

CENTRAL KAROO DISTRICT MUNICIPALITY



ANNUAL REPORT

2016/17

"Working together in development and growth"

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MAYOR'S FOREWORD

I. VISION

Central Karoo District Municipality adopted the vision "Working Together in Development and Growth", and to fulfil its vision and mission the following strategic objectives: -

- Facilitate good governance principles and effective stakeholder participation.
- Build a well capacitated workforce, skilled youth and communities.
- Improve and maintain district roads and promote safe road transport.
- Prevent and minimize the impact of possible disasters and improve public safety in the region.
- Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service.
- Promote regional, economic development, tourism and growth opportunities
- Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region.

A vision and mandate that will be executed by council that came into office August 2016. A Council that wants to serve its communities with excellence and pride by working together in an integrated, participative and collaborative manner with all local, provincial and national spheres of government.

II. KEY POLICY DOCUMENTS

During the period of review the following set of policies have been reviewed, developed and approved by Council: -

- Credit Control Policy
- SCM Policy – delegations
- Virement Policy
- Cash Management and Investment Policy
- Borrowing Policy
- Funding and Reserve Policy – adjusted
- Asset Management Policy
- Risk Management Policy
- MFMA Delegations Register
- Anti-corruption and Fraud Prevention Policy
- Budget Policy
- Unforeseen and unavoidable expenditure Policy
- Tariffs Policy
- Whistle Blowing Policy
- Relief Fund Policy
- Infrastructure Procurement Policy
- Municipal Entities Policy
- Travel & Subsistence Policy
- Tools of Trade Policy
- Overtime Policy
- Recruitment and Selection Policy
- Annual Leave Policy
- Acting Policy
- Grants in Aid Policy

III. KEY SERVICE DELIVERY IMPROVEMENTS

During the financial year CKDM, Disaster Management and Fire Department worked closely together with Provincial Disaster Management and Fire as well as Local Government, through the "Back to Basic's" program to train and empower the fire departments in the District.

- A fully equipped fire truck was donated to each of the B-municipalities in the District to build capacity at local level.
- The Provincial Fire Department facilitated fire training on the new equipment and fire trucks through Breede Valley Municipality.
- During June 2017 a three-day fire training course was presented by Breede Valley Municipality to first responder from Beaufort West-, Laingsburg- and Prince Albert fire departments separately.

Other key achievements:

- 56 Registration bursaries was awarded to underprivileged youth from various areas in the Central Karoo.

IV. FUTURE ACTIONS

Council will continue to focus its time and attention on: -

- Implementation of measures to obtain a clean audit.
- Identification and implementation of mechanisms to ensure financial viability.
- Annual review of strategic plans and policies to align with its vision.
- Improving intergovernmental relations and structures
- Skills development to bridge the skills
- Shared Services Agreements with Local Municipalities to address the skills gaps / shortages
- Implement projects and programmes to promote economic growth, therefore addressing the unemployment in the district.

V. AGREEMENTS / PARTNERSHIPS

Although partnerships and agreements were formed with provincial and national government, room for improvement for partnerships with private sector exists and will be pursued in future.

VI. CONCLUSION

I want to conclude by saying that although we were faced with many challenges the past year, we worked hard to deliver excellent services to our communities.

Through hard work and unity we are destined to become a region that embrace diversity, culture and sees opportunity in every challenge we face. A region that builds on its past with the promise of an even brighter future. A region with no limits, acting responsibly, where government works for the people and is held to a higher standard. A region with innovation, creativity and transformation.

Lastly, I wish to thank all our officials and management for their hard work and dedication. The members of the Executive Mayoral Committee and councillors for their support the past year.

1.1 Municipal Manager's Overview

As the Accounting Officer of the Central Karoo District Municipality it is my honour, in conjunction with the honourable Executive Mayor Mr Noel Constable to present the 16/17 annual report of the institution before you.

The Annual Report was prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), whereby the Municipality must prepare an Annual Report for each financial year.

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

The IDP process is the mechanism used to streamline the goals and objectives of the Municipality, using the 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 was undertaken with communities and various other stakeholders to ensure that the IDP and the related Budget and SDBIP are in line with what the needs and the key areas of the performance of the institution are.

Key areas of focus of our municipality include:

- Basic Service Delivery,
- Institutional Development and Transformation,
- Local Economic Development,
- Financial Viability and Management,
- Good governance,
- Public Participation and
- the Environment.

Although tremendous strides were taken towards all these mentioned key performance areas within our municipality over this financial year, yet many challenges and opportunities are still facing us.

The performance of the Municipality is further based on the alignment of Key Performance Indicators within the IDP and Municipal objectives as well as the National KPA's.

We managed to accomplish the following performance results on behalf of Council during 2016/17:

- KPI's Extremely well met – 17.86%
- KPI's well met – 10.71%
- KPI's met – 35.71%
- KPI's almost met – 7.14%
- KPI's not met – 28.5%

Other performance highlights include:

- Stabilizing Council's financial cash flow position and manage to create an efficient action plan to strengthen the capacity within the BTO office;
- Appointments according to the newly approved Recruitment and appointment policy namely: Chief Financial Officer, Snr. Manager Corporate Services, Manager Strategic Services, Legal and Executive

Support, Skills Development Facilitator, PMS and Risk officer and two Environmental Health Practitioners;

- Renewal of a range of Financial and HR policies;
- MSCOA compliance at 1 July 2017;
- The establishment of a functional Audit and Risk Management Unit;
- The rebuilding of the ruined Swartberg Pass Road in the Prince Albert region.

In closing, none of this would have been possible without a dedicated and vision driven Mayor, Council and staff component in the various departments, that competently supported and assisted the Municipality in achieving these and other milestones.

Our appreciation also to the Department of Local Government, Provincial Treasury, Department of Transport and Public Works as well as other provincial and national departments for their continuous support to Central Karoo District Municipality.

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.

STEFANUS JOOSTE

MUNICIPAL MANAGER

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 2016/17 Annual Report reflects on the performance of the Central Karoo District Municipality for the period 1 July 2016 to 30 June 2017. 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 a place where we envisage and ensure economic growth, social development and sustainability whilst maintaining its rural character, embracing and developing the diversity of its communities.”

1.3 Municipal functions, population and environmental overview

1.3.1 Population

a) Population

The District has a total population of 73 687 according to Community survey 2016. 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	14 553	51 620
Laingsburg	2 490	8 383
Prince Albert	3 887	13 684
Total	20 930	73 687

Table: Overview of the population in the District

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:

Sector	Contribution per sector			
	Central Karoo District	Beaufort West	Laingsburg	Prince Albert
	%	%	%	%
Agriculture, forestry and fishing	18.4	17.9	12.5	4.8
Mining and quarrying	0	0	0	0.2
Manufacturing	2.3	10.5	6.2	7.6
Electricity, gas and water	3.8	9.1	0	1.1
Construction	4.9	5.1	16.1	4.8

Contribution per sector				
Sector	Central Karoo District	Beaufort West	Laingsburg	Prince Albert
	%	%	%	%
Wholesale and retail trade, catering and accommodation	13.3	16.8	14.6	17.3
Transport, storage and communication	12.3	3.3	3	14.4
Finance, insurance, real estate and business services	13.4	19.9	30	25.7
Community, social and personal services	9.7	4.6	4.7	6.9
General government	21.9	12.6	12.9	17.1

Information sourced from Quantec Research, 2016

Table 1: 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
Total	71 011

Table 2: Population by race

1.3.3 Demographic information

a) Municipal geographical information

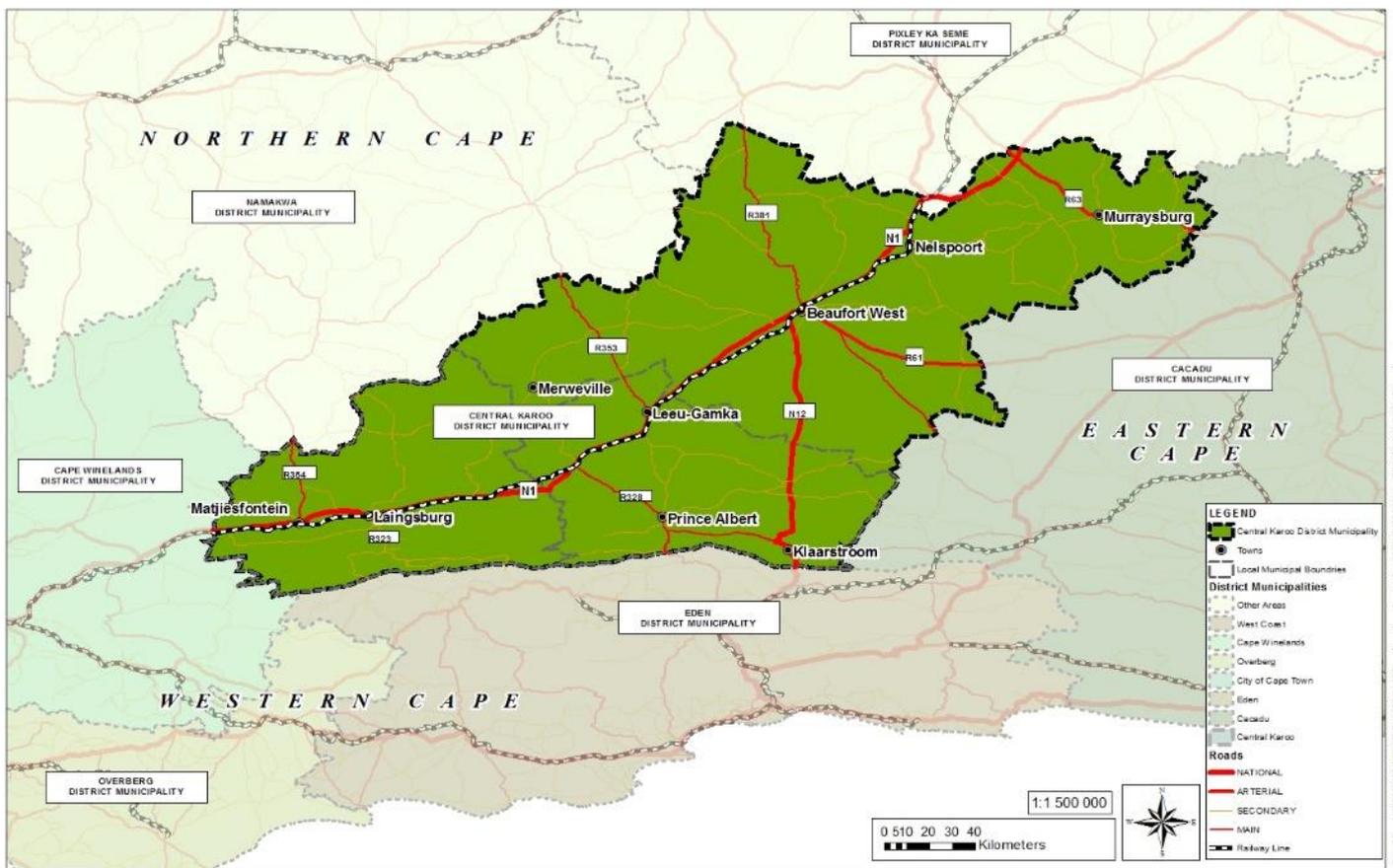
The Central Karoo District Municipality (CKDM) is one of the five Category C District municipalities in the Western Cape Province. The N1 (National road) runs through the District Municipal area, connecting the area to Cape Town (300km south west) and Johannesburg (1200km) towards the north east.

The CKDM covers a total area of 38 852km², making it the largest district municipality in the province. It includes the Beaufort West, Laingsburg and Prince Albert Municipalities.

The Eden District Municipality, Namakwa Local Municipality, the Cacadu District Municipality as well as the Pixley-ka-Seme District Municipality are all located on the boundaries of the Central Karoo District Municipality.

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 Nieuveland Mountains (Beaufort West).

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



AECOM CENTRAL KAROO DISTRICT MUNICIPALITY: REGIONAL LOCALITY **PLAN 1**
 Source: Demarcation B. ENPAT **OCTOBER 2013**

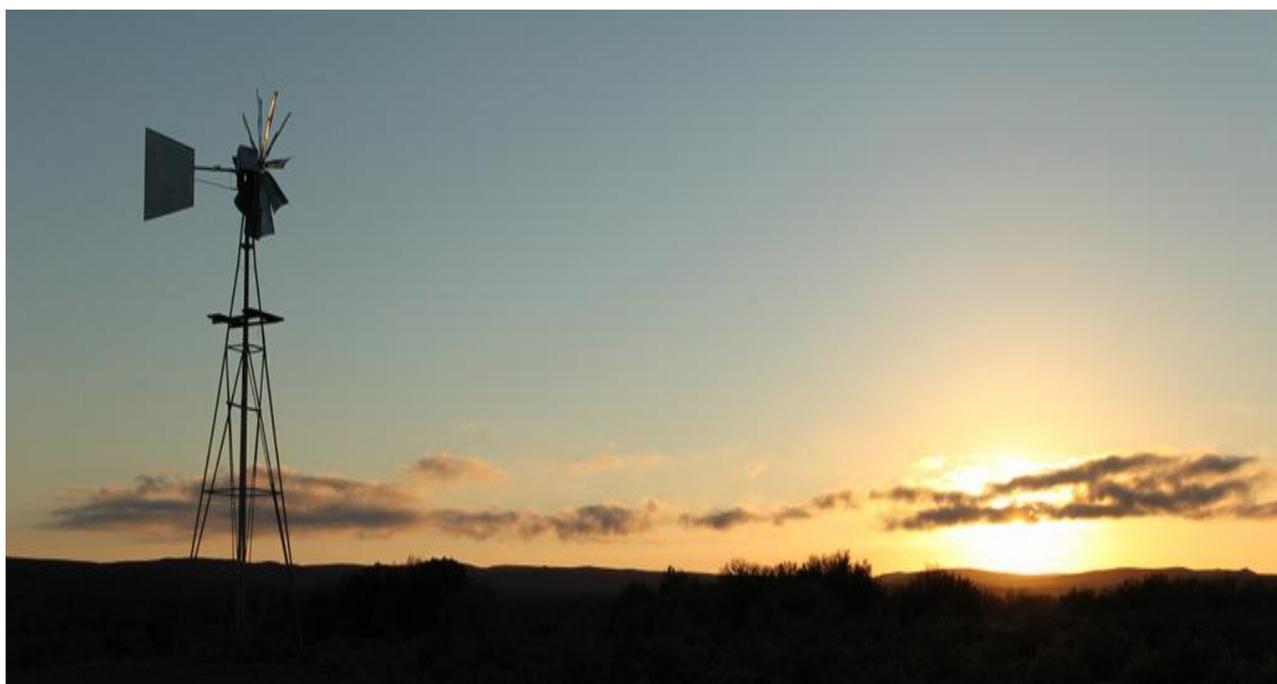
The District houses the following local municipalities:

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	<p>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 km² 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</p>
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Table 3: Local Municipalities

Beaufort West Municipality:



Laingsburg Municipality:



Prince Albert Municipality:



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	2015/16	2016/17
Cost coverage (Available cash+ investments): Monthly fixed operating expenditure	0.95	0.52

Table 4: National KPI’s for Municipal viability and management

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	2015/16	2016/17
The percentage of a municipality’s capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality’s integrated development plan (IDP)	*630%	16%

*Grant received spent, not included in budget. Will be referred to Council in January 2017 for approval

Table 5: National KPI’s – Good governance and public participation

1.4.3 Financial overview

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

Details	2015/16	Original budget	Adjustment budget	Actual
		2016/17		
	R'000			
Income				
Grants	32 311	33 021	35 525	28 676
Taxes, levies and tariffs	0	0	0	0
Other	51 761	44 040	43 358	41 237
Sub-total	84 072	77 061	78 883	69 931
Lessexpenditure	(76 950)	(76 830)	(77 305)	(68 771)
Net surplus/(deficit)	7 122	231	1 577	1 160

Table 6: 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	21	16
Repairs and maintenance	12	15	3
Finance charges and depreciation	18	2	16

Note: Repairs and maintenance on basic services are not applicable to the Municipality from the 2016/17 financial year

Table 7: Operating ratios

1.4.5 Total capital expenditure

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

Detail	2015/16	2016/17
	R'000	
Original budget	295	230
Adjustment budget	115	1 562
Actual	724	1 056

Table 8: 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	61 bursaries were provided to the youth in the District to assist with registration at academic institutions
Key Appointments Finalised	Filled 12 key vacancies
In-service training	13 students obtained in-service training during the 2015/16 financial year

Table 9: Highlights Municipal transformation and organisational development

1.5.2 Challenges: Municipal transformation and organisational development

The table below indicates the challenges faced by the Municipality:

Challenge	Action to address
Lack of funding hampering the complete implementation of the approved organisational structure in particular the Technical Services Department	Continuous discussions with Western Cape Department of Transport and Public Works regarding the filling of vacancies in terms of a phased-in approach
The implementation of an effective and efficient PMS system	The appointment of dedicated capacity

Table 10: Municipal transformation and organisation development

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.

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's continued participation in the MGRO engagements, initiated by Provincial Treasury, has ensured that its drive towards a clean audit is still on course. 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.

An Audit Action Committee was established to address the issues raised by the Auditor-General during the 2015/16 audit process. This ensured that controls and measures could be put in place to mitigate the identified matters.

1.6.1 Audited outcomes

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

Year	2012/13	2013/14	2014/15	2015/16	2016/17
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

Table 11: Audit outcomes

CHAPTE R 2: GOOD GOVERNANCE

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

Council performs legislative and executive functions as well as playing oversight and participatory role. It also delegated its executive function to the Executive Mayor and the Mayoral Committee. The primary role of the Mayoral Committee is to assist and advise the Executive Mayor.

a) Council

The Council consists of 13 members, whom are representative of all the local municipalities in the District.

Please take note that during the financial year two (2) Councillors were withdrawn and replaced by others.

Below is a table that categorised the Councillors within their specific political parties and wards for the 2016/17 financial year:

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
Cllr. N. Constable	Executive Mayor	KDF	Proportional	10	1
Cllr. M. Jaftha	Deputy Mayor	KGP	Ward Councillor	8	3
Cllr. I.J. Windvogel	Speaker/Full Time Councillor	KGP	Proportional	11	N/A
Cllr/Dr. A.L.Rabie	Full-Time Councillor	DA	Proportional	10	1
Cllr. K. Alexander	Part-time Councillor	DA	Ward Councillor	11	N/A
Cllr. A.M. Slabbert	Part-time Councillor	DA	PR Councillor	10	1
Cllr. R.T. Hugo	Part-time Councillor	DA	Proportional	11	N/A
Cllr. R. Meyer	Part-time Councillor	DA	Proportional	11	N/A
Cllr. B. Van As Withdrawn 15 May 2017	Part-time Councillor	DA	Ward Councillor	5	3

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
Cllr. Q. Louw	Part-time Councillor	ANC	Proportional	9	2
Cllr. J. Botha	Part-time Councillor	ANC	Proportional	10	1
Cllr. S.M. Motsoane	Part-time Councillor	ANC	Ward Councillor	10	1
Cllr. J. Jonas Withdraw – October 2016	Part-time Councillor	ANC	Ward Councillor	1	N/A
Cllr. H.T. Prince – inaugurated 31 March 2017	Part-time Councillor	ANC	Proportional	3	1
Cllr. B. Kleinbooi	Part-time Councillor	ANC	Proportional	0	0

Table 12: Councillors

Below is a table which indicates the Council meeting attendance for the 2016/17 financial year:

Meeting dates	Council meeting attendance	Apologies for non-attendance
26 August 2016	13	0
11 October 2016	12	1
27 October 2016	9	3 1 without an apology
14 December 2016	12	1 without an apology
20 January 2017	12	1 without an apology
13 February 2017	10	2 1 without an apology
24 February 2017	8	4 1 without an apology
31 March 2017	13	
19 May 2017	12	1
25 May 2017	11	1 1 without an apology
29 June 2017	10	2

Table 13: Council meeting attendance

b) Executive Mayoral Committee

The Executive Mayor of the municipality, Mr. N. Constable, 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 2016 to 30 June 2017:

Name of member	Portfolio committee
N. Constable	Corporate & Financial Services
M. Japtha	Human Resources

A. Rabie	Socio-Economic Development
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Table 14: Executive Mayoral Committee

c) Portfolio Committees

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

The portfolio committees for the 2016/17 mayoral term and their chairpersons are as follow:

i) Financial and Corporate Services Portfolio Committee

Name of member	Meeting dates
Cllr. N. Constable <i>[Chairperson]</i>	23 September 2016 30 November 2016 13 February 2017
Cllr. I.J. Windvogel	
Cllr/Dr. A.L. Rabie	
Cllr. A.M. Slabbert	
Cllr. Q. Louw	

Table 15: Financial and Corporate Services Portfolio Committee

ii) Training Portfolio Committee

Name of member	Meeting dates
Cllr/Dr. A.L. Rabie <i>[Chairperson]</i>	13 September 2016 28 November 2016 14 February 2017
Cllr. R. Meyer	
Cllr. R.T. Hugo	
Cllr. A.M. Slabbert	
Cllr. Q. Louw	
Mr. B. Neethling [SAMWU union representative]	
Mr. L. Crafford [IMATU] union representative]	
Mr A Baardman [MATUSA union representative]	

Table 16: Training Portfolio Committee

iii) Municipal Services and Infrastructure Portfolio Committee

Name of member	Meeting dates
Cllr. I.J. Windvogel <i>[Chairperson]</i>	16 September 2016 16 November 2016 15 February 2017
Cllr. M. Jaftha	
Cllr. R. Meyer	
Cllr. B. Van As	
Cllr. J. Botha	

Table 17: Municipal Services and Infrastructure Portfolio Committee

iv) Human Resource Development Portfolio Committee

Name of member	Meeting dates
Cllr. M. Jaftha [Chairperson]	15 September 2016 17 November 2016 30 November 2016 20 February 2017
Cllr. I.J. Windvogel	
Cllr. R.T. Hugo	
Cllr. K. Alexander	
Cllr. S.M. Motsoane	

Table 18: Human Resource Development Portfolio Committee

v) Socio Economic Development Portfolio Committee

Name of member	Meeting dates
Cllr/Dr. A.L. Rabie [Chairperson]	14 September 2016 15 November 2016 15 February 2017
Cllr. K. Alexander	
Cllr. R.T. Hugo	
Cllr. R. Meyer	
Cllr. J. Botha	

Table 19: 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)
Mr. S. Jooste	Municipal Manager	Yes
Mr. J. Theron	Director: Technical Services	Yes
Mr. J. Jonkers	Director: Corporate Services (Acting: 1 July 2016 – 28 February 2017)	No
	Appointed (5 year fixed contract) : Starting 01 March 2017	Yes
Mr. R. de Bruyn	Director: Financial Services (Acting: 01 July 2016 – 30 September 2016)	No
Mr. J. Jonkers	Director: Financial Services (Acting: 01 October 2016 – 15 February 2017)	No
Ms. U. Baartman	Director: Financial Services Appointed (5 year fixed contract) : Starting 01 March 2017	Yes

Table 20: Administrative governance structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 Intergovernmental Relations

2.2.1 Provincial Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and 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)	18 October 2016 09 December 2016 08 March 2017 09 May 2017	MSCOA
			Cost containment
			Clean Audit
			Shared Services
			Revenue Enhancement
District Public Participation and Communication Forum	Local municipalities, various sector department (as per invite)	08 July 2016 11 November 2016 10 May 2017	Ward committee establishment and capacitation
			IDP Representative and Public Participation and Communication Forum terms of Reference
			The state of local municipalities IDP Forums
			Status and challenges of ward committee establishment
			Thusong Services strategic approach

Table 21: Intergovernmental structures

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA 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 Municipality. Such participation is required in terms of:

- The preparation, implementation and review of the IDP;
- Establishment, implementation and review of the performance management system;
- Monitoring and review of performance, including the outcomes and impact of such performance; and
- Preparation of the municipal budget.

2.3 Representative forums

The tables below specify the members of the representative forums for the 2016/17 financial year:

2.3.1 Labour Forum

Name of representative	Capacity	Meeting dates
Cllr/Dr. A.L. Rabie [Chairperson]	Chairperson	14 November 2016 28 November 2016 14 February 2017 29 May 2017 12 June 2017
Cllr. R. Meyer	Member	
Cllr. R.T. Hugo	Member	
Cllr. A.M. Slabbert	Member	
Cllr. S.M. Motsoane	Member	
B. Neethling	SAMWU representative	
L. Crafford	IMATU representative	
D. Maans	Labour Relations Officer	
G. van Zyl	Manager: Human Resources	

Table 22: Labour Forum

2.3.2 District Coordinating Forum

Name of representative/organisation presenting	Capacity	Meeting dates
Cllr. N. Constable	Executive Mayor: CKDM	18 October 2016 09 December 2016 08 March 2017 09 May 2017
Cllr. A. Marthinus	Executive Mayor: Laingsburg Municipality	
Cllr. J. Van der Linde	Executive Mayor: Beaufort West Municipality	
Cllr. G. Lottering	Executive Mayor: Prince Albert Municipality	
Mr. S. Jooste	Municipal Manager: CKDM	
Mr. K. Haarhoff (Acting)	Municipal Manager: Beaufort West Municipality	
Mr. S. Pieterse	Municipal Manager: Laingsburg Municipality	

Table 23: District Coordinating Forum

COMPONENT D: GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. It also includes the relationships amongst the stakeholders involved.

2.4 Risk Management

The Municipality has a Risk Management Policy as approved by Council on 25 May 2017. The Risk Management Implementation Plan 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
- Coordinating risk management activities
- Facilitating the identification and assessment of risks
- Recommendation of risk responses to management
- Developing and disseminating risk reports

2.4.1 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

Risk ratings identified are classified into high, medium and low. 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
1-2	Improbable	Highly unlikely that adverse event/opportunity will occur

Table 24: Risk likelihood

Impact		
Score	Grading	Description
10	Catastrophic	Critical event resulting in immediate Council intervention. Long-term cessation of core organisational activities
9	Critical	Major financial, operational and/or reputational loss for the municipality. Issues that should be addressed on Council level
8	Severe/major	Critical event resulting in intervention of executive management. Probable long-term cessation of core business activity – material at organisation level – requires Audit Committee involvement
7	Significant	Significant long-term impact to business – requires attention of directors/department managers
6	Moderate	Reduced ability to achieve business objectives – requires executive management intervention. Short 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 25: Risk impact

2.4.2 Top strategic risks of the Municipality

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

After the residual risks have been determined it will be categorized again according to high, medium and low risks. Management determines which of the residual risk require further actions to mitigate the risks identified.

The top risks of the Municipality as per the risk register:

	Risk	Priority	Control Effectiveness (for risks within Municipality's control)	Existing Controls in Place	Residual Risk	Responsible Person	Status as updated during May 2017
1	Risk of financial sustainability for now and in the future: > Not identifying and appropriately exploiting alternative sources of revenue > Limited resources spent on functions which are not core functions of the district municipality > Assets not adequately maintained > Fire Services Unfunded. > Carry financial burden due to unauthorised expenditure on grant funded projects where grant conditions not being met > Funding of CKEDA > Subsistence & Travel Policy not adequate to minimise travel costs	81,00			64,8	Municipal Manager	1. Strategic manager appointed in order to source alternative sources of funding (1 June 2017) Will drive corrective actions. 2. Unauthorised expenditure: CFO appointed to monitor authorisation of expenditure 3. Stringent cost containment measures: monitored on continuous basis
2	Sustainability, Capacity, Continuity and Funding of the CKEDA resulting in the CKEDA not being independently financially viable	70,00	0,8		56,0	Municipal Manager	
3	Non-compliance to OHS requirements: > Environmental hazard due to pollution (e.g. waste oil) > Inadequate safekeeping of hazardous materials	63,00	0,8	1. Dedicated OHS Official	50,4	MM	Environmental Control Officer appointed on regravell and construction projects Monthly OHS audits Dedicated OHS official busy obtaining qualification (funded by CKDM) Insurance services will go out on tender - adequacy of Public Liability assurance will be re-assessed when contract is finalised
4	Impact of mSCOA	81,00	0,6		48,6	mSCOA steering committee	1. - 6. Done Payment agreement will be entered into to spread cost implications of SEBATA system over two year period.
5	Critical posts as per organogram underfunded	81,00	0,6		48,6	Municipal Manager	1 Non-approval of roads: organogram hamper successful implementation of action plans 2 Salary budget clearly defined.
6	Decentralised SCM process resulting in possible irregular expenditure/goods obtained not at the lowest price	81,00	0,6		48,6		SCM centralised as from 1 May 2017
7	Lack of accountability of some personnel in performing of functions (undisciplined and unmotivated workforce)	56,00	0,8	1. Monthly meetings with Labour Relations Officer, unions, MM & HR	44,8	Municipal Manager	1. Sessions with Council and staff 2. Skills development facilitator appointed since 1 April 2017 to manage implementation of corrective action plans

	Risk	Priority	Control Effectiveness (for risks within Municipality's control)	Existing Controls in Place	Residual Risk	Responsible Person	Status as updated during May 2017
8	Ineffective PMS: >Evaluation of Performance management processes not consistently applied; >Performance management seen as compliance; >lack of dedicated PMS official; >lack of buy-in of all directorates; >PMS not cascaded down to all levels; > Inaccurate reporting on PDOs.	56,00	0,8	1. Approved PMS system	44,8	MM	1. PMS driven by dedicated official since April 2017 - actions plans will be monitored by him
9	Unavailability of material resources (e.g. borrow pits)	72,00	0,6		43,2	Director: Technical Services	
10	Insufficient supervision/monitoring of attendance to the workplace.	64,00	0,6	1. Attendance register system and log system in place	38,4	MM & All directors	1. Leave application and approval process will be done on SEBATA system 2. Investigate electronic clock card options for outside departments (e.g. use of cell phone apps, etc)
11	Lack of timely communication of Council resolutions to all stakeholders to enable implementation: > Outgoing communication not centralised	64,00	0,6		38,4	Director: Corporate Services	
12	Non-compliance with policies, procedures and legislative requirements: > Recordkeeping policies not adhered to (outgoing) > SCM (including also Political interference) > Insufficient/inadequate inspection of hazardous sites > Lack of cooperation from B-Municipalities in ensuring corrective actions are taken > Recruitment, selection and appointment policy not in line with legislative requirements > Outdated policies and procedures not in compliance with changes in legislative requirements	64,00	0,6	1. Resolution Register	38,4	MM	1. Part of SEBATA solution 2. Point is established -- adherence challenge 3. All budget policies (except long term financial plan policy) will be reviewed by 25 May 2017 4. SCM checklist implemented to monitor compliance
13	Unauthorised access to and distribution of confidential/sensitive information (internal & external parties)	64,00	0,6	1. Existing policies registered	38,4	Director: Corporate Services	
14	Environmental requirements regarding maintenance of structures and roads	64,00	0,6		38,4	Director: Technical Services	Environmental Control Officer assist on road projects to monitor compliance to requirements
15	Inadequate process of appointing and retaining skilled and competent personnel resulting in insufficient workforce	63,00	0,6		37,8	Municipal Manager	1. Organogram approved. Principal (Province did not approve Roads: organogram. 2. Drafting of retention and succession planning policy in progress

	Risk	Priority	Control Effectiveness (for risks within Municipality's control)	Existing Controls in Place	Residual Risk	Responsible Person	Status as updated during May 2017
16	Public liability claims arising from disasters in the district (because of e.g. lack of centralised communication channels), as well as claims because of actions of municipal officials	63,00	0,6		37,8	All directors	3 x fire fighting vehicles obtained 1 x hazard vehicle obtained (shared with Eden DM) Grant funding of 1.3 million received for centralised communication
17	Inadequate contract management (e.g. signing and record keeping of contracts, monitoring of contract terms, management of performance of contractors)	63,00	0,6	"1. Functionary in place	37,8	All directors	Legal and executive secretary appointed 1 May to assist with contract management. Update of contract register in progress

Table 26: Risk register

2.4.3 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

Our Risk Management Committee consists of the following members:

Name of committee member	Capacity	Meeting dates
S. Jooste	Chairperson	06 September 2016 05 May 2017
J. Jonkers	Member	
U. Baartman	Member	
K. Theron	Member	
Ms. A. Matthee	Member of AC & External member	

Table 27: Risk Management Committee

2.5 Anti-Corruption and 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	25 May 2017
Fraud Prevention Strategy	Yes	25 May 2017

Table 28: Strategies

2.6 Audit and Performance Committee

2.6.1 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
- 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

2.6.2 Members of the APAC

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

Name of representative	Meeting dates
A. Hooker- (Chairperson)	06 July 2016
T. Hawker	30 August 2016
A. Matthee	20 March 2017
N. Verdoes	31 May 2017
	28 June 2017

Table 29: Members of the APAC

2.7 Internal Auditing

Section 165(2) (a), (b) (iv) of the MFMA requires that: The internal audit unit of a municipality must –
(a) prepare a risk based audit plan and an internal audit program for each financial year; and
(b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to risk and risk management.

