</b>	<b>(145)</b>	<b>4 323</b>	<b>(959)</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>4 556</b>	<b>10 201</b>	<b>6 917</b>	<b>7 058</b>





## Central Karoo District Municipality

Description	2014/15	2015/16		
	Actual	Original budget	Adjusted budget	Audited outcome
	R'000	R'000	R'000	R'000
Cash/cash equivalents at the year end:	7 033	10 056	11 240	6 099

**Table 112.: Cash flow**

### 5.7 Gross outstanding debtors per service

The table below indicates the gross outstanding debtors per service of the Municipality:

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
2014/15	0	0	0	0	674	674
2015/16	0	0	0	0	548	548
Difference	0	0	0	0	(126)	(126)
% growth year on year	0	0	0	0	(19)	(19)

*Note: Figures exclude provision for bad debt*

**Table 113.: Gross outstanding debtors per service**

### 5.8 Total debtors age analysis

The table below reflects the debtor age analysis of the Municipality:

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
2014/15	0	0	0	674	674
2015/16	0	0	0	548	548
Difference	0	0	0	(126)	(126)
% Growth Year on Year	0	0	0	(19)	(19)

*Note: Figures exclude provision for bad debt.*

**Table 114.: Service debtor age analysis**



## Central Karoo District Municipality

### 5.9 Borrowing and investments

Money not immediately required is invested within a timeframe of 1 to 12 months. The Investment Policy is approved and gives effect to regulations.

The tables below indicates the Municipality's borrowing and investment profile for the 2015/16 financial year:

#### 5.9.1 Actual borrowings

Instrument	2014/15	2015/16
	R'000	
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	15	No figure received
PPE 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
<b>Municipality Total</b>	<b>15</b>	<b>0</b>

Table 115.: Actual borrowings

#### 5.9.2 Municipal investments

Investment type	2014/15	2015/16
	R'000	
Securities - National Government	0	0
Listed corporate bonds	0	0
Deposits – Bank	2 340	2 694
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
Municipal bonds	0	0
<b>Municipality total</b>	<b>2 340</b>	<b>2 694</b>

Table 116.: Municipal investments



## Component D: Other financial matters

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### 5.10 SCM

---

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 included the Bid Committees, complaints and abuse of supply chain. The New PPPFA Policy was develop and approved by Council.

No Councillor was a members of the committees that dealt with supply chain processes.

### 5.11 GRAP compliance

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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 2015/16 is fully GRAP compliant.

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# Chapter 6

Auditor-  
General



## Central Karoo District Municipality

### Component A: Auditor-General opinion 2014/15

#### 6.1 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 improved 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*

### Component B: Auditor-General opinion 2015/16

#### 6.2 Auditor-General report 2015/16

Main issues raised	Remedial actions taken
CKDM	
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected	The issues that lead to material misstatements will be addressed with the compilation of the 2016/17 financial statements
Reasonable steps were not taken to prevent irregular, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA	Steps have already been taken to prevent irregular expenditure in the 2016/17 financial year
Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids	Competitive bids will be invited in accordance with the Supply Chain Management Regulations and Policy in future
Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state and whose tax matters had not been declared by the South African Revenue Service and as required by SCM regulations	Contracts will be awarded in accordance with the Supply Chain Management Regulations and Policy in future
The annual performance objectives and indicators for the municipal entity were not established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with section 93B(a) of the Municipal Systems Act	All activities of CKEDA has been discontinued as from October 2016 and Council has decided in December 2016 to de-register CKEDA
CKEDA	
Unable to report on the usefulness and reliability of the performance information, as the annual performance report of the municipal entity was not prepared as required by section 121(4)(d) of the MFMA (for municipal entities)	All activities of CKEDA has been discontinued as from October 2016 and Council has decided in December 2016 to de-register CKEDA
The 2015/16 annual budget was not approved by the board of directors before the start of the financial year, as required by section 87(4) of the MFMA	All activities of CKEDA has been discontinued as from October 2016 and Council has decided in December 2016 to de-register CKEDA



## Central Karoo District Municipality

Main issues raised	Remedial actions taken
The entity's performance for the financial period under review was not reported against any measurable performance objectives set in terms of the service delivery agreement or other agreement with the parent municipality, as required by section 46 of the Municipal Systems Act (Act No.32 of 2000) read together with section 121(4)(d) of the MFMA	All activities of CKEDA has been discontinued as from October 2016 and Council has decided in December 2016 to de-register CKEDA
The financial statements submitted for auditing purposes were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected	The issues that lead to material misstatements will be addressed with the compilation of the 2016/17 financial statements
There was no investigation of the instances of irregular expenditure identified during the 2014/15 financial year, as required by section 32(2) of the MFMA	The irregular expenditure for the 2014/15 financial year will be investigated/handled as required in the 2016/17 financial year

*Table 118.: Auditor-General report 2015/16*

### 6.3 Consolidated annual financial statements for 2015/16

The consolidated Annual Financial Statements for 2015/16 is attached as Annexure A to this report

### 6.4 Auditor-General report on the financial statement 2015/16

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

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# Central Karoo District Municipality

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## Central Karoo District Municipality

### LIST OF ABBREVIATIONS

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MFMA	Municipal Finance Management Act
MSA	Municipal System Act
SDBIP	Service Delivery and Budget Implementation Plan
IDP	Integrated Development Plan
LGSETA	Local Government Sector Education and Training Authority
RBAP	Risk Based Audit Plan
EDA	Economic Development Agency
WCPTPW	Western Cape Department of Transport and Public Works
WSA	Water Services Authority
SANS	South African National Standards
AQMP	Air Quality Management Plan
WCDOH	Western Cape Department of Health
WOF	Working on Fire
DWAS	Department of Water and Sanitation
HR	Human Resources
CoA's	Certificate of Acceptability
EPWP	Expanded Public Works Program
LED	Local Economic Development
SMME	Small Micro and Medium Enterprises
SEDA	Small Enterprise Development Agency
CIPC	Companies and Intellectual Property Commission
CKDM	Central Karoo District Municipality
MOU	Memorandum of Understanding
EHP	Environmental Health Practitioner
WHO	World Health Organisation
EDM	Eden District Municipality
SCFPA	Southern Cape Fire Protection Association





## Central Karoo District Municipality

KPI	Key Performance Indicator
KPA	Key Performance Area
EEP	Employment Equity Plan

**DRAFT**

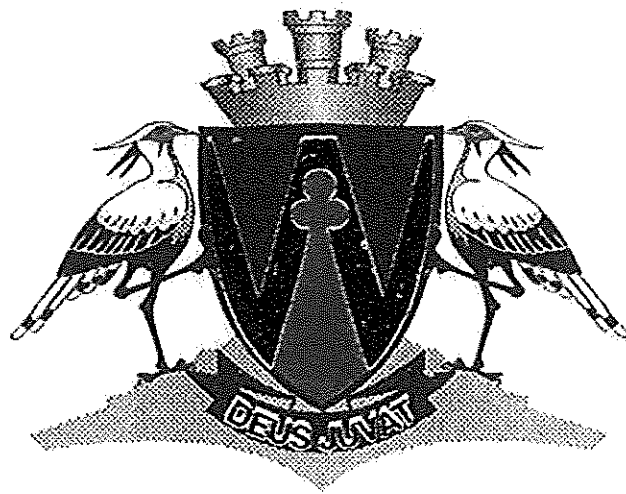


# Annexure A

## Consolidated Annual Financial Statements

# **CENTRAL KAROO**

## **DISTRICT MUNICIPALITY**



**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**30 June 2016**

# CENTRAL KAROO DISTRICT MUNICIPALITY

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# CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## 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  
Menweville  
Murraysburg*

### MUNICIPAL MANAGER

*Mr. S. Jooste*

### CHIEF FINANCIAL OFFICER

*Mr. R. De Bruyn (Acting)*

### 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
Councillor	I.J. Windvogel
Councillor	M.S. Hanganana
Councillor	M. Furmen
Councillor	G. de Vos
Councillor	J.G. Mocke
Councillor	B.J. van As
Councillor	A.M. Slabbert
Councillor	S. Nortje
Councillor	A.L. Rabie
Councillor	G.P. Adolph
Councillor	R.T. Hugo

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Consolidated annual financial statements year ended 30 June 2016, which are set out on pages 1 to 86 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 2017 and is satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The economic entity's is highly dependent on grant funding and do not have a revenue source other than the commission fee. The going concern is dependent on the continuation of the function and the grant.

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

15 / 12 / 2016  
\_\_\_\_\_  
Date



**CENTRAL KAROO DISTRICT MUNICIPALITY**

**ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

	Notes	Economic Entity		Municipality	
		2016 R (Actual)	2016 R (Restated)	2016 R (Actual)	2016 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net Assets</b>		<b>(2,532,854)</b>	<b>(4,593,964)</b>	<b>(2,483,041)</b>	<b>(4,554,420)</b>
Accumulated (Deficit) / Surplus		(2,532,854)	(4,593,964)	(2,483,041)	(4,554,420)
<b>Non-Current Liabilities</b>		<b>17,994,771</b>	<b>16,888,806</b>	<b>17,994,771</b>	<b>16,888,806</b>
Long-term Liabilities	2	140,367	14,994	140,367	14,994
Employee benefits	3	17,854,404	16,873,812	17,854,404	16,873,812
<b>Current Liabilities</b>		<b>10,740,829</b>	<b>13,221,930</b>	<b>10,687,363</b>	<b>13,169,699</b>
Current Employee benefits	4	3,468,824	3,397,867	3,419,675	3,352,171
Payables from non exchange transactions	5	282,075	402,385	282,075	402,385
Payables from exchange transactions	6	6,113,915	6,997,252	6,113,252	6,995,358
Unspent Conditional Government Grants and Receipts	7	833,574	2,385,449	829,919	2,380,809
Current Portion of Long-term Liabilities	2	42,442	38,976	42,442	38,976
<b>Total Net Assets and Liabilities</b>		<b>26,202,746</b>	<b>25,516,772</b>	<b>26,199,093</b>	<b>25,504,085</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>		<b>16,697,280</b>	<b>15,628,452</b>	<b>16,697,280</b>	<b>15,628,451</b>
Property, Plant and Equipment	9	6,387,397	5,954,477	6,387,397	5,954,477
Intangible Assets	10	57,348	61,127	57,348	61,126
Employee benefits	3	10,252,535	9,612,848	10,252,535	9,612,848
<b>Current Assets</b>		<b>9,505,467</b>	<b>9,888,319</b>	<b>9,501,813</b>	<b>9,875,633</b>
Inventory	12	812,546	921,473	812,546	921,473
Receivables from non-exchange transactions	13	560,206	486,314	560,206	478,269
Unpaid Conditional Government Grants and Receipts	7	1,140,601	682,772	1,140,601	682,772
Taxes	8	164,897	111,743	164,897	111,743
Employee benefits	3	724,877	623,420	724,877	623,420
Cash and Cash Equivalents	15	6,102,340	7,062,598	6,098,686	7,057,957
<b>Total Assets</b>		<b>26,202,746</b>	<b>25,516,772</b>	<b>26,199,093</b>	<b>25,504,084</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Economic Entity		Municipality	
		2016 (Actual) R	2015 (Restated) R	2016 (Actual) R	2015 (Restated) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>33,973,207</b>	<b>27,761,681</b>	<b>33,972,221</b>	<b>27,540,678</b>
<b>Transfer Revenue</b>		<b>32,312,178</b>	<b>27,297,957</b>	<b>32,311,191</b>	<b>27,076,954</b>
Government Grants and Subsidies - Operating	16	32,312,178	27,149,494	32,311,191	26,928,491
Debt Impairment	22	-	148,463	-	148,463
<b>Other Revenue</b>		<b>1,661,030</b>	<b>463,724</b>	<b>1,661,030</b>	<b>463,724</b>
Actuarial Gains	3	370,332	58,062	370,332	58,062
National Treasury 1% audit fee	18	1,290,698	405,662	1,290,698	405,662
<b>Revenue from Exchange Transactions</b>		<b>46,777,856</b>	<b>40,769,043</b>	<b>46,777,856</b>	<b>40,769,043</b>
Rental of Facilities and Equipment		69,727	70,022	69,727	70,022
Interest Earned - external investments		631,914	423,775	631,914	423,775
Department of Transport - Roads Service Charges		40,096,116	35,781,816	40,096,116	35,781,816
Licences and Permits		15,560	14,990	15,560	14,990
Agency Services	17	3,077,276	3,158,928	3,077,276	3,158,928
Other Income	19	2,887,263	1,319,512	2,887,263	1,319,512
<b>Total Revenue</b>		<b>80,751,063</b>	<b>68,530,724</b>	<b>80,750,077</b>	<b>68,309,721</b>
<b>EXPENDITURE</b>					
Employee related costs	20	31,197,936	26,870,365	30,671,826	26,385,212
Remuneration of Councillors	21	3,109,524	3,074,324	3,109,524	3,074,324
Debt Impairment	22	132,630	-	132,630	-
Depreciation and Amortisation	23	284,365	249,835	284,365	249,835
Impairments	24	-	5,732	900,642	599,365
Repairs and Maintenance	26	13,215,731	9,741,111	13,215,731	9,741,111
Actuarial losses	3	438,509	1,116,322	438,509	1,116,322
Finance Charges	26	653,829	743,062	653,829	743,062
Contracted services		240,488	273,977	240,488	273,977
General Expenses	27	29,406,378	24,243,746	29,020,588	23,890,857
Loss on disposal of Property, Plant and Equipment		10,565	-	10,565	-
<b>Total Expenditure</b>		<b>78,689,954</b>	<b>66,318,475</b>	<b>78,678,695</b>	<b>66,074,066</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>2,061,110</b>	<b>2,212,249</b>	<b>2,071,382</b>	<b>2,235,655</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016**

<u>Economic Entity</u>	Accumulated (Deficit)	Total
	R	R
Balance at 1 JULY 2014	(6,375,424)	(6,375,424)
Change in accounting policy	-	-
<b>Restated Balance at 1 JULY 2014</b>	<b>(6,375,424)</b>	<b>(6,375,424)</b>
Correction of error see note 28	(430,789)	(430,789)
Net Surplus for the year	2,212,249	2,212,249
<b>Balance at 30 JUNE 2015</b>	<b>(4,693,964)</b>	<b>(4,693,964)</b>
Net Surplus for the year	2,061,110	2,061,110
<b>Balance at 30 JUNE 2016</b>	<b>(2,632,854)</b>	<b>(2,632,854)</b>