2.7.1 Audits completed

The table below provides detail on audits completed:

Audit engagement	Department	Number of hours	Date completed
Administration	Corporate Services	112	22 June 2017
Expenditure	Finance	128	22 June 2017
Debtors and Credit Control	Finance	128	February 2017
PMS Quarter 1	Strategic Planning	100	07 March 2017

PMS Quarter 2	Strategic Planning	100	07 March 2017
PMS Quarter 3	Strategic Planning	100	19 June 2017
	Human Resource	160	April 2017
Grants	Finance	120	May 2017
Total hours		948	

Table 30: Audits completed

2.8 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
Credit Control And Debt Collection Policy	25 May 2017	N/A
Supply Chain Management Policy	25 May 2017	N/A
Virement Policy	25 May 2017	N/A
Cash Management And Investment Policy	25 May 2017	N/A
Borrowing Policy	25 May 2017	N/A
Funding And Reserve Policy	25 May 2017	N/A
Asset Management Policy	25 May 2017	N/A
Risk Management Policy	25 May 2017	N/A
Anti-Corruption And Fraud Prevention Policy	25 May 2017	N/A
Budget Policy	25 May 2017	N/A
Unforeseen And Unavoidable Expenditure Policy	25 May 2017	N/A
Tariff Policy	25 May 2017	N/A
Whistle Blowing Policy	25 May 2017	N/A
The Relief Fund Policy	25 May 2017	N/A
Infrastructure Procurement Policy	25 May 2017	N/A
Municipal Entities Policy	25 May 2017	N/A
Travel And Subsistence Policy - implementation to be delayed for further discussion with the unions, policy will be re-	25 May 2017	N/A
Tools Of Trade Policy	25 May 2017	N/A
Overtime Policy	25 May 2017	N/A
Recruitment And Selection Policy	25 May 2017	N/A
Annual Leave	25 May 2017	N/A
Acting Policy	25 May 2017	N/A
Grants In Aid Policy	25 May 2017	N/A

Table 31: Policies developed

2.9 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 32: Communication activities

Communication Unit:

Communication Unit	Yes/No	Number of people in the unit	Job titles
Communication Unit	Yes	1	Legal and Executive Support Officer

Table 33: Communication unit

Additional communication channels utilised:

Channel	Yes/No	Number of people reached
SMS system	Yes (internally)	17 (Councillors and head of departments)
Local Radio (Radio Gamkaland)	Yes	100 000
Local newspaper (Courier)	Yes	9800

Table 34: Communication channels utilised

2.10 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
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
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
Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft budget 2016/17	Yes
Adjusted budget 2016/17	Yes
Asset Management Policy	Yes
Investment and Cash Management Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
SDBIP 2016/17	Yes
Delegations	Yes

Reviewed IDP for 2016/17	Yes
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2015/16	Yes
Mid-year budget and performance assessment	Yes
Monthly budget statement	Yes
Quarterly reports	Yes
Performance management (Section 75(1)(d) of the MFMA)	
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 35: Website checklist

CHAPTER 3

3.1 SERVICE DELIVERY PERFORMANCE 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.

3.1.1 Legislative requirements

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

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

The 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).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, 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 the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget,

SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) 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 the performance of 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 Organisational performance

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

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

3.1.3 Performance Management System used in the financial year 2016/17

The municipality continues to implement performance in terms of the performance management framework that was approved by Council in September 2011.

a) The IDP and the Budget

The IDP and the main budget for 2016/17 was approved by Council on 30 May 2016. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

In terms of the performance management framework, the Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) on 13 June 2016. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on quarterly.

b) Actual Performance

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

- The actual result in terms of the target set.
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

c) Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance is measured as follows:

- Quarterly reports was submitted to council on the actual performance in terms of the Top Layer SDBIP.
- Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

PERFORMANCE REPORT PART I

This section provides an overview of the key service achievements of the Central Karoo District Municipality that was reached during 2016/17 with regard to the deliverables achieved against the strategic objectives as captured within the IDP.

3.2 Strategic Service Delivery Budget Implementation Plan

The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2016/17 in terms of the IDP strategic objectives.

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

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

Figure 1: SDBIP measurement criteria

3.2.1 Overall Performance as per Top Layer SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:

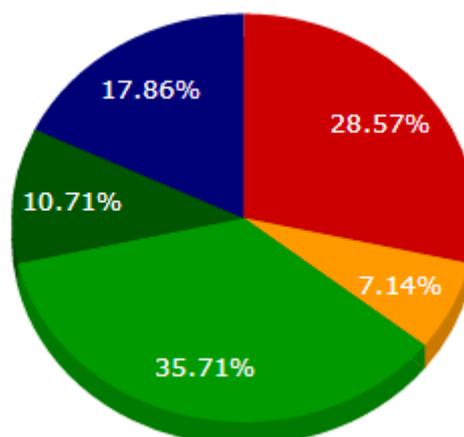
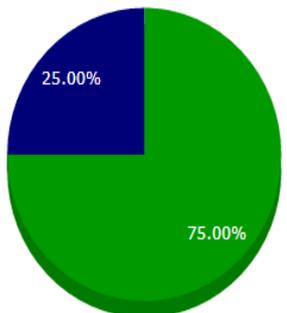


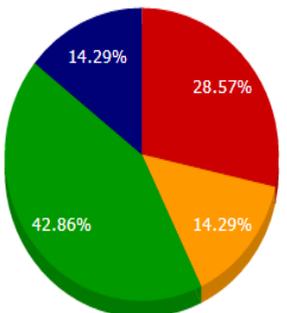
Figure 1: Overall Performance

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



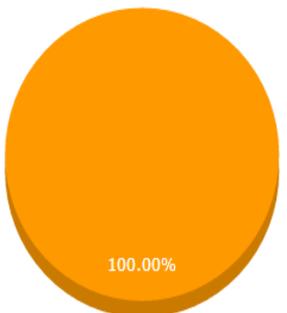
KPI Not Met	-
KPI Almost Met	-
KPI Met	3 (75.00%)
KPI Well Met	-
KPI Extremely Well Met	1 (25.00%)

To deliver sound administrative and financial services, to ensure viability



KPI Not Met	2 (28.57%)
KPI Almost Met	1 (14.29%)
KPI Met	3 (42.86%)
KPI Well Met	-
KPI Extremely Well Met	1 (14.29%)

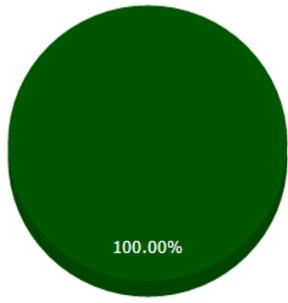
To facilitate good governance principles and effective stakeholder participation.



KPI Not Met	-
KPI Almost Met	1 (100.00%)
KPI Met	-
KPI Well Met	-
KPI Extremely Well Met	-

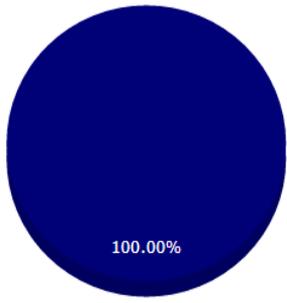
Figure 2: Overall Performance per Strategic Objective

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



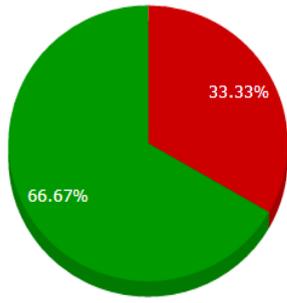
KPI Not Met	-
KPI Almost Met	-
KPI Met	-
KPI Well Met	3 (100.00%)
KPI Extremely Well Met	-

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



KPI Not Met	-
KPI Almost Met	-
KPI Met	-
KPI Well Met	-
KPI Extremely Well Met	2 (100.00%)

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



KPI Not Met	2 (33.33%)
KPI Almost Met	-
KPI Met	4 (66.67%)
KPI Well Met	-
KPI Extremely Well Met	-

To pursue economic growth opportunities that will create descent work.

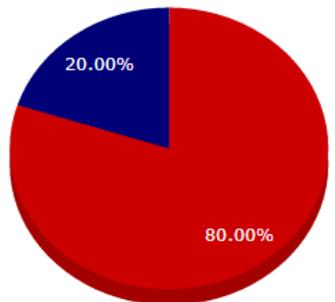


Figure 3: Overall performance per Strategic objective

3.2.2 Actual performance as per Top Layer SDBIP according to strategic objectives

Strategic Objective: 1: To build a well capacitated workforce and skilled employable youth and communities

Ref	KPI	Source of Evidence	Previous Year Performance	Q1				Q2				Q3				Q4				Overall Performance for July 2016 to June 2017						
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R				
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	Excel spread sheet - File Name: Personnel	0	0	0	N/A		0	0	0	N/A		0	0	0	N/A		1	1	1	G	[D20] Municipal Manager: The EE Plan will be reviewed and greater focussed placed on ensuring that appointments are made in line with the EE Plan. (June 2017)	1	1	1	G
TL3	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2017 measured as [(Total Actual Training Expenditure/ Total personnel Budget)x100]	Abacus financial system V525-consolidated statement for item 7759 000	0.07%	0%	0%	N/A		0%	0%	0%	N/A		0%	0%	0%	N/A		1%	4.89%	1	B		1%	4.89%	1	B
TL18	Review the Employment Equity plan and submit to Council by 31 December 2016	Minutes of the Council meeting	1	0	1	B		1	1	1	G		0	0	0	N/A		0	0	0	N/A		1	1	1	G
TL20	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2017	Acknowledgement of receipt from LGSETA	1	0	0	N/A		0	0	0	N/A		0	0	0	N/A		1	1	1	G		1	1	1	G

Table 1: To build a well capacitated workforce and skilled employable youth and community

Strategic Objective 2: To deliver sound administrative and financial services, to ensure viability

Ref	KPI	Source of Evidence	Previous Year Performance	Q1			Q2			Q3			Q4			Overall Performance for July 2016 to June 2017						
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R				
TL4	Financial viability measured in terms of the municipality's ability to meet it's 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)	Annual Financial Statements	0.02	0%	0.72%	R	[D73] CFO: Re-visit performance criteria as it is not a good business model not to make use of operating leases re photocopiers (July 2016)	0%	0%	N/A		0%	0%	N/A		32%	0%	B		32%	0.72%	B
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, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Annual Financial Statements	1.02	0	0.14	B	[D74] CFO: Actual cash requirements as at 30 June limited as Equitable Share is received in first month of July (July 2016)	0	0	N/A		0	0	N/A		1	0	R		1	0.14	R
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	Expenditure reports from the financial system	630%	0%	46%	B	[D75] CFO: Every Senior Manager must take responsibility for spending of own capital budget (July 2016)	0%	0%	N/A		0%	0%	N/A		90%	0%	R		90%	46%	R
TL14	Revise the Risk based audit plan (RBAP) and submit to the Audit Committee by 30 June 2017	Proof of submission and Minutes of Audit Committee meeting during which RBAP was submitted	1	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL15	Implement the RBAP by 30 June 2017 ((Audits completed for the year/audits planned for the year according to the RBAP)x100)	RBAP, Quarterly progress reports and minutes of the audit committee	80%	0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		70%	68.75%	O	[D26] Municipal Manager: Will ensure that target is met through improved oversight and functioning of function. (June 2017)	70%	68.75%	O
TL17	Submit the financial statements by 31 August 2016 to the Auditor General	Acknowledgement of receipt from AG	1	1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G
TL19	Revise the Appointment Policy to be in accordance with legislative requirements and submit to council 30 June 2017	Minutes of the Council meeting	1	0	1	B		0	1	B		0	0	N/A		1	1	G		1	1	G

Table 2: To deliver sound administrative and financial services, to ensure viability

Strategic Objectives 3: To facilitate good governance principles and effective stakeholder participation

Ref	KPI	Source of Evidence	Previous Year Performance	Q1			Q2			Q3			Q4			Overall Performance for July 2016 to June 2017					
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R			
TL7	Facilitate the meeting of the District Intergovernmental Forum (Technical)	Minutes of meetings	3	1	0	R	[D21] Municipal Manager: Will look to ensure that a meeting takes place in the next quarter. (September 2016)	1	1	G	[D21] Municipal Manager: Meeting for the quarter took place on 10 October 2016 (December 2016)	1	1	G				[D21] Municipal Manager: Meeting for the quarter took place in May (June 2017)	4	3	O

Table 3: To facilitate good governance principles and effective stakeholder participation

Strategic Objectives 4: To improve and maintain district roads and promote effective and safe public transport for all

Ref	KPI	Source of Evidence	Previous Year Performance	Q1			Q2			Q3			Q4			Overall Performance for July 2016 to June 2017						
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R				
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)	Summary of Road Maintenance Expenses from ABAKUS (Claimed)	101.18%	0%	0%	N/A		0%	0%	N/A		95%	98.46%	G2		0%	0%	N/A		95%	98.46%	G2
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)	Summary of Road Capital Expenses from ABAKUS (Claimed)	100.09%	0%	0%	N/A		0%	0%	N/A		95%	99.97%	G2		0%	0%	N/A		95%	99.97%	G2
TL13	Regravel roads by 31 March 2017 (Calculated over the Financial year of the Dept of Transport of the WC Province)	Confirmation from the WC Department of Transport and Public Works (Completion certificate per project)	46.71	0	0	N/A		0	0	N/A		35	40.70	G2		0	0	N/A		35	40.70	G2

Table 4: To improve and maintain district roads and promote effective and safe public transport for all

*Capital and Operational references terms as determined in the Memorandum of Agreement with the Western Cape Provincial Government via its Department of Transport and Public Works. These terms do not refer to capital and operational expenditure in terms of GRAP

Strategic Objectives 5: To plan to minimize the impact of social ills, disasters and improve public safety in the region

Ref	KPI	Source of Evidence	Previous Year Performance	Q1				Q2				Q3				Q4				Overall Performance for July 2016 to June 2017		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL27	Conduct training sessions for emergency personnel and volunteers by 30 June 2017	Attendance registers	3	0	1	B	[D56] Director Corporate Services: Debrief to correct and improved exercise - done (September 2016)	0	4	B	[D56] Director Corporate Services: Basic requirements for fire safety and corrections (October 2016) [D56] Director Corporate Services: Response Time (November 2016) [D56] Director Corporate Services: Hantering van brandblusser en brandveiligheid (December 2016)	0	0	N/A		3	3	G	[D56] Director Corporate Services: Give training to workers on basic fire fighting. (April 2017) [D56] Director Corporate Services: According to training material (May 2017) [D56] Director Corporate Services: Training on the use of new equipment (June 2017)	3	8	B
TL28	Inspect industrial premises for fire safety and issue safety certificates	Safety certificates issued	24	0	8	B	[D57] Director Corporate Services: According to SANS 10400 (July 2016) [D57] Director Corporate Services: Measurements according to SANS 10040 Met target (August 2016) [D57] Director Corporate Services: Commend changes and improvements (September 2016)	0	0	N/A	[D57] Director Corporate Services: Pressure test on tanks (October 2016)	0	4	B	[D57] Director Corporate Services: As per SANS 10400 part T (January 2017) [D57] Director Corporate Services: recommendations to fire plans (February 2017) [D57] Director Corporate Services: According to SANS (March 2017)	6	16	B	[D57] Director Corporate Services: Target already achieved (June 2017)	6	28	B

Table 5: To plan to minimize the impact of social ills, disasters and improve public safety in the region

Strategic Objectives 6: To promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development

Ref	KPI	Source of Evidence	Previous Year Performance	Q1				Q2				Q3				Q4				Overall Performance for July 2016 to June 2017						
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R				
TL21	Submit an Environmental Health Project Proposal to the Provincial Departments of Health and/or other role-players by 31 December 2016	Project proposal and acknowledgement of receipt	1	0	0	N/A		1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G
TL22	Raise Health and Hygiene awareness through articles published in the local newspaper "The Courier" on a quarterly basis	Proof of articles published in "The Courier"	5	1	1	G		1	1	G		1	1	G		1	1	G		4	4	G		4	4	G
TL23	Compile and distribute a Municipal Health Newsletter to Category B-Municipalities within the Central Karoo District by 31 January 2017	Newsletter & proof of dispatch via email to Cat. B-Municipalities	1	0	0	N/A		0	0	N/A		1	1	G		0	0	N/A		1	1	G		1	1	G
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	Reports & proof of dispatch via email to Cat. B-Municipalities	6	0	0	N/A		3	0	R	Target was met but was submitted late due to closure of offices	0	0	N/A		3	3	G		6	3	R		6	3	R
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	Reports & proof of dispatch via email to Cat. B-Municipalities	10	0	0	N/A		2	0	R	Target was met but was submitted late due to closure of offices	0	0	N/A		2	4	B		4	4	G		4	4	G
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	Reports & proof of dispatch via email to Cat. B-Municipalities	6	0	0	N/A		3	0	R	Target was met but was submitted late due to closure of offices	0	0	N/A		3	3	G		6	3	R		6	3	R

Table 6: To promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development

Strategic objective 7: To pursue economic growth opportunities that will create descent work

Ref	KPI	Source of Evidence	Previous Year Performance	Q1				Q2				Q3				Q4				Overall Performance for July 2016 to June 2017		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
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)	Statistics submitted and temporary worker employment contracts	64	0	0	N/A		0	0	N/A		15	70	B		0	0	N/A		15	70	B
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	Minutes of the Council meeting	0	0	0	N/A		0	0	N/A		0	0	N/A		2	0	R	[D22] Municipal Manager: The Board meetings could not take place as Council took a decision on 27 October 2017 to commence with the process of the de-registration of the CKEDA and immediately halting all activities related to the Agency. (June 2017)	2	0	R
TL9	Facilitate the meeting of the Board of the Economic Development Agency (EDA)	Minutes of the meetings	2	0	0	N/A		1	0	R	[D23] Municipal Manager: The Board meetings could not take place as Council took a decision on 27 October 2017 to commence with the process of the de-registration of the CKEDA and immediately halting all activities related to the Agency. (December 2016)	0	0	N/A		1	0	R	[D23] Municipal Manager: The Board meetings could not take place as Council took a decision on 27 October 2017 to commence with the process of the de-registration of the CKEDA and immediately halting all activities related to the Agency. (June 2017)	2	0	R
TL10	Submit proposals to possible funders for projects/initiatives for the youth, disabled, elderly and gender	Proof of submission of funding (electronic submission via email)	0	0	0	N/A		0	0	N/A		0	0	N/A		2	0	R	[D24] Municipal Manager: Function will be moved to new Unit with functionary assigned (June 2017)	2	0	R
TL16	Review the Economic Development Strategy and submit to Council by 30 June 2017	Minutes of the Council meeting	0	0	0	N/A		0	0	N/A		0	0	N/A		1	0	R	[D27] Municipal Manager: Still in progress. (June 2017)	1	0	R

Table 7: To pursue economic growth opportunities that will create descent work

3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to AG's office:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured that the requirements of the contract is complied with.

3.4 Municipal Functions

3.4.1 Analysis of Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal function	Municipal function (Yes / No)
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	No
Child care facilities	No
Disaster Management & Firefighting services	Only responsible for coordinating training and standardisation of all fire services at all B-Municipalities in the district. Fire Departments situated at Local Municipalities
Local Tourism	Yes
Municipal planning	Yes
Municipal health services	Yes
Constitution Schedule 5, Part B functions:	
Licensing and control of undertakings that sell food to the public	Yes
Noise pollution	No
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	No
Street trading	No
Street lighting	No
Traffic and parking	No

Table 36: Municipal Function

3.5 COMPONENT A: ROAD TRANSPORT

3.5.1 Road maintenance and construction

The maintenance of rural proclaimed roads is a Provincial function and the Central Karoo District Municipality performs the function for the Western Cape Department of Transport and Public Works (WCDTPW) on allocated roads as an agent regulated by a financial and service delivery agreement between the Municipality and the infrastructure branch of the Department.

Maintenance of roads in the region are done by the Units stationed in the four municipal areas of the region including Beaufort West, Murraysburg, Prince Albert and Laingsburg.

3.5.2 Provincial roads allocated for maintenance and construction

The tables below provide details of provincial roads maintained and constructed during 2016/17:

Roads	Maintained 2015/16	Maintained 2016/17
	Km's	
Trunk road	82.79	82.79
Main road	679.27	679.27
Divisional road	1 691.88	1 691.88
Minor road	1 103.97	830,18
Total	3 557.91	3 284,12

Table 37: Provincial roads allocated for maintenance

Roads	Graded 2015/16	Graded 2016/17
	Km's	
Trunk road	364.89	244,40
Main road	2 601.68	2 435,71
Divisional road	4 522.21	4 077,71
Minor road	1 103.97	830,18
Total	8 592.75	7 588,00

Table 38: Provincial roads allocated for construction

3.5.2 Employees: Road transport

The table below indicates the number of employees in the Roads Unit for the 2016/17 financial year:

Job level	2015/16		2016/17		
	Employees	Posts	Employees*	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	*51	*36	0	0	0
0 – 3	51	51	45	6	12%
4 – 6	13	15	15	0	0
7 – 9	24	24	21	3	13%
10 – 12	8	10	10	0	0
13 – 17	1	2	2	0	0
Sect. 57	1	1	1	0	0
Total	98	103	94	9	25%

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

Table 39: Employees Road Transport

3.5.3 Capital expenditure: Road transport

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

Capital projects	2016/17			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Regravel	18 662 617	18 662 617	18 375 555	28 7061
Total	18 662 617	18 662 617	18 375 555	287061

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

Table 40: Capital expenditure 2016/17: Road Transport

3.6 COMPONENT B: LOCAL ECONOMIC DEVELOPMENT (LED)

3.6.1 Overview of LED in the Central Karoo

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.

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3.6.1 Highlights: Local Economic Development

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

Highlights	Description
Small town regeneration summit	An integrated summit that looks at initiatives to address local economic development challenges in the Karoo towns to find common approaches
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 41: LED Highlights

3.6.2 Challenges: Local Economic Development

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

Description	Actions to address
Lack of relationship with private sector	Private partnerships must be formed with businesses
No proper strategies in place to benefit the SMME's of CKDM with the minerals and natural gas extraction	Public/private partnerships to ensure synchronised and effective implementation of initiatives in Central Karoo
N1 not sufficiently utilised to benefit SMME's	Provincial departments and CKDM municipalities to formulate a strategy that will address these

Table 42: LED challenges

3.6.3 Priorities and action plans: Local Economic Development

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	Proper support for small farmers to ensure that they benefit from the Agri parks programme
N12 tourist route	Involve all role players to ensure inclusivity and encourage SMME development along the route
Small Micro and Medium Enterprises (SMME) development program	Engaged with the Small Enterprise Development Agency (SEDA) for training of new businesses and a constant reporting on progress made
New business registration	SEDA and the CKDM to 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) has an agreement with the establishment of cooperatives

Table 43: LED initiatives

3.6.4 Central Karoo Economic Development Agency (CKEDA)

The Central Karoo Economic Development Agency (CKEDA) is an Agency of the Central Karoo District Municipality.

The Municipality is currently in the process of deregistering the Agency as a decision was taken by the Council in October 2017 to this effect.

The Agency is therefore currently dormant, however the Municipality still has a legislative obligation towards the Agency with regard to the annual Audit. In this regard the Agency was audited by the Auditor General of South Africa and received a qualified audit opinion.

3.6.5 Employees: Local Economic Development

The table below indicates the number of employees in the LED Unit for the 2016/17 financial year:

Job level	2015/16	2016/17			
	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		1	1	0	0
13 – 16		0	0	0	0
Total	1	1	1	0	0

Table 44: Employees LED

3.7 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.

3.7.1 Highlights: Tourism

Highlights	Description
Welcoming campaign	An annual event that aims at welcoming tourist in our area, also looking at making them aware of tourist attractions in our region
N12 treasure route	The establishment of the N12 route seeks to integrate all aspects of tourism to benefit both established and upcoming tourism service providers
Customer care training	This programme responds to the need that customer service needs to be matched and sustained to global standards. This project tries to alleviate the inconsistent service levels within the Tourism and Hospitality

Table 45: Highlights Tourism

3.7.2 Challenges: Tourism

Description	Actions to address
Lack of Transformation initiatives	Municipalities must assist local tourism offices with transformation initiatives
More focus on push strategies to ensue regional spread	The District municipality to take lead in ensuring that tourism initiatives are fairly spread throughout the region
Designated officials to deal with Tourism	Municipalities to appoint designated officials

Table 46: Tourism challenges

3.7.3 Initiatives: Tourism

Initiative	Proposals
Tourism transformation	Integrated tour routes
Cycle tourism	Multiple guided cycle tours through townships
Select rural tourism areas on developed routes	Erect non-permanent & relocatable structures along developed routes

Table 47: Tourism initiatives

3.7.4 Employees: Tourism

Job level	2015/16	2016/17			
	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
Total	1	1	1	0	0

Table 48: Employees Tourism

3.8 COMPONENT C: MUNICIPAL HEALTH

The Central Karoo District 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 Section Municipal Health seeks to protect and promote the health and well-being of all our residents in the Central Karoo region by providing, in conjunction with applicable laws, a sustainable, effective and responsible municipal health service.

Services are rendered by five (5) Environmental Health Practitioners (EHP's) in ten (10) communities in the Central Karoo Region, namely Beaufort West, Murraysburg, Nelspoort, Merweville, Prince Albert, Leeu-Gamka, Klaarstroom, Prince Albert Road, Laingsburg and Matjiesfontein, as well as in the rural areas of Beaufort West, Prince Albert and Laingsburg districts.

3.8.1 Challenges: Municipal Health

To fulfil the constitutional and legal obligations mandated to the CKDM for the provision of Municipal Health Services, Air Quality and Integrated Waste Management services the availability of qualified and skilled personnel is key to provide and facilitate comprehensive, proactive and needs-related services to promote a safe, healthy and clean environment.

The table below reflects some of the challenges.

Description	Action to Address
<p>Personnel shortages for the rendering of Municipal Health Services:</p> <p>To render an effective Municipal Health Service in the Central Karoo District, it is required that one (1) EHP be provided for every 10 000 members of the population. (World Health Organisation's (WHO) norm, as well as the Norms & Standards for Environmental Health, promulgated during 2015).</p> <p>Currently there is a deficit of at least two (2) EHP's for the delivery of a more efficient municipal health service. If the vastness of the district be taken into account, the need for more EHP's are even bigger.</p>	<p>Environmental health remains the first line of defence against diseases, as a result the provision of quality Municipal / Environmental Health Services is very important.</p> <p>Budget provision must be made for the appointment of the required number of EHP's</p> <p>This matter was brought to the attention of Council and SALGA.</p>
<p>Personnel shortages for the rendering of additional services, other than Municipal Health Services:</p> <p>In terms of the Section's approved organogram, the Section is also responsible for additional services such as Air Quality Management & Integrated Waste Management.</p> <p>The capability of the CKDM is limited by the shortage of personnel, skills, tools and finances required for effective and</p>	<p>Budget provision must be made for the appointment of a dedicated Air Quality / Waste Management Officer. Without this appointment the District Municipality will not be able to fulfil its legal mandate.</p> <p>This matter was brought to the attention of Council and other role players.</p>

Description	Action to Address
<p>coordinated air quality and integrated waste management services.</p> <p>These additional responsibilities as indicated on the approved organogram will require the appointment of at least one (1) additional expert in this field.</p>	

Table 49: Challenges Municipal Health

3.8.2 Activities: Municipal Health

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

3.8.2.1 Water quality monitoring

Objective:

To ensure effective management of all water resources and supply of potable drinking water, which meets the minimum requirements of S.A. National Standards for Water Quality, SANS 241.

Activities:

Water Quality Monitoring: Water Service Authorities (WSA's):

- Water quality monitoring were done on a quarterly basis;
- 47 water samples for bacteriological analysis were taken during the reporting period;
- 40 (85%) of the samples taken did comply to the SANS 241 Standards for Water Quality;
- 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 Water Quality Evaluation Reports

Bi-annual Evaluation Reports on the status of water quality were sent to all WSA's within the region during December 2016 and June 2017. These evaluation reports aims to:

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

3.8.2.2 Waste Management and Monitoring

Objective:

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

Activities:

Monitoring of Liquid Waste Sites

- The monitoring of liquid waste sites were done on a monthly basis; and
- 74 inspections were conducted at liquid waste sites in the region during the reporting period.