<u>Municipality</u>	Accumulated (Deficit)	Total
	R	R
Balance at 1 JULY 2014	(6,359,285)	(6,359,285)
Correction of error see note 28	(430,789)	(430,789)
<b>Restated Balance at 1 JULY 2014</b>	<b>(6,790,075)</b>	<b>(6,790,075)</b>
Net Surplus for the year	2,235,655	2,235,655
<b>Balance at 30 JUNE 2015</b>	<b>(4,554,419)</b>	<b>(4,554,419)</b>
Net Surplus for the year	2,071,382	2,071,382
<b>Balance at 30 JUNE 2016</b>	<b>(2,483,037)</b>	<b>(2,483,037)</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Economic Entity		Municipality	
		30 JUNE 2016 R	30 JUNE 2015 R	30 JUNE 2016 R	30 JUNE 2015 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other		46,062,144	39,280,389	46,062,141	39,288,438
Government		30,302,472	27,469,279	30,302,472	27,469,279
Interest		631,914	423,775	631,914	423,775
<b>Payments</b>					
Suppliers and employees		(77,347,833)	(64,506,516)	(76,446,201)	(63,699,930)
Finance charges	25	(13,723)	(16,202)	(13,723)	(16,202)
<b>Cash generated by operations</b>	29	<b>(366,027)</b>	<b>2,660,725</b>	<b>536,601</b>	<b>3,465,359</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Property, Plant and Equipment	9	(528,945)	(297,593)	(528,945)	(297,593)
Proceeds on Disposal of Fixed Assets		(0)	-	(0)	-
Purchase of Intangible Assets		(10,055)	(21,185)	(10,055)	(21,185)
Increase in Long-term Receivables	3	-	-	-	-
Increase in Non-current Investments	11	-	-	(900,642)	(593,633)
<b>Net Cash from Investing Activities</b>		<b>(539,000)</b>	<b>(318,778)</b>	<b>(1,439,642)</b>	<b>(912,412)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Loans repaid		(56,231)	(51,039)	(56,231)	(51,039)
<b>Net Cash from Financing Activities</b>		<b>(56,231)</b>	<b>(51,039)</b>	<b>(56,231)</b>	<b>(51,039)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>					
		<b>(960,258)</b>	<b>2,280,907</b>	<b>(959,271)</b>	<b>2,501,910</b>
Cash and Cash Equivalents at the beginning of the year		7,062,598	4,781,691	7,057,957	4,556,048
Cash and Cash Equivalents at the end of the year	31	6,102,340	7,062,598	6,098,686	7,057,957
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(960,258)</b>	<b>2,280,907</b>	<b>(959,271)</b>	<b>2,501,909</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R	2016 R	2016 R	(Variance)	%	
	(Actual)	(Final Budget)	(Final Budget)	(Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
<b>ASSETS</b>						
<b>Current assets</b>						
Cash & Call investment deposits	6,098,686	12,539,945	(6,441,259)		-51%	Not budgeted for correctly.
Receivables from non-exchange transactions	560,206	260,002	300,204		115%	Debtors increased due to shared services debtors not correctly disclosed.
Other Receivables	1,305,498	1,108,040	197,458		18%	Decrease in unpaid conditional grants.
Current portion of long-term receivables	724,877	797,095	(72,218)		-9%	Trivial.
Inventory	812,546	999,984	(187,438)		-19%	Less inventory at year end than expected.
<b>Total current assets</b>	<u>9,501,813</u>	<u>15,705,066</u>	<u>(6,203,253)</u>			
<b>Non current assets</b>						
Long-term receivables	10,252,535	9,224,261	1,028,274		11%	More than what was budgeted for per actuarial reports.
Property, plant and equipment	6,387,397	3,751,783	2,635,614		70%	Increase due to prior year correction relating to ERF744.
Intangible Assets	57,348	12,474	44,874		360%	Increase in Intangible additions.
<b>Total non current assets</b>	<u>16,697,280</u>	<u>12,988,519</u>	<u>3,708,761</u>			
<b>TOTAL ASSETS</b>	<u>26,199,093</u>	<u>28,693,585</u>	<u>(2,494,492)</u>			
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Taxes	-	-	-		100%	
Borrowing	42,442	25,000	17,442		70%	Trivial.
Trade and other payables	7,225,246	9,590,174	(2,364,928)		-25%	More creditors paid before year end than what was budgeted for.
Provisions and Employee Benefits	3,419,675	3,567,986	(148,311)		-4%	Trivial.
<b>Total current liabilities</b>	<u>10,687,363</u>	<u>13,183,160</u>	<u>(2,495,797)</u>			
<b>Non current liabilities</b>						
Borrowing	140,367	55,000	85,367		155%	Trivial.
Provisions and Employee Benefits	17,854,404	20,819,076	(2,964,672)		-14%	Less than what was budgeted for per actuarial reports.
<b>Total non current liabilities</b>	<u>17,994,771</u>	<u>20,874,076</u>	<u>(2,879,305)</u>			
<b>TOTAL LIABILITIES</b>	<u>28,682,134</u>	<u>34,057,236</u>	<u>(5,375,102)</u>			
<b>NET ASSETS</b>	<u>(2,483,041)</u>	<u>(5,363,652)</u>	<u>2,880,610</u>			
<b>COMMUNITY WEALTH</b>						
Accumulated Surplus/(Deficit)	(2,483,041)	(5,363,652)	2,880,610			
Reserves	-	-	-			
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<u>(2,483,041)</u>	<u>(5,363,652)</u>	<u>2,880,610</u>			

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 R	%	
	(Approved Budget)	(Adjustments)	(Final Budget)		
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	8,755,794	784,152	9,539,945		9% Increase due to better cash management.
Call investment deposits	1,300,000	1,700,000	3,000,000		131% Increase in call investments due to better cash management.
Consumer debtors	483,770	(223,787)	260,000		-46% Decrease due to better receipts from debtors.
Other Receivables	165,383	942,657	1,108,040		570% Increase in unpaid grants.
Current portion of long-term receivables	797,095	-	797,095		0%
Inventory	999,984	-	999,984		0%
<b>Total current assets</b>	<u>12,502,025</u>	<u>3,203,041</u>	<u>15,705,066</u>		
<b>Non current assets</b>					
Long-term receivables	9,224,261	-	9,224,261		0%
Property, plant and equipment	4,127,192	(375,409)	3,751,783		-9% Increase in Depreciation.
Intangible Assets	12,474	-	12,474		0%
<b>Total non current assets</b>	<u>13,363,927</u>	<u>(375,409)</u>	<u>12,988,519</u>		
<b>TOTAL ASSETS</b>	<u>25,865,952</u>	<u>2,827,632</u>	<u>28,693,585</u>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	25,000	-	25,000		0%
Trade and other payables	9,590,174	-	9,590,174		0%
Provisions and Employee Benefits	3,567,986	-	3,567,986		0%
<b>Total current liabilities</b>	<u>13,183,160</u>	<u>-</u>	<u>13,183,160</u>		
<b>Non current liabilities</b>					
Borrowing	55,000	-	55,000		0%
Provisions and Employee Benefits	17,819,076	3,000,000	20,819,076		17% Increase in Employee benefits for better budgeting.
<b>Total non current liabilities</b>	<u>17,874,076</u>	<u>3,000,000</u>	<u>20,874,076</u>		
<b>TOTAL LIABILITIES</b>	<u>31,057,236</u>	<u>3,000,000</u>	<u>34,057,236</u>		
<b>NET ASSETS</b>	<u>(5,191,284)</u>	<u>(172,368)</u>	<u>(5,363,652)</u>		
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus/(Deficit)	(5,191,284)	(172,368)	(5,363,652)		
Reserves	-	-	-		
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<u>(5,191,284)</u>	<u>(172,368)</u>	<u>(5,363,652)</u>		



**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R	2016 R	2016 R	
	(Actual)	(Final Budget)	(Variance)	%
<b>REVENUE BY SOURCE</b>				
Rental of facilities and equipment	69,727	50,000	19,727	39% Trivial.
Interest earned - external investments	631,914	500,000	131,914	26% Trivial.
Licences and permits	15,560	-	15,560	100% Trivial.
Agency services	3,077,276	3,773,500	(696,224)	-18% Less Roads receipts from Provincial that in turns decrease the agency service fee.
Government Grants and Subsidies - Operating	33,601,869	36,417,200	(2,815,311)	-8% Decrease in LG SETA grant.
Other revenue	43,353,711	45,469,154	(2,115,443)	-5%
<b>Total Operating Revenue</b>	<b>80,750,077</b>	<b>86,209,854</b>	<b>(5,459,777)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	30,671,826	15,174,696	15,497,130	102% Roads Salary portion not budgeted for correctly.
Remuneration of councillors	3,109,524	3,428,050	(318,526)	-9% Resignation of some councillors.
Impairment	900,642	-	900,642	0%
Depreciation & asset impairment	284,365	366,204	(83,839)	-23% Trivial.
Finance charges	653,829	139,000	514,829	370% Employee benefit charges not budgeted for.
Contracted services	240,468	-	240,468	0%
Other expenditure	42,807,458	66,976,563	(24,169,105)	-36% Less LG SETA grant expenses than what was budgeted for.
Loss on disposal of PPE	10,565	-	10,565	
<b>Total Operating Expenditure</b>	<b>78,676,697</b>	<b>86,086,513</b>	<b>(7,407,816)</b>	
<b>Operating Surplus for the year</b>	<b>2,071,379</b>	<b>123,341</b>	<b>1,948,038</b>	
Government Grants and Subsidies - Capital	-	-	-	
<b>Not Surplus for the year</b>	<b>2,071,379</b>	<b>123,341</b>	<b>1,948,038</b>	

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 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)		
<b>REVENUE BY SOURCE</b>					
Rental of facilities and equipment	120,000	(70,000)	50,000	-58%	Trivial.
Interest earned – external investments	200,000	300,000	500,000	150%	Increase in investments.
Agency services	3,421,000	352,500	3,773,500	10%	Increase in expected roads receipts leading to an increase in agency fees.
Government Grants and Subsidies - Operating	36,301,000	116,200	36,417,200	0%	Trivial.
Other revenue	38,455,523	7,013,631	45,469,154	18%	Increase in expected roads receipts leading to an increase in agency fees.
<b>Total Operating Revenue</b>	<b>78,497,523</b>	<b>7,712,331</b>	<b>86,209,854</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	14,415,478	759,218	15,174,696	5%	Increase due to budgeting for additional staff.
Remuneration of councillors	3,428,050	-	3,428,050	0%	
Depreciation & asset impairment	375,204	(7,000)	368,204	-2%	Trivial.
Finance charges	139,000	-	139,000	0%	
Other expenditure	59,844,082	7,132,481	66,976,563	12%	Expected increase in LG SETA grant that did not realise.
<b>Total Operating Expenditure</b>	<b>78,201,814</b>	<b>7,884,699</b>	<b>86,086,513</b>		
<b>Operating Surplus/(Deficit) for the year</b>	<b>295,709</b>	<b>(172,368)</b>	<b>123,341</b>		
Government Grants and Subsidies - Capital	-	-	-		
<b>Net Surplus/(Deficit) for the year</b>	<b>295,709</b>	<b>(172,368)</b>	<b>123,341</b>		

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R	2016 R	2016 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)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other	46,062,141	45,562,994	499,147		1% Incorrectly budgeted for.
Government - operating	30,302,472	36,617,200	(6,314,728)		-17% Incorrectly budgeted for.
Interest	631,914	500,000	131,914		26%
<b>Payments</b>					
Suppliers and Employees	(76,446,201)	(77,706,822)	1,260,621		-2% Incorrectly budgeted for.
Finance charges	(13,723)	(139,000)	125,277		-90% Decrease in final finance charges.
	<u>536,602</u>	<u>4,834,372</u>	<u>-4,297,769</u>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Decrease/(increase) in non-current receivables	-	(433,663)	433,663		-100% Incorrectly budgeted for.
Decrease/(increase) in non-current investments	(900,642)	-	(900,642)		100% Incorrectly budgeted for.
Capital assets	(539,000)	(115,000)	(424,000)		369% Incorrectly budgeted for.
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>(1,439,642)</u>	<u>(548,663)</u>	<u>(890,979)</u>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing	-	-	-		
Repayment of borrowing	(56,231)	37,074	(93,305)		-252% Increase in Finance leases.
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>(56,231)</u>	<u>37,074</u>	<u>(93,305)</u>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<u>(959,271)</u>	<u>4,322,783</u>	<u>(5,282,053)</u>		
Cash and Cash Equivalents at the beginning of the year	7,057,957	6,917,163	140,794		
Cash and Cash Equivalents at the end of the year	6,098,686	11,239,945	(5,141,259)		

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**  
**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 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)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts					
Ratepayers and other	41,672,930	3,890,064	45,562,994		9% Incorrectly budgeted for.
Government - operating	36,301,000	316,200	36,617,200		1% Trivial.
Interest	200,000	300,000	500,000		150% Increase in Investments.
Payments	(77,273,890)	(482,992)	(77,706,822)		1% Trivial.
Finance charges	(139,000)	-	(139,000)		0%
Transfers and Grants	-	-	-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>761,100</b>	<b>4,073,272</b>	<b>4,834,372</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts					
Decrease/(increase) in non-current receivables	(648,575)	214,912	(433,663)		-33% Trivial.
Capital assets	(295,000)	180,000	(115,000)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(943,575)</b>	<b>394,912</b>	<b>(548,663)</b>		-61% Decrease in additions budgeted for.
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts					
Borrowing	-	-	-		
Increase/(decrease) in consumer deposits	-	-	-		
Payments	37,074	-	37,074		0%
Repayment of borrowing	37,074	-	37,074		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(145,401)</b>	<b>4,468,184</b>	<b>4,322,783</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>10,201,195</b>	<b>(3,284,032)</b>	<b>6,917,163</b>		
Cash and Cash Equivalents at the beginning of the year	10,055,794	1,184,152	11,239,945		
Cash and Cash Equivalents at the end of the year					

**CENTRAL KAROO DISTRICT MUNICIPALITY**

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

<p><b>GRAP 20</b> (Original – June 2011)</p>	<p><b>Related Party Disclosure</b> 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><b>Unknown</b></p>
<p><b>GRAP 32</b> (Original – Aug 2013)</p>	<p><b>Service Concession Arrangements: Grantor</b> 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><b>Unknown</b></p>



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<p><b>GRAP 105</b> (Original – Nov 2010)</p>	<p><b>Transfer of Functions Between Entities Under Common Control</b></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"><b>Unknown</b></p>
<p><b>GRAP 106</b> (Original – Nov 2010)</p>	<p><b>Transfer of Functions Between Entities Not Under Common Control</b></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"><b>Unknown</b></p>
<p><b>GRAP 108</b> (Original – Sept 2013)</p>	<p><b>Statutory Receivables</b></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>	<p align="center"><b>Unknown</b></p>
<p><b>GRAP 109</b></p>	<p><b>Accounting by Principles and Agents</b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p align="center"><b>Unknown</b></p>
<p><b>IGRAP 11</b></p>	<p><b>Consolidation - Special Purpose Entities (SPE)</b></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</p>	<p align="center"><b>Unknown</b></p>

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	does not have any SPE's at this stage.	
<b>IGRAP 12</b>	<p><b>Jointly Controlled Entities non-monetary contributions</b></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>	<b>Unknown</b>
<b>IGRAP17</b>	<p><b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</b></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> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>

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

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

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

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

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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

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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.



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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 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:

<b>Asset Class</b>	<b>Asset Sub-grouping</b>	<b>Useful Life (Yrs)</b>
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

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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;

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- 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.

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**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:

(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.

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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.

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- 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 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.

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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.



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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.

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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.

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.

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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

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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

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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.

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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.

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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.



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**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.
  - 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.

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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).

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**

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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.

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**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.

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**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 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:

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- 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.

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.