Sewerage Sampling

- Sewerage samples were taken on a quarterly basis;
- 22 samples for bacteriological analysis were taken during the reporting period;
- 19 (86%) of the samples taken did comply 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.

Monitoring of Solid Waste Sites

- The monitoring of solid waste disposal sites were done on a monthly basis; and
- 81 inspections were conducted at sites in the region during the reporting period.

Bi-annual Solid Waste Site Evaluation Reports

Bi-annual evaluation reports on the current status of all solid waste sites were sent to all local municipalities within the region during December 2016 and June 2017.

These evaluation reports aim to:

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

3.8.2.3 Food Control

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.

Activities:

Monitoring of Formal and Informal Food Premises

- There is a total of 946 formal and informal food premises in the Central Karoo region;
- 1006 inspections were conducted at food premises during the reporting period;
- 75 Certificates of Acceptability (CoA's) were issued to new food premises complying to the Regulations with regards to the General Hygiene requirements for Food Premises and the Transport of Food (R 962 of 2012)

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

- 36 samples of foodstuffs were taken for bacteriological and chemical analysis during the reporting period; and
- 32 (89%) of the samples taken did comply with the standards as set in the Foodstuffs, Cosmetics and Disinfectants Act. (Act. 54 of 1972)

Monitoring of Milking Sheds and Milk Sampling

- 12 inspections were conducted at milking sheds during this reporting period;
- 10 milk samples were taken for bacteriological and chemical analysis during the period; and

- 8 (80%) of the samples taken did comply to the standards set out in the Regulations with regards to Milk and Dairy products (R1555 of 1997).

Capturing of Food Sampling Data on the Municipal Health Services Database

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

Labelling of Foodstuffs

- 106 food products were inspected in order to monitor compliance to the Labelling Regulations during the reporting period.

Food poisoning

- No cases of food poisoning were reported and investigated during the reporting period

3.8.2.4 Health surveillance of premises

Objective:

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

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, accommodation establishments; etc.;
- 108 inspections were conducted during the reporting period; and
- 16 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
- 11 inspections were conducted at informal settlements during the reporting period.

Bi-annual Informal Settlement Evaluation Reports

Bi-annual evaluation reports on the current status of informal settlements were sent to all local municipalities within the region during December 2016 and June 2017.

These evaluation reports aims to:

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

Evaluation of building plans from a health point of view.

- 5 building plans were scrutinised from a health point of view during the reporting period; and
- Comments in this regard were sent to all relevant role players.

3.8.2.5 Environmental pollution control

Objective:

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

Activities:

Air Quality & Pollution Control:

- No air quality or noise related complaints were received during the reporting period;
- 4 reports were drafted regarding various aspects of pollution control and sent to the Directorate Pollution Control of the Department 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 also enable the meeting of current needs as well as the maintenance of our resources for the benefit of future generations.
- This Plan is also a commitment to certain principles and action plans needed to ensure sustainable utilization of resources and the management of air quality in the Central Karoo region.
- As the objectives are met and the AQMP unfolds, it is possible that other objectives will be identified and prioritized. This process will lead to regular review of this plan.

3.8.2.6 Surveillance and prevention of communicable diseases, excluding immunizations

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.

Activities:

Notifiable Medical Conditions Reported and Investigated

- 4 notifiable medical conditions were reported during the reporting period; and
- All notifications received were investigated and reports were submitted to the Provincial Health Department.

Diarrhoea Season

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

All statistics on diarrhoea cases, received from the Provincial Health Department, were provided to EHP's for interpretation and follow-up training and education sessions, where necessary.

3.8.2.7 Chemical safety

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.

Activities:

Pesticide Poisonings

- 1 incident of pesticide poisoning was reported during the reporting period; and
- The notification received was investigated and a report was submitted to the Provincial Health Department.

3.2.8.8 Vector Control

Objective:

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

Activities:

Vector Control Investigations:

- 1006 inspections for vector infestations were conducted at public premises; and
- 1 case of vector infestation was reported and investigated during the reporting period.

3.8.2.9 Management of human remains

Objective:

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

Activities:

3.9.2.1 Monitoring and Supervision of Exhumations and Re-interments

- No applications for exhumations were received during the reporting period.

3.9.2.2 Monitoring of Crematoria /Funeral Parlours

- 10 inspections were conducted during the reporting period.

3.8.2.10 Training and education

Objective:

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

Activities:

Health and Hygiene Training and Education

- 5 municipal health related articles were published in the local newspaper "The Courier"
- Health and hygiene training and education activities were undertaken during the reporting period

MHS Newsletter to the Local Municipalities

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 in ensuring a safe and healthy environment for our residents in the Central Karoo region, as well as to create a bigger awareness regarding the section's functions and responsibilities within the region.

3.8.2.11 Complaints

Complaints received

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

3.8.2.12 Projects

Objective:

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

Activities:

Project Proposal: Environmental Cleaning and Greening Project

- 1 Project proposal was compiled during December 2016 and submitted to the provincial Departments of Health and Environmental Affairs respectively in order to obtain funding.

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

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

3.8.2.13 Reports and notices

Sinjani Reports

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

Municipal Health Services Quarterly Reports to Council

- 4 Reports were compiled during the reporting period.

Notices

- 103 notices were issued during the reporting period, namely:
 - Water Quality Monitoring – 4;
 - Waste management – 3;
 - Food Control – 78;
 - Health Surveillance of Premises – 14;
 - Environmental Pollution Control – 0;
 - Communicable Diseases Control – 2;
 - Chemical Safety – 0;
 - Vector Control – 0;
 - Management of Human Remains – 0;
 - Complaints – 2

3.8.2.14 Performance Management

Performance on the Section's KPI's were updated on a monthly basis on the Ignite System. All strategic and operational targets for these KPI's were met.

3.8.2.15 Employees: Municipal Health

Job level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Posts)
	No.	No.	No.	No.	%
Temporary		0	0	0	0
0 - 3		0	0	0	0
4 - 6		0	0	0	0
7 - 9		0	0	0	0
10 - 12	2	6	4	2	33
13 - 16	1	1	1	0	0
Total	3	7	5	2	33

Table 50: Employees Municipal Health

3.9 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 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

3.9.1 Highlights: Disaster Management

Highlights	Description
Up grading of the fire Dept. in CKDM through a shared service project	Delivering of 3 x fire trucks to each B-municipality
Up grading of the two way communication system for all first responders to incidents.	Implementing of digital radio-system to cover all areas
Handling of agricultural drought in the District	Supply "Droogtepile" and fodder through the Dept. of Agriculture to Farmers and Emerging Farmers

Table 51: Highlights Disaster Management

3.9.2 Challenges: Disaster management

Challenges	Action to address
Shortage of staff	Capacity building

Table 52: Challenges Disaster Management

3.9.3 Activities: Disaster management

Function	Description of activities during 2016/17
Declaration of Drought	Extension of agricultural drought in CKDM
Training of public in fire safety	Training and information to private institutions and other Departments
Training of Fireman	Training of all fireman at B-municipal level in handling of new equipment
Inspection of industrial premises	Inspection of 16 premises during the year

Table 53: Activities Disaster Management

3.9.4 Employees: Disaster management

Job level	2015/16		2016/17		
	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		1	1	1	0
Total	2	2	2	0	0

Table 54: Employees Disaster Management

3.10 COMPONENT E: CORPORATE OFFICES AND OTHER SERVICES

3.10.1 Office of the Municipal Manager

Employees: Office of the Municipal Manager

The table below indicates the number of employees in the Office of the Municipal Manager for the 2016/17 financial year:

Job level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Posts)
	No.	No.	No.	No.	%
Temporary	4	4	4	0	0
0 – 3		0	0	0	0
4 – 6		0	0	0	0
7 – 9		0	0	0	0
10 – 12		6	6	0	0
13 – 16		0	0	0	0
Total	4	10	10	0	0

Table 55: Employees Office of the Municipal Manager

3.10.2 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.

3.10.2.1 Activities: Records Management

Function	Description
Records Management	<p>To ensure that :</p> <ul style="list-style-type: none"> * Records management is an objective in the District Municipality's strategy and strategic plan * The current record keeping and records management situation is determined to ensure that relevant information is available regarding the record keeping and records management practices of the District Municipality * Information contained in records is managed effectively throughout the office by drafting and implementing records management policies and systems * Information can be identified and retrieved when required by providing well-structured records classification and record keeping system * All records are kept safe in custody * There is a systematic disposal programme in place * All audio-visual records are managed according to the requirements of the National Archives and Records Service Act and good governance * All electronic records are managed according to the requirements of the National Archives and Records Service Act and good governance * Report monthly on outstanding documents * There are evaluation criteria in place to monitor compliance with sound records management practices
Supervision	Supervise, co-ordinate and delegate the reception and cleaning services within Council
Surety register	Capture, file and update surety information and safekeeping of files
Legislation	Update legislation
Council Chambers/Equipment management and organising	Booking of Council Chamber for meetings, arrange supplies, material and refreshments and cleaners for the meetings
Key Locker, Access Control and Alarm system	<p>Manage the</p> <ul style="list-style-type: none"> * Key locker and key register * Access control system * Alarm system and alarm codes
Telephone system and accounts	<ul style="list-style-type: none"> * Telephone accounts * Report faults / applications for new extensions / transfer of lines * Capture client numbers and personnel codes on telephone system

Table 56: Activities Records Management

3.10.2.2 Matters addressed: Records Management

Items	Number	Action
Records Management	Continuous	Capturing of incoming, internal and outgoing post as well as the filing of all documentation Applications for transfer and disposal of current systems, terminated systems and financial documentation Maintaining file plan and submitting amendments as required Reviewing retention periods and submit the information to the Western Cape Archives and Records Service Control & ensure that all audio-visual records are managed according to the requirements of the National Archives and Records Service Attend records management meetings
Supervision		Oversee Committee Clerk that, in accordance with attendance register for meetings, the CD and agenda with attachments was received for scanning and filing Supervise, co-ordinate and delegate the reception and cleaning services within Council
Surety		Capturing, filling and updating of surety information Safekeeping of surety files
Legislation		Update legislation for the Municipal Manager, all Directors, Workshop Superintendent and Health and Safety Officer
Council Chambers / Equipment management and organising		Booking of Council Chamber for meetings, arrangements supplies, material and refreshments and cleaners for the meetings
Key Locker, Access Control and alarm system		Manage key locker, key register Access control – report weekly Alarm system and alarm codes
Telephone system and accounts		Print telephone accounts Reconcile telephone accounts of personnel Compile a list for deduction of accounts from salary and compile report for the Municipal Manager on telephone accounts Report faults / applications for new extensions / transfer of lines Capture client numbers and personnel codes on telephone system

Table 57: Records Management matters addressed

3.10.2.3 Employees: Records Management

Job level	2015/16	2016/17			
	Employees	Posts		Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
			Employees		
No.	No.	No.	No.	%	
Temporary		0	0	0	0
0 – 3		0	0	0	0
4 – 6		4	4	0	0
7 – 9	5	0	0	0	0
10 – 12		4	4	0	0
13 – 16		0	0	0	0
Total	5	5	5	0	0

Table 58: Employees Records Management

3.11 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

3.11.1 Highlights: Human Resources

Highlights	Description
Bursaries to students	61 bursaries were provided to the youth in the District to assist with registration at academic institutions
Funding to Beaufort West Study Trust	An amount of R24 000 was allocated to the Beaufort West Study Trust for Beaufort West learners.
Wellness Day - 10 August 2016	Right to Care did medical observations of employees at head office.
Key Appointments finalized	Filled 12 key vacancies (Snr Managers, etc.)
Municipal Support Grant	Appointed an ICT intern (one year fixed term) with funding received.
Financial Management Capacity Building Grant	Provided 3 bursaries to full-time students with the grant obtained.
Disaster Management Capacity Grant	Appointed a Disaster Management Intern (fixed term) with funding received.

National Treasury Grant	Appointed two Financial Interns on 1 April 2017
In-service training	13 students received in-service training during the 2016/17 financial year

Table 59: Highlights Human Resources

3.11.2 Employees: Human Resources

Job Level	2015/16	2016/17			
	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		2	2	0	0
13 – 16		1	1	1	0
Total	1	3	3	0	0

Table 60: Employees Human Resources

3.12 Financial Services

3.12.1 Highlights: Financial Services

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
Appointment of Senior Manager: Financial Services	The position of CFO was vacant for an extended period and the position was filled from 1 March 2017
FMG Internships	All 5 the FMG internship positions were filled during the financial year

Table 61: Finance Highlights

3.12.2 Challenges: Financial Services

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

Description	Actions to address
MSCOA Regulations	MSCOA Steering Committee established
System challenges as result of changing environment	SEBATA system acquired

Table 62: Challenges Financial Service

3.12.3 Employees: Financial Services

The table below indicates the number of employees in the Finance Unit for the 2016/17 financial year:

Job Level	2015/16	2016/17			
	Employees	Posts	*Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	9	5	5	0	0
0 - 3		0	0	0	0
4 - 6		0	0	0	0
7 - 9		3	3	0	0
10 - 12		3	3	0	0
13 - 16		1	1	0	0
Total	9	7	7	0	0

*Employees total does not include temporary employees

Table 63: Employees Financial Services

3.13 COMPONENT F: ORGANISATIONAL PERFORMANCE SCORECARD

The main development and service delivery priorities for 2017/18 is the Municipality's Top Layer SDBIP for 2017/18 and are indicated in the tables below:

3.13.1 To build a well capacitated workforce and skilled employable youth and communities

Ref	KPI	Unit of Measurement	Annual Target
TL17	Spend 1% of the municipality's personnel budget on implementing its Workplace Skills Plan by 30 June 2018 [(Total Actual Training Expenditure/ Total personnel Budget) x100]	% of the personnel budget spent on training	1%
TL18	Limit the vacancy rate to 10% of budgeted post as at 30 June 2018	% vacancy rate as at 30 June 2018	10%
TL19	Review the Workplace Skills Plan and submit to LGSETA by 30 April 2018	Workplace skills plan reviewed and submitted to LGSETA by 30 April 2018	1
TL20	The number of people from the employment equity target groups employed (appointed) in the three highest levels of management in compliance with the municipality's approved Equity Plan as at 30 June 2018	Number of people employed as per approved Equity Plan as at 30 June 2018	1

Table 64: To build a well capacitated workforce and skilled employable youth and communities

3.13.2 Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

Ref	KPI	Unit of Measurement	Annual Target
TL7	Review 10 budget related policies and submit to Council for approval by 31 March 2018	Number of policies reviewed and submitted to Council for approval by 31 March 2018	10
TL8	Review and submit the MFMA delegation register to Council for approval by 31 May 2018	MFMA delegation registered reviewed and submitted to Council for approval by 31 May 2018	1
TL9	Compile a long term Financial Plan / Strategy and submit to Council for approval by 31 May 2018	Long term Financial Plan / Strategy developed and submitted to Council for approval by 31 May 2018	1
TL10	Compile and submit the financial statements to the Auditor-General by 31 August 2017	Financial statements compiled and submitted to the Auditor-General by 31 August 2017	1
TL11	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	32%
TL12	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	1
TL13	Spend 90% of the municipal capital budget on capital projects by 30 June 2018 {(Actual amount spent on projects/Total amount budgeted for capital projects) X100}	% of capital budget spent	90%
TL14	Develop a Revenue Enhancement Strategy and submit to Council for consideration by 30 June 2018	Strategy developed and submitted to Council for consideration by 30 June 2018	1
TL15	Review the organisational structure and submit to Council for approval by 31 March 2018	Organisational structure reviewed and submitted to Council for approval by 31 March 2018	1
TL16	Establish a centralised Supply Chain Management Unit by 31 August 2017	Centralised Supply Chain Management Unit established by 31 August 2017	1

Table 65: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

3.13.3 To facilitate good governance principles and effective stakeholder participation

Ref	KPI	Unit of Measurement	Annual Target
TL1	Hold quarterly Risk, Internal Audit and Legal District Shared Services meetings with local municipalities during the 2017/18 financial year	Number of quarterly meetings held	4
TL2	Review and submit the Spatial Development Framework to Council for approval by 30 June 2018	Policy reviewed and submitted to Council for approval by 30 June 2018	1
TL3	Develop an Integrated Waste Management Plan and submit to Council by 30 June 2018	Plan developed and submitted to Council by 30 June 2018	1
TL4	Review 10 corporate and HR policies and submit to Council for approval by 30 June 2018	Number of policies reviewed and submitted to Council for approval by 30 June 2018	10
TL5	Review and submit the delegation register to Council for approval by 30 June 2018	Delegation registered reviewed and submitted to Council for approval by 30 June 2018	1
TL6	Table the draft Annual Report in Council by 31 January 2018	Draft Annual Report tabled in Council by 31 January 2018	1
TL21	Review and submit the IDP Budget Process Plan to Council for approval by 31 August 2017	IDP Budget Process plan submitted to Council for approval by 31 August 2017	1
TL22	Revise the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June 2018	RBAP revised and submitted to the Audit Committee for approval by 30 June 2018	1
TL23	Complete 70% of audits as per the RBAP by 30 June 2018 [(Audits completed for the year/audits planned for the year according to the RBAP) x100]	% audits completed	70%
TL51	Implement phase 1 of the upgrade of records and archives section by 30 June 2018	Phase 1 completed by 30 June 2018	1
TL52	Establish a District CFO Forum by 31 December 2017	Forum established by 31 December 2017	1
TL53	Establish a District Strategic and Corporate Services Forum by 31 December 2017	Forum established by 31 December 2017	1

Table 66: To facilitate good governance principles and effective stakeholder participation

3.13.4 Improve and maintain district roads and promote safe roads transport

Ref	KPI	Unit of Measurement	Annual Target
TL42	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 temporary jobs created	15
TL43	Spend 95% of Roads special projects conditional allocation by 31 March 2018 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over the financial year of the Department of Transport of the WC Province)	% of Roads special projects budget spent	95%
TL44	Spend 95% of Roads operational conditional allocation by 31 March 2018 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over 12 months which coincide with the Financial year of the Provincial Department of Transport)	% of Roads special projects budget spent	95%
TL45	Regravel 35 kilometer road by 31 March 2018	Number of kilometers regravelled	35

Table 67: Improve and maintain district roads and promote safe roads transport

3.13.5 Prevent and minimize the impact of possible disasters and improve public safety in the region

Ref	KPI	Unit of Measurement	Annual Target
TL24	Hold bi-annual District Disaster Management Advisory Forum meetings during 2017/18	Number of meetings	2
TL25	Review and submit the Disaster Management Framework to Council for approval by 31 May 2018	Disaster Management Framework reviewed and submitted to Council for approval by 31 May 2018	1
TL26	Conduct 10 industrial premises inspections by 30 June 2018	Number of inspections conducted by 30 June 2018	10

Table 68: Prevent and minimize the impact of possible disasters and improve public safety in the region

3.13.6 Promote regional, economic development, tourism and growth opportunities

Ref	KPI	Unit of Measurement	Annual Target
TL35	Develop and submit a Youth, Disability and Gender Implementation Plan to Council for approval by 31 December 2017	Implementation Plan developed and submitted to Council for approval by 31 December 2017	1

Ref	KPI	Unit of Measurement	Annual Target
TL36	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June 2018	Number of full time equivalent (FTE's) created by 30 June 2018	15
TL37	Review and submit the LED Strategy to Council for approval by 31 May 2018	LED Strategy reviewed and submitted to Council for approval by 31 May 2018	1
TL38	Establish a Youth Café in partnership with the Department of Social Development by 30 June 2018	Youth Café established by 30 June 2018	1
TL39	Develop a Implementation Plan the Vukupile Small Contracted Development Programme in conjunction with the National Department of Public works and submit to Council for consideration by 31 December 2017	Implementation plan developed and submitted to Council for consideration by 31 December 2017	1
TL40	Conduct research on the viability of CKEDA and submit report to Council for consideration by 31 December 2017	Report submitted to Council for consideration by 31 December 2017	1
TL41	Conduct research on the viability of Agri-Parks and submit report to Council for consideration by 31 December 2017	Report submitted to Council for consideration by 31 December 2017	1
TL48	Develop a Tourism Development Plan and submit to Council for consideration by 30 June 2018	Tourism Development Plan developed and submitted to Council for consideration by 30 June 2018	1
TL49	Develop a Tourism Marketing Plan and submit to Council for consideration by 30 June 2018	Tourism Marketing Plan developed and submitted to Council for consideration by 30 June 2018	1

Table 69: Promote regional, economic development, tourism and growth opportunities

3.13.7 Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

Ref	KPI	Unit of Measurement	Annual Target
TL27	Compile and submit bi-annual Water Quality Evaluation Reports to Water Service Authorities within the district during 2017/18 financial year	Number of Water Quality Evaluation Reports submitted to Water Service Authorities in the district	6
TL28	Compile and submit bi-annual Informal Settlement Evaluation Reports to local municipalities in the District during 2017/18 financial year	Number of Informal Settlement Evaluation Reports submitted to local municipalities in the district	8
TL29	Compile and submit Vector Control Programme for food premises to Council for approval by 31 December 2017	Vector Control Programme compiled and submitted to Council for approval by 31 December 2017	1
TL30	Compile and distribute the Municipal Health Newsletter to local municipalities in the District by 31 January 2018	Newsletters submitted to local municipalities by 31 January 2018	1

Ref	KPI	Unit of Measurement	Annual Target
TL31	Compile and publish articles in the local newspaper "The Courier" on a quarterly basis during 2017/18 financial year	Number of articles published in "The Courier" on a quarterly basis	4
TL32	Compile and submit the Municipal Health Management Plan to Council for acknowledgement by 31 December 2017	Municipal Health Management Plans submitted to Council for acknowledgement by 31 December 2017	1
TL33	Compile and submit a Municipal Health By-law to Council for approval by 30 June 2018	Municipal Health By-law compiled and submitted to Council for approval by 30 June 2018	1
TL34	Submit an Environmental Health project proposal to relevant provincial department and / or other role-players by 31 December 2017	Project proposals submitted by 31 December 2017	1
TL46	Compile and submit the Climate Change Management Plan to Council for approval by 31 March 2018	Climate Change Management Plan compiled and submitted to Council for approval by 31 March 2018	1
TL47	Compile and submit the Air Quality By-Law to Council for approval by 30 June 2018	Air Quality By-law compiled and submitted to Council for approval by 30 June 2018	1
TL50	Compile and submit bi-annual Landfill Evaluation Reports to local municipalities in the District by 30 June 2018	Landfill Evaluation Reports compiled and submitted to local municipalities in the district by 30 June 2018	6

Table 70: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

Chapter 4: Organisational Development Performance

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	2015/16	2016/17
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	6	0
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.07%	4,89%

Table 71: National KPI's – Municipal transformation and organisational development

4.2 Introduction to the municipal workforce

The Municipality currently employs 133 (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"

4.2.1.1 Employment equity targets / actual by racial classification

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
38	30	79%	85	93	109%	1	1	100%	14	11	79%

Table 72: Employment equity targets/actual by racial classification

4.2.1.2 Employment equity targets /actual by gender classification

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
96	103	107%	0	0	0%	0	0	0%

Table 73: Employment equity targets/actual by gender classification

4.2.1.3 Employment equity targets vs population 2016/17

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	93	1	11	0	135
% of positions filled	22.23	68.89	0.74	8.14	0	100

Table 74: Employment equity targets vs population 2016/17

4.2.1.4 Occupation 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	2	0	1	0		0	1	4
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	4	0	4	1	0	0	3	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	9	0	0	1	5	0	2	21
Semi-skilled and discretionary decision making	4	26	1	0	2	9	0	0	42
Unskilled and defined decision making	13	35	0	0	5	3	0	0	56
Total permanent	21	76	1	5	9	17	0	6	135
Non-permanent employees	0	17	0	0	0	0	0	0	17
Grand Total	21	93	1	5	9	17	0	6	152

Table 75: Occupation levels – Race

4.2.1.5 Department – 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	3	4	0	0	1	1	0	1	10
Corporate Services	2	3	0	4	3	5	0	2	19
Financial Services	0	2	0	0	2	5	0	3	12
Technical Services	16	67	1	1	3	6			94
Total permanent	21	76	1	5	9	17		6	135
Non-permanent	0	17	0	0	0	0	0	0	17
Grand Total	21	93	1		9	17	0	6	152

Table 76: Department – Race

4.2.1.6 Vacancy rate per post and functional level

The following table illustrates the vacancy rate per post and functional level:

Post level	Per post level	
	Filled	Vacant
Municipal Manager and MSA Section 57 and 56	4	0
Middle management	12	0
Admin officers and operators	63	3 x Grader Operators
General workers	56	6

Total		
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	10	0
Corporate Services	19	0
Financial Services	12	0
Technical Services	94	9
Total		

Table 77: Vacancy rate per post and functional level

4.2.1.7 Turn-over rate

The following table illustrates the turn-over rate for 2016/17. The turnover rate shows an increase from 3, 52% in 2015/16 to 5, 93% in 2016/17. Below is a table that shows the turnover rate within the municipality for the past two (2) years.

Financial year	New appointments	No. of terminations during the year	Turn-over rate
2015/16	9	5	3.52%
2016/17	19	8	5,93%

Table 78: Turn-over rate

4.2.2 Managing the Municipal workforce

4.2.2.1 Injuries

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

Department	2015/16	2016/17
Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Technical Services	12	5
Total	12	5

Table 79: Injuries

4.2.2.2 Sick leave

The total number of employees that have taken sick leave during the 2016/17 financial year shows an increase when compared with the 2015/16 financial year.

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

Department	2015/16		2016/17	
	Total number of days	Average per person	Total number of days	Average per person
Municipal Manager	48	5.33	32	3,2
Corporate Services	239	9.96	136	7,16
Financial Services	0	0	76	6,33
Technical Services	748	8.04	1017	10,82
Total	1035	23.33	1261	27.51

Table 80: Sick leave

4.2.2.3 Approved policies: Human Resources

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

Approved policies	
Name of policy	Date approved/revised
Acting	2006-08-18 / Revised 25.5.2017
Cell-phones	30-Jul-08
Communication lines (internal)	01-Jul-01
Declaration of interests	22-Feb-01
Disciplinary procedures	Draft July 2017
E-mail records management	01-Aug-08
Employee Wellness & HIV/Aids	01-Mar-05
Essential motor vehicle scheme	22-Aug-07
Evacuation plan	22-Aug-05
Gift policy (receiving of)	Draft May 2009
Housing subsidies on loans from pension/provident fund	15-Jun-04
Induction	01-Aug-05
In-service training (students)	8 May 2006 / Revised 24 Feb 2016
Leave Policy and Procedures	Revised 30 June 2014 / Revised 25 May 2017
Long services bonuses	31-May-01
Maternity Leave	21-Jul-09
Medical membership	22-Apr-05
Nepotism	22-Apr-05
Overtime	25-May-17
Parking spaces	30-Aug-07
Pension – single amount	06-Oct-98
Private work	19-Jul-07
Public drivers permit (professional drivers)	18-Aug-08
Recruitment , selection and appointment	Approved October 2016
Rehabilitation	01-Jul-01
Reporting lines	27-Jan-05
Sexual harassment	13 March 2008 / Reviewed June 2014
Smoking	01-Jul-01
Stop order facilities	31-May-00
Study / driver's license	23-Jul-09
Telephone usage	31-Jul-03
Training and development (skills)	01-Aug-05
Travel and subsistence allowances	2015-05-28/Revised 25 May 2017
Unpaid leave	April 2009 (Draft)

Table 81: Approved policies - Human Resources

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

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))
Financial officials				
Municipal Manager	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior managers	2	2	2	2
Any other financial officials	0	0	0	0
SCM officials				
Manager: Supply Chain	1	In process to complete	n/a	n/a
SCM senior managers	n/a	n/a	n/a	n/a
Total	5	4	4	4

Table 82: Details of the financial competency development progress

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	
2015/16	15 322	140	103	74
2016/17	17	254	85	33

Table 83: Skills development expenditure

4.5 Managing the municipal workforce expenditure

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

4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency.

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

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage (%)
	R'000		
2015/16	30 722	76 950	40%
2016/17	34 968	68 771	51%

Table 84: Personnel expenditure

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

Financial year	2015/16		2016/17	
	Actual	Original Budget	Adjusted Budget	Actual
Description	R			
Councillors (Political Office Bearers plus Other)				
Mayor	785 200	881 275	838 509	580 385
Executive Committee members	1 247 096	1 471 077	1 399 689	974 580
Councillors	1 077 228	1 315 648	1 251 802	1 650 638
Sub total	3 109 524	3 668 000	3 490 000	3 205 603
% increase/(decrease)	(9.29%)	18%	12%	3%
Staff				
Salary	2 314 711	2 793 000	2 793 000	2 075 158
Performance bonus	0	0	0	107 701
Other benefits or allowances	847 633	1 049 000	1 049 000	845 683
Sub total	3 082 274	3 842 000	3 842 000	3 028 542
% increase/(decrease)	-18%	25%	25%	(2%)
Other				
Basic salaries and wages	19 452 849	10 614 000	11 413 000	22 800 377
Pension contributions	2 909 270	422 000	422 000	4 242 730
Medical-aid contributions	1 000 877	239 000	511 000	1 459 628
Overtime	704 545	5 000	5 000	417 250
Motor vehicle allowance	1 247 316	253 000	103 000	0
Cell-phone allowance	11 000	1 000	1 000	0
Housing allowance	240 347	64 000	64 000	249 859
13th Cheque	1 490 804	0	0	1 859 193
Other benefits or allowances	418 242	904 000	750 000	251 897
Employee benefits provision	638 082	415 000	415 000	658 457
In-kind benefits	0	0	0	0

Financial year	2015/16	2016/17		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
Councillors (Political Office Bearers plus Other)				
Sub Total	28 880 895	12 918 000	13 685 000	31 939 391
% increase/(decrease)		(55%)	(53%)	(11%)
Total Municipality	34 277 880	20 428 000	21 025 000	38 173 536
% increase/(decrease)	82.8%	(40%)	(39%)	(11%)
<i>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.</i>				

Table 85: Councillor and staff benefits

Chapter 5: Financial Summary

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

COMPONENT A: STATEMENT 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 2016/17 financial year:

Description	2015/16	2016/17			2016/17 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Financial performance						
Property rates	0	0	0	0	0	0
Service charges	0	0	0	0	0	0
Investment revenue	0	500	550	503	100.6%	91.45%
Transfers recognised - operational	32 311	33 021	34 225	27 793	84.67%	81.20%
Other own revenue	48 439	43 540	42 802	40 752	93.59%	95.21%
Total revenue (excluding capital transfers and contributions)	80 750	77 060	77 582	69 048	89.60%	89.00%
Employee related costs	30 672	16 760	17 527	34 968	208.63%	199.50%
Remuneration of Councillors	3 110	3 668	3 498	3 206	87.40%	91.65%
Contracted services	237	0	0	295	100%	100%
Depreciation and amortisation	284	255	0	326	100%	100%
Debt impairment	1 033	0	0	0	0	0
Finance charges	654	0	0	857	100%	100%
Repairs and maintenance	13 216	0	0	0	0	0
Actuarial losses	439	0	0	0	0	0
Loss on disposal of property, plant and	11	0	0	47	100%	100%
General expenses	29 024	56 147	56 025	29 071	57.78	51.89%
Total expenditure	78 679	76 830	77 305	68 771	89.51%	88.96%
Surplus/(Deficit)	85.72	231	277	277	119.91%	100%
Transfers recognised - capital	0	0	1 300	883	0	67.92%
Contributions recognised - capital and contributed assets	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers and contributions	85.72	231	1 577	1 160	502.16%	73.56%

Description	2015/16	2016/17			2016/17 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	0	0	1300	883	0	64.07%
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	298	230	262	173	75.21%	66.03%
Total sources of capital funds	298					
Financial position						
Total current assets	9 876	11 762	11 777	15 256	129.70%	129.54%
Total non-current assets	15 628	13 609	14 941	17 119	125.79%	114.57%
Total current liabilities	10 687	8 435	8 435	11 274	133.66%	133.66%
Total non-current liabilities	17 995	22 069	22 069	17 553	79.54%	79.54%
Accumulated Surplus/(Deficit)	54 186	(5 133)	(3786)	3 549	(160%)	(190%)
Cash flows						
Net cash from (used) operating	3 440	(3 182)	(1 836)	(1 486)	46.70%	80.93%
Net cash from (used) investing	(912)	(924)	(2 256)	(1 513)	163.74%	67.07%
Net cash from (used) financing	(51)	(66)	(66)	(101)	153.03%	153.03%
Cash/cash equivalents at year-end	2 477	8 368	8 383	2 989	35.72%	35.65%
Cash backing/surplus reconciliation						
Cash and investments available	2 477	8 368	8 383	2989	35.71%	35.65%
Application of cash and investments	0	0	0	0	0	0
Balance - surplus (shortfall)	2 477	8 368	8 383	2989	35.71%	35.65%
Free services						
Cost of free basic services	n/a	n/a	n/a	n/a	n/a	n/a
Revenue cost of free services provided	n/a	n/a	n/a	n/a	n/a	n/a
Households below minimum service level						
Water:	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation/sewerage:	n/a	n/a	n/a	n/a	n/a	n/a
Energy:	n/a	n/a	n/a	n/a	n/a	n/a
Refuse:	n/a	n/a	n/a	n/a	n/a	n/a

Table 86: Financial summary

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			
2015/16	85 460	80 750	(4 710)	(6%)	85 336	78 679	6 658	8 %
2016/17	77 582	69 048	(9 534)	(12.29%)	77 304	68 771	8 533	11.38%

Table 87: Performance against budgets

5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2015/16	2016/17			2016/17 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Vote 1 - Executive and Council	3 686	12 131	11 790	7 906	65.17%	67.05%
Vote 2 - Budget and Treasury Office	15 098	9 454	9 996	13 764	145.58%	137.70%
Vote 3 - Corporate Services	19 737	18 365	19 986	14 831	80.76%	74.20%
Vote 4 - Technical Services	45 552	37 110	37 110	33 429	90.80%	90.08%
Total revenue by vote	84 072	77 060	78 882	69 931	90.75%	88.65%

Table 88: Revenue collection 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	2015/16	2016/17			2016/17 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	370	0	0	0	0	0
Rentals of facilities and equipment	70	50	72	71	142%	98.61%
Interest earned - external	693	500	550	503	100.6%	91.45%

Description	2015/16	2016/17			2016/17 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
Interest earned - outstanding	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	16	0	0	21	100%	100%
Agency services	3 077	3 711	3711	40 168	1082%	1082%
Department of Transport - Roads service charges	40 096	0	0	0	0	0
Government grants and subsidies - operating	32 311	33 021	34 225	27 793	84.17%	81.20%
Other income	1725	39 779	39 025	492	1.24%	1.26%
Gains on disposal of property, plant and equipment	0	0	0	0	0	0
Total revenue (excluding capital transfers and contributions)	68 184	77 060	77 582	69 048	89.60%	89.00%

Table 89: Revenue collection by source

5.1.3 Operational services performance

The table below indicates the operational services performance for the 2016/17 financial year:

Description	2015/16	2016/17			2016/17 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
Operating cost						
Roads and storm water	40 539	37 110	37 110	33 125	89%	89%
Component A: Sub-total	40 539	37 110	37 110	33 125	89%	89%
Planning and development	1 541	954	787	1 808	190%	230%
LED	0	0	0	0	0	0
Component B: Sub-total	1 541	954	787	1 808	190%	230%
Municipal health	2 123	2 851	2 785	2 446	86%	88%
Component C: Sub-total	2 123	2 851	2 785	2 446	86%	88%
Disaster management	948	1 013	1 233	1 065	105%	86%
Component D: Sub-total	948	1 013	1 233	1 065	105%	86%
Executive and Council	10 596	11 825	10 907	9 262	78%	85%
Corporate Services	10 003	14 580	14 592	11 102	76%	76%
Budget and Treasury	11 200	7 541	8 981	9 963	132%	111%
Other	0	955	911	0	-100%	-100%
Component E: Sub-total	31 799	34 901	35 390	30 327	87%	86%
Total expenditure	76 950	76 830	77 305	68 771	90%	89%

Table 90: Operational services performance

5.2 Financial performance per municipal function

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

5.2.1 Roads and storm water

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	40 146	37 110	37 110	33 429	90%
Expenditure					
Employees	19 050	17 441	17 441	19 586	112%
Repairs and maintenance	12 396	11 504	11 504		
Other		10 544	92%		
Total operational expenditure	8 724	8 165	8 165	2 994	37%
Net operational (service) expenditure	40 170	37 110	37 110	33 125	89%

Table 91: Financial performance: Roads and storm water

5.2.2 Planning and Development (CKEDA)

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	0	960	295	200	
Expenditure:					
Employees	1 135	706	582	1 285	220%
Repairs and maintenance	0	0	0	0	0
Other	406	248	205	523	255%
Total operational expenditure	1 540	954	787	1 808	230%
Net operational (service) expenditure	(1 540)	6	(413)	(1 608)	389%

Table 92: Financial performance: Planning and Development (CKEDA)

5.2.3 Municipal Health

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	45	2 127	2 127	31	1.4%
Expenditure:					
Employees	1 765	2 624	2 627	2 069	79%
Repairs and maintenance	0	0	0	0	0

Other	358	227	158		
Total operational expenditure		377	238%		
Net operational (service) expenditure	2 123	2851	2785	2 446	88%

Table 93: Financial performance: Municipal Health

5.2.4 Disaster management

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	316	1 041	1 600	965	60%
Expenditure:					
Employees	685	729	888	687	77%
Repairs and maintenance	1	1	1	0	-100%
Other	262	283	344	378	110%
Total operational expenditure	948	1 013	1 233	1 065	86%
Net operational (service) expenditure	(632)	28	367	(100)	(272%)

Table 94: Financial performance: Disaster management

5.2.5 Executive and Council

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	3 686	11 171	11 495	7 706	67%
Expenditure:					
Employees	5 395	3 311	3 054	2 819	92%
Repairs and maintenance	1	1	1	3	300%
Other	5 200	8 513	7 852	6 440	82%
Total operational expenditure	10 596	11 825	10 907	9 262	85%
Net operational (service) expenditure	(6 910)	(655)	588	(1 556)	(264%)

Table 95: Financial performance: Executive and Council

5.2.6 Corporate Services

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	20 279	14 338	14 359	13 836	96%
Expenditure:					
Employees	3 792	5 540	5 545	6 310	114%

Repairs and maintenance	817	1166	1167	72	6%
Other	5 413	7 874	7 880	4 720	60%
Total operational expenditure	10 022	14 580	14 592	11102	76%
Net operational (service)	10 256	(242)	(233)	2 734	1173%

Table 96: Financial performance: Corporate Services

5.2.7 Budget and Treasury

Description	2015/16	2016/17			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	16 279	9 424	9 966	13 764	138%
Expenditure:					
Employees	1 957	2 328	1 347	2 212	164%
Repairs and maintenance	0	0	0	0	0
Other	11 314	9 594	7 634	7 751	102%
Total operational expenditure	13 271	7 541	8 981	9 963	111%
Net operational (service) expenditure	3 008	1 883	985	3 801	385%

Table 97: Financial performance: Budget and Treasury

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 2016/17 financial year. The performance in the spending of these grants are summarised as follows:

Description	2015/16	2016/17			2016/17 variance	
	Actual	Budget	Adjustments budget	Actual	Original	Adjustments budget
	R'000					%
National Government:	25 913	24 336	24 336	24 336	0	0
Equitable share	19 324	19 416	19 416	19 416	100%	100%
Municipal systems improvement	930	0	0	0	100%	100%
EPWP	1 038	1 000	1 000	1 000	100%	100%
Finance management grant	1 250	1 250	1 250	1 250	100%	100%
Rural roads assets management systems	3 390	1 866	1 866	1 866	100%	100%
Water services operating subsidy	0	1 489	1 489	0	-100%	-100%
Provincial Government:	1 994					
Financial management support grant	1 994	2 000	3 071	1 913	95.7%	62.3%
Other grant providers:	4 404					
Tourism	0	0	0	0	100%	100%
LG SETA	3 523	6 000	6 000	1 307	21.8%	21.8%

Doring Veld project	881	0	0	1118	-100%	-100%
CHIETA	0	0	133	314	0%	236%
Total operating transfers and grants	32 311	33 021	34 225	27 793	84.17%	81.20%

Table 98: Grant performance - 2016/17

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		
2015/16	30 302	80 750	37.53
2016/17	27 793	69 931	39.7%

Table 99: Reliance on grants

5.4. Financial ratio's based on KPI's

5.4.1 Liquidity ratio

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

Description	Basis of calculation	2015/16	2016/17
Current ratio	Current assets/current liabilities	1.42	1.35
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.35	1.25
Liquidity ratio	Monetary assets/current liabilities	1.1%	1.01

Table 100: 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	2015/16	2016/17
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.29	0.52
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)	5.84	3.65

Table 101: National KPA's - Financial viability

5.4.3 Borrowing Management

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

Description	Basis of calculation	2015/16	2016/17
Capital charges to operating expenditure	Interest and principal paid /operating expenditure	0.003	0.012

Table 102: Borrowing management

5.4.4 Employee costs

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

Description	Basis of calculation	2015/16	2016/17
Employee costs	Employee costs/(Total revenue - capital revenue)	41.83%	51.64%

Table 103: 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	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	19.14%	15.37%

Table 104: Repairs and maintenance

COMPONENT A: SPENDING AGAINST CAPITAL BUDGET

5.5 Analysis of capital expenditure

5.5.1 Capital expenditure by new asset program

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

Description	2015/16	2016/17			Planned capital expenditure		
	Actual	Original budget	Adjustment budget	Actual expenditure	2016/17	2017/18	2018/19
R'000							
Capital expenditure by asset class							
Other assets	714	3 727	230	0	5 059	3 702	3 677
General vehicles	0	0	0	0	0	0	0
Plant and equipment	644	0	0	0	0	0	0
Computers - hardware/equipment	48	0	0	0	0	0	0
Furniture and other office	23	0	0	0	0	0	0
Other	0	3 727	230	0	5 059	3 702	3 677
Intangibles	10	12	0	0	12	12	12
Computers - software and programming	10	12	0	0	12	12	12
Total capital expenditure on new assets	724	3 739	230	0	5 071	3 714	3 689

Table 105: Capital expenditure - New asset program

5.5.2 Capital expenditure by funding source

Details	2015/16	2016/17				
	Actual	Original budget	Adjustment budget	Actual	Adjustment to original budget	Actual to original budget
Source of finance R'000						
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	0	1300	1300	883	68%	68%
Own funding	724	230	262	173	75%	66%
Total	724	1530	1562	1056		
Water and sanitation						
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	0	1300	1300	883	68%	68%
Own funding	100	230	262	173	75%	66%
Electricity						
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 storm water	0	0	0	0	0	0
Other	724	0	0	0	0	0
Total	724	1530	1562	1056	69%	68%
Housing						
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 storm water	0	0	0	0	0	0
Other	100	0	0	0	0	0

Table 106: Analysis of capital expenditure

COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 Cash Flow

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

Description	2015/16	2016/17		
	Actual	Original budget	Adjusted budget	Audited outcome
	R'000	R'000	R'000	R'000
Cash flow from operating activities				
Receipts				
Ratepayers and other	46 324	43 952	43 220	35 781
Government - operating	30 302	33 021	34 225	27 664
Government - capital	1 300	0	1 300	1 300
Interest	632	500	550	503
Dividends	0	0	0	0
Payments				
Suppliers and employees	(76 717)	80 655	(81 130)	(66 723)
Finance charges	(13)	0	0	(11)
Transfers and grants	0	0	0	0
Net cash from/(used) operating activities	527	(3 182)	(1 836)	(1 486)
Cash flows from investing activities				
Receipts				
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	0	0	0	0
Decrease/(increase) in non-current receivables	0	(694)	(694)	0
Payments				
Capital assets	(539)	(230)	(1 562)	(1 056)
Increase in loan	(901)	0	0	(457)
Net cash from/(used) investing activities	(1 044)	(924)	(2 256)	(1 513)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	(56)	(66)	(66)	(101)
Net cash from/(used) financing activities	(56)	(66)	(66)	(101)
Net increase/(decrease) in cash held	(969)	(4 172)	(4 157)	(3 101)

Description	2015/16	2016/17		
	Actual	Original budget	Adjusted budget	Audited outcome
	R'000	R'000	R'000	R'000
Cash/cash equivalents at the year begin:	7 058	12 540	12 541	6 089
Cash/cash equivalents at the year-end:	6 089	8 368	8 383	2 988

Table 107: Cash flow 2016/17

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
2015/16	0	0	0	0	548	548
2016/17	0	0	0	0	1 994	1 994
Difference	0	0	0	0	1 446	1 446
% growth year on year	0	0	0	0	201%	364%

Note: Figures exclude provision for bad debt

Table 108: 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
2015/16	0	0	0	548	548
2016/17	651	57	136	1 150	1 994
Difference	651	57	136	602	1 446
% Growth Year on	100%	100%	100%	201%	364%

Note: Figures exclude provision for bad debt.

Table 109: Service debtors age analysis

5.9 Borrowings 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 2016/17 financial year:

5.9.1 Actual borrowings

Instrument	2015/16	2016/17
	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	182	140
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
Municipality Total	182	140

Table 110: Actual borrowings

5.10 Municipal investments

Investment type	2015/16	2016/17
	R'000	
Securities - National Government	0	0
Listed corporate bonds	0	0
Deposits - Bank	2 694	3 067
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
Municipality total	2 694	3 067

Table 111: Municipal investments

COMPONENT C: OTHER FINANCIAL MATTERS

5.11 Supply Chain Management (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.

5.12 GRAP Compliance

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

GRAP was fully implemented in the municipality in the 2010/11 financial year and the financial statements of 2016/17 are fully GRAP compliant.

Chapter 6: Auditor-General

COMPONENT A: AUDITOR GENERAL OPINION 2015/16

6.1 Auditor-General report 2015/16

Main issues raised	Remedial actions taken
CKDM	
Overall 10% of significantly important targets were not reliable when compared to source information or evidence	Will be corrected in future and more closely monitored in 2016/17
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 2016/17.
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 112: Auditor-General report 2015/16

COMPONENT B: AUDITOR GENERAL OPINION 2016/17

6.2 Auditor-General report 2016/17

The Central Karoo District Municipality has received an unqualified audit opinion from the Auditor General for the 2016/17 financial year.

6.3 Consolidated annual financial statements for 2016/17

The consolidated Annual Financial Statements for 2016/17 is attached as Volume II to this report.

6.4 Auditor-General report on the financial statements 2016/17

The Auditor-General Report 2016/17 is attached to this report as Appendix M.

APPENDICES

APPENDIX A: COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committee	Purpose of committee
Finance and Corporate Services Committee	The responsibilities of the Committee include the following: <ul style="list-style-type: none"> - IDP and Budget - Income and Expenditure Management - Credit Control - Asset and SCM - Financial Services - IT & Data Management - Records Management - Environmental Health Services - Fleet Management - Disaster Management & Emergency Services - Legal Services - Council matters - Community Safety
Municipal Services and Infrastructure Committee	The responsibilities of the Committee include the following: <ul style="list-style-type: none"> - Provincial Roads Function – Maintenance and construction - Public Transport - Civil Services to B-Municipalities - Capital projects: Infrastructure - OHS - Mechanical Work shop - Planning / Design
Human Resources Development Committee	The responsibilities of the Committee include the following: <ul style="list-style-type: none"> - Policies - Interviewing - Equal employment
Economic and Social Development Committee	The responsibilities of the Committee include the following: <ul style="list-style-type: none"> - IDP, Budget, SDBIP - LED & Tourism - Working for Water Project - Land Reform (Rural Development) - Community Development and empowerment initiatives - Youth and Gender equality

Table 113: Committees and Committee purposes

APPENDIX B: THIRD TIER STRUCTURE

Third Tier Structure	
Directorate	Director / Manager
Office of the Municipal Manager	Mr. Stefanus Jooste
Corporate Services	Mr. Johannes Jonkers
Technical Services	Mr. Kobus Theron
Financial Services	Ms. Ursula Baartman

Table 114: Third Tier Structure

APPENDIX C: RECOMMENDATIONS OF THE MUNICIPAL AUDIT & PERFORMANCE COMMITTEE 2016/17

No recommendations were made by the Municipal Audit and Performance Committee of the Central Karoo District Municipality during the year under review.

Find the Report from the Audit and Performance Committee for year ending 30 June 2017. (Annexure

APPENDIX D: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts 2016/17					
Name of Service provider (Entity or Municipal Department)	Description of services rendered by the Service Provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value R'000
Ignite Advisory Services	5 Year IDP Plan	01.07.2017	30.06.2020	Manager Strategic Services	As charged per tariff listing
Ignite Advisory Services	Performance Management	01.06.2017	30.06.2018	Manager Strategic Services	As charged per tariff listing
Mubesko Africa (Pty)Ltd	Accounting Services	01.07.2016	30.06.2019	Snr Manager: Financial Services	As charged per tariff listing
Moore Stephens	Internal Audit Services	01.12.2014	30.11.2017	Snr Manager: Financial Services	As charged per tariff listing
Ubertech	IT Support	01.03.2017	30.06.2018	Snr Manager: Corporate Services	As charged per tariff listing
Telkom	Telephone	01.12.2016	01.12.2019	Snr Manager: Corporate Services	As charged per tariff listing
Ricoh	Rental of 4-in-1 copy machine	01.03.2016	01.03.2021	Snr Manager: Corporate Services	As charged per tariff listing
Nashua	Rental of 4-in-1 copy machine	01.08.2016	01.08.2020	Snr Manager: Corporate Services	As charged per tariff listing
Fujitsi (Abakus)	Financial Systems	01.07.2017	30.06.2018	Snr Manager: Financial Services	As charged per tariff listing
B-Muns	Shared Services	01.07.2016	30.06.2019	Legal and Executive Support	As charged per tariff listing
Sebata	Financial System	16.02.2017		Snr Manager: Financial Services	As charged per tariff listing

Table 115: Long term contracts and PPP's

APPENDIX E: DISCLOSURES OF FINANCIAL INTEREST

Declaration of interest forms were completed by the majority of employees, all Section 56/57 Managers and Councillors of the Central Karoo District Municipality to declare any interest for the 2016/17 with no employees declaring any related party transactions.

The Municipal Manager declared a potential conflict of interest as the Executive Mayor is his brother.

APPENDIX F: REVEUNE COLLECTION PERFORMANCE BY VOTE AND SOURCE

APPENDIX F (i): REVEUNE COLLECTION PERFORMANCE BY VOTE

Revenue collection performance by vote						
Description	2015/16	2016/17			2016/17 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Vote 1 - Executive and Council	3 686	12 131	11 790	7 906	65.17%	67.05%
Vote 2 - Budget and Treasury Office	16 279	9 454	9 996	13 764	145.58%	137.70%
Vote 3 - Corporate Services	20 640	18 365	19 986	14 831	80.76%	74.20%
Vote 4 - Technical Services	40 146	37 110	37 110	33 429	90.80%	90.08%
Total revenue by vote	80 750	77 060	78 882	69 931	90.75%	88.65%

Table 116: Revenue collection performance by vote

APPENDIX F (ii): REVEUNE COLLECTION PERFORMANCE BY SOURCE

Revenue collection performance by source						
Description	2015/16	2016/17			2016/17 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Actuarial gains	370	0	0	0	0	0
Rentals of facilities and equipment	70	50	72	71	142%	98.61%
Interest earned - external investments	693	500	550	503	100.6%	91.45%
Licenses and permits	16	0	0	21	100%	100%
Agency services	3 077	3 711	3 711	40 168	1082%	1082%
Department of Transport - Roads service charges	40 096	0	0	0	0	0
Government grants and subsidies - operating	32 311	33 021	34 225	27 793	84.17%	81.20%
Other income	1 725	39 779	39 025	492	1.24%	1.26%
Total revenue by source	68 184	77 060	77 582	69 048	89.60%	89.00%

Table 117: Revenue collection performance by vote

APPENDIX G: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor
				Actual	Original Budget	
Equitable share	19 416	19 416	19 416	100%	100%	
Municipal systems improvement	0	0	0	100%	100%	
EPWP	1 000	1 000	1 000	100%	100%	
Finance management grant	1 250	1 250	1 250	100%	100%	
Rural roads assets management systems grant	1 866	1 866	1 866	100%	100%	
Water services operating subsidy	1 489	1 489	0	-100%	-100%	
Financial management support grant	2 000	3 071	1 913	95.7%	62.3%	
LG SETA	6 000	6 000	1 307	21.8%	21.8%	
Doring Veld project	0	0	1 118	-100%	-100%	
CHIETA	0	133	314	0%	236%	
Total	33 021	34 225	27 793	84.17%	81.20%	

Table 118: Conditional Grants received: Excluding MIG

APPENDIX H: CAPITAL EXPENDITURE – NEW & UPGRADE / RENEWAL PROGRAMMES

APPENDIX H (i): CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure – New Assets Programme							
Description	2015/16	2016/17			2016/17 Variance		
	Actual	Original Budget	Adjustment Budget	Actual	FY+1	FY+2	FY+3
Capital expenditure by Asset Class							
Community – Total							
<i>Fire, safety & emergency Security and policing</i>	0	1300	1300	833			
Other assets							

Capital Expenditure – New Assets Programme							
Description	2015/16	2016/17			2016/17 Variance		
	Actual	Original Budget	Adjustment Budget	Actual	FY+1	FY+2	FY+3
<i>Furniture and other office equipment</i>	318	230	262	249			
Total Capital Expenditure on new assets	318	1530	1562	1082			

Table 119: Capital Expenditure – New Asset Programme

APPENDIX I (ii): CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME

Not applicable as no expenditure was incurred in this regard in terms of Upgrade or renewal.

APPENDIX J: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY 2016/17

No loans or grant have been made by the Central Karoo District Municipality for the 2016/17 financial year.

APPENDIX K: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

No returns were not made in due time under the MFMA S71 for the year under review.

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Central Karoo District Municipality

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Central Karoo District Municipality and its subsidiary as set out on pages 9 to 81 which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Central Karoo District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 29 to the consolidated and separate financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the consolidated and separate financial statements of the Municipality at, and for the year ended, 30 June 2017.

Impairment of related party loan with Municipal entity

8. As disclosed in note 11 to the separate financial statements of the Central Karoo District Municipality, the impairment of the loan with the Central Karoo Economic Development Agency (CKEDA) amounted to R457 524 (2016: 900 542). The CKEDA is currently in the process of being wound up and dissolved; the entity is currently illiquid and insolvent. As a result, the loan is not expected to be recovered.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 82 to 90 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and accordingly do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Central Karoo District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to

liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the Municipality for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Objective 4 – To improve and maintain district roads and promote effective and safe public transport for all	12 – 13
Objective 6 – To promote safe, healthy and socially stable	14 – 15

communities in an environment conducive to sustainable development	
--	--

19. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not 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 for all
 - Objective 6 – To promote safe, healthy and socially stable communities in an environment conducive to sustainable development

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 8 to 17 for information on the achievement of planned targets for the year and explanations provided for the under- and overachievement of a number of targets.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 6 – To promote safe, healthy and socially stable communities in an environment conducive to sustainable development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the Municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislations are as follows:

Consequences management

26. All of the unauthorised expenditure incurred by the Municipality in the prior year, as disclosed in note 35.1 to the consolidated and separate financial statements, was not formally investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
27. All of the irregular expenditure incurred by the Municipality in the prior year, as disclosed in note 35.3 to the consolidated and separate financial statements, was not formally investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

Procurement and contract management

28. The performance of some of the contractors or service providers was not formally monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Annual consolidated and separate financial statements

29. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.
30. Material misstatements of current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

Strategic Planning and Performance Management

31. 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, 2000, (Act No. 32 of 2000) (MSA). It has been determined that the municipal entity will be liquidated and de-registered in accordance with section 93B(c) of the MSA.
32. The SDBIP for the year under review did not include the monthly operational and capital expenditure by vote, as required by section 1 and 53(1)(c)(ii) of the MFMA.
33. Key performance indicators were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and municipal planning and performance management regulation 9(1)(a).

Other information

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the executive summary. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported in the auditor's report.

35. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

37. The accounting officer did not exercise adequate oversight responsibility over reporting to ensure that the consolidated and separate financial statements are complete, accurate and compliant prior to the submission for audit. 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 from the beginning of the financial year 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 consolidated and separate financial statements. Management did not adequately monitor and review compliance with applicable laws and regulations. This could have been achieved by timeously 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.

Governance

39. The Governance structures did not exercise adequate oversight responsibility over the risk management processes relating specifically to the review of the audit action plan on prior year findings taking into account recommendations made to ensure that these findings do not recur.

Auditor-General

Cape Town

15 December 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected objectives and on the Municipality’s compliance with respect to the selected subject matters.

Consolidated and Separate Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Central Karoo District Municipality’s and its subsidiary’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a Municipality to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Central Karoo Economic Development Agency (SOC) Ltd

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Central Karoo Economic Development Agency (SOC) Ltd set out on pages 8 to 27, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Central Karoo Economic Development Agency (SOC) Ltd as at 30 June 2017 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008).

Basis for qualified opinion

Conditional Government Grants and Subsidies (Operating)

3. I was unable to obtain sufficient appropriate audit evidence that the government grants and subsidies (operating) for the year under review had been properly accounted for due to the lack of supporting documentation. The unspent conditional government grants and receipts recognised in the prior year had been released to the statement of financial performance, as included in note 3 to the financial statements. I was unable to confirm whether all terms and conditions related to the conditional grant were adhered to, for the release to the statement of financial performance. Consequently, I was unable to determine whether any adjustment was necessary to government grants and subsidies (operating) stated at R 3 654 in the financial statements.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence that the payables from exchange transactions for the year under review had been properly accounted for, as included in note 12 to the financial statements, due to the lack of supporting documentation. I was unable to confirm the payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to payables from exchange transactions stated at R 2 505 in the financial statements.

Irregular expenditure disclosure

5. The municipal entity did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. The entity made payments in contravention of the supply chain management requirements, resulting in irregular expenditure of R3 278.

Context for the opinion above

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
7. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed on note 21 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipal entity at, and for the year ended, 30 June 2017.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer and accounting authority for the financial statements

13. The accounting officer and board of directors, which constitutes the accounting authority, are responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Companies Act of South Africa and for such internal control as the accounting officer and

board of directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

14. In preparing the financial statements, the accounting officer and board of directors are responsible for assessing the Central Karoo Economic Development Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer or board of directors either intends to liquidate the Municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

17. I am unable to audit and 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.

Report on audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

19. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.
21. Material misstatements of current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected. The uncorrected matters resulted in the financial statements receiving a qualified audit opinion.

Liabilities management

22. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 96(2)(a) of the MFMA.
23. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 96(2)(b) of the MFMA. In addition, no resolution was passed by the board of directors to ratify the incurrence of short-term debt, as required by section 108 of the MFMA.

Consequence management

24. All of the irregular expenditure incurred by the municipal entity in the prior year was not investigated to determine if any person is liable for the expenditure, as required by Municipal budget and reporting regulations 75(1).

Budgets

25. The municipal entity did not prepare a budget for the 2016/2017 financial year as required by section 87 (1) of the MFMA.

Strategic planning and performance management

26. The municipal 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 read with section 121(4)(d) of the MFMA.

Other information

27. The accounting officer and board of directors are responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report as required by the Companies Act. The other information does not include the financial statements and the auditor's report thereon.
28. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that it contains a material misstatement I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. If it is corrected, however, this will not be necessary.

31. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion and the findings on compliance with legislation included in this report.

Leadership

32. Leadership did not exercise adequate oversight responsibility over the financial affairs and the compliance with relevant laws and regulations of the entity which led to the material misstatements in the financial statements not being detected prior to submission of the financial statements for audit as well as the non-compliance with laws and regulations. In addition, no performance plan was developed against which to assess the performance of the entity. No evidence could be found of any oversight exercised by the board of directors during the period under review.

Financial and performance management

33. Management did not implement an effective review process to detect and prevent non-compliance with relevant laws and regulations. Sufficient internal controls for the preparation of accurate and complete financial information were not evident.

Governance

34. The Governance structures did not exercise adequate oversight responsibility over the audit action plan on prior year findings taking into account recommendations made to ensure that these findings do not recur. Appropriate risk management was not applied in the entity.

Auditor - General

Cape Town

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the Municipal entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority, and the accounting officer.
 - conclude on the appropriateness of the board of directors, which constitutes the accounting authority, and the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Central Karoo Economic Development Agency (SOC) Ltd’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipal entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority and officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority and officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

The Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No 56) (MFMA), the committee assists the Council through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Municipality.