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	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>2 LONG-TERM LIABILITIES</b>				
Capitalised Lease Liability - At amortised cost	182,609	53,970	182,609	53,970
Current Portion transferred to Current Liabilities	182,609	53,970	182,609	53,970
Capitalised Lease Liability - At amortised cost	42,442	38,976	42,442	38,976
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>140,367</b>	<b>14,994</b>	<b>140,367</b>	<b>14,994</b>

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	53,820	44,651	53,820	44,651
Payable within two to five years	156,891	17,559	156,831	17,556
	210,711	62,237	210,711	62,237
<b>Less: Future finance obligations</b>	<b>(27,902)</b>	<b>(8,267)</b>	<b>(27,502)</b>	<b>(8,267)</b>
<b>Present value of lease obligations</b>	<b>182,609</b>	<b>53,970</b>	<b>182,609</b>	<b>53,970</b>
Book value of other assets secured by leases	-	40,453	-	40,453

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Gastehnar	Copier	20%	0%	5 Years	30/11/2016
RICOH	Copier	13%	0%	5 Years	31/03/2021
RICOH	Copier	13%	0%	5 Years	30/06/2020
RICOH	Copier	13%	0%	5 Years	30/06/2019

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

	2016 R	2015 R	2016 R	2015 R
<b>3 EMPLOYEE BENEFITS</b>				
Post Retirement Benefits - Refer to Note 3.1	8,021,975	7,928,504	8,021,975	7,928,504
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	1,052,759	972,716	1,052,759	972,716
Long Service Awards Other - Refer to Note 3.2	392,038	620,385	392,038	620,385
Ex - Gratia Roads - Refer to Note 3.3	350,095	522,552	350,095	522,552
<b>Total Non-current Employee Benefit Liabilities</b>	<b>17,854,404</b>	<b>16,873,812</b>	<b>17,854,404</b>	<b>16,873,812</b>

**Post Retirement Benefits**

Balance 1 July	15,551,706	13,894,504	15,551,706	13,894,504
Contribution for the year	371,125	313,440	371,125	313,440
Interest Cost	1,297,711	1,160,694	1,297,711	1,160,694
Expenditure for the year	(793,547)	(773,676)	(793,547)	(773,676)
Actuarial Loss	438,509	939,544	438,509	939,544
<b>Total post retirement benefits 30 June</b>	<b>16,865,504</b>	<b>15,551,706</b>	<b>16,865,504</b>	<b>15,551,706</b>
<b>Less: Transfer of Current Portion - Note 4</b>	<b>(805,992)</b>	<b>(793,548)</b>	<b>(805,992)</b>	<b>(793,548)</b>
<b>Balance 30 June</b>	<b>16,059,512</b>	<b>14,758,159</b>	<b>16,059,512</b>	<b>14,758,159</b>

**Long Service Awards**

Balance 1 July	1,918,248	1,689,337	1,918,248	1,689,337
Contribution for the year	143,622	127,429	143,622	127,429
Interest Cost	133,343	129,552	133,343	129,552
Expenditure for the year	(202,171)	(207,650)	(202,171)	(207,650)
Actuarial Loss	(245,103)	179,778	(245,103)	179,778
<b>Total long service 30 June</b>	<b>1,748,137</b>	<b>1,918,248</b>	<b>1,748,137</b>	<b>1,918,248</b>
<b>Less: Transfer of Current Portion - Note 4</b>	<b>(303,340)</b>	<b>(325,145)</b>	<b>(303,340)</b>	<b>(325,145)</b>
<b>Balance 30 June</b>	<b>1,444,797</b>	<b>1,593,101</b>	<b>1,444,797</b>	<b>1,593,101</b>

**Ex - Gratia Benefits**

Balance 1 July	593,177	622,178	593,177	622,178
Interest Cost	48,051	49,839	48,051	49,839
Actuarial Loss/(Gain)	(125,229)	(78,839)	(125,229)	(78,839)
<b>Total long service 30 June</b>	<b>513,999</b>	<b>693,177</b>	<b>513,999</b>	<b>693,177</b>
<b>Less: Transfer of Current Portion - Note 4</b>	<b>(163,904)</b>	<b>(70,625)</b>	<b>(163,904)</b>	<b>(70,625)</b>
<b>Balance 30 June</b>	<b>350,095</b>	<b>522,552</b>	<b>350,095</b>	<b>522,552</b>



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	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>TOTAL NON-CURRENT EMPLOYEE BENEFITS</b>				
Balance 1 July	18,053,129	16,206,019	18,053,129	16,206,019
Contribution for the year	514,947	440,559	514,947	440,559
Interest cost	1,477,105	1,350,284	1,477,105	1,350,284
Expenditure for the year	(995,718)	(981,526)	(995,718)	(981,526)
Actuarial Loss	68,177	1,037,483	68,177	1,037,483
<b>Total employee benefits 30 June</b>	<b>19,127,640</b>	<b>18,063,130</b>	<b>19,127,640</b>	<b>18,063,130</b>
Less: Transfer of Current Portion - Note 4	(1,273,239)	(1,169,318)	(1,273,239)	(1,169,318)
<b>Balance 30 June</b>	<b>17,854,404</b>	<b>16,873,812</b>	<b>17,854,404</b>	<b>16,873,812</b>

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	26	23	26	23
In-service (employee) non-members	91	-	91	-
Continuation members (e.g. Retirees, widows, orphans)	24	26	24	26
<b>Total Members</b>	<b>141</b>	<b>54</b>	<b>141</b>	<b>64</b>

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

In-service members	6,744,743	5,739,336	6,744,743	5,739,336
In-service (employee) non-members	332,026	-	332,026	-
Continuation members	9,768,735	9,812,371	9,768,735	9,812,371
<b>Total Liability</b>	<b>16,865,504</b>	<b>15,551,707</b>	<b>16,865,504</b>	<b>15,551,707</b>

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

	2014 Rm	2013 Rm	2012 Rm
<b>Total Liability</b>	<b>13,895</b>	<b>12,903</b>	<b>12,243</b>

Experience adjustments were calculated as follows:

	2014 Rm	2013 Rm	2012 Rm
Liabilities: (Gain) / loss			
Assets: (Gain) / (loss)	0.353	0.602	-0.608

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

Bonitas;  
IA Health  
Samumed; and  
Keyhealth - Discovery.

Key actuarial assumptions used:

	2016 %	2015 %	2016 %	2015 %
<b>i) Rate of Interest</b>				
Discount rate	9.08%	8.56%	9.08%	8.56%
Health Care Cost Inflation Rate	8.19%	7.83%	8.19%	7.83%
Net Effective Discount Rate	0.82%	0.67%	0.82%	0.67%

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	19,127,640	18,063,130	19,127,640	18,063,130
<b>Total Liability</b>	<b>19,127,640</b>	<b>18,063,130</b>	<b>19,127,640</b>	<b>18,063,130</b>

The fund is wholly unfunded.

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	15,551,707	13,694,504	15,551,707	13,694,504
Total expenses	875,269	720,659	875,269	720,659
Current service cost	371,125	313,440	371,125	313,440
Interest Cost	1,297,711	1,180,894	1,297,711	1,180,824
Benefits Paid	(793,547)	(773,676)	(793,547)	(773,676)
Actuarial losses	438,509	936,544	438,509	936,544
Present value of fund obligation at the end of the year	16,655,504	15,551,707	16,655,504	15,551,707
Less: Transfer of Current Portion - Note 4	(605,992)	(793,548)	(605,992)	(793,548)
Balance 30 June	16,059,512	14,758,159	16,059,511	14,758,159

**Sensitivity Analysis on the accrued liability (both Economic Entity and Municipality):**

Assumption	Change	In-service members liability	Continuation members liability	Total liability	% change
		(Rm)	(Rm)	(Rm)	
<b>Central Assumptions</b>		7,077,000	9,769,000	16,666,000	
Health care inflation	1%	7,849,000	10,199,000	18,048,000	7%
Health care inflation	-1%	6,158,000	9,297,000	15,455,000	-5%
Discount rate	1%	6,093,000	8,970,000	14,973,000	-11%
Discount rate	-1%	8,433,000	10,755,000	19,188,000	14%
Post-retirement mortality	-1yr	7,310,000	10,169,000	17,479,000	4%
Average retirement age	-1yr	7,625,000	9,769,000	17,414,000	3%
Withdrawal Rate	-10%	6,440,000	9,769,000	16,229,000	-4%
		<b>Current-service Cost</b>	<b>Interest Cost</b>	<b>Total</b>	
		(R)	(R)	(R)	% change
Central Assumption		371,100	1,297,700	1,668,800	
Health care inflation	1%	450,300	1,485,200	1,935,500	16%
Health care inflation	-1%	309,500	1,143,300	1,451,800	-13%
Discount rate	1%	311,200	1,278,200	1,589,400	-5%
Discount rate	-1%	447,900	1,313,500	1,761,400	6%
Post-retirement mortality	-1yr	383,900	1,351,700	1,735,600	4%
Average retirement age	-1yr	409,800	1,335,700	1,739,500	4%
Withdrawal Rate	-10%	341,000	1,252,600	1,593,600	-4%
		2016 R	2015 R	2016 R	2015 R

**3.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans.

	2016 R	2015 R	2016 R	2015 R
Roads	69	96	69	96
Other	18	19	18	19

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

2016	2015	2016	2015
%	%	%	%
107	115	107	115

Key actuarial assumptions used:

**i) Rate of interest**

	2016	2015	2016	2015
	%	%	%	%
Discount rate	8.38%	7.55%	8.38%	7.55%
General Salary Inflation (long-term)	7.05%	6.65%	7.05%	6.65%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.25%	0.65%	1.25%	0.65%

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

	2016 R	2015 R	2016 R	2015 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>				
Present value of fund obligations	1,748,137	1,918,246	1,748,137	1,918,246
Net Liability	1,748,137	1,918,246	1,748,137	1,918,246

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

	2014 R	2013 R	2012 R
<b>Total Liability</b>	1,689,337	1,687,638	1,418,839

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	21,793	153,105	699,296
Assets: Gain / (loss)	-	-	-

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Reconciliation of present value of fund obligation:	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
Present value of fund obligation at the beginning of the year	1,918,246	1,669,337	1,918,246	1,669,337
Total expenses	74,694	49,131	74,694	49,131
Current service cost	143,822	127,429	143,822	127,429
Interest Cost	133,343	129,552	133,343	129,552
Benefits Paid	(202,171)	(207,650)	(202,171)	(207,650)
Actuarial (gains)/losses	(245,103)	179,778	(245,103)	179,778
Present value of fund obligation at the end of the year	1,748,137	1,918,246	1,748,137	1,918,246
<b>Less:</b> Transfer of Current Portion - Note 4	(303,340)	(325,145)	(303,340)	(325,145)
<b>Balance 30 June</b>	<b>1,444,797</b>	<b>1,693,101</b>	<b>1,444,797</b>	<b>1,693,101</b>

**Sensitivity Analysis on the Unfunded Accrued Liability (both Economic Entity and Municipality):**

Assumption	Change	Liability (Rm)	% change
<b>Central assumptions</b>		1,748,000	
General Salary inflation	+1%	1,853,000	6%
General Salary inflation	-1%	1,652,000	-5%
Discount rate	+1%	1,645,000	-6%
Discount rate	-1%	1,850,000	6%
Average retirement age	-2yr	1,558,000	-10%
Average retirement age	2yr	1,937,000	11%
Withdrawal Rate	-50%	1,973,000	13%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		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	157,600	148,500	304,300	10%
Withdrawal Rate	-50%	176,300	150,900	327,200	16%

**3.3 Ex - Gratia Benefits**

The Ex - Gratia plans are defined benefit plans

	2016	2015	2016	2015
Roads	12	17	12	17
As at year end, the following number of employees were eligible for Ex - Gratia benefits	12	17	12	17

Key actuarial assumptions used

**i) Rate of Interest**

	2016 %	2015 %	2016 %	2015 %
Discount rate	8.76%	8.24%	8.76%	8.24%
Benefit increase rate (CPI inflation)	6.43%	6.08%	6.43%	6.08%
Net Effective Discount Rate	2.21%	2.04%	2.21%	2.04%

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	593,177	622,178	593,177	622,178
Total expenses	46,051	49,838	46,051	49,838
Interest Cost	46,051	49,838	46,051	49,838
Actuarial (gains)/losses	(125,229)	(78,839)	(125,229)	(78,839)
Present value of fund obligation at the end of the year	513,999	593,177	513,999	593,177
<b>Less:</b> Transfer of Current Portion - Note	(163,904)	(70,625)	(163,904)	(70,625)
<b>Balance 30 June</b>	<b>350,095</b>	<b>522,552</b>	<b>350,095</b>	<b>522,552</b>

**Sensitivity Analysis on the Unfunded Accrued Liability (both Economic Entity and Municipality):**

Assumption	Change	Liability		
		(R)	% change	
Central assumptions		513,999		
Benefit increase rate	+1%	535,969	4%	
Benefit increase rate	-1%	493,179	-4%	
Discount rate	+1%	493,768	-4%	
Discount rate	-1%	535,706	4%	
Average retirement age	-1yr	524,682	2%	
Withdrawal Rate	-50%	516,921	1%	
<b>Assumption</b>	<b>Change</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>	<b>% change</b>
Central Assumption		49,051	49,051	
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 16% 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 107.1% (30 June 2013 - 99.2%).

Contributions paid recognised in the Statement of Financial Performance

2016 R	2015 R	2016 R	2015 R
3,369,452	3,152,532	3,369,452	3,152,532

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 16% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 153.1% (30 June 2014 - 101.7%).