1. Terms of Reference

The Audit Committee has adopted formal terms of reference that have been approved by Council and has executed its duties during the past financial year in accordance with these terms of reference.

2. Composition

The committee consists of four independent non-executive members. As at 30 June 2017 the Audit Committee comprises of the following members:

NAME	POSITION	PERIOD
A Hooker	Chairperson	1 July 2015 - 30 June 2017
T Hawker	Member	1 July 2015 - 30 June 2017
A Matthee	Member	1 July 2015 - 30 June 2017
N Verdoes	Member	1 July 2015 - 30 June 2017

The Municipal Manager, the Chief Financial Officer, directors from departments and representatives from the internal auditors are standing invitees the committee meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee also values the attendance by the Executive Mayor, the Finance Portfolio Councillor and other Councillors at its meetings, by invitation. This also served to improve communication between the Audit Committee and the Council.

3. Meetings

The Audit Committee held four meetings during this period.

Details of audit committee members attendance at meetings is set out in the table below:

MEMBER	06 July 2016	30 August 2016	20 March 2017	31 May 2017	28 June 2017
A Hooker	X	X	X	X	X
T Hawker	X	X	X	X	X
A Matthee	X	X	X	X	X
N Verdoes	X	X	X	X	X

4. Statutory Duties

In execution of its statutory duties during the past financial year, the Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content or auditing of its financial statements, the internal financial controls of the municipality and other related matters.

5. Delegated Duties

Oversight of risk management

The committee has:

- received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored;
- satisfied itself that the following areas have been appropriately addressed:
 - financial reporting risks;
 - internal financial controls; and
 - fraud risks as it relates to financial reporting and Supply Chain Management.

Internal financial controls

The committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from management, internal and external audit;
- reviewed the effectiveness of internal controls relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the entity's compliance with laws and regulations, including also compliance with the SCM regulations; and
- reviewed significant issues raised by the internal and external audit processes.

Based on the processes and assurances obtained, the committee believes that internal financial controls should be improved. Specifically, management should ensure that the audit action plan on prior year external and audit findings are adequate to ensure corrective actions are sufficient to address the root causes of findings identified. Progress made on action plans should be regularly reported to the Audit Committee to enable the Committee to exercise its oversight responsibility in this regard.

Annual financial statements and reports as at 30 June 2017

The committee is pleased that the Auditor-General has once again issued an unqualified audit opinion on the financial statements for the year ended 30 June 2016.

However, as included in the Audit Report of the Auditor-General, material misstatements of current assets, current liabilities, revenue, expenditure and disclosure items were identified by the auditors. Although these matters were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion, it is important that management implement the necessary review and control actions to ensure accurate financial reporting.

The financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa (Act 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act 6 of 2011) (DoRA).

External audit

Based on processes followed and assurances received, nothing has come to the attention of the Audit Committee with regards to the external auditors' independence.

Although the Auditor-General has issued an unqualified audit opinion on the financial statements for the period ending 30 June 2017, instances of material non-compliance with specific matters, pertaining to amongst others the following areas were identified:

- Adjustments made to performance management information ;
- Consequence Management;
- Procurement and Contract Management;
- Municipal Entity;
- Material misstatement to the Annual Financial Statements;
- Strategic Planning and Performance Management; and
- Internal Control Deficiencies.

Performance Management

No material findings on the usefulness and reliability of the reported performance information for the specified objectives audited by the Auditor-General were identified in the Auditor-General Report for the period 30 June 2017. However, the report of the Auditor-General included the following findings on Strategic Planning and Performance Management:

- The SDBIP for the year under review did not include the monthly operational and capital expenditure by vote, as required by the Municipal Finance Management Act; and
- Key Performance indicators were not set for each of the development priorities and objectives as required.

Internal audit

The committee has:

- reviewed and recommended the internal audit terms of reference for approval;
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate;
- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the firm to enable it to discharge its functions;
- approved the internal audit plan; and
- encouraged cooperation between external and internal audit.

The head of the internal audit function reported functionally to the Audit Committee and had unrestricted access to the Audit Committee chairperson.

Finance function

The permanent position of Chief Financial Officer was vacant for a significant time during the 2017 financial year. For the 2018 financial year, this position has been filled and we believe this will assist in the improvement of financial controls environment.

Conclusion

The Committee concurs and accepts the conclusions of both Internal Audit and the Auditor-General. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the Report of the Auditor-General.

The Committee fully supports the Central Karoo District Municipality in its vision, as embodied in the IDP.
On behalf of the Audit Committee

A Hooker
Chairperson of the Audit Committee
Central Karoo District Municipality
20 March 2018

CENTRAL KAROO

DISTRICT MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017



CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The CENTRAL KAROO Municipality includes the following municipal areas:

*Beaufort West
Prince Albert
Laingsburg
Merweville
Murraysburg*

MUNICIPAL MANAGER

Mr. S. Jooste

CHIEF FINANCIAL OFFICER

Ms UM Baartman

REGISTERED OFFICE

63 Donkin Street, Beaufort West, 6970

AUDITORS

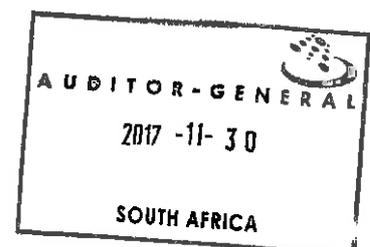
Auditor General of South Africa

PRINCIPLE BANKERS

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

Active councillors as at 30 June 2017:

Executive Mayor
Executive Deputy Mayor
Speaker
Councillor (Full-time)
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor

N. Constable
M. Jaffra
L.J. Windvogel
Dr. A.L. Rabie
A.M. Stabbert
K. Alexander
R.T Hugo
Q. Louw
R. Meyer
J Botha
S.M. Motsosane
H.T. Prince
B. Kleinbooi

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2017, which are set out on pages 9 to 92 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP).

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

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

Central Karoo District municipality 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 Municipality's financial statements.

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



Mr. S. Jooste
Accounting Officer

29/11/2017

Date

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		3 548 588	2 388 340
Accumulated Surplus		3 548 588	2 388 340
Non-Current Liabilities		17 552 968	17 994 771
Finance Lease Obligation	2	101 367	140 367
Employee benefits	3	17 451 601	17 854 404
Current Liabilities		11 274 204	8 867 172
Current Employee benefits	4	4 166 007	3 419 675
Payables from non exchange transactions	5	-	282 075
Payables from exchange transactions	6	5 271 267	4 293 061
Unspent Conditional Government Grants and Receipts	7	1 797 930	829 919
Current Portion of Finance Lease Obligation	2	39 000	42 442
Total Net Assets and Liabilities		32 375 760	29 250 283
ASSETS			
Non-Current Assets		17 119 477	16 697 280
Property, Plant and Equipment	9	7 045 385	6 387 397
Intangible Assets	10	82 410	57 348
Employee benefits receivable	3	9 991 682	10 252 535
Current Assets		15 256 283	12 553 003
Inventory	12	814 559	812 546
Receivables from exchange transactions	13	6 443 003	3 061 351
Receivables from non exchange transactions	14	1 994 302	559 289
Unpaid Conditional Government Grants and Receipts	7	1 879 068	1 140 600
Taxes	8	434 289	164 897
Employee benefits receivable	3	702 561	724 877
Cash and Cash Equivalents	16	2 988 501	6 089 443
Total Assets		32 375 760	29 250 283



CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

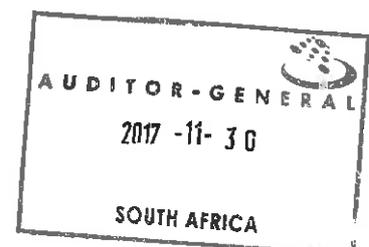
	Notes	2017 (Actual) R	2016 (Restated) R	Correction of error R Note 29	2016 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		31 861 875	33 601 889	(370 332)	33 972 221
Transfer Revenue		28 675 773	32 311 191	-	32 311 191
Government Grants and Subsidies - Capital	17	882 942	-	-	-
Government Grants and Subsidies - Operating	17	27 792 831	32 311 191	-	32 311 191
Other Revenue		3 186 102	1 290 698	(370 332)	1 661 030
Actuarial Gains	3	1 573 156	-	(370 332)	370 332
National Treasury 1% audit fee	19	1 612 946	1 290 698	-	1 290 698
Revenue from Exchange Transactions		38 069 337	50 470 448	3 692 592	46 777 856
Rental of Facilities and Equipment		71 199	69 727	-	69 727
Interest Eamed - external investments		503 069	631 914	-	631 914
Department of Transport - Roads Service Charges		33 429 456	45 502 093	5 405 977	40 096 116
Licences and Permits		21 183	15 560	-	15 560
Agency Services	18	3 328 024	3 077 276	-	3 077 276
Other Income	20	491 974	1 173 878	(1 713 385)	2 887 263
Reversal of debt Impairment	23	224 432	-	-	-
Total Revenue		69 931 212	84 072 337	3 322 260	80 750 077
EXPENDITURE					
Employee related costs	21	34 967 933	30 721 507	49 681	30 671 826
Remuneration of Councillors	22	3 205 603	3 109 524	-	3 109 524
Debt Impairment	23	-	132 630	-	132 630
Depreciation and Amortisation	24	325 828	284 365	-	284 365
Impairments	25	457 424	900 642	-	900 642
Repairs and Maintenance	27	10 619 008	13 215 731	-	13 215 731
Actuarial losses	3	-	68 177	(370 332)	438 509
Finance Charges	26	857 262	653 829	-	653 829
Contracted services		295 732	240 488	-	240 488
General Expenses	28	17 995 046	27 612 869	(1 407 719)	29 020 588
Loss on disposal of Property, Plant and Equipment		47 128	10 565	-	10 565
Total Expenditure		68 770 964	76 950 327	(1 728 370)	78 678 697
NET SURPLUS FOR THE YEAR		1 160 248	7 122 010	5 050 630	2 071 380



CENTRAL KAROO DISTRICT MUNICIPALITY

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

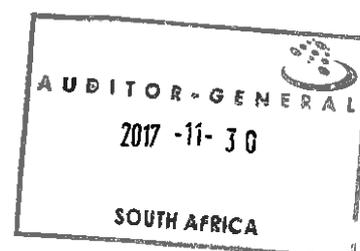
	Accumulated (Deficit)/Surplus	Total
	R	R
Opening balance as previously reported - 1 July 2016	(4 554 422)	(4 554 422)
Correction of error note 29.2	(179 247)	(179 247)
Restated Balance at 1 JULY 2016	(4 733 669)	(4 733 669)
Net Surplus for the year as previously reported	2 071 380	2 071 380
Prior period error	5 050 630	5 050 630
Restated Net Surplus for the year	7 122 010	7 122 010
Balance at 30 JUNE 2016	2 388 340	2 388 340
Net Surplus for the year	1 160 248	1 160 248
Balance at 30 JUNE 2017	3 548 588	3 548 588



CENTRAL KAROO DISTRICT MUNICIPALITY

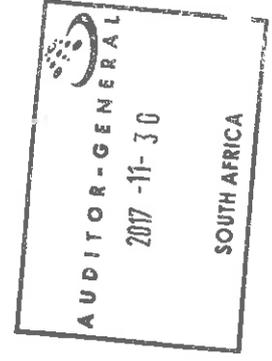
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 JUNE 2017 (ACTUAL) R	30 JUNE 2016 (RESTATED) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Other		35 781 226	46 323 971
Government		28 964 316	30 302 471
Interest		503 069	631 914
Payments			
Suppliers and employees		(66 723 244)	(76 717 275)
Finance charges	26	(11 438)	(13 723)
Cash (utilised in)/generated by operations	30	(1 486 071)	527 358
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(1 018 936)	(528 945)
Purchase of Intangible Assets	10	(37 069)	(10 055)
Increase in Loan	11	(457 424)	(900 642)
Net Cash utilised in Investing Activities		(1 513 429)	(1 439 642)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease		(42 442)	(56 232)
Re-payment to National Revenue Fund		(59 000)	-
Net Cash from Financing Activities		(101 442)	(56 232)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3 100 942)	(968 516)
Cash and Cash Equivalents at the beginning of the year		6 089 443	7 057 956
Cash and Cash Equivalents at the end of the year	16	2 988 501	6 089 443
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3 100 942)	(968 516)



CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R	2017 R	2017 R	%
	(Actual)	(Final Budget)	(Variance)	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
ASSETS				
Current assets				
Cash & Call investment deposits	2 988 501	8 382 879	(5 394 378)	-54% Cash outflow due reduction in grants received and filling of vacant positions.
Receivables from non-exchange transactions	1 994 302	440 851	1 553 451	352% Debtors increased due to shared services debtors not paid timeously.
Other Receivables	8 756 360	1 108 040	7 648 320	690% Increase in receivables in regards to shared services
Current portion of long-term receivables	702 561	844 920	(142 359)	-17% Increase in actuarial valuations pertaining to roads staff
Inventory	814 559	989 984	(185 425)	-19% Less Inventory at year end than expected.
Total current assets	15 256 283	11 776 674	3 479 609	
Non current assets				
Long-term receivables	9 991 682	9 889 960	121 722	1% Trivial
Property, plant and equipment	7 045 385	5 058 879	1 986 506	39% Additional grant received for emergency vehicle and equipment
Intangible Assets	82 410	12 474	69 936	561% New software purchased
Total non current assets	17 119 477	14 941 313	2 178 164	
TOTAL ASSETS	32 375 760	26 717 987	5 657 773	
LIABILITIES				
Current liabilities				
Borrowing	39 000	13 000	26 000	200% New finance leases entered into in previous year
Trade and other payables	7 069 197	8 421 976	(1 352 779)	-16% More creditors paid before year end than what was budgeted for.
Provisions and Employee Benefits	4 166 007	-	4 166 007	0% Trivial.
Total current liabilities	11 274 204	8 434 976	2 839 228	
Non current liabilities				
Borrowing	101 367	1 000	100 367	10037% New finance leases entered into in previous year
Provisions and Employee Benefits	17 451 601	22 068 220	(4 616 619)	-21% Actuarial valuations changes
Total non current liabilities	17 552 968	22 069 220	(4 516 252)	
TOTAL LIABILITIES	28 827 172	30 504 196	(1 677 024)	
NET ASSETS	3 548 588	(3 786 209)	7 334 797	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	3 548 588	(3 786 209)	7 334 798	-194% Additional grant money received
TOTAL COMMUNITY WEALTH/EQUITY	3 548 588	(3 786 209)	7 334 798	



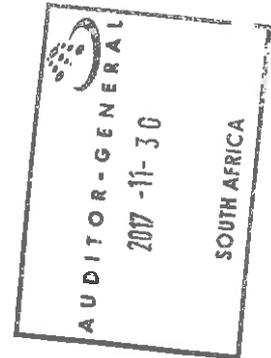
CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017
ADJUSTMENTS TO APPROVED BUDGET

	2017 R	2017 R	2017 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.
	(Approved Budget)	(Adjustments)	(Final Budget)		
ASSETS					
Current assets					
Cash	4 368 156	14 723	4 382 879	0%	
Call investment deposits	4 000 000	-	4 000 000	0%	
Receivables from non-exchange transactions	440 851	-	440 851	0%	
Other Receivables	1 108 040	-	1 108 040	0%	
Current portion of long-term receivables	844 920	-	844 920	0%	
Inventory	999 984	-	999 984	0%	
Total current assets	11 761 951	14 723	11 776 674		
Non current assets					
Long-term receivables	9 869 960	-	9 869 960	0%	
Property, plant and equipment	3 726 879	1 332 000	5 058 879	36%	Additional grants received for purchases of fixed assets
Intangible Assets	12 474	-	12 474	0%	
Total non current assets	13 609 313	1 332 000	14 941 313	10%	
TOTAL ASSETS	25 371 264	1 346 723	26 717 987	5%	
LIABILITIES					
Current liabilities					
Borrowing	13 000	-	13 000	0%	
Trade and other payables	8 421 976	-	8 421 976	0%	
Provisions and Employee Benefits	-	-	-	0%	
Total current liabilities	8 434 976	-	8 434 976		
Non current liabilities					
Borrowing	1 000	-	1 000	0%	
Provisions and Employee Benefits	22 069 220	-	22 069 220	0%	
Total non current liabilities	22 069 220	-	22 069 220		
TOTAL LIABILITIES	30 504 196	-	30 504 196		
NET ASSETS	(5 132 932)	1 346 723	(3 786 209)		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(5 132 932)	1 346 723	(3 786 209)	-26%	Improvement of financial position due to increase in fixed assets
TOTAL COMMUNITY WEALTH/EQUITY	(5 132 932)	1 346 723	(3 786 209)		



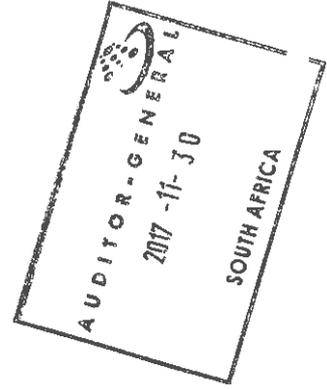
CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R	2017 R	2017 R	(Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Final Budget)	(Variance)	%	
REVENUE BY SOURCE						
Rental of facilities and equipment	71 199	72 000	(801)		-1%	Trivial.
Interest earned - external investments	503 069	550 000	(46 931)		-9%	Less investments than expected
Licences and permits	21 183	-	21 183		100%	Permits issued not anticipated during budget process
Agency services	3 328 024	3 711 000	(382 876)		-10%	Less Roads receipts from Provincial that in turns decrease the agency service fee.
Government Grants and Subsidies - Operating	27 792 831	34 224 796	(6 431 965)		-19%	Decrease in grants received
Other revenue	37 107 532	39 024 640	(1 917 108)		-5%	Less revenue received than anticipated
Reversal of debt impairment	224 432	-	224 432		100%	Provision was only made for debtors that were given over to lawyers.
Total Operating Revenue	69 048 270	77 582 436	(8 534 166)		-11%	
EXPENDITURE BY TYPE						
Employee related costs	34 967 933	17 527 468	17 440 467		100%	Roads Salary portion not budgeted for correctly.
Remuneration of councillors	3 205 603	3 498 014	(292 411)		-8%	Trivial.
Impairment	457 424	-	457 424		0%	Trivial.
Depreciation & asset impairment	325 828	254 904	70 924		28%	Increase in assets
Finance charges	857 262	-	857 262		100%	Employee benefit charges not budgeted for.
Contracted services	295 732	-	295 732		100%	Budgeted for contracted services under other expenditure
Other expenditure	28 661 182	56 024 610	(27 363 428)		-49%	Less expenditure incurred than anticipated
Total Operating Expenditure	68 770 964	77 304 894	(8 534 030)		-11%	
Operating Surplus for the year	277 306	277 442	(136)			
Government Grants and Subsidies - Capital	882 942	1 300 000	(417 058)		-32%	Vehicle purchased from additional grants still at supplier being customised
Net Surplus for the year	1 160 248	1 577 442	(417 194)			



CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
ADJUSTMENTS TO APPROVED BUDGET

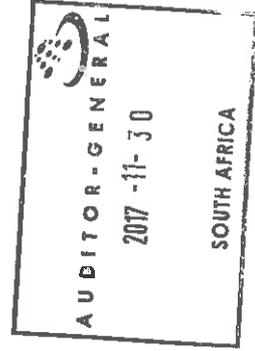
	2017 R	2017 R	2017 R	%	300,000.00
	(Approved Budget)	(Adjustments)	(Final Budget)		
REVENUE BY SOURCE					
Rental of facilities and equipment	50 000	22 000	72 000		44% New rental agreements
Interest earned - external investments	500 000	50 000	550 000		10% Increase in investments.
Agency services	3 711 000	-	3 711 000		0% Trivial.
Government Grants and Subsidies - Operating	33 020 767	1 204 029	34 224 796		4% Trivial.
Other revenue	39 778 616	(753 976)	39 024 640		-2% Trivial.
Total Operating Revenue	77 060 383	522 053	77 582 436		
EXPENDITURE BY TYPE					
Employee related costs	16 780 237	767 229	17 527 466		5% Trivial.
Remuneration of councillors	3 668 014	(170 000)	3 498 014		-5% Trivial.
Depreciation & asset impairment	254 904	-	254 904		0% Trivial.
Finance charges	-	-	-		0% Trivial.
Other expenditure	56 146 509	(121 889)	56 024 610		0% Expected increase in LG SETA grant that did not realise.
Total Operating Expenditure	76 829 664	475 330	77 304 994		
Operating Surplus for the year	230 719	46 723	277 442		
Government Grants and Subsidies - Capital	-	1 300 000	1 300 000		100% Additional grants received
Net Surplus for the year	230 719	1 346 723	1 577 442		



CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

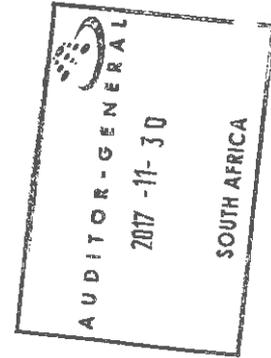
	2017 R	2017 R	2017 R	(Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Final Budget)	(Variance)	%	
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Other	35 781 226	43 219 651	(7 438 425)		-17%	Less money received than anticipated
Government - operating	27 664 316	34 224 796	(6 560 480)		-19%	Less grants received
Government - capital	1 300 000	1 300 000	-		0%	Trivial.
Interest	503 069	550 000	(46 931)		-9%	Less Investments than anticipated
Payments						
Suppliers and Employees	(66 723 244)	(81 129 989)	14 406 745		-18%	Incorrectly budgeted for.
Finance charges	(11 438)	-	(11 438)		-100%	Incorrectly budgeted for.
NET CASH FROM OPERATING ACTIVITIES	(1 486 071)	(1 835 542)	349 471			
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Increase in non-current receivables	-	(693 524)	693 524		-100%	Incorrectly budgeted for.
Increase in loan	(457 424)	-	(457 424)		100%	Incorrectly budgeted for.
Payments						
Capital assets	(1 056 005)	(1 562 000)	505 995		-32%	Vehicle bought from grant still at supplier being customised
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 513 429)	(2 255 524)	742 095			
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	(101 442)	(66 000)	(35 442)		54%	Incorrectly budgeted for.
NET CASH USED FINANCING ACTIVITIES	(101 442)	(66 000)	(35 442)			
NET INCREASE IN CASH HELD	(3 100 942)	(4 157 066)	1 056 124			
Cash and Cash Equivalents at the beginning of the year	6 089 443	12 539 945	(6 450 502)		-51%	Incorrectly budgeted for.
Cash and Cash Equivalents at the end of the year	2 988 501	8 382 879	(5 394 378)		-64%	Incorrectly budgeted for.



**CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2017**

ADJUSTMENTS TO APPROVED BUDGET

	2017 R	2017 R	2017 R	%	Explanations for material variances more than 10% of a specific line Item with a minimum of R 300,000.00
	(Approved Budget)	(Adjustments)	(Final Budget)		
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Other	43 951 627	(731 976)	43 219 651	-2%	Trivial.
Government - operating	33 020 767	1 204 029	34 224 796	4%	Trivial.
Government - capital	-	1 300 000	1 300 000	100%	Additional grant received
Interest	500 000	50 000	550 000	10%	Increase in investments.
Payments	(80 654 659)	(475 330)	(81 129 989)	1%	Trivial.
Suppliers and Employees	-	-	-	0%	Trivial.
Finance charges	-	-	-	-	
NET CASH FROM OPERATING ACTIVITIES	(9 182 265)	1 346 723	(1 835 542)	-42%	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Increase in non-current receivables	(693 524)	-	(693 524)	0%	Trivial.
Payments	(230 000)	(1 332 000)	(1 562 000)		
Capital assets	(923 524)	(1 332 000)	(2 255 524)	579%	Additional grant received for capital expenditure
NET CASH USED INVESTING ACTIVITIES	(1 646 524)	(1 332 000)	(2 978 524)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments	(66 000)	-	(66 000)	0%	Trivial.
Repayment of borrowing	(66 000)	-	(66 000)		
NET CASH USED FINANCING ACTIVITIES	(132 000)	-	(132 000)		
NET INCREASE IN CASH HELD	(4 171 789)	14 723	(4 157 066)		
Cash and Cash Equivalents at the beginning of the year	12 539 945	-	12 539 945	0%	Trivial.
Cash and Cash Equivalents at the end of the year	8 368 156	14 723	8 382 879	0%	Trivial.



CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017

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

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

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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



**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017**

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 accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. This is set out in note 47 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

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

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

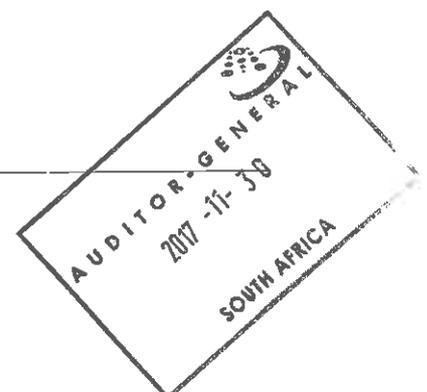
1.7. PRESENTATION OF BUDGET INFORMATION

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

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;



**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017**

Explanations for differences between the approved and final budget are included in the Notes to the annual Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

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

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

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016/17 financial year.

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 32 (Original – Aug 2013)	<u>Service Concession Arrangements: Grantor</u> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact is expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 108 (Original – Sept 2013)	<u>Statutory Receivables</u> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.	Unknown
GRAP 109	<u>Accounting by Principles and Agents</u> 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. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 17	<u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u> The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.	Unknown



CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017

	No such transactions or events are expected in the foreseeable future.	
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1.9. LEASES

1.9.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (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 Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles 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 method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

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

1.9.2. Municipality as Lessor

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



CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise 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 leases asset is diminished.

1.10. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

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 the public.

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 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 liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality 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 public.



**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017**

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. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

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

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present 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 pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2017**

losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be 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 derecognised.

1.15. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

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

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

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

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the



CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
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balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

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

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

(b) Post-Retirement Medical Obligations

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of



CENTRAL KAROO DISTRICT MUNICIPALITY
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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.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(e) 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.

Accumulated 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.



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(f) Staff Bonuses

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

(g) 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 accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16. 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 shall be 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 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 Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used

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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 accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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

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

Asset Class	Years	Asset Class	Years
Community Assets		Land and Buildings	
Civic Buildings	100	Land	Indefinite
Other Assets		Buildings	100
General Vehicles	11 - 25	Finance Lease Assets	
Fire Engines	18 - 25	Lease Furniture and Office Equipment	3 - 5
Disaster Management Equipment	10 - 28		
Plant and Equipment	9 - 41		
Computer Hardware	5 - 25		
Furniture and Other Office Equipment	5 - 50		

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

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

1.16.4. De-recognition



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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.

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

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

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

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

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



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

<u>Intangible Assets</u>	Years
Computer Software	5-13

1.17.4. De-recognition

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

1.17.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an



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asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

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

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

(a) External sources of information

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

(b) Internal sources of information

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

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an

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impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2. Non-cash-generating assets

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

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

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

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;



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- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

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

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

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

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

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- *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 to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

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

1.19. 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 Municipality, 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.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.



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

1.19.2. Subsequent Measurement

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

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

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

1.20.2. 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, financial liabilities at

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cost or financial liabilities carried at amortised cost ("other"). 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 amortised cost using the effective interest rate method.

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.20.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an



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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 Municipality 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: other financial liabilities carried at amortised cost.

1.20.2.4. Non-Current Investments

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

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

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

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

1.20.3. De-recognition

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

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When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality'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 Municipality could be required to repay.

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

1.20.3.2. Financial Liabilities

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

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

1.20.4. Offsetting of Financial Instruments

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

1.21. STATUTORY RECEIVABLES

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



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1.21.1. Initial Recognition

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

1.21.2. Subsequent Measurement

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

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

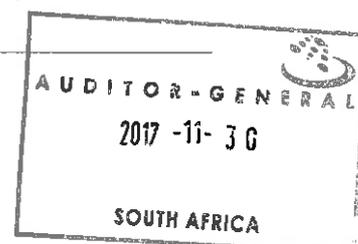
The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

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

1.21.3. Derecognition

The Municipality derecognises a statutory receivable when:

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



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

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

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

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

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

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

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

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



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

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.22.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality 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 Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;



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- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Interest revenue is recognised using the effective interest rate method.

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 municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. The municipality performs an agency function on behalf of the Provincial Administration: Western Cape for the proclaimed roads within its area.

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 entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

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

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



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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person’s family is related to the Municipality if that person:

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

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- 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.



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- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

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

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



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

1.24. 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, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

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

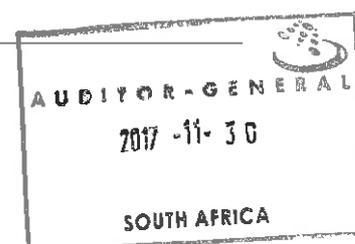
1.26. FRUITLESS AND WASTEFUL EXPENDITURE

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 entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources



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

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

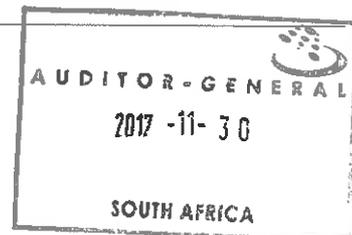
The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all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

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.



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- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

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

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.

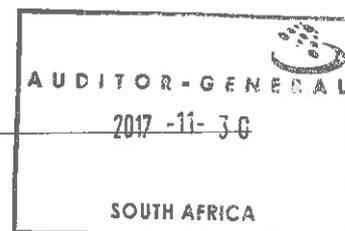
Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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

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.

Provision for Staff leave



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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.

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.

Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

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 financial statements represents the 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

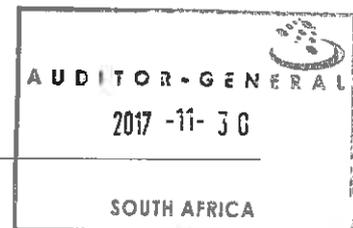


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Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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



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

2

	2017	(Restated)
	R	2016
		R
FINANCE LEASE OBLIGATION		
Capitalised Lease Liability - At amortised cost	140 367	182 809
	140 367	182 809
Current Portion transferred to Current Liabilities	39 000	42 442
Capitalised Lease Liability - At amortised cost	39 000	42 442
Total Long-term Liabilities - At amortised cost using the effective interest rate method	101 367	140 367

Refer below for maturity dates of long term liabilities:

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	47 382	53 880
Payable within two to five years	109 450	156 831
	156 832	210 711
Less: Future finance obligations	(16 465)	(27 902)
Present value of lease obligations	140 367	182 809
Book value of other assets secured by leases	128 839	40 453

The capitalised lease liability consist of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
RICOH	Copier	13%	0%	5 Years	31/03/2021
RICOH	Copier	13%	0%	5 Years	30/09/2020
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.

3

EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 3.1	7 402 810	8 021 975
Roads Post Retirement Benefits - Refer to Note 3.1	8 018 992	8 037 537
Long Service Awards Roads - Refer to Note 3.2	1 106 147	1 052 759
Long Service Awards Other - Refer to Note 3.2	568 283	392 038
Ex - Gratia Roads - Refer to Note 3.3	355 369	350 095
Total Non-current Employee Benefit Liabilities	17 451 601	17 854 404



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3	EMPLOYEE BENEFITS (continued)	2017 R	(Restated) 2016 R
	<u>Post Retirement Medical Aid Benefits</u>		
	Balance 1 July	16 865 504	15 551 706
	Contribution for the year	384 197	371 125
	Interest Cost	1 497 252	1 297 711
	Expenditure for the year	(805 992)	(793 547)
	Actuarial (Gain) / Loss	(1 581 813)	438 509
	Total post retirement benefits 30 June	16 359 148	16 865 504
	Less: Transfer of Current Portion - Note 4	(937 346)	(805 992)
	Balance 30 June	15 421 802	16 059 512
	<u>Long Service Awards</u>		
	Balance 1 July	1 748 137	1 918 246
	Contribution for the year	126 940	143 822
	Interest Cost	134 119	133 343
	Expenditure for the year	(263 747)	(202 171)
	Actuarial Loss / (Gain)	33 516	(245 103)
	Total long service 30 June	1 778 966	1 748 137
	Less: Transfer of Current Portion - Note 4	(104 535)	(303 340)
	Balance 30 June	1 674 430	1 444 797
	<u>Ex - Gratia Benefits</u>		
	Balance 1 July	513 999	593 177
	Interest Cost	38 083	46 051
	Expenditure for the year	-	-
	Actuarial (Gain)	(24 859)	(125 229)
	Total long service 30 June	527 223	513 999
	Less: Transfer of Current Portion - Note 4	(171 854)	(163 904)
	Balance 30 June	355 369	350 095
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	19 127 640	18 063 129
	Contribution for the year	511 137	514 947
	Interest cost	1 669 454	1 477 105
	Expenditure for the year	(1 069 739)	(995 718)
	Actuarial (Gain) / Loss	(1 573 156)	68 177
	Total employee benefits 30 June	18 666 336	19 127 640
	Less: Transfer of Current Portion - Note 4	(1 213 735)	(1 273 236)
	Balance 30 June	17 451 601	17 854 404

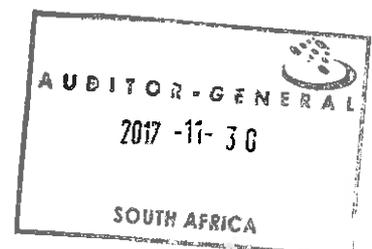
3.1 Post Retirement Benefits

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

In-service (employee) members	27	26
In-service (employee) non-members	100	91
Continuation members (e.g. Retirees, widows, orphans)	25	24
Total Members	152	141

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

In-service members	6 098 435	6 744 743
In-service (employee) non-members	336 082	332 026
Continuation members	9 924 631	9 788 735
Total Liability	16 359 148	16 865 504



CENTRAL KAROO DISTRICT MUNICIPALITY

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

3 EMPLOYEE BENEFITS (continued)
3.1 Post Retirement Benefits (continued)

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

	2015 Rm	2014 Rm	2013 Rm
Total Liability	13.895	12.908	12.243

Experience adjustments were calculated as follows:

	2015 Rm	2014 Rm	2013 Rm
Liabilities: (Gain) / loss	0.353	0.602	-0.808
Assets: Gain / (loss)	-	-	-

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

Bonitas;
 LA Health
 Samwumed; and
 Keyhealth - Hosmed.

Key actuarial assumptions used:

	2017 %	2016 %
i) Rate of interest		
Discount rate	9.40%	9.09%
Health Care Cost Inflation Rate	7.73%	8.19%
Net Effective Discount Rate	1.55%	0.82%

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.

	2017 R	(Restated) 2016 R
The amounts recognised in the Statement of Financial Position are as follows		
Present value of fund obligations		
PEMA	16 359 148	16 865 504
LSA	1 778 965	1 748 137
Ex-Gratia	527 223	513 999
Total Liability	18 665 336	19 127 640

The fund is wholly unfunded.

Reconciliation of present value of fund obligation (PEMA)

Present value of fund obligation at the beginning of the year	16 865 504	15 551 706
Total expenses	1 075 457	875 289
Current service cost	384 197	371 125
Interest Cost	1 497 252	1 297 711
Benefits Paid	(805 992)	(793 547)
Actuarial (Gains)/Losses	(1 581 813)	438 509
Present value of fund obligation at the end of the year	16 359 148	16 865 504
Less: Transfer of Current Portion - Note 4	(937 346)	(805 992)
Non - current portion	15 421 802	16 059 512

Sensitivity Analysis on the Accrued Liability



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3 EMPLOYEE BENEFITS (continued)

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		6 435	9 925	16 360	
Health care inflation	1%	7 005	10 288	17 293	6%
Health care inflation	-1%	5 698	9 479	15 177	-7%
Discount rate	1%	5 514	9 141	14 655	-10%
Discount rate	-1%	7 586	10 842	18 428	13%
Post-retirement mortality	-1yr	6 620	10 288	16 908	3%
Average retirement age	-1yr	6 913	9 925	16 838	3%
Withdrawal Rate	-10%	5 529	9 925	15 454	-6%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		384 200	1 497 300	1 881 500	
Health care inflation	1%	427 400	1 604 800	2 032 200	8%
Health care inflation	-1%	331 000	1 389 100	1 700 100	-10%
Discount rate	1%	322 200	1 471 000	1 793 200	-5%
Discount rate	-1%	483 100	1 520 300	1 983 400	5%
Post-retirement mortality	-1yr	396 600	1 552 600	1 949 200	4%
Average retirement age	-1yr	400 700	1 547 100	1 947 800	4%
Withdrawal Rate	-10%	351 600	1 439 400	1 791 000	-5%

3.2 Long Service Bonuses	2017	(Restated) 2016
The Long Service Bonus plans are defined benefit plans.		
Roads	96	89
Other	31	18
As at year end, the following number of employees were eligible for Long Service Bonuses	127	107

Key actuarial assumptions used:

i) Rate of interest

	2017 %	2016 %
Discount rate	8.44%	8.38%
General Salary Inflation (long-term)	6.26%	7.05%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.25%

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

	2017 R	2016 R
Present value of fund obligations	1 778 965	1 748 137
Net liability	1 778 965	1 748 137

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

	2015 R	2014 R	2013 R
Total Liability	1 918 246	1 689 337	1 667 638

Experience adjustments were calculated as follows:

	2015	2014	2013
Liabilities: (Gain) / loss	21 793	153 105	696 296
Assets: Gain / (loss)	-	-	-



CENTRAL KAROO DISTRICT MUNICIPALITY

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

3

EMPLOYEE BENEFITS (continued)

	2017	2016
Reconciliation of present value of fund obligation (LSA)		
Present value of fund obligation at the beginning of the year	1 748 137	1 918 246
Total expenses	(2 688)	74 994
Current service cost	126 940	143 822
Interest Cost	134 119	133 343
Benefits Paid	(263 747)	(202 171)
Actuarial losses	33 516	(245 103)
Present value of fund obligation at the end of the year	1 778 965	1 748 137
Less: Transfer of Current Portion - Note 4	(104 535)	(303 340)
Non-current portion	1 674 430	1 444 797

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1 779	
General Salary inflation	+1%	1 891	6%
General Salary inflation	-1%	1 677	-6%
Discount rate	+1%	1 673	-6%
Discount rate	-1%	1 897	7%
Average retirement age	-2yr	1 586	-11%
Average retirement age	2yr	1 984	12%
Withdrawal Rate	-50%	2 048	15%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		126 900	134 100	261 000	
Health care inflation	1%	137 100	142 900	280 000	7%
Health care inflation	-1%	117 800	126 100	243 900	-7%
Discount rate	1%	118 600	140 800	259 400	-1%
Discount rate	-1%	136 300	126 400	262 700	1%
Post-retirement mortality	-2yr	114 700	119 100	233 800	-10%
Average retirement age	2yr	141 200	150 000	291 200	12%
Withdrawal Rate	-50%	155 500	153 000	308 500	18%

3.3 Ex - Gratia Benefits

The Ex - Gratia plans are defined benefit plans.

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

	2017 R	(Restated) 2016 R
Roads	11	12
	<u>11</u>	<u>12</u>

Key actuarial assumptions used:

i) Rate of Interest

	2017 %	2016 %
Discount rate	8.70%	8.78%
Benefit increase rate (CPI inflation)	5.52%	6.43%
Net Effective Discount Rate	3.02%	2.21%



CENTRAL KAROO DISTRICT MUNICIPALITY

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

3 EMPLOYEE BENEFITS (continued)

	2017 R	(Restated) 2016 R
Reconciliation of present value of fund obligation (Ex-Gratia):		
Present value of fund obligation at the beginning of the year	513 999	593 177
Total expenses	38 083	46 051
Interest Cost	38 083	46 051
Benefits Paid	-	-
Actuarial (gains)/losses	(24 859)	(125 229)
Present value of fund obligation at the end of the year	527 223	513 999
Less: Transfer of Current Portion - Note 4	(171 854)	(163 904)
Non-current portion	355 369	350 095

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		527 223	
Benefit Increase rate	+1%	544 846	3%
Benefit Increase rate	-1%	510 501	-3%
Discount rate	+1%	511 123	-3%
Discount rate	-1%	544 479	3%
Average retirement age	-1yr	537 059	2%
Withdrawal Rate	-50%	529 781	0%

Assumption	Change	Interest Cost (R)	Total (R)	% change
Central Assumption		38 083	38 083	
Pension increase rate	1%	40 011	40 011	5%
Pension increase rate	-1%	36 258	36 258	-5%
Discount rate	1%	40 467	40 467	6%
Discount rate	-1%	35 417	35 417	-7%
Average retirement age	-1yr	39 141	39 141	3%
Withdrawal Rate	-50%	38 339	38 339	1%

3.4 Retirement funds

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

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

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



CENTRAL KAROO DISTRICT MUNICIPALITY

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

3.4 EMPLOYEE BENEFITS (continued)
Retirement funds

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,6% (30 June 2015 - 100,4%).

Contributions paid recognised in the Statement of Financial Performance

	2017 R	(Restated) 2016 R
Contributions paid recognised in the Statement of Financial Performance	3 898 463	3 389 452

CONSOLIDATED PENSION FUND FOR LOCAL GOVERNMENT

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 99,70% (30 June 2015 - 99,40%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95%

Contributions paid recognised in the Statement of Financial Performance

Contributions paid recognised in the Statement of Financial Performance	143 057	141 987
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DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

SAMWU PROVIDENT FUND

The contribution rate payable is 7,50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

Contributions paid recognised in the Statement of Financial Performance	886 742	836 289
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3.5 EMPLOYEE BENEFITS - RECEIVABLE

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)
Department of Transport: Roads - Long Service Awards (Note 3.2)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	8 956 338	9 233 300
Department of Transport: Roads - Long Service Awards (Note 3.2)	1 210 682	1 230 113
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	527 223	513 999
	<u>10 894 243</u>	<u>10 977 412</u>
Less: Current portion transferred to current receivables	(702 561)	(724 877)
Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	(426 172)	(352 764)
Department of Transport: Roads - Long Service Awards (Note 3.2)	(104 535)	(208 209)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	(171 854)	(163 904)
	<u>9 991 682</u>	<u>10 252 535</u>
Less: Provision for Impairment	-	-
Total Long Term Receivables	<u>9 991 682</u>	<u>10 252 535</u>

DEPARTMENT OF TRANSPORT: ROADS

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.

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



CENTRAL KAROO DISTRICT MUNICIPALITY

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

4	CURRENT EMPLOYEE BENEFITS	2017 R	2016 R
	Current Portion of Post Retirement Benefits - Note 3	937 346	805 992
	Current Portion of Long-Service Provisions - Note 3	104 535	303 340
	Current Portion of Ex - Gratia Benefits - Note 3	171 854	163 904
	Provision for Staff Leave	1 681 681	1 389 067
	Provision for Performance Bonuses	406 957	-
	Staff Bonuses accrued	863 634	757 372
	Total Current Employee Benefits	4 166 007	3 419 676

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	1 389 067	1 515 604
Contribution to current portion	414 219	258 495
Expenditure incurred	(121 605)	(385 032)
Balance at end of year	1 681 681	1 389 067

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.

	2017 R	(Restated) 2016 R
<u>Provision for Performance Bonuses</u>		
Balance at beginning of year	-	-
Contribution to current portion	406 957	-
Expenditure incurred	-	-
Balance at end of year	406 957	-

Staff Bonuses accrued

Balance at beginning of year	757 372	647 250
Contribution to current portion	1 581 484	1 546 779
Expenditure incurred	(1 475 222)	(1 436 657)
Balance at end of year	863 634	757 372

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the 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
	-	282 075

6 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	3 148 911	2 379 854
Roads - Sundry creditors	1 701 870	1 581 122
Sundry Creditors	325 946	332 085
Debtors with credit balances	94 540	-
Balance at year end	5 271 267	4 293 061

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. Interest and penalties on late payments may arise if payment is not done within 30 days.

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



CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2017 R	2016 R
7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	1 797 930	829 919
National Government Grants	4 360	58 710
Provincial Government Grants	1 575 283	771 209
Other Grant Providers	218 286	-
Less: Unpaid Grants	1 879 068	1 140 600
National Government Grants	250 853	637 631
Other Grant Providers	1 628 215	502 969
Total Conditional Grants and Receipts	(81 138)	(310 681)

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

	2017 R	2016 R
8 TAXES		
VAT RECEIVABLE		
VAT receivable	436 934	434 306
VAT payable	(2 645)	(269 409)
Total VAT receivable	434 289	164 897

VAT is receivable/payable on the cash basis.



CENTRAL KAROO DISTRICT MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2017

Reconciliation of Carrying Value	Cost			Accumulated Depreciation and Impairment Losses				Carrying Value				
	Re- classification R	Restated opening balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Re- classification R		Restated opening balance R	Depreciation Charge R	Disposals R	Closing Balance R
Land and Buildings		5 291 060	-	-	5 291 060	1 967 776	-	1 967 776	33 689	-	2 001 465	3 269 595
Land	-	812 200	-	-	812 200	-	23 200	23 200	-	-	23 200	789 000
Buildings	-	4 478 860	-	-	4 478 860	1 967 776	(23 200)	1 944 576	33 689	-	1 978 265	2 500 595
Community Assets		1 031 424	-	-	1 031 424	227 271	-	227 271	8 730	-	236 001	795 423
Buildings	-	1 031 424	-	-	1 031 424	227 271	-	227 271	8 730	-	236 001	795 423
Other Assets		5 308 329	1 018 936	-	6 049 803	3 048 368	-	3 048 368	271 402	(230 335)	3 089 436	2 860 367
Machinery and Equipment	(725 518)	592 669	295 403	-	888 092	476 360	(374 148)	102 212	51 946	-	154 158	733 934
Furniture and Equipment	707 278	2 162 598	50 680	(277 462)	1 935 816	814 555	591 427	1 405 982	99 254	(230 335)	1 274 901	660 915
Office Equipment - Computers	(261 761)	918 308	161 366	-	1 079 695	830 001	(217 280)	612 721	48 468	-	659 189	420 508
Motor vehicles	280 000	1 654 733	511 467	-	2 146 200	927 453	1	927 454	73 734	-	1 001 188	1 145 012
		11 630 613	1 018 936	(277 462)	12 372 287	5 243 416	-	5 243 416	313 821	(230 335)	5 326 902	7 045 385

Opening balances were reclassified to align the note on Property, Plant and Equipment with the Fixed Asset Register.



CENTRAL KAROO DISTRICT MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT (Continued)
30 JUNE 2016

Reconciliation of Carrying Value

	Opening Balance R		Reclassification R		Restated opening balance R		Cost R		Accumulated Depreciation and Impairment Losses R			Carrying Value 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	4 602 789	-	-	714 016	5 308 329	2 657 409	(8 455)	-	192 025	(1 065)	-	3 048 368	2 259 960
Machinery and Equipment	676 037	-	-	643 546	1 318 207	424 427	(1 375)	-	52 988	(1 065)	-	476 360	841 847
Furniture and Equipment	1 432 764	-	-	22 555	1 455 319	769 359	-	-	45 186	-	-	814 555	640 764
Office Equipment - Computers	1 139 235	-	-	47 915	1 180 070	793 317	(7 080)	-	36 684	-	-	830 001	350 069
Motor vehicles	1 354 733	-	-	-	1 354 733	870 306	-	-	57 147	-	-	927 453	427 280
	10 926 253	-	-	714 016	11 630 813	4 970 776	(8 455)	-	273 705	(1 065)	-	6 243 616	6 387 387

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

None of the above assets are pledged as security.

There are no contractual commitments for the acquisition of property.

	2 017	2 018
	R	R
	320 983	310 712



CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2017 R	(Restated) 2016 R
10 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	57 348	61 126
Cost	165 762	158 882
Accumulated Amortisation	(108 414)	(97 756)
Additions	37 069	10 055
Disposals	-	(3 175)
Amortisation	(12 007)	(10 658)
Net Carrying amount at 30 June	82 410	57 348
Cost	202 831	165 762
Accumulated Amortisation	(120 421)	(108 414)

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

Description	Remaining Amortisation Period	Carrying Value	
		2017 R	2016 R
Microsoft Office and other software	5	82 410	57 348

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

11 LOAN TO CKEDA		
Central Karoo Economic Development Agency SOC Ltd		
Shares		100
Opening Balance		1 331 560
Contribution towards loan	457 424	900 542
Impairment	(457 424)	(2 232 202)

The investment has no terms and conditions nor is it secured. There is also no intention to collect

	2017 R	2016 R
12 INVENTORY		
Maintenance Materials - At cost	757 281	763 677
Consumable Stores - Milk - At cost	57 278	48 869
Total Inventory	814 559	812 546
Inventory recognised as an expense during the year	1 389 934	7 683 375

No inventory assets were pledged as security for liabilities.



CENTRAL KAROO DISTRICT MUNICIPALITY

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

		R 2017	R 2016
13	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Roads - Sundry debtors	6 443 003	3 061 351
	Total Net Receivables from Exchange Transactions	6 443 003	3 061 351
14	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Other Debtors	2 073 132	977 465
	Total Receivables from Non-Exchange Transactions	2 073 132	977 465
	Less: Allowance for Doubtful Debts	(78 830)	(418 176)
	Total Net Receivables from Non-Exchange Transactions	1 994 302	559 289
		2017	(Restated) 2016
		R	R
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	418 176	285 545
	Contribution to provision/(Reversal of provision)	(224 432)	132 630
	Bad Debts written off	(114 914)	-
	Balance at end of year	78 830	418 176
	The entire provision for bad debts relates to outstanding balances older than 180 days.		
15	OPERATING LEASE ARRANGEMENTS		
	Operating leases currently under the control of the Central Karoo District Municipality has no end date to the contracts. There will therefore be no calculation for the smoothing of these leases.		
16	CASH AND CASH EQUIVALENTS		
	<u>Assets</u>		
	Call Investments Deposits	3 067 159	2 693 787
	Bank Accounts	(79 958)	3 394 356
	Cash Floats	1 300	1 300
	Total Cash and Cash Equivalents - Assets	2 988 501	6 089 443
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	Call Investments Deposits to an amount of R3 019 640 are held to fund the Unspent Conditional Grants (2016: R2 693 787).		
	ABSA Bank Account Number 1540 0000 14 (Cheque Account)		
	Bank statement balance at beginning of year	277 176	915 529
	Bank statement balance at end of year	91 833	277 176
	First National Bank Account Number 6206 2151 429 (Cheque Account)		
	Bank statement balance at beginning of year	1 284 594	3 652 498
	Bank statement balance at end of year	(171 791)	1 284 594



CENTRAL KAROO DISTRICT MUNICIPALITY

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

16	CASH AND CASH EQUIVALENTS (Continued)	2017 R	(Restated) 2016 R
	Combined Accounts		
	Cash book balance at beginning of year	3 403 599	4 716 904
	Cash book balance at end of year	(79 958)	3 403 599
	Both bank accounts are posted to a single cash book in the general ledger		
	Call Investments Deposits		
	Call investment deposits consist out of the following accounts:		
	Nedbank - 03 / 7881125551 / 01	1 701 870	1 581 122
	First Rand Bank Limited - 6223 6004 355	47 518	-
	Nedbank - 03 / 788114568 / 01	1 317 771	1 112 665
		<u>3 067 159</u>	<u>2 693 787</u>
17	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	19 416 000	19 324 000
	Equitable Share	19 416 000	19 324 000
	Conditional Grants	9 259 773	12 987 191
	Grants and donations	9 259 773	12 987 191
	Total Government Grants and Subsidies	<u>28 675 773</u>	<u>32 311 191</u>
	Government Grants and Subsidies - Capital	882 942	-
	Government Grants and Subsidies - Operating	27 792 831	32 311 191
		<u>28 675 773</u>	<u>32 311 191</u>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	19 416 000	19 324 000
	Public Safety	964 572	-
	Executive and Council	1 670 515	3 390 016
	Budget and Treasury	4 056 507	6 766 857
	Corporate Services	2 368 179	1 900 318
	Planning and Development	200 000	930 000
		<u>28 675 773</u>	<u>32 311 191</u>
	The municipality does not expect any significant changes to the level of grants		
17.1	Equitable share		
	Grants received	19 416 000	19 324 000
	Conditions met - Operating	(19 416 000)	(19 324 000)
	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 municipality by the National Treasury		
17.2	Local Government Financial Management Grant (FMG)		
	Opening balance	(2 068)	(2 068)
	Grants received	1 250 000	1 250 000
	Conditions met - Operating	(1 247 932)	(1 250 000)
	Grants to be recovered	-	(2 068)

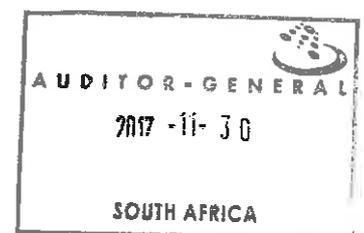
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial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



CENTRAL KAROO DISTRICT MUNICIPALITY

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

17	GOVERNMENT GRANTS AND SUBSIDIES (Continued)	2017	(Restated)
		R	2016
			R
17.3	Doring veld Project		
	Opening balance	(229 849)	-
	Grants received	465 016	651 559
	Conditions met - Operating	(1 117 616)	(881 409)
	Conditions to be met/(Grants to be recovered)	<u>(882 449)</u>	<u>(229 849)</u>
	Grant utilised for the eradication of alien vegetation.		
17.4	Other Grants		
	Opening balance	(78 765)	1 700 105
	Grants received	7 833 300	8 146 912
	Conditions met - Operating	(6 011 282)	(9 403 121)
	Repayment to National Revenue Fund	(59 000)	-
	Conditions met - Capital	(882 942)	(522 661)
	Conditions still to be met	<u>801 311</u>	<u>(78 765)</u>
	Various grants were received from other spheres of government.		
17.5	Total Grants		
	Opening balance	(310 682)	1 698 038
	Grants received	28 964 316	30 302 471
	Conditions met - Operating	(27 792 830)	(31 788 530)
	Conditions met - Capital	(882 942)	(522 661)
	Repayment to National Revenue Fund	(59 000)	-
	Conditions still to be met/(Grant expenditure to be recovered)	<u>(81 138)</u>	<u>(310 682)</u>
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	1 797 930	829 919
	Unpaid Conditional Government Grants and Receipts	(1 879 068)	(1 140 601)
		<u>(81 138)</u>	<u>(310 682)</u>
18	AGENCY SERVICES		
	Commission on Agency services: Department of Transport; Western Cape	3 328 024	3 077 276
		<u>3 328 024</u>	<u>3 077 276</u>
	The municipality has service level agreements with Department Transport Western Cape for rendering of services regarding the roads function within its area. The commission is calculated at a pre-determined rate.		
19	NATIONAL TREASURY 1% AUDIT FEE		
	Audit fee	1 612 946	1 290 698
		<u>1 612 946</u>	<u>1 290 698</u>
	In terms of Section 23(6) of the Public Audit Act any audit fee exceeding 1% of the total operating and capital expenditure for the current year must be defrayed from National Treasury.		
20	OTHER INCOME		
	Ramms Admin fee	77 945	394 920
	LG Seta admin fee	51 071	157 500
	Sundry Income	53 233	365 104
	EPWP Admin fee	-	-
	Photostat and Faxes	1 284	687
	Private Work - Roads Department	-	1 045
	Commission	17 323	11 480
	Samples: Milk and Water	9 320	29 220
	Milk Sales	185 548	213 943
	Insurance Claims	96 250	-
	Total Other Income	<u>491 874</u>	<u>1 173 878</u>



CENTRAL KAROO DISTRICT MUNICIPALITY

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

21	EMPLOYEE RELATED COSTS	2017 R	(Restated) 2016 R
	Employee Related Costs - Salaries and Wages	24 875 535	22 048 311
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	5 702 358	4 194 557
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 097 580	1 247 316
	Housing Benefits and Allowances	249 859	240 347
	Overtime Payments	417 250	716 025
	Bonuses	1 966 894	1 501 618
	Leave Provision	414 220	258 495
	Long Service Awards	-	-
	Contribution to provision - Long Service Awards	257 461	143 135
	Contribution to provision - Post Retirement Medical	(13 224)	371 704
	Total Employee Related Costs	34 967 933	30 721 507

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year contract and all the 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. Acting allowances are immaterial.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr S Jooste

Annual Remuneration	986 465	912 660
Travelling Reimbursement	360 000	360 000
Performance Bonuses	42 272	-
Telephone allowance	18 000	18 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	29 848	28 277
Total	1 436 585	1 318 937

Remuneration of the Chief Financial Officer - Ms UM Baartman (appointed 1 March 2017,

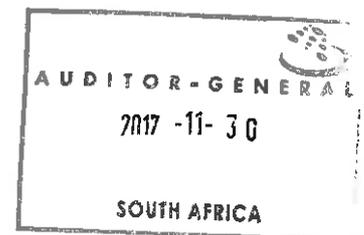
Annual Remuneration	155 582	-
Travelling Reimbursement	27 663	-
Performance Bonuses	29 838	-
Telephone allowance	4 000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	44 081	-
Total	261 164	-

Remuneration of the Director Technical Services - J Theron

Annual Remuneration	816 425	770 137
Travelling Reimbursement	100 000	100 000
Performance Bonus	35 591	-
Telephone allowance	4 000	-
Contributions - UIF, Medical, Pension	196 153	186 306
Total	1 152 169	1 056 443

Remuneration of the Director Corporate and Support Services - J Jonkers

Annual Remuneration	116 686	551 914
Travelling Reimbursement	30 000	42 000
Telephone allowance	4 000	-
Contributions - UIF, Medical, Pension	27 938	113 079
Total	178 624	706 993



CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2017 R	(Restated) 2016 R
22 REMUNERATION OF COUNCILLORS		
Mayor	580 385	785 200
Executive Committee Members	974 580	1 247 096
Councillors	1 650 638	1 077 228
Total Councillors' Remuneration	3 205 603	3 109 524
<i>In-kind Benefits</i>		
<p>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.</p>		
23 DEBT IMPAIRMENT/ REVERSAL		
Trade Receivables from non-exchange transactions - Note 14	(224 432)	132 630
	(224 432)	132 630
24 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	313 821	273 705
Intangible Assets	12 007	10 658
	325 828	284 365
25 IMPAIRMENTS		
Loan to CKEDA	457 424	900 642
	457 424	900 642
<p>In terms of a council resolution the operations of CKEDA ceased. There is no probability that the outstanding amount will be collected and thus council decided to impair the loan to CKEDA.</p>		
26 FINANCE CHARGES		
Employee Benefits	1 669 454	1 477 105
Less: Employee benefits transferred to Roads. Refer to note 3.5	(823 630)	(836 999)
Finance leases	11 438	13 723
Total finance charges	857 262	653 829
27 REPAIRS AND MAINTENANCE		
Buildings	82 100	813 113
Furniture and Equipment	2 234	32 921
General	2 581	1 060
Road Workings	10 506 078	12 336 384
Vehicle Repair and Maintenance	26 035	32 254
Total Operating grant expenditure	10 619 008	13 215 731



CENTRAL KAROO DISTRICT MUNICIPALITY

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

28	GENERAL EXPENSES	2017 R	(Restated) 2016 R
	Advertisements	88 476	108 136
	Audit fees	2 085 785	2 506 016
	Awareness days	21 978	105 158
	Bank Charges	10 826	26 311
	Compensation Commission	-	114
	Computer Expenses	462 511	456 243
	Department of Transport - Roads Service Charges	400	-
	DWAF operational costs	-	16 056
	Electricity, Water and Sanitation	495 146	483 662
	Entertainment	38 832	33 595
	Entertainment: Deputy Mayor	2 332	19 770
	Entertainment: Mayor	229 235	164 587
	Entertainment: Speaker	26 175	49 908
	Expanded Public Works Program	27 133	7 415
	Fire Extinguishers	10 352	9 875
	Fuel and Oil	21 781	70 245
	Household Expenses	36 096	32 552
	Implement Projects	71 782	41 715
	Internal Auditing	401 213	587 013
	Insurance General	122 436	117 408
	Integrated Development Plan : Economic	2 975	5 597
	Integrated Development Plan : Financial Services	1 724 854	651 783
	Integrated Development Plan : Revaluation	564 865	578 775
	Inventory Items used - Department of Roads	1 231 341	7 515 231
	Legal Fees	77 403	103 621
	Membership Fees	534 965	519 811
	Milk Powder	158 593	168 145
	Penalties & Interest SARS	6 304	73 583
	Printing and Stationery	179 651	173 435
	Public Functions	106 684	133 055
	Rates	156 690	82 402
	Registration and Congress Fees	34 256	10 920
	Rent	8 575	62 997
	Rent Equipment	1 102	-
	Samples: Milk, Water and Food	35 146	28 908
	Shared services	2 750	117 234
	Study Fund	148 584	103 129
	Sundry Expenditure	326 985	114 638
	Sundry Projects	4 470 889	7 640 420
	Survey Fees	499 362	-
	Telephone and Postage	569 678	520 199
	Training	79 997	135 269
	Training Fund	260 760	536 909
	Travel and Subsistence	1 908 966	2 498 074
	Travel and Subsistence: Council	523 541	687 452
	Workmen's Compensation Contributions	227 641	315 513
	General Expenses	17 995 046	27 612 869



CENTRAL KAROO DISTRICT MUNICIPALITY

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

29 CORRECTION OF ERROR IN TERMS OF GRAP 3

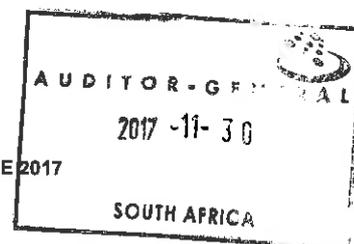
During 2016/17 the municipality discovered certain errors in the financial statements as at 30 June 2016. As a consequence, the errors have been corrected. The following note summarises the impact of the corrections on the financial statements.