Contributions paid recognised in the Statement of Financial Performance

2016 R	2015 R	2016 R	2015 R
141,687	159,531	141,687	159,531

**DEFINED CONTRIBUTION FUNDS**

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

Contributions paid recognised in the Statement of Financial Performance

SAMWU National Provident Fund	2016 R	2015 R	2016 R	2015 R
	836,299	858,389	836,299	858,389

**3.5 EMPLOYEE BENEFITS - RECEIVABLE**

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	9,233,300	8,413,665	9,233,300	8,413,665
Department of Transport: Roads - Long Service Awards (Note 3.2)	1,230,113	1,229,426	1,230,113	1,229,426
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	513,999	593,177	513,999	593,177
	10,977,412	10,236,268	10,977,412	10,236,268
<b>Less:</b> Current portion transferred to current receivables	(724,877)	(623,420)	(724,877)	(623,420)
Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	(352,764)	(376,128)	(352,764)	(376,128)
Department of Transport: Roads - Long Service Awards (Note 3.2)	(208,209)	(176,667)	(208,209)	(176,667)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	(163,904)	(70,625)	(163,904)	(70,625)
	10,252,535	9,612,848	10,252,535	9,612,848
<b>Less:</b> Provision for Impairment	-	-	-	-
<b>Total</b>	<b>10,252,535</b>	<b>9,612,848</b>	<b>10,252,535</b>	<b>9,612,848</b>

**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 2016**

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>4 CURRENT EMPLOYEE BENEFITS</b>				
Current Portion of Post-Retirement Benefits - Note 3	605,592	793,549	605,592	793,549
Current Portion of Long-Servise Provisions - Note 3	303,340	325,145	303,340	325,145
Current Portion of Ex - Gratia Benefits - Note 3	163,504	70,625	163,504	70,625
Provision for Staff Leave	1,439,216	1,551,300	1,389,097	1,515,604
Staff Bonuses accrued	757,372	647,250	757,372	647,250
<b>Total Current Employee Benefits</b>	<b>3,468,824</b>	<b>3,397,867</b>	<b>3,419,675</b>	<b>3,352,111</b>

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	1,561,300	1,341,103	1,515,604	1,324,864
Contribution to current portion	261,848	315,677	259,465	269,119
Expenditure Incurred	(385,032)	(95,450)	(365,032)	(95,460)
<b>Balance at end of year</b>	<b>1,439,216</b>	<b>1,561,300</b>	<b>1,389,097</b>	<b>1,515,604</b>

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	-	111,178
Contribution to current portion	-	(111,178)	-	(111,178)
Expenditure Incurred	-	-	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	647,250	563,392	647,250	563,392
Contribution to current portion	1,545,779	1,278,402	1,545,779	1,278,402
Expenditure Incurred	(1,436,657)	(1,194,514)	(1,436,657)	(1,194,514)
<b>Balance at end of year</b>	<b>757,372</b>	<b>647,250</b>	<b>757,372</b>	<b>647,250</b>

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	282,075	402,385	282,075	402,385
<b>Total</b>	<b>282,075</b>	<b>402,385</b>	<b>282,075</b>	<b>402,385</b>

**6 PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	1,655,094	2,654,947	1,655,094	2,554,947
Roads - Sundry creditors	3,925,748	4,269,660	3,925,748	4,269,660
Sundry Creditors	303,073	172,445	302,410	170,551
<b>Total Trade Payables</b>	<b>6,113,915</b>	<b>6,997,252</b>	<b>6,113,252</b>	<b>6,995,358</b>

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	833,574	2,355,449	829,919	2,360,609
National Government Grants	68,710	1,000,071	59,710	1,000,071
Provincial Government Grants	771,209	1,360,738	771,209	1,360,738
Other Grant Providers	3,655	4,640	-	-
<b>Less: Unpaid Grants</b>	<b>1,140,601</b>	<b>682,772</b>	<b>1,140,601</b>	<b>682,772</b>
National Government Grants	637,631	2,059	637,631	2,059
Other Grant Providers	502,969	680,704	502,969	680,704
<b>Total Conditional Grants and Receipts</b>	<b>(307,027)</b>	<b>1,702,678</b>	<b>(310,682)</b>	<b>1,698,038</b>

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 2016

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>8 TAXES</b>				
<b>7.2 VAT RECEIVABLE</b>				
VAT receivable	434,306	112,937	434,306	112,937
VAT Payable	<u>(269,409)</u>	<u>(1,245)</u>	<u>(269,409)</u>	<u>(1,245)</u>
Total VAT receivable	<u>164,897</u>	<u>111,743</u>	<u>164,897</u>	<u>112,937</u>
<b>7.3 NET VAT RECEIVABLE(PAYABLE)</b>	<u>164,897</u>	<u>111,743</u>	<u>164,897</u>	<u>111,743</u>
VAT is receivable/payable on the cash basis				

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Economic Entity

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2016

Reconciliation of Carrying Value

	Opening Balance R	Correction of error R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Accumulated Depreciation and Impairment Losses			Closing Balance R	Carrying Value R
								Depreciation of error R	Impairment R	Disposals R		
Land and Buildings	5,291,060	-	-	-	5,291,060	1,912,901	54,875	-	-	-	1,967,776	3,323,284
Land	812,200	-	-	-	812,200	-	-	-	-	-	-	812,200
Buildings	4,478,860	-	-	-	4,478,860	1,912,901	54,875	-	-	-	1,967,776	2,511,084
Community Assets	1,031,424	-	-	-	1,031,424	200,466	26,805	-	-	-	227,271	804,153
Buildings	1,031,424	-	-	-	1,031,424	200,466	26,805	-	-	-	227,271	804,153
Other Assets	4,692,769	-	714,015	(8,455)	5,398,329	2,857,408	192,026	-	-	(1,065)	3,048,370	2,259,960
Machinery and Equipment	676,037	-	643,545	(1,375)	1,318,207	424,427	52,988	-	-	(1,065)	476,360	841,847
Furniture and Equipment	1,432,764	-	22,565	-	1,455,319	769,369	45,193	-	-	-	814,555	640,764
Office Equipment - Computers	1,139,235	-	47,915	(7,080)	1,180,070	799,317	38,694	-	-	-	830,001	350,069
Motor vehicles	1,354,733	-	-	-	1,354,733	870,306	57,147	-	-	-	927,453	427,280
	10,925,253	-	714,015	(8,455)	11,630,813	4,970,775	273,707	-	-	(1,065)	5,243,417	6,387,397

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2015

Reconciliation of Carrying Value

	Opening Balance R	Correction of error R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Correction of error R	Impairment R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	2,841,060	-	5,291,060	-	1,262,450	43,536	-	-	-	-	1,912,901	3,378,159
Land	229,000	583,200	812,200	-	-	-	-	-	-	-	-	812,200
Buildings	2,612,060	1,886,800	4,478,860	-	1,262,450	43,536	608,915	-	-	-	1,912,901	2,565,959
<b>Community Assets</b>	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
<b>Other Assets</b>	4,305,176	-	297,593	-	4,602,769	170,246	-	5,732	-	-	2,357,408	1,745,361
Machinery and Equipment	654,788	-	21,249	-	676,037	4,389	-	1,143	-	-	424,427	251,611
Furniture and Equipment	1,383,968	-	48,796	-	1,432,764	13,007	-	1,192	-	-	769,359	663,405
Office Equipment - Computers	1,076,687	-	62,548	-	1,139,235	100,992	-	3,398	-	-	793,317	345,918
Motor vehicles	1,180,733	-	165,000	-	1,354,733	51,858	-	-	-	-	870,306	484,427
	8,177,660	-	297,593	-	10,925,253	241,480	-	5,732	-	-	4,970,775	5,954,477

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CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Municipality	30 JUNE 2016	Reconciliation of Carrying Value											
		Opening Balance	Correction of error	Cost Additions	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Correction of error	Impairment	Disposals	Closing Balance	Carrying Value
		R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings		5,291,060	-	-	-	5,291,060	1,912,901	54,875	-	-	-	1,967,776	3,323,284
Land		812,200	-	-	-	812,200	-	-	-	-	-	-	812,200
Buildings		4,478,860	-	-	-	4,478,860	1,912,901	54,875	-	-	-	1,967,776	2,511,084
Community Assets		1,031,424	-	-	-	1,031,424	200,466	26,805	-	-	-	227,271	804,153
Buildings		1,031,424	-	-	-	1,031,424	200,466	26,805	-	-	-	227,271	804,153
Other Assets		4,602,769	-	714,015	(8,455)	5,308,329	2,857,408	192,026	-	-	(1,065)	3,048,370	2,255,960
Machinery and Equipment		676,037	-	643,545	(1,375)	1,318,207	424,427	52,988	-	-	(1,065)	476,360	841,847
Furniture and Equipment		1,432,764	-	22,565	-	1,455,319	769,359	45,196	-	-	-	814,555	640,764
Office Equipment - Computers		1,139,235	-	47,915	(7,080)	1,180,070	798,317	36,664	-	-	-	830,001	350,069
Motor vehicles		1,354,733	-	-	-	1,354,733	870,305	57,147	-	-	-	927,453	427,280
		10,925,253	-	714,015	(8,455)	11,630,813	4,970,775	273,707	-	-	(1,065)	5,243,417	6,387,397

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2015

Reconciliation of Carrying Value

	Opening Balance R	Correction of error R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Correction of error R	Impairment R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	2,841,060	2,450,000	-	-	5,291,060	1,262,450	43,536	606,915	-	-	1,912,901	3,378,159
Land	229,000	583,200	-	-	812,200	-	-	-	-	-	-	812,200
Buildings	2,612,060	1,866,800	-	-	4,478,860	1,262,450	43,536	606,915	-	-	1,912,901	2,565,959
<b>Community Assets</b>	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
<b>Other Assets</b>	4,305,176	297,593	297,593	-	4,602,769	2,581,430	170,246	5,732	-	-	2,857,408	1,745,361
Machinery and Equipment	654,788	-	21,249	-	676,037	418,395	4,369	-	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	688,326	100,992	-	3,388	-	793,317	345,918
Motor vehicles	1,189,733	-	165,000	-	1,354,733	819,448	51,858	-	-	-	870,306	484,427
	8,177,660	2,450,000	297,593	-	10,925,253	4,116,648	241,480	606,915	5,732	-	4,970,775	5,954,478

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
	320,963	310,712	302,264

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

10	INTANGIBLE ASSETS	Economic Entity		Municipality	
		2016 R	2015 R	2016 R	2015 R
	Computer Software				
	Net Carrying amount at 1 July	61,126	48,295	61,126	48,295
	Cost	158,882	137,697	158,882	137,697
	Accumulated Amortisation	(97,756)	(89,402)	(97,756)	(89,402)
	Additions	10,055	21,165	10,055	21,165
	Disposals	(3,175)	-	(3,175)	-
	Amortisation	(10,658)	(8,354)	(10,658)	(8,354)
	Net Carrying amount at 30 June	57,348	61,127	57,348	61,127
	Cost	165,762	158,882	165,762	158,882
	Accumulated Amortisation	(108,414)	(97,755)	(108,414)	(97,756)

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

Description	Remaining Amortisation Period	Carrying Value		Carrying Value	
		2016 R	2015 R	2016 R	2015 R
Microsoft Office and other software	5	57,348	61,126	57,348	61,126

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 life is restricted.

There are no intangible assets pledged as security for liabilities.

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

11 LOAN TO CKEDA

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

Central Karoo Economic Development Agency SOC Ltd

Shares	-	-	100	100
Opening Balance	-	-	1,331,560	737,927
Contribution	-	-	800,542	593,533
Impairment	-	-	(2,232,202)	(1,331,560)
	-	-	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>12 INVENTORY</b>				
Maintenance Materials - At cost	763,677	666,677	763,677	666,677
Consumable Stores - Milk - At cost	48,669	54,795	48,669	54,795
<b>Total Inventory</b>	<b>812,548</b>	<b>921,473</b>	<b>812,548</b>	<b>921,473</b>
Inventory recognised as an expense during the year	7,683,375	7,959,950	7,683,375	7,959,950
No Inventory assets were pledged as security for liabilities.				
<b>13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>				
Other Debtors	978,382	771,860	978,382	763,814
<b>Total Receivables from Non-Exchange Transactions</b>	<b>978,382</b>	<b>771,860</b>	<b>978,382</b>	<b>763,814</b>
Less: Allowance for Doubtful Debts	(418,176)	(285,545)	(418,176)	(285,545)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>560,206</b>	<b>486,314</b>	<b>560,206</b>	<b>478,269</b>
<b>Reconciliation of Provision for Bad Debts</b>				
Balance at beginning of year	285,545	434,009	285,545	434,009
Contribution to provision/(Reversal of provision)	132,630	(148,463)	132,630	(148,463)
<b>Balance at end of year</b>	<b>418,176</b>	<b>285,545</b>	<b>418,176</b>	<b>285,545</b>
The entire provision for bad debts relates to outstanding balances older than 180 days.				
<b>14 OPERATING LEASE ARRANGEMENTS</b>				
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.				
<b>15 CASH AND CASH EQUIVALENTS</b>				
<b>Assets</b>				
Call Investments Deposits	2,693,787	2,339,753	2,693,787	2,339,753
Bank Accounts	3,407,253	4,721,545	3,403,599	4,716,904
Cash Floats	1,300	1,300	1,300	1,300
<b>Total Cash and Cash Equivalents - Assets</b>	<b>6,102,340</b>	<b>7,062,598</b>	<b>6,098,686</b>	<b>7,057,957</b>
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.				
The Economic Entity has the following bank accounts:				
<b>Current Accounts</b>				
ABSA Bank Account Number 1540 0000 14 (Cheque Account)				
First National Bank Account Number 6206 2151 429 (Cheque Account)				
Nedbank 1055237528				
Combined Accounts	3,407,253	4,721,545	3,403,599	4,716,904
	<b>3,407,253</b>	<b>4,721,545</b>	<b>3,403,599</b>	<b>4,716,904</b>
<b>ABSA Bank Account Number 1540 0000 14 (Cheque Account)</b>				
Bank statement balance at beginning of year	915,529	2,217,730	915,529	2,217,730
Bank statement balance at end of year	277,176	915,529	277,176	915,529
<b>First National Bank Account Number 6206 2151 429 (Cheque Account)</b>				
Bank statement balance at beginning of year	3,652,458	887,398	3,652,458	887,398
Bank statement balance at end of year	1,284,594	3,652,458	1,284,594	3,652,458
<b>Nedbank 1055237528</b>				
Bank statement balance at beginning of year	4,641	225,643	-	-
Bank statement balance at end of year	3,654	4,641	-	-
<b>Combined Accounts</b>				
Cash book balance at beginning of year	4,721,545	3,450,391	4,716,904	3,254,748
Cash book balance at end of year	3,407,253	4,721,545	3,403,599	4,716,904
Both bank accounts are posted to a single cash book in the general ledger				
<b>Call Investments Deposits</b>				
Call investment deposits consist out of the following accounts:				
Nedbank - 03 / 7681125551 / 01	2,339,753	2,339,753	2,339,753	2,339,753
Nedbank - 03 / 7681114568 / 000001	1,039,753	-	1,039,753	-
	<b>2,693,787</b>	<b>2,339,753</b>	<b>2,693,787</b>	<b>2,339,753</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>16 GOVERNMENT GRANTS AND SUBSIDIES</b>				
Unconditional Grants	19,324,000	16,722,000	19,324,000	16,722,000
Equitable Share	19,324,000	16,722,000	19,324,000	16,722,000
Conditional Grants	12,587,191	10,206,491	12,587,191	10,206,491
Grants and donations	12,587,191	10,206,491	12,587,191	10,206,491
<b>Total Government Grants and Subsidies</b>	<b>32,311,191</b>	<b>26,928,491</b>	<b>32,311,191</b>	<b>26,928,491</b>
Government Grants and Subsidies - Capital	-	-	-	-
Government Grants and Subsidies - Operating	32,312,178	27,149,494	32,311,191	26,928,491
	<b>32,312,178</b>	<b>27,149,494</b>	<b>32,311,191</b>	<b>26,928,491</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA				
Equitable share	19,324,000	16,722,000	19,324,000	16,722,000
CKEDA	687	221,003	-	-
Executive and Council	3,390,016	536,548	3,390,016	536,548
Budget and Treasury	6,766,657	7,568,366	6,766,657	7,568,366
Corporate Services	1,600,318	1,481,142	1,600,318	1,481,142
Planning and Development	930,000	600,435	930,000	600,435
	<b>32,312,178</b>	<b>27,149,494</b>	<b>32,311,191</b>	<b>26,928,491</b>
The Economic Entity does not expect any significant changes to the level of grants				
<b>16.1 Equitable share</b>				
Opening balance	-	-	-	-
Grants received	19,324,000	16,722,000	19,324,000	16,722,000
Conditions met - Operating	(19,324,000)	(16,722,000)	(19,324,000)	(16,722,000)
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.				
<b>16.2 Health Subsidy</b>				
Opening balance	-	(38,514)	-	(38,514)
Correction of error note 28	-	38,514	-	38,514
Grants to be recovered	-	-	-	-
Health subsidies was used fund primary health care services in the municipal area.				
<b>16.3 Local Government Financial Management Grant (FMG)</b>				
Opening balance	(2,068)	(2,068)	(2,068)	(2,068)
Grants received	1,250,000	1,250,000	1,250,000	1,250,000
Conditions met - Operating	(1,250,000)	(1,250,000)	(1,250,000)	(1,250,000)
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).				
<b>16.4 Municipal Systems Improvement Grant</b>				
Opening balance	-	-	-	-
Grants received	930,000	934,000	930,000	934,000
Conditions met - Operating	(930,000)	(934,000)	(930,000)	(934,000)
Grants to be recovered	-	-	-	-
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 2016**

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>16.5 Working for Water</b>				
Opening balance	-	147,278	-	147,278
Grants received	-	-	-	-
Conditions met - Operating	-	(326,875)	-	(326,875)
Correction of error note 28	-	179,597	-	179,597
(Grants to be recovered)/(Conditions still to be met)	-	-	-	-
Grant utilised for the eradication of alien vegetation.				
<b>16.6 Doring veld Project</b>				
Opening balance	-	-	-	-
Grants received	651,559	-	651,559	-
Conditions met - Operating	(881,409)	-	(881,409)	-
Conditions to be met/(Grants to be recovered)	(229,849)	-	(229,849)	-
Grant utilised for the eradication of alien vegetation				
<b>16.7 Other Grants</b>				
Opening balance	1,704,748	1,281,197	1,700,105	1,055,654
Grants received	8,146,912	8,563,279	8,146,912	8,563,279
Conditions met - Operating	(9,404,108)	(7,691,949)	(9,403,121)	(7,760,947)
Correction of error note 28	-	(157,781)	-	(157,781)
Conditions met - Capital	(522,661)	-	(522,661)	-
Conditions still to be met	(75,111)	1,704,748	(78,765)	1,700,105
Various grants were received from other spheres of government (e.g. Tourism and Skills Development Grant)				
<b>16.8 Total Grants</b>				
Opening balance	1,702,678	1,387,694	1,698,038	1,162,251
Grants received	30,302,472	27,459,279	30,302,472	27,459,279
Conditions met - Operating	(31,789,516)	(27,214,824)	(31,788,530)	(28,993,822)
Conditions met - Capital	(522,661)	-	(522,661)	-
Correction of error note 28	-	60,330	-	60,330
Conditions still to be met/(Grant expenditure to be recovered)	(307,028)	1,702,678	(310,682)	1,698,038
<u>Disclosed as follows:</u>				
Unspent Conditional Government Grants and Receipts	833,574	2,355,449	829,919	2,380,809
Unpaid Conditional Government Grants and Receipts	(1,140,601)	(682,772)	(1,140,601)	(682,772)
	(307,028)	1,702,678	(310,682)	1,698,038
<b>17 AGENCY SERVICES</b>				
Commission on Agency services: Department of Transport Western Cape	3,077,276	3,158,928	3,077,276	3,158,928
The Economic Entity has service level agreements with Department Transport Western Cape				
<b>18 Other Revenue</b>				
National Treasury 1% audit fee	1,290,698	405,662	1,290,698	405,662
	1,290,698	405,662	1,290,698	405,662
<b>19 OTHER INCOME</b>				
Contributions from shared services with Beaufort West Municipality	487,675	139,742	487,675	139,742
Contributions from shared services with Laingsburg Municipality	416,626	120,705	416,626	120,705
Contributions from shared services with Prince Albert Municipality	609,123	458,616	609,123	458,616
Rammis Admin fee	394,920	-	394,920	-
LG Seta admin fee	157,500	-	157,500	-
Sundry Income	365,263	72,306	365,263	72,306
EPWP Admin fee	-	127,579	-	127,579
Photostat and Faxes	667	11,957	667	11,957
Private Work - Roads Department	1,045	27,420	1,045	27,420
Commission	11,211	16,218	11,211	16,218
Samples: Milk and Water	29,220	62,084	29,220	62,084
Milk Sales	213,943	282,660	213,943	282,660
<b>Total Other Income</b>	<b>2,887,263</b>	<b>1,319,512</b>	<b>2,887,263</b>	<b>1,319,512</b>
<b>20 EMPLOYEE RELATED COSTS</b>				
Employee Related Costs - Salaries and Wages	22,482,665	19,951,348	22,042,926	19,542,010
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	4,171,410	3,504,609	4,150,260	3,454,805
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,247,316	1,137,618	1,247,316	1,137,618
Housing Benefits and Allowances	240,347	118,565	240,347	118,565
Overtime Payments	723,025	528,631	716,025	628,881
Bonuses	1,558,358	1,220,669	1,501,618	1,194,514
Leave Provision	261,848	315,677	258,495	286,119
Contribution to provision - Long Service Awards	143,135	63,599	143,135	63,599
Contribution to provision - Post Retirement Medical	371,704	29,001	371,704	29,001
<b>Total Employee Related Costs</b>	<b>31,197,938</b>	<b>26,670,366</b>	<b>30,671,626</b>	<b>26,395,212</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

*Remuneration of the Municipal Manager - Mr S Jooste*

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
Annual Remuneration	912,660	915,623	912,660	915,623
Traveling Reimbursement	360,000	300,000	360,000	300,000
Telephone allowance	18,000	18,000	18,000	18,000
Contributions to UIF, Medical, Pension Funds and Bargaining Councils	28,277	36,448	28,277	36,448
<b>Total</b>	<b>1,318,937</b>	<b>1,270,071</b>	<b>1,318,937</b>	<b>1,270,071</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Economic Entity		Municipality	
	2015 R	2015 R	2016 R	2016 R
<b>Remuneration of the Director Technical Services</b>				
Annual Remuneration	770,137	670,837	770,137	670,837
Traveling Reimbursement	100,000	100,000	100,000	100,000
Performance Bonus	-	-	-	-
Contributions - UIF, Medical, Pension	168,306	163,450	168,306	163,450
<b>Total</b>	<b>1,038,443</b>	<b>934,327</b>	<b>1,038,443</b>	<b>934,327</b>
<b>Remuneration of the Director Corporate and Support Services</b>				
Annual Remuneration	551,914	659,750	551,914	659,750
Traveling Reimbursement	42,000	72,000	42,000	72,000
Contributions - UIF, Medical, Pension	113,079	176,916	113,079	176,916
<b>Total</b>	<b>706,993</b>	<b>1,108,666</b>	<b>706,993</b>	<b>1,108,666</b>
<b>21 REMUNERATION OF COUNCILLORS</b>				
Mayor	765,200	742,963	765,200	742,963
Executive Committee Members	1,247,066	1,250,631	1,247,066	1,250,631
Councillors	1,077,228	1,080,730	1,077,228	1,080,730
<b>Total Councillors' Remuneration</b>	<b>3,109,524</b>	<b>3,074,324</b>	<b>3,109,524</b>	<b>3,074,324</b>
<b>In-kind Benefits</b>				
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.				
<b>22 DEBT IMPAIRMENT</b>				
Trade Receivables from non-exchange transactions - Note 13	132,630	(148,463)	132,630	(148,463)
<b>Total Debt Impairment</b>	<b>132,630</b>	<b>(148,463)</b>	<b>132,630</b>	<b>(148,463)</b>
<b>23 DEPRECIATION AND AMORTISATION</b>				
Property Plant and Equipment	273,708	241,460	273,708	241,460
Intangible Assets	10,658	8,355	10,658	8,355
<b>Total Depreciation and Amortisation</b>	<b>284,365</b>	<b>249,835</b>	<b>284,365</b>	<b>249,835</b>
<b>24 IMPAIRMENTS</b>				
Non-Current Investments	-	-	600,642	593,633
Property, Plant and Equipment	-	5,732	-	5,732
<b>Total Impairments</b>	<b>-</b>	<b>5,732</b>	<b>600,642</b>	<b>599,365</b>
<b>25 FINANCE CHARGES</b>				
Employee Benefits	1,477,105	1,360,284	1,477,105	1,360,284
Less: Employee benefits transferred to Roads. Refer to note 3	(836,959)	(633,424)	(836,959)	(633,424)
Finance leases	13,723	16,202	13,723	16,202
<b>Total finance charges</b>	<b>653,829</b>	<b>743,062</b>	<b>653,829</b>	<b>743,062</b>
<b>26 REPAIRS AND MAINTENANCE</b>				
Buildings	813,113	108,668	813,113	108,668
Furniture and Equipment	32,921	11,438	32,921	11,438
General	1,060	2,120	1,060	2,120
Road Workings	12,336,384	9,605,976	12,336,384	9,605,976
Vehicle Repair and Maintenance	32,254	11,708	32,254	11,708
<b>Total Repairs and Maintenance</b>	<b>13,215,731</b>	<b>9,741,111</b>	<b>13,215,731</b>	<b>9,741,111</b>



CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

27	GENERAL EXPENSES	Economic Entity		Municipality	
		2016 R	2015 R	2016 R	2015 R
	Advertisements	108,136	43,713	103,136	43,713
	Audit fees	2,707,911	2,094,668	2,608,016	1,693,815
	Awareness days	105,158	30,373	105,158	30,373
	Bank Charges	27,305	33,269	26,318	32,266
	Compensation Commission	114	-	114	-
	Computer Expenses	405,258	419,999	456,243	419,999
	OWAF operational costs	16,056	-	16,056	-
	Electricity, Water and Sanitation	600,075	362,353	459,395	370,333
	Entertainment	33,595	14,784	33,595	14,784
	Entertainment: Deputy Mayor	19,770	22,490	19,770	22,490
	Entertainment: Mayor	164,587	128,397	164,587	128,397
	Entertainment: Speaker	49,908	22,000	49,908	22,000
	Expanded Public Works Program	7,415	914,452	7,415	914,452
	Fire Extinguishers	9,875	4,757	9,875	4,757
	Fuel and Oil	70,245	33,466	70,245	33,466
	Household Expenses	32,552	21,300	32,552	21,300
	Implement Projects	41,715	50,435	41,715	50,435
	Internal Auditing	597,013	372,991	597,013	372,991
	Insurance General	117,408	68,575	117,408	68,575
	Integrated Development Plan : Economic	5,597	-	5,597	-
	Integrated Development Plan : Financial Services	651,783	677,445	651,783	677,445
	Integrated Development Plan : Revaluation	578,775	247,260	578,775	247,260
	Inventory Items used - Department of Roads	7,515,231	7,740,476	7,515,231	7,740,476
	Legal Fees	103,621	50,732	103,621	50,732
	Membership Fees	519,811	526,642	519,811	526,642
	Milk Powder	168,145	220,480	168,145	220,480
	Penalties & Interest SARS	73,583	12,999	73,583	12,999
	Printing and Stationery	173,435	141,531	173,435	141,531
	Public Functions	133,055	69,220	133,055	69,220
	Rates	62,402	103,474	62,402	103,474
	Registration and Congress Fees	10,920	8,009	10,920	8,009
	Rent	62,997	87,725	62,997	87,725
	Rent Equipment	-	1,500	-	1,500
	Samples: Milk, Water and Food	28,908	58,575	28,908	58,575
	Shared services	1,629,810	454,141	1,629,810	454,141
	Study Fund	103,129	161,935	103,129	161,935
	Sundry Expenditure	148,764	160,051	67,803	143,945
	Sundry Projects	7,630,020	5,993,474	7,630,020	5,993,474
	Telephone and Postage	545,416	549,766	520,159	507,437
	Training	135,259	58,752	135,259	58,752
	Training Fund	551,262	421,742	551,262	421,742
	Travel and Subsistence	2,602,911	1,192,610	2,548,878	1,142,252
	Travel and Subsistence: Council	697,452	599,655	697,452	599,655
	<b>Total General Expenses</b>	<b>29,406,378</b>	<b>24,243,748</b>	<b>29,020,588</b>	<b>23,890,857</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2015	Economic Entity	2015	2015	Municipality	2015
	Previously reported R	Adjustments for errors R	Restated R	Previously reported R	Adjustments for errors R	Restated R
<b>28 CORRECTION OF ERROR IN TERMS OF GRAP 3</b>						
<b>STATEMENT OF FINANCIAL POSITION</b>						
Accumulated Surplus/(Deficit)	(4,268,151)	(232,623)	(4,530,974)	(4,321,598)	(232,623)	(4,554,422)
Long-term Liabilities	14,994	-	14,994	14,994	-	14,994
Long-term Employee benefits	16,873,812	-	16,873,812	16,873,812	-	16,873,812
Current employee benefits	3,397,693	-	3,397,693	3,352,171	-	3,352,171
Payables from non-exchange transactions	402,385	-	402,385	402,385	-	402,385
Payables from exchange transactions	4,738,618	2,258,639	6,997,255	4,738,720	2,258,639	6,995,359
Unspent Conditional Government Grants and Receipts	2,575,657	(190,206)	2,385,450	2,571,015	(190,206)	2,380,809
Current Portion of Long-term Liabilities	38,976	-	38,976	-	-	38,976
<b>Total Net Assets and Liabilities</b>	<b>23,744,151</b>	<b>1,835,609</b>	<b>25,579,760</b>	<b>23,668,475</b>	<b>1,835,609</b>	<b>25,504,084</b>
Property, Plant and Equipment	4,111,393	1,843,085	5,954,478	4,111,393	1,843,085	5,954,478
Intangible Assets	61,126	-	61,126	61,126	-	61,126
Employee benefits	9,612,848	-	9,612,848	9,612,848	-	9,612,848
Inventory	921,473	-	921,473	921,473	-	921,473
Receivables from non-exchange transactions	388,689	97,625	486,315	350,644	97,625	478,269
Unspent Conditional Government Grants and Receipts	899,297	(313,524)	585,772	899,297	(313,524)	585,772
Taxes	111,743	-	111,743	111,743	-	111,743
Employee benefits	623,420	-	623,420	-	-	623,420
Cash and Cash Equivalents	6,917,163	145,435	7,062,598	6,912,522	145,435	7,057,957
<b>Total Assets</b>	<b>23,744,151.11</b>	<b>1,772,621</b>	<b>25,516,772</b>	<b>23,731,484</b>	<b>1,772,621</b>	<b>25,504,085</b>
<b>REVENUE</b>						
Government Grants and Subsidies - Operating	27,209,825	(60,330)	27,149,495	26,688,821	(60,330)	26,928,491
Debt Impairment	148,463	-	148,463	148,463	-	148,463
Actuarial Gains	58,062	-	58,062	58,062	-	58,062
National Treasury 1% audit fee	405,662	-	405,662	405,662	-	405,662
Rental of Facilities and Equipment	70,022	-	70,022	70,022	-	70,022
Interest Earned - external investments	448,335	(22,560)	423,775	446,335	(22,560)	423,775
Department of Transport - Roads Service Charges	35,781,816	-	35,781,816	35,781,816	-	35,781,816
Licences and Permits	14,959	-	14,959	14,959	-	14,959
Agency Services	3,158,928	-	3,158,928	3,158,928	-	3,158,928
Other Income	1,147,520	171,692	1,319,512	1,147,520	171,992	1,319,512
<b>Total Revenue</b>	<b>68,441,623</b>	<b>89,102</b>	<b>68,530,725</b>	<b>68,220,619</b>	<b>89,102</b>	<b>68,309,721</b>
<b>EXPENDITURE</b>						
Employee related costs	26,766,765	73,570	26,870,385	26,311,642	73,570	26,385,212
Remuneration of Councilors	3,074,324	-	3,074,324	3,074,324	-	3,074,324
Debt Impairment	-	-	-	-	-	-
Depredation and Amortisation	249,835	-	249,835	249,835	-	249,835
Impairments	5,732	-	5,732	599,365	-	599,365
Repairs and Maintenance	9,741,111	-	9,741,111	9,741,111	-	9,741,111
Actuarial losses	1,116,322	-	1,116,322	1,116,322	-	1,116,322
Finance Charges	743,062	-	743,062	743,062	-	743,062
Contracted services	273,977	-	273,977	273,977	-	273,977
General Expenses	24,563,192	(119,444)	24,243,748	24,010,304	(119,444)	23,890,660
Loss on disposal of Property, Plant and Equipment	0	-	-	-	-	-
<b>Total Expenditure</b>	<b>66,364,351</b>	<b>(45,874)</b>	<b>66,318,476</b>	<b>66,119,942</b>	<b>(45,874)</b>	<b>66,074,068</b>
<b>NET (DEFICIT)SURPLUS FOR THE YEAR</b>	<b>2,077,272</b>	<b>134,976</b>	<b>2,212,249</b>	<b>2,100,677</b>	<b>134,976</b>	<b>2,235,653</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2015 R	2015 R
<b>28.1 PROPERTY PLANT &amp; EQUIPMENT - LAND &amp; Buildings</b>		
<i>Balance previously reported - 30 June</i>	1,535,074	1,535,074
Land & Building in Prince Albert, ERF 744, previously not included in CKDM's register. Correction made to include the land & building in the updated register.	1,843,085	1,843,085
<i>Restated Balance</i>	3,378,159	3,378,159
<b>28.2 Trade and Other Payables</b>		
<i>Balance previously reported - 30 June</i>	74,367	74,367
Payable incorrectly classified as debit payable. Payment made in the previous financial year and incorrectly disclosed as debit payable.	(74,367)	(74,367)
<i>Restated Balance</i>	-	-
<b>28.3 Employee Related Costs - Contributions for UIF, Pensions and Medical Aids</b>		
<i>Balance previously reported - 30 June</i>	26,311,642	26,311,642
Payment incorrectly classified as a debit payable. Correction made. Expense reversed due to stale cheque	74,367 (798)	74,367 (798)
<i>Restated Balance</i>	26,385,211	26,385,211
<b>28.4 Trade Receivables</b>		
<i>Balance previously reported - 30 June</i>	-	-
Income not recognised in correct financial year.	171,992	171,992
<i>Restated Balance</i>	171,992	171,992
<b>28.5 Other Income - Shared services</b>		
<i>Balance previously reported - 30 June</i>	(548,971)	(548,971)
Revenue recognised in correct financial year.	(171,992)	(171,992)
<i>Restated Balance</i>	(718,963)	(718,963)
<b>28.6 Unpaid Conditional Government Grants and Receipts</b>		
<i>Balance previously reported - 30 June</i>	998,296	998,296
Old grants considered not refundable corrected. MSIG grant over expenditure reversed	(250,636) (62,988)	(250,636) (62,988)
<i>Restated Balance</i>	682,772	682,772
<b>28.7 Unspent Conditional Government Grants and Receipts</b>		
<i>Balance previously reported - 30 June</i>	(2,571,015)	(2,571,015)
Old grants considered not repayable corrected.	190,206	190,206
<i>Restated Balance</i>	(2,380,809)	(2,380,809)
<b>28.8 Government Grants and Subsidies - Operating</b>		
<i>Balance previously reported - 30 June</i>	(26,988,821)	(26,988,821)
Correction of Audit fees paid on behalf of National Treasury note	60,330	60,330
<i>Restated Balance</i>	(26,928,491)	(26,928,491)
<b>28.9 Cash and Cash Equivalents</b>		
<i>Balance previously reported - 30 June</i>	6,912,521	6,912,521
Correction of stale checks not cashed	120,242	120,242
Interest on bank account not included in bank balance	25,193	25,193
<i>Restated Balance</i>	7,057,956	7,057,956
<b>28.10 General Expenses</b>		
<i>Balance previously reported - 30 June</i>	24,010,304	24,010,304
Expense reversed due to stale cheque	(119,444)	(119,444)
<i>Restated Balance</i>	23,890,860	23,890,860
<b>28.11 Interest Earned - external Investments</b>		
<i>Balance previously reported - 30 June</i>	446,335	446,335
Interest on bank account not included in bank balance	25,193	25,193
Interest income not to be recognised as income. Interest on surty must go to Payables	(47,752)	(47,752)
<i>Restated Balance</i>	423,776	423,776
<b>28.12 Payables from exchange transactions</b>		
<i>Balance previously reported - 30 June</i>	4,738,720	4,738,720
Interest income not to be recognised as income. Interest on surty must go to Payables	47,752	47,752
Roads payable not correctly recognised	2,210,888	2,210,888
<i>Restated Balance</i>	6,995,358	6,995,358