STATEMENT OF FINANCIAL POSITION	2016 Previously reported	Adjustments for errors	2016 Restated
Accumulated Surplus/(Deficit)	(2 483 041)	4 871 381	2 388 340
Long-term Liabilities	140 367	-	140 367
Long-term Employee benefits	17 854 404	-	17 854 404
Current employee benefits	3 419 675	-	3 419 675
Payables from non exchange transactions	282 075	-	282 075
Payables from exchange transactions	6 113 252	(1 820 191)	4 293 061
Unspent Conditional Government Grants and Receipts	829 919	-	829 919
Current Portion of Long-term Liabilities	42 442	-	42 442
Total Net Assets and Liabilities	26 199 093	3 051 190	29 250 283
Property, Plant and Equipment	6 387 397	-	6 387 397
Intangible Assets	57 348	-	57 348
Employee benefits	10 252 535	-	10 252 535
Inventory	812 546	-	812 546
Receivables from exchange transactions	-	3 061 351	3 061 351
Receivables from non-exchange transactions	560 206	(917)	559 289
Unpaid Conditional Government Grants and Receipts	1 140 600	-	1 140 600
Taxes	164 897	-	164 897
Employee benefits	724 877	-	724 877
Cash and Cash Equivalents	6 098 686	(9 243)	6 089 443
Total Assets	26 199 093	3 051 190	29 250 283
REVENUE			
Government Grants and Subsidies - Operating	32 311 191	-	32 311 191
Debt Impairment	-	-	-
Actuarial Gains	370 332	(370 332)	-
National Treasury 1% audit fee	1 290 698	-	1 290 698
Rental of Facilities and Equipment	69 727	-	69 727
Interest Earned - external investments	631 914	-	631 914
Department of Transport - Roads Service Charges	40 096 116	5 405 977	45 502 093
Licences and Permits	15 560	-	15 560
Agency Services	3 077 276	-	3 077 276
Other Income	2 887 263	(1 713 385)	1 173 878
Total Revenue	80 750 077	3 322 260	84 072 337
EXPENDITURE			
Employee related costs	30 671 826	49 681	30 721 507
Remuneration of Councillors	3 109 524	-	3 109 524
Debt Impairment	132 630	-	132 630
Depreciation and Amortisation	284 365	-	284 365
Impairments	900 642	-	900 642
Repairs and Maintenance	13 215 731	-	13 215 731
Actuarial losses	438 509	(370 332)	68 177
Finance Charges	653 829	-	653 829
Contracted services	240 488	-	240 488
General Expenses	29 020 588	(1 407 719)	27 612 869
Loss on disposal of Property, Plant and Equipment	10 565	-	10 565
Total Expenditure	78 678 687	(1 728 370)	76 950 327
NET SURPLUS FOR THE YEAR	2 071 380	5 050 630	7 122 010



CENTRAL KAROO DISTRICT MUNICIPALITY

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



29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

	2016 (Previously reported) R	2016 (Adjustments) R	2016 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	46 062 141	261 830	46 323 971
Government	30 302 472	(1)	30 302 471
Interest	631 914	-	631 914
Payments			
Suppliers and employees	(76 446 201)	(271 074)	(76 717 275)
Finance charges	(13 723)	-	(13 723)
Transfers and Grants	-	-	-
Cash generated by operations	536 603	(9 245)	527 358
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(528 945)	-	(528 945)
Purchase of Investment property	-	-	-
Proceeds on Disposal of Fixed Assets	-	-	0
Purchase of Intangible Assets	(10 055)	-	(10 055)
Increase in Long-term Receivables	-	-	-
Decrease/(Increase) in Non-current Investments	(900 642)	-	(900 642)
Net Cash from Investing Activities	(1 439 642)	-	(1 439 642)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid	(56 231)	(0)	(56 232)
New loans raised	-	-	-
Transfer to CRR	-	-	-
Net Cash from Financing Activities	(56 231)	(0)	(56 232)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(959 271)	(9 245)	(968 516)
Cash and Cash Equivalents at the beginning of the year	7 057 957	(1)	7 057 956
Cash and Cash Equivalents at the end of the year	6 098 686	(9 243)	6 089 443
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(959 270)	(9 246)	(968 516)

	2016
29.1 Receivables from exchange transactions	
<i>Balance previously reported - 30 June</i>	
Correction of Roads Subsidy to be reflected in correct accounting period	3 061 351
Restated Balance	3 061 351
29.2 Payables from exchange transaction	R
<i>Balance previously reported - 30 June</i>	6 113 252
Workmens Compensation for 2014/15 not paid during the period	179 247
Workmens Compensation for 2015/16 not paid during the period	315 513
Pension fund contributions paid incorrectly	68 296
Correction of Roads Subsidy to be reflected in correct accounting period	(2 344 626)
Correction of third party payments for the previous year recognised during the current year	(38 621)
Restated Balance	4 293 061
29.3 Receivables from non-exchange transactions	
<i>Balance previously reported - 30 June</i>	560 206
Receipt recognised in the previous financial year, incorrectly journalised during current year	(918)
Restated Balance	559 288

CENTRAL KAROO DISTRICT MUNICIPALITY

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

29	CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)	2016 R
29.4	Cash and cash equivalents	
	<i>Balance previously reported - 30 June</i>	6 098 686
	Corrections made due to adjustments in the bank reconciliation for amounts recognised during the wrong year	41 106
	Corrections made due to adjustments in the bank reconciliation for amounts recognised during the wrong year	(50 349)
	Restated Balance	6 089 443
29.5	Other income	
	<i>Balance previously reported - 30 June</i>	2 887 263
	Income not recognised in correct financial year.	269
	Income not recognised in correct financial year.	(459)
	Income not recognised in correct financial year.	300
	Other income corrected for audit fee amounts paid on behalf of local municipalities	(1 712 576)
	Income not recognised in correct financial year.	(918)
	Restated Balance	1 173 879
29.6	Employee related costs	
	<i>Balance previously reported - 30 June</i>	30 671 826
	Correction of third party payments for the previous year recognised during the current year	(23 999)
	Correction of third party payments for the previous year recognised during the current year	(13 632)
	Correction of third party payments for the previous year recognised during the current year	19 016
	Pension fund contributions treated incorrectly during the previous year	68 286
	Restated Balance	30 721 507
29.7	General expenses	
	<i>Balance previously reported - 30 June</i>	29 020 688
	Commission for previous year not recognised during the period	(14 353)
	Expenditure recognised during the wrong financial period	(27 933)
	Audit fees corrected for amounts paid on behalf of local municipalities	(1 712 576)
	Expenditure recognised during the wrong financial period	31 633
	Workmens Compensation for 2015/16 not paid during the period	315 513
	Restated Balance	27 612 869
29.8	Actuarial gains	
	<i>Balance previously reported - 30 June</i>	370 332
	Netting off of Actuarial Gains and Losses	(370 332)
	Restated Balance	-
29.9	Actuarial Losses	
	<i>Balance previously reported - 30 June</i>	438 509
	Netting off of Actuarial Gains and Losses	(370 332)
	Restated Balance	68 177
29.10	Department of Transport - Roads Service Charges	
	<i>Balance previously reported - 30 June</i>	40 096 116
	Reclassifying of income into the correct financial period	3 061 351
	Correction of release of income into the correct financial period	2 344 626
	Restated Balance	45 502 093



CENTRAL KAROO DISTRICT MUNICIPALITY

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

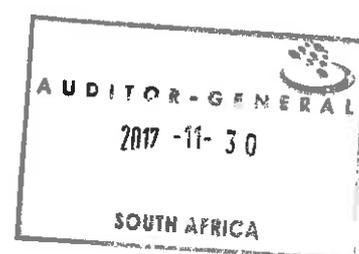
	2017 R	(Restated) 2016 R
30 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS		
Surplus for the year	1 160 248	7 122 010
<u>Adjustments for:</u>		
Depreciation	313 821	273 707
Amortisation of Intangible Assets	12 007	10 658
Loss on disposal of Property, Plant and Equipment	47 128	10 565
Interest on Employee benefits	1 669 454	1 477 105
Contribution to provisions – bad debt	(224 432)	132 630
Bad debts written off	(114 914)	-
Contribution to current employee benefits	2 402 660	67 504
Benefits paid current employee benefits	(1 596 827)	-
Contribution non-current employee benefits	511 137	912 415
Benefits paid non-current employee benefits	(1 069 739)	-
Actuarial (Gains)/Losses	(1 573 156)	68 177
Non - cash movement in employee benefits	283 169	(741 144)
Impairment written off	457 424	900 642
Grants Received	28 964 316	30 302 471
Grant Expenditure	(28 675 773)	(32 311 191)
Operating Surplus before changes in working capital	2 566 523	8 225 549
Changes in working capital	(4 052 593)	(7 698 187)
Decrease/(Increase) in Trade and Other Payables	696 131	(3 001 854)
Increase in Taxes	(269 392)	(53 155)
(Increase)/Decrease in Inventory	(2 013)	108 928
Increase in Trade and other receivables	(4 477 319)	(4 752 108)
Cash generated by operations	(1 486 070)	527 362



CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2017	(Restated)
	R	2016
		R
31 NON - CASH INVESTING AND FINANCING ACTIVITIES		
31.1 Employee benefits		
Movements for the year	(402 803)	-
Non - Cash movement current portion of employee benefits	260 853	(741 144)
	<u>(141 950)</u>	<u>(741 144)</u>
31.2 Current Employee benefits		
Movements for the year	(59 501)	322 962
Non - Cash movement current portion of employee benefits	22 316	(223 171)
	<u>(37 185)</u>	<u>99 791</u>
31.3 Long term receivables		
Movements for the year	(260 853)	741 144
Non - Cash movement current portion of employee benefits	260 853	(741 144)
	<u>-</u>	<u>-</u>
31.4 Short term receivables		
Movements for the year	(22 316)	223 171
Non - Cash movement current portion of employee benefits	22 316	(223 171)
	<u>-</u>	<u>-</u>
32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 16	2 988 501	6 089 443
	<u>2 988 501</u>	<u>6 089 443</u>
Less:	1 797 930	829 919
Unspent Committed Conditional Grants - Note 7	1 787 930	829 919
Resources available for working capital requirements	<u>1 190 571</u>	<u>5 259 524</u>
33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 2	140 367	182 809
Used to finance property, plant and equipment - at cost	(140 367)	(182 809)
	<u>-</u>	<u>-</u>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

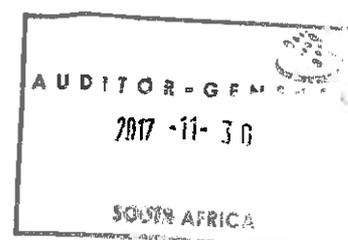


CENTRAL KAROO DISTRICT MUNICIPALITY

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

34 BUDGET COMPARISONS

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
34.1 Operational				
Revenue by source				
Government Grants and Subsidies - Operating	27 792 831	34 224 796	(6 431 965)	-19%
Actuarial Gains	1 573 156	-	1 573 156	100%
National Treasury 1% audit fee	1 612 946	-	1 612 946	100%
Rental of Facilities and Equipment	71 199	72 000	(801)	-1%
Interest Earned - external investments	503 069	550 000	(46 931)	-9%
Department of Transport - Roads Service Charges	33 429 456	37 110 000	(3 680 544)	-10%
Licences and Permits	21 183	-	21 183	100%
Agency Services	3 328 024	3 711 000	(382 976)	-10%
Other Income	491 974	1 914 640	(1 422 666)	-74%
	<u>68 931 212</u>	<u>77 582 436</u>	<u>(7 651 224)</u>	<u>-10%</u>
Expenditure by nature				
Employee Related Costs	34 967 933	17 527 466	(17 440 467)	100%
Remuneration of Councillors	3 205 603	3 498 014	292 411	-8%
Debt Impairment	-	-	-	0%
Depreciation and Amortisation	325 828	254 904	(70 924)	28%
Impairments	457 424	50 000	(407 424)	815%
Repairs and Maintenance	10 619 008	1 118 629	(9 500 379)	849%
Finance Charges	857 262	-	(857 262)	-100%
Contracted services	295 732	279 000	(16 732)	6%
Capital Projects	-	115 000	115 000	-100%
General Expenses	17 995 046	54 011 981	36 016 935	-67%
Loss on disposal of Property, Plant and Equipment	47 128	-	(47 128)	-100%
Actuarial Losses	-	450 000	450 000	100%
	<u>68 770 964</u>	<u>77 304 994</u>	<u>8 534 030</u>	<u>-11%</u>
Net (Deficit)/Surplus for the year	<u>1 160 248</u>	<u>277 442</u>	<u>882 806</u>	<u>318%</u>
	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
34.2 Expenditure by Vote				
Executive and Council	9 261 633	10 906 638	(1 645 005)	-15%
Budget and Treasury	9 963 183	8 980 797	982 386	11%
Corporate Services	11 102 263	14 592 212	(3 489 949)	-24%
Planning and Development	1 807 890	786 665	1 021 225	130%
Health	2 446 212	2 784 995	(338 783)	-12%
Public Safety	1 065 097	1 232 895	(167 798)	-14%
Road Transport	33 124 683	37 110 000	(3 985 317)	-11%
Tourism	-	910 792	(910 792)	-100%
	<u>68 770 961</u>	<u>77 304 994</u>	<u>(8 534 033)</u>	<u>-11%</u>



CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2017 R	2016 R
35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
35.1 <u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure:		
Opening balance	1 373 377	-
Unauthorised expenditure current year - capita	-	599 015
Unauthorised expenditure current year - operating	2 003 611	774 362
Written off by council	(1 373 377)	-
Unauthorised expenditure awaiting authorisation	<u>2 003 611</u>	<u>1 373 377</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (Unauthorised)
<u>Unauthorised expenditure current year - operating</u>				
Corporate Services	11 102 263	14 592 212	(3 489 949)	-
Budget and Treasury	9 963 183	8 980 797	982 386	982 386
Health	2 446 212	2 784 995	(338 783)	-
Executive and Council	9 261 633	10 906 638	(1 645 005)	-
Planning and Development	1 807 890	786 665	1 021 225	1 021 225
Public Safety	1 065 097	1 232 895	(167 798)	-
Road Transport	33 124 683	37 110 000	(3 985 317)	-
Tourism	-	910 792	(910 792)	-
	<u>68 770 961</u>	<u>77 304 994</u>	<u>(8 534 033)</u>	<u>2 003 611</u>

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (Unauthorised)
<u>Unauthorised expenditure current year - capital</u>				
Budget and Treasury	1 056 005	1 562 000	(505 995)	-
	<u>1 056 005</u>	<u>1 562 000</u>	<u>(505 995)</u>	-

	2017 R	(Restated) 2016 R
35.2 <u>Fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	86 582	12 999
Fruitless and wasteful expenditure current year	6 304	73 583
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	<u>92 886</u>	<u>86 582</u>

Incident	Disciplinary steps/criminal proceedings	2017 R	(Restated) 2016 R
SARS penalties	None	6 304	73 583
		<u>6 304</u>	<u>73 583</u>



CENTRAL KAROO DISTRICT MUNICIPALITY

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

AUDITOR-GEN

2017 -11- 30

SOUTH AFRICA

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (Continued)

35.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2017	(Restated) 2016
Opening balance	12 419 425	433 577
Irregular expenditure current year	374 760	11 985 848
Irregular expenditure awaiting further action	<u>12 794 185</u>	<u>12 419 425</u>

Incident	Disciplinary steps/criminal proceedings	2017	(Restated) 2016
Purchases made without tax clearance certificates	None	39 040	-
Outgoing councillors not repaying their debt	None	-	246 815
Non-compliance with Supply Chain Management	None	28 981	11 739 033
EPWP fraudulent payments	Under investigation	271 089	-
Loans granted to staff	Staff member suspended disciplinary steps ongoing	35 650	-
		<u>374 760</u>	<u>11 985 848</u>

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 as they are minor breaches.

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

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

Deviations from the Supply Chain Management Regulations were identified on the following categories

2017	Between R30,001 and R200,000	Up to R30,000
Emergency	181 254	1 130 775
Impractical	2 734 298	806 217
Sole Supplier	305 367	-
Grand Total	<u>3 200 919</u>	<u>1 936 992</u>

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	1 075 965
Murraysburg Vulstasie	Only supplier that we have an account with	369 205
Bell Equipment SA Ltd	Only Agent that sells the specific parts	280 367
Koup Producente Kooperasie Ltd	Only supplier that we have an account with	269 029
Kamkor CC t/a Donkin Motors	Only supplier that we have an account with	221 425
Victor's Garage	Only supplier that we have an account with	185 402
Barloworld Equipment, a division of Barloworld SA Pty	Only agent that supplies CAT Equipment	200 150
ELB Equipment, a division of ELB Equipment	Only agent that supplies ELB Equipment	152 183
Peri Framework Scaffolding Engineering (Pty) Ltd	Only supplier of scaffoldings in the area	130 108
Laingsburg Diensstasie	Only Agent that sells the specific parts	125 261
Total		<u>3 009 095</u>

2016	Between R30,001 and R200,000	Up to R30,000
Emergency		76 343
Impractical	155 933	293 173
Sole Supplier	2 565 090	2 522 840
Grand Total	<u>2 721 023</u>	<u>2 892 356</u>

South Cape Petroleum (Pty) Ltd	Only alternative supplier	2 116 622
Bell Equipment SA Ltd	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
Kamkor CC t/a Donkin Motors	Only supplier that we have an account with	219 175
ELB Equipment, a division of ELB Equipment	Only Agent that sells the specific parts	196 618
Barloworld Equipment, a division of Barloworld SA Pty	Only agent that supplies CAT Equipment	186 519
KOMATSU	Only Agent that sells the specific parts	159 305
Victor's Garage	Only supplier that we have an account with	150 032
Pennyworth Trading (Pty) Ltd	Only Agent that sells the specific parts	141 266
Total		<u>4 036 689</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

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

35	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (Continued)	2017 R	(Restated) 2016 R
35.5	<u>Service in State</u> 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.		
36	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
36.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u> Council subscriptions Amount paid - current year Balance unpaid (included in creditors)	534 965 (534 965) <hr/> -	500 000 (500 000) <hr/> -
36.2	<u>Audit fees - [MFMA 125 (1)(b)]</u> Current year audit fee External Audit - Auditor-General Amount paid - current year Balance unpaid (included in creditors)	2 085 785 <hr/> 2 085 785 (2 085 785) <hr/> -	2 506 016 <hr/> 2 506 016 (2 506 016) <hr/> -
36.3	<u>VAT - [MFMA 125 (1)(b)]</u> Opening balance Amounts received - current year Amounts claimed - current year Closing balance Vat in suspense due to cash basis of accounting Input VAT Output VAT Receivable 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.	164 897 (459 214) 728 606 <hr/> 434 289 436 934 (2 645) <hr/> 434 289	111 743 (713 091) 766 245 <hr/> 164 897 434 306 (269 409) <hr/> 164 897
36.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u> Opening balance Current year payroll deductions and Council Contributions Amount paid - current year Balance unpaid (included in creditors)	4 877 016 (4 459 171) <hr/> 417 845	4 768 515 (4 768 515) <hr/> -
36.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u> Opening balance Current year payroll deductions and Council Contributions Amount paid - current year Balance unpaid (included in creditors)	- 4 938 262 (4 938 262) <hr/> -	- 4 367 739 (4 367 739) <hr/> -
36.6	<u>Unlisted investment in Central Karoo Economic Development Agency SOC Ltd - [MFMA 125 (1)(b)]</u> Cost Owners contribution during the year Impairments Closing balance	- 457 424 (457 524) <hr/> (100)	100 900 542 (900 642) <hr/> -



CENTRAL KAROO DISTRICT MUNICIPALITY

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

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2017	(Restated)
	R	2016
36.7 <u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>	Outstanding	Outstanding
	more than 90	more than 90
	days	days
The following Councillors had arrear accounts for more than 90 days as at 30 June		
Councillor MS Hangana	32 414	21 838
Councillor IJ Windvogel	31 914	21 698
Councillor J Bostander	46 714	26 498
Councillor M Furmen	21 158	4 430
Councillor S Botes	1 753	1 753
Councillor Mayor EZ Njado	51 802	23 045
Councillor AD Willemse	1 990	-
Councillor G de Vos	16 728	-
Councillor S Nortjé	2 838	-
Councillor M Jafra	60	-
	207 371	99 263

37 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

	2017	2016
	R	R
	-	474 628

Total commitments consist out of the following:

Upgrading of council chambers

-	474 628
-	474 628

This expenditure will be financed from:

Own Resources

-	474 628
-	949 255

38 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

(b) Price risk

The municipality is not exposed to price risk.



CENTRAL KAROO DISTRICT MUNICIPALITY

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

	2017 R	(Restated) 2016 R
(c) Interest Rate Risk		
As the municipality has significant interest-bearing liabilities, the municipality's income and operating cash flows are substantially dependent on changes in market interest rates.		
The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
The municipality did not hedge against any interest rate risks during the current year		
	2017 R	(Restated) 2016 R
Financial assets exposed to Interest rate risk at year end are as follows		
Cash and Cash Equivalents	2 988 501	6 089 443
Financial liabilities exposed to interest rate risk at year end are as follows		
Long Term liabilities	101 367	140 367
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
1% (2016 + 0.5%) Increase in interest rates	28 871	59 491
0.5% (2016 - 0.5%) Decrease in interest rates	(14 436)	(29 745)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

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

No receivables are pledged as security for financial liabilities.

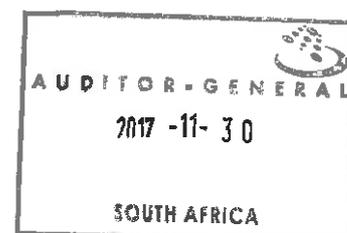
The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure disclosed below.

The banks utilised by the municipality 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 reporting date for impairment.

	2017 R	(Restated) 2016 R
Financial assets exposed to credit risk at year end are as follows		
Receivables from non-exchange transactions	8 516 135	4 038 816
Cash and Cash Equivalents	2 988 501	6 089 443
Unpaid conditional grants and subsidies	1 879 088	1 140 600
Roads - Sundry debtors	6 443 003	3 061 351
	19 826 707	14 330 210



CENTRAL KAROO DISTRICT MUNICIPALITY

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

38 FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Long Term liabilities - Finance Lease Liability	47 362	109 450	-	-
Capital repayments	39 000	101 367	-	-
Interest	8 362	8 083	-	-
Trade and Other Payables	5 271 267	-	-	-
Unspent conditional government grants and receipts	1 797 930	-	-	-
	7 116 579	109 450	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2016 Restated				
Long Term liabilities - Finance Lease Liability	53 880	156 831	-	-
Capital repayments	42 442	140 367	-	-
Interest	11 438	16 464	-	-
Trade and Other Payables	4 293 061	-	-	-
Unspent conditional government grants and receipts	829 919	-	-	-
	5 176 860	156 831	-	-
			2017	(Restated)
			R	2016
				R

39 FINANCIAL INSTRUMENTS

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

39.1 Financial Assets	<u>Classification</u>		
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	8 516 135	4 038 816
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	1 879 068	1 140 600
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	3 067 159	2 693 787
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	(79 958)	3 403 599
Cash Floats and Advances	Financial instruments at amortised cost	1 300	1 300
		13 383 704	11 278 102



CENTRAL KAROO DISTRICT MUNICIPALITY

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

39 FINANCIAL INSTRUMENTS (Continued)

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	13 383 704	11 278 102
At amortised cost	13 383 704	11 278 102

39.2 Financial Liability

Classification

Long-term Liabilities

Capitalised Lease Liability	Financial instruments at amortised cost	101 387	140 387
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Payables from exchange transactions

Trade creditors	Financial instruments at amortised cost	3 148 911	2 379 854
Sundry creditors	Financial instruments at amortised cost	325 946	332 085
Creditors Roads	Financial instruments at amortised cost	1 701 870	1 581 122
Debtors with credit balances	Financial instruments at amortised cost	94 540	-

Other Payables

Government Subsidies and Grants	Financial instruments at amortised cost	1 797 930	829 919
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Current Portion of Long-term Liabilities

Capitalised Lease Liability	Financial instruments at amortised cost	39 000	42 442
		7 209 564	5 305 789

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	7 209 564	5 305 789
---	------------------	------------------

40 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory receivables of the municipality are classified as follows:

Taxes

VAT Receivable	434 289	164 897
	434 289	164 897

41 EVENTS AFTER THE REPORTING DATE

The municipality has no material events after the financial year ended 30 June 2017 that requires disclosure.

42 PRIVATE PUBLIC PARTNERSHIPS

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

43 CONTINGENT LIABILITY

No contingent liabilities have been noted during the current financial year



CENTRAL KAROO DISTRICT MUNICIPALITY

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

		2017 R	(Restated) 2016 R
44	RELATED PARTY TRANSACTIONS		
44.1	Related Party transactions with the Central Karoo Economic Development Agency		
	Opening Balance	-	1 331 560
	Additions to loan	457 424	900 642
	Impairment of loan	(457 424)	(2 232 202)
	Closing balance	-	-
	Rental contribution per agreement not considered in the loan	-	62 997
44.2	Related Party Loans		
	The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Central Karoo District Municipality:		
	* Municipal Manager		
44.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 21 to the Annual Financial Statements		
44.3	Other related party transactions		
	Included in other receivables are outstanding money(s) to be recovered from Councillors, and Mayor, due to travel and lodging claimed, but not spent:		
	<u>Councillor/Staff Member</u>		
	Councillor MS Hangana	32 414	32 414
	Councillor IJ Windvogel	31 914	41 914
	Councillor J Bostander	46 714	46 714
	Councillor BJ van As	-	16 728
	Councillor M Furmen	21 158	21 158
	Councillor S Botes	1 753	1 753
	Councillor Mayor EZ Njado	51 802	42 134
	Councillor E Maans	-	3 193
	Councillor G De Vos	16 728	16 728
	Councillor Dr. AL Rabie	-	4 512
	Councillor S Nortjie	2 838	2 838
	Councillor AM Slabbert	-	16 728
	Councillor AD Willemsse	1 990	-
	Councillor M Jafta	60	-
		<u>207 371</u>	<u>246 814</u>

45 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 assets exceeded current liabilities with the current ratio being 1.42 (2016)

Current assets exceeded current liabilities with the current ratio being 1.35 (2017)

Liquidity ratio of 2.16 (2016)

Liquidity ratio of 2.25 (2017)

Accumulated surplus of R2 388 340 (2016)

Accumulated surplus of R3 548 588 (2017)

The following factors mitigated the financial uncertainty

The current ratio decreased to 1.35:1 from 1.42:1 in the prior year.

Other Indicators

None noted.



CENTRAL KAROO DISTRICT MUNICIPALITY

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

45 FINANCIAL SUSTAINABILITY (Continued)

Going concern assumption

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.

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

46 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	1 612 946	1 290 698
Total	1 612 946	1 290 698

47 BUDGET COMPARISONS

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 13 to 18.

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 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 performance

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

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consists 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 are incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist 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 2017**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2016	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2017
LEASE LIABILITY							
RICOH MPC2003SP	13.00%		21/03/2021	67 557	-	13 694	53 863
RICOH MPC6003SP	13.00%		26/09/2020	100 258	-	20 100	80 158
Gestetner MPC 3001	13.00%		30/11/2016	6 125	-	6 125	-
RICOH MP301SP	13.00%		30/06/2019	8 871	-	2 525	6 346
Total Lease Liabilities				182 811	-	42 444	140 367
TOTAL EXTERNAL LOANS				182 811	-	42 444	140 367

APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
MUNICIPAL VOTES CLASSIFICATION

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
6 075 634	(5 252 129)	823 505	Municipal Manager	5 867 214	(4 316 127)	1 551 087
2 000 000	(5 344 061)	(3 344 061)	Council general expenses	5 474 698	(4 945 506)	529 192
22 064 393	(15 012 715)	7 051 678	Financial services	16 944 756	(13 850 497)	3 094 259
4 407 527	(4 502 605)	(95 078)	Corporate services	4 702 228	(4 843 808)	(141 580)
1 411 127	(1 540 829)	(129 702)	Planning and development	200 000	(1 807 890)	(1 607 890)
44 780	(2 123 183)	(2 078 403)	Health	30 503	(2 446 212)	(2 415 709)
2 200 318	(1 687 678)	512 640	Other	2 317 785	(2 371 144)	(53 359)
316 268	(948 125)	(631 857)	Public safety	964 572	(1 065 097)	(100 525)
45 552 290	(40 539 002)	5 013 288	Road transport	33 429 456	(33 124 683)	304 773
84 072 337	(76 950 327)	7 122 010	Total	69 931 212	(68 770 964)	1 160 248

AUDITORS
2017-11-30

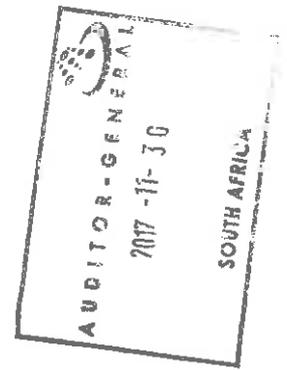
APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
3 685 618	(10 596 190)	(6 910 572)	Executive and council	7 706 278	(9 261 633)	(1 555 355)
15 097 536	(11 199 832)	3 897 704	Budget and treasury	13 764 320	(9 963 186)	3 801 134
19 675 845	(10 003 165)	9 672 680	Corporate Services	13 836 083	(11 102 263)	2 733 820
-	(1 540 829)	(1 540 829)	Planning and Development	200 000	(1 807 890)	(1 607 890)
44 780	(2 123 183)	(2 078 404)	Health	30 503	(2 446 212)	(2 415 709)
16 268	(948 125)	(931 857)	Public Safety	964 572	(1 065 097)	(100 525)
45 552 290	(40 539 002)	5 013 288	Road Transport	33 429 456	(33 124 683)	304 773
84 072 337	(76 950 327)	7 122 010	Total	69 931 212	(68 770 964)	1 160 248

AUDITOR - GENERAL
2017 -11- 30
SOUTH AFRICA

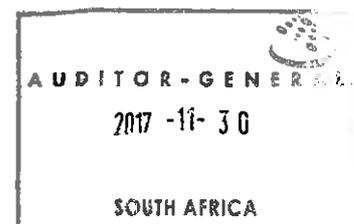
APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2016	Correction of error	Balance 1 JULY 2016	Grants Received	Operating Expenditure during the year Transferred to Revenue	Repaid to National Revenue Fund	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2017
	R	R	R	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS								
National Government Grants								
Equitable Share	-	-	-	19 416 000	19 416 000	-	-	-
National Financial Management Grant	(2 068)	-	(2 068)	1 250 000	1 247 932	-	-	0
Municipal Systems Improvement Grant	-	-	-	-	-	59 000	-	(250 853)
EPWP	58 710	-	58 710	1 000 000	1 250 563	-	-	-
Work for Water Project	-	-	-	-	-	-	-	-
Rural Asset Management Grant (RAMS)	(635 564)	-	(635 564)	1 866 000	1 226 076	-	-	4 360
Dept Local Government	-	-	-	-	-	-	-	-
Total National Government Grants	(578 921)	-	(578 921)	23 532 000	23 140 571	59 000	-	(246 492)
Provincial Government Grants								
FMG - MSCOA	50 000	-	50 000	-	50 000	-	-	-
FMG - MFIP	500 000	-	500 000	-	500 000	-	-	-
FMG - IDP	200 000	-	200 000	-	200 000	-	-	-
FMG - PMS	21 209	-	21 209	-	-	-	-	21 209
FMG - MSCOA	-	-	-	220 000	220 000	-	-	-
FMG - MSCOA TRAINING	-	-	-	500 000	206 225	-	-	293 775
FMG - Improvement of Service Level Standards	-	-	-	100 000	100 000	-	-	100 000
FMG - Improvement of Assurance Function	-	-	-	700 000	350 000	-	-	350 000
FMG - Training re Performance Reporting	-	-	-	200 000	75 204	-	-	124 796
FMG - Internship Training	-	-	-	100 000	100 000	-	-	-
FMG - Capacity Building Bursary Func	-	-	-	120 000	114 886	-	-	5 044
FMG - ICT Internship	-	-	-	60 000	14 969	-	-	45 031
Drought Relief Support	-	-	-	300 000	81 630	-	882 942	218 370
Fire Brigade Capacity Building	-	-	-	1 300 000	-	-	-	417 058
Total Provincial Government Grants	771 209	-	771 209	3 600 000	1 912 984	-	882 942	1 575 283
Other Grant Providers								
CHIETA	-	-	-	532 800	314 514	-	-	218 286
LG SETA	(273 120)	-	(273 120)	834 500	1 307 146	-	-	(745 786)
Doing yeld Project	(229 849)	-	(229 849)	465 016	1 117 616	-	-	(882 449)
Total Other Grant Providers	(502 969)	-	(502 969)	1 832 316	2 739 276	-	-	(1 408 929)
Total	(310 681)	-	(310 681)	28 964 316	27 792 831	59 000	882 942	(81 138)



APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	34 933	887	35 820	35 307	(513)	98.6%	101.1%	38 459
Executive and council	11 171	324	11 495	7 706	(3 789)	67.0%	69.0%	3 686
Budget and treasury	9 424	542	9 966	13 764	3 798	138.1%	146.1%	15 098
Corporate services	14 338	21	14 359	13 836	(523)	96.4%	96.5%	19 676
<i>Community and public safety</i>	3 168	1 600	4 768	995	(3 773)	20.9%	31.4%	81
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	1 041	1 600	2 641	965	(1 676)	36.5%	92.7%	16
Housing	-	-	-	-	-	-	-	-
Health	2 127	(0)	2 127	31	(2 096)	1.4%	1.4%	45
<i>Economic and environmental services</i>	38 070	(865)	37 405	33 629	(3 776)	89.9%	89.3%	45 552
Planning and development	960	(865)	295	200	(95)	67.7%	20.8%	-
Road transport	37 110	-	37 110	33 429	(3 681)	90.1%	90.1%	45 552
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	889	0	889	-	(889)	-	-	-
Total Revenue - Standard	77 060	1 822	78 882	69 931	(8 951)	88.7%	90.7%	84 072
Expenditure - Standard								
<i>Governance and administration</i>	33 947	533	34 480	30 327	(4 153)	88.0%	89.3%	31 799
Executive and council	11 825	(918)	10 907	9 262	(1 645)	84.9%	78.3%	10 596
Budget and treasury	7 541	1 439	8 981	9 983	982	110.9%	132.1%	11 200
Corporate services	14 580	12	14 592	11 102	(3 490)	76.1%	76.1%	10 003
<i>Community and public safety</i>	3 864	154	4 018	3 511	(507)	87.4%	90.9%	3 071
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	1 013	220	1 233	1 065	(168)	86.4%	105.2%	948
Housing	-	-	-	-	-	-	-	-
Health	2 851	(66)	2 785	2 446	(339)	87.8%	85.8%	2 123
<i>Economic and environmental services</i>	38 064	(167)	37 897	34 933	(2 964)	92.2%	91.8%	42 080
Planning and development	954	(167)	787	1 808	1 021	229.8%	189.8%	1 541
Road transport	37 110	-	37 110	33 125	(3 985)	89.3%	89.3%	40 539
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	855	(44)	811	-	(811)	-	-	-
Total Expenditure - Standard	76 830	475	77 305	69 771	(8 534)	89.0%	89.5%	76 950
Surplus/(Deficit) for the year	231	1 347	1 577	1 160	(417)	73.6%	502.9%	7 122



APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2016/2017						2015/2016	
	Original Budget	Budget Adjustments (I.Lo. 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	Revised Audited Outcome
<i>R thousand</i>								
Revenue by Vote								
Executive and Council	11 171	334	11 495	7 705	(3 789)	67.0%	69.0%	3 586
Budget and Treasury	9 424	542	9 966	13 784	3 798	138.1%	146.1%	15 098
Corporate Services	14 338	21	14 359	13 836	(523)	96.4%	96.5%	19 676
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	1 041	1 800	2 841	965	(1 876)	36.5%	92.7%	16
Road Transport	37 110	-	37 110	33 429	(3 681)	90.1%	90.1%	45 582
Health	2 127	(0)	2 127	31	(2 096)	1.4%	1.4%	45
Planning and development	981	(865)	285	200	(85)	67.7%	20.8%	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	889	0	889	-	(889)	-	-	-
Example 14 - Vote 14	-	-	-	-	-	-	-	-
Example 15 - Vote 15	-	-	-	-	-	-	-	-
Total Revenue by Vote	77 080	1 822	78 882	69 931	(8 951)	88.7%	90.7%	84 072
Expenditure by Vote to be appropriated								
Executive and Council	11 825	(818)	10 987	9 282	(1 645)	84.9%	78.3%	10 566
Budget and Treasury	7 541	1 439	8 981	9 663	682	110.8%	132.1%	11 200
Corporate Services	14 580	12	14 592	11 102	(3 490)	76.1%	76.1%	10 063
Community and Social Services	-	-	-	-	-	-	-	-
Planning and development	954	(167)	787	1 801	1 021	229.8%	289.6%	1 541
Public Safety	1 013	229	1 233	1 065	(168)	86.4%	105.2%	948
Road Transport	37 110	-	37 110	33 125	(3 985)	89.3%	89.3%	40 538
Health	2 851	(86)	2 765	2 448	(319)	87.8%	85.8%	2 122
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	955	(44)	911	-	(911)	-	-	-
Total Expenditure by Vote	76 830	475	77 305	68 771	(8 534)	88.0%	88.5%	78 838
Surplus/(Deficit) for the year	251	1 347	1 577	1 160	(417)	74%	802.9%	7 122



**APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
REVENUE AND EXPENDITURE**

Description	2016/2017						2015/2016	
	Original Budget	Budget Adjustments (i.Lo. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Rental of facilities and equipment	50	22	72	71	(1)	98.9%	142.4%	70
Interest earned - external investments	500	50	550	503	(47)	91.5%	100.6%	632
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	21	21	100.0%	100.0%	16
Agency services	3 711	-	3 711	40 168	36 457	1082.4%	1082.4%	3 077
Transfers recognised - operational	33 021	1 204	34 225	27 793	(6 432)	81.2%	84.2%	32 311
Other Income	39 779	(754)	39 025	492	(38 533)	1.3%	1.2%	47 867
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	77 060	522	77 582	69 048	(8 534)	89.0%	88.6%	84 072
Expenditure By Type								
Employee related costs	16 780	767	17 527	34 988	17 440	199.5%	208.6%	30 722
Remuneration of councillors	3 668	(170)	3 498	3 206	(292)	91.6%	87.4%	3 110
Debt Impairment	-	-	-	-	-	100.0%	100.0%	133
Depreciation and Amortisation	255	-	255	328	71	127.8%	127.8%	264
Finance charges	-	-	-	657	657	-	-	654
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	-	-	-	296	296	100.0%	100.0%	240
Transfers and grants	-	-	-	-	-	-	-	-
General Expenses	56 147	(122)	56 025	29 071	(26 953)	51.9%	51.8%	41 797
Loss on disposal of Property, Plant and Equipment	-	-	-	47	47	100.0%	100.0%	11
Total Expenditure	76 850	475	77 365	68 771	(8 534)	89.0%	89.5%	76 850
Surplus/(Deficit)	251	47	277	277	(0)	100%	120.2%	7 122
Transfers recognised - capital	-	1 300	1 300	863	(417)	66%	100.0%	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	251	1 347	1 577	1 160	(417)	74%	90.2%	7 122



**APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (I.L.o. MFMA s26)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Executive and Council	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Executive and Council	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	230	1 332	1 562	-	(1 562)	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital single-year expenditure	230	1 332	1 562	-	(1 562)	-	-	-
Total Capital Expenditure - Vote	230	1 332	1 562	-	(1 562)	-	-	-
Capital Expenditure - Standard								
Governance and administration	230	32	262	249	(13)	95.1%	108.3%	318
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	230	32	262	249	(13)	95.1%	108.3%	318
Community and public safety	-	1 300	1 300	807	(493)	62.1%	-	-
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	1 300	1 300	807	(493)	62.1%	-	-
Economic and environmental services	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	230	1 332	1 562	1 056	(506)	68%	439%	318
Funded by:								
National Government	-	-	-	-	-	-	-	-
Provincial Government	-	1 300	1 300	883	(417)	67.9%	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	1 300	1 300	883	(417)	68%	-	-
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	230	32	262	173	(89)	66.1%	75.2%	88
Total Capital Funding	230	1 332	1 562	1 056	(506)	68%	439%	88



**APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
CASH FLOWS**

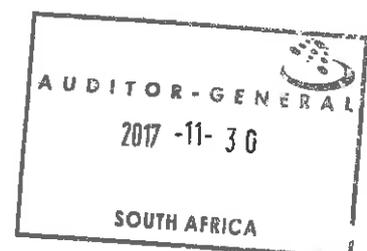
Description	2016/17						2015/16	
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	43 952	(732)	43 220	35 781	(7 438)	82.8%	81.4%	46 324
Government - operating	33 021	2 504	35 525	28 964	(6 560)	81.5%	87.7%	30 302
Government - capital	-	-	-	-	-	-	-	-
Interest	500	50	550	503	(47)	91.5%	100.6%	632
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(80 655)	(475)	(81 130)	(66 723)	14 407	82.2%	82.7%	(76 717)
Finance charges	-	-	-	(11)	(11)	-100.0%	-100.0%	(14)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	(3 182)	1 347	(1 836)	(1 486)	349	81.0%	46.7%	527
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	(0)	-	-	-	0
Purchase of Property, Plant and Equipment	-	-	-	-	-	-	-	(529)
Decrease (increase) other non-current investments	(694)	-	(694)	(457)	236	66.0%	-100.0%	(911)
Payments								
Capital assets	(230)	(1 332)	(1 562)	(1 056)	506	67.6%	-38.0%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(924)	(1 332)	(2 256)	(1 513)	742	67.1%	100.0%	(1 440)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	(66)	-	(66)	(101)	(35)	153.7%	153.7%	(56)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(66)	-	(66)	(101)	(35)	153.7%	153.7%	(56)
NET INCREASE/ (DECREASE) IN CASH HELD	(4 172)	15	(4 157)	(3 101)	1 056	74.6%	74.3%	(969)
Cash/cash equivalents at the year begin:	12 540	-	12 540	6 089	(6 451)	48.6%	48.6%	7 058
Cash/cash equivalents at the year end:	8 368	15	8 383	2 989	(5 430)	35.7%	35.7%	6 089

AUDITOR - C
2017 -11- 3
SOUTH AFR

**CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD
(REG NO: 2012/221676/07)**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Annual financial statement compiler: Mnr S Jooste



**CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD
(REG NO: 2012/221676/07)**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

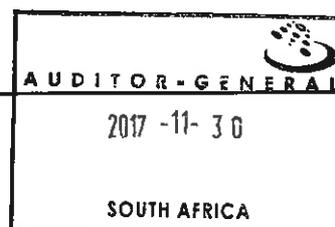
GENERAL INFORMATION

Country of incorporation and domicile:	South Africa
Nature of business and principal activities:	Stimulate economic growth
Directors:	Mnr B A Kleinboo Mnr M A Kilani Mev R Fourie Mnr A Essop Mev D Kuhn Mnr T P Pantsi
Registered office:	Clyde House Building 27 Donkin straat Beaufort West 6970
Holding Entity:	Central Karoo District Municipality
Bankers:	Nedbank
Auditors:	Auditor General of South Africa
Company registration number:	2012/221676/07

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Statement of financial performance	9
Statement of changes in net assets	10
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Notes to the annual financial statements	12 - 27



DIRECTORS' RESPONSIBILITIES AND APPROVAL

The board of directors are required by the Companies Act of South Africa, 2008 as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Standards Board, the Municipal Finance Management Act of South Africa, 2003 and the Companies Act of South Africa. The financial statements are based on appropriate accounting policies, consistently applied.

The board of directors acknowledges that they are ultimately responsible for the system of internal financial control established by the Agency and place considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board of directors is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently providing reasonable assurance by reviewing and reporting on the Agency's annual financial statements. The annual financial statements have been examined by the Agency's external auditors and their report is presented on page 4 to 7.

The annual financial statements set out on pages 8 to 27, which have been prepared on the basis that the entity resolved to deregister the entity, were approved by the board and were signed on its behalf by:



Ex officio director
S Jooste

29/11/2017

Date



DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The directors submit their report for the period ended 30 June 2017.

1 Main business and Discontinued operations

The main objectives of the Agency were to stimulate economic growth in the Central Karoo district through promotion of entrepreneurial activity, leveraging of business development support and facilitation of investment into strategic economic sectors and spatial nodes. However the entity resolved to discontinue operations and the entity is in the process of being deregistered.

2 Going concern

We draw attention to the fact that at 30 June 2017, the agency had accumulated losses of R 2,689,076 and that the agency's total liabilities exceed its assets by R 2,688,976. The agency is financially supported by its owner, Central Karoo District Municipality. The financial statements have been prepared on the basis that the entity resolved to discontinue operations. The entity is in the process of being deregistered. The council decided to deregister the entity because funding from the IDC ceased.

3 Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year that require additional disclosure or amendments to the annual financial statements. The entity is in the liquidation process and appointed consultants to assist with the deregistration.

4 Authorised and Issued share capital

100 ordinary shares were issued to Central Karoo District Municipality.
1000 ordinary shares are authorised.

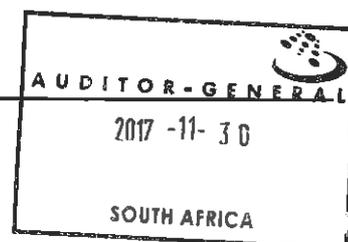
5 Dividends

No dividends were declared or paid to shareholders during the period.

6 Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
Mnr B A Kleinbooi	RSA
Mnr M A Kilani	RSA
Mev R Fourie	RSA
Mnr A Essop	RSA
Mev D Kuhn	RSA
Mnr T P Pantsi	RSA



DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

7 Holding company

The company's holding entity is Central Karoo District Municipality, that owns 100% of the issued shares.

8 Auditors

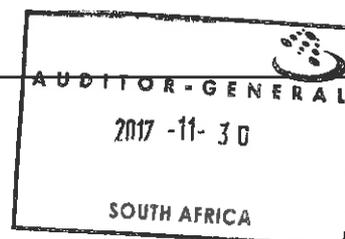
Auditor - General of South Africa in accordance with the MFMA.



CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD

**(REG NO: 2012/221676/07)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTES	2017 R	2016 R
NET ASSETS AND LIABILITIES			
Current assets		3 070	3 754
Related party receivable	6	100	100
Cash and Cash Equivalents	8	2 970	3 654
Total assets		3 070	3 754
EQUITY AND LIABILITIES			
Equity		(2 688 976)	(2 293 531)
Share Capital	4	100	100
Accumulated deficit		(2 689 076)	(2 293 631)
Current Liabilities		2 692 046	2 297 285
Unspent conditional government grants and receipts	3	-	3 654
Loan from owners	5	2 689 541	2 237 437
Payables from exchange transactions	12	2 505	7 045
Provisions	13	-	49 149
Total equity and liabilities		3 070	3 754



STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	2017 R	2016 R
Discontinued operations			
Revenue from non-exchange transactions			
Government Grants and Subsidies - Operating	3	3 654	987
Reversal of provision for leave	13	13 628	-
Rental expense paid on behalf of CKEDA by CKDM	20	-	62 996
Total income		<u>17 282</u>	<u>63 983</u>
EXPENDITURE			
Employee Related Costs	7	140 458	526 110
General expenses	9	272 269	454 107
Total expenditure		<u>412 727</u>	<u>980 217</u>
Deficit for the year		<u>(395 445)</u>	<u>(916 234)</u>



CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD
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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Share Capital R	Accumulated deficit R	Total R
Balance at 1 July 2015		100	(1 377 397)	(1 377 297)
Net Deficit as previously reported			(910 914)	(910 914)
Prior period error	21		(5 320)	(5 320)
Restated Net Deficit for the year		-	(916 234)	(916 234)
Balance at 1 July 2016		100	(2 293 631)	(2 293 531)
Deficit for the year		-	(395 445)	(395 445)
Balance at 30 June 2017		100	(2 689 076)	(2 688 976)

The opening balance has been corrected for inaccurate prior year presentation.



CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 R	2016 R
CASH FLOWS UTILIZED IN OPERATING ACTIVITIES			
Receipts			
Government		-	-
Payments			
Other	10	(452 788)	(906 724)
Cash utilized in operations	10	<u>(452 788)</u>	<u>(906 724)</u>
Net Cash flows from operating activities		<u>(452 788)</u>	<u>(906 724)</u>
CASH FLOWS UTILIZED IN FINANCING ACTIVITIES			
Loan raised from owners		<u>452 104</u>	<u>905 737</u>
Net Cash flows utilized in financing activities		<u>452 104</u>	<u>905 737</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(684)</u>	<u>(987)</u>
Cash and cash equivalents at the beginning of the year	8	3 654	4 641
Cash and cash equivalents at the end of the year	8	<u>2 970</u>	<u>3 654</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(684)</u>	<u>(987)</u>



1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The 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 MFMA.

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

A summary of the significant accounting policies, which have been consistently applied except where an exemption 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

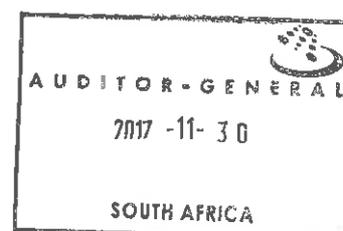
Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the basis that the entity resolved to discontinue operations. The entity is in the process of being deregistered. The council decided to deregister the entity because funding from the IDC ceased.

1.4. COMPARATIVE INFORMATION

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



CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.5. AMENDED DISCLOSURE POLICY

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

1.6. PRESENTATION OF BUDGET INFORMATION

No budget information is provided. No budget was approved by the entity in the period under review.

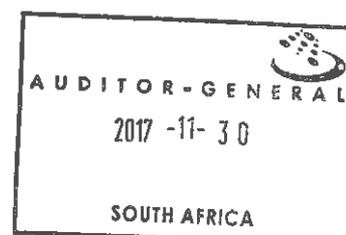


CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.7. 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 Entity:

Standard	Description	Effective Date
GRAP 32 (Original – Aug 2013)	Service Concession Arrangements: Grantor The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No such transactions or events are expected in the foreseeable future.	Unknown
GRAP 108 (Original – Sept 2013)	Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.	Unknown
GRAP 109	Accounting by Principles and Agents 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. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
IGRAP17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	Unknown



1.8 FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position consists of the undermentioned.

1.8.1 Initial Recognition

Financial instruments are initially recognised when the 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 Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions. An entity recognises financial assets using trade date accounting.

1.8.2 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.

1.8.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the 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 Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no



CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

realistic prospect of future recovery and all collateral has been realised or has been transferred to the 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.

1.8.2.2 **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.

1.8.2.3 **Cash and Cash Equivalents**

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

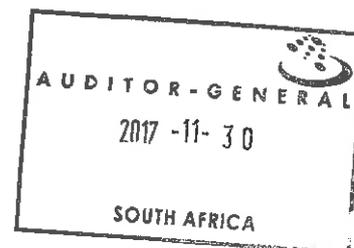
Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.8.3 ***De-recognition of Financial Instruments***

1.8.3.1 **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 contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 entity shall:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.



The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

When the 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 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 Entity could be required to repay.

When continuing involvement takes the form of a written agreement and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Entity's continuing involvement is the amount of the transferred asset that the 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 Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.8.3.2 Financial Liabilities

The entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived (see also the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers) for the waiver of debt as part of a non-exchange transaction).

1.9 PROVISIONS

Provisions are recognised when the 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 Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where 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



CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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:

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.

1.10. SHARE CAPITAL

Ordinary shares are classified as Contributions from owners.

1.11. RELATED PARTIES

The 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 Entity:

- (a) A person or a close member of that person’s family is related to the Entity if that person:
- has control or joint control over the Entity;
 - has significant influence over the Entity. Significant influence is the power to participate in the financial and operating policy decisions of the Entity;
 - is a member of the management of the Entity or its controlling entity.
- (b) An entity is related to the 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 Entity or an entity related to the Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;



CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

-
- 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 Entity. A person is considered to be a close member of the family of another person if they:

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

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

- (a) all members of the governing body of the 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 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 Entity; and
- (d) the senior management team of the Entity, including the Chief Executive Officer or permanent head of the Entity, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the 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 Entity being the Chief Executive Officer.

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

The 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.



1.12. IRREGULAR EXPENDITURE

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

1.13. 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.

1.14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The 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.

1.15. EVENTS AFTER THE REPORTING DATE

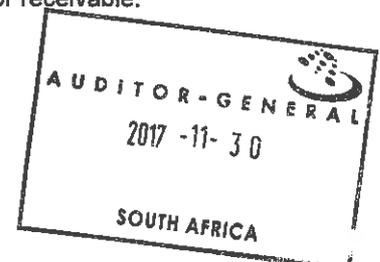
Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- 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 Entity discloses the nature and an estimate of the financial effect.

1.16. REVENUE FROM NON- EXCHANGE TRANSACTIONS

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



When, as a result of a non-exchange transaction, the 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 the amount of the reduction in the liability will be recognised as revenue.

1.17. EMPLOYEE BENEFITS

(a) 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.

Accumulated 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.

(b) Staff Bonuses

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

(c) 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 accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.



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

2 Financial risk management

2.1 Market Risk

The Agency's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Agency's financial performance. The following risks could have a potential impact on the Agency:

The agency is not exposed to Foreign currency risk.

The agency is exposed to price interest rate and credit risk:

	2017	2016
	R	R
Cash and cash equivalents	<u>2 970</u>	<u>3 654</u>

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and loans, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

2.2 Capital risk management

Capital is managed on a consolidated basis which groups the Agency and the holding entity. Additional capital is available in the form of shareholders loans should circumstances require it or business opportunities arise. Within the Economic Entity, Central Karoo District Municipality has the responsibility to manage capital in order for the group to maintain the optimal capital structure.

For the purposes of capital risk management, the following is regarded as capital of the entity.

	2017	2016
	R	R
Loan from owners	<u>2 689 541</u>	<u>2 237 437</u>
	<u>2 689 541</u>	<u>2 237 437</u>



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

	2017	2016
	R	R
3 Industrial Development Corporation (IDC)		
Opening balance	3 654	4 641
Conditions met - Operating	<u>(3 654)</u>	<u>(987)</u>
Conditions still to be met	<u><u>-</u></u>	<u><u>3 654</u></u>
<p>The project related to the funding has been finalized and the unspent fund has been released to the Income Statement as there were no conditions thereafter.</p>		
4 Share capital		
Authorised		
1000 Ordinary shares with a nominal value R1 each	<u>1 000</u>	<u>1 000</u>
Issued		
100 Ordinary shares with a nominal value of R1 each	<u>100</u>	<u>100</u>
5 Loans from owner		
Opening balance	2 237 437	1 331 700
Additional contribution from owner	<u>452 104</u>	<u>905 737</u>
	<u><u>2 689 541</u></u>	<u><u>2 237 437</u></u>
<p>There were no terms of repayment to this loan.</p>		
6 Related party receivable		
Loan receivable	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>
<p>The loan is past due but not impaired and, no interest is charged and the receivable is with the controlling entity.</p>		



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

	2017 R	2016 R
7 Employee related cost		
Salaries and Wages	112 911	439 739
Contributions for UIF, Pensions and Medical Aids	6 000	21 150
Bonuses	21 547	54 768
Overtime	-	7 000
Movement in Leave Provision	-	3 453
	<u>140 458</u>	<u>526 110</u>
8 Cash and cash equivalents		
<u>Assets</u>		
Current account	2 970	3 654
	<u>2 970</u>	<u>3 654</u>
<u>Current Account</u>		
Nedbank		
Account balance at year end per bank statement	<u>2 970</u>	<u>3 654</u>
<p>The bank account was closed on the 14th of December 2016. The balance in this account transferred to an unknown account. The bank however committed to pay this unclaimed amount, back to CKEDA.</p>		
9 General expenses		
Computer Expenses	3 275	9 015
Finance charges	685	987
Audit fees	258 247	201 895
Municipal Services	500	11 660
Rental expense paid on behalf of CKEDA by CKDM	-	62 997
Subsistence and Travelling	1 330	61 355
Telephone	6 574	25 217
Sundry expenses	1 658	11 557
Sitting allowances for board	-	69 404
	<u>272 269</u>	<u>454 107</u>



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

	2017	2016
	R	R
10 Cash utilised in operations		
Deficit before taxation	(395 445)	(916 234)
Adjustments		
(Decrease)/Increase in Provisions	(49 149)	3 452
Increase in Trade Receivables	-	8 048
(Decrease)/Increase In Trade Payables	(4 540)	5 151
(Decrease) in Unspent Grant	-	(987)
(Decrease) in Unspent Conditional Government Grant and receipts	(3 654)	-
Presentation error	-	(6 152)
	<u>(452 788)</u>	<u>(906 724)</u>
11 Budget comparison		
No budget was prepared for the 2016/2017 financial year.		
12 Payables from exchange transactions		
Trade Payables	<u>2 505</u>	<u>7 045</u>
	<u>2 505</u>	<u>7 045</u>
13 Provision for staff leave		
Balance at beginning of year	49 149	45 697
Leave provision utilised	(35 521)	(44 266)
Contribution to current portion	-	47 719
Reversal of provision	(13 628)	-
Balance at end of year	<u>-</u>	<u>49 149</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. However, there were no employees at year end.



CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD

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

	2017 R	2016 R
14 Additional disclosure in terms of Municipal Finance Management Act (MFMA)		
No monies were paid with regards to entities as prescribed in section 125(1)(b) and section 125(1)(c) of the MFMA.		
15 Events after reporting date		
Management has resolved to discontinue operations and to deregister the entity. The entity is in the process of liquidation and appointed consultants to assist with the deregistration process.		
16 Contingent liabilities		
The Agency has no contingent liabilities for the year ended 30 June 2017.		
17 Related parties		
17.1 Related Party transactions		
Included in Employee related costs and General expenses, as per notes 9, are monies owed to CKDM, Central Karoo District Municipality. This balance relates to expenditure incurred by CKDM on behalf of CKEDA. The transactions during the year were as follows:	452 104	905 737
17.2 Other related party transactions		
Included in general expenses are sitting allowances paid to board members.		
Sitting allowance	-	69 404
17.3 Related Party loans		
Central Karoo District Municipality	2 689 541	2 237 437
18 Going Concern		
We draw attention to the fact that at 30 June 2017, the agency had accumulated losses of R 2,689,076 and that the agency's total liabilities exceed its assets by R 2,688,976. The agency is financially supported by its owner, Central Karoo District Municipality. The financial statements have been prepared on the basis that the entity resolved to discontinue operations. The entity is in the process of being deregistered. The council decided to deregister the entity because funding from the IDC ceased.		



CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD

**(REG NO: 2012/221676/07)
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	R	R
19 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
19.1 <u>Irregular expenditure</u>		
Reconciliation of irregular expenditure:		
Opening balance	6 720	6 720
Irregular expenditure current year	-	-
Irregular expenditure awaiting further action	<u>6 720</u>	<u>6 720</u>
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 as they are minor breaches.		
20 RENT PAID		
Rental contribution per agreement not considered in the loan from CKDM.	-	<u>62 996</u>
For the year under review no rent was charged by the parent.		
21 PRIOR PERIOD ERROR		
21.1 General expenses		
<i>Balance previously reported - 30 June</i>		448 787
Travel and subsistence not raised during the correct year		5 320
<i>Restated Balance</i>		454 107
21.2 Loan from owner		
<i>Balance previously reported - 30 June</i>		2 232 117
Travel and subsistence not raised during the correct year		5 320
<i>Restated Balance</i>		2 237 437