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>29 RECONCILIATION BETWEEN NET SURPLUS(DEFICIT) FOR THE YEAR AND CASH GENERATED BY OPERATIONS</b>				
Surplus for the year	2,061,110	2,212,249	2,071,362	2,235,655
<b>Adjustments for:</b>				
Depreciation	273,707	241,481	273,707	241,481
Amortisation of Intangible Assets	10,658	8,354	10,658	8,354
Loss on disposal of property, plant and equipment	10,565	-	10,565	-
Interest on Employee benefits	1,477,105	1,360,284	1,477,105	1,360,284
Contribution to provisions – bad debt	132,630	(148,463)	132,630	(148,463)
Contribution to short term employee benefits	70,956	431,952	67,504	402,394
Contribution from/to employee benefits	912,415	580,583	912,415	580,583
Actuarial Loss	68,177	1,037,483	68,177	1,037,483
Non - cash movement in employee benefits	(741,144)	(1,383,165)	(741,144)	(1,383,165)
Impairment written off	-	5,732	900,642	599,365
Grants Received	30,302,472	27,469,279	30,302,472	27,469,279
Grant Expenditure	(32,312,177)	(27,214,824)	(32,311,191)	(26,993,822)
Operating Surplus before changes in working capital	2,266,474	4,600,944	3,174,922	5,409,428
Changes in working capital	(2,631,501)	(1,550,219)	(2,638,316)	(1,944,067)
Decrease in Trade and Other Payables	(955,601)	(551,000)	(1,002,416)	(552,694)
Increase(Decrease) in Unspent and Unpaid Grants	-	60,331	-	60,331
Increase(Decrease) in Taxes	(53,154)	(100,468)	(53,154)	(100,468)
(Increase)Decrease in Inventory	108,927	212,510	108,927	212,510
(Increase)Decrease in Trade and other receivables	(1,691,673)	(1,571,592)	(1,691,673)	(1,563,546)
Cash generated by operations	<b>(365,028)</b>	<b>2,650,725</b>	<b>536,608</b>	<b>3,465,361</b>
<b>30 RECONCILIATION OF CASH FLOW STATEMENT</b>				

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 2016

	2015 (Previously reported) R	2015 (Adjustments) R	2015 (Restated) R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other	39,214,074	74,363	39,288,438
Government	27,469,279	-	27,469,279
Interest	445,335	(22,560)	422,775
<b>Payments</b>			
Suppliers and employees	(63,793,563)	93,632	(63,699,930)
Finance charges	(16,202)	-	(16,202)
<b>Cash generated by operations</b>	<b>3,319,923</b>	<b>145,436</b>	<b>3,465,359</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	(297,593)	-	(297,593)
Proceeds on Disposal of Fixed Assets	-	-	-
Purchase of Intangible Assets	(21,165)	-	(21,165)
Decrease/(Increase) in Non-current Investments	(593,633)	-	(593,633)
<b>Net Cash from Investing Activities</b>	<b>(912,412)</b>	<b>-</b>	<b>(912,412)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid	(51,039)	-	(51,039)
<b>Net Cash from Financing Activities</b>	<b>(51,039)</b>	<b>-</b>	<b>(51,039)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,356,474</b>	<b>-</b>	<b>2,501,910</b>
Cash and Cash Equivalents at the beginning of the year	4,556,048	-	4,556,048
Cash and Cash Equivalents at the end of the year	6,912,522	145,435	7,057,957
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,356,472</b>	<b>145,437</b>	<b>2,501,909</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>30 NON - CASH INVESTING AND FINANCING ACTIVITIES</b>				
<b>30.1 Employee benefits</b>				
Movements for the year	660,592	1,618,067	660,592	1,618,067
Non - Cash movement current portion of employee benefits	(639,687)	(1,261,451)	(639,687)	(1,261,451)
	<u>340,905</u>	<u>356,616</u>	<u>340,905</u>	<u>356,616</u>
<b>30.2 Current Employee benefits</b>				
Movements for the year	83,918	239,044	83,918	239,044
Non - Cash movement current portion of employee benefits	(101,457)	(121,714)	(101,457)	(121,714)
	<u>(17,539)</u>	<u>117,330</u>	<u>(17,539)</u>	<u>117,330</u>
<b>30.3 Long term receivables</b>				
Movements for the year	639,687	1,261,451	639,687	1,261,451
Non - Cash movement current portion of employee benefits	(639,687)	(1,261,451)	(639,687)	(1,261,451)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30.4 Short term receivables</b>				
Movements for the year	101,457	121,714	101,457	121,714
Non - Cash movement current portion of employee benefits	(101,457)	(121,714)	(101,457)	(121,714)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Call Investments Deposits - Note 15	2,693,787	2,339,753	2,693,787	2,339,753
Cash Floats - Note 15	1,500	1,300	1,300	1,300
Bank - Note 15	3,407,253	4,721,545	3,403,599	4,718,504
<b>Total cash and cash equivalents</b>	<u>6,102,340</u>	<u>7,062,598</u>	<u>6,098,686</u>	<u>7,057,957</u>
<b>32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>				
Cash and Cash Equivalents - Note 31	6,102,340	7,062,598	6,098,686	7,057,957
Less:	833,574	2,385,449	829,919	2,380,609
Unspent Committed Conditional Grants - Note 7	833,574	2,385,449	829,919	2,380,609
<b>Resources available for working capital requirements</b>	<u>5,268,767</u>	<u>4,677,148</u>	<u>5,268,767</u>	<u>4,677,148</u>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

33	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	Economic Entity		Municipality	
		2016 R	2015 R	2016 R	2015 R
	Long-term Liabilities - Note 2	182,609	53,970	182,609	53,970
	Used to finance property, plant and equipment - at cost	(182,609)	(53,970)	(182,609)	(53,970)
		-	-	-	-
34	<b>BUDGET COMPARISONS</b>				
	The budget comparison only applies to the Municipality as there were no approved budget for the entity.	2016 R (Actual)	2015 R (Budget)	2016 R (Variance)	2015 R (%)
34.1	<b>Operational</b>				
	<b>Revenue by source</b>				
	Government Grants and Subsidies - Operating	32,311,191	36,417,200	(4,106,009)	-11%
	Actuarial Gains	370,332	-	370,332	100%
	National Treasury 1% audit fee	1,250,659	-	1,250,659	100%
	Rental of Facilities and Equipment	83,727	50,000	19,727	35%
	Interest Earned - external Investments	631,914	500,000	131,914	26%
	Licences and Permits	15,560	9,500	6,060	64%
	Department of Transport - Roads Service Charges	40,093,116	42,550,000	(2,453,884)	-6%
	Agency Services	3,077,276	3,773,500	(696,224)	-18%
	Other Income	2,687,263	2,609,654	(22,391)	-1%
		60,750,077	68,209,654	(5,459,777)	-8%
	<b>Expenditure by nature</b>				
	Employee Related Costs	30,671,626	15,174,656	(15,497,130)	102%
	Remuneration of Councilors	3,109,524	3,428,050	(318,526)	-9%
	Debt Impairment	132,630	-	(132,630)	-100%
	Depreciation and Amortisation	264,365	368,204	(83,839)	-23%
	Impairments	600,642	50,000	(850,642)	1701%
	Repairs and Maintenance	13,215,731	1,118,629	(12,097,102)	1081%
	Finance Charges	653,629	139,000	(514,629)	370%
	Contracted services	240,488	279,000	(38,512)	-14%
	Capital Projects	-	115,000	115,000	-100%
	General Expenses	29,020,599	64,693,934	(35,673,349)	-55%
	Loss on disposal of Property, Plant and Equipment	10,565	-	(10,565)	-100%
	Actuarial Losses	438,509	450,000	(11,491)	3%
		78,678,696	68,068,513	7,407,818	-9%
	<b>Net Surplus for the year</b>	<b>2,071,381</b>	<b>(23,341)</b>	<b>1,948,041</b>	<b>1575%</b>
		2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
34.2	<b>Expenditure by Vote</b>				
	Executive and Council	10,603,691	9,829,329	774,362	6%
	Budget and Treasury	13,270,687	15,319,506	(2,048,719)	-13%
	Corporate Services	10,022,321	11,578,755	(1,557,434)	-13%
	Planning and Development	1,540,325	2,569,660	(1,029,335)	-40%
	Health	2,123,183	2,875,053	(751,870)	-26%
	Public Safety	948,125	1,363,110	(414,985)	-30%
	Road Transport	40,170,164	42,550,000	(2,379,836)	-6%
		78,678,698	68,068,513	(7,407,817)	-9%
35	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>				
		Economic Entity		Municipality	
		2015 R	2015 R	2015 R	2015 R
35.1	<b>Unauthorised expenditure</b>				
	Reconciliation of unauthorised expenditure:				
	Opening balance	-	-	-	-
	Unauthorised expenditure current year - capital	599,015	-	599,015	-
	Unauthorised expenditure current year - operating	774,362	-	774,362	-
	Written off by council	-	-	-	-
	Unauthorised expenditure awaiting authorisation	1,373,377	-	1,373,377	-

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 2016**

	2016 R (Actual)	2015 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Corporate Services	10,022,321	11,579,755	(1,557,434)	-
Budget and Treasury	13,270,887	15,319,606	(2,048,719)	-
Health	2,123,183	2,875,053	(751,870)	-
Executive and Council	19,603,691	9,829,329	774,362	774,362
Planning and Development	1,540,325	2,569,660	(1,029,335)	-
Public Safety	848,125	1,363,110	(414,985)	-
Road Transport	40,170,164	42,550,000	(2,379,836)	-
	<b>78,678,696</b>	<b>86,088,513</b>	<b>(7,407,817)</b>	<b>774,362</b>

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
<b>Unauthorised expenditure current year - capital</b>				
Budget & Treasury	714,015	115,000	599,015	599,015
	<b>714,015</b>	<b>115,000</b>	<b>599,015</b>	<b>599,015</b>

**35.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	12,999	-	12,999	-
Fruitless and wasteful expenditure current year	73,583	12,999	73,583	12,999
Written off by council	-	-	-	-
Fruitless and wasteful expenditure awaiting further action	<b>86,582</b>	<b>12,999</b>	<b>86,582</b>	<b>12,999</b>

Incident	Disciplinary steps/criminal proceedings	2016 R	2015 R	2016 R	2015 R
Interest on late payment of creditors	None	-	-	-	-
SARS penalties	None	73,583	12,999	73,583	12,999
Interest on arrears portion of long term liabilities	None	-	-	-	-
		<b>73,583</b>	<b>12,999</b>	<b>73,583</b>	<b>12,999</b>

**35.3 Irregular expenditure**

Reconciliation of Irregular expenditure:

Opening balance	440,297	64,474	433,577	64,474
Irregular expenditure current year	11,985,848	440,297	11,985,848	433,577
Written off by council	-	(64,474)	-	(64,474)
Irregular expenditure awaiting further action	<b>12,426,145</b>	<b>440,297</b>	<b>12,419,425</b>	<b>433,577</b>

Incident	Disciplinary steps/criminal proceedings	2016 R	2015 R	2016 R	2015 R
Purchases made without tax clearance certificates	None	-	69,950	-	69,950
Outgoing councillors not repaying their debt	None	246,815	-	246,815	-
Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	None	11,739,033	340,347	11,739,033	333,627
		<b>11,985,848</b>	<b>440,297</b>	<b>11,985,848</b>	<b>433,577</b>

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.

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

In terms of section 39 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		76,343
Impractical	155,933	293,173
Sole Supplier	2,565,050	2,522,640
Grand Total	<b>2,721,023</b>	<b>2,892,356</b>

The ten major deviations, in total, for the current financial year were as follows:

Awarded to	Reason/Explanation	Amount
SOUTH CAPE PETROLEUM (PTY) LTD	Only alternative supplier	2,116,622
BELL EQUIPMENT	Only Agent that sells the specific parts	360,722
National Garage	Only supplier that we have an account with	272,130
MURRAYSBURG VULSTASIE	Only supplier that we have an account with	234,300
KAMROR CC T/A DONKIN MOTORS	Only supplier that we have an account with	219,175
ELB EQUIPMENT LTD	Only Agent that sells the specific parts	196,618
BARLOWORLD EQUIPMENT	Only agent that supplies CAT Equipment	168,519
KOMATSU	Only Agent that sells the specific parts	159,305
VICTOR SE GARAGE	Only supplier that we have an account with	150,092
PENNYWORTH TRADING (PTY) LTD	Only Agent that sells the specific parts	141,268
<b>Total</b>		<b>4,036,668</b>



**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

35.4	<b>Material Losses</b>				
	No material losses occurred				
35.5	<b>Service In State</b>				
	No supplier(s) indicated that a member is in service of the state as required by section 13(c)(i) of the Supply Chain Management Regulations				
		Economic Entity		Municipality	
		2016	2015	2016	2015
		R	R	R	R
36	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>				
36.1	<b>Contributions to organised local government - IMFMA 125 (1)(b) - SALGA CONTRIBUTIONS</b>				
	Opening balance	-	-	-	-
	Council subscriptions	500,000	526,707	500,000	526,707
	Amount paid - current year	(500,000)	(526,707)	(500,000)	(526,707)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
36.2	<b>Audit fees - IMFMA 125 (1)(b)</b>				
	Opening balance	-	-	-	-
	Current year audit fee	2,506,016	1,693,815	2,506,016	1,693,815
	External Audit - Auditor-General	2,506,016	1,693,815	2,506,016	1,693,815
	Amount paid - current year	(2,506,016)	(1,693,815)	(2,506,016)	(1,693,815)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
36.3	<b>VAT - IMFMA 125 (1)(b)</b>				
	Opening balance	111,743	11,275	111,743	11,275
	Amounts received - current year	(713,091)	(375,165)	(713,091)	(375,165)
	Amounts claimed - current year	626,266	454,871	626,266	454,871
	<b>Closing balance - Receivable</b>	<b>224,938</b>	<b>90,852</b>	<b>224,938</b>	<b>90,852</b>
	Vat in suspense due to cash basis of accounting				
	Input VAT	434,306	112,687	434,306	112,687
	Output VAT	(269,409)	(1,245)	(269,409)	(1,245)
	<b>Receivable / (Payable)</b>	<b>164,897</b>	<b>111,743</b>	<b>164,897</b>	<b>111,743</b>
	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.				
36.4	<b>PAYE, SDL and UIF - IMFMA 125 (1)(b)</b>				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	4,768,515	4,151,236	4,768,515	4,151,236
	Amount paid - current year	(4,768,515)	(4,151,236)	(4,768,515)	(4,151,236)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
36.5	<b>Pension and Medical Aid Deductions - IMFMA 125 (1)(b)</b>				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	4,367,739	3,414,633	4,367,739	3,414,633
	Amount paid - current year	(4,367,739)	(3,414,633)	(4,367,739)	(3,414,633)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
36.6	<b>Unlisted Investment in Central Karoo Economic Development Agency SOC Ltd - IMFMA 125 (1)(b)</b>				
	Shares	-	-	100	100
	Owners contribution during the year	-	-	600,542	593,533
	Impairments	-	-	(600,642)	(593,533)
	<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
36.7	<b>Councillor's arrear consumer accounts - IMFMA 124 (1)(b)</b>	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
	The following Councillors had arrear accounts for more than 90 days as at 30 June:				
	Councillor MS Hangana	21,838	24,517	21,838	24,517
	Councillor JJ Windvogel	21,698	21,698	21,698	21,698
	Councillor J Boslander	26,468	23,456	26,468	26,468
	Councillor BJ van As	-	1,168	-	1,168
	Councillor M Furmen	4,430	7,141	4,430	7,141
	Councillor S Botes	1,753	1,753	1,753	1,753
	Councillor Mayor EZ Njedo	23,045	18,017	23,045	18,017
	<b>Total</b>	<b>99,283</b>	<b>100,729</b>	<b>99,283</b>	<b>100,729</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Economic Entity		Municipality	
	2015 R	2015 R	2016 R	2015 R
<b>37 CAPITAL COMMITMENTS</b>				
Commitments in respect of capital expenditure: Approved and contracted for:	-	-	-	474,628
Total commitments consist out of the following				
Upgrading of council chambers	-	-	-	474,628
This expenditure will be financed from:	-	-	-	474,628

**38 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	59,149	70,027	59,145	70,027
0.5% (2014 - 0.5%) Decrease in interest rates	(29,573)	(35,013)	(29,573)	(35,013)

**(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:

Receivables from non-exchange transactions	978,332	763,814	978,332	763,814
Cash and Cash Equivalents	6,102,340	7,057,557	6,069,666	7,057,657
Unpaid conditional grants and subsidies	1,140,601	682,772	1,140,601	682,772
	<u>8,221,323</u>	<u>8,504,543</u>	<u>8,217,669</u>	<u>8,504,543</u>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**(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 6 years	Between 5 and 10 years	Over 10 Years
<b>2016</b>				
Long Term liabilities - Finance Lease Liability	53,650	156,831	-	-
Capital repayments	42,442	140,367	-	-
Interest	11,433	16,464	-	-
Trade and Other Payables	6,113,915	-	-	-
Unspent conditional government grants and receipts	833,574	-	-	-
	<b>7,001,368</b>	<b>156,831</b>	-	-
	Less than 1 year	Between 1 and 6 years	Between 5 and 10 years	Over 10 Years
<b>2015</b>				
Long Term liabilities - Finance Lease Liability	44,651	17,566	-	-
Capital repayments	33,976	14,994	-	-
Interest	5,675	2,592	-	-
Trade and Other Payables	6,997,252	-	-	-
Unspent conditional government grants and receipts	2,380,609	-	-	-
	<b>9,422,712</b>	<b>17,566</b>	-	-

**39 FINANCIAL INSTRUMENTS**

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

39.1 Financial Assets	Classification	Economic Entity		Municipality	
		2016 R	2015 R	2016 R	2015 R
<b>Receivables</b>					
Receivables from non-exchange transactions	Financial Instruments at amortised cost	978,382	763,814	978,382	763,814
<b>Other Receivables</b>					
Government Subsidies and Grants	Financial Instruments at amortised cost	1,140,601	682,772	1,140,601	682,772
<b>Short-term Investment Deposits</b>					
Call Deposits	Financial Instruments at amortised cost	2,693,787	2,339,753	2,693,787	2,339,753
<b>Bank Balances and Cash</b>					
Bank Balances	Financial Instruments at amortised cost	3,407,253	4,721,545	3,403,599	4,716,504
Cash Floats and Advances	Financial Instruments at amortised cost	1,300	1,300	1,300	1,300
		<b>8,221,323</b>	<b>8,509,183</b>	<b>8,217,669</b>	<b>8,504,543</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>					
Financial Instruments at amortised cost		<b>8,221,323</b>	<b>8,509,183</b>	<b>8,217,669</b>	<b>8,504,543</b>



**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Economic Entity		Municipality	
	2016 R	2015 R	2016 R	2015 R
<b>45.2 Related Party Loans</b>				
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				
<b>45.3 Compensation of key management personnel</b>				
The compensation of key management personnel is set out in note 20 to the Annual Financial Statements				
<b>45.4 Other related party transactions</b>				
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	32,414	24,517	32,414	24,517
Councillor LJ Windvogel	41,914	21,698	41,914	21,698
Councillor J Bostander	46,714	26,456	46,714	26,456
Councillor BJ van As	16,728	1,146	16,728	1,146
Councillor M Furman	21,158	7,141	21,158	7,141
Councillor S Botes	1,753	1,753	1,753	1,753
Councillor Mayor EZ Njedo	42,134	18,017	42,134	18,017
Councillor E Maans	3,193	-	3,193	-
Councillor G De Vos	16,728	-	16,728	-
Councillor Dr. AL Rabie	4,512	-	4,512	-
Councillor S Motjhe	2,838	-	2,838	-
Councillor AM Slabbert	16,728	-	16,728	-
	<b>246,815</b>	<b>100,729</b>	<b>246,815</b>	<b>100,729</b>
Included in general expenses are sitting allowances paid to board members				
<b>Total</b>	<b>69,404</b>	<b>18,500</b>	<b>-</b>	<b>-</b>

**46 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 exceeded current assets with the current ratio being 0.75 (2015)

Current assets exceeds current Liabilities with the current ratio being 0.88 (2016)

Liquidity ratio of 0.66 (2015)

Liquidity ratio of 0.57 (2016)

Accumulated deficit of R 4,593,963(2015)

Accumulated surplus of R 2,539,239 (2016)

**The following factors mitigated the financial uncertainty**

The current ratio increased to 1.17:1 from 0.60:1 in the prior year.

The municipality have budgeted for a Surplus of R 8 340 for the 2015/2016 financial year. The municipality is also budgeting for positive cash flows during 2016/2017 and 2017/2018

Possible outflow of resources due the contingent liability disclosed in note 44

**47 SERVICE IN KIND**

As per GRAP 23 par 99-107 the following transactions are regarded as service in kind

The auditor General - Audit fees over and above 1% contributed by National Treasury

1,280,693                      406,682

**48 BUDGET COMPARISONS**

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, as 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:

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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.

**APPENDIX A - Unaudited  
CENTRAL KAROO DISTRICT MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016.**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2015 Restated</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 JUNE 2016</b>
<b>LEASE LIABILITY</b>							
Gestetner MP 6001 SP	20.00%		30/11/2015	24,373	-	24,373	-
RICOH MPC2003SP	13.00%		21/03/2021	-	70,938	3,381	67,557
RICOH MPC6003SP	13.00%		26/09/2020	-	114,132	13,875	100,258
Gestetner MPC 3001	13.00%		30/11/2016	18,553	-	12,429	6,125
RICOH MP301SP	13.00%		30/06/2019	11,044	-	2,173	8,871
<b>Total Lease Liabilities</b>				<b>53,970</b>	<b>185,070</b>	<b>56,231</b>	<b>182,810</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>53,970</b>	<b>185,070</b>	<b>56,231</b>	<b>182,810</b>

**APPENDIX B - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**MUNICIPAL VOTES CLASSIFICATION**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
2,588,310	(2,367,937)	220,373	MUNICIPAL MANAGER	6,075,634	(5,255,130)	820,504
3,485,800	(4,622,710)	(1,136,910)	COUNCIL GENERAL EXPENSES	2,000,000	(5,348,561)	(3,348,561)
14,740,205	(15,043,868)	(303,663)	FINANCIAL SERVICES	23,245,452	(17,083,770)	6,161,682
7,925,260	(2,865,805)	5,059,455	CORPORATE SERVICES	5,310,183	(3,621,119)	1,689,064
1,042,785	(1,148,811)	(106,026)	PLANNING AND DEVELOPMENT	1,411,127	(1,540,325)	(129,198)
77,074	(2,058,601)	(1,981,527)	HEALTH	44,780	(2,123,183)	(2,078,403)
2,698,248	(1,487,053)	1,211,195	OTHER	2,200,318	(1,687,678)	512,640
-	(727,242)	(727,242)	PUBLIC SAFETY	316,268	(948,125)	(631,857)
163,807	(187,211)	(23,404)	CKEDA	987	(878,777)	(877,790)
35,809,236	(35,809,236)	-	ROAD TRANSPORT	40,146,313	(40,170,164)	(23,851)
<b>68,530,725</b>	<b>(66,318,475)</b>	<b>2,212,251</b>	<b>Sub Total</b>	<b>80,751,062</b>	<b>(78,656,832)</b>	<b>2,094,231</b>
-	-	-		-	-	-
<b>68,530,725</b>	<b>(66,318,475)</b>	<b>2,212,251</b>	<b>Total</b>	<b>80,751,062</b>	<b>(78,656,832)</b>	<b>2,094,231</b>



**APPENDIX C - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
1,491,462	(6,990,646)	(5,499,184)	Executive and Council	3,685,618	(10,603,691)	(6,918,073)
6,530,558	(12,100,459)	(5,569,901)	Budget and Treasury	16,278,595	(13,270,887)	3,007,708
24,058,152	(7,296,268)	16,761,885	Corporate Services	20,578,501	(9,121,679)	11,456,822
400,435	(1,148,811)	(748,376)	Planning and Development	-	(1,540,325)	(1,540,325)
77,074	(2,058,601)	(1,981,527)	Health	44,780	(2,123,183)	(2,078,404)
-	(727,242)	(727,242)	Public Safety	16,268	(948,125)	(931,857)
35,809,236	(35,809,236)	-	Road Transport	40,146,313	(40,170,164)	-
163,807	(187,211)	(23,404)	CKEDA	987	(878,777)	(877,790)
68,530,725	(66,318,475)	2,212,250	<b>Total</b>	<b>80,751,063</b>	<b>(78,656,832)</b>	<b>2,118,082</b>

**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 2015	Correction of error	Balance 1 JULY 2015	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2016
	R	R	R	R	R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>							
<b>National Government Grants</b>							
Equitable Share	-	-	-	19,324,000	19,324,000	-	-
Local Government Financial Management Grant	(2,068)	-	(2,068)	1,250,000	1,250,000	-	(2,068)
Municipal Systems Improvement Grant	-	-	-	930,000	930,000	-	-
EPWP	39,619	-	39,619	1,038,000	1,018,910	-	58,710
Work for Water Project	(179,597)	179,597	-	-	-	-	-
Rural Asset Management Grant (RAMS)	960,452	-	960,452	1,794,000	3,390,016	-	(635,564)
Dept. Local Government	90,766	(90,766)	-	-	-	-	-
<b>Total National Government Grants</b>	<b>909,173</b>	<b>88,831</b>	<b>998,004</b>	<b>24,338,000</b>	<b>25,912,925</b>	<b>-</b>	<b>(578,921)</b>
<b>Provincial Government Grants</b>							
Financial Management Grant	1,380,738	-	1,380,738	1,384,500	1,471,367	522,661	771,209
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	-	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>1,316,405</b>	<b>64,333</b>	<b>1,380,738</b>	<b>1,384,500</b>	<b>1,471,367</b>	<b>522,661</b>	<b>771,209</b>
<b>Other Grant Providers</b>							
Tourism Biosfeer	50,855	(50,855)	-	-	-	-	-
Tourism Sustainability	48,585	(48,585)	-	-	-	-	-
Nutrition Scheme	(6,606)	6,606	-	-	-	-	-
Mechanical Replacement	-	-	-	-	-	-	-
LG SETA	(680,704)	-	(680,704)	3,930,412	3,522,828	-	(273,120)
Doring veld Project	-	-	-	651,559	881,409	-	(229,849)
IDC	4,640	-	4,640	-	987	-	3,655
<b>Total Other Grant Providers</b>	<b>(583,229)</b>	<b>(92,834)</b>	<b>(676,064)</b>	<b>4,581,972</b>	<b>4,405,224</b>	<b>-</b>	<b>(499,314)</b>
<b>Total</b>	<b>1,642,348</b>	<b>60,330</b>	<b>1,702,678</b>	<b>30,302,472</b>	<b>31,789,516</b>	<b>522,661</b>	<b>(307,027)</b>

**APPENDIX E - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (L.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								
<b>Revenue - Standard</b>								
<i>Governance and administration</i>	36,486	1,248	37,733	40,543	2,809	107.4%	111.1%	31,875
Executive and council	9,898	802	10,700	3,686	(7,014)	34.4%	37.2%	1,491
Budget and treasury	7,478	1,248	8,726	16,279	7,553	186.6%	217.7%	6,531
Corporate services	19,110	(802)	18,308	20,579	2,271	112.4%	107.7%	23,852
Other Admin	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	3,740	-	3,740	61	(3,679)	100.0%	100.0%	77
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	864	-	864	16	(848)	1.9%	1.9%	-
Housing	-	-	-	-	-	-	-	-
Health	2,876	-	2,876	45	(2,831)	1.6%	1.6%	77
<i>Economic and environmental services</i>	37,450	6,464	43,914	40,146	(3,768)	91.4%	107.2%	36,210
Planning and development	1,950	(588)	1,364	-	(1,364)	-	-	400
Road transport	35,500	7,050	42,550	40,146	(2,404)	94.4%	113.1%	35,809
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	822	-	822	-	(822)	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	822	-	822	-	(822)	-	-	-
<b>Total Revenue - Standard</b>	<b>78,498</b>	<b>7,712</b>	<b>86,210</b>	<b>80,758</b>	<b>(5,460)</b>	<b>93.7%</b>	<b>102.9%</b>	<b>68,161</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	36,192	919	37,111	33,897	(3,214)	91.3%	93.7%	26,182
Executive and council	9,879	1,126	11,004	10,604	(400)	86.4%	107.3%	6,091
Budget and treasury	7,752	33	7,785	13,271	5,486	170.5%	171.2%	12,100
Corporate services	18,562	(239)	18,322	10,022	(8,300)	54.7%	54.0%	7,091
Other	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	3,738	500	4,238	3,071	(1,167)	100.0%	100.0%	2,786
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	863	500	1,363	948	(415)	100.0%	100.0%	727
Housing	-	-	-	-	-	-	-	-
Health	2,875	-	2,875	2,123	(752)	100.0%	100.0%	2,059
<i>Economic and environmental services</i>	37,450	6,465	43,916	41,710	(2,205)	95.0%	111.4%	36,958
Planning and development	1,950	(585)	1,366	1,540	175	100.0%	100.0%	1,149
Road transport	35,500	7,050	42,550	40,170	(2,380)	94.4%	113.2%	35,809
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	821	-	821	-	(821)	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	821	-	821	-	(821)	-	-	-
<b>Total Expenditure - Standard</b>	<b>78,202</b>	<b>7,865</b>	<b>86,067</b>	<b>78,679</b>	<b>(7,408)</b>	<b>91.4%</b>	<b>100.6%</b>	<b>65,926</b>
<b>Surplus/(Deficit) for the year</b>	<b>296</b>	<b>(172)</b>	<b>123</b>	<b>2,071</b>	<b>1,948</b>	<b>1679.4%</b>	<b>700.5%</b>	<b>2,236</b>

**APPENDIX E - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.to. 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								
<b>Revenue by Vote</b>								
Executive and Council	9,898	602	10,700	3,683	(7,014)	34.4%	37.2%	1,491
Budget and Treasury	7,478	1,248	8,726	16,279	7,553	188.6%	217.7%	6,531
Corporate Services	19,110	(602)	18,308	20,579	2,271	112.4%	107.7%	23,852
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	864	-	864	16	(848)	1.9%	1.9%	-
Road Transport	35,500	7,050	42,550	40,145	(2,404)	94.4%	113.1%	35,809
Health	2,876	-	2,876	45	(2,831)	100.0%	100.0%	77
Planning and development	1,950	(586)	1,364	-	(1,364)	100.0%	100.0%	400
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	822	-	822	-	(822)	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>78,498</b>	<b>7,712</b>	<b>86,210</b>	<b>80,750</b>	<b>(5,460)</b>	<b>93.7%</b>	<b>102.9%</b>	<b>68,181</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	9,879	1,126	11,004	10,604	(400)	96.4%	107.3%	6,991
Budget and Treasury	7,752	33	7,785	13,271	5,486	170.5%	171.2%	12,100
Corporate Services	18,562	(239)	18,322	10,022	(8,300)	54.7%	54.0%	7,091
Community and Social Services	-	-	-	-	-	0.0%	-	-
Planning and development	1,950	(585)	1,366	1,540	175	100.0%	100.0%	1,149
Public Safety	863	500	1,363	948	(415)	100.0%	100.0%	727
Road Transport	35,500	7,050	42,550	40,170	(2,380)	94.4%	113.2%	35,809
Health	2,875	-	2,875	2,123	(752)	100.0%	100.0%	2,659
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	821	-	821	-	(821)	100.0%	100.0%	-
<b>Total Expenditure by Vote</b>	<b>78,202</b>	<b>7,885</b>	<b>86,087</b>	<b>78,679</b>	<b>(7,408)</b>	<b>91.4%</b>	<b>100.6%</b>	<b>65,924</b>
<b>Surplus/(Deficit) for the year</b>	<b>298</b>	<b>(172)</b>	<b>123</b>	<b>2,071</b>	<b>1,948</b>	<b>1679.4%</b>	<b>700.5%</b>	<b>2,238</b>

**APPENDIX E - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.e. 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								
<b>Revenue By Source</b>								
Property rates			-		-	-	-	
Property rates - penalties & collection charges			-		-	-	-	
Service charges			-		-	-	-	
Rental of facilities and equipment	120	(70)	50	70	20	139.5%	58.1%	70
Interest earned - external investments	200	300	500	632	132	126.4%	316.0%	424
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-
Actuarial Gains	-	-	-	370	370	0.0%	0.0%	58
Debt Impairment (Reversal)	-	-	-	-	-	0.0%	0.0%	-
Licences and permits	-	-	-	16	16	100.0%	100.0%	15
Agency services	3,421	353	3,774	3,077	(696)	81.5%	90.0%	3,159
Transfers recognised - operational	36,301	116	36,417	33,602	(2,815)	92.3%	92.6%	27,334
Other Income	38,456	7,014	45,469	42,983	(2,486)	94.5%	111.6%	37,101
Gains on disposal of PPE			-		-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>78,498</b>	<b>7,712</b>	<b>86,210</b>	<b>80,750</b>	<b>(5,460)</b>	<b>1117.8%</b>	<b>102.9%</b>	<b>68,161</b>
<b>Expenditure By Type</b>								
Employee related costs	14,415	759	15,175	30,672	15,497	202.1%	212.6%	26,385
Remuneration of councillors	3,428	-	3,428	3,110	(318)	90.7%	90.7%	3,074
Debt Impairment	-	-	-	133	133	100.0%	100.0%	(146)
Depreciation and Amortisation	375	(7)	368	284	(84)	77.2%	75.6%	250
Finance charges	139	-	139	654	515	470.4%	470.4%	743
Bulk purchases	-	-	-	-	-	0.0%	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	-	-	-	240	240	100.0%	100.0%	274
Transfers and grants	-	-	-	-	-	-	-	-
General Expenses	59,844	7,132	66,977	43,575	(23,401)	65.1%	72.6%	35,348
Loss on disposal of Property, Plant and Equipment			-	11	11	100.0%	100.0%	-
<b>Total Expenditure</b>	<b>78,202</b>	<b>7,885</b>	<b>86,087</b>	<b>78,679</b>	<b>(7,408)</b>	<b>1091.6%</b>	<b>100.6%</b>	<b>65,926</b>
<b>Surplus/(Deficit)</b>	<b>296</b>	<b>(172)</b>	<b>123</b>	<b>2,071</b>	<b>1,948</b>	<b>1679.4%</b>	<b>700.5%</b>	<b>2,236</b>
Transfers recognised - capital			-		-	-	-	
Contributions recognised - capital			-		-	-	-	
Contributed assets			-		-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>296</b>	<b>(172)</b>	<b>123</b>	<b>2,071</b>	<b>1,948</b>	<b>1679.4%</b>	<b>700.5%</b>	<b>2,236</b>

**APPENDIX E - Unaudited  
CENTRAL KAROO DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.e. MCA 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								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure</b>								
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			-	-	-	-	-	-
<b>Capital multi-year expenditure</b>	-	-	-	-	-	-	-	-
<b>Single-year expenditure</b>								
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			-	-	-	-	-	-
<b>Capital single-year expenditure</b>	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	-	-	-	-	-	-	-	-
<b>Capital Expenditure - Standard</b>								
<b>Governance and administration</b>	295	(180)	115	539	424	468.7%	182.7%	319
Executive and council			-	-	-	-	-	-
Budget and treasury office			-	-	-	-	-	-
Corporate services	295	(180)	115	539	424	468.7%	182.7%	319
<b>Community and public safety</b>	-	-	-	-	-	-	-	-
Community and social services			-	-	-	-	-	-
Sport and recreation			-	-	-	-	-	-
Public safety			-	-	-	-	-	-
<b>Economic and environmental services</b>	-	-	-	-	-	-	-	-
Road transport			-	-	-	-	-	-
<b>Trading services</b>	-	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-
Water			-	-	-	-	-	-
Waste water management			-	-	-	-	-	-
Waste management			-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	295	(180)	115	539	424	469%	183%	319
<b>Funded by:</b>								
National Government			-	-	-	-	-	-
Provincial Government			-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-
Public contributions & donations			-	-	-	-	-	-
Borrowing			-	-	-	-	-	-
Internally generated funds	295	(180)	115	539	424	468.7%	182.7%	68
<b>Total Capital Funding</b>	295	(180)	115	539	424	469%	183%	68

**APPENDIX E - Unaudited**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**CASH FLOWS**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts								
Ratepayers and other	41,673	(87,236)	45,563	46,062	499	1.1%	-0.6%	39,280
Government - operating	38,301	(72,918)	36,617	30,302	(6,315)	-20.8%	8.7%	27,469
Government - capital	-	-	-	-	-	-	-	-
Interest	200	(700)	500	632	132	20.9%	-18.8%	424
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(77,274)	154,981	(77,707)	(77,348)	359	-0.5%	0.2%	(64,507)
Finance charges	(139)	278	(139)	(14)	125	-912.9%	45.1%	(16)
Transfers and Grants	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>761</b>	<b>(5,595)</b>	<b>(4,834)</b>	<b>(365)</b>	<b>4,469</b>	<b>-1224.4%</b>	<b>-79.9%</b>	<b>2,651</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts								
Proceeds on disposal of PPE	-	-	-	(0)	-	-	-	-
Purchase of Property, Plant and Equipment	-	-	-	(529)	-	-	-	(298)
Decrease (increase) other non-current investments	(649)	1,082	(434)	(10)	424	-4212.9%	100.0%	-
Payments								
Capital assets	(295)	410	(115)	-	115	100.0%	100.0%	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(944)</b>	<b>1,492</b>	<b>549</b>	<b>(539)</b>	<b>(1,088)</b>	<b>201.8%</b>	<b>100.0%</b>	<b>(298)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	37	(74)	37	(58)	(93)	165.9%	100.0%	(51)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>37</b>	<b>(74)</b>	<b>(37)</b>	<b>(58)</b>	<b>(19)</b>	<b>34.1%</b>	<b>100.0%</b>	<b>(51)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(145)</b>	<b>(4,177)</b>	<b>(4,323)</b>	<b>(960)</b>	<b>3,363</b>	<b>-350.2%</b>	<b>-80.5%</b>	<b>2,302</b>
Cash/cash equivalents at the year begin:	10,201	(3,284)	6,917	7,063	145	2.1%	-4.4%	4,782
Cash/cash equivalents at the year end:	10,056	1,184	11,240	6,102	3,489	57.2%	294.6%	7,063

# Annexure B

## Auditor- General Report



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

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Central Karoo District Municipality set out on pages 5 to 72, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

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

## Opinion

5. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Central Karoo District Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

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

### Restatement of corresponding figures

7. As disclosed in note 28 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the 2015-16 financial year in the financial statements of the Central Karoo District Municipality at, and for the year ended, 30 June 2015.

### Material impairments

8. As disclosed in note 11 to the financial statements, the investment in Central Karoo Economic Development Agency SOC Ltd has been impaired by R2 232 202, which is the entire value of the investment including contributions of R900 542 for the current year (2014-15: contributions of R593 533).

### Going concern

9. Note 46 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 matters below. My opinion is not modified in respect of these matters

### Unaudited supplementary schedules

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

### Unaudited disclosure notes



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

## Report on other legal and regulatory requirements

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

## Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:
- Objective 4: to improve and maintain district roads and promote effective and safe public transport on pages 11 to 12
  - Objective 6: to promote safe, healthy and socially stable communities in an environment conducive to sustainable development on pages 12 to 13
15. I evaluated the usefulness of the reported performance information to determine whether it consistent with the 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.
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Objective 4: to improve and maintain district roads and promote effective and safe public transport
  - Objective 6: to promote safe, healthy and socially stable communities in an environment conducive to sustainable development

## Additional matters

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



## Achievement of planned targets

19. Refer to the annual performance report on page 8 to 14 for information on the achievement of the planned targets for the year.

## Unaudited supplementary information

20. The supplementary information set out on pages 15 to 46 does not form part of the annual performance report and is presented as additional information. We have not audited this information and, accordingly, we do not express a conclusion on them.

## **Compliance with legislation**

21. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I identified the following instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

## Annual financial statements

22. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected.

## Expenditure management

23. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
24. An adequate management, accounting and information system was not in place which accounted for creditors as required by section 65(2)(b) of the MFMA.
25. Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

## Liability management

26. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.
27. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.



## Procurement and contract management

28. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).
29. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
30. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
31. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1) (a).
32. Contracts were awarded to bidders based on preference points that were not allocated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
33. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
34. Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.

## Municipal entity

35. The annual performance objectives and indicators for the municipal entity were not established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with section 93B(a) of the Municipal Systems Act.

## **Internal control**

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

## **Leadership**

37. The accounting officer did not exercise adequate oversight responsibility over reporting to ensure that the annual financial statements are complete, accurate and compliant. The accounting officer did not exercise adequate oversight over non-compliance with laws and regulations. In addition an action plan was developed to address inadequacies identified in the previous audit but this was not constantly monitored to prevent recurrence of findings.



## Financial and performance management

38. Management did not adequately review the development and implementation of internal controls regarding financial reporting, since misstatements were identified in the financial statements. Management did not adequately monitor and review compliance with applicable laws and regulations. This could have been achieved by implementing an action plan to address inadequacies identified in the previous audit, as well as areas that the municipality themselves consider to be high risk areas. Such action plan should be constantly monitored to prevent recurrence of findings.

Cape Town

30 November 2016



A U D I T O R - G E N E R A L  
S O U T H A F R I C A

*Auditing to build public confidence*